Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)
Dubai - United Arab Emirates

Condensed interim consolidated financial information
for the nine-month period ended 30 September 2020

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

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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 condensed interim consolidated statement of financial position of Dubai Islamic Insurance & Reinsurance Co (Aman) P.J.S.C. (the "Company") and its subsidiaries (the "Group") as at 30 September 2020 and the related condensed interim consolidated statement of income and condensed interim consolidated statement of comprehensive income for the three month and nine month periods then ended, and the related condensed interim consolidated statements of changes in equity and cash flows for the nine month periods 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 review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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 (FVOCI), with a total carrying value of AED 10.3 million at 30 September 2020 are still held in the name of the former Chief Executive Officer ("CEO") of the Company and entities controlled by him, for the beneficial interest of the Group. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers
10 November 2020

Rami Sarhan
Registered Auditor Number 1152
Dubai, United Arab Emirates

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

	Notes	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
ASSETS			
Cash and bank balances	5	**102,020,859**	136,353,713
Financial assets measured at fair value through profit and loss (FVTPL)	6	**808,398,451**	756,890,551
Financial assets measured at fair value through other comprehensive income (FVTOCI)	6	**58,619,134**	67,498,024
Takaful receivables	7	**53,311,118**	52,040,295
Due from related parties	18	**3,599,406**	2,370,495
Prepayments and other receivables		**8,379,126**	7,578,690
Retakaful contract assets			
Unearned contribution reserves	8	**35,286,236**	42,024,089
Claims reported unsettled	8	**61,770,713**	68,452,413
Mathematical reserve	8	**787,424**	816,173
Claims incurred but not reported	8	**40,553,987**	30,596,918
Deferred policy acquisition costs		**7,510,382**	8,465,105
Statutory deposit	9	**10,000,000**	10,000,000
Policyholders' reserve	10	**16,241,021**	14,753,823
Investment property	11	**58,188,000**	58,188,000
Property and equipment		**318,193**	301,259
Assets classified as held for sale		**1,583,321**	1,586,020
Total assets		**1,266,567,371**	1,257,915,568
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to bank		**19,953,209**	19,972,520
Trade and other payables		**37,818,944**	68,069,920
Takaful payables		**51,053,026**	74,246,673
Due to related parties	18	**665,458**	701,044
Takaful contract liabilities:			
Unearned contribution reserve	8	**86,468,849**	91,713,761
Claims reported unsettled	8	**76,213,006**	84,577,517
Mathematical reserve	8	**3,454,317**	3,540,063
Claims incurred but not reported	8	**66,066,614**	49,565,462
Unallocated loss adjustment expenses	8	**2,388,417**	2,368,573
Unit linked liabilities	8	**804,401,385**	750,500,215
Murabaha payable		**15,280,996**	15,351,053
Deferred discount		**6,725,319**	5,099,181
Retakaful placement provision		**1,274,678**	786,574
Amounts held under retakaful treaties		**6,184,870**	5,459,240
Liabilities directly associated with assets classified as held for sale		**13,022,356**	13,022,356
Total liabilities		**1,190,971,444**	1,184,974,152

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

	Notes	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
SHAREHOLDERS' EQUITY			
Share capital	12	**225,750,000**	225,750,000
Legal reserve	13	**3,163,978**	3,163,978
General reserve	14	**3,163,978**	3,163,978
Investments revaluation reserve – FVTOCI		**(61,953,481)**	(55,163,447)
Accumulated losses		**(93,202,593)**	(102,648,627)
Equity attributable to shareholders of the parent		**76,921,882**	74,265,882
Non-controlling interest		**(1,325,955)**	(1,324,466)
Total equity		**75,595,927**	72,941,416
Total liabilities and shareholders' equity*		**1,266,567,371**	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 10 November 2020 by the Board of Directors and signed on its behalf by:

Jihad Faitrouni
Chief Executive Officer

Dr. Saleh Hashem Sayed Al Hashimi
Chairman

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

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2020	2019	**2020**	2019
		AED	AED	**AED**	AED
Attributable to policyholders					
Takaful income					
Gross takaful contribution	19	**55,208,988**	57,673,216	**173,206,077**	195,294,278
Retakaful share of gross takaful contribution	19	**(31,548,460)**	(32,644,999)	**(97,620,906)**	(125,899,352)
Net takaful contributions		**23,660,528**	25,028,217	**75,585,171**	69,394,926
Net transfer to unearned contribution reserve		**2,838,995**	(3,921,719)	**(1,492,941)**	(14,142,952)
Net change in mathematical reserve		**998**	(2,423,012)	**56,998**	(2,243,060)
Net takaful contributions earned		**26,500,521**	18,683,486	**74,149,228**	53,008,914
Discount received on ceded Retakaful		**4,425,910**	3,557,279	**14,277,560**	21,026,002
Policy fees		**2,943,831**	4,235,809	**8,773,815**	9,882,941
		33,870,262	26,476,574	**97,200,603**	83,917,857
Takaful expenses					
Gross claims settled	19	**(29,716,837)**	(27,839,861)	**(88,065,626)**	(100,162,138)
Retakaful share of gross claims settled	19	**15,892,173**	19,612,830	**51,769,867**	71,873,279
Net takaful claims		**(13,824,664)**	(8,227,031)	**(36,295,759)**	(28,288,859)
Release of provision for claims reported unsettled		**3,333,584**	3,113,328	**8,364,511**	19,469,152
Retakaful share of claims reported unsettled		**(3,027,445)**	(2,260,985)	**(6,681,700)**	(16,533,409)
Net change in claims incurred but not reported		**(2,676,909)**	362,204	**(6,544,083)**	2,387,699
Net change in unallocated loss adjustment expenses		**(74,815)**	90,747	**(19,844)**	365,749
Net claims incurred		**(16,270,249)**	(6,921,737)	**(41,176,875)**	(22,599,668)
Retakaful placement provision		**(157,742)**	-	**(488,104)**	-
		(16,427,991)	(6,921,737)	**(41,664,979)**	(22,599,668)
Net takaful income		**17,442,271**	19,554,837	**55,535,624**	61,318,189
Wakala fees	15	**(17,410,969)**	(17,567,526)	**(55,332,389)**	(58,136,964)
Mudarib's share	15	**(38,818)**	(78,832)	**(132,808)**	(340,375)
Investment income, net	16	**155,274**	315,328	**531,231**	1,361,499
Net profit from takaful operation for the period		**147,758**	2,223,807	**601,658**	4,202,349

