

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

**Review report and condensed interim consolidated financial information
for the three-month period ended 31 March 2021**

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

**Condensed interim consolidated financial information
for the three-month period ended 31 March 2021**

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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 31 March 2021 and the related condensed interim consolidated statement of income and condensed interim consolidated statement of comprehensive income for the three-month period then ended, and the related condensed interim consolidated statements of changes in equity and cash flows for the three-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 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 9.2 million at 31 March 2021 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
8 June 2021

Rami Sarhan
Registered Auditor Number 1152
Dubai, United Arab Emirates

**Condensed interim consolidated statement of financial position
as at 31 March 2021**

		31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
	Notes		
ASSETS			
Cash and bank balances	5	94,768,655	114,532,907
Financial assets measured at fair value through profit and loss (FVTPL)	6	881,260,431	874,284,320
Financial assets measured at fair value through other comprehensive income (FVTOCI)	6	57,990,002	58,244,499
Takaful receivables	7	66,765,208	58,602,525
Due from related parties	18	2,978,378	2,979,095
Prepayments and other receivables		7,152,622	7,071,414
Retakaful contract assets			
Unearned contribution reserves	8	28,546,830	30,778,105
Claims reported unsettled	8	65,727,984	58,009,511
Mathematical reserve	8	2,026,948	700,293
Claims incurred but not reported	8	37,568,412	37,500,160
Deferred policy acquisition costs		9,030,556	7,642,874
Statutory deposit	9	10,000,000	10,000,000
Policyholders' reserve	10	15,566,309	12,844,358
Investment property	11	54,750,000	54,750,000
Property and equipment		250,229	281,753
Assets classified as held for sale		1,583,321	1,583,321
Total assets		1,335,965,885	1,329,805,135
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to bank		19,981,327	19,981,327
Trade and other payables		37,898,744	68,986,770
Takaful payables		59,289,993	55,291,582
Due to related parties	18	261,106	272,814
Takaful contract liabilities:			
Unearned contribution reserve	8	82,899,895	81,204,057
Claims reported unsettled	8	79,852,590	71,931,439
Mathematical reserve	8	4,335,070	2,847,862
Claims incurred but not reported	8	61,005,662	62,602,479
Unallocated loss adjustment expenses	8	2,243,084	2,343,996
Unit linked liabilities	8	856,944,760	839,410,979
Murabaha payable		15,239,606	15,239,606
Deferred discount		6,409,076	6,456,898
Amounts held under retakaful treaties		6,522,834	6,374,916
Liabilities directly associated with assets classified as held for sale		13,022,356	13,022,356
Total liabilities		1,245,906,103	1,245,967,081

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

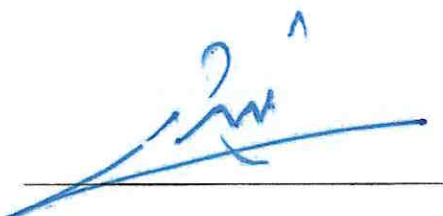
Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.) 3

Condensed interim consolidated statement of financial position as at 31 March 2021 (continued)

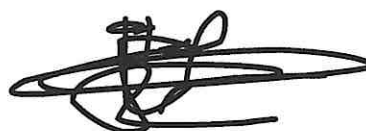
	Notes	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
SHAREHOLDERS' EQUITY			
Share capital	12	225,750,000	225,750,000
Legal reserve	13	5,080,128	5,080,128
General reserve	14	5,080,128	5,080,128
Investments revaluation reserve – FVTOCI		(62,631,723)	(62,452,179)
Accumulated losses		(81,892,229)	(88,293,501)
Equity attributable to shareholders of the parent		91,386,304	85,164,576
Non-controlling interest		(1,326,522)	(1,326,522)
Total equity		90,059,782	83,838,054
Total liabilities and shareholders' equity*		1,335,965,885	1,329,805,135

*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 8 June 2021 by the Chairman



Jihad Faitrouni
Chief Executive Officer



Dr. Saleh Hashem Sayed Al Hashimi
Chairman



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

**Condensed interim consolidated statement of income (Un-audited)
for the three-month period ended 31 March 2021**

		Three-month period ended 31 March	
	Notes	2021	2020
		AED	AED
Attributable to policyholders			
<i>Takaful income</i>			
Gross takaful contribution	19	60,337,778	59,603,343
Retakaful share of gross takaful contribution	19	(32,088,978)	(29,791,851)
Net takaful contributions		28,248,800	29,811,492
Net transfer to unearned contribution reserve		(3,927,113)	(6,958,806)
Net change in mathematical reserve		(160,553)	25,881
Net takaful contributions earned		24,161,134	22,878,567
Discount received on ceded retakaful		3,479,874	4,332,886
Policy fees		2,767,665	3,377,874
		30,408,673	30,589,327
<i>Takaful expenses</i>			
Gross claims settled	19	(32,426,743)	(34,630,497)
Retakaful share of gross claims settled	19	16,114,757	19,936,145
Net takaful claims		(16,311,986)	(14,694,352)
Release of provision for claims reported unsettled		(7,921,151)	(4,117,009)
Retakaful share of claims reported unsettled		7,718,473	3,849,194
Net change in claims incurred but not reported		1,665,069	(2,131,711)
Net change in unallocated loss adjustment expenses		100,912	(12,768)
Net claims incurred		(14,748,683)	(17,106,646)
Net takaful income		15,659,990	13,482,681
Wakala fees	15	(18,524,422)	(19,543,852)
Investment income, net	16	217,513	115,954
Mudarib's share	15	(54,378)	(28,989)
Net deficit from takaful operation for the period		(2,701,297)	(5,974,206)

