# TAKAFUL EMARAT - INSURANCE (PSC) AND ITS SUBSIDIARY

## UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**30 SEPTEMBER 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 condensed consolidated statement of financial position as at 30 September 2022, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three month period and nine month period then ended, and the statement of changes in equity and cash flows for the nine month 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*

1 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 141.4 million (31 December 2021: AED 183.3 million) and AED 15.6 million (31 December 2021: AED 11.8 million), respectively, includes other receivables of AED 86.4 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 September 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

2 The Group's takaful and other payables, which are carried in the interim condensed consolidated statement of financial position at AED 163.5 million (31 December 2021: AED 130.2 million), includes accrued expenses and other payables of AED 17.24 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 September 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.

3 The Group's financial instruments, which are carried in the interim condensed consolidated statement of financial position at AED 406.4 million (31 December 2021: AED 440.3 million), includes quoted equity investments at fair value through profit or loss and available for sale of AED 80.76 million and AED 57.62 million, respectively (31 December 2021: AED 80.76 million and AED 57.62 million, respectively). We were not provided with sufficient and appropriate audit evidence supporting the fair values of these assets as at 30 September 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.

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

***Basis for Qualified Conclusion (continued)***
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 modified in respect of matters 1 and 2 above.

***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.

***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 September 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 September 2021 were reviewed by another auditor whose report dated 9 November 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

23 November 2022

Dubai, United Arab Emirates

# TAKAFUL EMARAT - INSURANCE (PSC) AND ITS SUBSIDIARY

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022 (Unaudited)

| | Notes | *30 September 2022 (Unaudited) AED* | *31 December 2021 (Audited) AED* |
|---|---|---|---|
| **Takaful Operations' Assets** | | | |
| Cash and bank balances | 9 | **37,094,668** | 55,500,051 |
| Financial instruments | 7 | **393,807,739** | 418,502,384 |
| Takaful receivables and other assets | | **141,414,015** | 183,312,850 |
| Retakaful contract assets | 8 | **75,599,642** | 113,870,544 |
| Investment properties | 6 | **58,981,831** | 54,962,472 |
| Deferred policy acquisition cost | | **41,204,387** | 51,246,159 |
| **Total Takaful Operations' Assets** | | **748,102,282** | 877,394,460 |
| **Shareholders' Assets** | | | |
| Cash and bank balances | 9 | **15,025,375** | 11,377,988 |
| Financial instruments | 7 | **12,618,860** | 21,793,897 |
| Other receivables | | **15,599,008** | 11,785,573 |
| Statutory deposit | 10 | **4,000,000** | 4,000,000 |
| Property and equipment | | **42,738,575** | 45,369,456 |
| Intangible assets | | **1,237,912** | 1,865,606 |
| Receivable from policyholders' | | **114,601,784** | 112,738,077 |
| **Total Shareholders' Assets** | | **205,821,514** | 208,930,597 |
| **TOTAL ASSETS** | | **953,923,796** | 1,086,325,057 |
| **Takaful Operations' Liabilities and Deficit** | | | |
| **Takaful Operations Liabilities** | | | |
| Takaful and other payables | | **95,128,060** | 130,184,069 |
| Takaful contract liabilities | 8 | **537,043,771** | 633,161,594 |
| Payable to shareholders | | **114,601,784** | 112,738,077 |
| **Total Takaful Operations liabilities** | | **746,773,615** | 876,083,740 |
| **Deficit in Policyholders' Fund and Qard Hassan from Shareholders'** | | | |
| Deficit in policyholders' fund | 11 | **(1,328,663)** | (1,310,720) |
| Qard Hassan from shareholders | 11 | **1,328,663** | 1,310,720 |
| **Deficit in Policyholders' Fund and Qard Hassan from Shareholders** | | **-** | - |
| **TOTAL OPERATIONS' LIABILITIES AND SURPLUS** | | **746,773,615** | 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)

