

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

**Review report and condensed interim consolidated financial information
for the nine month period ended 30 September 2021**

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

**Condensed interim consolidated financial information
for the nine month period ended 30 September 2021**

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Dubai Islamic Insurance & Reinsurance Company (Aman) P.J.S.C. (the "Company") and its subsidiaries (the "Group") as at 30 September 2021 and the related condensed interim consolidated statements of income and comprehensive income for the three month and nine month periods then ended, and the condensed interim consolidated statements of changes in equity and cash flows for the nine 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 as at 30 September 2021 are still held in the name of the former Chief Executive Officer ("CEO") of the Company, for the beneficial interest of the Group. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers
14 November 2021

Rami Sarhan
Registered Auditor Number 1152
Place: Dubai, United Arab Emirates

Condensed interim consolidated statement of financial position

		As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited) (Restated)	As at 1 January 2020 AED (Audited) (Restated)
	Notes			
ASSETS				
Cash and cash equivalents	5.1, 32	65,185,624	54,532,907	81,353,713
Financial assets measured at fair value through profit or loss ("FVTPL")	6	899,436,567	874,284,320	756,890,551
Due from related parties	18	-	2,979,095	2,370,495
Prepayments and other receivables	24	7,906,117	7,071,414	7,578,690
Takaful receivables	7	61,004,687	58,602,525	52,040,295
Wakala deposits with banks with original maturities of more than three months	5.2, 32	10,000,000	60,000,000	55,000,000
Financial assets measured at fair value through other comprehensive income ("FVTOCI")	6	64,673,620	58,244,499	67,498,024
Retakaful contract assets				
Unearned contribution and unexpired risk reserves	8	35,198,975	30,778,105	42,024,089
Claims reported unsettled	8	65,252,794	58,009,511	68,452,413
Mathematical reserve	8	817,294	700,293	816,173
Claims incurred but not reported	8	35,467,654	37,500,160	30,596,918
Deferred policy acquisition costs	29	10,457,701	7,642,874	8,465,105
Statutory deposit	9	10,000,000	10,000,000	10,000,000
Investment property	11	54,750,000	54,750,000	58,188,000
Property and equipment		204,914	281,753	301,259
Assets under discontinued operations	33	1,583,321	1,583,321	1,586,020
Total assets		1,321,939,268	1,316,960,777	1,243,161,745
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Due to bank	27	-	19,981,327	19,972,520
Murabaha payable	28	15,218,700	15,239,606	15,351,053
Due to related parties	18	-	272,814	701,044
Trade and other payables	25	31,969,253	68,986,770	68,856,494
Takaful payables	28	64,939,399	55,291,582	74,246,673
Amounts held under retakaful treaties		6,838,495	6,374,916	5,459,240
Takaful contract liabilities:				
Unearned contribution and unexpired risk reserves	8	99,267,167	81,204,057	91,713,761
Claims reported unsettled	8	82,956,133	71,931,439	84,577,517
Mathematical reserve	8	3,014,354	2,847,862	3,540,063
Claims incurred but not reported	8	55,775,302	62,602,479	49,565,462
Unallocated loss adjustment expenses	8	2,248,017	2,343,996	2,368,573
Unit linked liabilities	8	854,206,072	839,410,979	750,500,215
Deferred discount	30	6,972,562	6,456,898	5,099,181
Liabilities directly associated with assets under discontinued operations	33	13,022,356	13,022,356	13,022,356
Total liabilities before takaful operations surplus		1,236,427,810	1,245,967,081	1,184,974,152
Surplus in takaful operations' fund	10, 32	-	6,870,801	4,308,305
Total liabilities		1,236,427,810	1,252,837,882	1,189,282,457

The accompanying notes on pages 10 to 43 form an integral part of this condensed interim consolidated financial information.



Condensed interim consolidated statement of financial position (continued)

		As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited) (Restated)	As at 1 January 2020 AED (Audited) (Restated)
	Notes			
LIABILITIES AND SHAREHOLDERS' EQUITY				
(continued)				
SHAREHOLDERS' EQUITY				
Share capital	12	225,750,000	225,750,000	225,750,000
Legal reserve	13	5,080,128	5,080,128	3,163,978
General reserve	14	5,080,128	5,080,128	3,163,978
Accumulated losses		(70,513,122)	(88,293,501)	(102,648,627)
Investments revaluation reserve – FVTOCI for shareholders	6	(60,212,537)	(62,452,179)	(55,163,447)
Investments revaluation reserve – FVTOCI for takaful operations	32	(20,330,590)	(21,026,921)	(19,062,128)
Retakaful placement provision	32	1,984,241	1,311,762	-
Equity attributable to shareholders of the parent		86,838,248	65,449,417	55,203,754
Non-controlling interest		(1,326,790)	(1,326,522)	(1,324,466)
Total shareholders' equity		85,511,458	64,122,895	53,879,288
Total liabilities and equity*		1,321,939,268	1,316,960,777	1,243,161,745

*The breakdown of the assets and liabilities between the takaful operations and the shareholders is shown in note 34.

This condensed interim consolidated financial information was authorised for issue on 14 November 2021 by the Board of Directors and signed on their behalf by:



Jihad Faitrouni
Chief Executive Officer



Dr. Saleh Hashem Sayed Al Hashimi
Chairman of the Board of Directors

Condensed interim consolidated statement of income (Un-audited)

		For the three-month period ended 30 September (Un-audited)		For the nine month period ended 30 September (Un-audited)	
	Notes	2021 AED	2020 AED	2021 AED	2020 AED
Attributable to takaful operations					
Takaful income					
Gross takaful contribution	19	60,252,608	55,208,988	197,826,532	173,206,077
Retakaful share of gross takaful contribution	19	(30,602,496)	(32,036,564)	(110,308,909)	(98,109,010)
Net takaful contributions	19	29,650,112	23,172,424	87,517,623	75,097,067
Change in unearned contribution and unexpired risk reserves		(4,831,060)	2,838,995	(13,642,240)	(1,492,941)
Net change in mathematical reserve		623,458	998	(49,491)	56,998
Net takaful contributions earned		25,442,510	26,012,417	73,825,892	73,661,124
Discount received on ceded retakaful	30	4,623,617	4,425,910	12,902,329	14,277,560
Policy fees		1,298,700	3,274,193	6,301,414	8,773,815
		31,364,827	33,712,520	93,029,635	96,712,499
Takaful expenses					
Gross claims settled	19	(25,813,198)	(29,716,837)	(77,970,596)	(88,065,626)
Retakaful share of gross claims settled	19	8,882,782	15,892,173	29,752,501	51,769,867
Net takaful claims	19	(16,930,416)	(13,824,664)	(48,218,095)	(36,295,759)
Change in provision for claims reported unsettled		(3,535,408)	3,333,584	(11,024,694)	8,364,511
Change in retakaful share of claims reported unsettled		762,937	(3,027,445)	7,243,283	(6,681,700)
Net change in claims incurred but not reported		4,151,670	(2,676,909)	4,794,671	(6,544,083)
Net change in unallocated loss adjustment expenses		111,414	(74,815)	95,979	(19,844)
Net claims incurred		(15,439,803)	(16,270,249)	(47,108,856)	(41,176,875)
Net takaful income		15,925,024	17,442,271	45,920,779	55,535,624
Wakala fees	15	(18,432,315)	(17,410,969)	(59,015,875)	(55,332,389)
Mudarib's share	15	(18,570)	(38,818)	(120,297)	(132,808)
Investment income, net	16	74,280	155,274	481,189	531,231
(Deficit) / surplus from takaful operations for the period		(2,451,581)	147,758	(12,734,204)	601,658

Condensed interim consolidated statement of income (Un-audited) (continued)

		For the three-month period ended 30 September (Un-audited)		For the nine month period ended 30 September (Un-audited)	
	Note	2021 AED	2020 AED	2021 AED	2020 AED
Attributable to shareholders					
Income					
Wakala fees from policyholders	15	18,432,315	17,410,969	59,015,875	55,332,389
Mudarib’s share from policyholders	15	18,570	38,818	120,297	132,808
Investment income, net	16	1,669,239	1,090,845	3,032,299	1,114,633
Other operating income / (expense)		(690)	38,092	(7,855)	84,601
		<u>20,119,434</u>	<u>18,578,724</u>	<u>62,160,616</u>	<u>56,664,431</u>
Expenses					
Policy acquisition cost	29	(6,756,400)	(7,124,735)	(17,689,693)	(19,010,599)
General and administrative expenses	31	(4,985,974)	(9,646,797)	(20,206,555)	(27,666,812)
Contribution from Qard Hassan to takaful operations		(2,604,595)	-	(6,481,580)	-
Net operating loss of subsidiaries		-	(10,041)	-	(25,041)
		<u>(14,346,969)</u>	<u>(16,781,573)</u>	<u>(44,377,828)</u>	<u>(46,702,452)</u>
Profit for the period for continuing operations					
		5,772,465	1,797,151	17,782,788	9,961,979
Discontinued operations					
Profit from discontinued operations	33	-	(18,809)	(2,677)	(17,434)
Profit for the period					
		<u>5,772,465</u>	<u>1,778,342</u>	<u>17,780,111</u>	<u>9,944,545</u>
Attributable to:					
Shareholders of the parent		5,772,465	1,780,223	17,780,379	9,946,034
Non-controlling interest		-	(1,881)	(268)	(1,489)
		<u>5,772,465</u>	<u>1,778,342</u>	<u>17,780,111</u>	<u>9,944,545</u>
Earnings per share					
	17	0.026	0.008	0.079	0.044