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

	Notes	Three month period ended 30 September 2020 AED	Three month period ended 30 September 2019 AED	Nine month period ended 30 September 2020 AED	Nine month period ended 30 September 2019 AED
Attributable to shareholders					
Income					
Wakala fees from policyholders	15	**17,410,969**	17,567,526	**55,332,389**	58,136,964
Mudarib's share from policyholders	15	**38,818**	78,832	**132,808**	340,375
Investment income, net	16	**1,090,845**	1,439,698	**1,114,633**	4,535,522
Other operating income		**38,092**	32	**84,601**	535,096
		18,578,724	19,086,088	**56,664,431**	63,547,957
Expenses					
Policy acquisition cost		**(7,124,735)**	(9,238,248)	**(19,010,599)**	(25,778,615)
General and administrative expenses		**(9,646,797)**	(9,505,306)	**(27,666,812)**	(29,464,328)
Net operating income of subsidiaries		**(10,041)**	444,077	**(25,041)**	270,893
		(16,781,573)	(18,299,477)	**(46,702,452)**	(54,972,050)
Profit for the period attributable to shareholders for continuing operations		**1,797,151**	786,611	**9,961,979**	8,575,907
Discontinued operations					
(Loss) / profit from discontinued operations		**(18,809)**	473,725	**(17,434)**	144,390
Profit for the period attributable to shareholders		**1,778,342**	1,260,336	**9,944,545**	8,720,297
Attributable to:					
Shareholders of the parent		**1,780,223**	1,208,847	**9,946,034**	8,701,738
Non-controlling interests		**(1,881)**	51,489	**(1,489)**	18,559
		1,778,342	1,260,336	**9,944,545**	8,720,297
Earnings per share	17	**0.008**	0.005	**0.044**	0.039

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2020	2019	**2020**	2019
	AED	AED	**AED**	AED
Attributable to policyholders:				
Profit for the period	**147,758**	2,223,807	**601,658**	4,202,349
Other comprehensive income / (loss)				
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	**415,201**	309,981	**(2,088,856)**	409,667
Total comprehensive income / (loss) for the period attributable to policyholders	**562,959**	2,533,788	**(1,487,198)**	4,612,016
Attributable to shareholders:				
Profit for the period	**1,778,342**	1,260,336	**9,944,545**	8,720,297
Other comprehensive income / (loss)				
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	**1,355,251**	1,041,348	**(6,790,034)**	1,667,777
Total comprehensive income for the period attributable to shareholders	**3,133,593**	2,301,684	**3,154,511**	10,388,074
Attributable to:				
Shareholders of the parent	**3,135,474**	2,250,195	**3,156,000**	10,369,515
Non-controlling interests	**(1,881)**	51,489	**(1,489)**	18,559
	3,133,593	2,301,684	**3,154,511**	10,388,074

Condensed interim consolidated statement of changes in equity
for the nine month period ended 30 September 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 for the period	-	-	-	-	8,701,738	8,701,738	18,559	8,720,297
Other comprehensive income for the period	-	-	-	1,667,777	-	1,667,777	-	1,667,777
Total comprehensive income for the period	-	-	-	1,667,777	8,701,738	10,369,515	18,559	10,388,074
Realised loss on equity investments measured at FVTOCI transferred to accumulated losses	-	-	-	27,884,914	(27,884,914)	-	-	-
Balance at 30 September 2019 (Un-audited)	225,750,000	2,321,799	2,321,799	(74,783,539)	(97,372,913)	58,237,146	(1,318,955)	56,918,191
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	**-**	**-**	**-**	**-**	**9,946,034**	**9,946,034**	**(1,489)**	**9,944,545**
Other comprehensive loss for the period	**-**	**-**	**-**	**(6,790,034)**	**-**	**(6,790,034)**	**-**	**(6,790,034)**
Total comprehensive (loss) / income for the period	**-**	**-**	**-**	**(6,790,034)**	**9,946,034**	**3,156,000**	**(1,489)**	**3,154,511**
Directors' fees	**-**	**-**	**-**	**-**	**(500,000)**	**(500,000)**	**-**	**(500,000)**
Balance at 30 September 2020 (Un-audited)	**225,750,000**	**3,163,978**	**3,163,978**	**(61,953,481)**	**(93,202,593)**	**76,921,882**	**(1,325,955)**	**75,595,927**

The accompanying notes on pages 9 to 31 form an integral part of this condensed interim consolidated financial information.

