TAKAFUL EMARAT - INSURANCE (PSC) AND ITS SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2022

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TAKAFUL EMARAT - INSURANCE (PSC)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Takaful Emarat - Insurance (PSC) (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the interim consolidated statement of financial position as at 30 June 2022, and the related interim consolidated statements of profit or loss and comprehensive income, statement of changes in equity and cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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.

Basis for Qualified Conclusion

The Group's takaful receivables and other assets and other receivables, which are carried in the interim condensed consolidated statement of financial position at AED 183.3 million (31 December 2021: AED 183.3 million) and AED 10.9 million (31 December 2021: AED 11.8 million), respectively, includes other receivables of AED 65.4 million (31 December 2021: AED 43.1 million). We were not provided with sufficient and appropriate audit evidence supporting the carrying amount of these other receivables as at 30 June 2022 and, consequently, were unable to determine whether any adjustments to the attached condensed consolidated financial statements were necessary as a result of any potential adjustments to such assets

The Group's takaful and other payables, which are carried in the interim condensed consolidated statement of financial position at AED 106.5 million (31 December 2021: AED 130.2 million), includes accrued expenses and other payables of AED 5.25 million (31 December 2021: AED 7.1 million). We were not provided with sufficient and appropriate audit evidence supporting the carrying amount of these liabilities as at 30 June 2022 and, consequently, were unable to determine whether any adjustments to the attached condensed consolidated financial statements were necessary as a result of any potential adjustments to such liabilities.

The predecessor auditor's audit opinion on the consolidated financial statements of the Group as of and for the year ended 31 December 2021 was also modified in respect of these matters.

Qualified Conclusion

Except for the possible effects of the matters described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TAKAFUL EMARAT - INSURANCE (PSC) (continued)

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 22 to the condensed consolidated financial statements which states that the Group did not meet the Minimum Capital Requirements of AED 100 million as of 30 June 2022 and that the Group's ability to comply with the solvency requirements depends on the effective implementation of the business plan submitted to the Central Bank of UAE. This indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Other Matter

The interim condensed consolidated financial statements of the Group as of 30 June 2021 were reviewed by another auditor whose report dated 10 August 2021 expressed an unmodified conclusion on those interim condensed consolidated financial statements. Also, the consolidated financial statements of the Group as of 31 December 2021, were audited by another auditor whose report dated 18 April 2022 expressed a qualified opinion on those consolidated financial statements with regard to the same matters as described above in the Basis for Qualified Conclusion section.

For Ernst & Young



Signed by:
Ashraf Abu-Sharkh
Partner
Registration No. 690

12 August 2022

Dubai, United Arab Emirates

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 (Unaudited)

	Notes	***30 June 2022 (Unaudited) AED***	*31 December 2021 (Audited) AED*
TAKAFUL OPERATIONS' ASSETS			
Cash and bank balances	9	**31,673,187**	55,500,051
Financial instruments	7	**395,067,223**	418,502,384
Takaful receivables and other assets		**183,345,333**	183,312,850
Retakaful contract assets	8	**84,064,067**	113,870,544
Investment properties	6	**57,503,031**	54,962,472
Deferred policy acquisition cost		**44,465,516**	51,246,159
Total Takaful Operations' Assets		**796,118,357**	877,394,460
Shareholders' Assets			
Cash and bank balances	9	**14,061,916**	11,377,988
Financial instruments	7	**22,406,089**	21,793,897
Other receivables		**10,853,284**	11,785,573
Statutory deposit	10	**4,000,000**	4,000,000
Property and equipment		**43,627,250**	45,369,456
Intangible assets		**1,421,302**	1,865,606
Receivable from policyholders		**112,579,372**	112,738,077
Total Shareholders' Assets		**208,949,213**	208,930,597
TOTAL ASSETS		**1,005,067,570**	1,086,325,057
Takaful Operations' Liabilities and Deficit			
Takaful Operations Liabilities			
Takaful and other payables		**106,453,941**	130,184,069
Takaful contract liabilities	8	**571,891,012**	633,161,594
Payable to shareholders		**112,579,372**	112,738,077
Total Takaful Operations liabilities		**790,924,325**	876,083,740
Deficit in Policyholders' Fund and Qard Hassan from Shareholders			
Deficit in policyholders' fund	11	**(5,194,031)**	(1,310,720)
Qard Hassan from shareholders	11	**5,194,031**	1,310,720
Deficit in Policyholders' Fund and Qard Hassan from Shareholders		**-**	-
TOTAL OPERATIONS' LIABILITIES AND SURPLUS		**790,924,325**	876,083,740

The accompanying notes 1 to 23 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2022 (Unaudited)