The accompanying notes on pages 10 to 43 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 30 September (Un-audited)		For the nine month period ended 30 September (Un-audited)	
	2021	2020	2021	2020
	AED	AED	AED	AED
Attributable to takaful operations				
(Deficit) / surplus from takaful operations for the period	(2,451,581)	147,758	(12,734,204)	601,658
Other comprehensive income/ (loss)				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets measured at fair value through other comprehensive income	72,989	415,203	696,331	(2,088,856)
Total comprehensive income / (loss) for the period attributable to takaful operations	(2,378,592)	562,961	(12,037,873)	(1,487,198)
	=====	=====	=====	=====
Attributable to shareholders				
Profit for the period	5,772,465	1,778,342	17,780,111	9,944,545
Other comprehensive income/ (loss)				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets measured at fair value through other comprehensive income	190,643	1,355,251	2,239,642	(6,790,034)
Total comprehensive income for the period attributable to shareholders	5,963,108	3,133,593	20,019,753	3,154,511
	=====	=====	=====	=====
Attributable to:				
Shareholders of the parent	5,963,108	3,135,474	20,020,021	3,156,000
Non-controlling interests	-	(1,881)	(268)	(1,489)
	5,963,108	3,133,593	20,019,753	3,154,511
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Condensed interim consolidated statement of changes in equity

	Share capital	Legal reserve	General reserve	Accumulated losses	Investments revaluation reserve – FVTOCI for shareholders	Investments revaluation reserve – FVTOCI for takaful operations	Retakaful placement provision	Equity attributable to shareholders of the parent	Non- controlling interest	Total shareholders' equity
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Balance at 1 January 2020 (Audited)	225,750,000	3,163,978	3,163,978	(102,648,627)	(55,163,447)	-	-	74,265,882	(1,324,466)	72,941,416
Adjustment due to change in presentation - note 32	-	-	-	-	-	(19,062,128)	-	(19,062,128)	-	(19,062,128)
Balance at 1 January 2020 (Audited) – as restated	225,750,000	3,163,978	3,163,978	(102,648,627)	(55,163,447)	(19,062,128)	-	55,203,754	(1,324,466)	53,879,288
Profit for the period	-	-	-	9,946,034	-	-	-	9,946,034	(1,489)	9,944,545
Other comprehensive loss for the period	-	-	-	-	(6,790,034)	(2,088,856)	-	(8,878,890)	-	(8,878,890)
Total comprehensive (loss) / income for the period	-	-	-	9,946,034	(6,790,034)	(2,088,856)	-	1,067,144	(1,489)	1,065,655
Directors' fees	-	-	-	(500,000)	-	-	-	(500,000)	-	(500,000)
Balance at 30 September 2020 (Un-audited) – as restated	225,750,000	3,163,978	3,163,978	(93,202,593)	(61,953,481)	(21,150,984)	-	55,770,898	(1,325,955)	54,444,943
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Condensed interim consolidated statement of changes in equity (continued)

	Share capital AED	Legal reserve AED	General reserve AED	Accumulated losses AED	Investments revaluation reserve – FVTOCI for shareholders AED	Investments revaluation reserve – FVTOCI for takaful operations AED	Retakaful placement provision AED	Equity attributable to shareholders of the parent AED	Non- controlling interest AED	Total shareholders' equity AED
Balance at 1 January 2021 (Audited)	225,750,000	5,080,128	5,080,128	(88,293,501)	(62,452,179)	-	-	85,164,576	(1,326,522)	83,838,054
Adjustment due to change in presentation - note 32	-	-	-	-	-	(21,026,921)	1,311,762	(19,715,159)	-	(19,715,159)
Balance at 1 January 2021 (Audited) – as restated	225,750,000	5,080,128	5,080,128	(88,293,501)	(62,452,179)	(21,026,921)	1,311,762	65,449,417	(1,326,522)	64,122,895
Profit / (loss) for the period	-	-	-	17,780,379	-	-	-	17,780,379	(268)	17,780,111
Other comprehensive income for the period	-	-	-	-	2,239,642	696,331	-	2,935,973	-	2,935,973
Total comprehensive (loss) / income for the period	-	-	-	17,780,379	2,239,642	696,331	-	20,716,352	(268)	20,716,084
Adjustment of retakaful placement provision	-	-	-	-	-	-	120,933	120,933	-	120,933
Transfer during the period- note 10	-	-	-	-	-	-	551,546	551,546	-	551,546
Balance at 30 September 2021 (Un-audited)	225,750,000	5,080,128	5,080,128	(70,513,122)	(60,212,537)	(20,330,590)	1,984,241	86,838,248	(1,326,790)	85,511,458

The accompanying notes on pages 10 to 43 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 (Un-audited)	
	2021 AED	2020 AED
Cash flows from operating activities		
Profit for the period	17,780,111	9,944,545
<i>Adjustments for:</i>		
Depreciation of property and equipment	103,896	135,037
(Gain) / loss on investments in financial assets measured at FVTPL	(10,357,154)	2,393,270
Provision for employees' end of service benefits	69,676	633,752
Profit income	(268,713)	(1,247,942)
Dividend income	(10,987,984)	(1,094,134)
Impairment of financial assets	(1,833,905)	2,181,608
	(5,494,073)	12,946,136
Changes in operating assets and liabilities:		
Retakaful contract assets	(9,748,648)	3,491,233
Takaful receivables	(2,739,812)	(2,956,672)
Prepayments and other receivables	(834,703)	(1,057,394)
Takaful contract liabilities	37,126,233	56,726,997
Amounts held under retakaful treaties	463,579	725,630
Takaful and Retakaful payables	9,647,817	(23,193,647)
Trade and other payables	(37,079,660)	(29,237,443)
Due from related parties	5,142,234	(1,719,869)
Due to related parties	(272,814)	(35,586)
Deferred discount	515,664	1,626,138
Surplus in takaful operations' fund	(6,198,322)	1,089,763
Deferred policy acquisition costs	(2,814,827)	954,723
Liabilities directly associated with assets under discontinued operations	-	2,699
Cash (used in) / generated from operations	(12,287,332)	19,362,708
Employees' end of service benefits paid	(7,533)	(1,647,285)
Net cash (used in) / generated from operating activities	(12,294,865)	17,715,423
Cash flows from investing activities		
Purchase of property and equipment	(27,056)	(118,104)
Investment in wakala deposits with banks with original maturity of more than three months	(10,000,000)	(25,000,000)
Maturity of wakala deposits with banks with original maturity of more than three months	60,000,000	-
Purchase of investment in financial assets measured at FVTOCI	(3,493,149)	-
Net decrease in unit linked investments	(14,795,093)	(53,901,170)
Dividend income received	10,987,984	1,351,092
Profit income received	268,713	1,214,074
Net cash generated from / (used in) investing activities	42,941,399	(76,454,108)
Cash flows from financing activities		
Murabaha payable	(20,906)	(70,057)
Due to bank	(19,981,327)	(19,311)
Director remuneration paid	-	(500,000)
Net cash used in financing activities	(20,002,233)	(589,368)
Net increase / (decrease) in cash and cash equivalents	10,644,301	(59,328,053)
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)	66,211,361	23,055,012
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The accompanying notes on pages 10 to 43 form an integral part of this condensed interim consolidated financial information.

Notes to the condensed interim consolidated financial information for the nine month period ended 30 September 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) and operates through its branches in Dubai, Abu Dhabi and Sharjah. The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates. The Company is registered under the UAE Federal Law No. (2) of 2015 relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of the Central Bank of the United Arab Emirates (“CBUAE”) (formerly, the UAE Insurance Authority (“IA”)) under registration number 070.

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.