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

	Nine month period ended 30 September 2020 AED	2019 AED
Cash flows from operating activities		
Profit for the period	**9,944,545**	8,720,297
Adjustments for:		
Depreciation of property and equipment	**184,963**	89,929
Loss on investments measured at FVTPL, net	**2,393,270**	93,687
Provision for employees' end of service benefits	**633,752**	861,552
Profit income	**(1,247,942)**	(1,123,334)
Dividend income	**(1,094,134)**	(4,375,447)
Retakaful placement provision	**488,104**	-
Impairment of financial assets	**2,181,608**	1,711,220
	13,484,166	5,977,904
Changes in operating assets and liabilities:		
Retakaful contract assets	**3,491,233**	126,610,352
Takaful receivables	**(2,956,672)**	11,667,892
Prepayments and other receivables	**(1,057,394)**	(4,370,790)
Takaful contract liabilities	**56,726,997**	(115,913,530)
Amounts held under Retakaful treaties	**725,630**	551,956
Takaful and Retakaful payables	**(23,193,647)**	(15,068,780)
Trade and other payables	**(29,237,443)**	(27,223,473)
Due from related parties	**(1,719,869)**	(1,512,770)
Due to related parties	**(35,586)**	18,840
Deferred discount	**1,626,138**	(1,702,703)
Deferred policy acquisition costs	**954,723**	151,626
Policyholders' reserve	**601,659**	4,202,349
Assets classified as held for sale	**2,699**	(2,894,998)
Cash generated from operations	**19,412,633**	(19,506,125)
Employees' end of service benefits paid	**(1,647,285)**	(278,922)
Net cash generated from / (used in) operating activities	**17,765,348**	(19,785,047)
Cash flows from investing activities		
Purchase of property and equipment	**(168,029)**	-
Increase in wakala deposits	**(25,000,000)**	(20,000,000)
Proceeds from sale of financial assets measured at FVTOCI	**-**	8,825,674
Net increase in unit linked investments	**(53,901,170)**	-
Dividend income received	**1,351,092**	2,071,109
Profit income received	**1,214,074**	1,123,334
Net cash used in investing activities	**(76,504,033)**	(7,979,883)
Cash flows from financing activities		
Murabaha payable	**(70,057)**	1,375
Due to bank	**(19,311)**	95,624
Directors' remuneration paid	**(500,000)**	-
Net cash (used in) / from financing activities	**(589,368)**	96,999
Net decrease in cash and cash equivalents	**(59,328,053)**	(27,667,931)
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)	**23,055,012**	32,700,768

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020

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, retakaful and life takaful business in accordance with the teachings of Islamic Sharia'a. 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 (UAE).

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003.

The Company issues short term takaful contracts in connection with motor, marine, fire and engineering, general accident and medical risks and life takaful 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 (the "Board") consisting of three members appointed by the shareholders. The 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.

On 29 September 2020 the Board of Directors approved the resignation of Mr. Mubarak Matar Al Shamisi, and re-constituted the Board of Directors by electing Dr. Saleh Hashem Sayed Shareef Al Hashimi as Chairman, and Mr. Mohamed Omeir Yousuf Al Muhari as Vice Chairman.

The Company with its subsidiaries are together referred to as the "Group" in this condensed interim consolidated financial information. At 30 September 2020 and 2019, the Company had the following subsidiaries:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership 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
Technik Auto Service Centre Co. L.L.C	United Arab Emirates	100.00	100.00	Vehicles' repair services
Amity Health L.L.C.	United Arab Emirates	90.00	90.00	Medical billing services

The Vice Chairman of the Group holds 1% 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.

Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2020 (continued)

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 and revised IFRSs	Effective for annual periods beginning on or after
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

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

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 UAE. The condensed interim consolidated financial information has been prepared on the going concern basis applying the historical cost convention, except for 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.

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, retakaful 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 three and nine months period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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.

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

5. Cash and bank balances

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Cash in hand	**83,005**	21,681
Bank balances:		
Wakala deposits	**80,000,000**	55,000,000
Current accounts	**21,963,031**	81,352,408
	102,046,036	136,374,089
Less: Provision for impairment	**(25,177)**	(20,376)
	102,020,859	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 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Balance at the beginning of the period / year	**20,376**	36,595
Charge / (reversal) during the period / year	**4,801**	(16,219)
Balance at the end of period / year	**25,177**	20,376

For cash flow purposes, the cash and cash equivalents are as follows:

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Un-audited)
Cash and bank balances	**102,046,036**	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 more than three months	**(80,000,000)**	(55,000,000)
Cash and cash equivalents	**23,055,012**	82,383,065

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

6. Financial assets measured at fair value

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	**24,477,479**	32,769,865
- Unlisted	**34,141,655**	34,728,159
	58,619,134	67,498,024
Financial assets measured at fair value through profit or loss (FVTPL) (B)		
- Listed	**3,997,066**	6,390,336
- Unit linked investments	**804,401,385**	750,500,215
	808,398,451	756,890,551
Total financial assets measured at fair value (A+B)	**867,017,585**	824,388,575

Investments by geographical concentration are as follows:

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
- Within U.A.E.	**27,507,715**	37,890,641
- Outside U.A.E.	**839,509,870**	786,497,934
	867,017,585	824,388,575

i. FVTOCI listed and unlisted securities are carried at a value of AED 58,619,134 (2019: AED 67,498,024), with a decline in their fair value from original acquisition cost amounting to AED 83,104,465 (2019: AED 74,225,575). Of this amount, AED 61,953,481 (2019: AED 55,163,447) is deducted from shareholders' equity and AED 21,150,984 (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).

iv. During the nine month period ended 30 September 2020, the Group did not purchase any investments other than the purchases and disposals of unit linked investments. The Group disposed investments amounting to AED 1,265,725. During the year ended 31 December 2019, the Group purchased and disposed investments amounting to AED 4,984,226 and AED 8,825,674 respectively excluding the purchases and disposals of unit linked investments.