**Condensed interim consolidated statement of income (Un-audited)
for the three-month period ended 31 March 2021 (continued)**

		Three-month period ended 31 March	
	Notes	2021 AED	2020 AED
Attributable to shareholders			
Income			
Investment income, net	16	(60,847)	(743,979)
Wakala fees from policyholders	15	18,524,422	19,543,852
Mudarib's share from policyholders	15	54,378	28,989
Other operating (expense) / income		(3,320)	47,773
		<u>18,514,633</u>	<u>18,876,635</u>
Expenses			
Policy acquisition cost		(4,709,277)	(6,027,672)
General and administrative expenses		(7,404,084)	(7,998,106)
Contribution from Qard Hassan to policyholders' fund		-	(1,665,901)
		<u>(12,113,361)</u>	<u>(15,691,679)</u>
Profit for the period for continuing operations		6,401,272	3,184,956
Discontinued operations			
Profit from discontinued operations		-	3,989
Profit for the period		6,401,272	3,188,945
Attributable to:			
Shareholders of the parent		6,401,272	3,188,292
Non-controlling interests		-	653
		<u>6,401,272</u>	<u>3,188,945</u>
		=====	=====
Earnings per share	17	0.028	0.014
		=====	=====

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

**Condensed interim consolidated statement of comprehensive income (Un-audited)
for the three-month period ended 31 March 2021**

	Three-month period ended 31 March	
	2021	2020
	AED	AED
Attributable to policyholders:		
Net deficit from takaful operation for the period	(2,701,297)	(5,974,206)
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Changes in fair value of financial assets carried at fair value through other comprehensive income	(74,956)	(3,196,738)
Total comprehensive loss for the period attributable to policyholders	(2,776,253)	(9,170,944)
	=====	=====
Attributable to shareholders:		
Profit for the period	6,401,272	3,188,945
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Changes in fair value of financial assets carried at fair value through other comprehensive income	(179,544)	(10,195,976)
Total comprehensive income / (loss) for the period attributable to shareholders	6,221,728	(7,007,031)
	=====	=====
Attributable to:		
Shareholders of the parent	6,221,728	(7,007,684)
Non-controlling interests	-	653
	6,221,728	(7,007,031)
	=====	=====

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

**Condensed interim consolidated statement of changes in equity
for the three-month period ended 31 March 2021**

	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 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	-	-	-	-	3,188,292	3,188,292	653	3,188,945
Other comprehensive loss for the period	-	-	-	(10,195,976)	-	(10,195,976)	-	(10,195,976)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total comprehensive (loss) / income for the period	-	-	-	(10,195,976)	3,188,292	(7,007,684)	653	(7,007,031)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2020 (Un-audited)	225,750,000	3,163,978	3,163,978	(65,359,423)	(99,460,335)	67,258,198	(1,323,813)	65,934,385
	=====	=====	=====	=====	=====	=====	=====	=====
Balance at 1 January 2021 (Audited)	225,750,000	5,080,128	5,080,128	(62,452,179)	(88,293,501)	85,164,576	(1,326,522)	83,838,054
Profit for the period	-	-	-	-	6,401,272	6,401,272	-	6,401,272
Other comprehensive loss for the period	-	-	-	(179,544)	-	(179,544)	-	(179,544)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total comprehensive (loss) / income for the period	-	-	-	(179,544)	6,401,272	6,221,728	-	6,221,728
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2021 (Un-audited)	225,750,000	5,080,128	5,080,128	(62,631,723)	(81,892,229)	91,386,304	(1,326,522)	90,059,782
	=====	=====	=====	=====	=====	=====	=====	=====

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 three-month period ended 31 March 2021**