	Notes	*30 June 2022 (Unaudited) AED*	*31 December 2021 (Audited) AED*
Shareholders' Liabilities and Equity			
Shareholders' Liabilities			
Takaful and other payables		**73,022,337**	62,298,801
Ijarah finance	12	**19,600,000**	21,700,000
Provision for employees' end of service benefits		**3,785,960**	3,133,223
Total Shareholders' Liabilities		**96,408,297**	87,132,024
Shareholders' and Policyholders Equity			
Share capital	13	**150,000,000**	150,000,000
Statutory reserve		**6,567,600**	6,567,600
Accumulated losses		**(80,361,132)**	(74,986,787)
Regulatory reserve		**830,307**	830,307
Cumulative changes in fair value of investments -policyholders		**40,698,173**	40,698,173
TOTAL SHAREHOLDERS' AND POLICYHOLDERS' EQUITY		**117,734,948**	123,109,293
Total Shareholders' Liabilities and Equity		**214,143,245**	210,241,317
TOTAL TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT AND SHAREHOLDERS' LIABILITIES AND EQUITY		**1,005,067,570**	1,086,325,057

H.E. Mohamed Haji AlKhoori
Chairman

Wael Al Sharif
Chief Executive Officer

Adnan Sabaalaish
Senior Manager - Finance

The accompanying notes 1 to 23 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 June 2022 (Unaudited)

	Notes	***For the three-month period ended 30 June***		***For the six-month period ended 30 June***	
		2022 AED'000 (Unaudited)	*2021 AED'000 (Unaudited)*	***2022 AED'000 (Unaudited)***	*2021 AED'000 (Unaudited)*
Attributable to policyholders:					
Gross contributions written	14	**60,571,738**	114,405,304	**205,577,333**	344,068,869
Changes in unearned contributions	14	**57,493,527**	48,301,211	**35,698,424**	(31,457,171)
Takaful contributions earned		**118,065,265**	162,706,515	**241,275,757**	312,611,698
Retakaful contributions	14	**(18,352,469)**	(26,565,146)	**(41,343,843)**	(54,307,936)
Change in unearned contributions	14	**(14,028,983)**	(13,985,898)	**(25,538,458)**	(25,742,914)
Retakaful contributions earned		**(32,381,452)**	(40,551,044)	**(66,882,301)**	(80,050,850)
Net earned contributions		**85,683,813**	122,155,471	**174,393,456**	232,560,848
Gross claims incurred		**(78,399,260)**	(115,855,603)	**(158,603,601)**	(237,546,194)
Retakaful share of claims incurred		**30,029,754**	32,573,934	**56,932,379**	80,364,721
Net claims incurred		**(48,369,506)**	(83,281,669)	**(101,671,222)**	(157,181,473)
Change in reserve	8.1	**(21,717,667)**	(5,532,130)	**(38,089,133)**	(15,128,821)
Net change in fair value of policyholders investment linked contracts		**983,152**	(12,547,532)	**2,224,654**	(20,740,477)
		(69,104,021)	(101,361,331)	**(137,535,701)**	(193,050,771)
Net takaful income		**16,579,792**	20,794,140	**36,857,755**	39,510,077
Wakalah fees	15	**(19,517,794)**	(25,883,658)	**(40,425,238)**	(45,153,766)
Investment income		**(226,246)**	3,039,386	**(315,828)**	4,737,690
Net (deficit) from takaful operations		**(3,164,248)**	(2,050,132)	**(3,883,311)**	(905,999)
Attributable to Shareholders:					
Wakalah fees from policyholders	15	**19,517,794**	25,883,658	**40,425,238**	45,153,766
Investment income		**32,220**	780,131	**248,446**	807,318
Other income		**3,141,162**	4,482,755	**7,823,519**	9,804,898
Commission incurred		**(8,755,472)**	(12,093,270)	**(17,817,232)**	(26,108,541)
General, administrative and other expenses		**(16,652,559)**	(19,591,998)	**(32,171,005)**	(35,896,353)
Recovery of Qard Hassan to policyholders' fund		**(3,164,248)**	(2,050,132)	**(3,883,311)**	(905,999)
Loss for the period attributable to shareholders		**(5,881,103)**	(2,588,856)	**(5,374,345)**	(7,144,911)
Basic and diluted (loss) per share (AED)	16	**(0.039)**	(0.017)	**(0.036)**	(0.048)

The accompanying notes 1 to 23 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2022 (Unaudited)

	Notes	***For the three-month period ended 30 June***		***For the six-month period ended 30 June***	
		2022 AED'000 (Unaudited)	*2021 AED'000 (Unaudited)*	***2022 AED'000 (Unaudited)***	*2021 AED'000 (Unaudited)*
(Loss) for the period attributable to Shareholders		**(5,881,103)**	(2,588,856)	**(5,374,345)**	(7,144,911)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Net changes in fair value of available for sale investments		-	566,286	-	566,286
Other comprehensive income for the period		-	566,286	-	566,286
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		**(5,881,103)**	(2,022,570**)**	**(5,374,345)**	(6,578,625)

The accompanying notes 1 to 23 form part of these interim condensed consolidated financial statements.