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

7. Takaful receivables

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Due from policyholders	**24,979,727**	30,780,820
Less: Allowance for impairment	**(4,112,689)**	(5,198,172)
	20,867,038	25,582,648
Due from takaful / retakaful companies	**25,556,578**	14,649,611
Due form brokers / agents	**13,942,264**	16,091,466
Less: Allowance for impairment	**(7,054,762)**	(4,283,430)
	53,311,118	52,040,295

Movement in provision for impairment is as follows:

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Balance at the beginning of the period / year	**9,481,602**	19,850,000
Impairment charge for the period / year	**1,685,849**	2,116,245
Write-off during the period / year	**-**	(12,484,643)
Balance at the end of the period / year	**11,167,451**	9,481,602

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

8. Retakaful contract assets and Takaful contract liabilities

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Takaful contract liabilities:		
Unearned contribution reserve	**86,468,849**	91,713,761
Claims reported unsettled	**76,213,006**	84,577,517
Mathematical reserve	**3,454,317**	3,540,063
Claims incurred but not reported	**66,066,614**	49,565,462
Unallocated loss adjustment expenses	**2,388,417**	2,368,573
Unit linked liabilities	**804,401,385**	750,500,215
Total takaful contract liabilities, gross	**1,038,992,588**	982,265,591
Retakaful contract assets:		
Unearned contribution reserve	**35,286,236**	42,024,089
Claims reported unsettled	**61,770,713**	68,452,413
Mathematical reserve	**787,424**	816,173
Claims incurred but not reported	**40,553,987**	30,596,918
Total retakaful share of takaful liabilities	**138,398,360**	141,889,593
Net		
Unearned contribution reserve	**51,182,613**	49,689,672
Claims reported unsettled	**14,442,293**	16,125,104
Mathematical reserve	**2,666,893**	2,723,890
Claims incurred but not reported	**25,512,627**	18,968,544
Unallocated loss adjustment expenses	**2,388,417**	2,368,573
Unit linked liabilities	**804,401,385**	750,500,215
	900,594,228	840,375,998

9. 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.

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

10. 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	4,202,349	-	4,202,349
Other comprehensive income for the period attributable to policyholders	-	409,667	409,667
Balance at 30 September 2019	7,507,610	(19,251,087)	(11,743,477)
Balance at 1 January 2020	**4,308,305**	**(19,062,128)**	**(14,753,823)**
Profit for the period attributable to policyholders	**601,658**	**-**	**601,658**
Other comprehensive loss for the period attributable to policyholders	**-**	**(2,088,856)**	**(2,088,856)**
Balance at 30 September 2020	**4,909,963**	**(21,150,984)**	**(16,241,021)**

11. Investment property

	30 September 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

12. Share capital

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

13. 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 Company for each year, appropriated on an annual basis, until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law.

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

14. General reserve

The Group is required to transfer 10% of the profit of the Company for the year to a general reserve, appropriated on an annual basis, 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.

15. Wakala fees and Mudarib's share

The Group manages the Takaful operations for the policyholders and charges 33% (30 September 2019: 33%) of the gross Takaful contributions net of fronting contribution as Wakala fees. In addition, the Group charges 2% (30 September 2019: 2%) on fronting contribution as Wakala fees and 100% (30 September 2019: 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 September 2019: 25%) of net investment income earned by the policyholders' investment funds as the Mudarib's share. The Mudarib's share was AED 132,808 (30 September 2019: 340,375).

16. Investment income, net

	Nine month period ended 30 September	
	2020	2019
	AED	AED
	(Un-audited)	(Un-audited)
Loss on investments measured at FVTPL, net	**(1,384,502)**	(93,687)
Other investment income		
Income from investment deposits	**1,247,942**	1,123,334
Dividend income	**1,351,092**	4,375,447
Rental income	**431,332**	491,927
	1,645,864	5,897,021
Allocated to:		
Policyholders	**531,231**	1,361,499
Shareholders	**1,114,633**	4,535,522
	1,645,864	5,897,021

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.

17. Basic and diluted earnings per share

Earnings per share is 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:

	Nine months period ended 30 September	
	2020	2019
	(Un-audited)	(Un-audited)
Profit for the period attributable to shareholders of the parent (in AED)	**9,946,034**	8,701,738
Weighted average number of shares outstanding during the period	**225,750,000**	225,750,000
Earnings per share (AED per share)	**0.044**	0.039

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

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 September 2020 (Un-audited)			**As at 31 December 2019 (Un-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)]	490,377	175,081	665,458	485,967	215,077	701,044
Due from related parties – gross [Note 18(c)]	5,957,092	54,784	6,011,876	4,229,737	62,270	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 million (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.

(b) Due to related parties represents the following:

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Entities owned by the Vice Chairman of the Board of Directors		
Fast Line Auto Services - UAE	**468,484**	468,484
Omeir Bin Youssef & Son - UAE	**21,893**	17,483
Fast Rent a Car LLC - UAE	**175,081**	215,077
Total	**665,458**	701,044

(c) Due from related parties represents the following:

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
Entities owned by the Vice Chairman of the Board of Directors		
Nation Hospital – UAE	**2,020,780**	1,745,748
Bin Omeir Education Foundation - UAE	**3,077,999**	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	**57,565**	58,389
Yas Mineral Water Bottling - UAE	**37,960**	45,444
Al Massa Art Products - UAE	**1,266**	1,268
	6,011,876	4,292,007
Less: Provision for impairment	**(2,412,470)**	(1,921,512)
Total	**3,599,406**	2,370,495

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

18. Related party transactions (continued)

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

	30 September 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 period / year	**490,958**	(926,858)
Balance at the end of the period / year	**2,412,470**	1,921,512

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

	30 September 2020 (Un-audited)			30 September 2019 (Un-audited)		
	Major shareholders AED	**Other related parties AED**	**Total AED**	Major shareholders AED	Other related parties AED	Total AED
Gross contributions	**1,690,771**	**36,151**	**1,726,922**	2,104,611	36,080	2,140,691
Gross claims paid	**102,228**	**145,363**	**247,591**	94,933	243,325	338,258

Compensation of key management personnel was as follows:

	Nine month period ended 30 September	
	2020 AED (Un-audited)	2019 AED (Un-audited)
Short term employee benefits	**1,950,137**	1,442,258
End of service benefits	**63,058**	73,533
Total compensation paid to key management personnel	**2,013,195**	1,515,791

19. Segmental information

Operating segments are identified on the basis of 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 the following strategic business activities:

- Takaful activities include the general, life and medical insurance business undertaken by the Group.
- Investment 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.

