Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Condensed interim consolidated financial information for the six-month period ended 30 June 2020

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Condensed interim consolidated financial information for the six-month period ended 30 June 2020

Table of contents **Pages**

Review report on condensed interim consolidated financial information to the board of directors of Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Introduction

We have reviewed the accompanying consolidated interim consolidated statement of financial position of Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.) (the "Company") and its subsidiaries (together "the Group") as at 30 June 2020 and the related condensed interim consolidated statement of income and condensed interim consolidated statement of comprehensive income for the three-month and six-month periods then ended and condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flows for the six-month period then ended and other 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 our review

We conducted our review in accordance with the International Standards on Review Engagements 2410 "'Review of interim financial information performed by the independent auditor of the entity". A review of condensed consolidated 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 is not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting.

Emphasis of matter

We draw attention to Note 23 to the condensed interim consolidated financial information, which describes that financial assets measured at fair value through other comprehensive income, with a total carrying value of AED 10.3 million at 30 June 2020 are held in the name of the former Chief Executive Officer of the Group and are subject to legal proceedings. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers
13 August 2020

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

PricewaterhouseCoopers (Dubai Branch), License no. 102451
Emaar Square, Building 4, Level 8, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Condensed interim consolidated statement of financial position as at 30 June 2020

	Notes	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
ASSETS			
Cash and bank balances	5	107,184,832	136,353,713
Statutory deposit	6	10,000,000	10,000,000
Retakaful contract assets			
Unearned contributions reserve	7	38,525,968	42,024,089
Claims reported unsettled	7	64,798,158	68,452,413
Mathematical reserve	7	752,848	816,173
Claims incurred but not reported	7	37,433,113	30,596,918
Takaful receivables	9	63,092,527	52,040,295
Financial assets measured at fair value through other comprehensive income (FVTOCI)	8	56,848,682	67,498,024
Financial assets measured at fair value through profit or loss (FVTPL)	8	774,067,734	756,890,551
Prepayments and other receivables		7,821,877	7,578,690
Deferred policy acquisition costs		8,044,569	8,465,105
Policyholders' reserve	17	16,803,980	14,753,823
Investment property	10	58,188,000	58,188,000
Property and equipment		335,296	301,259
Due from related parties	18	4,032,781	2,370,495
Assets classified as held for sale		1,583,323	1,586,020
Total assets		1,249,513,688	1,257,915,568
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to bank		19,953,209	19,972,520
Trade and other payables		40,908,751	68,069,920
Takaful payables		65,728,946	74,246,673
Due to related parties	18	684,855	701,044
Takaful contract liabilities:			
Unearned contribution reserve	7	92,547,576	91,713,761
Claims reported unsettled	7	79,546,590	84,577,517
Mathematical reserve	7	3,420,737	3,540,063
Claims incurred but not reported	7	60,268,831	49,565,462
Unallocated loss adjustment expenses	7	2,313,602	2,368,573
Unit linked liabilities	7	769,897,736	750,500,215
Murabaha payable		15,280,996	15,351,053
Deferred discount		6,645,419	5,099,181
Reinsurance placement provision		1,116,936	786,574
Amounts held under retakaful treaties		5,711,659	5,459,240
Liabilities directly associated with assets classified as held for sale		13,025,511	13,022,356
Total liabilities		1,177,051,354	1,184,974,152

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Condensed interim consolidated statement of financial position as at 30 June 2020 (continued)

	Notes	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
SHAREHOLDERS' EQUITY			
Share capital	11	**225,750,000**	225,750,000
Legal reserve	12	**3,163,978**	3,163,978
General reserve	13	**3,163,978**	3,163,978
Investments revaluation reserve – FVTOCI		**(63,308,732)**	(55,163,447)
Accumulated losses		**(94,982,816)**	(102,648,627)
Equity attributable to shareholders of the parent		**73,786,408**	74,265,882
Non-controlling interest		**(1,324,074)**	(1,324,466)
Total equity		**72,462,334**	72,941,416
Total liabilities and shareholders' equity*		**1,249,513,688**	1,257,915,568

*The breakdown of the assets and liabilities belonging to the shareholders and the policyholders is shown in Note 24.

This condensed interim consolidated financial information was authorised for issue on 13 August 2020 by the Board of Directors and signed on its behalf by:

Jihad Faitrouni
Chief Executive Officer

Abdul Nazar Moopentakath
Executive Director- Finance & Investments

Condensed interim consolidated statement of income (Un-audited) for the six-month period ended 30 June 2020

	Notes	Three month period ended 30 June		Six month period ended 30 June	
		2020	2019	**2020**	2019
		AED	AED	**AED**	AED
Attributable to policyholders					
Takaful income					
Gross takaful contribution	19	**58,393,746**	68,552,190	**117,997,089**	137,621,062
Retakaful share of accepted business	19	**(36,280,595)**	(50,675,617)	**(66,072,446)**	(93,254,353)
Net takaful contributions		**22,113,151**	17,876,573	**51,924,643**	44,366,709
Net transfer to unearned contribution reserve		**2,626,870**	(1,240,023)	**(4,331,936)**	(10,221,233)
Net decrease in mathematical reserve		**30,119**	46,398	**56,000**	179,952
Net takaful contributions earned		**24,770,140**	16,682,948	**47,648,707**	34,325,428
Discount received on ceded Retakaful		**5,518,764**	7,938,094	**9,851,650**	17,468,723
Policy fees		**2,303,148**	2,456,885	**5,829,984**	5,647,132
		32,592,052	27,077,927	**63,330,341**	57,441,283
Takaful expenses					
Gross claims settled	19	**(23,718,292)**	(26,171,084)	**(58,348,789)**	(72,322,277)
Retakaful share of accepted business claims	19	**15,941,549**	16,811,057	**35,877,694**	52,260,449
Net takaful claims		**(7,776,743)**	(9,360,027)	**(22,471,095)**	(20,061,828)
Release of provision for claims reported unsettled		**9,147,937**	(2,297,593)	**5,030,927**	16,355,824
Retakaful share of claims reported unsettled		**(7,503,448)**	4,365,815	**(3,654,255)**	(14,272,424)
Net (increase) / decrease in claims incurred but not reported		**(1,735,463)**	3,080,608	**(3,867,174)**	2,025,495
Net decrease in unallocated loss adjustment expenses		**67,739**	317,670	**54,971**	275,002
Net claims incurred		**(7,799,978)**	(3,893,527)	**(24,906,626)**	(15,677,931)
Reinsurance Placement Fees (IA)		**(181,403)**	-	**(330,362)**	-
		(7,981,381)	(3,893,527)	**(25,236,988)**	(15,677,931)
Net takaful income		**24,610,671**	23,184,400	**38,093,353**	41,763,352
Wakala fees	14	**(18,377,568)**	(20,808,791)	**(37,921,420)**	(40,569,438)
Investment income	16	**260,004**	636,916	**375,957**	1,046,171
Mudarib's share	14	**(65,001)**	(159,229)	**(93,990)**	(261,543)
Net profit from takaful operation for the period		**6,428,106**	2,853,296	**453,900**	1,978,542

Condensed interim consolidated statement of income (Un-audited)
for the six-month period ended 30 June 2020 (continued)