TAKAFUL EMARAT - INSURANCE (PSC) AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2022 (Unaudited)

	Attributable to shareholders'				*Attributable to policyholders'*	
	Share capital AED	*Statutory reserve AED*	*Accumulated losses AED*	*Regulatory reserve AED*	*Cumulative changes in fair value AED*	*Total AED*
Balance at 1 January 2021	150,000,000	6,567,600	(67,254,090)	128,567	24,134,296	113,576,373
Total comprehensive loss for the period	-	-	(7,144,911)	-	566,286	(6,578,625)
Balance at 30 June 2021 (Unaudited)	150,000,000	6,567,600	(74,399,001)	128,567	24,700,582	106,997,748
Balance at 1 January 2022	150,000,000	6,567,600	(74,986,787)	830,307	40,698,173	123,109,293
Total comprehensive income for the period	-	-	(5,374,345)	-	-	(5,374,345)
Balance at 30 June 2022 (Unaudited)	**150,000,000**	**6,567,600**	**(80,361,132)**	**830,307**	**40,698,173**	**117,734,948**

The accompanying notes 1 to 23 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the period ended 30 June 2022 (Unaudited)

	Notes	Six months ended 30 June 2022 AED	2021 AED (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) for the period		**(5,374,345)**	(7,144,911)
Adjustments for:			
Depreciation of property and equipment and amortisation intangible assets		**2,285,105**	2,365,037
Realised (gain) on sale of investments at fair value through profit or loss		**(249,086)**	9,465,560
Loss/ (gain) on revaluation of investments at fair value through profit or loss		**2,906,633**	(21,283,586)
Provision for employees' end of service benefits		**1,028,960**	210,531
Provision for doubtful debts		-	1,017,957
Operating cash flows before changes in operating assets and liabilities		**597,267**	(15,369,412)
Decrease in retakaful contract assets		**29,806,477**	15,865,051
Decrease/ (increase) in takaful receivables and other assets		**899,804**	(56,472,788)
Decrease in deferred policy acquisition cost		**6,780,643**	4,237,700
(Decrease)/ increase in takaful contract liabilities		**(61,270,580)**	118,077,325
(Decrease) in takaful and other payables		**(13,006,594)**	(44,240,254)
NET CASH (USED IN)/ GENERATED FROM OPERATIONS		**(36,192,984)**	22,097,622
Employees' end of service benefits paid		**(376,223)**	(310,850)
Net cash (used in)/ generated from operating activities		**(36,569,207)**	21,786,772
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments at FVTPL		**(127,750,772)**	(106,381,864)
Proceeds from sale of investments at FVTPL		**147,916,194**	99,891,229
Purchase of property and equipment		**(98,593)**	(698,890)
Purchase of investments properties		**(2,540,558)**	(1,597,466)
Net cash generated from/ (used in) investing activities		**17,526,271**	(8,786,991)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in bank borrowings		**(2,100,000)**	(2,100,000)
Net cash (used in) financing activities		**(2,100,000)**	(2,100,000)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(21,142,936)**	10,899,781
Cash and cash equivalents at the beginning of the period		**49,628,039**	83,271,528
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	**28,485,103**	94,171,309

The accompanying notes 1 to 23 form part of these interim condensed consolidated financial statements.

1 GENERAL INFORMATION

Takaful Emarat - Insurance (PSC), Dubai, United Arab Emirates (the "Company") is a public stock company incorporated in the Emirate of Dubai – United Arab Emirates, pursuant to decree No. 62 for the year 2007 issued by the Ministry of Economy on 6 February 2007 and is subject to the provisions of the UAE Federal Law No. 2 of 2015 as amended ("Companies Law").

The Company carries out takaful activities in Health Insurance, Life Insurance and Credit and Saving Insurance in accordance with the Islamic Sharia'a and within the provisions of the Articles of Association of the Company.

The registered address of the Company is P.O. Box 64341, Dubai, United Arab Emirates.

These interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiary (collectively referred to as the "Group").

Subsidiary	**Principal activity**	**Country of incorporation**	**Ownership**	
Directly owned			**2022**	2021
Modern Tech Investment	Investment	United Arab Emirates	**100%**	100%

Coronavirus (COVID-19) outbreak and its impact on the Group
With the recent and rapid development of the coronavirus disease (COVID-19) outbreak, the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations including the United Arab Emirates (UAE).