On 28 June 2021, the Annual General Meeting was held remotely and approved the following:

- Resignation of the Board Members: Mr. Muhammad Amir Yusef Ahmed Al Muhairi, Mr. Abdul Rahman Ahmed Abdullah Senan and Mr. Muhammad Ali Al Hosani.
- Election of new three Board members until the end of the current term in (2022). Ms. Maha Khadem Khalfan Khadem Al Mheiri., Mr. Omran Mohammed Saleh Mahmood Husain Al Khoori and Mr. Mohammed Ahmed Abdulla Mohammed Al Malik.

The Company with its subsidiaries are together referred to as the (“Group”) in this condensed interim consolidated financial information. At 30 September 2021 and 31 December 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	Status
Nawat Investments L.L.C.	United Arab Emirates	100.00	100.00	Investment in commercial, industrial and agricultural enterprises and management	Active
Technik Auto Service Centre Co. L.L.C	United Arab Emirates	100.00	100.00	Vehicles' repair services	Under liquidation
Amity Health L.L.C.	United Arab Emirates	90.00	90.00	Medical billing services	Under liquidation

The ex-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 Central Bank of the United Arab Emirates (“CBUAE”).

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

1. General information (continued)

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 reporting requirements for insurance companies operating in the UAE. As of 30 September 2021, the Group is not in compliance with the solvency requirements as well as the single counter-party exposure limits specified in Article 3 of Section 1 of the Financial Regulations.

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

2.1 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 Extension of the practical expedient As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. 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 April 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.

2.2 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 and revised IFRSs	Effective for annual periods beginning on or after
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 2022

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

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

2.2 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 for annual periods beginning on or after
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 nine month period ended 30 September 2021 (continued)**

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

2.2 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 for annual periods beginning on or after
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. On 28 October 2021, the IASB (‘Board’) redeliberated the Exposure Draft proposing a narrow-scope amendment relating to the presentation of comparative information on initial application of both IFRS 9, ‘Financial Instruments’, and IFRS 17, ‘Insurance Contracts’, considering the feedback from the comment letters received. The amendment would permit an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17 and IFRS 9. The overlay would allow such assets to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. Following feedback on the proposals, the Board extended the scope of the overlay to include all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. The overlay could also be applied by entities that already apply IFRS 9. The Board expects to issue the amendment to IFRS 17 before the end of 2021.	1 January 2023
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	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. There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Group’s financial year beginning on 1 January 2021 that would be expected to have a material impact on the condensed interim consolidated financial information of the Group.

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (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 condensed interim consolidated financial information is presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

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, financial assets measured at FVTPL, prepayments and other receivables, due from related parties, takaful receivables, wakala deposits with banks with original maturities of more than three months, assets under discontinued operations, due to bank, murabaha payable, due to related parties, trade and other payables, takaful payables, amounts held under retakaful treaties and liabilities directly associated with assets under discontinued operations. The following balances would generally be classified as non-current: statutory deposit, investment property, and property and equipment. The following balances are of mixed nature (including both current and non-current portions): financial assets measured at FVTOCI, retakaful contract assets, deferred policy acquisition costs, takaful contract liabilities 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 except for the change in presentation as disclosed in note 26 of this condensed interim consolidated financial information. 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 nine month period ended 30 September 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 nine month period ended 30 September 2021 (continued)**

5. Cash and bank balances

5.1 Cash and cash equivalents

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited) (Restated)
Cash in hand	30,020	18,576
Bank balances in current accounts	65,172,365	54,539,508
	65,202,385	54,558,084
Less: Provision for impairment	(16,761)	(25,177)
	65,185,624	54,532,907
	=====	=====

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

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Balance at the beginning of the period / year	25,177	20,376
(Release) / charge during the period / year	(8,416)	4,801
Balance at the end of period / year	16,761	25,177
	=====	=====

For purpose of the statement of cash flows, the cash and cash equivalents are as follows:

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Cash and cash equivalents as per Note 5.1	65,202,385	54,558,084
Cash and bank balances included in the assets under discontinued operations – Note 33	1,008,976	1,008,976
Cash and cash equivalents for the purpose of the condensed interim consolidated statement of cash flows	66,211,361	55,567,060
	=====	=====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

5. Cash and bank balances (continued)

5.2 Wakala deposits with banks with original maturities of more than three months

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited) (Restated)
Maturing within 1 year (current)	10,000,000 =====	60,000,000 =====

The profit rates on wakala deposits with banks range from 0.70% to 1.25% (31 December 2020: 1.0% to 1.3%). Wakala deposits with banks with original maturities of more than three months amounting to AED Nil (31 December 2020: AED 20 million) were pledged against Mudarabah financing under “Due to bank” – refer note 27

6. Financial assets measured at fair value

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	30,523,973	27,588,001
- Unlisted	34,149,647	30,656,498
	<u>64,673,620</u> =====	<u>58,244,499</u> =====
Financial assets measured at fair value through profit or loss (FVTPL) (B)		
- Listed	4,663,496	4,072,568
- Unlisted	40,566,999	30,800,773
- Unit linked investments	854,206,072	839,410,979
	<u>899,436,567</u> =====	<u>874,284,320</u> =====

FVTOCI listed and unlisted securities are carried at a value of AED 64,673,620 (31 December 2020: AED 58,244,499), with a decline in their fair value from original acquisition cost amounting to AED 80,543,127 (31 December 2020: AED 83,479,100). Of this amount, AED 60,212,537 (31 December 2020: AED 62,452,179) is deducted from shareholders' equity and AED 20,330,590 (31 December 2020: AED 21,026,921) is deducted from takaful operations' fund in accordance with the allocation of investment losses to the shareholders and policyholders as approved by the Group's Fa twa and Sharia'a Supervisory Board.

Unlisted securities carried at FVTPL and FVTOCI of AED 74,716,646 (31 December 2020: AED 61,457,271) mainly represent the Group's investments in shares of companies registered in the United Arab Emirates and Algeria. The Group owns shares of Al Salam Bank - Algeria which are held by the former CEO for the beneficial interest of the Group (who resigned during 2013) - refer note 23.

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

6. Financial assets measured at fair value (continued)

Equity shares included within financial assets measured at FVTPL and FVTOCI amounting to AED 1,429,938 and AED 15,522,079 respectively are pledged against Murabaha finance facility under “Murabaha payable” – refer note 28.

Investments by geographical concentration are as follows:

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
- Within U.A.E.	74,642,752	61,516,929
- Outside U.A.E.	889,467,435	871,011,890
	<u>964,110,187</u>	<u>932,528,819</u>
	=====	=====

7. Takaful receivables

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Due from policyholders	28,040,830	28,025,280
Less: Allowance for impairment	(6,047,340)	(4,117,920)
	<u>21,993,490</u>	<u>23,907,360</u>
Due from takaful/ retakaful companies	27,130,143	25,101,769
Due from brokers / agents	17,132,030	16,436,142
Less: Allowance for impairment	(5,250,976)	(6,842,746)
	<u>61,004,687</u>	<u>58,602,525</u>
	=====	=====

Inside the United Arab Emirates

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Due from policyholders	28,040,830	28,025,280
Less: Allowance for impairment	(6,047,340)	(4,117,920)
	<u>21,993,490</u>	<u>23,907,360</u>
Due from takaful/ retakaful companies	21,311,978	15,892,629
Due from brokers / agents	17,132,030	16,436,142
Less: Allowance for impairment	(5,250,976)	(6,842,746)
	<u>55,186,522</u>	<u>49,393,385</u>
	=====	=====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