	Three-month period ended 31 March	
	2021	2020
	AED	AED
Cash flows from operating activities		
Profit for the period	6,401,272	3,188,945
Adjustments for:		
Depreciation of property and equipment	35,338	47,511
Loss on investments measured at FVTPL, net	10,557,670	2,598,460
Provision for employees' end of service benefits	158,040	300,906
Profit income	(114,276)	(522,113)
Dividend income	(10,516,561)	(1,290,322)
	6,521,483	4,472,346
Changes in operating assets and liabilities:		
Reta kafil contract assets	(6,882,105)	1,540,799
Takaful receivables	(8,162,683)	(7,060,674)
Prepayments and other receivables	(81,208)	(1,405,304)
Takaful contract liabilities	26,940,249	(32,614,472)
Amounts held under Retakaful treaties	147,918	371,961
Takaful payables	3,998,411	(10,539,709)
Trade and other payables	(31,241,302)	(17,638,444)
Due from related parties	717	(422,862)
Due to related parties	(11,708)	27,213
Deferred discount	(47,822)	(233,719)
Deferred policy acquisition costs	(1,387,682)	(296,010)
Policyholders' reserve	(2,583,950)	(4,159,346)
Assets classified as held for sale	-	2,698
Liabilities directly associated with assets held for sale	-	3,155
Cash flow from operations	(12,789,682)	(68,101,327)
Employees' end of service benefits paid	(4,764)	(464,386)
Net cash used in operating activities	(12,794,446)	(68,565,713)
Cash flows from investing activities		
Purchase of property and equipment	(66,862)	(89,725)
Increase in wakala deposits	-	(30,000,000)
Net increase in unit linked investments	(17,533,781)	40,418,892
Dividend income received	10,516,561	2,071,006
Profit income received	114,276	522,113
Net cash (used in) / generated from investing activities	(6,969,806)	12,922,286
Cash flows from financing activity		
Due to bank	-	1,862
Net cash generated from financing activity	-	1,862
Net decrease in cash and cash equivalents	(19,764,252)	(55,641,565)
Cash and cash equivalents at the beginning of the period	55,567,060	82,383,065
Cash and cash equivalents at the end of the period (Note 5)	35,802,808	26,741,500

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

Notes to the condensed interim consolidated financial information for the three month period ended 31 March 2021

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 Shamsi, 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 31 March 2021 and 2020, 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.

Federal Decree Law No. (26) of 2020 which amends certain provisions of Federal Law No. (2) of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021, however, some of the amended articles refer to further executive regulations to be issued. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

Federal Decree Law No. (24) of 2020 which amends certain provisions of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the UAE Central Bank.

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 and single counterparty exposure limits.

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (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 2021

New and revised IFRSs	Effective for annual periods beginning on or after
Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	1 June 2020
Amendments to IAS 1 and IAS 8 on the definition of material The Phase 2 amendments that were issued on 27 August 2020 address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform (for example, where lease payments are indexed to an IBOR rate).	1 January 2021

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 2021 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 2021 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 three month period ended 31 March 2021 (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 2021 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. 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. The standard applies to annual periods beginning on or after 1 January 2023, with earlier application permitted if IFRS 15, ‘Revenue from contracts with customers’ and IFRS 9, ‘Financial instruments’ are also applied. Management anticipates that IFRS 17 will be adopted in the Group’s consolidated financial statements on its application date. An optional, simplified premium allocation approach (PAA) is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model (GMM) called the ‘variable fee approach’ (VFA) for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity’s share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. The Group expects that the new standard will result in a change to the accounting policies for insurance contracts and reinsurance, together with amendments to presentation and disclosures. The Group expects that the adoption of IFRS 17 will have an impact on the amounts reported and disclosures made in this condensed interim financial information in respect of its insurance contracts issued and reinsurance contracts held. 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 post the design phase of implementation which is in progress.	1 January 2023

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (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 2021 and which have not been early adopted by the Group (continued)

New standards and significant amendments to standards applicable to the Group	Effective date
Amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 Amendments to IFRS 3, ‘Business combinations’ updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, ‘Property, plant and equipment’ prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss. Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.	1 January 2023
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
Amendments to IFRS 17, ‘Insurance contracts’ and Amendments to IFRS 4 ‘Insurance contracts’ The IASB issued the amendments to IFRS 17, ‘Insurance contracts’, on 25 June 2020, together with an amendment to IFRS 4, so that eligible insurers can still apply IFRS 9 alongside IFRS 17. This concluded the IASB’s targeted amendments to IFRS 17 which aimed to ease implementation of the standard by reducing implementation costs and making it easier for entities to explain, to investors and others, the results from applying IFRS 17.	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.

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2020 (continued)****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, financial assets at FVTOCI, financial assets at FVTPL, prepayments and other receivables, due from related parties, assets classified as held for sale, trade and other payables, takaful payables, due to bank, murabaha payable, 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 and statutory deposit. The following balances are of mixed nature (including both current and non-current portions): retakaful contract assets, deferred policy acquisition costs, takaful contract liabilities, policyholders' reserve and deferred discount.

The accounting policies, presentation and methods in this condensed interim consolidated financial information are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2020. 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 2020.

In addition, results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 2020.

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 2020.

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)**

5. Cash and bank balances

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Cash in hand	30,924	18,576
Bank balances:		
Wakala deposits	60,000,000	60,000,000
Current accounts	34,762,908	54,539,508
	<u>94,793,832</u>	<u>114,558,084</u>
Less: Provision for impairment	(25,177)	(25,177)
	<u>94,768,655</u>	<u>114,532,907</u>
	=====	=====

The profit rates on Wakala deposits with Banks ranges from 0.70% to 1.25% (2020: 1.0% to 1.3%).