Management has considered the unique circumstances and the risk exposures of the Group that could have a material impact on the business operations and has concluded that the main impacts on the Group's profitability/liquidity position may arise from:

- Recoverability of takaful and other receivables,
- Fair value measurement of financial instruments,
- Fair value measurement of investment properties,
- Provision for outstanding claims and claims incurred but not reported, and
- Reduction in gross contribution due to non-renewal of policies.

Based on the above consideration, management has concluded that there is no significant impact on the Group's profitability position as at reporting date and business operations, except for what is disclosed in the interim condensed consolidated financial statements.

The Group has performed stress testing as required by the Insurance Authority of UAE on a monthly basis approved by the Board of Directors, who are satisfied that the Group will continue to operate as a going concern. Accordingly, these interim condensed consolidated financial statements have been prepared on a going concern basis. Management will continue to monitor the situation and, will take necessary and appropriate actions on a timely basis to respond to this unprecedented situation.

2 BASIS OF PREPARATION AND NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

2.1 Basis of Preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards IAS34, Interim financial reporting ("IAS 34").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2021. In addition, results for the six months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2 BASIS OF PREPARATION AND NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

2.2 New and revised IFRSs applied with no material effect on the interim condensed consolidated financial statements

The Group has applied the following amendments to published standards for the first time for the annual reporting period commencing 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2.3 New and revised IFRS standards and interpretations but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2023). Management of the Group is assessing the impact of the above standard on the Group's financial statements and does not intend to adopt the above standard before its effective date.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after 1 January 2023)
- Definition of Accounting Estimates - Amendments to IAS 8 (effective for annual reporting periods beginning on or after 1 January 2023)
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (applicable for annual periods beginning on or after 1 January 2023)

There are no other relevant applicable new standards and amendments to published standards that have been issued but are not effective for the first time for the Group's financial period beginning on 1 January 2022 that would be expected to have a material impact on the financial statements of the Group.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties.

The accounting policies, presentation and methods in this interim condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2021.

4 CHANGES IN JUDGEMENTS AND ESTIMATION UNCERTAINTY

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021, with the exception of the impact of the novel coronavirus (COVID-19) outbreak on the Group which is detailed below.

Recoverability of receivables
The COVID-19 outbreak led to a significant increase in the credit risk of companies within the economy as a result of operational disruption.

Based on management's assessment, the Group has not identified a material impact to the recoverability of receivables for the period ended 30 June 2022.

Fair value measurement of financial instruments
COVID-19 outbreak led to significant market turmoil and price volatility on the global financial markets. The Group is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current scenario.

Based on management's assessment, the Group has not identified a material impact to the fair values of financial assets and liabilities for the period ended 30 June 2022 except for what is disclosed in the interim condensed consolidated financial statements.

Fair value measurement of investment properties
As the local real estate market becomes slower moving, adjustments may be required to adjust the fair values of the properties in order to reflect the current economic circumstances.

Based on management's assessment, there is limited information available on the 2022 outlook for the real estate market and how the situation will progress in light of COVID-19. The Group has not identified any significant impact to the fair values of investment properties as at 30 June 2022. The Group will consistently monitor the market and ensure that the prices used by the Group are an accurate representation of fair values.

Provision for outstanding claims and claims incurred but not reported
The Group has performed an assessment of the impact of COVID-19 on its contractual arrangements, provisions for outstanding claims and claims incurred but not reported which included regular sensitivity analyses. The Group determined that there is no material impact on its risk position and provision balances for outstanding claims and claims incurred but not reported as at 30 June 2022. The Group will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

5 TAKAFUL AND FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of takaful and financial risks: underwriting risk, market risk (which includes foreign currency risk, profit rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements does not include all takaful and financial risk management information and disclosures required in the annual consolidated financial statements; therefore, they should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2021. There have been no changes in the risk management department or in any risk management policies since the year end.

6 INVESTMENT PROPERTIES

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Land	**15,401,897**	15,401,896
Residential apartments	**16,070,000**	16,070,000
	31,471,897	31,471,896
Work in progress	**26,031,134**	23,490,576
	57,503,031	54,962,472

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2022 (31 December 2021: Level 3) and are located within the United Arab Emirates.

