

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2025 (UNAUDITED)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For six-month period ended 30 June 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Islamic Arab Insurance Co. (Salama) PSJC (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2025 which comprise the interim condensed consolidated statement of financial position as at 30 June 2025 and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the six-month and three-month periods then ended and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young Middle East Dubai Branch



Ashraf Abu-Sharkh
Registration No. 690

8 August 2025

Dubai, United Arab Emirates

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 (unaudited)

		30 June 2025 AED'000 (unaudited)	31 December 2024 AED'000 (Audited)
	<i>Notes</i>		
ASSETS			
Property and equipment		47,135	46,721
Goodwill and intangibles		66,782	67,188
Investment properties	7	50,090	48,840
Right-of-use assets		5,169	6,525
Investment in associate	8	35,198	35,885
Statutory deposits	18	310,783	298,841
Investments	9	210,411	222,742
Participants' investments in unit-linked contracts	9	1,839,748	1,919,837
Deposits with takaful and retakaful companies		766	748
Retakaful contract assets	19	409,817	470,860
Other assets and receivables	17	33,150	39,996
Bank balances and cash	16	214,437	148,773
TOTAL ASSETS		3,223,486	3,306,956
LIABILITIES AND EQUITY			
LIABILITIES			
Family takaful reserve		73,464	71,846
Takaful contract liabilities	19	2,497,179	2,595,416
Retakaful contract liabilities	19	122,598	121,544
Other payables and accruals		173,170	177,567
Lease liabilities		5,238	6,203
Total liabilities		2,871,649	2,972,576
EQUITY			
Share capital	11	939,589	939,589
Treasury shares	12	(35,972)	(35,972)
Statutory reserve	13	4,124	4,124
Other reserves	14	(169,047)	(179,832)
Accumulated losses		(440,684)	(443,861)
Equity attributable to owners of the Company		298,010	284,048
Non-controlling interest		53,827	50,332
Total equity		351,837	334,380
TOTAL LIABILITIES AND EQUITY		3,223,486	3,306,956

Signed by:



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Fahad Abdulqader Alqassim
Chairman of the Board of DirectorsMohamed Ali Bouabane
Chief Executive Officer

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2025 (unaudited)

	<i>Notes</i>	<i>Six-month period ended 30 June (unaudited)</i>		<i>Three-month period ended 30 June (unaudited)</i>	
		<i>2025 AED'000</i>	<i>2024 AED'000</i>	<i>2025 AED'000</i>	<i>2024 AED'000</i>
Takaful revenue	19	515,359	528,587	258,997	257,113
Takaful service expenses	19	(422,480)	(544,149)	(238,685)	(290,667)
Net (expenses)/ income from retakaful contracts held	19	(94,772)	34,732	(29,360)	50,213
TAKAFUL SERVICE RESULT		(1,893)	19,170	(9,048)	16,659
Policyholders' investment income	9.2	40,590	97,430	50,707	22,755
Shareholders' investment income	9.2	22,283	24,916	10,773	12,331
NET INVESTMENT RESULT		62,873	122,346	61,480	35,086
Takaful finance expense for takaful contracts issued	19	(50,731)	(97,987)	(55,472)	(33,435)
Retakaful finance income/ (expense) for retakaful contracts held	19	7,520	(601)	2,322	2,182
NET TAKAFUL FINANCE EXPENSE		(43,211)	(98,588)	(53,150)	(31,253)
NET TAKAFUL AND INVESTMENT RESULT		17,769	42,928	(718)	20,492
Other operating income		4,555	20,681	3,149	(1,043)
Other operating expenses		(29,655)	(33,198)	(13,283)	(14,882)
Release/ (charge) for expected credit losses		20,924	(2,133)	21,015	(828)
PROFIT BEFORE TAX		13,593	28,278	10,163	3,739
Income tax for the period	23	(5,347)	(7,744)	(2,302)	(786)
PROFIT FOR THE PERIOD		8,246	20,534	7,861	2,953
Attributable to:					
Shareholders		5,693	10,801	6,667	685
Non-controlling interests		2,553	9,733	1,194	2,268
		8,246	20,534	7,861	2,953
Basic and diluted earnings per share (AED)	15	0.006	0.012	0.007	0.001

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025 (unaudited)

	<i>Six-month period ended 30 June (unaudited)</i>		<i>Three-month period ended 30 June (unaudited)</i>	
	<i>2025 AED'000</i>	<i>2024 AED'000</i>	<i>2025 AED'000</i>	<i>2024 AED'000</i>
Profit for the period	8,246	20,534	7,861	2,953
OTHER COMPREHENSIVE INCOME				
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>				
Net changes in fair value of investments at fair value through other comprehensive income (FVOCI)	(1,854)	(63)	(1,384)	87
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>				
Share of other comprehensive income of associate	605	(108)	-	(108)
Foreign currency adjustments from translation of foreign operations	12,576	(40,062)	9,024	431
Other comprehensive income/ (loss) for the period	11,327	(40,233)	7,640	410
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	19,573	(19,699)	15,501	3,363
Attributable to:				
Shareholders	15,638	(11,651)	13,256	868
Non-controlling interests	3,935	(8,048)	2,245	2,495
	19,573	(19,699)	15,501	3,363

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025 (unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Revaluation reserve AED'000</i>	<i>Foreign exchange translation reserve AED'000</i>	<i>Investment fair value reserve AED'000</i>	<i>Treasury shares AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Regulatory reserve AED '000</i>	<i>Total AED'000</i>	<i>Non- controlling interest AED'000</i>	<i>Total equity AED'000</i>
At 1 January 2025	939,589	4,124	34,118	(188,067)	(33,271)	(35,972)	(443,861)	7,388	284,048	50,332	334,380
Profit for the period	-	-	-	-	-	-	5,693	-	5,693	2,553	8,246
<i>Other comprehensive income</i>											
Foreign currency adjustments from translation of foreign operations	-	-	-	11,194	-	-	-	-	11,194	1,382	12,576
Share of OCI of associates	-	-	-	-	605	-	-	-	605	-	605
Investments carried at FVTOCI net change in fair value	-	-	-	-	(1,854)	-	-	-	(1,854)	-	(1,854)
Other comprehensive income for the period	-	-	-	11,194	(1,249)	-	-	-	9,945	1,382	11,327
Total comprehensive income for the period	-	-	-	11,194	(1,249)	-	5,693	-	15,638	3,935	19,573
<i>Other movement in equity</i>											
Directors' Remuneration (note 10)	-	-	-	-	-	-	(1,676)	-	(1,676)	-	(1,676)
Dividend paid	-	-	-	-	-	-	-	-	-	(440)	(440)
Transfer to regulatory reserve	-	-	-	-	-	-	(840)	840	-	-	-
At 30 June 2025 (unaudited)	939,589	4,124	34,118	(176,873)	(34,520)	(35,972)	(440,684)	8,228	298,010	53,827	351,837