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

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Balance at the beginning of the period / year	25,177	20,376
Charge during the period / year	-	4,801
	<u>25,177</u>	<u>25,177</u>
	=====	=====

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

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Cash and bank balances	94,793,832	114,558,084
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	(60,000,000)	(60,000,000)
	<u>35,802,808</u>	<u>55,567,060</u>
	=====	=====

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)**

6. Financial assets measured at fair value

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	27,333,504	27,588,001
- Unlisted	30,656,498	30,656,498
	57,990,002	58,244,499
Financial assets measured at fair value through profit or loss (FVTPL) (B)		
- Listed	4,051,078	4,072,568
- Unlisted	20,264,593	30,800,773
- Unit linked investments	856,944,760	839,410,979
	881,260,431	874,284,320
Total financial assets measured at fair value (A+B)	939,250,433	932,528,819
	=====	=====

Investments by geographical concentration are as follows:

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
- Within U.A.E.	50,731,204	61,516,929
- Outside U.A.E.	888,519,229	871,011,890
	939,250,433	932,528,819
	=====	=====

- i. FVTOCI listed and unlisted securities are carried at a value of AED 57,990,002 (2020: AED 58,244,499), with a decline in their fair value from original acquisition cost amounting to AED 83,733,599 (2020: AED 83,479,102). Of this amount, AED 62,631,723 (2020: AED 62,452,179) is deducted from Shareholders' equity and AED 21,101,877 (2020: AED 21,026,921) 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's Supervisory Board.
- ii. Unlisted securities carried at a fair value of AED 50,921,091 (2020: AED 61,457,271) 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 - see Note 23).

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)**

7. Takaful receivables

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Due from policyholders	36,198,368	28,025,280
Less: Allowance for impairment	(4,117,920)	(4,117,920)
	32,080,448	23,907,360
Due from takaful/ retakaful companies	27,936,876	25,101,769
Due from brokers / agents	13,590,630	16,436,142
Less: Allowance for impairment	(6,842,746)	(6,842,746)
	66,765,208	58,602,525
	=====	=====

Movement in provision for impairment is as follows:

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Balance at the beginning of the period / year	10,960,666	9,481,602
Impairment charge for the period / year	-	1,479,064
Balance at the end of the period / year	10,960,666	10,960,666
	=====	=====

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)**

8. Retakaful contract assets and Takaful contract liabilities

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Takaful contract liabilities:		
Unearned contribution reserve	82,899,895	81,204,057
Claims reported unsettled	79,852,590	71,931,439
Mathematical reserve	4,335,070	2,847,862
Claims incurred but not reported	61,005,662	62,602,479
Unallocated loss adjustment expenses	2,243,084	2,343,996
Unit linked liabilities	856,944,760	839,410,979
Total takaful contract liabilities, gross	1,087,281,061	1,060,340,812
Retakaful contract assets:		
Unearned contribution reserve	28,546,830	30,778,105
Claims reported unsettled	65,727,984	58,009,511
Mathematical reserve	2,026,948	700,293
Claims incurred but not reported	37,568,412	37,500,160
Total retakaful share of takaful liabilities	133,870,174	126,988,069
Net		
Unearned contribution reserve	54,353,065	50,425,952
Claims reported unsettled	14,124,606	13,921,928
Mathematical reserve	2,308,122	2,147,569
Claims incurred but not reported	23,437,250	25,102,319
Unallocated loss adjustment expenses	2,243,084	2,343,996
Unit linked liabilities	856,944,760	839,410,979
	953,410,887	933,352,743
	=====	=====

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 three month period ended 31 March 2021 (continued)**

10. Policyholders' reserve

	Surplus in policyholders' fund AED	Investment revaluation reserve – FVOCI AED	Retakaful placement provision AED	Total AED
Balance at 1 January 2020	4,308,305	(19,062,128)	-	(14,753,823)
Net deficit from takaful operation for the period	(5,974,206)	-	-	(5,974,206)
Other comprehensive loss for the period attributable to policyholders	-	(3,196,738)	-	(3,196,738)
Contribution from Qard Hassan to policyholders' fund	1,665,901	-	-	1,665,901
	<u>-</u>	<u>(22,258,866)</u>	<u>-</u>	<u>(22,258,866)</u>
Balance at 31 March 2020	-	(22,258,866)	-	(22,258,866)
	=====	=====	=====	=====
Balance at 1 January 2021	6,870,801	(21,026,921)	1,311,762	(12,844,358)
Net deficit from takaful operation for the period	(2,701,297)	-	-	(2,701,297)
Other comprehensive loss for the period attributable to policyholders	-	(74,956)	-	(74,956)
Adjustment on retakaful placement provision	-	-	54,302	54,302
Transfer during the period	(227,077)	-	227,077	-
	<u>3,942,427</u>	<u>(21,101,877)</u>	<u>1,593,141</u>	<u>(15,566,309)</u>
Balance at 31 March 2021	3,942,427	(21,101,877)	1,593,141	(15,566,309)
	=====	=====	=====	=====

11. Investment property

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Balance at beginning of the period / year	54,750,000	58,188,000
Loss on revaluation of investment property	-	(3,438,000)
	<u>54,750,000</u>	<u>54,750,000</u>
Balance at end of the period / year	54,750,000	54,750,000
	=====	=====

12. Share capital

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Issued and fully paid:		
225,750,000 ordinary shares of AED 1 each (2020: 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 three month period ended 31 March 2021 (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% (31 March 2020: 33%) of the gross Takaful contributions net of fronting contribution as Wakala fees. In addition, the Group charges 2% (31 March 2020: 2%) on fronting contribution as Wakala fees and 100% (31 March 2020: 100%) on FWU Administration 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% (31 March 2020: 25%) of net investment income earned by the policyholders' investment funds as the Mudarib's share. The Mudarib's share was AED 54,378 (31 March 2020: AED 28,989).