7 FINANCIAL INSTRUMENTS

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Takaful operations' assets		
At fair value through profit or loss (Note 7.1)	**337,447,582**	360,882,743
Available-for-sale (Note 7.2)	**57,619,641**	57,619,641
	395,067,223	418,502,384
Shareholders' assets		
At fair value through profit or loss (Note 7.1)	**22,406,089**	21,793,897
Total	**417,473,312**	440,296,281

7.1 Financial instruments at fair value through profit or loss

	30 June 2022 (Unaudited)			
	Attributable to individual life policyholders AED	***Attributable to shareholders AED***	***Attributable to takaful operations AED***	***Total AED***
Mutual funds	**197,752,412**	**4,276,411**	**-**	**202,028,823**
Sukuk investments	**52,225,608**	**5,550,678**	**6,709,204**	**64,485,490**
Equity investments – quoted	**-**	**-**	**80,760,358**	**80,760,358**
Equity investments – unquoted	**-**	**12,579,000**	**-**	**12,579,000**
Total	**249,978,020**	**22,406,089**	**87,469,562**	**359,853,671**

7 FINANCIAL INSTRUMENTS (continued)

7.1 Financial instruments at fair value through profit or loss (continued)

	31 December 2021 (Audited)			
	Attributable to individual life policyholders AED	*Attributable to shareholders AED*	*Attributable to takaful operations AED*	*Total AED*
Mutual funds	212,236,955	8,955,728	5,601,424	226,794,107
Sukuk investments	54,892,823	259,169	7,391,183	62,543,175
Equity investments – quoted	-	-	80,760,358	80,760,358
Equity investments – unquoted	-	12,579,000	-	12,579,000
Total	267,129,778	21,793,897	93,752,965	382,676,640

Movements during the period/year were as follows:

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
At beginning of the period/year	**382,676,640**	319,259,904
Purchases during the period/year	**127,750,772**	208,110,823
Disposals during the period/year	**(147,667,108)**	(201,663,405)
Change in fair value during the period/year	**(2,906,633)**	56,969,318
At end of the period/year	**359,853,671**	382,676,640

7.2 Available-for-sale (AFS)

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Shares – quoted	**57,619,641**	57,619,641

The fair value gain amounting to nil (30 June 2021: AED 0.57 million) has been recognised in the interim condensed consolidated statement of other comprehensive income.

7.3 Investment concentration

The UAE Insurance Authority has set the maximum limit for aggregate exposure in various investments category. As at 30 June 2022, the Group has invested over the limit in other invested assets category by AED Nil (31 December 2021: AED Nil), whereas, it has exceeded the sub-limits in all other categories except real estate investments by AED 123,188,361 (31 December 2021: AED 123,583,933).

8 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Gross takaful contract liabilities		
Claims reported	**129,279,135**	133,106,143
Claims incurred but not reported	**43,170,509**	44,997,319
Unearned contributions	**135,916,004**	171,614,428
Mathematics reserves	**13,521,789**	12,436,967
Policyholders' investment linked contracts at fair value	**250,003,575**	271,006,737
	571,891,012	633,161,594
Retakaful contract assets		
Retakaful share of claims reported	**32,053,907**	35,617,245
Retakaful share of claims incurred but not reported	**12,124,921**	13,042,844
Retakaful share of unearned contributions	**38,306,958**	63,845,416
Retakaful share of mathematics reserves	**1,578,281**	1,365,039
	84,064,067	113,870,544
Net takaful contract liabilities		
Claims reported	**97,225,228**	97,488,898
Claims incurred but not reported	**31,045,588**	31,954,475
Unearned contributions	**97,609,046**	107,769,012
Mathematics reserves	**11,943,508**	11,071,928
Policyholders' investment linked contracts at fair value	**250,003,575**	271,006,737
	487,826,945	519,291,050
Movement in payable to policyholders of investment linked contracts		
Opening balance	**271,006,737**	222,185,354
Gross contribution	**41,562,082**	101,619,787
Allocation charges	**(4,062,860)**	(13,940,242)
Redemption and other charges	**(56,277,730)**	(69,357,256)
Change in fair value	**(2,224,654)**	30,499,094
Closing balance	**250,003,575**	271,006,737

8.1 Change in reserves

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Change in mathematical reserve – takaful life	**(1,141,551)**	5,199,580
Change in reserve relating to takaful life products	**37,006,030**	83,178,545
Change in fair value – individual life policyholders	**2,224,654**	(30,499,094)
	38,089,133	57,879,031

9 CASH AND BANK BALANCES

	30 June 2022 (Unaudited)		*31 December 2021 (Audited)*	
	Takaful operations AED	***Shareholders' operations AED***	*Takaful operations AED*	*Shareholders' operations AED*
Cash and bank balances	**14,423,187**	**14,061,916**	38,250,051	11,377,988
Deposit	**17,250,000**	**-**	17,250,000	-
	31,673,187	**14,061,916**	55,500,051	11,377,988
Less: Deposits maturing in more than three months	**(17,250,000)**	**-**	(17,250,000)	-
Total	**14,423,187**	**14,061,916**	38,250,051	11,377,988

The deposits carry profit rates of 1% (2021: 1%) per annum with maturity date as of 29 September 2022.

10 STATUTORY DEPOSIT

Statutory deposit is maintained in accordance with the requirements of UAE Federal Law No. 6 of 2007 for the purpose of carrying on takaful operations in the United Arab Emirates and is not available to finance the day to day operations of the Company. This deposit carries a profit rate of nil (2021: 1%) per annum.

