

**Watania International Holding (PJSC) (formerly,
Dar Al Takaful (PJSC))**

Condensed interim consolidated financial information
(Unaudited)

For the period ended 30 September 2023

Review Report of the Independent Auditor To the Shareholders of Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))

Introduction

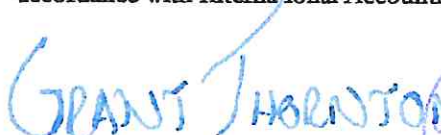

We have reviewed the accompanying condensed interim consolidated statement of financial position of Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC)) (the "Group") as at 30 September 2023 and condensed interim consolidated statement of comprehensive income for the three-month and nine-month periods then ended, and condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the nine-month period then ended, and summary of significant accounting policies and other related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 condensed interim consolidated financial information are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

GRANT THORNTON

Dr Osama El-Bakry
Registration No. 935
Dubai, United Arab Emirates

November 13, 2023

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Condensed interim consolidated statement of financial position
As at 30 September 2023

	Notes	(Unaudited) 30 September 2023 AED'000	Restated (Unaudited) 31 December 2022 AED'000	Restated (Unaudited) 31 December 2021 AED'000
ASSETS				
Investment properties	4	65,222	65,222	39,682
Property and equipment		15,759	15,655	15,929
Intangible assets		85,640	90,550	89,138
Investments at amortised cost	5	33,801	47,353	22,015
Investments at fair value through profit or loss (FVTPL)	5	438,584	391,782	501,837
Investments at fair value through other comprehensive income (FVTOCI)	5	5,998	71,624	6,943
Insurance contract assets	6	-	-	196
Reinsurance contract assets	6	141,011	137,225	119,850
Trade and other receivables	7	119,919	85,289	59,330
Cash and bank balances	8	408,202	377,821	320,148
TOTAL ASSETS		1,314,136	1,282,521	1,175,068
EQUITY AND LIABILITIES				
EQUITY				
Share capital	11	260,156	260,156	150,000
Statutory reserve	12	8,500	8,500	7,640
Restricted reserve	12	3,636	3,636	2,073
Cumulative change in fair value of securities		-	435	-
Accumulated losses		(58,265)	(51,685)	(16)
Total equity		214,027	221,042	159,697
Liabilities				
Employees' end of service benefits		18,355	17,585	6,368
Insurance contract liabilities	6	780,582	763,131	723,397
Reinsurance contract liabilities	6	75,100	35,079	21,073
Trade and other payables	9	142,313	141,335	146,182
Lease liability		9,009	8,899	9,101
Borrowings	10	74,750	95,450	109,250
Total liabilities		1,100,109	1,061,479	1,015,371
TOTAL EQUITY AND LIABILITIES		1,314,136	1,282,521	1,175,068

The condensed interim consolidated financial information was authorised for issue in accordance with a resolution of the Directors on 13 November 2023.


Dr. Ali Saeed Bin Harmal Aldhaheeri
Chairman


Mr. Gautam Datta
Chief Executive Officer

The notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Condensed interim consolidated statement of comprehensive income
For the period ended 30 September 2023

	Notes	(Unaudited) Three-month period ended 30 September 2023 AED'000	Restated (Unaudited) Three-month period ended 30 September 2022 AED'000	(Unaudited) Nine-month period ended 30 September 2023 AED'000	Restated (Unaudited) Nine-month period ended 30 September 2022 AED'000
Insurance income	13	213,316	254,961	670,602	579,487
Insurance expenses	14	(221,139)	(244,817)	(724,265)	(504,084)
Investment income		7,680	1,530	29,985	8,137
Net (loss) / gain on investments at FVTPL		(2,783)	(14,959)	31,319	(75,877)
Net operating (losses) / income		(2,926)	(3,285)	7,641	7,663
General and administrative expenses		(5,772)	(20,914)	(24,669)	(35,679)
Amortisation of intangibles		(1,313)	(3,622)	(4,463)	(5,827)
Finance cost		(1,253)	(1,245)	(4,354)	(2,780)
Other income		8,546	6,069	19,265	9,360
Gain on bargain purchase		-	720	-	720
Loss for the period		(2,718)	(22,277)	(6,580)	(26,543)
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Unrealised loss on investments at FVTOCI		-	(1,597)	(435)	(1,105)
		-	(1,597)	(435)	(1,105)
Total comprehensive loss for the period		(2,718)	(23,874)	(7,015)	(27,648)
Loss per share (AED)					
Basic and diluted	15	(0.010)	(0.092)	(0.027)	(0.106)

The notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Condensed interim consolidated statement of changes in equity
For the period ended 30 September 2023

	Share capital AED'000	Statutory reserve AED'000	Restricted reserve AED'000	Cumulative change in fair value of securities AED'000	Accumulated losses AED'000	Total AED'000
Balance at 1 January 2022, as previously reported	150,000	7,640	2,073	-	(7,478)	152,235
Impact of first time adoption of standards	-	-	-	-	7,462	7,462
Restated balance at 1 January 2022	150,000	7,640	2,073	-	(16)	159,697
Impact of merger	-	-	-	-	4,793	4,793
Cumulative change in fair value of securities	-	-	-	(1,105)	-	(1,105)
Loss for the period (restated)	-	-	-	-	(26,543)	(26,543)
Total comprehensive loss for the period	-	-	-	(1,105)	(26,543)	(27,648)
Capital injection	110,156	-	-	-	-	110,156
Director's remuneration	-	-	-	-	(1,400)	(1,400)
As at 30 September 2022 (Unaudited)	260,156	7,640	2,073	(1,105)	(23,166)	245,598
As at 1 January 2023 (Unaudited)	260,156	8,500	3,636	(1,655)	(66,339)	204,298
Impact of first time adoption of standards	-	-	-	2,090	14,654	16,744
Restated balance as at 1 January 2023	260,156	8,500	3,636	435	(51,685)	221,042
Loss for the period	-	-	-	-	(6,580)	(6,580)
Other comprehensive income/(loss) for the period	-	-	-	(435)	-	(435)
Total comprehensive income / (loss) for the period	-	-	-	(435)	(6,580)	(7,015)
As at 30 September 2023 (Unaudited)	260,156	8,500	3,636	-	(58,265)	214,027

The notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Condensed interim consolidated statement of cash flows
For the period ended 30 September 2023