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025 (unaudited) (continued)

	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury shares AED'000	Accumulated losses AED'000	Regulatory reserve AED '000	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
At 1 January 2024	939,589	2,815	34,118	(163,767)	(30,397)	(35,972)	(163,924)	5,513	587,975	69,235	657,210
Profit for the period	-	-	-	-	-	-	10,801	-	10,801	9,733	20,534
<i>Other comprehensive loss:</i>											
Foreign currency adjustments from translation of foreign operations	-	-	-	(22,281)	-	-	-	-	(22,281)	(17,781)	(40,062)
Investments carried at FVTOCI net change in fair value	-	-	-	-	(63)	-	-	-	(63)	-	(63)
Share of OCI of associate	-	-	-	-	(108)	-	-	-	(108)	-	(108)
Other comprehensive loss for the period	-	-	-	(22,281)	(171)	-	-	-	(22,452)	(17,781)	(40,233)
Total comprehensive loss for the period	-	-	-	(22,281)	(171)	-	10,801	-	(11,651)	(8,048)	(19,699)
<i>Other movement in equity:</i>											
Directors' Remuneration (note 10)	-	-	-	-	-	-	(1,377)	-	(1,377)	-	(1,377)
Increase in capital	-	-	-	-	-	-	-	-	-	317	317
Transfer to regulatory reserve	-	-	-	-	-	-	(1,060)	1,060	-	-	-
At 30 June 2024 (unaudited)	939,589	2,815	34,118	(186,048)	(30,568)	(35,972)	(155,560)	6,573	574,947	61,504	636,451

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-months period ended 30 June 2025 (unaudited)

		Six-month period ended	
		30 June 2025	30 June 2024
		AED'000	AED'000
	Notes	(unaudited)	(unaudited)
OPERATING ACTIVITIES			
Net profit before tax		13,593	28,278
Adjustments for:			
Depreciation on property and equipment		1,794	1,470
Depreciation on right of use assets		966	1,014
Amortisation of intangible assets		914	878
Share of profit from associate	8	(400)	(1,179)
Unrealised gain on investment	9.2	(96)	(177)
Release/ (charge) for expected credit losses		(20,924)	2,133
Operating cash flows before changes in operating assets and liabilities		(4,153)	32,417
Decrease in deposits with takaful and retakaful companies		(18)	282
Changes in takaful contract assets		-	(1,855)
Change in retakaful contract assets		61,043	(115,091)
Changes in takaful contract liabilities		(98,237)	164,982
Change in retakaful contract liabilities		1,054	(27,901)
Change in other assets and receivables		6,846	37,364
Change in family reserves		1,618	5,961
Change in other payables		(4,397)	(35,698)
Income tax paid		-	(7,744)
Net foreign exchange difference		12,576	(40,062)
Net cash generated (used in)/ from operating activities		(23,668)	12,655
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment - net		(123)	(1,274)
Purchase of intangible assets - net		(5)	(59)
Net movement in statutory deposits		(11,942)	23,325
Repayment of principal and finance cost on lease liability		(965)	(1,218)
Change in Investments - net		22,702	1,225
Dividend received		1,692	-
Net movement in Participants' investments in unit-linked contracts		80,089	(21,962)
Change in term deposits under lien		(21,597)	(7)
Cash generated from investing activities		69,851	30
CASH FLOWS FROM FINANCING ACTIVITIES			
Board of Directors' remuneration		(1,676)	-
Net movement in non-controlling interest		(440)	317
Cash (used in)/ generated from financing activities		(2,116)	317
NET INCREASE IN CASH AND CASH EQUIVALENTS		44,067	13,002
Cash and cash equivalents at 1 January		135,730	125,080
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 16)		179,797	138,082

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Islamic Arab Insurance Co. (Salama) PJSC ("the Company") is a public shareholding company, registered in the Emirate of Dubai, United Arab Emirates (UAE) and operates through various branches in the UAE. The registered office of the Company is P.O. Box 10214, Dubai, United Arab Emirates. The Company's shares are listed on the Dubai Financial Market (DFM), United Arab Emirates

The principal activity of the Company is the writing of all classes of general takaful and family takaful business, in accordance with Islamic Shari'ah principles and in accordance with the relevant Articles of the Company, UAE Federal Decree Law No. (32) of 2021 for commercial companies and U.A.E. Federal Law No. 48 of 2023, concerning regulations of takaful activities.

The Company and its subsidiaries are referred to as "the Group". Tariic Holding B.S.C (Tariic), a subsidiary of the Company, is an intermediate holding company in Bahrain and no commercial activities are carried out in the Kingdom of Bahrain. The Group has the following principal subsidiaries which are engaged in takaful and retakaful under Islamic Shari'ah principles:

<i>Subsidiaries</i>	<i>Principal activities</i>	<i>Group's ownership</i>		<i>Country of incorporation</i>
		<i>2025</i>	<i>2024</i>	
<i>Directly owned</i>				
Tariic Holding Company B.S.C	No takaful operations	99.40%	99.40%	Kingdom of Bahrain
Misr Emirates Takaful Life Insurance Co.	Family Takaful	85.19%	85.19%	Egypt
Salama Immobilier	No takaful operations	84.25%	84.25%	Senegal
Salama Takaful Insurance – Egypt (formerly “Egyptian Saudi Insurance House”)	General Takaful	51.15%	51.15%	Egypt
<i>Through Tariic</i>				
Salama Assurances Algeria	General Takaful	96.98%	96.98%	Algeria

2 NEW STANDARDS AND INTERPRETATIONS

New and revised IFRS adopted in the interim condensed consolidated financial statements

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2025, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Lack of exchangeability – Amendments to IAS 21

3 BASIS OF PREPARATION

a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Management consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

b) Basis of measurement

The condensed consolidated interim financial information has been prepared on the historical cost basis except for the following which are measured at fair value:

- Financial assets at fair value through other comprehensive income ("FVOCI");
- Financial assets at fair value through profit or loss ("FVTPL");
- Investment properties at fair value through profit or loss; and
- Owned property and buildings at fair value through revaluation model.