11 DEFICIT IN POLICYHOLDERS' FUND

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Deficit in policyholders' fund		
Balance at the beginning of the period/year	**(1,310,720)**	(1,246,783)
Deficit during the period/year	**(3,883,311)**	(63,937)
Balance at the end of the period/ year	**(5,194,031)**	(1,310,720)
Qard Hassan from shareholders		
Balance at beginning of period/year	**1,310,720**	1,246,783
Provision during the period/year	**3,883,311**	63,937
Balance at the end of the period/year	**5,194,031**	1,310,720
Total deficit in policyholders' fund	**-**	-

12 IJARAH FINANCE

The ijarah finance as at reporting date is against AED 35 million loan obtained in 2017 for the purchase of new building being used as office space, of which outstanding principal amount is amounting to AED19.6 million as at 30 June 2022 (31 December 2021: AED 21.7 million).

The decrease in Ijarah finance of AED 2.1 million (2021: AED 2.1 million) during the period/year consists of settlement of repayment against the borrowing of AED 35 million.

Bank credit facilities were secured by mortgage over property, assignment of Islamic insurance policy over property, hypothecation of wakala time deposit and promissory notes.

13 SHARE CAPITAL

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Authorised, Issued and fully paid: 150,000,000 ordinary shares of AED 1 each	**150,000,000**	150,000,000
	150,000,000	150,000,000

14 NET EARNED CONTRIBUTIONS (UNAUDITED)

Three month period	***Three month period ended 30 June 2022***			*Three month period ended 30 June 2021*		
	Takaful Medical AED	***Life and savings AED***	***Total AED***	*Takaful Medical AED*	*Life and savings AED*	*Total AED*
Gross contributions written	**38,098,209**	**22,473,529**	**60,571,738**	91,196,348	23,208,956	114,405,304
Change in unearned contributions	**56,868,776**	**624,751**	**57,493,527**	48,463,762	(162,551)	48,301,211
Takaful contributions earned	**94,966,985**	**23,098,280**	**118,065,265**	139,660,110	23,046,405	162,706,515
Retakaful contributions	**(17,450,452)**	**(902,017)**	**(18,352,469)**	(24,483,971)	(2,081,175)	(26,565,146)
Change in unearned contributions	**(13,544,505)**	**(484,478)**	**(14,028,983)**	(14,298,554)	312,656	(13,985,898)
Retakaful contributions ceded	**(30,994,957)**	**(1,386,495)**	**(32,381,452)**	(38,782,525)	(1,768,519)	(40,551,044)
Net earned contributions	**63,972,028**	**21,711,785**	**85,683,813**	100,877,585	21,277,886	122,155,471

Six month period	***Six month period ended 30 June 2022***			*Six month period ended 30 June 2021*		
	Takaful Medical AED	***Life and savings AED***	***Total AED***	*Takaful Medical AED*	*Life and savings AED*	*Total AED*
Gross contributions written	**163,914,173**	**41,663,160**	**205,577,333**	299,465,442	44,603,427	344,068,869
Change in unearned contributions	**34,196,380**	**1,502,044**	**35,698,424**	(32,009,901)	552,730	(31,457,171)
Takaful contributions earned	**198,110,553**	**43,165,204**	**241,275,757**	267,455,541	45,156,157	312,611,698
Retakaful contributions	(**39,451,474**)	**(1,892,369)**	**(41,343,843)**	(50,885,025)	(3,422,911)	(54,307,936)
Change in unearned contributions	**(24,312,838)**	**(1,225,620)**	**(25,538,458)**	(25,419,446)	(323,468)	(25,742,914)
Retakaful contributions ceded	**(63,764,312)**	**(3,117,989)**	**(66,882,301)**	(76,304,471)	(3,746,379)	(80,050,850)
Net earned contributions	**134,346,241**	**40,047,215**	**174,393,456**	191,151,070	41,409,778	232,560,848

15 WAKALAH FEES

For group life, group medical and individual medical policies, wakalah fees were charged from 15.75% to 25% (2021: 13.5% to 25%) of gross takaful contributions. For life takaful policies, wakalah fees were charged at a maximum of 35% of takaful risk contributions. Wakalah fees are approved by the Sharia'a Supervisory Board and is charged to the condensed consolidated statement of profit or loss when incurred.