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

19. Segmental information (continued)

	Nine month period ended 30 September 2020 (Un-audited)				Nine month period ended 30 September 2019 (Un-audited)			
	Takaful AED	**Investments AED**	**Other AED**	**Total AED**	Takaful AED	Investments AED	Other AED	Total AED
Takaful								
Takaful income	**97,200,603**	**-**	**-**	**97,200,603**	83,917,857	-	-	83,917,857
Takaful expenses	**(41,664,979)**	**-**	**-**	**(41,664,979)**	(22,599,668)	-	-	(22,599,668)
Net Takaful income	**55,535,624**	**-**	**-**	**55,535,624**	61,318,189	-	-	61,318,189
Wakala fees	**(55,332,389)**	**55,332,389**	**-**	**-**	(58,136,964)	58,136,964	-	-
Mudarib fees	**(132,808)**	**132,808**	**-**	**-**	(340,375)	340,375	-	-
Policy acquisition cost	**-**	**(19,010,599)**	**-**	**(19,010,599)**	-	(25,778,615)	-	(25,778,615)
	(55,465,197)	**36,454,598**	**-**	**(19,010,599)**	(58,477,339)	32,698,724	-	(25,778,615)
Investment income	**531,231**	**1,114,633**	**-**	**1,645,864**	1,361,499	4,535,522	-	5,897,021
Other income	**-**	**84,601**	**-**	**84,601**	-	535,096	-	535,096
General and administrative expenses	**-**	**(27,666,812)**	**-**	**(27,666,812)**	-	(29,464,328)	-	(29,464,328)
Net operating (loss) / income of subsidiaries	**-**	**-**	**(42,475)**	**(42,475)**	-	-	415,283	415,283
Net profit / (loss) for the period	**601,658**	**9,987,020**	**(42,475)**	**10,546,203**	4,202,349	8,305,014	415,283	12,922,646

Other information

	Takaful		**Investment**		**Total**	
	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)	**30 September 2020 AED (Un-audited)**	31 December 2019 AED (Audited)	**30 September 2020 AED (Un-audited)**	31 December 2019 AED (Audited)
Segment assets	**1,087,970,112**	1,100,788,454	**210,804,200**	197,076,360	**1,298,774,312**	1,297,864,814
Segment liabilities	**1,239,419,406**	1,239,677,221	**-**	-	**1,239,419,406**	1,239,677,221

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

19. Segmental information (continued)

	Three month period ended 30 September 2020 (Un-audited)			Nine month period ended 30 September 2020 (Un-audited)		
	Gross takaful contribution AED	Retakaful share of gross takaful contribution AED	Net takaful contribution AED	Gross takaful contribution AED	Retakaful share of gross takaful contribution AED	Net takaful contribution AED
Motor	**16,144,616**	**2,596,698**	**13,547,918**	**45,821,857**	**6,622,487**	**39,199,370**
Engineering	**607,315**	**644,072**	**(36,757)**	**2,012,127**	**1,830,590**	**181,537**
Marine & aviation	**576,457**	**249,400**	**327,057**	**2,692,185**	**2,046,721**	**645,464**
Fire	**9,172,794**	**8,772,008**	**400,786**	**20,112,210**	**18,991,956**	**1,120,254**
General insurance & liabilities	**10,131,355**	**8,070,728**	**2,060,627**	**39,742,724**	**34,524,379**	**5,218,345**
Medical	**6,216,491**	**244,259**	**5,972,232**	**23,801,225**	**920,912**	**22,880,313**
Life	**12,359,960**	**10,971,295**	**1,388,665**	**39,023,749**	**32,683,861**	**6,339,888**
Total	**55,208,988**	**31,548,460**	**23,660,528**	**173,206,077**	**97,620,906**	**75,585,171**

	Three month period ended 30 September 2019 (Un-audited)			Nine month period ended 30 September 2019 (Un-audited)		
	Gross takaful contribution AED	Retakaful share of gross takaful contribution AED	Net takaful contribution AED	Gross takaful contribution AED	Retakaful share of gross takaful contribution AED	Net takaful contribution AED
Motor	19,374,448	1,245,069	18,129,379	60,624,249	13,572,800	47,051,449
Engineering	852,356	798,430	53,926	1,875,448	1,719,865	155,583
Marine & aviation	1,204,474	1,009,240	195,234	8,411,912	7,531,315	880,597
Fire	7,720,379	7,468,320	252,059	18,272,820	17,339,725	933,095
General insurance & liabilities	10,626,421	8,463,739	2,162,682	45,306,343	38,324,736	6,981,607
Medical	5,668,562	3,631,772	2,036,790	25,699,922	17,619,252	8,080,670
Life	12,226,576	10,028,429	2,198,147	35,103,584	29,791,659	5,311,925
Total	57,673,216	32,644,999	25,028,217	195,294,278	125,899,352	69,394,926