	(Unaudited) Nine-month period ended 30 September 2023 AED'000	Restated (Unaudited) Nine-month period ended 30 September 2022 AED'000
Cash flows from operating activities		
Loss for the period	(6,580)	(26,543)
Adjustments for:		
Depreciation of property and equipment	5,571	3,680
Amortisation of intangibles	4,909	8,993
Write-off of fixed assets	1,243	-
Write-off of intangibles	-	6,728
Unrealised (loss) / gain on financial assets at FVTPL	(36,914)	100
Realised gain on financial assets at FVTPL	(9,005)	(2,078)
Amortisation of held to maturity	-	109
Income from dividend	(4,250)	(1,828)
Income from deposits	(9,733)	(2,522)
Income from sukuk investments	(1,307)	(868)
Finance cost	4,354	2,780
Rental income	(1,647)	(1,727)
Gain on merger	-	(720)
Impairment on investment securities	945	-
Provision for expected credit losses	2,031	11,231
Provision for employees' end of service benefits	2,091	1,677
Operating cash flows before changes in working capital	(48,292)	(988)
Change in trade and other receivables	(20,781)	42,065
Change in reinsurance contract assets and liabilities – net	36,236	(2,634)
Change in insurance contract liabilities	17,451	(1,174)
Change in trade and other payables	979	(20,127)
Cash (used in)/generated from operations	(14,407)	17,142
Employee's end of service benefits paid	(1,321)	(1,966)
Net cash (used in)/generated from operating activities	(15,728)	15,176
Cash flows from investing activities		
Purchase of property and equipment	(6,918)	(1,305)
Net proceeds from sale of FVTOCI	42,722	-
Additions of investments carried at FVTPL	(152,258)	(40,089)
Proceeds from sale of investment securities	172,899	-
Additions in investments carried at FVTOCI	-	(33,142)
Proceeds from sale of investment carried at FVTPL	-	47,294
Additions of investment properties	-	(2,822)
Income received from deposits and sukuks	1,159	528
Net cash inflow on merger	-	48,290
Amortisation of premiums	(67)	-
Proceeds from redemption of investment held at amortised cost	13,619	5,618
Rental income received	1,647	1,686
Dividend received	4,250	1,828
Finance costs paid	(4,354)	(2,780)
Purchase of wakala deposits – net	(47,399)	(4,677)
Net cash generated from investing activities	25,300	20,429

The notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Condensed interim consolidated statement of cash flows (continued)
For the period ended 30 September 2023

	(Unaudited)	Restated
	Nine-month	(Unaudited)
	period ended	Nine-month
	30 September	period ended
	2023	30 September
	AED'000	2022
		AED'000
Cash flows from financing activities		
Directors' remuneration	-	(1,400)
Repayment of borrowings	(20,700)	(10,350)
(Net payment of) / net increase in payment in lease liabilities	110	(2,490)
Net cash used in financing activities	(20,590)	(14,240)
Net change in cash and cash equivalents	(11,018)	21,365
Cash and cash equivalents, beginning of period	103,055	33,838
Cash and cash equivalents, end of period (note 8)	92,037	55,203

The notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC)) Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information For the period ended 30 September 2023

1 Legal status and activities

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC)) (the "Company") was incorporated as a public joint stock company. During the nine-months period ended 30 September 2023, the Company's insurance license has been cancelled as it will be an investment holding company and changed its name from Dar Al Takaful (PJSC) to Watania International Holding (PJSC). The address of the Company is P.O. Box 235353, Dubai, United Arab Emirates.

The Company obtained its commercial license on 23 July 2008 and commenced operations on 1 September 2008.

The primary activity of the company includes investment in subsidiaries and securities such as agricultural, commercial, educational, energy, industrial, technological, and tourist enterprises & management, outer space projects, health care, sports, and water enterprises & development, oil & natural gas projects.

The condensed interim financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

Implementation of UAE Corporation Tax Law and application of LAS 12 Income Taxes

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was published in the official gazette on 10 October 2022 and became effective on 25 October 2022. The Corporate Tax law will apply to taxable persons for financial years beginning on or after 1 June 2023. The corporate income tax will apply on the adjusted accounting net profits of a business. The Group is currently in the process of assessing the possible impact on its consolidated financial statements, both from current and deferred tax perspective, in preparation for full compliance with the new corporate tax law noting that the first tax period for the Group is starting on 1 January 2024.

The Company together with its subsidiaries is referred to as the "Group" in this condensed interim consolidated financial information. Set out below are the details of the principal subsidiaries held directly by the Company, in UAE which the country of their incorporation and principal place of business:

Name of subsidiary	Proportion of ownership interest		Principal activities
	30 September 2023	31 December 2022	
Watania Takaful Family (PJSC) (formerly Noor Takaful Family (PJSC))	100%	100%	Family takaful and retakaful activities
Watania Takaful General (PJSC) (formerly Noor Takaful General (PJSC))	100%	100%	General takaful and retakaful activities

2 Basis of preparation

The condensed interim consolidated financial information are for the nine-month period ended 30 September 2023 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Group. This condensed interim consolidated financial information have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include all the information required in annual financial information in accordance with IFRS and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2022. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2022, except for application of new standards effective as of 1 January 2023 as several amendments and interpretations apply for the first time in 2022.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

2 Basis of preparation (continued)

Basis of consolidation

The condensed interim consolidated financial information comprise the financial information of the Group and its subsidiaries as at 30 September 2023.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3 Summary of significant accounting policies

Standards, interpretations and amendments to existing standards – IFRS 9 Financial Instruments - first time adoption

Prior to the change of Company's business license to an investment holding company, the Company being an insurance entity availed temporary exemption from applying IFRS 9 on the grounds that it has not previously applied any version of IFRS 9 and its activities were predominantly connected with insurance with the carrying amounts of its liabilities within the scope of IFRS 4 being greater than 90 percent of the total carrying amount of all its liabilities, as at the date when standard first became effective, with no subsequent change in its activities. However, with the change of Company's license to non-insurance activity and with the application of IFRS 17 for its subsidiaries, the exemption is expired and Group has adopted IFRS 9 from 1 January 2023.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs. Regular way purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset i.e. the trade date. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

3 Summary of significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – IFRS 9 Financial Instruments - first time adoption (continued)

Financial instruments (continued)

Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, the Group classifies its financial assets into the following categories:

i) Financial assets at amortised cost

Financial assets at amortised cost are those financial assets for which:

- the Group's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective funding cost method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents, and most other receivables.

ii) Financial assets at fair value through other comprehensive income ('FVTOCI')

Investments in equity securities are classified as FVTOCI. At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement, but is reclassified to retained earnings.

iii) Financial assets at fair value through profit and loss ('FVTPL')

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of income.