At 30 September 2022 (Unaudited)

| | Notes | *30 September 2022 (Unaudited) AED* | *31 December 2021 (Audited) AED* |
|---|---|---|---|
| **Shareholders' Liabilities and Equity** | | | |
| **Shareholders' Liabilities** | | | |
| Takaful and other payables | | **68,406,814** | 62,298,801 |
| Borrowings | 12 | **18,550,000** | 21,700,000 |
| Provision for employees' end of service benefits | | **4,006,188** | 3,133,223 |
| **Total Shareholders' Liabilities** | | **90,963,002** | 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 | | **(81,908,901)** | (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** | | **116,187,179** | 123,109,293 |
| **Total Shareholders' Liabilities and Equity and Policyholders' Equity** | | **207,150,181** | 210,241317 |
| **TOTAL TAKAFUL OPERATIONS' LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY** | | **953,923,796** | 1,086,325,057 |

H.E Mohamed Haji Al Khoori
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 September 2022 (Unaudited)

| | Notes | *Three month ended 30 September* | | *Nine month ended 30 September* | |
|---|---|---|---|---|---|
| | | ***2022 (Unaudited)*** | *2021 (Unaudited)* | ***2022 (Unaudited)*** | *2021 (Unaudited)* |
| **Attributable to policyholders:** | | | | | |
| Gross contributions written | 14 | **65,746,737** | 149,120,371 | **271,324,070** | 493,189,240 |
| Changes in unearned contributions | 14 | **31,408,908** | 29,405,204 | **67,107,332** | (2,051,967) |
| Takaful contributions earned | | **97,155,645** | 178,525,575 | **338,431,402** | 491,137,273 |
| Retakaful contributions | 14 | **(17,406,862)** | (63,399,248) | **(58,750,705)** | (117,707,184) |
| Change in unearned contributions | 14 | **(1,145,135)** | 22,321,643 | **(26,683,593)** | (3,421,271) |
| Retakaful contributions ceded | | **(18,551,997)** | (41,077,605) | **(85,434,298)** | (121,128,455) |
| Net earned contributions | | **78,603,648** | 137,447,970 | **252,997,104** | 370,008,818 |
| Gross claims incurred | | **(57,505,253)** | (112,486,710) | **(216,108,854)** | (350,032,904) |
| Retakaful share of claims incurred | | **13,789,659** | 34,716,215 | **70,722,038** | 115,080,936 |
| **Net claims incurred** | | **(43,715,594)** | (77,770,495) | **(145,386,816)** | (234,951,968) |
| Change in reserve | 8.1 | **(44,937,781)** | (25,709,226) | **(83,026,914)** | (40,838,047) |
| Net change in fair value of policyholders' investment linked contracts | 8.1 | **26,390,634** | (3,639,991) | **28,615,288** | (24,380,468) |
| **Net takaful income** | | **16,340,907** | 30,328,258 | **53,198,662** | 69,838,335 |
| Wakalah fees | 15 | **(14,073,436)** | (28,953,959) | **(54,498,674)** | (74,107,725) |
| Investment income | | **1,597,897** | 370,817 | **1,282,069** | 5,108,507 |
| Net surplus/ (deficit) from takaful Operations | | **3,865,368** | 1,745,116 | **(17,943)** | 839,117 |
| **Attributable to shareholders:** | | | | | |
| Wakalah fees from policyholders | 15 | **14,073,436** | 28,953,959 | **54,498,674** | 74,107,725 |
| Investment (loss)/income | | **(436,145)** | 179,400 | **(187,699)** | 986,718 |
| Other income | | **3,269,157** | 4,791,970 | **11,092,676** | 14,596,868 |
| Commission incurred | | **(8,320,283)** | (13,564,988) | **(26,137,515)** | (39,673,529) |
| General, administrative and other expenses | | **(13,999,302)** | (20,732,624) | **(46,170,307)** | (56,628,977) |
| Recovery of (provision for) Qard Hassan to policyholders' fund | | **3,865,368** | 1,745,116 | **(17,943)** | 839,117 |
| **(Loss)/Profit for the period attributable to shareholders** | | **(1,547,769)** | 1,372,833 | **(6,922,114)** | (5,772,078) |
| Basic and diluted (loss)/earnings per share (AED) | 16 | **(0.010)** | 0.009 | **(0.046)** | (0.038) |