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

19. Segmental information (continued)

	Three month period ended 30 September 2020 (Un-audited)			Nine month period ended 30 September 2020 (Un-audited)		
	Gross claim incurred AED	Retakaful share of gross claims incurred AED	Net claims incurred AED	Gross claim incurred AED	Retakaful share of gross claims incurred AED	Net claims incurred AED
Motor	**8,916,867**	**1,739,439**	**7,177,428**	**30,954,227**	**10,176,259**	**20,777,968**
Engineering	**671,958**	**646,513**	**25,445**	**940,545**	**896,055**	**44,490**
Marine & aviation	**176,752**	**162,361**	**14,391**	**5,123,951**	**5,010,303**	**113,648**
Fire	**4,162,329**	**4,023,589**	**138,740**	**4,950,251**	**4,751,355**	**198,896**
General insurance & liabilities	**991,187**	**559,249**	**431,938**	**10,633,588**	**7,774,655**	**2,858,933**
Medical	**5,878,242**	**1,521,606**	**4,356,636**	**22,170,599**	**12,392,180**	**9,778,419**
Life	**8,919,502**	**7,239,416**	**1,680,086**	**13,292,465**	**10,769,060**	**2,523,405**
Total	**29,716,837**	**15,892,173**	**13,824,664**	**88,065,626**	**51,769,867**	**36,295,759**

	Three month period ended 30 September 2019 (Un-audited)			Nine month period ended 30 September 2019 (Un-audited)		
	Gross claim incurred AED	Retakaful share of gross claims incurred AED	Net claims incurred AED	Gross claim incurred AED	Retakaful share of gross claims incurred AED	Net claims incurred AED
Motor	9,467,920	3,665,966	5,801,954	25,080,325	8,179,901	16,900,424
Engineering	190,064	164,913	25,151	669,035	621,861	47,174
Marine & aviation	103,912	144,280	(40,368)	3,412,239	2,870,686	541,553
Fire	4,064,736	3,987,212	77,524	4,621,390	4,495,966	125,424
General insurance & liabilities	514,268	259,893	254,375	24,541,316	22,381,758	2,159,558
Medical	7,328,502	5,481,533	1,846,969	24,320,594	18,261,947	6,058,647
Life	6,170,459	5,909,033	261,426	17,517,239	15,061,160	2,456,079
Total	27,839,861	19,612,830	8,227,031	100,162,138	71,873,279	28,288,859

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: AED 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 this condensed interim consolidated financial information 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).

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

21. Fair value of financial instruments (continued)

(b) Valation 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 (continued)

Financial assets	Fair value as at 30 September 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	**24,477**	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	**3,997**	6,390	Level 1	Quoted bid prices in an active market.	None	N/A
Unit linked investments	**804,401**	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 financial assets measured at FVTOCI:

	30 September 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 financial assets measured at FVTPL:

	30 September 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)	**53,901**	103,305
At end of the period / year	**804,401**	750,500

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 47 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 nine month period ended 30 September 2020, the Group has recognised additional ECL of AED 1.7 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 September 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 September 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 nine month period ended 30 September 2020 (continued)

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

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
ASSETS		
Takaful operations' assets		
Cash and bank balances	**39,520,085**	60,134,633
Financial assets measured at fair value through profit and loss (FVTPL)	**648,020**	1,060,732
Financial assets measured at fair value through other comprehensive income (FVTOCI)	**11,436,556**	13,525,412
Takaful receivables	**53,311,118**	52,040,295
Retakaful contract assets		
Unearned contribution reserve	**35,286,236**	42,024,089
Claims reported unsettled	**61,770,713**	68,452,413
Mathematical reserve	**787,424**	816,173
Claims incurred but not reported	**40,553,987**	30,596,918
Investment property	**10,883,840**	10,883,840
Due from shareholders	**50,066,485**	54,703,069
Total takaful operations' assets	**304,264,464**	334,237,574
Shareholders' assets		
Cash and bank balances	**62,500,774**	76,219,080
Financial assets measured at fair value through profit and loss (FVTPL)	**807,750,431**	755,829,819
Financial assets measured at fair value through other comprehensive income (FVTOCI)	**47,182,578**	53,972,612
Due from related parties	**3,599,406**	2,370,495
Prepayments and other receivables	**8,379,126**	7,578,690
Deferred policy acquisition costs	**7,510,382**	8,465,105
Statuary deposit	**10,000,000**	10,000,000
Investment property	**47,304,160**	47,304,160
Property and equipment	**318,193**	301,259
Assets classified as held for sale	**1,583,321**	1,586,020
Total shareholders' assets	**996,128,371**	963,627,240
Total assets	**1,300,392,835**	1,297,864,814

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 2020 (continued)

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

	30 September 2020 AED (Un-audited)	31 December 2019 AED (Audited)
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		
Takaful operations' liabilities		
Trade and other payables	**20,778,766**	31,688,655
Takaful payables	**51,053,026**	74,246,673
Takaful contract liabilities:		
Unearned contribution reserve	**86,468,849**	91,713,761
Claims reported unsettled	**76,213,006**	84,577,517
Mathematical reserve	**3,454,317**	3,540,063
Claims incurred but not reported	**66,066,614**	49,565,462
Unallocated loss adjustment expenses	**2,388,417**	2,368,573
Deferred discount	**6,725,319**	5,099,181
Retakaful placement provision	**1,172,301**	732,272
Amounts held under retakaful treaties	**6,184,870**	5,459,240
Total takaful operations' liabilities	**320,505,485**	348,991,397
Takaful operations' deficit		
Surplus in policyholders' fund	**4,909,963**	4,308,305
Policyholders' investments revaluation reserve	**(21,150,984)**	(19,062,128)
Total deficit from takaful operations	**(16,241,021)**	(14,753,823)
Total takaful operations' liabilities and surplus	**304,264,464**	334,237,574
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Due to bank	**19,953,209**	19,972,520
Trade and other payables	**17,040,178**	36,381,265
Due to related parties	**665,458**	701,044
Unit linked liabilities	**804,401,385**	750,500,215
Murabaha payable	**15,280,996**	15,351,053
Due to policyholders	**50,066,485**	54,703,069
Retakaful placement provision	**102,377**	54,302
Liabilities directly associated with assets classified as held for sale	**13,022,356**	13,022,356
Total shareholders' liabilities	**920,532,444**	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	**(61,953,481)**	(55,163,447)
Accumulated losses	**(93,202,593)**	(102,648,627)
Equity attributable to shareholders of the Parent	**76,921,882**	74,265,882
Non-controlling interest	**(1,325,955)**	(1,324,466)
Total equity	**75,595,927**	72,941,416
Total shareholders' liabilities and equity	**996,128,371**	963,627,240
Total takaful operations' liabilities and deficit, shareholders' liabilities and equity	**1,300,392,835**	1,297,864,814