7. Takaful receivables (continued)

<u>Inside the United Arab Emirates</u> As at 30 September 2021	Policyholders AED	Takaful / retakaful companies AED	Brokers / agents AED	Total AED
Aging of takaful receivables				
Not due	3,313,250	589,316	3,007,877	6,910,443
Past due and not impaired				
Less than 30 days	10,864,096	2,347,240	3,804,261	17,015,597
30 - 90 days	3,644,347	1,568,211	2,421,377	7,633,935
91 - 180 days	3,878,625	1,738,399	3,449,555	9,066,579
181 - 270 days	61,043	4,105,274	193,341	4,359,658
271 - 365 days	142,647	2,247,458	9,028	2,399,133
More than 365 days	89,482	7,711,695	-	7,801,177
	18,680,240	19,718,277	9,877,562	48,276,079
Past due and impaired				
91 - 180 days	808,653	-	1,033,884	1,842,537
181 - 270 days	2,485,770	-	746,686	3,232,456
271 - 365 days	996,479	-	96,476	1,092,955
More than 365 days	1,756,438	1,004,385	2,369,545	5,130,368
Total takaful receivables (gross)	28,040,830	21,311,978	17,132,030	66,484,838
	=====	=====	=====	=====
<u>Inside the United Arab Emirates</u> As at 31 December 2020	Policyholders AED	Takaful / retakaful companies AED	Brokers / agents AED	Total AED
Aging of takaful receivables				
Not due	4,015,697	145,306	2,044,994	6,205,997
Past due and not impaired				
Less than 30 days	6,722,698	744,052	4,402,016	11,868,766
30 - 90 days	7,499,660	2,660,435	4,573,937	14,734,032
91 - 180 days	4,030,194	2,619,704	27,808	6,677,706
181 - 270 days	1,544,793	1,381,377	44,641	2,970,811
271 - 365 days	94,318	1,365,955	-	1,460,273
More than 365 days	-	5,475,800	-	5,475,800
	23,907,360	14,392,629	11,093,396	49,393,385
Past due and impaired				
31 - 90 days	-	-	780,643	780,643
91 - 180 days	95,908	-	1,297,003	1,392,911
181 - 270 days	586,349	-	303,738	890,087
271 - 365 days	864,008	-	323,382	1,187,390
More than 365 days	2,571,655	1,500,000	2,637,980	6,709,635
Total takaful receivables (gross)	28,025,280	15,892,629	16,436,142	60,354,051
	=====	=====	=====	=====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

7. Takaful receivables (continued)

Outside the United Arab Emirates

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Due from takaful / retakaful companies	5,818,165	9,209,140
Less: Allowance for impairment	-	-
	<u>5,818,165</u>	<u>9,209,140</u>
	=====	=====

Outside the United Arab Emirates

As at 30 September 2021

	Policyholders AED	Takaful / retakaful companies AED	Brokers / agents AED	Total AED
Aging of takaful receivables				
Not due	-	2,416	-	2,416
				-
Past due and not impaired				
Less than 30 days	-	500,120	-	500,120
30 - 90 days	-	783,412	-	783,412
91 - 180 days	-	575,504	-	575,504
181 - 270 days	-	1,939,897	-	1,939,897
271 - 365 days	-	379,346	-	379,346
More than 365 days	-	1,637,470	-	1,637,470
	<u>-</u>	<u>5,818,165</u>	<u>-</u>	<u>5,818,165</u>
Total takaful receivables (gross)	- =====	5,818,165 =====	- =====	5,818,165 =====

Outside the United Arab Emirates

As at 31 December 2020

	Policyholders AED	Takaful / retakaful companies AED	Brokers / agents AED	Total AED
Aging of takaful receivables				
Not due	-	-	-	-
Past due and not impaired				
Less than 30 days	-	440,841	-	440,841
30 - 90 days	-	896,248	-	896,248
91 - 180 days	-	1,507,607	-	1,507,607
181 - 270 days	-	4,543,790	-	4,543,790
271 - 365 days	-	1,048,590	-	1,048,590
More than 365 days	-	772,064	-	772,064
	<u>-</u>	<u>9,209,140</u>	<u>-</u>	<u>9,209,140</u>
Total takaful receivables (gross)	- =====	9,209,140 =====	- =====	9,209,140 =====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

7. Takaful receivables (continued)

The Group measures the loss allowance for takaful receivables at an amount equal to lifetime ECL. The expected credit losses on takaful receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the nine month period ended 30 September 2021.

The Group writes off a takaful receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the takaful receivables are over three years past due, whichever occurs earlier. None of the takaful receivables that have been written off is subject to enforcement activities.

Movement in provision for impairment is as follows:

	As at 30 September 2021 AED (Un-audited)	As at 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	337,650	1,479,064
Balance at the end of the period / year	11,298,316 =====	10,960,666 =====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

8. Retakaful contract assets and Takaful contract liabilities

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Takaful contract liabilities:		
Unearned contribution and unexpired risk reserves	99,267,167	81,204,057
Claims reported unsettled	82,956,133	71,931,439
Mathematical reserve	3,014,354	2,847,862
Claims incurred but not reported	55,775,302	62,602,479
Unallocated loss adjustment expenses	2,248,017	2,343,996
Unit linked liabilities	854,206,072	839,410,979
Total takaful contract liabilities, gross	1,097,467,045	1,060,340,812
Retakaful contract assets:		
Unearned contribution and unexpired risk reserves	(35,198,975)	(30,778,105)
Claims reported unsettled	(65,252,794)	(58,009,511)
Mathematical reserve	(817,294)	(700,293)
Claims incurred but not reported	(35,467,654)	(37,500,160)
Total retakaful contract assets	(136,736,717)	(126,988,069)
Net		
Unearned contribution and unexpired risk reserves	64,068,192	50,425,952
Claims reported unsettled	17,703,339	13,921,928
Mathematical reserve	2,197,060	2,147,569
Claims incurred but not reported	20,307,648	25,102,319
Unallocated loss adjustment expenses	2,248,017	2,343,996
Unit linked liabilities	854,206,072	839,410,979
	960,730,328	933,352,743
	=====	=====

As at 30 September 2021, the gross and net insurance contract liabilities as certified by the Company's appointed actuary, SHMA Consulting DMCC amounted to AED 1,097 million and AED 961 million respectively (31 December 2020: AED 1,060 million and AED 933 million respectively).

9. Statutory deposit

A deposit of AED 10 million (31 December 2020: AED 10 million) has been placed with a bank, in accordance with Article (42) of the UAE Federal Law No. (6) of 2007. This deposit has been pledged to the bank as security against a guarantee issued by the bank in favour of the CBUAE for the same amount. This deposit cannot be withdrawn without prior approval of the CBUAE and bears an interest rate of 0.6% per annum (31 December 2020: 1% per annum).

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

10. Surplus / (deficit) in takaful operations' fund

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited) (Restated)
Balance at beginning of the period / year	6,870,801	4,308,305
(Deficit) / surplus for the period attributable to takaful operations	(12,734,204)	3,141,986
Adjustment on retakaful placement provision	(66,631)	-
Transfer to retakaful placement provision during the period	(551,546)	(579,490)
(Deficit) / surplus in takaful operations' fund at the end of the period / year	(6,481,580)	6,870,801
Qard Hassan against deficit in takaful operations' fund	6,481,580	-
Balance at end of the period / year	-	6,870,801
	=====	=====

11. Investment property

	As at 30 September 2021 AED (Un-audited)	As at 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)
Balance at end of the period / year	54,750,000	54,750,000
	=====	=====

The fair value of the investment property has been arrived as at 31 December 2020 on the basis of a valuation carried by a two professional, independent valuation expert, not related to the Group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties, in accordance with Royal Institute of Chartered Surveyors ("RICS") appraisal and valuation standards. In estimating the fair value of the property, the highest and best use of the property is its current use. There has been no change in the fair value of the investment property during the nine month period ended 30 September 2021.

12. Share capital

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Authorised, issued and fully paid: 225,750,000 ordinary shares of AED 1 each (31 December 2020: 225,750,000 ordinary shares of AED 1 each)	225,750,000	225,750,000
	=====	=====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

13. Legal reserve

In accordance with the 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. The Group has not transferred any amount during the nine month period ended 30 September 2021.

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. The Group has not transferred any amount during the nine month period ended 30 September 2021.

15. Wakala fees and Mudarib's share

The Group manages the Takaful operations for the policyholders and charges 33% (30 September 2020: 33%) of the gross takaful contributions net of fronting contribution as Wakala fees. In addition, the Group charges 2% (30 September 2020: 2%) on fronting contribution as Wakala fees and 100% (30 September 2020: 100%) on Forward administration fees. These Wakala fees rates were approved by the Group's Fatwa and Sharia'a Supervisory Board. The Group also manages the takaful operations' investment funds and is entitled to 25% (30 September 2020: 25%) of net investment income earned by the takaful operations' investment funds as the Mudarib's share. The Mudarib's share for the nine month period ended 30 September 2021 was AED 120,297 (30 September 2020: AED 132,808).

16. Investment income, net

	For the nine month period ended 30 September	
	2021	2020
	AED	AED
	(Un-audited)	(Un-audited)
Loss on financial assets measured at FVTPL, net	(8,024,501)	(1,384,502)
Income from wakala deposits	268,713	1,247,942
Dividend income	10,987,984	1,351,092
Rental income from investment property	281,292	431,332
	3,513,488	1,645,864
	=====	=====
<i>Allocated to:</i>		
Takaful operations	481,189	531,231
Shareholders	3,032,299	1,114,633
	3,513,488	1,645,864
	=====	=====

Investment income and losses are allocated among the shareholders and takaful operations are based on their holding. All the investment requests are identified for shareholders and takaful operations separately.