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 September 2022 (Unaudited)

| | ***Three month ended 30 September*** | | ***Nine month ended 30 September*** | |
|---|---|---|---|---|
| | ***2022 (Unaudited)*** | *2021 (Unaudited)* | ***2022 (Unaudited)*** | *2021 (Unaudited)* |
| (Loss)/Profit for the period attributable to shareholders | **(1,547,769)** | 1,372,833 | **(6,922,114)** | (5,772,078) |
| **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 |
| **Other comprehensive income for the period** | **-** | - | **-** | 566,286 |
| **Total comprehensive (loss)/income for the period** | **(1,547,769)** | 1,372,833 | **(6,922,114)** | (5,205,792) |

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 September 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 | 113,576,372 |
| Total comprehensive loss for the period | - | - | (5,772,078) | - | 566,286 | (5,205,792) |
| Balance at 30 September 2021 (unaudited) | 150,000,000 | 6,567,600 | (73,026,168) | 128,567 | 24,700,582 | 108,370,580 |
| Balance at 1 January 2022 | 150,000,000 | 6,567,600 | (74,986,787) | 830,307 | 40,698,173 | 123,109,293 |
| Total comprehensive loss for the period | - | - | (6,922,114) | - | - | (6,922,114) |
| **Balance at 30 September 2022 (unaudited)** | **150,000,000** | **6,567,600** | **(81,908,901)** | **830,307** | **40,698,173** | **116,187,179** |

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2022 (Unaudited)

| | Notes | *Nine month period ended 30 September* | |
|---|---|---|---|
| | | ***2022*** | *2021* |
| | | ***AED*** | *AED* |
| **Cash flows from operating activities** | | | |
| Loss for the period | | **(6,922,114)** | (5,772,078) |
| Adjustments for: | | | |
| Depreciation of property and equipment and amortisation of intangible assets | | **3,369,669** | 3,560,305 |
| Realised loss on sale of investments at fair value through profit or loss | | **(1,553,324)** | 9,412,805 |
| Loss/ (gain) on revaluation of investments carried at FVTPL | 7 | **29,297,267** | (24,962,028) |
| Provision for employees' end of service benefits | | **1,457,961** | 607,058 |
| Provision for doubtful debts | | **-** | 2,152,684 |
| **Operating cash flows before changes in operating assets and liabilities** | | **25,649,459** | (15,001,254) |
| Decrease/(increase) in retakaful contract assets | | **38,270,902** | (689,113) |
| Decrease/(increase) in takaful receivables and other assets | | **38,085,400** | (17,412,277) |
| Decrease/(increase) in deferred policy acquisition cost | | **10,041,772** | 9,385,427 |
| Increase/(decrease) in takaful contract liabilities | | **(96,117,823)** | 108,985,779 |
| Decrease in takaful and other payables | | **(28,947,996)** | (52,613,669) |
| **Net cash (used in) / from operations** | | **(13,018,286)** | 32,654,893 |
| Employees' end of service benefits paid | | **(584,996)** | (346,610) |
| **Net cash (used in) / from operating activities** | | **(13,603,282)** | 32,308,283 |
| **Cash flows from investing activities** | | | |
| Purchase of investments at FVTPL | | **(120,586,334)** | (167,933,421) |
| Proceeds from sale of investments at FVTPL | | **126,712,073** | 155,339,359 |
| Purchase of property and equipment | | **(54,594)** | (698,890) |
| Purchase of intangible assets | | **(56,500)** | - |
| Addition to investments properties | | **(4,019,359)** | (2,469,762) |
| **Net cash from / (used in) investing activities** | | **1,995,286** | (15,762,714) |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | 12 | **(3,150,000)** | (3,150,000) |
| **Cash used in financing activities** | | **(3,150,000)** | (3,150,000) |
| **Net (decrease) / increase in cash and cash equivalents** | | **(14,757,996)** | 13,395,569 |
| 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** | **34,870,043** | 96,667,097 |

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 ("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 information incorporate the financial information 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 information.