16 BASIC AND DILUTED LOSS PER SHARE

	For the three-month period ended 30 June		***For the six-month period ended 30 June***	
	2022 AED'000 (Unaudited)	*2021 AED'000 (Unaudited)*	***2022 AED'000 (Unaudited)***	*2021 AED'000 (Unaudited)*
Loss for the period attributable to shareholders	**(5,881,103)**	(2,588,856)	**(5,374,345)**	(7,144,911)
Weighted average number of shares outstanding during the period	**150,000,000**	150,000,000	**150,000,000**	150,000,000
Earnings/ (Loss) per share	**(0.039)**	(0.017)	**(0.036)**	(0.048)

No figures for diluted earnings/loss per share are presented as the Group has not issued any instruments which would have an impact on earnings/loss per share when exercised.

17 RELATED PARTY TRANSACTIONS AND BALANCES

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

The significant balances outstanding at 30 June in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Affiliates of major shareholders:		
Outstanding claims	-	339,864

17 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The profit or loss in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	For the three-month period ended 30 June		***For the six-month period ended 30 June***	
	2022 AED'000 (Unaudited)	*2021 AED'000 (Unaudited)*	***2022 AED'000 (Unaudited)***	*2021 AED'000 (Unaudited)*
Compensation of key management personnel:				
Short and long term benefits	**1,808,042**	1,486,655	**3,555,894**	2,384,649
Transactions with related parties during the period				
Gross written contribution	-	(1,670,061)	-	1,191,273
Gross claim incurred	-	405,223	-	488,598

Outstanding balances at the period/year-end arise in the normal course of business. The Group has not recorded any impairment of amounts owed by related parties.

18 CONTINGENCIES AND COMMITMENTS

	30 June 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Letters of guarantee	**15,000**	163,593

Capital commitments
Capital commitments as at 30 June 2022 amounted to AED 6.7 million (31 December 2021: AED 6 million)

Legal claims
The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Group's income or financial condition.

19 SEGMENT INFORMATION

For management purposes, the Company is organised into two business segments; takaful and investment operations. The takaful operations comprise the takaful business undertaken by the Company on behalf of policyholders. Investment operations comprise investments and cash management for the Company's own account. No operating segments have been aggregated to form the above reportable operating segments.

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

19 SEGMENT INFORMATION (continued)

Except for Wakalah fees, allocation charges and Qard Hassan, no other inter-segment transactions occurred during the period. Segment income, expenses and results include transactions between business segments which will then be eliminated on consolidation shown below.

	Three month period ended 30 June 2022 (Unaudited)					
	Underwriting			***Shareholders***		
	Medical AED	***Life AED***	***Total AED***	***Medical AED***	***Life AED***	***Total AED***
Segment revenue	**94,966,985**	**23,098,280**	**118,065,265**	**32,220**	**22,658,956**	**22,691,176**
Segment result	**13,923,005**	**2,430,541**	**16,353,546**	**32,220**	**22,658,956**	**22,691,176**
Wakala fees	**(17,046,845)**	**(2,470,949)**	**(19,517,794)**	**-**	**-**	**-**
Commission incurred	-	-	-	-	**(8,755,472)**	**(8,755,472)**
General and administrative expenses	-	-	-	-	**(16,652,559)**	**(16,652,559)**
Provision for Qard Hassan to policyholders' fund	-	-	-	-	**(3,164,248)**	**(3,164,248)**
Profit/(loss) attributable to policyholders / shareholders	**(3,123,840)**	**(40,408)**	**(3,164,248)**	**32,220**	**(5,913,323)**	**(5,881,103)**

	Three month period ended 30 June 2021 (Unaudited)					
	Underwriting			*Shareholders*		
	Medical AED	*Life AED*	*Total AED*	*Medical AED*	*Life AED*	*Total AED*
Segment revenue	139,660,110	23,046,405	162,706,515	780,131	30,366,413	31,146,544
Segment result	18,986,129	4,847,397	23,833,526	780,131	30,366,413	31,146,544
Wakala fees	(22,745,456)	(3,138,202)	(25,883,658)	-	-	-
Commission incurred	-	-	-	-	(12,093,270)	(12,093,270)
General and administrative expenses	-	-	-	-	(19,591,998)	(19,591,998)
Provision for Qard Hassan to policyholders' fund	-	-	-	-	(2,050,132)	(2,050,132)
Profit/(loss) attributable to Policyholders / shareholders	(3,759,327)	1,709,195	(2,050,132)	780,131	(3,368,987)	(2,588,856)