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

	As at 30 September 2020 (Un-audited)			As at 31 December 2019 (Audited)		
	TOTAL	**NON-LIFE**	**LIFE**	TOTAL	NON-LIFE	LIFE
ASSETS						
Takaful operations' assets						
Cash and bank balances	**39,520,085**	**37,119,767**	**2,400,318**	60,134,633	59,661,406	473,227
Financial assets measured at fair value through profit and loss (FVTPL)	**648,020**	**648,020**	**-**	1,060,732	1,060,732	-
Financial assets measured at fair value through other comprehensive income (FVTOCI)	**11,436,556**	**11,436,556**	**-**	13,525,412	13,525,412	-
Takaful receivables	**53,311,118**	**47,885,416**	**5,425,702**	52,040,295	43,061,799	8,978,496
Retakaful contract assets						
Unearned contribution reserve	**35,286,236**	**29,387,024**	**5,899,212**	42,024,089	38,071,866	3,952,223
Claims reported unsettled	**61,770,713**	**57,147,880**	**4,622,833**	68,452,413	66,521,544	1,930,869
Mathematical reserve	**787,424**	**-**	**787,424**	816,173	-	816,173
Claims incurred but not reported	**40,553,987**	**38,397,745**	**2,156,242**	30,596,918	28,249,175	2,347,743
Investment property	**10,883,840**	**10,883,840**	**-**	10,883,840	10,883,840	-
Due from shareholders	**50,066,485**	**35,450,917**	**14,615,568**	54,703,069	50,838,389	3,864,680
Total takaful operations' assets	**304,264,464**	**268,357,165**	**35,907,299**	334,237,574	311,874,163	22,363,411
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT						
Takaful operations' liabilities						
Trade and other payables	**20,778,766**	**20,778,766**	**-**	31,688,655	31,688,655	-
Takaful payables	**51,053,026**	**35,961,904**	**15,091,122**	74,246,673	61,695,471	12,551,202
Takaful contract liabilities:						
Unearned contribution reserve	**86,468,849**	**78,392,296**	**8,076,553**	91,713,761	86,390,419	5,323,342
Claims reported unsettled	**76,213,006**	**70,429,711**	**5,783,295**	84,577,517	81,921,870	2,655,647
Mathematical reserve	**3,454,317**	**-**	**3,454,317**	3,540,063	-	3,540,063
Claims incurred but not reported	**66,066,614**	**63,424,888**	**2,641,726**	49,565,462	46,790,472	2,774,990
Unallocated loss adjustment expenses	**2,388,417**	**2,307,833**	**80,584**	2,368,573	2,312,891	55,682
Deferred discount	**6,725,319**	**6,191,290**	**534,029**	5,099,181	4,695,927	403,254
Retakaful placement provision	**1,172,301**	**926,628**	**245,673**	732,272	601,944	130,328
Amounts held under retakaful treaties	**6,184,870**	**6,184,870**	**-**	5,459,240	5,459,240	-
Total takaful operations' liabilities	**320,505,485**	**284,598,186**	**35,907,299**	348,991,397	321,556,889	27,434,508
Takaful operations' deficit						
Surplus in policyholders' fund	**4,909,963**	**15,379,774**	**(10,469,811)**	4,308,305	9,379,402	(5,071,097)
Qard Hassan from shareholders	**-**	**(10,469,811)**	**10,469,811**	-	-	-
Policyholders' investments revaluation reserve	**(21,150,984)**	**(21,150,984)**	**-**	(19,062,128)	(19,062,128)	-
Total deficit from takaful operations	**(16,241,021)**	**(16,241,021)**	**-**	(14,753,823)	(9,682,726)	(5,071,097)
Total takaful operations' liabilities and deficit	**304,264,464**	**268,357,165**	**35,907,299**	334,237,574	311,874,163	22,363,411