3 BASIS OF PREPARATION (continued)

c) Functional and presentation currency

These interim condensed consolidated financial statements are presented in U.A.E. Dirhams ("AED") rounded to the nearest thousand, since that is the currency in which the majority of the Group's transactions are denominated.

d) Use of estimates and judgments

The preparation of interim condensed consolidated financial statements is in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and estimation of key sources of uncertainty were the same as those that applied to the audited annual consolidated financial statements as at and for the year ended 31 December 2024.

e) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases. The Group maintains control over the subsidiaries as it has power over the investee, exposure or rights to its variable returns and the power to affect the investor's returns.

Non-controlling interest in the equity and results of the entities that are controlled by the Group are shown separately as a part of consolidated statements of changes in equity in the Group's consolidated financial statements. Any contribution or discounts on subsequent acquisition, after control is obtained, of equity instruments from (or sale of equity instruments to) non-controlling interest is recognised directly in consolidated statement of changes in equity.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

5 TAKAFUL AND FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of takaful and financial risks: underwriting risk, market risk (which includes foreign currency risk, profit rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all takaful and financial risk management information and disclosures required in the annual consolidated financial statements; therefore, they should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2024. There have been no changes in the risk management department or in any risk management policies since the year end.

6 INTERIM MEASUREMENT

The nature of the Group's business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These interim condensed consolidated financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the period. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

7 INVESTMENT PROPERTIES

The geographic dispersion of investment properties is as follows:

	30 June 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Within UAE	14,000	14,000
Outside UAE	36,090	34,840
	50,090	48,840

The variations in the value of investment properties are due to change in foreign exchange rates resulting in translation gain on investment properties held in foreign locations.

The fair value of plots of land was determined based on the acceptable approach that reflects recent transaction prices for similar properties. The fair value of buildings was determined using investment methods. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The Group's investment properties portfolio is being managed and maintained by a third-party administrator, and the rental income received from these properties are being set off with the administrative fees.

Movement during the period/year is as follows:

	30 June 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Balance at 1 January	48,840	60,419
Addition	-	21
Unrealized gain on investment properties	-	4,502
Disposal	-	(11,006)
Currency translation impact	1,250	(5,096)
	50,090	48,840

8 INVESTMENT IN ASSOCIATE

The associate company engages in several Takaful activities that complies with Islamic regulation including, motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contactor's plant and equipment insurance with accordance with Sharia' Islamic principles and Central Bank of Jordan regulations.

	<i>Ownership</i>		<i>Country</i>	<i>30 June</i> <i>2025</i> <i>AED'000</i> <i>(unaudited)</i>	<i>31 December</i> <i>2024</i> <i>AED'000</i> <i>(audited)</i>
<i>Associates</i>	<i>2025</i>	<i>2024</i>	<i>of incorporation</i>		
The Islamic Insurance	20%	20%	Jordan	35,198	35,885
				<i>30 June</i> <i>2025</i> <i>AED'000</i> <i>(unaudited)</i>	<i>31 December</i> <i>2024</i> <i>AED'000</i> <i>(unaudited)</i>
Movement during the period					
Balance at 1 January				35,885	35,352
Share of profit from associate (note 9.2)				400	2,135
Dividend received				(1,692)	(1,539)
Share of other comprehensive income				605	(63)
				35,198	35,885

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

9 INVESTMENTS

	<i>30 June 2025 (unaudited)</i>			<i>31 December 2024 (audited)</i>		
	<i>Domestic investment AED'000</i>	<i>International investment AED'000</i>	<i>Total AED'000</i>	<i>Domestic investment AED'000</i>	<i>International investment AED'000</i>	<i>Total AED'000</i>
(a) Financial assets at fair value through profit or loss						
Shares and securities	351	5,491	5,842	-	723	723
(b) Fair Value through Other comprehensive Income						
Mutual fund and externally managed portfolios	4,780	73,804	78,584	4,640	75,659	80,299
Shares and securities	-	998	998	-	959	959
Less: allowance for expected credit losses	(1,066)	(58,245)	(59,311)	(1,066)	(58,245)	(59,311)
	3,714	16,557	20,271	3,574	18,373	21,947
(c) At amortized cost						
Sukuk and Government bonds	5,305	76,931	82,236	8,594	75,097	83,691
Wakalah certificates	29,094	-	29,094	54,094	-	54,094
Other Mudariba investments	-	65,738	65,738	-	65,738	65,738
Islamic placements	-	157,294	157,294	-	171,613	171,613
Less: allowance for expected credit losses	(29,609)	(120,455)	(150,064)	(54,609)	(120,455)	(175,064)
	4,790	179,508	184,298	8,079	191,993	200,072
	8,855	201,556	210,411	11,653	211,089	222,742
Quoted	351	5,491	5,842	-	723	723
Unquoted	8,504	196,065	204,569	11,653	210,366	222,019
	8,855	201,556	210,411	11,653	211,089	222,742

9 INVESTMENTS (continued)

9.1 Participants' investments in unit-linked contracts

	<i>30 June 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
Financial asset at fair value through P&L	1,839,748	1,919,837

Determining fair values

Since the fair value of the Investments at amortised cost is a reasonable approximation of fair value hence the same has not been disclosed here. The table below analyses financial and non-financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 June 2025 (unaudited)

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Financial assets				
Fair value through profit or loss				
Shares and securities	5,842	-	-	5,842
Unit Linked investments	-	1,839,748	-	1,839,748
	<u>5,842</u>	<u>1,839,748</u>	<u>-</u>	<u>1,845,590</u>
Fair value through other comprehensive income				
Mutual fund	-	-	78,584	78,584
Shares and securities	-	998	-	998
Less: provision for credit losses	-	-	(59,311)	(59,311)
	<u>-</u>	<u>998</u>	<u>19,273</u>	<u>20,271</u>
Non-financial assets				
Investment properties	-	-	50,090	50,090

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

9 INVESTMENTS (continued)

9.1 Participants' investments in unit-linked contracts (continued)

As at 31 December 2024 (audited)

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Financial assets				
Financial asset at fair value through profit or loss				
Shares and securities	723	-	-	723
Unit Linked investments	-	1,919,837	-	1,919,837
	<u>723</u>	<u>1,919,837</u>	<u>-</u>	<u>1,920,560</u>
Financial asset at fair value through OCI				
Mutual fund	-	-	80,299	80,299
Shares and securities	-	959	-	959
Less: provision for credit losses	-	-	(59,311)	(59,311)
	<u>-</u>	<u>959</u>	<u>20,988</u>	<u>21,947</u>
Non-financial assets				
Investment properties	-	-	48,840	48,840
	<u>-</u>	<u>-</u>	<u>48,840</u>	<u>48,840</u>