	Notes	Three month period ended 30 June 2020 AED	2019 AED	Six month period ended 30 June 2020 AED	2019 AED
Attributable to shareholders					
Income					
Investment income	15	**767,767**	1,468,303	**23,788**	3,095,824
Wakala fees from policyholders	14	**18,377,568**	20,808,791	**37,921,420**	40,569,438
Mudarib's share from policyholders	14	**65,001**	159,229	**93,990**	261,543
Other operating income / (loss)		**(1,264)**	-	**46,509**	535,064
		19,209,072	22,436,323	**38,085,707**	44,461,869
Expenses					
Policy acquisition cost		**(5,858,192)**	(9,328,489)	**(11,885,864)**	(16,540,367)
General and administrative expenses		**(10,021,906)**	(10,426,480)	**(18,020,015)**	(19,959,022)
Qard Hassan to policyholders' fund		**1,665,898**	-	**-**	-
Net operating loss of subsidiaries		**(15,000)**	(11,229)	**(15,000)**	(173,184)
		(14,229,200)	(19,766,198)	**(29,920,879)**	(36,672,573)
Profit for the period attributable to shareholders for continuing operations		**4,979,872**	2,670,125	**8,164,828**	7,789,296
Discontinued operations					
Profit / (loss) from discontinued operations		**(2,614)**	368,653	**1,375**	(329,335)
Profit for the period attributable to shareholders		**4,977,258**	3,038,778	**8,166,203**	7,459,961
Attributable to:					
Shareholders of the parent		**4,977,519**	3,001,909	**8,165,811**	7,492,891
Non-controlling interests		**(261)**	36,869	**392**	(32,930)
		4,977,258	3,038,778	**8,166,203**	7,459,961
Earnings per share	16	**0.022**	0.013	**0.036**	0.033

The accompanying notes form an integral part of this condensed interim consolidated financial information.

Condensed interim consolidated statement of comprehensive income (Un-audited)
for the six-month period ended 30 June 2020

	Three month period ended 30 June		Six month period ended 30 June	
	2020	2019	**2020**	2019
	AED	AED	**AED**	AED
Attributable to policyholders:				
Profit for the period	**6,428,106**	2,853,296	**453,900**	1,978,542
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Changes in fair value of financial assets carried at fair value through other comprehensive income	**692,679**	(129,327)	**(2,504,059)**	99,686
Total comprehensive income / (loss) for the period attributable to policyholders	**7,120,787**	2,723,969	**(2,050,159)**	2,078,228
Attributable to shareholders:				
Profit for the period	**4,977,258**	3,038,778	**8,166,203**	7,459,961
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Changes in fair value of financial assets carried at fair value through other comprehensive income	**2,050,691**	(312,268)	**(8,145,285)**	626,429
Total comprehensive income for the period attributable to shareholders	**7,027,949**	2,726,510	**20,918**	8,086,390
Attributable to:				
Shareholders of the parent	**7,028,210**	2,689,641	**20,526**	8,119,320
Non-controlling interests	**(261)**	36,869	**392**	(32,930)
	7,027,949	2,726,510	**20,918**	8,086,390

Condensed interim consolidated statement of changes in equity for the six-month period ended 30 June 2020

	Share capital AED	Legal reserve AED	General reserve AED	Investments revaluation reserve - FVTOCI AED	Accumulated losses AED	Equity attributable to shareholders of the Parent AED	Non-controlling interest AED	Total equity AED
Balance at 1 January 2019 (Audited)	225,750,000	2,321,799	2,321,799	(104,336,230)	(78,189,737)	47,867,631	(1,337,514)	46,530,117
Profit / (loss) for the period attributable to shareholders	-	-	-	-	7,492,891	7,492,891	(32,930)	7,459,961
Other comprehensive income for the period attributable to shareholders	-	-	-	626,429	-	626,429	-	626,429
Total other comprehensive income / (loss) for the period attributable to shareholders	-	-	-	626,429	7,492,891	8,119,320	(32,930)	8,086,390
Realised loss on equity investments measured at FVTOCI transferred to accumulated losses	-	-	-	27,884,918	(27,884,918)	-	-	-
Balance at 30 June 2019 (Un-audited)	225,750,000	2,321,799	2,321,799	(75,824,883)	(98,581,764)	55,986,951	(1,370,444)	54,616,507
Balance at 1 January 2020 (Audited)	**225,750,000**	**3,163,978**	**3,163,978**	**(55,163,447)**	**(102,648,627)**	**74,265,882**	**(1,324,466)**	**72,941,416**
Profit for the period attributable to shareholders	**-**	**-**	**-**	**-**	**8,165,811**	**8,165,811**	**392**	**8,166,203**
Other comprehensive loss for the period attributable to shareholders	**-**	**-**	**-**	**(8,145,285)**	**-**	**(8,145,285)**	**-**	**(8,145,285)**
Total other comprehensive income for the period attributable to shareholders	**-**	**-**	**-**	**(8,145,285)**	**8,165,811**	**20,526**	**392**	**20,918**
Directors' fees	**-**	**-**	**-**	**-**	**(500,000)**	**(500,000)**	**-**	**(500,000)**
Balance at 30 June 2020 (Un-audited)	**225,750,000**	**3,163,978**	**3,163,978**	**(63,308,732)**	**(94,982,816)**	**73,786,408**	**(1,324,074)**	**72,462,334**

The accompanying notes form an integral part of this condensed interim consolidated financial information.

Condensed interim consolidated statement of cash flows (Un-audited)
for the six-month period ended 30 June 2020

	Six month period ended 30 June 2020 AED	2019 AED
Cash flows from operating activities		
Profit for the period	**8,166,203**	7,459,961
Adjustments for:		
Depreciation of furniture and equipment	**93,498**	62,060
Loss on sale of investments measured at FVTPL, net	**2,220,338**	484,234
Dividend income	**(1,351,090)**	(3,667,192)
Profit income	**(950,993)**	(637,110)
Provision for employees' end of service benefits	**432,705**	658,200
Impairment of financial assets	**979,081**	1,098,486
Reinsurance placement provision	**330,362**	-
	9,920,104	5,458,639
Changes in operating assets and liabilities:		
Retakaful contract assets	**379,506**	81,693,037
Takaful receivables	**(11,664,502)**	(6,936,570)
Prepayments and other receivables	**(243,187)**	(1,135,486)
Due from related parties	**25,729,481**	(75,073,047)
Takaful contract liabilities	**252,419**	463,548
Amounts held under Retakaful treaties	**(8,517,727)**	(2,710,472)
Takaful payables	**(27,102,382)**	(23,726,245)
Trade and other payables	**(2,030,845)**	(1,384,896)
Due to a related party	**(16,189)**	18,840
Deferred discount	**1,546,238**	(3,341,411)
Deferred policy acquisition costs	**420,536**	(1,135,828)
Policyholders' reserve	**453,900**	-
Assets classified as held for sale	**2,697**	(808,089)
Liabilities directly associated with assets held for sale	**3,155**	-
Cash used in operations	**(10,866,796)**	(26,639,438)
Employees' end of service benefits paid	**(491,492)**	(246,912)
Net cash used in from operating activities	**(11,358,288)**	(26,886,350)
Cash flows from investing activities		
Purchase of furniture and equipment	**(127,535)**	-
Increase in wakala deposits	**(25,000,000)**	(20,000,000)
Net decrease in unit linked investments	**(19,397,521)**	-
Dividend income received	**1,351,090**	2,071,006
Proceeds from sale of OCI Investments	**-**	8,825,674
Profit income received	**950,993**	637,110
Net cash used in investing activities	**(42,222,973)**	(8,466,210)
Cash flows from financing activities		
Murabaha payable	**(70,057)**	-
Due to bank	**(19,311)**	(254,007)
Director remuneration paid	**(500,000)**	-
Net cash used in financing activities	**(589,368)**	(254,007)
Net decrease in cash and cash equivalents	**(54,170,629)**	(35,606,567)
Cash and cash equivalents at the beginning of the period	**82,383,065**	60,368,699
Cash and cash equivalents at the end of the period (Note 5)	**28,212,436**	24,762,132

The accompanying notes form an integral part of this condensed interim consolidated financial information.