16. Investment income, net

	Three-month period ended 31 March	
	2021	2020
	AED	AED
	(Un-audited)	(Un-audited)
Unrealized loss on investments measured at FVTPL, net	(10,557,671)	(2,598,460)
Income from investment deposits	114,276	522,113
Dividend income	10,516,561	1,290,322
Rental income	83,500	158,000
	156,666	(628,025)
<i>Allocated to:</i>		
Policyholders	217,513	115,954
Shareholders	(60,847)	(743,979)
	156,666	(628,025)

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:

	Three-month period ended 31 March	
	2021	2020
	(Un-audited)	(Un-audited)
Profit for the period attributable to shareholders of the parent (in AED)	6,401,272	3,188,292
Weighted average number of shares outstanding during the period	225,750,000	225,750,000
Earnings per share (AED per share)	0.028	0.014

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (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 31 March 2021 (Un-audited)			As at 31 December 2020 (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)]	-	30,656,498	30,656,498	-	30,656,498	30,656,498
Due to related parties [Note 18(b)]	14,490	246,616	261,106	26,198	246,616	272,814
Due from related parties – gross [Note 18(c)]	5,086,734	54,783	5,141,517	5,087,451	54,783	5,142,234

(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 2020: 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:

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
<i>Entities owned by the Vice Chairman of the Board of Directors</i>		
Fast Rent A Car LLC - UAE	226,944	226,944
Omeir Bin Youssef & Sons - UAE	14,490	26,198
Emirates Taxi - UAE	19,672	19,672
Total	261,106	272,814

(c) Due from related parties represents the following:

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
<i>Entities owned by the Vice Chairman of the Board of Directors</i>		
Bin Omeir Education Foundation - UAE	2,454,556	2,447,222
Nation Hospital - UAE	1,789,012	1,789,012
Bin Omeir Holding Group - UAE	445,204	443,818
Bin Omeir Medical Group - UAE	360,584	360,584
International Market Group For General Services - UAE	37,378	46,815
Yas Mineral Water Bottling - UAE	37,959	37,959
Chocolatier - UAE	15,558	15,558
Al Massa Art Products - UAE	1,266	1,266
	5,141,517	5,142,234
Less: Provision for impairment	(2,163,139)	(2,163,139)
Total	2,978,378	2,979,095

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)**

18. Related party transactions (continued)

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

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Balance at the beginning of the period/ year	2,163,139	1,921,512
Provision during the period/ year	-	241,627
Balance at the end of the period/ year	2,163,139	2,163,139
	=====	=====

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

	31 March 2021 (Un-audited)			31 March 2020 (Un-audited)		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Gross contributions	57,286	-	57,286	404,386	-	404,386
Gross claims paid	74,235	9,675	83,910	19,705	106,575	126,280

Compensation of key management personnel was as follows:

	Three-month period ended 31 March	
	2021 AED (Un-audited)	2020 AED (Un-audited)
Short term employee benefits	490,041	964,089
End of service benefits	20,713	20,943
Total compensation paid to key management personnel	510,754	985,032
	=====	=====

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 three month period ended 31 March 2021 (continued)

19. Segmental information (continued)

	Three-month period ended 31 March 2021 (Un-audited)				Three-month period ended 31 March 2020 (Un-audited)			
	Takaful AED	Investments AED	Other AED	Total AED	Takaful AED	Investments AED	Other AED	Total AED
Takaful								
Takaful income	30,408,673	-	-	30,408,673	30,589,327	-	-	30,589,327
Takaful expenses	(14,748,683)	-	-	(14,748,683)	(17,106,646)	-	-	(17,106,646)
Net takaful income	15,659,990	-	-	15,659,990	13,482,681	-	-	13,482,681
Wakala fees	(18,524,422)	18,524,422	-	-	(19,543,852)	19,543,852	-	-
Mudarib fees	(54,378)	54,378	-	-	(28,989)	28,989	-	-
Policy acquisition cost	-	(4,709,277)	-	(4,709,277)	-	(6,027,672)	-	(6,027,672)
	(18,578,800)	13,869,523	-	(4,709,277)	(19,572,841)	13,545,169	-	(6,027,672)
Investment income	217,513	(60,847)	-	156,666	115,954	(743,979)	-	(628,025)
Other operating (expense)/ income	-	(3,320)	-	(3,320)	-	47,773	-	47,773
General and administrative expenses	-	(7,404,084)	-	(7,404,084)	-	(7,998,106)	-	(7,998,106)
Contribution from Qard Hassan to policyholders' fund	-	-	-	-	1,665,901	(1,665,901)	-	-
Profit from discontinued operations	-	-	-	-	-	-	3,336	3,336
Net profit/ (loss) for the period	(2,701,297)	6,401,272	-	3,699,975	(4,308,305)	3,184,956	3,336	(1,120,013)