The Group has performed stress testing as required by the Central Bank 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 information 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

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 nine month period ended 30 September 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)

### 2.1 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.

### 2.2 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' relating to providing a more uniform measurement and presentation approach for all insurance contracts (effective for annual periods beginning after 1 January 2023).
- IAS 1 'Presentation of Financial Statements' – Amendments on Classifications. Effective for annual period beginning on or after 1 January 2023.
- Amendments regarding Disclosure of Accounting policies (IAS 1 and IFRS practice statement 2) and amendments regarding Definition of Accounting estimates, IAS 8 (effective 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.

Management anticipates that IFRS 17 will be adopted in the Group's financial statements for the annual period beginning 1 January 2023. The application of IFRS 17 may have significant impact on amounts reported and disclosures made in the Group's financial statements in respect of its insurance contracts. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review.

## 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 preparation of interim condensed 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.

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 September 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 September 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 September 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 September 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 information 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 September 2022 AED (Unaudited)* | *31 December 2021 AED (Audited)* |
|---|---|---|
| Land | **15,401,896** | 15,401,896 |
| Residential apartments | **16,070,000** | 16,070,000 |
| | **31,471,896** | 31,471,896 |
| Work in progress | **27,509,935** | 23,490,576 |
| | **58,981,831** | 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 September 2022 (31 December 2021: Level 3).

## 7 Financial instruments

| | *30 September 2022 AED (Unaudited)* | *31 December 2021 AED (Audited)* |
|---|---|---|
| *Takaful operations' assets* | | |
| At fair value through profit or loss (Note 7.1) | **336,188,098** | 360,882,743 |
| Available-for-sale (Note 7.2) | **57,619,641** | 57,619,641 |
| | **393,807,739** | 418,502,384 |
| *Shareholders' assets* | | |
| At fair value through profit or loss (Note 7.1) | **12,618,860** | 21,793,897 |
| **Total** | **406,426,599** | 440,296,281 |

### 7.1 Financial instruments at fair value through profit or loss

| | *30 September 2022 (Unaudited)* | | | |
|---|---|---|---|---|
| | ***Attributable to individual life policyholders AED*** | ***Attributable to shareholders AED*** | ***Attributable to takaful operations AED*** | ***Total AED*** |
| Mutual funds | **197,376,006** | **39,860** | **-** | **197,415,866** |
| Sukuk investments | **51,342,530** | **-** | **6,709,204** | **58,051,734** |
| Equity investments – quoted | **-** | **-** | **80,760,358** | **80,760,358** |
| Equity investments – unquoted | **-** | **12,579,000** | **-** | **12,579,000** |
| **Total** | **248,718,536** | **12,618,860** | **87,469,562** | **348,806,958** |

## 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 September 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 | **120,586,334** | 208,110,823 |
| Disposals during the period/year | **(125,158,749)** | (201,663,405) |
| Change in fair value during the period/year | **(29,297,267)** | 56,969,318 |
| **At end of the period/year** | **348,806,958** | 382,676,640 |

### 7.2 Available-for-sale (AFS)

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

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

## 7 Financial instruments (continued)

### 7.3 Investment concentration

The Central Bank of U.A.E. has set the maximum limit for aggregate exposure in various investments category. As at 30 September 2022, the Group has exceeded sub-limits in all other categories except real estate investments by AED 141,266,336 (31 December 2021: AED 123,583,933).

## 8 Takaful contract liabilities and retakaful contract assets

| | ***30 September 2022 AED (Unaudited)*** | *31 December 2021 AED (Audited)* |
|---|---|---|
| **Gross takaful contract liabilities** | | |
| Claims reported | **125,822,197** | 133,106,143 |
| Claims incurred but not reported | **46,552,305** | 44,997,319 |
| Unearned contributions | **104,507,096** | 171,614,428 |
| Mathematical reserves | **11,442,497** | 12,436,967 |
| Policyholders' investment linked contracts at fair value | **248,719,676** | 271,006,737 |
| | **537,043,771** | 633,161,594 |
| **Retakaful contract assets** | | |
| Retakaful share of claims reported | **26,977,789** | 35,617,245 |
| Retakaful share of claims incurred but not reported | **9,758,108** | 13,042,844 |
| Retakaful share of unearned contributions | **37,161,823** | 63,845,416 |
| Retakaful share of mathematical reserve | **1,701,922** | 1,365,039 |
| | **75,599,642** | 113,870,544 |
| **Net takaful contract liabilities** | | |
| Claims reported | **98,844,408** | 97,488,898 |
| Claims incurred but not reported | **36,794,197** | 31,954,475 |
| Unearned contributions | **67,345,273** | 107,769,012 |
| Mathematical reserves | **9,740,575** | 11,071,928 |
| Policyholders' investment linked contracts at fair value | **248,719,676** | 271,006,737 |
| | **461,444,129** | 519,291,050 |
| **Movement in payable to policyholders of investment linked contracts** | | |
| Opening balance | **271,006,737** | 222,185,354 |
| Gross contribution | **65,462,189** | 101,619,787 |
| Allocation charges | **(6,177,879)** | (13,940,242) |
| Redemptions during the period/year | **(52,956,083)** | (69,357,256) |
| Change in fair value | **(28,615,288)** | 30,499,094 |
| **Closing balance** | **248,719,676** | 271,006,737 |