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

	Nine-month period ended 30 September 2020 (Un-audited)			Nine-month period ended 30 September 2019 (Un-audited)		
	TOTAL	**NON-LIFE**	**LIFE**	TOTAL	NON-LIFE	LIFE
Continuing operations						
Attributable to policyholders						
Takaful income						
Gross takaful contributions	**173,206,077**	**134,182,328**	**39,023,749**	195,294,278	160,190,693	35,103,585
Retakaful share of gross takaful contributions	**(97,620,906)**	**(64,937,045)**	**(32,683,861)**	(125,899,352)	(96,107,691)	(29,791,661)
Net takaful contributions	**75,585,171**	**69,245,283**	**6,339,888**	69,394,926	64,083,002	5,311,924
Net transfer to unearned contributions reserve	**(1,492,941)**	**(686,719)**	**(806,222)**	(14,142,952)	(13,958,622)	(184,330)
Net change in mathematical reserve	**56,998**	**-**	**56,998**	(2,243,060)	-	(2,243,060)
Net takaful contributions earned	**74,149,228**	**68,558,564**	**5,590,664**	53,008,914	50,124,380	2,884,534
Discount received on ceded Retakaful	**14,277,560**	**12,416,055**	**1,861,505**	21,026,002	18,865,598	2,160,404
Policy fees	**8,773,815**	**511,842**	**8,261,973**	9,882,941	2,185,561	7,697,380
	97,200,603	**81,486,461**	**15,714,142**	83,917,857	71,175,539	12,742,318
Takaful expenses						
Gross claims settled	**(88,065,626)**	**(74,773,161)**	**(13,292,465)**	(100,162,138)	(82,644,899)	(17,517,239)
Retakaful share of gross claims settled	**51,769,867**	**41,000,807**	**10,769,060**	71,873,279	56,812,120	15,061,159
Net takaful claims	**(36,295,759)**	**(33,772,354)**	**(2,523,405)**	(28,288,859)	(25,832,779)	(2,456,080)
Change in provision for outstanding claims	**8,364,511**	**11,492,159**	**(3,127,648)**	19,469,152	19,318,817	150,335
Retakaful share of outstanding claims	**(6,681,700)**	**(9,373,664)**	**2,691,964**	(16,533,409)	(16,385,968)	(147,441)
Net change in incurred but not reported claims	**(6,544,083)**	**(6,485,845)**	**(58,238)**	2,387,699	2,584,450	(196,751)
Net change in unallocated loss adjustment expenses reserve	**(19,844)**	**5,059**	**(24,903)**	365,749	378,296	(12,547)
Net claims incurred	**(41,176,875)**	**(38,134,645)**	**(3,042,230)**	(22,599,668)	(19,937,184)	(2,662,484)
Retakaful placement provision	**(488,104)**	**(324,685)**	**(163,419)**	-	-	-
	(41,664,979)	**(38,459,330)**	**(3,205,649)**	(22,599,668)	(19,937,184)	(2,662,484)
Net takaful income	**55,535,624**	**43,027,131**	**12,508,493**	61,318,189	51,238,355	10,079,834
Wakala fees	**(55,332,389)**	**(37,425,184)**	**(17,907,205)**	(58,136,964)	(49,302,730)	(8,834,234)
Mudarib's share	**(132,808)**	**(132,808)**	**-**	(340,375)	(340,375)	-
Investment income	**531,231**	**531,231**	**-**	1,361,499	1,361,499	-
Net profit / (loss) from takaful operation for the period	**601,658**	**6,000,370**	**(5,398,712)**	4,202,349	2,956,749	1,245,600

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

	Three-month period ended 30 September 2020 (Un-audited)			Three-month period ended 30 September 2020 (Un-audited)		
	TOTAL	**NON-LIFE**	**LIFE**	TOTAL	NON-LIFE	LIFE
Continuing operations						
Attributable to policyholders						
Takaful income						
Gross takaful contributions	**55,208,988**	**42,849,028**	**12,359,960**	57,673,216	45,446,640	12,226,576
Retakaful share of gross takaful contributions	**(31,548,460)**	**(20,577,166)**	**(10,971,294)**	(32,644,999)	(22,616,570)	(10,028,429)
Net takaful contributions	**23,660,528**	**22,271,862**	**1,388,666**	25,028,217	22,830,070	2,198,147
Net transfer to unearned contributions reserve	**2,838,995**	**2,582,857**	**256,138**	(3,921,719)	(3,925,450)	3,731
Net change in mathematical reserve	**998**	**-**	**998**	(2,423,012)	-	(2,423,012)
Net takaful contributions earned	**26,500,521**	**24,854,719**	**1,645,802**	18,683,486	18,904,620	(221,134)
Discount received on ceded Retakaful	**4,425,910**	**3,427,223**	**998,687**	3,557,279	3,086,130	471,149
Policy fees	**2,943,831**	**174,758**	**2,769,073**	4,235,809	185,250	4,050,559
	33,870,262	**28,456,700**	**5,413,562**	26,476,574	22,176,000	4,300,574
Takaful expenses						
Gross claims paid	**(29,716,837)**	**(20,797,335)**	**(8,919,502)**	(27,839,861)	(21,669,402)	(6,170,459)
Retakaful share of gross claims paid	**15,892,173**	**8,652,757**	**7,239,416**	19,612,830	13,703,798	5,909,032
Net takaful claims	**(13,824,664)**	**(12,144,578)**	**(1,680,086)**	(8,227,031)	(7,965,604)	(261,427)
Change in provision for outstanding claims	**3,333,584**	**2,754,752**	**578,832**	3,113,328	3,533,918	(420,590)
Retakaful share of outstanding claims	**(3,027,445)**	**(2,733,024)**	**(294,421)**	(2,260,985)	(2,618,655)	357,670
Net change in incurred but not reported claims	**(2,676,909)**	**(2,544,134)**	**(132,775)**	362,204	465,743	(103,539)
Net change in unallocated loss adjustment expenses reserve	**(74,815)**	**(82,431)**	**7,616**	90,747	99,215	(8,468)
Net claims incurred	**(16,270,249)**	**(14,749,415)**	**(1,520,834)**	(6,921,737)	(6,485,383)	(436,354)
Retakaful placement provision	**(157,742)**	**(102,886)**	**(54,856)**	-	-	-
	(16,427,991)	**(14,852,301)**	**(1,575,690)**	(6,921,737)	(6,485,383)	(436,354)
Net takaful income	**17,442,271**	**13,604,399**	**3,837,872**	19,554,837	15,690,617	3,864,220
Wakala fees	**(17,410,969)**	**(11,771,104)**	**(5,639,865)**	(17,567,526)	(18,078,867)	511,341
Mudarib's share	**(38,818)**	**(38,818)**	**-**	(78,832)	(78,832)	-
Investment income	**155,274**	**155,274**	**-**	315,328	315,328	-
Net profit / (loss) from takaful operation for the period	**147,758**	**1,949,751**	**(1,801,993)**	2,223,807	(2,151,754)	4,375,561