9.2 Investment income

	<i>30 June 2025 AED'000 (unaudited)</i>	<i>30 June 2024 AED'000 (unaudited)</i>
<i>Policyholders' income</i>		
Unrealised gain on unit-linked portfolio	40,562	97,405
Income from bank deposits	28	25
	<u>40,590</u>	<u>97,430</u>
<i>Shareholders' income</i>		
Unrealised gain on investment at FVTPL	96	177
Realised gain on investment	877	1,767
Income on deposits and wakala certificates	20,464	21,343
Share of profit from associates (note 8)	400	1,179
Others	446	450
	<u>22,283</u>	<u>24,916</u>
	<u>62,873</u>	<u>122,346</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

10 RELATED PARTY TRANSACTIONS

The Group, in the normal course of business, collects contributions, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24. The Group's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. The following are the details of significant transactions with related parties:

	<i>Six-month period ended 30 June (unaudited)</i>		<i>Three-month period ended 30 June (unaudited)</i>	
	<i>2025 AED'000</i>	<i>2024 AED'000</i>	<i>2025 AED'000</i>	<i>2024 AED'000</i>
<i>Compensation of key management personnel</i>				
Short term benefits	2,112	3,756	1,056	1,893
Employees end of service benefits	27	23	11	12
Directors' remuneration	1,676	1,377	1,676	1,377

11 SHARE CAPITAL

	<i>30 June 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
<i>Issued and fully paid</i>		
(939.589 million (2024: 939.589 million) ordinary shares of AED 1 each)	939,589	939,589

12 TREASURY SHARES

In 2008, the Company bought back 21,669,790 shares amounting to AED 35,972 thousand. The treasury shares are debited as a separate category of shareholders' equity at cost. During the year ended 31 December 2023, due to the cancellation of share capital the treasury shares were reduced to 16,830,489 ordinary shares.

13 STATUTORY RESERVES

In accordance with Article 239 of the U.A.E. Federal Law No. (32) of 2021 and the Articles of Association of the Company, 10% of the net profit is required to be transferred to a non-distributable statutory reserve at each year end until this reserve equals 50% of the paid-up share capital. This reserve is not available for distribution other than in circumstances stipulated by law.

14 OTHER RESERVES

Other reserves include following:

	<i>30 June 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
Revaluation reserve	34,118	34,118
Foreign exchange translation reserve	(176,873)	(188,067)
Investment fair value reserve	(34,520)	(33,271)
Regulatory reserve – UAE operations	8,228	7,388
	(169,047)	(179,832)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

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For the six-month period ended 30 June 2025 (unaudited)

15 BASIC AND DILUTED EARNINGS PER SHARE

	<i>Six-month period ended 30 June (unaudited)</i>		<i>Three-month period ended 30 June (unaudited)</i>	
	<i>2025 AED'000</i>	<i>2024 AED'000</i>	<i>2025 AED'000</i>	<i>2024 AED'000</i>
Profit for the period attributable to shareholders (AED'000)	5,693	10,801	6,667	685
Weight Average Number of shares (in thousands)	922,759	922,759	922,759	922,759
Basic and diluted earnings per share (AED)	0.006	0.012	0.007	0.001

Basic earnings per share are calculated by dividing the profit for the period by the number of weighted average shares outstanding at the end of the reporting period after taking into account the treasury shares held. Diluted earnings per share is equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

16 CASH AND CASH EQUIVALENTS

	<i>30 June 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
Cash in hand	141	84
Cash at bank	184,770	139,328
Term deposits	31,179	11,014
Less: provision for expected credit losses	(1,653)	(1,653)
	214,437	148,773
Less: term deposits under lien (note 18)	(4,717)	(8,712)
Less: term deposits with maturity after three months	(29,923)	(4,331)
Cash and cash equivalents	179,797	135,730

17 OTHER ASSETS AND RECEIVABLES

	<i>30 June 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
Profit receivable	28,332	27,786
Deferred tax (note 23)	5,408	5,166
Others	51,696	59,187
Less: provision for credit losses	(52,286)	(52,143)
	33,150	39,996

18 COMMITMENTS AND CONTINGENCIES

	30 June 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Letter of Guarantees in favor of Central Bank of UAE	210,000	210,000
Other letter of guarantees	4,528	8,713
	214,528	218,713

Statutory Deposits of AED 310,783 thousand (31 Dec 2024: AED 298,841 thousand) includes deposits amounting to AED 70,000 thousand (31 December 2024: AED 70,000 thousand) which are held as lien by the bank against the above mentioned letter of guarantee issued by bank in favor of the Central Bank of United Arab Emirates ("CBUAE").

Other letter of guarantee was issued during normal course of business against which term deposit of AED 4,717 thousand (2024: 8,713 thousand) which is held as lien by the bank.

Ongoing legal case

Group has initiated legal actions, including civil and criminal cases at Dubai Courts, to safeguard rights and reclaim contested assets. Additionally, Group is pursuing legal measures in other jurisdictions against the parties implicated in the criminal case. Legal consultants of the Group express confidence in Group's strong legal position in these disputes, based on the progress of actions taken to date, the positive legal rulings obtained, and those currently in progress.

The Group is exposed to certain claims and litigations, these are subject to legal cases filed by policyholders, cedants and retakaful operators in connection with policies issued. The management believes, based on independent legal counsel opinions that the ascertainment of liabilities and its timing is highly subjective and dependent on outcome of court's decisions. Furthermore, as per independent legal counsel, the Group has strong grounds to defend the suits successfully. Accordingly, no additional provision for these claims has been made in the interim condensed consolidated financial statements. However, a provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Group in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made.

There are no significant capital commitments as of 30 June 2025 (2024: AED nil).