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

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:

	For the nine month period ended 30 September	
	2021 (Un-audited)	2020 (Un-audited)
Profit for the period attributable to shareholders of the parent (in AED)	17,780,379	9,946,034
Weighted average number of shares outstanding during the period	225,750,000	225,750,000
Earnings per share (AED per share)	0.079	0.044
	For the three month period ended 30 September	
	2021 (Un-audited)	2020 (Un-audited)
Profit for the period attributable to shareholders of the parent (in AED)	5,772,465	1,780,223
Weighted average number of shares outstanding during the period	225,750,000	225,750,000
Earnings per share (AED per share)	0.026	0.008

Diluted earnings per share is equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

18. Related party transactions and balances

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 2021 (Un-audited) *			As at 31 December 2020 (Audited)		
	Major shareholders AED	Entities under common control AED	Total AED	Major shareholders AED	Entities under common control AED	Total AED
Fair value of financial assets	-	74,716,646	74,716,646	-	61,457,271	61,457,271
Due to related parties - note 18(a)	-	-	-	26,198	246,616	272,814
Due from related parties (gross) - note 18(b)	-	-	-	5,087,451	54,783	5,142,234

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

18. Related party transactions and balances (continued)

(a) Due to related parties represents the following:

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
<i>Entities owned by the former Vice Chairman of the Board of Directors</i>		
Fast Rent A Car LLC - UAE	-	226,944
Omeir Bin Youssef & Sons - UAE	-	26,198
Emirates Taxi - UAE	-	19,672
Total	- =====	272,814 =====

(b) Due to related parties represents the following:

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
<i>Entities owned by the former Vice Chairman of the Board of Directors</i>		
Bin Omeir Education Foundation - UAE	-	2,447,222
Nation Hospital - UAE	-	1,789,012
Bin Omeir Holding Group - UAE	-	443,818
Bin Omeir Medical Group - UAE	-	360,584
International Market Group For General Services - UAE	-	46,815
Yas Mineral Water Bottling - UAE	-	37,959
Chocolatier - UAE	-	15,558
Al Massa Art Products - UAE	-	1,266
	-	5,142,234
Less: Provision for impairment	-	(2,163,139)
Total	- =====	2,979,095 =====

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

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Balance at the beginning of the period/ year	2,163,139	1,921,512
Provision during the year	-	241,627
Transferred to takaful receivables *	(2,163,139)	-
Balance at the end of the period/ year	- =====	2,163,139 =====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

18. Related party transactions and balances (continued)

* As disclosed in note 1 of this condensed interim consolidated financial information, the Company's directors were changed in the Annual General Meeting held on 28 June 2021 and accordingly the former directors and entities owned by the former directors ceased to be related parties of the Group as of the date of the Annual General meeting. There were no balances and transactions with the newly appointed directors as of and for the nine month period ended 30 September 2021.

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

	For the nine month period ended					
	30 September 2021 (Un-audited) *			30 September 2020 (Un-audited)		
	Entities under			Entities under		
	Major	common	Total	Major	common	Total
	shareholders	control		shareholders	control	
	AED	AED	AED	AED	AED	AED
Gross contributions	1,198,150	-	1,198,150	1,690,771	36,151	1,726,922
Gross claims paid	82,078	30,895	112,973	102,228	145,363	247,591
Dividend income	-	9,796,561	9,796,561	-	-	-

	For the three month period ended					
	30 September 2021 (Un-audited) *			30 September 2020 (Un-audited)		
	Entities under			Entities under		
	Major	common	Total	Major	common	Total
	shareholders	control		shareholders	control	
	AED	AED	AED	AED	AED	AED
Gross contributions	-	-	-	(272,164)	23,141	(249,023)
Gross claims paid	-	-	-	44,460	32,488	76,948
Dividend income	-	-	-	-	-	-

Compensation of key management personnel was as follows:

	For the nine month period ended	
	30 September	
	2021	2020
	AED	AED
	(Un-audited)	(Un-audited)
Short term employee benefits	1,470,134	1,950,137
End of service benefits	62,827	63,058
Total compensation paid to key management personnel	1,532,961	2,013,195
	=====	=====

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 condensed interim consolidated financial information.

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

19. Segmental information (continued)

	For the nine month period ended 30 September 2021 (Un-audited)				For the nine month period ended 30 September 2020 (Un-audited)			
	Takaful AED	Investments AED	Other AED	Total AED	Takaful AED	Investments AED	Other AED	Total AED
Takaful								
Takaful income	93,029,635	-	-	93,029,635	96,712,499	-	-	96,712,499
Takaful expenses	(47,108,856)	-	-	(47,108,856)	(41,176,875)	-	-	(41,176,875)
Net takaful income	45,920,779	-	-	45,920,779	55,535,624	-	-	55,535,624
Wakala fees	(59,015,875)	59,015,875	-	-	(55,332,389)	55,332,389	-	-
Mudarib fees	(120,297)	120,297	-	-	(132,808)	132,808	-	-
Policy acquisition cost	-	(17,689,693)	-	(17,689,693)	-	(19,010,599)	-	(19,010,599)
Investment income, net	(59,136,172)	41,446,479	-	(17,689,693)	(55,465,197)	36,454,598	-	(19,010,599)
Other operating income / (expense)	481,189	3,032,299	-	3,513,488	531,231	1,114,633	-	1,645,864
General and administrative expenses	-	(7,855)	-	(7,855)	-	84,601	-	84,601
Contribution from Qard Hassan to takaful operations	-	(20,206,555)	-	(20,206,555)	-	(27,666,812)	-	(27,666,812)
Net operating loss of subsidiaries	6,481,580	(6,481,580)	-	-	-	-	-	-
	-	-	(2,409)	(2,409)	-	-	(40,986)	(40,986)
	(6,252,624)	17,782,788	(2,409)	11,527,755	601,658	9,987,020	(40,986)	10,547,692
	=====	=====	=====	=====	=====	=====	=====	=====
	Takaful		Investment		Total			
	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)		
Segment assets	1,194,164,784	1,144,379,897	184,654,115	217,867,840	1,378,818,899	1,362,247,737		
Segment liabilities	1,293,307,441	1,291,254,041	-	-	1,293,307,441	1,291,254,041		
	=====	=====	=====	=====	=====	=====		

Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)

19. Segmental information (continued)

Net takaful contributions	For the three-month period ended 30 September 2021 (Un-audited)			For the nine month period ended 30 September 2021 (Un-audited)		
	Gross AED	Retakaful AED	Net AED	Gross AED	Retakaful AED	Net AED
Motor	19,089,639	(2,146,530)	16,943,109	56,668,052	(6,459,753)	50,208,299
Engineering	724,788	(658,669)	66,119	2,096,929	(1,909,551)	187,378
Marine & aviation	358,423	(308,569)	49,854	1,465,210	(1,235,198)	230,012
Fire	9,353,978	(9,009,230)	344,748	19,437,250	(18,295,454)	1,141,796
General insurance & liabilities	9,483,189	(7,880,314)	1,602,875	46,702,509	(41,643,314)	5,059,195
Medical	9,437,472	(655,944)	8,781,528	25,083,121	(1,719,720)	23,363,401
Life	11,805,119	(9,943,240)	1,861,879	46,373,461	(39,045,919)	7,327,542
Total	60,252,608	(30,602,496)	29,650,112	197,826,532	(110,308,909)	87,517,623
	=====	=====	=====	=====	=====	=====
Net takaful contributions	For the three-month period ended 30 September 2021 (Un-audited)			For the nine month period ended 30 September 2021 (Un-audited)		
	Gross AED	Retakaful AED	Net AED	Gross AED	Retakaful AED	Net 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	(8,558,832)	1,572,523	39,742,724	(35,012,483)	4,730,241
Medical	6,216,491	(244,259)	5,972,232	23,801,225	(757,493)	23,043,732
Life	12,359,960	(10,971,295)	1,388,665	39,023,749	(32,847,280)	6,176,469
Total	55,208,988	(32,036,564)	23,172,424	173,206,077	(98,109,010)	75,097,067
	=====	=====	=====	=====	=====	=====

Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)

19. Segmental information (continued)

Net takaful claims	For the three-month period ended 30 September 2021 (Un-audited)			For the nine month period ended 30 September 2021 (Un-audited)		
	Gross AED	Retakaful AED	Net AED	Gross AED	Retakaful AED	Net AED
Motor	12,898,385	(1,989,441)	10,908,944	32,794,323	(5,000,873)	27,793,450
Engineering	606,976	(496,124)	110,852	1,689,908	(1,499,698)	190,210
Marine & aviation	42,813	(36,804)	6,009	1,635,997	(1,589,604)	46,393
Fire	505,783	(501,159)	4,624	2,664,330	(2,574,004)	90,326
General insurance & liabilities	1,385,205	(1,041,576)	343,629	8,251,353	(6,609,870)	1,641,483
Medical	4,881,892	(183,375)	4,698,517	17,460,923	(1,315,694)	16,145,229
Life	5,492,144	(4,634,303)	857,841	13,473,762	(11,162,758)	2,311,004
Total	25,813,198	(8,882,782)	16,930,416	77,970,596	(29,752,501)	48,218,095
	=====	=====	=====	=====	=====	=====
Net takaful claims	For the three-month period ended 30 September 2021 (Un-audited)			For the nine month period ended 30 September 2021 (Un-audited)		
	Gross AED	Retakaful AED	Net AED	Gross AED	Retakaful AED	Net 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
	=====	=====	=====	=====	=====	=====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

20. Contingencies

- (a) At the 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 at amortised cost 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).