Dividend income on investments in equity instruments at FVTPL is recognised in statement of income when the Group's right to receive the dividends is established.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

3 Summary of significant accounting policies (continued)

Critical accounting estimates and judgments in applying accounting policies

The Group makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may substantially be different.

Fair value of investment properties

Fair value of investment properties is estimated by two independent professional valuers, considering the market comparable approach. This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

Expected credit losses

Management reviews the provision for doubtful debts at each reporting date by assessing the recoverability of insurance and reinsurance receivables. For non-insurance receivables the recoverability is assessed, and expected credit losses are created in compliance with the simplified approach under the IFRS 9 methodology.

Insurance and reinsurance contracts

The Group applies the PAA to simplify the measurement of insurance contracts where possible. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group discounts all cash flows and includes an explicit risk adjustment for non-financial risk for liability for incurred claims.

Liability for remaining coverage

For insurance acquisition cash flows, the Group chooses to not recognise the payments as an expense immediately. The acquisition costs are, thus, capitalised.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in profit rates, delays in settlement and changes in foreign currency exchange rates.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

3 Summary of significant accounting policies (continued)

Critical accounting estimates and judgments in applying accounting policies (continued)

Risk adjustment for non-financial risk

For contracts measured under the PAA, the Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach (using Over Dispersed Poisson methodology) at the 65th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 65th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

For individual life business, the Group has used a cost of capital approach at the 75th percentile.

Fair value of financial assets at fair value through profit or loss

The fair value of unquoted financial assets carried at fair value through profit or loss is based on the periodic valuations by fund managers and represents the net asset value of the funds at the date of valuation and the fair value of quoted financial assets securities carried at fair value through profit or loss is based on quoted prices in active markets.

Fair value of unquoted securities

Fair value of unquoted securities has been determined by the management based on Earnings Multiple and Net Assets Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different.

4 Investment properties

Investment properties comprise of buildings which are located in United Arab Emirates.

Management estimates that there has been no change in the fair value of investment properties during the nine-month period ended 30 September 2023. The carrying value of the investment properties as at 30 September 2023 is AED 65.22 million (31 December 2022: AED 65.22 million).

Investment properties include properties having carrying value of AED 21.42 million (31 December 2022: AED 21.42 million) which are under the name of the Watania Takaful Company (legally ceased to exist). The Group is in the process of transferring the legal titles of these properties to the Group.

Investment properties are classified as Level 3 in the fair value hierarchy as at 30 September 2023 (31 December 2022: Level 3).

5 Investment in securities

Investment at amortised cost

Amortised cost investments comprises the following:

	(Unaudited) 30 September 2023 AED'000	(Unaudited) 31 December 2022 AED'000
Quoted debt securities inside U.A.E.	25,052	24,867
Unquoted debt securities inside U.A.E.	5,019	22,132
Quoted debt securities outside U.A.E.	3,730	354
	33,801	47,353

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

5 Investment in securities (continued)

Investments at fair value through profit or loss

Investments at fair value through profit or loss comprises the following:

	(Unaudited) 30 September 2023 AED'000	(Unaudited) 31 December 2022 AED'000
Investment in mutual funds	345,872	344,073
Investment in debt securities	25,697	-
Investment in equity securities	67,015	47,709
	<u>438,584</u>	<u>391,782</u>
Quoted securities inside UAE	92,712	47,709
Unquoted securities inside U.A.E.	-	19,577
Unquoted securities outside U.A.E.	345,872	324,496
	<u>438,584</u>	<u>391,782</u>

Investments at fair value through other comprehensive income

Fair value through other comprehensive income comprise the following:

	(Unaudited) 30 September 2023 AED'000	(Unaudited) 31 December 2022 AED'000
Quoted equity securities in U.A.E.	-	64,681
Unquoted equity securities in U.A.E.	4,998	5,943
Unquoted debt securities in U.A.E.	1,000	1,000
	<u>5,998</u>	<u>71,624</u>

The movement in investment in securities is as follows:

30 September 2023 (Unaudited)	Investments at FVTOCI AED'000	Investments at FVTPL AED'000	Investments at amortised cost AED'000	Total AED'000
At 1 January 2023	71,624	391,782	47,353	510,759
Impact of IFRS 9 adoption	(21,524)	21,524	-	-
Restated as at 1 January 2023				
Addition during the period	-	152,258	-	152,258
Disposal during the period	(42,722)	(172,899)	(13,619)	(229,240)
Investment impairment	(945)	-	-	(945)
Amortisation of premiums	-	-	67	67
Fair value gain recorded in the consolidated income statement	-	45,919	-	45,919
Fair value gain recorded in the statement of comprehensive income	(435)	-	-	(435)
At 30 September 2023	<u>5,998</u>	<u>438,584</u>	<u>33,801</u>	<u>478,383</u>

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

5 Investment in securities (continued)

	Investments at FVTOCI AED'000	Investments at FVTPL AED'000	Investments at amortised cost AED'000	Total AED'000
31 December 2022 (Unaudited)				
At 1 January	6,943	501,837	22,015	530,795
Additions through merger	49,665	-	31,100	80,765
Addition during the year	32,092	77,800	-	109,892
Disposal during the year	(13,768)	(132,335)	(5,618)	(151,721)
Amortisation of premiums	-	-	(144)	(144)
Fair value loss recorded in the consolidated statement of income	(1,653)	(55,520)	-	(57,173)
Fair value loss recorded in The statement of comprehensive income	(1,655)	-	-	(1,655)
At 31 December 2022	71,624	391,782	47,353	510,759

6 Insurance and reinsurance contracts

The breakdown of groups of insurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table on the below:

Insurance contracts issued

	(Unaudited) 30 September 2023			Restated (Unaudited) 31 December 2022		
	Assets AED'000	Liabilities AED'000	Net AED'000	Assets AED'000	Liabilities AED'000	Net AED'000
General insurance	-	(247,930)	(247,930)	-	(209,021)	(209,021)
Medical insurance	-	(195,161)	(195,161)	-	(209,982)	(209,982)
Family insurance	-	(337,491)	(337,491)	-	(344,128)	(344,128)
Total insurance contracts issued	-	(780,582)	(780,582)	-	(763,131)	(763,131)