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES

Reconciliation of the Takaful liability for remaining coverage (LRC) & liability for incurred claims for takaful contracts (LIC) as on 30 June 2025 (unaudited)

Amount in AED'000	<i>Liability for remaining coverage</i>		<i>LIC for contracts not under under PAA</i>	<i>Liability for incurred claims (PAA)</i>		<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss component</i>		<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Takaful contracts that are liabilities at beginning of period	(1,947,336)	(28,850)	(121,634)	(477,554)	(20,042)	(2,595,416)
Takaful contracts that are assets at beginning of period	-	-	-	-	-	-
Takaful contracts liabilities at beginning of period	(1,947,336)	(28,850)	(121,634)	(477,554)	(20,042)	(2,595,416)
Takaful revenue	515,359	-	-	-	-	515,359
Incurred claims and other directly attributable expenses	-	(4,867)	(24,739)	(290,123)	(6,646)	(326,375)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	19,580	5,065	24,645
Losses on onerous contracts and reversals of those losses	-	(1,655)	-	-	-	(1,655)
Takaful acquisition cash flows amortisations	(119,095)	-	-	-	-	(119,095)
Takaful service expenses, net	(119,095)	(6,522)	(24,739)	(270,543)	(1,581)	(422,480)
Takaful service result, net	396,264	(6,522)	(24,739)	(270,543)	(1,581)	92,879
Finance expense from takaful contracts issued recognised	(42,324)	(170)	123	(8,027)	(333)	(50,731)
Forex adjustment to comprehensive income	499	-	-	(5,023)	(165)	(4,689)
Total amounts recognised in profit or loss and other comprehensive income	354,439	(6,692)	(24,616)	(283,593)	(2,079)	37,459
Investment component	229,690	-	(229,690)	-	-	-
<i>Cash flows</i>						
Contribution received	(627,102)	-	-	-	-	(627,102)
Claims and other directly attributable expenses paid	-	-	257,991	296,865	-	554,856
Takaful acquisition cash flows	133,024	-	-	-	-	133,024
Total cash flows	(494,078)	-	257,991	296,865	-	60,778
Takaful contracts liabilities at end of period	(1,857,285)	(35,542)	(117,949)	(464,282)	(22,121)	(2,497,179)
Takaful contracts that are liabilities at end of period	(1,857,285)	(35,542)	(117,949)	(464,282)	(22,121)	(2,497,179)
Takaful contracts that are assets at end of period	-	-	-	-	-	-
Takaful contract net position at end of period	(1,857,285)	(35,542)	(117,949)	(464,282)	(22,121)	(2,497,179)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the retakaful asset for remaining coverage (ARC) & asset for incurred claims for takaful contracts (AIC) as on 30 June 2025 (unaudited)

Amount in AED'000	<i>Remaining Coverage</i>		<i>LIC for contracts not under PAA</i>	<i>Incurred claims</i>		<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss recovery component</i>		<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Retakaful contracts held that are liabilities at beginning of period	(121,544)	-	-	-	-	(121,544)
Retakaful contracts held that are assets at beginning of period	28,597	3,176	60,648	364,354	14,085	470,860
Retakaful contract net position at beginning of period	(92,947)	3,176	60,648	364,354	14,085	349,316
Retakaful expenses	(172,443)	-	-	-	-	(172,443)
Incurred claims recovery	-	-	10,796	106,809	2,675	120,280
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	-	(35,502)	(4,140)	(39,642)
Income on initial recognition of onerous underlying contracts	-	583	-	-	-	583
Reversal of a loss-recovery component other than changes in the FCF of retakaful contracts held	-	(3,177)	-	-	-	(3,177)
Effect of changes in risk of reinsurers' non-performance	-	-	(362)	(11)	-	(373)
Net income/(expenses) from retakaful contracts held	(172,443)	(2,594)	10,434	71,296	(1,465)	(94,772)
Finance income from retakaful contracts held	435	-	340	6,483	262	7,520
Forex adjustment to comprehensive income	(510)	-	-	1,141	61	692
Total amounts recognised in profit or loss and other comprehensive income	(172,518)	(2,594)	10,774	78,920	(1,142)	(86,560)
<i>Cash flows</i>						
Contribution paid net of ceding commissions and other directly attributable expenses	140,747	-	-	-	-	140,747
Recoveries from retakaful	-	-	(1,758)	(114,526)	-	(116,284)
Total cash flows	140,747	-	(1,758)	(114,526)	-	24,463
Retakaful contracts held assets/ (liabilities) at end of period	(124,718)	582	69,664	328,748	12,943	287,219
Retakaful contracts held that are liabilities at end of period	(122,598)	-	-	-	-	(122,598)
Retakaful contracts held that are assets at end of period	(2,120)	582	69,664	328,748	12,943	409,817
Retakaful contract net position at end of period	(124,718)	582	69,664	328,748	12,943	287,219

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For the six-month period ended 30 June 2025 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the Takaful liability of remaining coverage (LRC) & liability for incurred claims for takaful contracts (LIC) as on 31 December 2024 (audited)

Amount in AED'000	<i>Liability for remaining coverage</i>			<i>Liability for incurred claims (PAA)</i>		<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss component</i>	<i>LIC for contracts not under under PAA</i>	<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Takaful contracts that are liabilities at beginning of year	(1,972,381)	(10,137)	(118,436)	(425,538)	(16,936)	(2,543,428)
Takaful contracts that are assets at beginning of year	6,801	-	-	-	-	6,801
Takaful contracts liabilities at beginning of year	(1,965,580)	(10,137)	(118,436)	(425,538)	(16,936)	(2,536,627)
Takaful revenue	1,046,378	-	-	-	-	1,046,378
Incurred claims and other directly attributable expenses	-	(2,353)	(47,220)	(711,652)	(12,533)	(773,758)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	1,076	9,388	10,464
Losses on onerous contracts and reversals of those losses	-	(16,839)	-	-	-	(16,839)
Takaful acquisition cash flows amortisations	(199,590)	-	-	-	-	(199,590)
Takaful service expenses	(199,590)	(19,192)	(47,220)	(710,576)	(3,145)	(979,723)
Takaful service result	846,788	(19,192)	(47,220)	(710,576)	(3,145)	66,655
Finance expense from takaful contracts issued recognized	(97,120)	(103)	(2,187)	(17,636)	(845)	(117,891)
Forex adjustment to comprehensive income	17,573	583	1	26,733	883	45,773
Total amounts recognised in profit & loss and other comprehensive income	767,241	(18,712)	(49,406)	(701,479)	(3,107)	(5,463)
Investment component	496,985	-	(496,985)	-	-	-
Contribution received	(1,489,112)	-	-	-	-	(1,489,112)
Claims and other directly attributable expenses paid	-	-	543,193	649,463	-	1,192,656
Takaful acquisition cash flows	243,130	-	-	-	-	243,130
Total cash flows	(1,245,982)	-	543,193	649,463	-	(53,326)
Takaful contracts liabilities at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)
Takaful contracts that are liabilities at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)
Takaful contracts that are assets at end of year	-	-	-	-	-	-
Takaful contract net position at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)