The fair value of assets are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2020.

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 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 30 September 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	30,524	27,588	Level 1	Quoted bid prices in an active market.	None	Not applicable.
Unquoted equity securities	34,150	30,656	Level 3	Net assets valuation method and comparable multiples approach	Net assets value	The higher the net assets value of the investees, the higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	4,663	4,073	Level 1	Quoted bid prices in an active market.	None	Not applicable.
Unquoted equity securities	40,567	30,801	Level 3	Net assets valuation method.	Net assets value	The higher the net assets value of the investees, the higher the fair value.
Unit linked investments	854,206	839,411	Level 3	Net assets valuation method.	Net assets value	The higher the net assets value of the investees, the 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:

	As at 30 September 2021 AED'000 (Un-audited)	As at 31 December 2020 AED'000 (Audited)
At beginning of the period / year	30,656	34,728
Changes in fair value	3,494	(4,072)
At end of the period / year	34,150	30,656
	=====	=====

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

	As at 30 September 2021 AED'000 (Un-audited)	As at 31 December 2020 AED'000 (Audited)
<i>Unit linked investments</i>		
At 1 January	839,411	750,500
Net change during the period/year (change in fair value and net investment/withdrawal)	14,795	88,911
At end of the period / year	854,206 =====	839,411 =====
<i>Unquoted equity securities</i>		
At 1 January	30,801	-
Purchases during the period/year	-	22,044
Change in fair value during the period /year	9,766	8,757
At end of the period / year	40,567 =====	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 31 reported claims (AED 348,000) 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 30 September 2021. The impact on life insurance was minimal at this point.

COVID 19 impact on measurement of Expected Credit Losses

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.

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 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 30 September 2021.

Liquidity management / Business continuity planning

The management has 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 ensured that the outbreak of the pandemic 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 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 is currently in the process of selling the shares held by the former CEO for the beneficial interest of the Group with an undertaking from the former CEO that the proceeds from the sale of these shares will be transferred to the Group on completion of this transaction.

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 of 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 for in the condensed interim consolidated statement of financial position as of 30 September 2021 and recognition of the contingent asset will only be made once the success of the legal action is certain.

24. Prepayments and other receivables

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Prepayments	4,012,841	2,105,504
Receivables from employees	617,091	814,799
Advance to suppliers	1,090,000	1,090,000
Refundable deposits	258,169	258,169
Other receivables	1,928,016	2,802,942
	7,906,117	7,071,414
	=====	=====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

25. Trade and other payables

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Trade payables and accruals	25,860,286	62,626,290
Employees' end of service benefits	5,959,982	5,897,839
Zakat payable	148,985	462,641
	<u>31,969,253</u>	<u>68,986,770</u>
	=====	=====

26. Takaful payables

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Within UAE	47,801,766	40,152,401
Outside UAE	17,137,633	15,139,181
	<u>64,939,399</u>	<u>55,291,582</u>
	=====	=====

Within UAE

Payable to policyholders	7,240,468	5,910,144
Payable to takaful and retakaful companies	37,778,643	30,071,843
Payable to brokers / agents	2,782,655	4,170,414
	<u>47,801,766</u>	<u>40,152,401</u>
	=====	=====

Outside the UAE

Payable to takaful and retakaful companies	17,080,620	15,095,178
Payable to brokers / agents	57,013	44,003
	<u>17,137,633</u>	<u>15,139,181</u>
	=====	=====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

27. Due to bank

In prior years, the Group obtained a Sharia'a Compliant secured overdraft facility with a total limit of AED 20 million from an Islamic bank in the UAE to meet business requirements. The facility was secured by lien over wa kala deposits with banks with original maturities of more than three months based on a Mudarabah financing structure of AED 20 million as margin in favour of the bank – refer note 5.2. The facility was repaid during the nine month period ended 30 September 2021.

28. Murabaha payable

The Group have a Murabaha finance from an Islamic bank in the UAE which carries a profit rate of 6 months EIBOR + 2.5% per annum and is secured by a pledge / electronic custody with the bank's brokerage entity for the eligible shares (category A and B) – refer note 6.

In addition, the murabaha payable is subject to covenants, and the Group is inline and comply with these covenants.

29. Deferred policy acquisition costs

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Balance as the beginning of the period/ year	7,642,874	8,465,105
Policy acquisition costs paid during the period/ year	20,504,520	24,263,670
Charge for the period/ year	(17,689,693)	(25,085,901)
Balance as the end of the period/ year	10,457,701	7,642,874
	=====	=====

30. Deferred discount

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Balance as the beginning of the period/ year	6,456,898	5,009,181
Policy acquisition costs paid during the period/ year	13,417,993	19,707,657
Charge for the period/ year	(12,902,329)	(18,259,940)
Balance as the end of the period/ year	6,972,562	6,456,898
	=====	=====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

31. General and administrative expenses

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2021	2020	2021	2020
	AED	AED	AED	AED
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
Salaries and benefits	4,776,592	5,505,531	15,414,445	17,490,962
Legal and professional fees	841,972	648,484	2,376,399	2,068,473
Rent	329,715	378,911	1,037,411	1,138,711
Communication	171,442	212,985	511,479	553,522
Repairs and maintenance	176,981	185,275	555,878	478,983
Depreciation	33,351	41,539	103,896	135,037
Printing and stationary	22,348	19,360	53,033	61,730
Travelling and conveyance	27,863	35,785	59,004	67,371
Allowance for doubtful receivables	(1,969,801)	1,202,527	(1,833,905)	2,181,608
Marketing and advertising	71,350	30,923	234,589	47,582
Tax expenses	118,645	1,015,483	565,550	2,169,424
Bank charges	180,386	84,509	550,188	563,180
Other	205,130	285,485	578,588	710,229
	4,985,974	9,646,797	20,206,555	27,666,812

32. Restatement of comparative financial information

In the condensed interim consolidated financial statements for the three-month and six-month periods ended 30 June 2021, the presentation of statement of financial position was amended to conform with the requirements of IAS 1 – Presentation of Financial Statements. In the implementation of the changes in the presentation, certain balances, “Investments revaluation reserve – FVTOCI - for takaful operations” (debit balance of AED 21,026,921 as of 31 December 2020), “Retakaful placement provision” (credit balance of AED 1,311,762 as of 31 December 2020) and “Takaful operations surplus” were aggregated which resulted in a net debit balance of AED 12,844,358 as of 31 December 2020. As the net amount was a debit balance, the Company recognised this amount as an asset referred to as “Policyholders’ reserve”. Per the takaful requirements, losses arising from the FVTOCI investments for takaful operations are not borne by the policyholders but by the Company. As such, such losses do not meet the recognition criteria under IFRS to be recognised as an asset. Therefore, the amount of AED 21,026,921 should have been recognised in equity as a separate reserve as of 31 December 2020. Furthermore, the takaful operations surplus should not have been aggregated and should have been recognised as a liability of AED 6,870,801 as of 31 December 2020 and the Retakaful placement provision of AED 1,311,762 should also not have been aggregated as per the regulations and should have been disclosed separately in equity. The misstatements have been corrected by restating each of the affected financial statement line items for the prior periods as of 31 December 2020 and 1 January 2020 as follows:

As at 31 December 2020	As previously reported	Adjustment	As restated
	AED	AED	AED
Assets			
Policyholders’ reserve	12,844,358	(12,844,358)	-
Liabilities			
Surplus in takaful operations’ fund	-	6,870,801	6,870,801
Equity			
Investments revaluation reserve – FVTOCI for takaful operations’ fund	-	(21,026,921)	(21,026,921)
Retakaful placement provision	-	1,311,762	1,311,762

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

32. Restatement of comparative financial information (continued)

As at 1 January 2020	As previously reported AED	Adjustment AED	As restated AED
Assets			
Policyholders' reserve	14,753,823	(14,753,823)	-
Liabilities			
Surplus in takaful operations' fund	-	4,308,305	4,308,305
Equity			
Investments revaluation reserve – FVTOCI for takaful operations' fund	-	(19,062,128)	(19,062,128)

The related movements in the “Investments revaluation reserve – FVTOCI for takaful operations” and “Retakaful placement provision” for the nine month period ended 30 September 2020 are included in the condensed interim consolidated statement of changes in equity. There was no impact of the above restatement on the condensed interim consolidated statements of income, comprehensive income for the three and nine month periods ended 30 September 2020 and the condensed interim statement of cash flows for the nine month period ended 30 September 2020.