## 8 Takaful contract liabilities and retakaful contract assets (continued)

### 8.1 Change in reserves

| | ***Three month period ended 30 September*** | | *Nine month period ended 30 September* | |
|---|---|---|---|---|
| | ***2022 AED*** | *2021 AED* | ***2022 AED*** | *2021 AED* |
| Changes in mathematical reserve – takaful life | **(189,803)** | (164,008) | **(1,331,354)** | (1,086,661) |
| Change in reserve relating to takaful life products | **18,736,950** | (29,185,209) | **55,742,980** | (64,131,854) |
| Change in fair value-individual life policyholders | **26,390,634** | 3,639,991 | **28,615,288** | 24,380,468 |
| **Total** | **44,937,781** | (25,709,226) | **83,026,914** | (40,838,047) |

## 9 Cash and bank balances

| | ***30 September 2022 (Unaudited)*** | | *31 December 2021 (Audited)* | |
|---|---|---|---|---|
| | ***Takaful operations AED*** | ***Shareholders' operations AED*** | *Takaful operations AED* | *Shareholders' operations AED* |
| Cash and bank balances | **19,844,668** | **10,025,375** | 38,250,051 | 11,377,988 |
| Deposit | **17,250,000** | **5,000,000** | 17,250,000 | - |
| | **37,094,668** | **15,025,375** | 55,500,051 | 11,377,988 |
| Less: Deposits maturing in more than three month | **(17,250,000)** | - | (17,250,000) | - |
| **Total** | **19,844,668** | **15,025,375** | 38,250,051 | 11,377,988 |

The deposits carry profit rates ranging from 1.00% to 2.85% (2021: 1.00% to 2.40%) per annum with maturity dates ranging up to 8 December 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 1% (2021: 1%) per annum.

## 11 Deficit in policyholders' fund

| | ***30 September 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 | **(17,943)** | (63,937) |
| **Balance at the end of the period/ year** | **(1,328,663)** | (1,310,720) |
| **Qard Hassan from shareholders** | | |
| Balance at beginning of period/year | **1,310,720** | 1,246,783 |
| Provision during the period/year | **17,943** | 63,937 |
| Balance at the end of the period/year | **1,328,663** | 1,310,720 |
| **Total deficit in policyholders' fund** | **-** | - |

## 12 Borrowings

The borrowings 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 in AED 18.55 million (2021: AED 21.7 million).

The decrease in borrowings of AED 3.15 million during the period/year consists of settlement of repayment against borrowing of AED 35 million.