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For the six-month period ended 30 June 2025 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the retakaful asset for remaining coverage (ARC) & asset for incurred claims for retakaful contracts (AIC) as on 31 December 2024 (audited)

Amount in AED'000	<i>Remaining Coverage</i>		<i>LIC for contracts not under under PAA</i>	<i>Incurred claims</i>		<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss recovery component</i>		<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Retakaful contracts held that are liabilities at beginning of year	(162,050)	-	-	-	-	(162,050)
Retakaful contracts held that are assets at beginning of year	13,049	1,455	68,505	255,218	10,235	348,462
Retakaful contract net position at beginning of year	(149,001)	1,455	68,505	255,218	10,235	186,412
Retakaful expenses	(374,035)	-	-	-	-	(374,035)
Amortisation of takaful acquisition cash flows-						
Incurred claims recovery	-	-	14,032	327,449	8,509	349,990
Changes that relate to past service-changes in the FCF relating to incurred claims recovery-	-	-	-	(12,783)	(4,729)	(17,512)
Income on initial recognition of onerous underlying contracts	-	2,704	-	-	-	2,704
Reversal of a loss-recovery component other than changes in the FCF of retakaful contracts held	4	(761)	1	-	-	(756)
Effect of changes in risk of reinsurers' non-performance	-	-	(262)	(1,168)	-	(1,430)
Net income/(expenses) from retakaful contracts held	(374,031)	1,943	13,771	313,498	3,780	(41,038)
Finance income from retakaful contracts held	(10,867)	-	624	10,998	562	1,317
Forex adjustment to comprehensive income	(5,257)	(221)	(1)	(10,107)	(492)	(16,078)
Total amounts recognised in profit & loss and Other comprehensive income	(390,155)	1,722	14,394	314,389	3,850	(55,800)
Cash flows						
Contributions paid net of ceding commissions and other directly attributable expenses	446,209	-	-	-	-	446,209
Recoveries from retakaful	-	-	(22,252)	(205,253)	-	(227,505)
Total cash flows	446,209	-	(22,252)	(205,253)	-	218,704
Retakaful contracts held assets/ (liabilities) at end of year	(92,947)	3,177	60,647	364,354	14,085	349,316
Retakaful contracts held that are liabilities at end of year	(121,544)	-	-	-	-	(121,544)
Retakaful contracts held that are assets at end of year	28,596	3,177	60,648	364,354	14,085	470,860
Retakaful contract net position at end of year	(92,948)	3,177	60,648	364,354	14,085	349,316

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19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Takaful Contract Liabilities reconciliation of the best estimate liability, risk adjustment and contractual service margin as at 30 June 2025 (unaudited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Takaful contracts liabilities at beginning of period	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Changes related to current services				
CSM recognized in profit or loss	-	-	25,038	25,038
Risk Adjustment recognized in profit or loss	-	8,847	-	8,847
Experience adjustments	3,095	(646)	-	2,449
Changes related to future services				
Contracts initially recognized in the period	2,087	(354)	(2,269)	(536)
Changes in estimates that adjust CSM	(11,713)	(5,519)	17,232	(0)
Changes in estimates that result in onerous contracts or reversal of losses	(10,114)	-	-	(10,114)
Takaful finance expenses through profit or loss	(27,165)	(455)	(14,750)	(42,370)
Takaful finance expenses through OCI	2,217	(31)	(170)	2,016
Total changes in statement of profit or loss and OCI	(41,593)	1,842	25,081	(14,670)
Contribution received	(183,914)	-	-	(183,914)
Claims paid and Directly attributable expenses paid	257,991	-	-	257,991
Acquisition cost paid	17,306	-	-	17,306
Total cash flows	91,383	-	-	91,383
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,475,639)	(38,217)	(381,451)	(1,895,307)
Takaful contract net position at end of period	(1,475,639)	(38,217)	(381,451)	(1,895,307)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Retakaful Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 30 June 2025 (unaudited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	54,742	5,906	-	60,648
Opening retakaful contract liabilities	(207,330)	25,028	60,758	(121,544)
Retakaful contracts held assets/(liabilities) at beginning of period	(152,588)	30,934	60,758	(60,896)
Changes related to current services				
CSM recognized in profit or loss	-	-	(2,449)	(2,449)
Risk Adjustment recognized in profit or loss	-	(1,687)	-	(1,687)
Experience adjustments	(3,278)	-	-	(3,278)
Contracts initially recognized in the period	-	-	5	5
Changes in estimates that adjust CSM	2,724	430	(3,154)	(0)
Changes in the FCF that do not adjust the CSM for the group of underlying takaful contracts	-	-	(1,358)	(1,358)
Effect of changes in the risk of retakaful non-performance	(362)	-	-	(362)
Takaful finance expenses through profit or loss	(1,693)	493	1,975	775
Takaful finance expenses through OCI	(2,217)	(179)	936	(1,460)
Total changes in statement of profit or loss and OCI	(4,826)	(943)	(4,045)	(9,814)
Contribution paid to retakaful net of commission	22,550	-	-	22,550
Recoveries from retakaful	(1,759)	-	-	(1,759)
Total cash flows	20,791	-	-	20,791
Closing retakaful contract assets	62,359	5,948	1,394	69,701
Closing retakaful contract liabilities	(198,980)	24,042	55,318	(119,620)
Retakaful contract net position at end of period	(136,623)	29,991	56,713	(49,919)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Takaful Contract Liabilities reconciliation of the best estimate liability, risk adjustment and contractual service margin as at 31 December 2024 (audited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Amounts in AED'000				
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Takaful contracts liabilities at beginning of year	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Changes related to current services				
CSM recognized in profit and loss	-	-	55,129	55,129
Risk Adjustment recognized in profit and loss	-	17,736	-	17,736
Experience adjustments	14,922	(34)	-	14,888
Changes related to future services				
Contracts initially recognized in the period	4,698	(747)	(4,801)	(850)
Changes in estimates that adjust CSM	(30,523)	(10,896)	41,419	-
Changes in estimates that result in onerous contracts or reversal of losses	(14,016)	-	-	(14,016)
Takaful finance expenses through profit and loss	(31,333)	(3,395)	(64,682)	(99,410)
Takaful finance expenses through OCI	8,526	999	5,136	14,661
Total changes in statement of profit or loss and OCI	(47,726)	3,663	32,201	(11,862)
Contribution received	(468,707)	-	-	(468,707)
Claims paid	543,193	-	-	543,193
Acquisition cost paid	27,040	-	-	27,040
Total cash flows	101,526	-	-	101,526
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Takaful contract net position at end of year	(1,525,429)	(40,059)	(406,532)	(1,972,020)