1. General information

Dubai Islamic Insurance & Reinsurance Company (Aman) (P.J.S.C.) (the "Company") is registered as a public shareholding company in Dubai, United Arab Emirates. The Company carries out general takaful (insurance) business in accordance with the teachings of Islamic Sharia'a as interpreted by its Fatwa and Sharia Board. The Company is also licensed to engage in retakaful and life Takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates.

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003. The Company mainly issues short term takaful contracts in connection with motor, marine, fire and engineering, general accident risks and Company life and medical risks. The Company also invests in investment securities and properties.

The Company's business activities are subject to the supervision of its Fatwa and Sharia'a Board consisting of three members appointed by the shareholders. The Sharia'a Board performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia'a rules and principles.

The Company with its subsidiaries are together referred to as the "Group" in these condensed interim consolidated financial information. At 30 June 2020, the Company had the following subsidiaries:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of wnership profit %	Proportion of voting power held %	Principal activity
Nawat Investments L.L.C.	United Arab Emirates	100.00	100.00	Investment in commercial, industrial and agricultural enterprises and management
TechnikAuto Service Centre Co. L.L.C (under liquidation)	United Arab Emirates	100.00	100.00	Vehicles' repair services
Amity Health L.L.C. (under liquidation)	United Arab Emirates	90.00	90.00	Medical billing services

The Chairman of the Group holds1% of Nawat Investments L.L.C. and 1% of Technik Auto Service Centre Co. L.L.C on behalf and for the benefit of the Group.

The Group is in the process of implementing the related requirements to comply fully with the Financial Regulations and Circular No. (4) and (9) of 2016 concerning the report requirements for insurance companies operating in the UAE. This mainly includes preparation of the financial statements and disclosures based on Appendix (1) of the Financial Regulations as well as compliance with the solvency ratio requirements.

2. Application of new and revised International Financial Reporting Standards ("IFRS")

New standards, amendments to published standards or IFRIC interpretations effective for the Group's accounting period beginning on 1 January 2020

New standards and significant amendments to standards applicable to the Group	Effective date
Amendments to the conceptual framework The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include: ➢increasing the prominence of stewardship in the objective of financial reporting ➢reinstating prudence as a component of neutrality - defining a reporting entity, which may be a legal entity, or a portion of an entity ➢revising the definitions of an asset and a liability - removing the probability threshold for recognition and adding guidance on derecognition ➢adding guidance on different measurement basis, and - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.	1 January 2020
Amendments to IAS 1 and IAS 8 on the definition of material These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: ➢use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ➢clarify the explanation of the definition of material; and ➢incorporate some of the guidance in IAS 1 about immaterial information.	1 January 2020

There are no other IFRSs, IFRIC interpretations or amendments to standards that were effective for the first time for the financial year beginning 1 January 2020 that have had a material impact on the Group's condensed interim consolidated financial information.

New standards, amendments to published standards or IFRIC interpretations issued but not yet effective for the Group's accounting period beginning on 1 January 2020 and which have not been early adopted by the Group

New standards and significant amendments to standards applicable to the Group	Effective date
Amendments to IAS 1, Presentation of financial statements on classification of liabilities These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2022

2. Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

New standards, amendments to published standards or IFRIC interpretations issued but not yet effective for the Group's accounting period beginning on 1 January 2020 and which have not been early adopted by the Group (continued)

New standards and significant amendments to standards applicable to the Group	Effective date
IFRS 17, 'Insurance contracts' On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard applies to annual periods beginning on or after 1 January 2021, with earlier application permitted if IFRS 15, 'Revenue from contracts with customers' and IFRS 9, 'Financial instruments' are also applied. On 17 March 2020, the IASB took a decision to extend the implementation of IFRS 17 to 1 January 2023, which will be reflected in the amended standard when issued. IFRS 17 requires a current measurement model, where estimates are re-measured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows. For presentation and measurement, entities are required at initial recognition to disaggregate a portfolio (that is, contracts that are subject to similar risks and managed together as a single pool) into three groups of contracts: onerous; no significant risk of becoming onerous; and remaining contracts. Contracts that are issued more than one year apart should not be in the same group. Management anticipates that IFRS 17 will be adopted in the Group's consolidated financial statements on its application date. The application of IFRS 17 may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of its takaful contracts. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review.	1 January 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed interim consolidated financial information as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 17, is not expected to have a material impact on the condensed interim consolidated financial information of the Group in the period of initial application.

3. Summary of significant accounting policies

3.1 Basis of preparation

The condensed interim consolidated financial information of the Group is prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standard Board and also complies with the applicable requirements of the laws in the U.A.E. The condensed interim consolidated financial information has been prepared on the going concern basis applying the historical cost convention, except for certain financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and investment property, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

The Group's condensed interim consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: Cash and cash equivalents, takaful receivables, prepayments and other receivables, due from related parties, assets classified as held for sale, trade and other payables, takaful payables, due to related parties and liabilities directly associated with assets classified as held for sale. The following balances would generally be classified as non-current: property and equipment, investment property, statutory deposit, due to bank, and murabaha payable. The following balances are of mixed nature (including both current and non-current portions): financial assets at FVTOCI, financial assets at FVTPL, retakaful contract assets, deferred policy acquisition costs, takaful contract liabilities, reinsurance placement provision and deferred discount.

The accounting policies, presentation and methods in this condensed interim consolidated financial information are consistent with those used in the audited financial statements for the year ended 31 December 2019. This condensed interim consolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2019.

In addition, results for the six-month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

3.2 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2019.

4. Judgements and estimates

The preparation of this condensed interim consolidated financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim consolidated financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2019.

5. Cash and bank balances

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Cash on hand	**130,995**	21,681
Bank balances:		
Wakala deposits	**80,000,000**	55,000,000
Current accounts	**27,072,465**	81,352,408
	107,203,460	136,374,089
Less: Provision for impairment	**(18,628)**	(20,376)
	107,184,832	136,353,713

The profit rates on Wakala deposits with Banks ranges from 1.2% to 3.7% (2019: 1.7% to 3.7%).

Details of provision for impairment as per IFRS 9 are as follows:

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Balance at the beginning of the period / year	**20,376**	36,595
Released during the period / year	**(1,748)**	(16,219)
Balance at the end of period / year	**18,628**	20,376

For cash flow purposes, the cash and cash equivalents were analysed as follows:

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Un-audited)
Cash and bank balances	**107,203,460**	136,374,089
Cash and bank balances included in the assets held for sale	**1,008,976**	1,008,976
Deposits with original maturities of greater than three months	**(80,000,000)**	(55,000,000)
Cash and cash equivalents	**28,212,436**	82,383,065

6. Statutory deposit

Wakala deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of U.A.E. and are not available to finance the day to day operations of the Group.