Reinsurance contracts held

	(Unaudited) 30 September 2023			Restated (Unaudited) 31 December 2022		
	Assets AED'000	Liabilities AED'000	Net AED'000	Assets AED'000	Liabilities AED'000	Net AED'000
General insurance	18,150	(12,670)	5,480	21,983	(7,786)	14,197
Medical insurance	122,861	(140)	122,721	115,242	(5,101)	110,141
Family insurance	-	(62,290)	(62,290)	-	(22,192)	(22,192)
Total reinsurance contracts held	141,011	(75,100)	65,911	137,225	(35,079)	102,146

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

Contracts measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
30 September 2023 (Unaudited)					
Insurance contract liabilities as at 1 January 2023	(158,583)	(14,717)	(273,173)	(10,937)	(457,410)
Insurance revenue	655,690	-	-	-	655,690
Insurance service expenses					
Incurred claims and other expenses	-	-	(336,944)	(14,584)	(351,528)
Net insurance acquisition costs	(110,053)	-	-	-	(110,053)
Losses on onerous contract and reversals	-	3,231	-	-	3,231
Changes to liabilities for incurred claims			(189,495)	12,380	(177,115)
Insurance service result	545,637	3,231	(526,439)	(2,204)	20,225
Insurance finance expenses	-	-	(3,555)	-	(3,555)
Total changes in statement of comprehensive income	545,637	3,231	(529,994)	(2,204)	16,670
Cash flows					
Contributions received	(685,963)	-	-	-	(685,963)
Claims and other expenses paid	-	-	523,933	-	523,933
Direct attributable expense	-	-	10,246	-	10,246
Insurance acquisition cash flows	108,664	-	-	-	108,664
Total cash flows	(577,299)	-	534,179	-	(43,120)
Net insurance contract liabilities as at 30 September 2023	(190,245)	(11,486)	(268,988)	(13,141)	(483,860)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Contracts measured under the PAA (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
31 December 2022 (Unaudited) restated					
Insurance contract liabilities as at 1 January 2022	(71,596)	(5,189)	(226,012)	(7,827)	(310,624)
Insurance revenue	802,647	-	-	-	802,647
Insurance service expenses					
Incurred claims and other expenses	-	-	(431,860)	(12,455)	(444,315)
Net Insurance acquisition costs	(110,743)	-	-	-	(110,743)
Losses on onerous contracts and reversals	-	(9,506)	-	-	(9,506)
Changes to liabilities for incurred claims	-	-	(130,583)	12,398	(118,185)
Insurance service result	691,904	(9,506)	(562,443)	(57)	119,898
Insurance finance income	-	-	706	-	706
Total changes in the statement of comprehensive income	691,904	(9,506)	(561,737)	(57)	120,604
<i>Cash flows</i>					
Contributions received	(827,316)	-	-	-	(827,316)
Claims and other expenses paid	-	-	582,699	-	582,699
Insurance acquisition cash flows	125,137	-	-	-	125,137
Total cash flows	(702,179)	-	582,699	-	(119,480)
1st July 2022 merger related contract liabilities movement	(76,580)	(22)	(68,199)	(3,057)	(147,858)
1st July 2022 merger related contract assets movement	(132)	-	76	4	(52)
Merger related non-cash movement	(76,712)	(22)	(68,123)	(3,053)	(147,910)
Net insurance contract liabilities as at 31 December 2022	(158,583)	(14,717)	(273,173)	(10,937)	(457,410)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Contracts not measured under the PAA

	Liability for remaining coverage		Liabilities for incurred claims	Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	
30 September 2023 (Unaudited)				
Net Insurance contract liabilities as at 1 January 2023	(295,032)	(1,453)	(9,236)	(305,721)
Insurance revenue	14,912	-	-	14,912
Insurance service expenses				
Incurred claims and other expenses	-	-	1,207	1,207
Net insurance acquisition costs	(1,471)	-	-	(1,471)
Losses on onerous contract and reversals	-	1,430	-	1,430
Changes to liabilities for incurred claims	-	-	3,401	3,401
Investments component	51,171	-	(51,171)	-
Insurance service result	64,612	1,430	(46,563)	19,479
Insurance finance expenses	(32,878)	(52)	(39)	(32,969)
Total changes in statement of comprehensive income	31,734	1,378	(46,602)	(13,490)
Cash flows				
Contribution received	(38,647)	-	-	(38,647)
Claims and other expenses paid	-	-	51,255	51,255
Direct attributable expense	-	-	997	997
Insurance acquisition cash flows	8,884	-	-	8,884
Total cash flows	(29,763)	-	52,252	22,489
Net insurance contract liabilities as at 30 September 2023	(293,061)	(75)	(3,586)	(296,722)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Contracts not measured under the PAA (continued)

	Liability for remaining coverage		Liabilities for incurred claims	Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	
31 December 2022 (Unaudited) restated				
Net Insurance contract liabilities as at 1 January 2022	(402,351)	-	(10,227)	(412,578)
Insurance revenue	17,534	-	-	17,534
Insurance service expenses				
Incurred claims and other expenses	-	-	(5,822)	(5,822)
Net Insurance acquisition costs	(1,109)	-	-	(1,109)
Losses on onerous contract and reversals	-	(1,833)	-	(1,833)
Changes to liabilities for incurred claims	-	-	3,320	3,320
Insurance service result	16,425	(1,833)	(2,502)	12,090
Insurance finance expenses	60,044	380	22	60,446
Investment components	73,647	-	(73,647)	-
Total changes in statement of comprehensive income	150,116	(1,453)	(76,127)	72,536
<i>Cash flows</i>				
Contribution received	(53,115)	-	-	(53,115)
Claims and other expenses paid	-	-	75,928	75,928
Insurance acquisition cash flows	10,318	-	1,190	11,508
Total cash flows	(42,797)	-	77,118	34,321
Net insurance contract liabilities as at 31 December 2022	(295,032)	(1,453)	(9,236)	(305,721)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA

	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM	Total AED'000
			Contracts under modified retrospective transition approach AED'000	
30 September 2023 (Unaudited)				
Net insurance contract liabilities as at 1 January 2023	(144,865)	(48,127)	(112,729)	(305,721)
Changes that relate to current services				
CSM recognised for services provided	-	-	7,663	7,663
Change in risk adjustment for non- financial risk for risk expired	-	1,549	-	1,549
Experience adjustments	3,221	2,289	-	5,510
Changes that relate to future services				
Contracts initially recognised in the year	7,089	1,080	(8,169)	-
Changes in estimates that adjust the CSM	(12,521)	(2,406)	14,927	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	1,182	171	-	1,353
Changes that relate to past services				
Adjustments to liabilities for incurred claims	5,237	(1,836)	-	3,401
Insurance service result	4,208	847	14,421	19,476
Net finance expenses from takaful contracts	(32,895)	-	(71)	(32,966)
Total changes in the statement of profit or loss	(28,687)	847	14,350	(13,490)
Cash flows				
Contributions received	(38,647)	-	-	(38,647)
Claims and other directly attributable expenses paid	52,252	-	-	52,252
Insurance acquisition cash flows paid	8,884	-	-	8,884
Total cash flows	22,489	-	-	22,489
Net Insurance contract liabilities as at 30 September 2023	(151,063)	(47,280)	(98,379)	(296,722)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA (continued)

	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
31 December 2022 (Unaudited) restated				
Insurance contract liabilities as at 1 January 2022	(284,140)	(68,780)	(59,658)	(412,578)
Changes that relate to current services				
CSM recognised for services provided	-	-	12,008	12,008
Change in risk adjustment for non- financial risk for risk expired	-	5,985	-	5,985
Experience adjustments	1,919	(3,343)	-	(1,424)
Changes that relate to future services				
Contracts initially recognised in the year	15,197	(3,153)	(13,890)	(1,846)
Changes in estimates that adjust the CSM	50,964	196	(51,160)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(23,536)	17,583	-	(5,953)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(65)	3,385	-	3,320
Insurance service result	44,479	20,653	(53,042)	12,090
Net finance expenses from insurance contracts	60,474	-	(29)	60,445
Total changes in the statement of profit or loss and OCI	104,953	20,653	(53,071)	72,535
Cash flows				
Contributions received	(53,115)	-	-	(53,115)
Claims and other directly attributable expenses paid	77,118	-	-	77,118
Insurance acquisition cash flows paid	10,319	-	-	10,319
Total cash flows	34,322	-	-	34,322
Insurance contract liabilities as at 31 December 2022	(144,865)	(48,127)	(112,729)	(305,721)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims
Contracts measured under the PAA

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED'000
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000		
			Risk adjustment AED'000		
30 September 2023 (Unaudited)					
Reinsurance contract assets as at 1 January 2023	(105,650)	4,895	235,173	2,807	137,225
Less: Reinsurance contract liabilities as at 1 January 2023	(122,954)	45	93,686	4,350	(24,873)
Net reinsurance contract (liabilities)/ assets	(228,604)	4,940	328,859	7,157	112,352
An allocation of reinsurance contributions	(245,926)				(245,926)
Amounts recoverable from reinsurers for incurred claims			106,979	2,127	109,106
Amounts recoverable for incurred claims and other expenses		(1,626)			(1,626)
Changes in fulfilment cash flows that do not adjust underlying CSM			(2,649)		(2,649)
Expenses directly attributable to reinsurance		(45)	85,396	(1,297)	84,054
Changes to amounts recoverable for incurred claims and other expenses		(1,671)	189,726	830	(57,041)
Net income or expense from reinsurance contracts held	(245,926)	(1,671)	189,726	830	(57,041)
Reinsurance finance income			4,492		4,492
Total changes in the statement of comprehensive income	(245,926)	(1,671)	194,218	830	(52,559)
Cash flows					
Reinsurance Contributions and expenses paid	106,514				106,514
Directly attributable expenses paid			2,630		2,630
Amounts received			(89,041)		(89,041)
Total cash flows	106,514		(86,411)		20,103
Net reinsurance contract (liabilities)/ assets as at 30 September 2023					
Reinsurance contract assets as at 30 September 2023	(181,777)	3,269	316,534	2,985	141,011
Less: Reinsurance contract liabilities as at 30 September 2023	(186,239)		120,132	5,002	(61,105)
Net reinsurance contract (liabilities)/ asset as at 30 September 2023	(368,016)	3,269	436,666	7,987	79,906

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)
Contracts measured under the PAA (continued)

	Assets for remaining coverage				Amounts recoverable on incurred claims			Total AED'000
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	Amounts recoverable on incurred claims			
					cash flows AED'000	adjustment AED'000		
31 December 2022 (Unaudited) restated								
Reinsurance contract assets as at 1 January 2022	(10,358)	1,904	123,933	4,370			119,849	
Less: Reinsurance contract liabilities as at 1 January 2022	(28,661)	-	20,961	904			(6,796)	
Net reinsurance contract (liabilities)/assets	(39,019)	1,904	144,894	5,274			113,053	
Allocation of reinsurance contributions	(333,619)	-	-	-			(333,619)	
Amounts recoverable from reinsurers for incurred claims	-	-	185,497	3,629			(189,126)	
Changes to amounts recoverable for incurred claims	-	3,034	1,311	(3,542)			803	
Net income or expense from reinsurance contracts held	(333,619)	3,034	186,808	87			(143,690)	
Reinsurance finance income	-	-	(558)	-			(558)	
Total changes in the statement of comprehensive income	(333,619)	3,034	186,250	87			(144,248)	
<i>Cash flows</i>								
Reinsurance contribution and expenses paid	124,948	-	3,102	-			128,050	
Amounts received	-	-	(54,492)	-			(54,492)	
Total cash flows	124,948	-	(51,390)	-			73,558	
1st July 2022 merger related reinsurance contract assets movement	18,172	2	42,866	1,439			62,479	
1st July 2022 merger related reinsurance contract liabilities movement	913	-	6,241	355			7,509	
Merger related non-cash movement	19,085	2	49,107	1,794			69,988	
Net reinsurance contract assets/(liabilities) as at 31 December 2022	(105,650)	4,895	235,173	2,807			137,225	
Reinsurance contract assets as at 31 December 2022	(122,954)	45	93,686	4,350			(24,873)	
Less: Reinsurance contract liabilities as at 31 December 2022	(228,605)	4,940	328,861	7,155			112,351	
Net reinsurance contract (liabilities)/assets as at 31 December 2022								

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)
Contracts not measured under the PAA