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19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Retakaful Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 December 2024 (audited)

Amounts in AED'000	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	68,794	10,120	(10,409)	68,505
Opening retakaful contract liabilities	(228,394)	27,157	44,015	(157,222)
Retakaful contracts held assets/(liabilities) at beginning of year	(159,600)	37,277	33,606	(88,717)
Changes related to current services				
CSM recognized in profit or loss	-	-	(6,712)	(6,712)
Risk Adjustment recognized in profit or loss	-	(4,617)	-	(4,617)
Experience adjustments	(14,824)	-	-	(14,824)
Contracts initially recognized in the period	-	-	15	15
Changes in estimates that adjust CSM	(19,548)	(84)	19,632	-
Changes in the FCF that do not adjust the CSM for the group of underlying takaful contracts	-	-	(86)	(86)
Effect of changes in the risk of reinsurers non-performance	(262)	-	-	(262)
Takaful finance expenses through profit or loss	(16,236)	2,889	3,103	(10,244)
Takaful finance expenses through OCI	(8,900)	(4,531)	11,200	(2,231)
Total changes in statement of profit or loss and OCI	(59,770)	(6,343)	27,152	(38,961)
Contribution paid to retakaful net of commission	89,033	-	-	89,033
Recoveries from retakaful	(22,252)	-	-	(22,252)
Total cash flows	66,781	-	-	66,781
Closing retakaful contract assets	54,742	5,906	-	60,648
Closing retakaful contract liabilities	(207,330)	25,028	60,758	(121,544)
Retakaful contract net position at end of year	(152,589)	30,934	60,758	(60,897)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

20 OPERATING SEGMENT

For operating purposes, the Group is organised into two main business segments:

- Underwriting of general takaful business incorporating all classes of general takaful including fire, marine, motor, general accident, engineering, medical. This business is conducted in the UAE, Egypt and Algeria.
- Underwriting of life takaful business incorporating individual and group life takaful. This business is conducted in UAE and Egypt.

Consolidated statement of profit or loss by business

	Six-month period ended 30 June 2025 (unaudited)			Three-months period ended 30 June 2025 (unaudited)		
	General Takaful AED'000	Family takaful AED'000	Total AED'000	General Takaful AED'000	Family takaful AED'000	Total AED'000
Takaful revenue	398,567	116,792	515,359	201,003	57,995	258,998
Takaful service expenses	(345,902)	(76,578)	(422,480)	(186,833)	(51,853)	(238,685)
Net expenses from retakaful contracts held	(73,772)	(21,001)	(94,772)	(26,108)	(3,253)	(29,361)
TAKAFUL SERVICE RESULT	(21,107)	19,213	(1,893)	(11,938)	2,889	(9,048)
Investment and other income			67,428			64,629
Net Takaful expenses			(43,211)			(53,149)
Other operational expenses and tax			(14,078)			5,429
Profit after tax			8,246			7,861

	Six-month period ended 30 June 2024 (unaudited)			Three-months period ended 30 June 2024 (unaudited)		
	General Takaful AED'000	Family takaful AED'000	Total AED'000	General Takaful AED'000	Family takaful AED'000	Total AED'000
Takaful revenue	416,821	111,766	528,587	201,335	55,778	257,113
Takaful service expenses	(483,244)	(60,905)	(544,149)	(266,380)	(24,287)	(290,667)
Net expenses from retakaful contracts held	55,434	(20,702)	34,732	64,908	(14,695)	50,213
TAKAFUL SERVICE RESULT	(10,989)	30,159	19,170	(137)	16,796	16,659
Investment and other income			143,027			34,043
Net takaful expenses			(98,587)			(31,253)
Other operational expenses and tax			(43,076)			(16,496)
Profit after tax			20,534			2,953

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

20 OPERATING SEGMENT (continued)

By geography

	<i>Six-month period ended 30 June 2025 (unaudited)</i>			<i>Three-month period ended 30 June 2025 (unaudited)</i>		
	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>
Takaful revenue	48,152	467,208	515,359	24,143	234,855	258,998
Takaful service expenses	(48,812)	(373,669)	(422,480)	(25,528)	(213,157)	(238,685)
Net expenses from retakaful contracts held	(948)	(93,825)	(94,772)	402	(29,763)	(29,361)
TAAFUL SERVICE RESULT	(1,608)	(286)	(1,893)	(983)	(8,065)	(9,048)
Investment and other income			67,428			64,629
Net takaful finance expenses			(43,211)			(53,149)
Other operational expenses and tax			(14,078)			5,429
Profit after tax			8,246			7,861
	<i>Six-month period ended 30 June 2024 (unaudited)</i>			<i>Three-month period ended 30 June 2024 (unaudited)</i>		
	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>
Takaful revenue	100,030	428,557	528,587	47,263	209,850	257,113
Takaful service expenses	(93,813)	(450,336)	(544,149)	(35,847)	(254,820)	(290,667)
Net expenses from retakaful contracts held	(758)	35,490	34,732	4,432	45,781	50,213
TAAFUL SERVICE RESULT	5,459	13,711	19,170	15,848	811	16,659
Investment and other income			143,027			34,043
Net takaful finance expenses			(98,587)			(31,253)
Other operational expenses and tax			(43,076)			(16,496)
Profit after tax			20,534			2,953

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025 (unaudited)

20 OPERATING SEGMENT (continued)

Statement of financial position by business as at 30 June 2025

	<i>General takaful AED'000 (unaudited)</i>	<i>Family takaful AED'000 (unaudited)</i>	<i>Total AED'000 (unaudited)</i>
Assets			
Property and equipment	44,367	2,768	47,135
Goodwill and intangibles	66,723	59	66,782
Investment properties	50,090	-	50,090
Right of use assets	5,059	110	5,169
Investments in associates	35,198	-	35,198
Statutory deposits	290,513	20,270	310,783
Investments	161,910	48,501	210,411
Participants' investments in unit-linked contracts	-	1,839,748	1,839,748
Deposits with takaful and retakaful companies	766	-	766
Retakaful contract assets	332,694	77,123	409,817
Other assets and receivables	32,306	844	33,150
Bank balances and cash	153,077	61,360	214,437
	<u>1,172,703</u>	<u>2,050,783</u>	<u>3,223,486</u>
Liabilities and equity			
Technical reserves	-	73,464	73,464
Takaful contract liabilities	570,643	1,926,536	2,497,179
Retakaful contract liabilities	2,978	119,620	122,598
Other payables and accruals	112,341	60,829	173,170
Lease liabilities	5,142	96	5,238
	<u>691,104</u>	<u>2,180,545</u>	<u>2,871,649</u>
Total liabilities			
Policyholders' fund	-	-	-
	<u>481,601</u>	<u>(129,762)</u>	<u>351,839</u>
Financed by			
Shareholders' equity			298,010
Non-controlling interest			53,827
			<u>351,839</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