7. Retakaful contract assets and takaful contract liabilities

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Takaful contract liabilities:		
Unearned contribution reserve	**92,547,576**	91,713,761
Claims reported unsettled	**79,546,590**	84,577,517
Mathematical reserve	**3,420,737**	3,540,063
Claims incurred but not reported	**60,268,831**	49,565,462
Unallocated loss adjustment expenses	**2,313,602**	2,368,573
Unit linked liabilities	**769,897,736**	750,500,215
Total takaful contract liabilities, gross	**1,007,995,072**	982,265,591
Retakaful contract assets:		
Unearned contribution reserve	**38,525,968**	42,024,089
Claims reported unsettled	**64,798,158**	68,452,413
Mathematical reserve	**752,848**	816,173
Claims incurred but not reported	**37,433,113**	30,596,918
Total retakaful share of takaful liabilities	**141,510,087**	141,889,593
Net		
Unearned contribution reserve	**54,021,608**	49,689,672
Claims reported unsettled	**14,748,432**	16,125,104
Mathematical reserve	**2,667,889**	2,723,890
Claims incurred but not reported	**22,835,718**	18,968,544
Unallocated loss adjustment expenses	**2,313,602**	2,368,573
Unit linked liabilities	**769,897,736**	750,500,215
	866,484,985	840,375,998

8. Financial assets measured at fair value

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	**22,707,027**	32,769,865
- Unlisted	**34,141,655**	34,728,159
	56,848,682	67,498,024
Financial assets measured at fair value through profit or loss (FVTPL) (B)		
- Listed	**4,169,998**	6,390,336
- Unit linked investments	**769,897,736**	750,500,215
	774,067,734	756,890,551
Total financial assets measured at fair value (A+B)	**830,916,416**	824,388,575

8. Financial assets measured at fair value (continued)

Investments by geographical concentration are as follows:

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
- Within U.A.E.	**26,020,936**	37,890,641
- Outside U.A.E.	**804,895,480**	786,497,934
	830,916,416	824,388,575

i. FVTOCI listed and unlisted securities are carried at a value of AED 56,848,682 (2019: AED 67,498,024), with a decline in their fair value from original acquisition cost amounting to AED 84,874,919 (2019: AED 74,225,575). Of this amount, AED 63,308,732 (2019: AED 55,163,447) is deducted from shareholders' equity and AED 21,566,187 (2019: AED 19,062,128) is deducted from policyholders' fund in accordance with the allocation of investment losses to the shareholders and policyholders as approved by the Group's Fatwa and Sharia'a Supervisory Board.

ii. Unlisted securities carried at a fair value of AED 34,141,655 (2019: AED 34,728,159) mainly represent the Group's investments in shares of companies registered in Dubai, Algeria, and certain other international markets.

iii. The Group owns shares of Al Salam Bank - Algeria which are held by the former CEO (who resigned during 2013) on behalf and for the benefit of the Group (Note 23).

9. Takaful receivables

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Due from policyholders	**32,007,023**	30,780,820
Less: Allowance for impairment	**(4,074,027)**	(5,198,172)
	27,932,996	25,582,648
Due from takaful /retakaful companies	**23,676,310**	14,649,611
Due form brokers/ agents	**17,503,066**	16,091,466
Less: Allowance for impairment	**(6,019,845)**	(4,283,430)
	63,092,527	52,040,295

Movements in provision for impairment are as follows:	**30 June 2020 AED (Un-audited)**	31 December 2019 AED (Audited)
Balance at the beginning of the period / year	**9,481,602**	19,850,000
Impairment allowance for the year	**612,270**	2,116,245
Write-off during the year	**-**	(12,484,643)
Balance at the end of the period / year	**10,093,872**	9,481,602

10. Investment property

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Balance at beginning of the period / year	**58,188,000**	60,672,000
Loss on revaluation of investment property	**-**	(2,484,000)
Balance at end of the period /year	**58,188,000**	58,188,000

11. Share capital

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Authorsied, Issued and fully paid:		
225,750,000 ordinary shares of AED 1 each		
(2018: 225,750,000 ordinary shares of AED 1 each)	**225,750,000**	225,750,000

12. Legal reserve

In accordance with United Arab Emirates Federal Law No. (2) of 2015, the Group has established a legal reserve by appropriation of 10% of the profit of the Parent Company 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.

13. General reserve

The Group is required to transfer 10% of the profit of the Parent Company for the year to a general reserve in accordance with its Articles of Association. The reserve is available for distribution by a resolution of the shareholders of the Group at an ordinary general meeting, on the recommendation of the Board of Directors.

14. Wakala fees and Mudarib's share

The Group manages the Takaful operations for the policyholders and charges 33% of the gross Takaful contributions net of fronting contribution as Wakala fees (30 June 2019: 33%). In addition, the Group charges (2%) on fronting contribution as Wakala fees and 100% on FWU Administrate fees. These Wakala fees rates were approved by the Group's Fatwa and Sharia'a Supervisory Board. The Group also manages the Policyholders' investment funds and is entitled to 25% (30 June 2019: 25%) of net investment income earned by the Policyholders' investment funds as the Mudarib's share. The Mudarib's share was AED 93,990 (30 June 2019: 261,543).

15. Investment (loss) / income

	Six month period ended 30 June	
	2020	2019
	AED	AED
	(Un-audited)	(Un-audited)
Loss on investments measured at FVTPL, net	**(2,220,338)**	(484,234)
Other investment income		
Income from investment deposits	**950,993**	637,109
Dividend income	**1,351,090**	3,667,192
Rental income	**318,000**	321,927
	399,745	4,141,995
Allocated to:		
Policyholders	**375,957**	1,046,171
Shareholders	**23,788**	3,095,824
	399,745	4,141,995

Investment income and losses are allocated amongst the shareholders and the policyholders on a pro rata basis. This allocation to policyholders is approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.

16. Basic and diluted earnings per share

Earnings per share are calculated by dividing profit attributable to the shareholders of the parent for the period by the weighted average number of shares outstanding during the period as follows:

	Six month period ended 30 June	
	2020	2019
	AED	AED
	(Un-audited)	(Un-audited)
Profit for the period attributable to shareholders of the parent (in AED)	8,165,811	7,492,891
Weighted average number of shares outstanding during the period	225,750,000	225,750,000
Earnings per share (AED)	0.036	0.033

Notes to the condensed interim consolidated financial information for the six-month period ended 30 June 2020 (continued)

17. Policyholders' reserve

	Surplus in policyholders' fund AED	Investment revaluation reserve – FVOCI AED	Total AED
Balance at 1 January 2019	3,305,261	(19,660,754)	(16,355,493)
Profit for the period attributable to policyholders	1,978,542	-	1,978,542
Other comprehensive income for the period attributable to policyholders	-	99,686	99,686
Balance at 30 June 2019	5,283,803	(19,561,068)	(14,277,265)
Balance at 1 January 2020	**4,308,305**	**(19,062,128)**	**(14,753,823)**
Profit for the period attributable to policyholders	**453,900**	**-**	**453,900**
Other comprehensive loss for the period attributable to policyholders	**-**	**(2,504,057)**	**(2,504,057)**
Balance at 30 June 2020	**4,762,205**	**(21,566,185)**	**(16,803,980)**

18. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties. The significant balances outstanding at reporting date in respect of related parties included in the condensed interim consolidated financial information were as follows:

	As at 30 June 2020 (Un-audited)			As at 31 December 2019 (Audited)		
	Major shareholders AED	**Other related parties AED**	**Total AED**	Major shareholders AED	Other related parties AED	Total AED
Carrying value of investments in ordinary shares [Note 18(a)]	**-**	**34,141,656**	**34,141,656**	-	34,141,656	34,141,656
Due to related parties [Note 18(b)]	**468,484**	**216,371**	**684,855**	485,967	215,077	701,044
Due from related parties – gross [Note 18(c)]	**6,265,372**	**57,480**	**6,322,852**	4,229,739	62,268	4,292,007

(a) A major shareholder, who is a member of the Board of Directors, is also a Board Member of Al Salam Bank -Algeria The Group has equity investments in Al Salam Bank - Algeria amounting to AED 34.1 (31 December 2019: AED 34.1 million). Also refer Note 23 for details of shares held by a former CEO of the Group in Al Salam Bank – Algeria for the benefit of the Group.