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

## 13 Share capital

| | ***30 September 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 |

## 14 Net earned contributions (unaudited)

| | ***Three month period 30 September 2022*** | | | *Three month period 30 September 2021* | | |
|---|---|---|---|---|---|---|
| | ***Takaful Medical AED*** | ***Life and savings AED*** | ***Total AED*** | *Takaful Medical AED* | *Life and savings AED* | *Total AED* |
| Gross contributions written | **40,341,622** | **25,405,115** | **65,746,737** | 110,491,248 | 38,629,123 | 149,120,371 |
| Change in unearned contributions | **32,429,976** | **(1,021,068)** | **31,408,908** | 30,466,851 | (1,061,647) | 29,405,204 |
| **Takaful contributions earned** | **72,771,598** | **24,384,047** | **97,155,645** | 140,958,099 | 37,567,476 | 178,525,575 |
| Retakaful contributions | **(15,217,585)** | **(2,189,277)** | **(17,406,862)** | (60,732,131) | (2,667,117) | (63,399,248) |
| Change in unearned contributions | **(2,046,881)** | **901,746** | **(1,145,135)** | 21,481,717 | 839,926 | 22,321,643 |
| **Retakaful contributions ceded** | (**17,264,466)** | **(1,287,531)** | **(18,551,997)** | (39,250,414) | (1,827,191) | (41,077,605) |
| **Net earned contributions** | **55,507,132** | **23,096,516** | **78,603,648** | 101,707,685 | 35,740,285 | 137,447,970 |

| ***Nine month period*** | ***Nine-month period ended 30 September 2022*** | | | *Nine month period ended 30 September 2021* | | |
|---|---|---|---|---|---|---|
| | ***Takaful Medical AED*** | ***Life and savings AED*** | ***Total AED*** | *Takaful Medical AED* | *Life and savings AED* | *Total AED* |
| Gross contributions written | **204,255,795** | **67,068,275** | **271,324,070** | 409,956,690 | 83,232,550 | 493,189,240 |
| Change in unearned contributions | **66,626,356** | **480,976** | **67,107,332** | (1,543,050) | (508,917) | (2,051,967) |
| **Takaful contributions earned** | **270,882,151** | **67,549,251** | **338,431,402** | 408,413,640 | 82,723,633 | 491,137,273 |
| Retakaful contributions | **(54,669,059)** | **(4,081,646)** | **(58,750,705)** | (111,617,156) | (6,090,028) | (117,707,184) |
| Change in unearned contributions | **(26,359,719)** | **(323,874)** | **(26,683,593)** | (3,937,729) | 516,458 | (3,421,271) |
| **Retakaful contributions ceded** | (**81,028,778)** | **(4,405,520)** | **(85,434,298)** | (115,554,885) | (5,573,570) | (121,128,455) |
| **Net earned contributions** | **189,853,373** | **63,143,731** | **252,997,104** | 292,858,755 | 77,150,063 | 370,008,818 |

## 15 Wakalah fees

For group life, group medical and individual medical policies, wakalah fees were charged from 13.5% to 25% (2021: 16.75% 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 interim condensed consolidated statement of profit or loss when incurred.

## 16 Basic and diluted (loss) / earnings per share

| | ***Three-month ended 30 September*** | | ***Nine-month ended 30 September*** | |
|---|---|---|---|---|
| | ***2022 (Unaudited)*** | *2021 (Unaudited)* | ***2022 (Unaudited)*** | *2021 (Unaudited)* |
| (Loss) / Profit for the period attributable to shareholders (AED) | **(1,547,769)** | 1,372,833 | **(6,922,114)** | (5,772,078) |
| Weighted average number of shares outstanding during the period | **150,000,000** | 150,000,000 | **150,000,000** | 150,000,000 |
| (Loss) / Earnings per share (AED) | **(0.010)** | 0.009 | **(0.046)** | (0.038) |

No figures for diluted (loss)/ earnings per share are presented as the Group has not issued any instruments which would have an impact on (loss)/ earnings 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 September in respect of related parties included in the interim condensed consolidated financial information are as follows:

| | ***30 September 2022 AED (Unaudited)*** | *31 December 2021 AED (Audited)* |
|---|---|---|
| *Affiliates of major shareholders:* | | |
| Outstanding claims | - | - |

## 17 Related party transactions and balances (continued)

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

| | ***Three-month period ended 30 September*** | | ***Nine-month period ended 30 September*** | |
|---|---|---|---|---|
| | ***2022 (Unaudited)*** | *2021 (Unaudited)* | ***2022 (Unaudited)*** | *2021 (Unaudited)* |
| **Compensation of key management personnel:** | | | | |
| Short and long term benefits | **1,862,729** | 952,731 | **5,418,623** | 3,337,380 |

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 September 2022 AED (Unaudited)*** | *31 December 2021 AED (Audited)* |
|---|---|---|
| Letters of guarantee | **-** | 163,593 |

*Capital commitments*
Capital commitments as at 30 September 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 Group is organised into two business segments; takaful and investment operations. The takaful operations comprise the takaful business undertaken by the Group 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.