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For the six-month period ended 30 June 2025 (unaudited)

20 OPERATING SEGMENT (continued)

Statement of financial position by business as at 31 December 2024

	<i>General takaful</i> <i>AED'000</i> <i>(audited)</i>	<i>Family takaful</i> <i>AED'000</i> <i>(audited)</i>	<i>Total</i> <i>AED'000</i> <i>(audited)</i>
Assets			
Property and equipment	44,227	2,494	46,721
Goodwill and intangibles	66,456	732	67,188
Investment properties	38,742	10,098	48,840
Right of use assets	6,385	140	6,525
Investments in associates	35,885	-	35,885
Deposits	163,518	135,323	298,841
Investments	169,219	53,523	222,742
Participants' investments in unit-linked contracts	-	1,919,837	1,919,837
Deposits with takaful and retakaful companies	-	748	748
Retakaful contract assets	406,591	64,269	470,860
Other assets and receivables	36,628	3,368	39,996
Bank balances and cash	67,777	80,996	148,773
	<u>1,035,428</u>	<u>2,271,528</u>	<u>3,306,956</u>
Liabilities and policyholders' fund			
Technical reserves	-	71,846	71,846
Takaful contract Liabilities	590,712	2,004,704	2,595,416
Retakaful contract Liabilities	-	121,544	121,544
Other payables and accruals	155,770	21,797	177,567
Lease liabilities	6,061	142	6,203
	<u>752,543</u>	<u>2,220,033</u>	<u>2,972,576</u>
Total liabilities			
Policyholders' fund	-	-	-
	<u>282,885</u>	<u>51,495</u>	<u>334,380</u>
Financed by:			
Shareholders' equity			284,048
Non-controlling interest			50,332
			<u>334,380</u>

21 CLASSES AND CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the classification of each class of financial assets and liabilities and their fair values. For instruments carried at amortised cost, management believes that their carrying values approximates to their fair values.

30 June 2025 (unaudited)

	<i>FVTPL</i> <i>AED'000</i>	<i>FVOCI</i> <i>AED'000</i>	<i>Amortised cost</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Financial assets				
Investments	5,842	20,271	184,298	210,411
Unit Linked investments	1,839,748	-	-	1,839,748
Statutory deposits	-	-	310,783	310,783
Deposits with takaful and retakaful companies	-	-	766	766
Other assets and receivables	-	-	14,005	14,005
Bank balances and cash	-	-	214,437	214,437
	<u>1,845,590</u>	<u>20,271</u>	<u>724,289</u>	<u>2,590,150</u>
Financial liabilities				
Other payables and accruals	-	-	75,917	75,917
Lease liabilities	-	-	5,238	5,238
	<u>-</u>	<u>-</u>	<u>81,155</u>	<u>81,155</u>

31 December 2024 (audited)

	<i>FVTPL</i> <i>AED'000</i>	<i>FVOCI</i> <i>AED'000</i>	<i>Amortised cost</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Financial assets				
Investments	723	21,947	200,072	222,742
Unit Linked investments	1,919,837	-	-	1,919,837
Statutory deposits	-	-	298,841	298,841
Deposits with takaful and retakaful companies	-	-	748	748
Other assets and receivables	-	-	16,897	16,897
Bank balances and cash	-	-	148,773	148,773
	<u>1,920,560</u>	<u>21,947</u>	<u>665,331</u>	<u>2,607,838</u>
Financial liabilities				
Other payables and accruals	-	-	73,485	73,485
Lease liabilities	-	-	6,203	6,203
	<u>-</u>	<u>-</u>	<u>79,688</u>	<u>79,688</u>

22 CAPITAL RISK MANAGEMENT

The Group is subject to solvency regulations which require Solvency Margin to be maintained at all times throughout the period/year. The Group is in non-compliance with the solvency regulations during the period/year and continuously assesses and monitors the solvency requirements and position by incorporating necessary policies and procedures.

The table below summarises the consolidated Minimum Capital Requirement ("MCR"), Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held at the Company level to meet the required Solvency Margins in line with the requirements of the Central Bank of UAE. The Group has disclosed the preliminary solvency position as of 30 June 2025 as following:

	30 June 2025 AED'000	31 December 2024 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	188,144	169,463
Minimum Guarantee Fund (MGF)	152,462	154,740
Basic Own Funds	4,751	(18,398)
Ancillary Own Funds	140,000	140,000
MCR Solvency Margin - surplus/(deficit)	-	-
SCR Solvency Margin - surplus/(deficit)	(65,769)	(58,662)
MGF Solvency Margin - surplus/(deficit)	(30,087)	(43,938)
Subordinated Liabilities (limited)	95,249	118,398

23 INCOME TAXES

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax period is the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group entities operate in the Egypt and Algeria and are subject to income tax in these countries. Tax charge for UAE operations is AED nil for the six months period ended 30 June 2025.

The component of income tax recognised in the consolidated statement of profit or loss is as follows:

	30 June 2025 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)
Current income tax expense	5,372	3,731
Deferred taxes	(25)	4,013
	5,347	7,744

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23 INCOME TAXES (continued)

Reconciliation of tax expenses and accounting profit is not provided as majority of the earnings are not subject to tax.

	<i>30 June 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
<i>Current Tax payable</i>		
As at 1 January	22,226	16,038
Provisions during the period/year	5,372	8,015
Exchange differences	511	(1,827)
Balance as at the end of the period/year	28,109	22,226
	<i>30 June 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
<i>Deferred Tax Assets</i>		
As at 1 January	5,166	5,200
Provisions during the period/year	-	-
Exchange differences	242	(34)
Balance as at the end of the period/year	5,408	5,166
<i>Deferred Tax Liabilities</i>		
As at 1 January	4,091	121
Provisions during the year	(25)	4,013
Exchange differences	120	(43)
Balance as at the end of the period/year	4,186	4,091

24 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 8 August 2025.