18. Related party transactions (continued)

(b) Due to related parties represents the following:

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Entities owned by the Chairman of the Board of Directors		
Fast Line Auto Services - UAE	**468,484**	468,484
Omeir Bin Youssef & Son - UAE	**-**	17,483
Fast Rent a Car LLC - UAE	**216,371**	215,077
Total	**684,855**	701,044

(c) Due from related parties represents the following:

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Entities owned by the Chairman of the Board of Directors		
Nation Hospital – UAE	**2,317,405**	1,745,748
Bin Omeir Education Foundation - UAE	**3,092,332**	1,631,678
Bin Omeir Holding Group - UAE	**440,164**	433,338
Bin Omeir Medical Group – UAE	**360,584**	360,584
Chocolatier - UAE	**15,558**	15,558
International Market Group For General Services - UAE	**54,887**	58,389
Yas Mineral Water Bottling - UAE	**40,656**	45,444
Al Massa Art Products - UAE	**1,266**	1,268
	6,322,852	4,292,007
Less: Provision for impairment	**(2,290,071)**	(1,921,512)
Total	**4,032,781**	2,370,495

Details of provision for impairment as per IFRS 9 are as follows:

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Balance at the beginning of the period / year	**1,921,512**	2,848,370
Provision / (release) during the year	**368,559**	(926,858)
Balance at the end of the period / year	**2,290,071**	1,921,512

18. Related party transactions (continued)

The income and expenses in respect of related parties included in the condensed interim consolidated financial information were as follows:

	30 June 2020 (Un-audited)			30 June 2019 (Un-audited)		
	Major shareholders AED	**Other related parties AED**	**Total AED**	Major shareholders AED	Other related parties AED	Total AED
Gross contributions	**1,962,935**	**13,010**	**1,975,945**	1,980,559	6,410	1,986,969
Gross claims (paid)	**57,768**	**112,875**	**170,643**	71,255	167,308	238,563

Compensation of key management personnel was as follows:

	Six month period ended 30 June	
	2020 AED (Un-audited)	2019 AED (Un-audited)
Short term employee benefits	**1,041,800**	958,167
End of service benefits	**41,885**	52,360
Total compensation paid to key management personnel	**1,083,685**	1,010,527

19. Segmental information

Operating segments are identified based on internal reports about the components of the Group that are regularly reviewed by the Group's management in order to allocate resources to the segment and to assess its performance. Information reported to the Group's Board of Directors for the purpose of resource allocation and assessment of performance is based on following strategic business activities:

- Takaful activities include the general, life and medical insurance business undertaken by the Group.
- Shareholder activities represent investment and cash management for the Group's own account.
- Others represent income and expense activities conducted by the subsidiaries and included in this consolidated financial report.

19. Segmental information (continued)

The following table presents segment information for the six-month periods ended 30 June 2020 and 30 June 2019

	Six-month period ended 30 June 2020 (Un-audited)				Six-month period ended 30 June 2019 (Un-audited)			
	Takaful AED	**Investments AED**	**Other AED**	**Total AED**	Takaful AED	Investments AED	Other AED	Total AED
Takaful								
Takaful income	**63,330,341**	**-**	**-**	**63,330,341**	57,441,283	-	-	57,441,283
Takaful expenses	**(25,236,988)**	**-**	**-**	**(25,236,988)**	(15,677,931)	-	-	(15,677,931)
Net Takaful income	**38,093,352**	**-**	**-**	**38,093,353**	41,763,352	-	-	41,763,352
Wakala fees	**(37,921,420)**	**37,921,420**	**-**	**-**	(40,569,438)	40,569,438	-	-
Mudarib's share from policyholders	**(93,990)**	**93,990**	**-**	**-**	(261,543)	261,543	-	-
Policy acquisition cost	**-**	**(11,885,864)**	**-**	**(11,885,864)**	-	(16,540,367)	-	(16,540,367)
	(38,015,410)	**26,129,546**	**-**	**(11,885,864)**	(40,830,981)	24,290,614	-	(16,540,367)
Investment income	**375,957**	**23,788**	**-**	**399,745**	1,046,171	3,095,824	-	4,141,995
Unallocated expenses	**-**	**46,509**	**-**	**46,509**	-	535,064	-	535,064
Other operating income	**-**	**(18,020,015)**	**-**	**(18,020,015)**	-	(19,959,022)	-	(19,959,022)
Net operating loss of subsidiaries	**-**	**-**	**(14,017)**	**(14,017)**	-	-	(469,589)	(469,589)
Net profit for the period	**453,900**	**8,179,828**	**(14,017)**	**8,619,711**	1,978,542	7,962,480	(469,589)	9,471,433

Other information	**Takaful**		**Investment**		**Total**	
	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)	**30 June 2020 AED (Un-audited)**	31 December 2019 AED (Audited)	**30 June 2020 AED (Un-audited)**	31 December 2019 AED (Audited)
Segment assets	**1,075,326,972**	1,100,788,454	**209,206,680**	197,076,360	**1,284,533,652**	1,297,864,814
Segment liabilities	**1,228,875,298**	1,239,677,221	**-**	-	**1,228,875,298**	1,239,677,221

Notes to the condensed interim consolidated financial information for the six-month period ended 30 June 2020 (continued)

19. Segmental information (continued)

	Three month period ended 30 June 2020 (Un-audited)			**Six month period ended 30 June 2020 (Un-audited)**		
	Gross takaful contribution	**Retakaful share of accepted business**	**Net takaful contribution**	**Gross takaful contribution**	**Retakaful share of accepted business**	**Net takaful contribution**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**
Motor	**14,641,487**	**2,274,849**	**12,366,638**	**29,677,240**	**4,025,788**	**25,651,452**
Engineering	**617,045**	**476,763**	**140,282**	**1,404,813**	**1,186,518**	**218,295**
Marine & aviation	**1,032,978**	**955,757**	**77,221**	**2,115,728**	**1,797,321**	**318,407**
Fire	**4,392,921**	**4,147,194**	**245,727**	**10,939,416**	**10,219,948**	**719,468**
General insurance & liabilities	**18,322,146**	**17,014,326**	**1,307,820**	**29,611,369**	**26,453,651**	**3,157,718**
Medical	**5,486,158**	**78,356**	**5,407,802**	**17,584,734**	**676,653**	**16,908,081**
Life	**13,901,011**	**11,333,350**	**2,567,661**	**26,663,789**	**21,712,567**	**4,951,222**
Total	**58,393,746**	**36,280,595**	**22,113,151**	**117,997,089**	**66,072,446**	**51,924,643**