30 September 2023 (Unaudited)

Net reinsurance contract (liabilities) / assets as at 1 January 2023

An allocation of reinsurance contributions
Amounts recoverable from reinsurers for incurred claims
Amounts recoverable for incurred claims and other expenses
Changes in fulfilment cash flows that do not adjust underlying CSM
Expenses directly attributable to reinsurance
Changes that relate to past service

Net income or expense from reinsurance contracts held

Reinsurance finance income

Total changes in the statement of comprehensive income

Cash flows

Reinsurance contribution and expenses paid

Directly attributable expenses paid

Amounts received

Total cash flows

Net reinsurance contract (liabilities) / assets as at 30 September 2023

Net reinsurance contract (liabilities) / assets as at 30 September 2023

	Assets for remaining coverage		Loss component	Amounts recoverable on incurred claims	Total
	Excluding loss recovery component	AED'000	AED'000	Estimates of the present value of future cash flows AED'000	AED'000
Net reinsurance contract (liabilities) / assets as at 1 January 2023	(13,457)	738		2,513	(10,206)
An allocation of reinsurance contributions	(1,928)	-		-	(1,928)
Amounts recoverable from reinsurers for incurred claims	-	-	(10)		(10)
Amounts recoverable for incurred claims and other expenses	-	(559)			(559)
Changes in fulfilment cash flows that do not adjust underlying CSM	-	-	(92)		(92)
Expenses directly attributable to reinsurance	-	-		(1,760)	(1,760)
Changes that relate to past service	(1,928)	(559)		(1,862)	(4,349)
Net income or expense from reinsurance contracts held	44	-		10	54
Reinsurance finance income	(1,884)	(559)		(1,852)	(4,295)
Total changes in the statement of comprehensive income					
Cash flows					
Reinsurance contribution and expenses paid	256	-		-	256
Directly attributable expenses paid	-	-		256	256
Amounts received	-	-		(6)	(6)
Total cash flows	256	-		250	506
Net reinsurance contract (liabilities) / assets as at 30 September 2023	(15,085)	179		911	(13,995)
Net reinsurance contract (liabilities) / assets as at 30 September 2023	(15,085)	179		911	(13,995)

Wataria International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)
Contracts not measured under the PAA (continued)

	Assets for remaining coverage	Loss component AED'000	Amounts recoverable on incurred claims	Total AED'000
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	
31 December 2022 (Unaudited)	(17,340)	-	3,064	(14,276)
Net reinsurance contract (liabilities) / assets as at 1 January 2022	(1,974)	-	-	(1,974)
An allocation of reinsurance contributions	-	-	638	638
Amounts recoverable from reinsurers for incurred claims	-	738	-	738
Amounts recoverable for incurred claims and other expenses	-	-	(1,246)	(1,246)
Expenses directly attributable to reinsurance	(1,974)	738	(608)	(1,844)
Net income or expense from reinsurance contracts held	1,667	-	(6)	1,661
Reinsurance finance income	(307)	738	(614)	(183)
Total changes in the statement of comprehensive income				
<i>Cash flows</i>				
Contributions paid	4,190	-	-	4,190
Directly attributable expenses paid	-	-	361	361
Amounts received	-	-	(298)	(298)
Total cash flows	4,190	-	63	4,253
Net reinsurance contract (liabilities) / assets as at 31 December 2022	(13,457)	738	2,513	(10,206)
Net reinsurance contract (liabilities) / assets as at 31 December 2022	(13,457)	738	2,513	(10,206)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)
Analysis by measurement component – Contracts not measured under the PAA

	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
30 September 2023 (Unaudited)	(11,438)	3,098	(1,866)	(10,206)
Net reinsurance contract assets/(liabilities) as at 1 January 2023				
Changes that relate to current services				
CSM recognised for services provided	-	-	238	238
Change in risk adjustment for non-financial risk for risk expired	-	(993)	-	(993)
Experience adjustments	(1,265)	(10)	-	(1,275)
Changes that relate to future services				
Contracts initially recognised in the period	(312)	23	289	-
Changes in estimates that adjust the CSM	(49)	541	(492)	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	(559)	(559)
Changes that relate to past service	(1,606)	(154)	-	(1,760)
Net expenses from reinsurance contracts	(3,232)	(593)	(524)	(4,349)
Net finance income from reinsurance contracts	65	-	(11)	54
Total changes in the statement of comprehensive income	(3,167)	(593)	(535)	(4,295)
Cash flows				
Contributions received	256	-	-	256
Claims and other directly attributable expenses paid	248	-	-	248
Total cash flows	504	-	-	504
Net reinsurance contract assets/(liabilities) as at 30 September 2023	(14,099)	2,506	(2,402)	(13,995)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)
Analysis by measurement component – Contracts not measured under the PAA (continued)

	Estimates of present value of adjustment for future cash flows AED'000	Risk for non-financial risk AED'000	Contracts under modified retrospective transition approach AED'000	CSM Total AED'000
31 December 2022 (Unaudited) restated	(14,587)	3,786	(3,474)	(14,275)
Net reinsurance contract liabilities as at 1 January 2022				
Changes that relate to current services				
CSM recognised for services provided	-	-	291	291
Change in risk adjustment for non-financial risk for risk expired	-	(862)	-	(862)
Experience adjustments	(831)	65	-	(766)
Changes that relate to future services				
Contracts initially recognised in the year	(1,107)	220	887	-
Changes in estimates that adjust the CSM	272	10	(282)	-
Changes in estimates that relate to losses and reversals on onerous underlying contracts	-	-	738	738
Changes that relate to past services				
Adjustments to assets for incurred claims	(1,125)	(121)	-	(1,246)
Net expenses from reinsurance contracts	(2,791)	(688)	1,634	(1,845)
Net finance income from reinsurance contracts	1,687	-	(26)	1,661
Total changes in the statement of profit or loss and OCI	(1,104)	(688)	1,608	(184)
<i>Cash flows</i>				
Contributions received	4,190	-	-	4,190
Claims and other directly attributable expenses paid	361	-	-	361
Takaful acquisition cash flows paid	(298)	-	-	(298)
Total cash flows	4,253	-	-	4,253
Net reinsurance contract assets/(liabilities) as at 31 December 2022	(11,438)	3,098	(1,866)	(10,206)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of insurance and reinsurance contract balances measured under both PAA and Non-PAA as at:

30 September 2023 (Unaudited)	PAA	Non-PAA	Total
	AED'000	AED'000	AED'000
Insurance contract liabilities	(483,860)	(296,722)	(780,582)
Less: Reinsurance contract assets	141,011	-	141,011
Reinsurance contract liabilities	(61,105)	(13,995)	(75,100)
Net contract liabilities	<u>(403,954)</u>	<u>(310,717)</u>	<u>(714,671)</u>
31 December 2022 (Unaudited)	PAA	Non-PAA	Total
	AED'000	AED'000	AED'000
Insurance contract liabilities	(457,410)	(305,721)	(763,131)
Less: Reinsurance contract assets	137,225	-	137,225
Reinsurance contract liabilities	(24,873)	(10,206)	(35,079)
Net contract liabilities	<u>(345,058)</u>	<u>(315,927)</u>	<u>(660,985)</u>

7 Trade and other receivables

	(Unaudited)	Restated
	30 September	31 December
	2023	2022
	AED'000	AED'000
Trade receivables	89,205	92,333
Other receivables	58,152	18,363
	<u>147,357</u>	110,696
Less: Expected credit losses	(27,438)	(25,407)
	<u>119,919</u>	85,289

8 Cash and bank balances

	(Unaudited)	(Audited)	(Unaudited)
	30 September	31 December	30 September
	2023	2022	2022
	AED'000	AED'000	AED'000
Cash and bank balances	92,037	103,055	55,203
Wakala deposits	316,165	274,766	316,235
	<u>408,202</u>	377,821	371,438
Less: Restricted deposit	(16,000)	(22,000)	(22,000)
Less: Deposits under lien	(35,777)	(35,777)	(2,234)
Less: Deposits with original maturities of more than three months	(264,388)	(216,989)	(292,001)
Cash and cash equivalents for the purpose of cash flows	<u>92,037</u>	103,055	55,203

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

9 Trade and other payables

	(Unaudited) 30 September 2023 AED'000	(Unaudited) 31 December 2022 AED'000
Trade payables	71,433	70,863
Other payables	70,880	70,472
	<u>142,313</u>	<u>141,335</u>

10 Borrowings

The Group entered into a borrowing facility of AED 215 million with a bank on 27 February 2020 held at amortised cost. The facility was obtained for the purpose of acquiring Watania Takaful Family (PJSC) (formerly, Noor Takaful Family (PJSC)) ("WTF") and Watania Takaful General (PJSC) (formerly, Noor Takaful General (PJSC)) ("WTG"). The facility includes two tranches as given below:

Tranche A consist of AED 100 million carrying flexible funding cost of 3 months EIBOR plus 2.25% having a maturity period of 12 months from the date of acquisition of WTF and WTG. Full amount of Tranch A is repaid during the year ended 31 December 2021.

Tranche B consist of AED 115 million carrying flexible funding cost of 3 months EIBOR plus 2.05% having a maturity period of 5 years ending 30 July 2025. As at 30 September 2023, 74.75 million is outstanding to be repaid.

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Opening balance as at 1 January	95,450	109,250
Repayments made during the period	(20,700)	(13,800)
Closing balance	<u>74,750</u>	<u>95,450</u>

11 Share capital

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Issued and fully paid: 260,156,250 ordinary shares of AED 1 each (31 December 2022: 260,156,250 ordinary shares)	<u>260,156</u>	<u>260,156</u>

On 1 July 2022 the Company issued additional share capital upon merger with National Takaful Company (Watania) PJSC (legally ceased to exist post-merger).

12 Reserves

Statutory reserve

In accordance with U.A.E. Law No. (32) of 2021, the Group has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. No transfer to the statutory reserve has been made during the nine-months period ended 30 September 2023 (30 September 2022: Nil), as this will be based on the audited results for the year-end.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

12 Reserves (continued)

Restricted reserve

This reserve pertains to the subsidiaries which are insurance entities, and in accordance with article 34 of Central Bank of UAE' Board of Directors Decision No. 23 of 2019, concerning instructions organising reinsurance operations, the reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of UAE. No transfer to the restricted reserve has been made during the nine-month period ended 30 September 2023 (nine-month period ended 30 September 2022: Nil), as this will be based on the audited results for the year-end.

13 Insurance income

Nine months September 2023 (Unaudited)	General and motor AED'000	Medical AED'000	Group life AED'000	Individual life AED'000	Total AED'000
Contracts not measured under the PAA	-	-	-	14,912	14,912
Contracts measured under the PAA	244,106	312,863	98,721	-	655,690
	<u>244,106</u>	<u>312,863</u>	<u>98,721</u>	<u>14,912</u>	<u>670,602</u>
Nine months 30 September 2022 (Unaudited) restated					
Contracts not measured under the PAA	-	-	-	12,667	12,667
Contracts measured under the PAA	172,871	298,672	95,277	-	566,820
	<u>172,871</u>	<u>298,672</u>	<u>95,277</u>	<u>12,667</u>	<u>579,487</u>
Three months 30 September 2023 (Unaudited)	General and motor AED'000	Medical AED'000	Group life AED'000	Individual life AED'000	Total AED'000
Contracts not measured under the PAA	-	-	-	2,397	2,397
Contracts measured under the PAA	78,667	84,912	47,340	-	210,919
	<u>78,667</u>	<u>84,912</u>	<u>47,340</u>	<u>2,397</u>	<u>213,316</u>
Three months 30 September 2022 (Unaudited) restated					
Contracts not measured under the PAA	-	-	-	1,713	1,713
Contracts measured under the PAA	78,361	143,759	31,128	-	253,248
	<u>78,361</u>	<u>143,759</u>	<u>31,128</u>	<u>1,713</u>	<u>254,961</u>

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

14 Insurance expenses

	(Unaudited) Three-month period ended 30 September 2023 AED'000	Restated (Unaudited) Three-month period ended 30 September 2022 AED'000	(Unaudited) Nine-month period ended 30 September 2023 AED'000	Restated (Unaudited) Nine-month period ended 30 September 2022 AED'000
Insurance service expense	210,531	244,612	630,898	511,086
Allocation of reinsurance premiums	78,491	168,705	250,791	243,018
Amounts recoverable from reinsurance for incurred claims	(64,609)	(153,143)	(189,402)	(172,277)
Insurance finance expenses/(income) for insurance contracts issued	(2,707)	(14,255)	36,524	(76,901)
Reinsurance finance income for reinsurance contracts held	(567)	(1,102)	(4,546)	(842)
	221,139	244,817	724,265	504,084