	Takaful		Investment		Total	
	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Segment assets	1,146,034,643	1,144,379,897	207,055,673	217,867,840	1,353,090,316	1,362,247,737
Segment liabilities	1,278,596,843	1,291,254,041	-	-	1,278,596,843	1,291,254,041

Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)

19. Segmental information (continued)

Net takaful contributions	Three-month period ended 31 March 2021 (Un-audited)			Three-month period ended 31 March 2020 (Un-audited)		
	Gross AED	Retakaful AED	Net AED	Gross AED	Retakaful AED	Net AED
Motor	18,842,688	1,630,931	17,211,757	15,035,754	1,750,938	13,284,816
Engineering	864,500	779,751	84,749	787,768	709,756	78,012
Marine & aviation	514,866	437,972	76,894	1,082,750	841,564	241,186
Fire	5,608,129	5,139,015	469,114	6,546,495	6,072,754	473,741
General insurance & liabilities	12,046,225	10,165,192	1,881,033	11,289,223	9,439,325	1,849,898
Medical	6,623,454	434,971	6,188,483	12,098,575	598,297	11,500,278
Life	15,837,916	13,501,146	2,336,770	12,762,778	10,379,217	2,383,561
Total	60,337,778	32,088,978	28,248,800	59,603,343	29,791,851	29,811,492
	=====	=====	=====	=====	=====	=====
Net takaful claims	Three-month period ended 31 March 2021 (Un-audited)			Three-month period ended 31 March 2020 (Un-audited)		
	Gross AED	Retakaful AED	Net AED	Gross AED	Retakaful AED	Net AED
Motor	10,637,556	2,333,718	8,303,838	15,304,642	4,125,462	11,179,180
Engineering	625,235	567,254	57,981	32,194	30,774	1,420
Marine & aviation	1,172,331	1,137,702	34,629	965,105	923,982	41,123
Fire	1,344,183	1,294,969	49,214	301,088	283,204	17,884
General insurance & liabilities	5,830,073	5,294,836	535,237	8,683,293	7,855,924	827,369
Medical	7,240,223	933,650	6,306,573	8,814,355	6,294,291	2,520,064
Life	5,577,142	4,552,628	1,024,514	529,820	422,508	107,312
Total	32,426,743	16,114,757	16,311,986	34,630,497	19,936,145	14,694,352
	=====	=====	=====	=====	=====	=====

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)**

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 0.4 million (31 December 2020: AED 0.4 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 three month period ended 31 March 2021 (continued)**

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 (continued)

Financial assets	Fair value as at 31 March 2021 AED'000 (Un-audited)	31 December 2020 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	27,334	27,588	Level 1	Quoted bid prices in an active market.	None	Not applicable.
Unquoted equity securities	30,656	30,656	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	4,051	4,073	Level 1	Quoted bid prices in an active market.	None	Not applicable.
Unquoted equity securities	20,265	30,801	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Unit linked investments	856,945	839,411	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:

	31 March 2021 AED'000 (Un-audited)	31 December 2020 AED'000 (Audited)
At beginning of the period/ year	30,656	34,728
Changes in fair value	-	(4,072)
At end of the period/ year	30,656	30,656

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)**

21. Fair value of financial instruments (continued)

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

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

	31 March 2021 AED'000 (Un-audited)	31 December 2020 AED'000 (Audited)
<i>Unit linked investments</i>		
At 1 January	839,411	750,500
Net change during the year (change in fair value and net investment/withdrawal)	17,534	88,911
At end of the period / year	856,945	839,411
	=====	=====
<i>Unquoted equity securities</i>		
At 1 January	30,801	-
Purchases during the year	-	22,044
Change in fair value during the year	(10,536)	8,757
At end of the period / year	20,265	30,801
	=====	=====

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 counterparties. The Group is monitoring these metrics on a regular basis and will respond to any threats identified.

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. The Group is monitoring the loss experience and has appropriately calculated its technical reserves as at 31 March 2021. The impact on life insurance was minimal as this point.

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, the Group has recognised additional ECL of AED 0.8 million as at 31 March 2021 to account for the aforementioned factors.

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)****22. COVID 19 impact on the Group (continued)***Impact on investment property and unquoted financial assets*

The Group performed a detailed valuation for its investment property as of 31 December 2020 by internationally qualified valuation firms who apply RICS Valuation Global Standards in compliance with the UAE Financial Regulations for Insurance Companies issued by the CBUAE (formerly, IA). The Group also assessed the unquoted equity portfolio against latest available inputs. Accordingly, the Group believes the fair values reported for both unquoted investments and investment property reflect the current market conditions as of 31 March 2021.