	Three month period ended 30 June 2019 (Un-audited)			Six month period ended 30 June 2019 (Un-audited)		
	Gross takaful contribution	Retakaful share of accepted business	Net takaful contribution	Gross takaful contribution	Retakaful share of accepted business	Net takaful contribution
	AED	AED	AED	AED	AED	AED
Motor	24,182,469	11,961,873	12,220,596	41,249,801	12,327,731	28,922,070
Engineering	628,438	561,521	66,917	1,023,092	921,435	101,657
Marine & aviation	1,583,298	1,312,688	270,610	7,207,438	6,522,075	685,363
Fire	4,580,083	4,270,223	309,860	10,552,441	9,871,404	681,037
General insurance & liabilities	22,561,764	20,478,907	2,082,857	34,679,921	29,860,996	4,818,925
Medical	5,186,702	3,505,490	1,681,212	20,031,360	13,987,480	6,043,880
Life	9,829,436	8,584,915	1,244,521	22,877,009	19,763,232	3,113,777
Total	68,552,190	50,675,617	17,876,573	137,621,062	93,254,353	44,366,709

Notes to the condensed interim consolidated financial information for the six-month period ended 30 June 2020 (continued)

19. Segmental information (continued)

	Three month period ended 30 June 2020 (Un-audited)			**Six month period ended 30 June 2020 (Un-audited)**		
	Gross claim incurred	**Retakaful share of accepted business claim**	**Net claims incurred**	**Gross claim incurred**	**Retakaful share of accepted business claim**	**Net claims incurred**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**
Motor	**6,732,717**	**4,311,360**	**2,421,357**	**22,037,360**	**8,436,821**	**13,600,539**
Engineering	**236,393**	**218,768**	**17,625**	**268,587**	**249,543**	**19,044**
Marine & aviation	**3,982,095**	**3,923,960**	**58,135**	**4,947,199**	**4,847,942**	**99,257**
Fire	**486,834**	**444,561**	**42,273**	**787,922**	**727,766**	**60,156**
General insurance & liabilities	**959,108**	**-640,518**	**1,599,626**	**9,642,401**	**7,215,406**	**2,426,995**
Medical	**7,478,001**	**4,576,283**	**2,901,718**	**16,292,357**	**10,870,573**	**5,421,784**
Life	**3,843,144**	**3,107,135**	**736,009**	**4,372,963**	**3,529,643**	**843,320**
Total	**23,718,292**	**15,941,549**	**7,776,743**	**58,348,789**	**35,877,694**	**22,471,095**

	Three month period ended 30 June 2019 (Un-audited)			Six month period ended 30 June 2019 (Un-audited)		
	Gross claim incurred	Retakaful share of accepted business claim	Net claims incurred	Gross claim incurred	Retakaful share of accepted business claim	Net claims incurred
	AED	AED	AED	AED	AED	AED
Motor	6,742,453	2,613,142	4,129,311	15,612,406	4,513,935	11,098,471
Engineering	342,328	327,281	15,047	478,971	456,947	22,024
Marine & aviation	2,786,971	2,313,658	473,313	3,308,327	2,726,406	581,921
Fire	142,705	127,338	15,367	556,654	508,754	47,900
General insurance & liabilities	1,835,790	444,618	1,391,172	24,027,048	22,121,866	1,905,182
Medical	7,984,958	6,023,560	1,961,398	16,992,091	12,780,414	4,211,677
Life	6,335,879	4,961,460	1,374,419	11,346,780	9,152,127	2,194,653
Total	26,171,084	16,811,057	9,360,027	72,322,277	52,260,449	20,061,828

20. Contingencies

(a) At reporting date, the Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business amounting AED 0.5 million (31 December 2019: 0.5 million).

(b) The Group, in common with other insurance companies, is involved as a defendant in a number of legal cases with other insurance, reinsurance and policyholders. 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. The expected outcome of the cases is dependent on future legal proceedings.

21. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between book value under historical cost method and fair value estimates.

(a)Fair value of financial instruments measured at amortised cost

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

(b)Valuation techniques and assumptions applied for the purposes of measuring fair value

Valuation of financial instruments recorded at fair value, is based on quoted market prices and other valuation techniques.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value of the financial assets that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

-Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2 fair value measurements are those derived from 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).

-Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21. Fair value of financial instruments (continued)

(b)Valuation techniques and assumptions applied for the purposes of measuring fair value (continued)

Fair value of the financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at 30 June 2020 AED'000 (Un-audited)	31 December 2019 AED'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets at FVTOCI						
Quoted equity securities	**22,707**	32,770	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	**34,142**	34,728	Level 3	Net assets valuation method and comparable, multiples approach	Net assets value	Higher the net assets value of the investees, higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	**4,170**	6,390	Level 1	Quoted bid prices in an active market.	None	N/A
Unit linked investments	**769,898**	750,500	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of the levels during the period.

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTOCI:

	30 June 2020 AED'000 (Un-audited)	31 December 2019 AED'000 (Audited)
At beginning of the period / year	**34,728**	24,303
Changes in fair value	**(586)**	10,425
At end of the period / year	**34,142**	34,728

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTPL:

	30 June 2020 AED'000 (Un-audited)	31 December 2019 AED'000 (Audited)
At beginning of the period / year	**750,500**	647,195
Net change during the period / year (change in fair value and net investment / withdrawal)	**19,398**	103,305
At end of the period / year	**769,898**	750,500

21. Fair value of financial instruments (continued)

The investments classified under Level 3 category have been fair-valued based on information available for each investment. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

22. COVID 19 impact on the Group

The existence of novel coronavirus ("COVID-19") was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity. There has been macro-economic uncertainty across all sectors of the economy due to the price and demand for oil, reduced economic activity, disruption to global supply chains and the potential postponement of large-scale events. The scale and duration of these developments remain uncertain but could impact the earnings, cash flow and financial condition of the Group and those of our counter parties. The Group is monitoring these metrics on a regular basis and will respond to any threats identified. Furthermore, the impact was not considered on the fair value of the investment property due to the fact that this situation is dynamic and rapidly evolving.

COVID 19 impact on measurement of takaful contract liabilities

At the condensed interim consolidated statement of financial position date, the Group had 40 reported claims in relation to Covid-19 which have been fully reflected in the condensed interim consolidated financial information. As at the date of the condensed interim consolidated statement of financial position, the Group have not been notified of any business interruption claims.

COVID 19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Losses ("ECL") based on current and forecast economic conditions. In order to assess ECL forecast under forecast economic conditions, the Group utilises a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes.

The Group had reviewed the potential impact of COVID 19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts on the ECL estimates. Notwithstanding this, recognising that the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt. During the six month period ended 30 June 2020, the Group has recognised additional ECL of AED 1 million to account for the afore mentioned factors.

Liquidity management / Business continuity planning

The management had taken prudent measures and controls to ensure adequate liquidity of the Group to meet its obligations. The Group has established remote working plans to ensure continuous services to its customers The Group ensures that the outbreak of epidemic has not caused any significant distractions in policy issuance and claims processing .The Group will monitor the effects closely and will take all the adequate measures as required.

23. Significant matters

The former CEO of the Group resigned on 10 July 2013. The Group entered into an agreement with the former CEO on 9 July 2013 for the payment and / or transfer of certain investments that were held by him for the beneficial interest of the Group. As of 30 June 2020, investments with a total carrying value of AED 10.3 million which are still in his name, have not yet been transferred to the legal ownership of the Group. The Group has initiated legal proceedings in regard to the transfer of these assets which involves a degree of uncertainty as to the full and timely transfer of legal title. However, the Board of Directors is confident in the eventual transfer of legal title and therefore no adjustments to the carrying value of the assets are required.

The Group also had other assets held by an entity controlled by the former CEO on behalf of the Group which have since been disposed off without the Group's approval. The total value of these assets on the date of purchase was approximately AED 11 million. The Group has initiated legal proceedings in regard to the recovery of the said amount. The assets have been fully provided in the condensed interim consolidated statement of financial position as of 30 June 2020 and recognition of the contingent asset will only be made once the success of the legal action is certain.