15 Loss per share

Earnings per share are calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	(Unaudited) Three-month period ended 30 September 2023	Restated (Unaudited) Three-month period ended 30 September 2022	(Unaudited) Nine-month period ended 30 September 2023	Restated (Unaudited) Nine-month period ended 30 September 2022
Loss for the period attributable to shareholders (in AED'000) (restated)	(2,718)	(23,874)	(7,015)	(27,648)
Number of ordinary shares outstanding (shares)	260,156,250	260,156,250	260,156,250	260,156,250
Basic and diluted loss per share (in AED)	(0.010)	(0.092)	(0.027)	(0.106)

During the year 2022, the Company issued 110,156,250 new shares as a result of merger with National Takaful Company (Watania) PJSC (legally ceased to exist post-merger). Accordingly, additional number of shares have been adjusted retrospectively in computing the loss per share for the prior year.

Diluted loss per share as of 30 September 2023 and 30 September 2022 are equivalent to basic loss per share.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

16 Related party transactions

Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The management decides on the terms and conditions of the transactions with related parties.

Related parties represent the major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances with related parties

Balances with related parties included in the condensed consolidated statement of financial position are as follows:

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
<i>Trade and other receivables</i>		
Other related parties	-	(44)

Transactions with related parties

There are no transactions with related party during the nine-month period ended 30 September 2023 (nine-month period ended 30 September 2022: Nil).

Compensation of key management personnel

	(Unaudited) Nine-month period ended 30 September 2023 AED'000	(Unaudited) Nine-month period ended 30 September 2022 AED'000
Short-term benefits	3,637	6,172
Employees' end of service benefits	544	371
	<u>4,181</u>	<u>6,543</u>

17 Segment information

For management purposes the Group is organised into two business segments, insurance and investments. The insurance segment comprises of the insurance business undertaken by the subsidiaries of the Group on behalf of the policyholders. Investments comprise investment and cash management for the Group's own account. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the financial information.

Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation as shown on the next page.

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

17 Segment information (continued)

Nine-month period ended 30 September 2023 (Unaudited)

	Insurance AED'000	Investments AED'000	Total AED'000
Income	687,878	12,709	700,587
Insurance expenses	(724,265)	-	(724,265)
Net gain on assets held at fair value through profit or loss (unit-linked)	31,319	-	31,319
General and administrative expenses	-	(24,669)	(24,669)
Wakala Fees	(28,359)	28,359	-
Amortisation of intangibles	-	(4,463)	(4,463)
Other income	2	19,263	19,265
Finance cost	-	(4,354)	(4,354)
(Loss) / profit for the period	(33,425)	26,845	(6,580)

Nine-month period ended 30 September 2022 (Unaudited) restated

	Insurance AED'000	Investments AED'000	Total AED'000
Income	582,303	5,321	587,624
Insurance expenses	(504,084)	-	(504,084)
Net loss on assets held at fair value through profit or loss (unit-linked)	(75,877)	-	(75,877)
General and administrative expenses	-	(35,679)	(35,679)
Wakala fees	(57,267)	57,267	-
Amortisation of intangibles	-	(5,827)	(5,827)
Other (expenses) / income	(212)	9,572	9,360
Gain on Bargain Purchase	-	720	720
Finance cost	-	(2,780)	(2,780)
(Loss)/ profit for the period	(55,137)	28,594	(26,543)

Three-month period ended 30 September 2023 (Unaudited)

	Insurance AED'000	Investments AED'000	Total AED'000
Income	230,592	(9,596)	220,996
Insurance expenses	(221,139)	-	(221,139)
Net loss on assets held at fair value through profit or loss (unit-linked)	(2,783)	-	(2,783)
General and administrative expenses	-	(5,772)	(5,772)
Wakala Fees	6,776	(6,776)	-
Amortisation of intangibles	-	(1,313)	(1,313)
Other income	42	8,504	8,546
Finance cost	-	(1,253)	(1,253)
Profit / (loss) for the period	13,488	(16,206)	(2,718)

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

17 Segment information (continued)

Three-month period ended 30 September 2022 (Unaudited) restated

	Insurance AED'000	Investments AED'000	Total AED'000
Income	257,089	(598)	256,491
Insurance expenses	(244,817)	-	(244,817)
Net loss on assets held at fair value through profit or loss (unit-linked)	(14,959)	-	(14,959)
General and administrative expenses	-	(20,914)	(20,914)
Wakala fees	(36,468)	36,468	-
Amortisation of intangibles	-	(3,622)	(3,622)
Other (expenses) / income	(109)	6,178	6,069
Gain on Bargain Purchase	-	720	720
Finance cost	-	(1,245)	(1,245)
Loss/ (profit) for the period	<u>(39,264)</u>	<u>16,987</u>	<u>(22,277)</u>

The following tables demonstrate other information related to each business segments:

	Insurance AED'000	Investment AED'000	Total AED'000
30 September 2023 (Unaudited)			
Total assets	<u>951,807</u>	<u>362,329</u>	<u>1,314,136</u>
Total liabilities	<u>1,016,350</u>	<u>83,759</u>	<u>1,100,109</u>
31 December 2022 (Unaudited) restated			
Total assets	<u>431,774</u>	<u>850,747</u>	<u>1,282,521</u>
Total liabilities	<u>957,130</u>	<u>104,349</u>	<u>1,061,479</u>

18 Fair value measurements

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table on the next page analyses 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:

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC))
Condensed interim consolidated financial information (Unaudited)

Notes to the condensed interim consolidated financial information
For the period ended 30 September 2023

18 Fair value measurements (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	(Unaudited) 30 September 2023 AED'000	(Unaudited) 31 December 2022 AED'000				
Investments at FVTOCI						
Quoted equity securities	-	64,681	Level 1	Quoted bid prices in an active market	N/A	N/A
Unquoted equity securities	4,998	5,943	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of the investees, higher the fair value.
Unquoted debt securities	1,000	1,000	Level 1	Discounted cashflows	N/A	Higher the cashflows, higher the fair value.
Investments at FVTPL						
Quoted debt and equity securities	92,712	47,709	Level 1	Quoted bid prices in an active market	N/A	N/A
Mutual funds units	345,872	344,073	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of the investees, higher the fair value.