In terms of IAS 1 – Presentation of Financial Statements, there is a requirement to separately present cash and cash equivalents on the face of the statement of financial position. IAS 7 - Statement of Cash flows define cash and cash equivalents as investments which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Group has not previously disclosed cash and cash equivalents on the face of the statement of financial position. To comply with these requirements, the comparative information has been restated to reclassify ‘wakala deposits with banks with original maturities of more than three months’ from “cash and bank balances” to “Deposit with banks”, and to separately present “Cash and cash equivalents” on the face of the statement of financial position.

The comparative information has been restated to reflect the appropriate classification. There was no impact of the above restatement relating to presentation of cash and cash equivalents on the condensed interim consolidated statements of income, comprehensive income for the three and nine month periods ended 30 September 2020 and the condensed interim statement of cash flows for the nine month period ended 30 September 2020.

The following tables show the adjustments made to each financial statement line items to the corresponding periods:

As at 31 December 2020	As previously reported AED	Adjustment AED	As restated AED
Cash and bank balances	114,532,907	(114,532,907)	-
Cash and cash equivalents	-	54,532,907	54,532,907
Wakala deposits with banks with original maturities of more than three months	-	60,000,000	60,000,000
As at 1 January 2020	As previously reported AED	Adjustment AED	As restated AED
Cash and bank balances	136,353,713	(136,353,713)	-
Cash and cash equivalents	-	81,353,713	81,353,713
Wakala deposits with banks with original maturities of more than three months	-	55,000,000	55,000,000

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

33. Discontinued operations

During the year ended 31 December 2018, the Board of Directors approved the liquidation and the disposal of Technik Auto Services Centre LLC and Amity Health L.L.C., subsidiaries of the Group.

The combined results of the discontinued operations included in the profit for the nine month period ended 30 September 2021 and 2020 are set out below.

	For the nine month period ended 30 September	
	2021	2020
	AED	AED
	(Un-audited)	(Audited)
Loss for the period from discontinued operations		
Revenue	-	-
Expenses	(2,677)	(17,434)
	<u>(2,677)</u>	<u>(17,434)</u>
	=====	=====
	For the three month period ended 30 September	
	2021	2020
	AED	AED
	(Un-audited)	(Audited)
Loss for the period from discontinued operations		
Revenue	-	-
Expenses	-	(18,809)
	<u>-</u>	<u>(18,809)</u>
	=====	=====

The Group is currently in the process of the liquidation of Technik Auto Services Centre LLC and Amity Health L.L.C. and the carrying amount of the assets and liabilities have been written down to its fair value less cost to sell. The major class of assets and liabilities of the subsidiaries at the end of the reporting period are as follow:

	As at 30 September 2021 AED (Un-audited)	As at 31 December 2020 AED (Audited)
Cash and cash equivalents	1,008,976	1,008,976
Other receivables	574,345	574,345
	<u>1,583,321</u>	<u>1,583,321</u>
	=====	=====
Assets under discontinued operations		
Trade and other payables	13,022,356	13,022,356
	<u>13,022,356</u>	<u>13,022,356</u>
	=====	=====
Liabilities directly associated with assets under discontinued operations		

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

34. Condensed interim consolidated statement of financial position - Shareholders and takaful operations' assets and liabilities

	As at 30 September 2021 AED'000 (Un-audited)	As at 31 December 2020 AED'000 (Audited)
ASSETS		
Takaful operations' assets		
Cash and cash equivalents	38,323,853	20,615,858
Financial assets measured at fair value through profit or loss (FVTPL)	723,572	661,581
Takaful receivables	61,004,687	58,602,525
Wakala deposits with banks with original maturities of more than three months	5,000,000	23,000,000
Financial assets measured at fair value through other comprehensive income (FVTOCI)	12,256,949	11,560,619
Retakaful contract assets		
Unearned contribution and unexpired risk reserves	35,198,975	30,778,105
Claims reported unsettled	65,252,794	58,009,511
Mathematical reserve	817,294	700,293
Claims incurred but not reported	35,467,654	37,500,160
Investment property	10,240,775	10,240,775
Due from shareholders	56,879,631	45,286,960
	<u>321,166,184</u>	<u>296,956,387</u>
Shareholders' assets		
Cash and cash equivalents	26,861,771	33,917,049
Financial assets measured at fair value through profit or loss (FVTPL)	898,712,995	873,622,739
Due from related parties	-	2,979,095
Prepayments and other receivables	7,906,117	7,071,414
Wakala deposits with banks with original maturities of more than three months	5,000,000	37,000,000
Financial assets measured at fair value through other comprehensive income (FVTOCI)	52,416,671	46,683,880
Deferred policy acquisition costs	10,457,701	7,642,874
Statutory deposit	10,000,000	10,000,000
Investment property	44,509,225	44,509,225
Property and equipment	204,913	281,753
Assets under discontinued operations	1,583,322	1,583,321
Total shareholders' assets	<u>1,057,652,715</u>	<u>1,065,291,350</u>
Total assets	<u>1,378,818,899</u> =====	<u>1,362,247,737</u> =====

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

34. Condensed interim consolidated statement of financial position - Shareholders and takaful operations' assets and liabilities (continued)

	As at 30 September 2021 AED'000 (Un-audited)	As at 31 December 2020 AED'000 (Audited)
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		
Takaful operations' liabilities		
Trade and other payables	17,501,104	20,747,516
Takaful payables	64,939,399	55,291,582
Amounts held under retakaful treaties	6,838,495	6,374,916
Takaful contract liabilities:		
Unearned contribution and unexpired risk reserves	99,267,167	81,204,057
Claims reported unsettled	82,956,133	71,931,439
Mathematical reserve	3,014,354	2,847,862
Claims incurred but not reported	55,775,302	62,602,479
Unallocated loss adjustment expenses	2,248,017	2,343,996
Deferred discount	6,972,562	6,456,898
Total takaful operations' liabilities	339,512,533	309,800,745
Takaful operations' deficit		
(Deficit)/surplus in takaful operations' fund	(6,481,580)	6,870,801
Qard Hassan from shareholders	6,481,580	-
Takaful operations' investments revaluation reserve	(20,330,590)	(21,026,921)
Retakaful placement provision	1,984,241	1,311,762
Total deficit from takaful operations	(18,346,349)	(12,844,358)
Total takaful operations' liabilities and surplus	321,166,184	296,956,387
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Due to bank	-	19,981,327
Murabaha payable	15,218,700	15,239,606
Due to related parties	-	272,814
Trade and other payables	14,468,149	48,239,254
Unit linked liabilities	854,206,072	839,410,979
Due to takaful operations	56,879,631	45,286,960
Liabilities directly associated with assets under discontinued operations	13,022,356	13,022,356
Total shareholders' liabilities	953,794,908	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	(60,212,537)	(62,452,179)
Accumulated losses	(70,513,122)	(88,293,501)
Equity attributable to shareholders of the Parent	105,184,597	85,164,576
Non-controlling interest	(1,326,790)	(1,326,522)
Total equity	103,857,807	83,838,054
Total shareholders' liabilities and equity	1,057,652,715	1,065,291,350
Total takaful operations' liabilities and deficit, shareholders' liabilities and equity	1,378,818,899	1,362,247,737

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

35. Condensed interim consolidated statement of financial position – Takaful operations' assets and liabilities (Life and Non-Life)