Notes to the condensed interim consolidated financial information for the six-month period ended 30 June 2020 (continued)

24. Condensed interim consolidated statement of financial position - Shareholders and policyholders' assets and liabilities

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
ASSETS		
Takaful operations' assets		
Cash and bank balances	**46,296,032**	60,134,633
Retakaful contract assets		
Unearned contribution reserve	**38,525,968**	42,024,089
Claims reported unsettled	**64,798,158**	68,452,413
Mathematical reserve	**752,848**	816,173
Claims incurred but not reported	**37,433,113**	30,596,918
Takaful receivables	**63,092,527**	52,040,295
Financial assets measured at fair value through other comprehensive income (FVTOCI)	**11,021,355**	13,525,412
Financial assets measured at fair value through profit and loss (FVTPL)	**690,185**	1,060,732
Investment property	**10,883,840**	10,883,840
Due from shareholders'	**51,823,944**	54,703,069
Total takaful operations' assets	**325,317,970**	334,237,574
Shareholders' assets		
Cash and bank balances	**60,888,800**	76,219,080
Statuary deposit	**10,000,000**	10,000,000
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	**45,827,327**	53,972,612
Other financial assets measured at fair value through profit and loss (FVTPL)	**773,377,549**	755,829,819
Prepayments and other receivables	**7,821,877**	7,578,690
Deferred policy acquisition costs	**8,044,569**	8,465,105
Investment property	**47,304,160**	47,304,160
Furniture and equipment	**335,296**	301,259
Assets classified as held for sale	**1,583,323**	1,586,020
Due from related parties	**4,032,781**	2,370,495
Total shareholders' assets	**959,215,682**	963,627,240
Total assets	**1,284,533,652**	1,297,864,814

Notes to the condensed interim consolidated financial information for the six-month period ended 30 June 2020 (continued)

24. Condensed interim consolidated statement of financial position - Shareholders and policyholders' assets and liabilities (continued)

	30 June 2020 AED (Un-audited)	31 December 2019 AED (Audited)
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		
Takaful operations' liabilities		
Trade and other payables	**24,906,009**	31,688,655
Takaful payables	**65,728,946**	74,246,673
Takaful contract liabilities:		
Unearned contribution reserve	**92,547,576**	91,713,761
Claims reported unsettled	**79,546,590**	84,577,517
Mathematical reserve	**3,420,737**	3,540,063
Claims incurred but not reported	**60,268,831**	49,565,462
Unallocated loss adjustment expenses	**2,313,602**	2,368,573
Deferred discount	**6,645,419**	5,099,181
Reinsurance placement provision	**1,032,581**	732,272
Amounts held under retakaful treaties	**5,711,659**	5,459,240
Total takaful operations' liabilities	**342,121,950**	348,991,397
Takaful operations' deficit		
Surplus in policyholders' fund	**4,762,205**	4,308,305
Policyholders' investments revaluation reserve	**(21,566,185)**	(19,062,128)
Total deficit from takaful operations	**(16,803,980)**	(14,753,823)
Total takaful operations' liabilities and surplus	**325,317,970**	334,237,574
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Due to bank	**19,953,209**	19,972,520
Trade and other payables	**16,002,742**	36,381,265
Due to related parties	**684,855**	701,044
Unit linked liabilities	**769,897,736**	750,500,215
Murabaha payable	**15,280,996**	15,351,053
Due to policyholder	**51,823,944**	54,703,069
Reinsurance placement provisions	**84,355**	54,302
Liabilities directly associated with assets classified as held for sale	**13,025,511**	13,022,356
Total shareholders' liabilities	**886,753,348**	890,685,824
Shareholders' equity		
Share capital	**225,750,000**	225,750,000
Legal reserve	**3,163,978**	3,163,978
General reserve	**3,163,978**	3,163,978
Investments revaluation reserve - FVTOCI	**(63,308,732)**	(55,163,447)
Accumulated losses	**(94,982,816)**	(102,648,627)
Equity attributable to shareholders of the Parent	**73,786,408**	74,265,882
Non-controlling interest	**(1,324,074)**	(1,324,466)
Total equity	**72,462,334**	72,941,416
Total shareholders' liabilities and equity	**959,215,682**	963,627,240
Total takaful operations' liabilities and deficit, shareholders' liabilities and equity	**1,284,533,652**	1,297,864,814

25. Condensed interim consolidated statement of financial position - Policyholders' assets and liabilities (Life and Non-Life)

	As at 30 June2020 (Un-audited)			As at 31 December 2019 (Audited)		
	TOTAL	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE
ASSETS						
Takaful operations' assets						
Cash and bank balances	46,296,032	44,886,658	1,409,374	60,134,633	59,661,406	473,227
Retakaful contract assets						
Unearned contribution reserve	38,525,968	31,249,788	7,276,180	42,024,089	38,071,866	3,952,223
Claims reported unsettled	64,798,158	59,880,904	4,917,254	68,452,413	66,521,544	1,930,869
Mathematical reserve	752,848	-	752,848	816,173	-	816,173
Claims incurred but not reported	37,433,113	35,362,577	2,070,536	30,596,918	28,249,175	2,347,743
Takaful receivables	63,092,527	52,257,271	10,835,256	52,040,295	43,061,799	8,978,496
Financial assets measured at fair value through other comprehensive income (FVTOCI)	11,021,355	11,021,355	-	13,525,412	13,525,412	-
Financial assets measured at fair value through profit and loss (FVTPL)	690,185	690,185	-	1,060,732	1,060,732	-
Investment property	10,883,840	10,883,840	-	10,883,840	10,883,840	-
Due from shareholders	51,823,944	38,427,804	13,396,140	54,703,069	50,838,389	3,864,680
Total takaful operations' assets	325,317,970	284,660,382	40,657,588	334,237,574	311,874,163	22,363,411
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT						
Takaful operations' liabilities						
Trade and other payables	24,906,009	24,906,009	-	31,688,655	31,688,655	-
Takaful payables	65,728,946	47,819,031	17,909,915	74,246,673	61,695,471	12,551,202
Takaful contract liabilities:						
Unearned contribution reserve	92,547,576	82,837,916	9,709,660	91,713,761	86,390,419	5,323,342
Claims reported unsettled	79,546,590	73,184,463	6,362,127	84,577,517	81,921,870	2,655,647
Mathematical reserve	3,420,737	-	3,420,737	3,540,063	-	3,540,063
Claims incurred but not reported	60,268,831	57,845,585	2,423,246	49,565,462	46,790,472	2,774,990
Unallocated loss adjustment expenses	2,313,602	2,225,401	88,201	2,368,573	2,312,891	55,682
Deferred discount	6,645,419	6,110,555	534,864	5,099,181	4,695,927	403,254
Reinsurance placement provision	1,032,581	823,743	208,838	732,272	601,944	130,328
Amounts held under retakaful treaties	5,711,659	5,711,659	-	5,459,240	5,459,240	-
Total takaful operations' liabilities	342,121,950	301,464,362	40,657,588	348,991,397	321,556,889	27,434,508
Takaful operations' deficit						
Surplus in policyholders' fund	4,762,205	13,430,022	(8,667,817)	4,308,305	9,379,402	(5,071,097)
Qard Hassan from shareholders	-	(8,667,817)	8,667,817	-	-	-
Policyholders' investments revaluation reserve	(21,566,185)	(21,566,185)	-	(19,062,128)	(19,062,128)	-
Total deficit from takaful operations	(16,803,980)	(16,803,980)	-	(14,753,823)	(9,682,726)	(5,071,097)
Total takaful operations' liabilities and deficit	325,317,970	284,660,382	40,657,588	334,237,574	311,874,163	22,363,411