19 SEGMENT INFORMATION (continued)

	Six month period ended 30 June 2022 (Unaudited)					
	Underwriting			***Shareholders***		
	Medical AED	***Life AED***	***Total AED***	***Medical AED***	***Life AED***	***Total AED***
Segment revenue	**198,110,553**	**43,165,204**	**241,275,757**	**248,446**	**48,248,757**	**48,497,203**
Segment result	**30,794,643**	**5,747,284**	**36,541,927**	**248,446**	**48,248,757**	**48,497,203**
Wakala fees	**(35,464,778)**	**(4,960,460)**	**(40,425,238)**	**-**	**-**	**-**
Commission incurred	**-**	**-**	**-**	**-**	**(17,817,232)**	**(17,817,232)**
General and administrative expenses	**-**	**-**	**-**	**-**	**(32,171,005)**	**(32,171,005)**
Provision for Qard Hassan to policyholders' fund	**-**	**-**	**-**	**-**	**(3,883,311)**	**(3,883,311)**
Profit/(loss) attributable to policyholders / shareholders	**(4,670,135)**	**786,824**	**(3,883,311)**	**248,446**	**(5,622,791)**	**(5,374,345)**

	Six month period ended 30 June 2021 (Unaudited)					
	Underwriting			*Shareholders*		
	Medical AED	*Life AED*	*Total AED*	*Medical AED*	*Life AED*	*Total AED*
Segment revenue	267,455,541	45,156,157	312,611,698	807,318	54,958,664	55,765,982
Segment result	35,065,073	9,182,694	44,247,767	807,318	54,958,664	55,765,982
Wakala fees	(38,804,022)	(6,349,744)	(45,153,766)	-	-	-
Commission incurred	-	-	-	-	(26,108,541)	(26,108,541)
General and administrative expenses	-	-	-	-	(35,896,353)	(35,896,353)
Provision for Qard Hassan to policyholders' fund	-	-	-	-	(905,999)	(905,999)
Profit/(loss) attributable to policyholders / shareholders	(3,738,949)	2,832,950	(905,999)	807,318	(7,952,229)	(7,144,911)

19 SEGMENT INFORMATION (continued)

	30 June 2022 (Unaudited)						
	Medical AED	***Life and saving AED***	***Underwriting Total AED***	***Shareholders' investments AED***	***Unallocated others AED***	***Total AED***	***Total AED***
Segment assets	**485,410,763**	**310,707,594**	**796,118,357**	**36,468,005**	**59,901,836**	**96,369,841**	**892,488,198**
Segment liabilities	**404,589,669**	**273,755,284**	**678,344,953**	**-**	**96,408,297**	**96,408,297**	**774,753,250**

	As at 31 December 2021 (Audited)						
	Medical AED	*Life and saving AED*	*Underwriting Total AED*	*Shareholders' investments AED*	*Unallocated others AED*	*Total AED*	*Total AED*
Segment assets	545,097,080	332,297,380	877,394,460	33,171,885	63,020,635	96,192,520	973,586,980
Segment liabilities	468,283,152	295,062,511	763,345,663	-	87,132,024	87,132,024	850,477,687

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of assets and liabilities measured at fair value
The following table analyses assets and liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated statement of financial position.

	30 June 2022 (Unaudited)			
	Level 1 AED	***Level 2 AED***	***Level 3 AED***	***Total AED***
Assets				
Investments at fair value through Profit or loss				
Equity investments – quoted	**80,760,358**	**-**	**-**	**80,760,358**
Equity investments – unquoted	**-**	**-**	**12,579,000**	**12,579,000**
Mutual funds	**-**	**202,028,823**	**-**	**202,028,823**
Sukuk investments	**64,485,490**	**-**	**-**	**64,485,490**
Available-for-sale	**57,619,641**	**-**	**-**	**57,619,641**
	202,865,489	**202,028,823**	**12,579,000**	**417,473,312**
Liabilities				
Investment linked contracts	**-**	**250,003,575**	**-**	**250,003,575**

	31 December 2021 (Audited)			
	Level 1 AED	*Level 2 AED*	*Level 3 AED*	*Total AED*
Assets				
Investments at fair value through profit or loss				
Equity investments – quoted	80,760,358	-	-	80,760,358
Equity investments – unquoted	-	-	12,579,000	12,579,000
Mutual funds	-	226,794,107	-	226,794,107
Sukuk investments	62,543,175	-	-	62,543,175
Available-for-sale	57,619,641	-	-	57,619,641
	200,923,174	226,794,107	12,579,000	440,296,281
Liabilities				
Investment linked contracts	-	271,006,737	-	271,006,737

21 SEASONALITY OF RESULTS

No income of seasonal nature was recorded in the statement of income for the three months period ended 30 June 2022.

22 FINANCIAL REGULATIONS

As per Article (8) of Section 2 of the financial regulations issued for insurance companies in UAE, the Company shall at all times comply with the requirements of Solvency Margin. As at 30 June 2022, the Company had a solvency deficit as compared to the Minimum Capital Requirements of AED 100 million. The Company has made a business plan to meet the solvency requirements by 30 September 2022 or provide a bank guarantee for solvency deficit. The business plan is approved by Central Bank of UAE and the Company is required to submit monthly progress reports to the Insurance Authority to demonstrate compliance with the business plan.

23 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 August 2022.