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 31 March 2021, investments with a total carrying value of AED 9.2 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 31 March 2021 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 three month period ended 31 March 2021 (continued)**

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

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
ASSETS		
Takaful operations' assets		
Cash and bank balances	52,048,881	43,615,858
Financial assets measured at fair value through profit and loss (FVTPL)	645,497	661,581
Financial assets measured at fair value through other comprehensive income (FVTOCI)	11,485,666	11,560,619
Takaful receivables	66,765,208	58,602,525
Retakaful contract assets		
Unearned contribution reserve	28,546,830	30,778,105
Claims reported unsettled	65,727,984	58,009,511
Mathematical reserve	2,026,948	700,293
Claims incurred but not reported	37,568,412	37,500,160
Investment property	10,240,775	10,240,775
Due from shareholders	32,690,740	45,286,960
Total takaful operations' assets	307,746,941	296,956,387
Shareholders' assets		
Cash and bank balances	42,719,774	70,917,049
Financial assets measured at fair value through other comprehensive income (FVTOCI)	880,614,934	873,622,739
Financial assets measured at fair value through profit and loss (FVTPL)	46,504,336	46,683,880
Due from related parties	2,978,378	2,979,095
Prepayments and other receivables	7,152,622	7,071,414
Deferred policy acquisition costs	9,030,556	7,642,874
Statutory deposit	10,000,000	10,000,000
Investment property	44,509,225	44,509,225
Property and equipment	250,229	281,753
Assets classified as held for sale	1,583,321	1,583,321
Total shareholders' assets	1,045,343,375	1,065,291,350
Total assets	1,353,090,316	1,362,247,737

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)**

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

	31 March 2021 AED (Un-audited)	31 December 2020 AED (Audited)
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		
Takaful operations' liabilities		
Trade and other payables	20,755,046	20,747,516
Takaful payables	59,289,993	55,291,582
Takaful contract liabilities:		
Unearned contribution reserve	82,899,895	81,204,057
Claims reported unsettled	79,852,590	71,931,439
Mathematical reserve	4,335,070	2,847,862
Claims incurred but not reported	61,005,662	62,602,479
Unallocated loss adjustment expenses	2,243,084	2,343,996
Deferred discount	6,409,076	6,456,898
Amounts held under retakaful treaties	6,522,834	6,374,916
Total takaful operations' liabilities	323,313,250	309,800,745
Takaful operations' deficit		
Surplus in policyholders' fund	3,942,427	6,870,801
Policyholders' investments revaluation reserve	(21,101,877)	(21,026,921)
Retakaful placement provision	1,593,141	1,311,762
Total deficit from takaful operations	(15,566,309)	(12,844,358)
Total takaful operations' liabilities and surplus	307,746,941	296,956,387
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Due to bank	19,981,327	19,981,327
Trade and other payables	17,143,698	48,239,254
Due to related parties	261,106	272,814
Unit linked liabilities	856,944,760	839,410,979
Murabaha payable	15,239,606	15,239,606
Due to policyholders	32,690,740	45,286,960
Liabilities directly associated with assets classified as held for sale	13,022,356	13,022,356
Total shareholders' liabilities	955,283,593	981,453,296
Shareholders' equity		
Share capital	225,750,000	225,750,000
Legal reserve	5,080,128	5,080,128
General reserve	5,080,128	5,080,128
Investments revaluation reserve - FVTOCI	(62,631,723)	(62,452,179)
Accumulated losses	(81,892,229)	(88,293,501)
Equity attributable to shareholders of the Parent	91,386,304	85,164,576
Non-controlling interest	(1,326,522)	(1,326,522)
Total equity	90,059,782	83,838,054
Total shareholders' liabilities and equity	1,045,343,375	1,065,291,350
Total takaful operations' liabilities and deficit, shareholders' liabilities and equity	1,353,090,316	1,362,247,737

**Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)**

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

	As at 31 March 2021 (Un-audited)			As at 31 December 2020 (Audited)		
	<u>TOTAL</u>	<u>NON-LIFE</u>	<u>LIFE</u>	<u>TOTAL</u>	<u>NON-LIFE</u>	<u>LIFE</u>
ASSETS						
Takaful operations' assets						
Cash and bank balances	52,048,881	49,329,386	2,719,495	43,615,858	39,546,164	4,069,694
Financial assets measured at fair value through other comprehensive income (FVTOCI)	645,497	645,497	-	661,581	661,581	-
Financial assets measured at fair value through profit and loss (FVTPL)	11,485,666	11,485,666	-	11,560,619	11,560,619	-
Takaful receivables	66,765,208	57,070,513	9,694,695	58,602,525	55,707,463	2,895,062
Retakaful contract assets						
Unearned contribution reserve	28,546,830	22,451,926	6,094,904	30,778,105	27,158,132	3,619,973
Claims reported unsettled	65,727,984	62,582,262	3,145,722	58,009,511	54,521,910	3,487,601
Mathematical reserve	2,026,948	-	2,026,948	700,293	-	700,293
Claims incurred but not reported	37,568,412	33,039,425	4,528,987	37,500,160	33,599,272	3,900,888
Investment property	10,240,775	10,240,775	-	10,240,775	10,240,775	-
Due from shareholders	32,690,740	37,718,646	(5,027,906)	45,286,960	44,167,197	1,119,763
Total takaful operations' assets	307,746,941	284,564,096	23,182,845	296,956,387	277,163,113	19,793,274
	=====	=====	=====	=====	=====	=====
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT						
Takaful operations' liabilities						
Trade and other payables	20,755,046	20,755,046	-	20,747,516	20,747,516	-
Takaful payables	59,289,993	44,677,425	14,612,568	55,291,582	42,216,302	13,075,280
Takaful contract liabilities:						
Unearned contribution reserve	82,899,895	74,930,966	7,968,929	81,204,057	76,201,045	5,003,012
Claims reported unsettled	79,852,590	76,086,604	3,765,986	71,931,439	67,529,960	4,401,479
Mathematical reserve	4,335,070	-	4,335,070	2,847,862	-	2,847,862
Claims incurred but not reported	61,005,662	55,444,525	5,561,137	62,602,479	57,781,313	4,821,166
Unallocated loss adjustment expenses	2,243,084	2,161,227	81,857	2,343,996	2,253,016	90,980
Deferred discount	6,409,076	5,950,545	458,531	6,456,898	6,149,719	307,179
Amounts held under retakaful treaties	6,522,834	6,522,834	-	6,374,916	6,374,916	-
Total takaful operations' liabilities	323,313,250	286,529,172	36,784,078	309,800,745	279,253,787	30,546,958
	=====	=====	=====	=====	=====	=====
Takaful operations' deficit						
Surplus in policyholders' fund	3,942,427	17,543,660	(13,601,233)	6,870,801	17,624,485	(10,753,684)
Policyholders' investments revaluation reserve	(21,101,877)	(21,101,877)	-	(21,026,921)	(21,026,921)	-
Retakaful placement provision	1,593,141	1,593,141	-	1,311,762	1,311,762	-
Total deficit from takaful operations	(15,566,309)	(1,965,076)	(13,601,233)	(12,844,358)	(2,090,674)	(10,753,684)
	=====	=====	=====	=====	=====	=====
Total takaful operations' liabilities and deficit	307,746,941	284,564,096	23,182,845	296,956,387	277,293,442	19,662,945
	=====	=====	=====	=====	=====	=====

Notes to the condensed interim consolidated financial information
for the three month period ended 31 March 2021 (continued)

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

	Three month period ended 31 March 2021 (Un-audited)			Three month period ended 31 March 2020 (Un-audited)		
	TOTAL	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE
Continuing operations						
Attributable to policyholders						
Takaful income						
Gross takaful contributions	60,337,778	44,499,862	15,837,916	59,603,343	46,840,565	12,762,778
Retakaful share of gross takaful contributions	(32,088,978)	(18,587,832)	(13,501,146)	(29,791,851)	(19,412,634)	(10,379,217)
Net takaful contributions	28,248,800	25,912,030	2,336,770	29,811,492	27,427,931	2,383,561
Net transfer to unearned contributions reserve	(3,927,113)	(3,436,127)	(490,986)	(6,958,806)	(6,926,611)	(32,195)
Net change in mathematical reserve	(160,553)	-	(160,553)	25,881	-	25,881
Net takaful contributions earned	24,161,134	22,475,903	1,685,231	22,878,567	20,501,320	2,377,247
Discount received on ceded retakaful	3,479,874	3,129,581	350,293	4,332,886	3,772,478	560,408
Policy fees	2,767,665	174,390	2,593,275	3,377,874	79,806	3,298,068
	30,408,673	25,779,874	4,628,799	30,589,327	24,353,604	6,235,723
Takaful expenses						
Gross claims settled	(32,426,743)	(26,849,601)	(5,577,142)	(34,630,497)	(34,100,677)	(529,820)
Retakaful share of gross claims settled	16,114,757	11,562,129	4,552,628	19,936,145	19,513,637	422,508
Net takaful claims	(16,311,986)	(15,287,472)	(1,024,514)	(14,694,352)	(14,587,040)	(107,312)
Change in provision for outstanding claims	(7,921,151)	(8,556,644)	635,493	(4,117,009)	(2,694,338)	(1,422,671)
Retakaful share of outstanding claims	7,718,473	8,060,352	(341,879)	3,849,194	2,599,369	1,249,825
Net change in incurred but not reported claims	1,665,069	1,776,941	(111,872)	(2,131,711)	(2,223,539)	91,828
Net change in unallocated loss adjustment expenses reserve	100,912	91,789	9,123	(12,768)	(8,565)	(4,203)
Net claims incurred	(14,748,683)	(13,915,034)	(833,649)	(17,106,646)	(16,914,113)	(192,533)
Net takaful income	15,659,990	11,864,840	3,795,150	13,482,681	7,439,491	6,043,190
Wakala fees	(18,524,422)	(12,012,051)	(6,512,371)	(19,543,852)	(12,947,202)	(6,596,650)
Investment income	217,513	217,513	-	115,954	115,954	-
Mudarib's share	(54,378)	(54,378)	-	(28,989)	(28,989)	-
Net (deficit) / surplus from takaful operation for the period	(2,701,297)	15,924	(2,717,221)	(5,974,206)	(5,420,746)	(553,460)