	As at 30 September 2021 (Un-audited)			As at 31 December 2020 (Audited)		
	TOTAL	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE
ASSETS						
Takaful operations' assets						
Cash and cash equivalents	38,323,853	30,130,612	8,193,241	20,615,858	16,546,164	4,069,694
Financial assets measured at fair value through profit or loss (FVTPL)	723,572	723,572	-	661,581	661,581	-
Takaful receivables	61,004,687	52,269,399	8,735,288	58,602,525	55,707,463	2,895,062
Wakala deposits with banks with original maturities of more than three months	5,000,000	5,000,000	-	23,000,000	23,000,000	-
Financial assets measured at fair value through other comprehensive income (FVTOCI)	12,256,949	12,256,949	-	11,560,619	11,560,619	-
Retakaful contract assets						
Unearned contribution and unexpired risk reserves	35,198,975	28,849,276	6,349,699	30,778,105	27,158,132	3,619,973
Claims reported unsettled	65,252,794	62,862,627	2,390,167	58,009,511	54,521,910	3,487,601
Mathematical reserve	817,294	-	817,294	700,293	-	700,293
Claims incurred but not reported	35,467,654	32,401,334	3,066,320	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	58,395,552	58,395,552	-	45,286,960	44,028,656	1,258,304
Total takaful operations' assets	322,682,105	293,130,096	29,552,009	296,956,387	277,024,572	19,931,815
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT						
Takaful operations' liabilities						
Trade and other payables	17,501,104	17,501,104	-	20,747,516	20,747,516	-
Amounts held under retakaful treaties	6,838,495	6,838,495	-	6,374,916	6,374,916	-
Takaful payables	64,939,399	41,955,481	22,983,918	55,291,582	42,216,302	13,075,280
Takaful contract liabilities:						
Unearned contribution and unexpired risk reserves	99,267,167	90,981,782	8,285,385	81,204,057	76,201,045	5,003,012
Claims reported unsettled	82,956,133	80,063,423	2,892,710	71,931,439	67,529,960	4,401,479
Mathematical reserve	3,014,354	-	3,014,354	2,847,862	-	2,847,862
Claims incurred but not reported	55,775,302	52,049,022	3,726,280	62,602,479	57,781,313	4,821,166
Unallocated loss adjustment expenses	2,248,017	2,190,665	57,352	2,343,996	2,253,016	90,980
Deferred discount	6,972,562	6,618,411	354,151	6,456,898	6,149,719	307,179
Due to shareholders	1,515,921	-	1,515,921	-	-	-
Total takaful operations' liabilities	341,028,454	298,198,383	42,830,071	309,800,745	279,253,787	30,546,958
Takaful operations' deficit						
(Deficit) / surplus in takaful operations' fund	(6,481,580)	10,385,657	(16,867,237)	6,870,801	17,754,814	(10,884,013)
Qard Hassan from shareholders	6,481,580	3,477,438	3,004,142	-	-	-
Takaful operations' investments revaluation reserve	(20,330,590)	(20,330,590)	-	(21,026,921)	(21,026,921)	-
Retakaful placement provision	1,984,241	1,399,208	585,033	1,311,762	1,042,892	268,870
Total deficit from takaful operations	(18,346,349)	(5,068,287)	(13,278,062)	(12,844,358)	(2,229,215)	(10,615,143)
Total takaful operations' liabilities and deficit	322,682,105	293,130,096	29,552,009	296,956,387	277,024,572	19,931,815

**Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)**

36. Condensed interim consolidated statement of income – Takaful operations’ (Life and Non-Life)

	For the nine month period ended 30 September 2021 (Un-audited)			For the nine month period ended 30 September 2020 (Un-audited)		
	TOTAL	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE
Continuing operations						
Attributable to takaful operations						
Takaful income						
Gross takaful contributions	197,826,532	151,453,071	46,373,461	173,206,077	134,182,328	39,023,749
Retakaful share of gross takaful contributions	(110,308,909)	(71,262,990)	(39,045,919)	(98,109,010)	(65,261,730)	(32,847,280)
Net takaful contributions	87,517,623	80,190,081	7,327,542	75,097,067	68,920,598	6,176,469
Change in unearned contributions and unexpired risk reserves	(13,642,240)	(13,089,593)	(552,647)	(1,492,941)	(686,719)	(806,222)
Net change in mathematical reserve	(49,491)	-	(49,491)	56,998	-	56,998
Net takaful contributions earned	73,825,892	67,100,488	6,725,404	73,661,124	68,233,879	5,427,245
Discount received on ceded retakaful	12,902,329	11,370,045	1,532,284	14,277,560	12,416,055	1,861,505
Policy fees	6,301,414	527,621	5,773,793	8,773,815	511,842	8,261,973
	93,029,635	78,998,154	14,031,481	96,712,499	81,161,776	15,550,723
Takaful expenses						
Gross claims settled	(77,970,596)	(64,496,834)	(13,473,762)	(88,065,626)	(74,773,161)	(13,292,465)
Retakaful share of gross claims settled	29,752,501	18,589,743	11,162,758	51,769,867	41,000,807	10,769,060
Net takaful claims	(48,218,095)	(45,907,091)	(2,311,004)	(36,295,759)	(33,772,354)	(2,523,405)
Change in provision for claims reported unsettled	(11,024,694)	(12,533,463)	1,508,769	8,364,511	11,492,159	(3,127,648)
Change in retakaful share of claims reported unsettled	7,243,283	8,340,717	(1,097,434)	(6,681,700)	(9,373,664)	2,691,964
Net change in incurred but not reported claims	4,794,671	4,534,353	260,318	(6,544,083)	(6,485,845)	(58,238)
Net change in unallocated loss adjustment expenses reserve	95,979	62,351	33,628	(19,844)	5,059	(24,903)
Net claims incurred	(47,108,856)	(45,503,133)	(1,605,723)	(41,176,875)	(38,134,645)	(3,042,230)
Net takaful income	45,920,779	33,495,021	12,425,758	55,535,624	43,027,131	12,508,493
Wakala fees	(59,015,875)	(40,868,752)	(18,147,123)	(55,332,389)	(37,425,184)	(17,907,205)
Mudarib’s share	(120,297)	(120,297)	-	(132,808)	(132,808)	-
Investment income, net	481,189	481,189	-	531,231	531,231	-
(Deficit) / surplus from takaful operation for the period	(12,734,204)	(7,012,839)	(5,721,365)	601,658	6,000,370	(5,398,712)

Notes to the condensed interim consolidated financial information
for the nine month period ended 30 September 2021 (continued)

36. Condensed interim consolidated statement of income – Takaful operations' (Life and Non-Life) (continued)

	For the three month period ended September 2021 (Un-audited)			For the 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	60,252,608	48,447,489	11,805,119	55,208,988	42,849,028	12,359,960
Retakaful share of gross takaful contributions	(30,602,496)	(20,659,256)	(9,943,240)	(32,036,564)	(20,901,851)	(11,134,713)
Net takaful contributions	29,650,112	27,788,233	1,861,879	23,172,424	21,947,177	1,225,247
Change in unearned contributions and unexpired risk reserves	(4,831,060)	(5,396,113)	565,053	2,838,995	2,582,857	256,138
Net change in mathematical reserve	623,458	-	623,458	998	-	998
Net takaful contributions earned	25,442,510	22,392,120	3,050,390	26,012,417	24,530,034	1,482,383
Discount received on ceded retakaful	4,623,617	3,793,842	829,775	4,425,910	3,427,223	998,687
Policy fees	1,298,700	156,489	1,142,211	3,274,193	396,556	2,877,637
	31,364,827	26,342,451	5,022,376	33,712,520	28,353,813	5,358,707
Takaful expenses						
Gross claims settled	(25,813,198)	(20,321,054)	(5,492,144)	(29,716,837)	(20,797,335)	(8,919,502)
Retakaful share of gross claims settled	8,882,782	4,248,479	4,634,303	15,892,173	8,652,757	7,239,416
Net takaful claims	(16,930,416)	(16,072,575)	(857,841)	(13,824,664)	(12,144,578)	(1,680,086)
Change in provision for claims reported unsettled	(3,535,408)	(3,774,548)	239,140	3,333,584	2,754,752	578,832
Change in retakaful share of claims reported unsettled	762,937	982,271	(219,334)	(3,027,445)	(2,733,024)	(294,421)
Net change in incurred but not reported claims	4,151,670	4,013,270	138,400	(2,676,909)	(2,544,134)	(132,775)
Net change in unallocated loss adjustment expenses reserve	111,414	103,548	7,866	(74,815)	(82,431)	7,616
Net claims incurred	(15,439,803)	(14,748,034)	(691,769)	(16,270,249)	(14,749,415)	(1,520,834)
Net takaful income	15,925,024	11,594,417	4,330,607	17,442,271	13,604,398	3,837,873
Wakala fees	(18,432,315)	(13,446,196)	(4,986,119)	(17,410,969)	(11,771,104)	(5,639,865)
Mudarib's share	(18,570)	(18,570)	-	(38,818)	(38,818)	-
Investment income, net	74,280	74,280	-	155,274	155,274	-
(Deficit) / surplus from takaful operation for the period	(2,451,581)	(1,796,069)	(655,512)	147,758	1,949,750	(1,801,992)