26. Condensed interim consolidated statement of income - Policyholders' - Life and Non-Life

	Six-month period ended 30 June 2020 (Un-audited)			Six-month period ended 30 June 2019 (Un-audited)		
	TOTAL	**NON-LIFE**	**LIFE**	TOTAL	NON-LIFE	LIFE
Continuing operations						
Attributable to policyholders						
Takaful income						
Gross takaful contributions	**117,997,089**	**91,333,300**	**26,663,789**	137,621,062	114,744,053	22,877,009
Retakaful share of gross takaful contributions	**(66,072,446)**	**(44,359,879)**	**(21,712,567)**	(93,254,353)	(73,491,121)	(19,763,232)
Net takaful contributions	**51,924,643**	**46,973,421**	**4,951,222**	44,366,709	41,252,932	3,113,777
Net transfer to unearned contributions reserve	**(4,331,936)**	**(3,269,576)**	**(1,062,360)**	(10,221,233)	(10,033,172)	(188,061)
(Increase) / decrease in mathematical reserve	**56,000**	**-**	**56,000**	179,952	-	179,952
Net takaful contributions earned	**47,648,707**	**43,703,845**	**3,944,862**	34,325,428	31,219,760	3,105,668
Discount received on ceded Retakaful	**9,851,650**	**8,988,832**	**862,818**	17,468,723	15,779,468	1,689,255
Policy fees	**5,829,984**	**337,084**	**5,492,900**	5,647,132	2,000,311	3,646,821
	63,330,341	**53,029,761**	**10,300,580**	57,441,283	48,999,539	8,441,744
Takaful expenses						
Gross claims paid	**(58,348,789)**	**(53,975,826)**	**(4,372,963)**	(72,322,277)	(60,975,497)	(11,346,780)
Retakaful share of gross claims paid	**35,877,694**	**32,348,050**	**3,529,644**	52,260,449	43,108,322	9,152,127
Net takaful claims	**(22,471,095)**	**(21,627,776)**	**(843,319)**	(20,061,828)	(17,867,175)	(2,194,653)
Change in provision for outstanding claims	**5,030,927**	**8,737,407**	**(3,706,480)**	16,355,824	15,784,899	570,925
Retakaful share of outstanding claims	**(3,654,255)**	**(6,640,640)**	**2,986,385**	(14,272,424)	(13,767,313)	(505,111)
Decrease / (increase) in incurred but not reported claims	**(3,867,174)**	**(3,941,711)**	**74,537**	2,025,495	2,118,707	(93,212)
Decrease / (increase) in unallocated loss adjustment expenses reserve	**54,971**	**87,490**	**(32,519)**	275,002	279,081	(4,079)
Net claims incurred	**(24,906,626)**	**(23,385,230)**	**(1,521,396)**	(15,677,931)	(13,451,801)	(2,226,130)
Reinsurance Placement Fees (IA)	**(330,362)**	**(221,799)**	**(108,563)**	-	-	-
	(25,236,988)	**(23,607,029)**	**(1,629,959)**	(15,677,931)	(13,451,801)	(2,226,130)
Net takaful income	**38,093,353**	**29,422,732**	**8,670,621**	41,763,352	35,547,738	6,215,614
Wakala fees	**(37,921,420)**	**(25,654,080)**	**(12,267,340)**	(40,569,438)	(31,223,863)	(9,345,575)
Investment income	**375,957**	**375,957**	**-**	1,046,171	1,046,171	-
Mudarib's share	**(93,990)**	**(93,990)**	**-**	(261,543)	(261,543)	-
Net profit from takaful operation for the period	**453,900**	**4,050,619**	**(3,596,719)**	1,978,542	5,108,503	(3,129,961)

26. Condensed interim consolidated statement of income - Policyholders' - Life and Non Life (continued)

	Three-month period ended 30 June 2020 (Un-audited)			Three-month period ended 30 June 2020 (Un-audited)		
	TOTAL	**NON-LIFE**	**LIFE**	TOTAL	NON-LIFE	LIFE
Continuing operations						
Attributable to policyholders						
Takaful income						
Gross takaful contributions	**58,393,746**	**44,492,735**	**13,901,011**	68,552,190	58,722,754	9,829,436
Retakaful share of gross takaful contributions	**(36,280,595)**	**(24,947,245)**	**(11,333,350)**	(50,675,617)	(42,090,701)	(8,584,916)
Net takaful contributions	**22,113,151**	**19,545,490**	**2,567,661**	17,876,573	16,632,053	1,244,520
Net transfer to unearned contributions reserve	**2,626,870**	**3,657,035**	**(1,030,165)**	(1,240,023)	(1,071,973)	(168,050)
(Increase) / decrease in mathematical reserve	**30,119**	**-**	**30,119**	46,398	-	46,398
Net takaful contributions earned	**24,770,140**	**23,202,525**	**1,567,615**	16,682,948	15,560,080	1,122,868
Discount received on ceded Retakaful	**5,518,764**	**5,216,354**	**302,410**	7,938,094	7,204,046	734,048
Policy fees	**2,303,148**	**160,213**	**2,142,935**	2,456,885	393,522	2,063,363
	32,592,052	**28,579,092**	**4,012,960**	27,077,927	23,157,648	3,920,279
Takaful expenses						
Gross claims paid	**(23,718,292)**	**(19,875,149)**	**(3,843,143)**	(26,171,084)	(19,835,205)	(6,335,879)
Retakaful share of gross claims paid	**15,941,549**	**12,834,413**	**3,107,136**	16,811,057	11,849,597	4,961,460
Net takaful claims	**(7,776,743)**	**(7,040,736)**	**(736,007)**	(9,360,027)	(7,985,608)	(1,374,419)
Change in provision for outstanding claims	**9,147,937**	**11,431,746**	**(2,283,809)**	(2,297,593)	(3,481,933)	1,184,340
Retakaful share of outstanding claims	**(7,503,448)**	**(9,240,008)**	**1,736,560**	4,365,815	5,304,341	(938,526)
Decrease / (increase) in incurred but not reported claims	**(1,735,463)**	**(1,718,172)**	**(17,291)**	3,080,608	3,136,158	(55,550)
Decrease / (increase) in unallocated loss adjustment expenses reserve	**67,739**	**96,055**	**(28,316)**	317,670	308,320	9,350
Net claims incurred	**(7,799,978)**	**(6,471,115)**	**(1,328,863)**	(3,893,527)	(2,718,722)	(1,174,805)
Reinsurance Placement Fees (IA)	**(181,403)**	**(124,736)**	**(56,667)**	-	-	-
	(7,981,381)	**(6,595,851)**	**(1,385,530)**	(3,893,527)	(2,718,722)	(1,174,805)
Net takaful income	**24,610,671**	**21,983,241**	**2,627,430**	23,184,400	20,438,926	2,745,474
Wakala fees	**(18,377,568)**	**(12,706,878)**	**(5,670,690)**	(20,808,791)	(16,374,565)	(4,434,226)
Investment income	**260,004**	**260,004**	**-**	636,916	636,916	-
Mudarib's share	**(65,001)**	**(65,001)**	**-**	(159,229)	(159,229)	-
Net profit from takaful operation for the period	**6,428,106**	**9,471,366**	**(3,043,260)**	2,853,296	4,542,048	(1,688,752)