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.

**19 Segment information (continued)**

| | ***Three month period ended 30 September 2022 (Unaudited)*** | | | | | |
|---|---|---|---|---|---|---|
| | ***Underwriting*** | | | ***Shareholders*** | | |
| | ***Medical AED*** | ***Life AED*** | ***Total AED*** | ***Medical AED*** | ***Life AED*** | ***Total AED*** |
| Segment revenue | **72,771,598** | **24,384,047** | **97,155,645** | **(436,145)** | **12,733,375** | **12,297,230** |
| Segment result | **13,935,285** | **4,003,519** | **17,938,804** | **(436,145)** | **12,733,375** | **12,297,230** |
| Wakalah fees | **(11,582,062)** | **(2,491,374)** | **(14,073,436)** | **-** | **-** | **-** |
| Commission incurred | **-** | **-** | **-** | **-** | **(8,320,283)** | **(8,320,283)** |
| General and administrative expenses | **-** | **-** | **-** | **-** | **(13,999,302)** | **(13,999,302)** |
| Provision for Qard Hassan to policyholders' fund | **-** | **-** | **-** | **-** | **3,865,368** | **3,865,368** |
| Profit/(loss) attributable to policyholders / shareholders | **2,353,223** | **1,512,145** | **3,865,368** | **(436,145)** | **(5,720,842)** | **(6,156,987)** |

| | *Three month period ended 30 September 2021 (Unaudited)* | | | | | |
|---|---|---|---|---|---|---|
| | *Underwriting* | | | *Shareholders* | | |
| | *Medical AED* | *Life AED* | *Total AED* | *Medical AED* | *Life AED* | *Total AED* |
| Segment revenue | 140,958,099 | 37,567,476 | 178,525,575 | 179,400 | 33,745,929 | 33,925,329 |
| Segment result | 24,773,908 | 5,925,167 | 30,699,075 | 179,400 | 33,745,929 | 33,925,329 |
| Wakalah fees | (22,387,258) | (6,566,701) | (28,953,959) | - | - | - |
| Commission incurred | - | - | - | - | (13,564,988) | (13,564,988) |
| General and administrative expenses | - | - | - | - | (20,732,624) | (20,732,624) |
| Provision for Qard Hassan to policyholders' fund | - | - | - | - | 1,745,116 | 1,745,116 |
| Profit / (loss) attributable to Policyholders / shareholders | 2,386,650 | (641,534) | 1,745,116 | 179,400 | 1,193,433 | 1,372,833 |

**19 Segment information (continued)**

| | ***Nine month period ended 30 September 2022 (unaudited)*** | | | | | |
|---|---|---|---|---|---|---|
| | ***Underwriting*** | | | ***Shareholders*** | | |
| | ***Medical AED*** | ***Life AED*** | ***Total AED*** | ***Medical AED*** | ***Life AED*** | ***Total AED*** |
| Segment revenue | **270,882,151** | **67,549,251** | **338,431,402** | **(187,699)** | **60,982,132** | **60,794,433** |
| Segment result | **44,729,928** | **9,750,803** | **54,480,731** | **(187,699)** | **60,982,132** | **60,794,433** |
| Wakalah fees | **(47,046,840)** | **(7,451,834)** | **(54,498,674)** | **-** | **-** | **-** |
| Commission incurred | **-** | **-** | **-** | **-** | **(26,137,515)** | **(26,137,515)** |
| General and administrative expenses | **-** | **-** | **-** | **-** | **(46,170,307)** | **(46,170,307)** |
| Provision for Qard Hassan to policyholders' fund | **-** | **-** | **-** | **-** | **(17,943)** | **(17,943)** |
| Profit/(loss) attributable to policyholders / shareholders | **(2,316,912)** | **2,298,969** | **(17,943)** | **(187,699)** | **(11,343,633)** | **(11,531,332)** |

| | *Nine month period ended 30 September 2021 (unaudited)* | | | | | |
|---|---|---|---|---|---|---|
| | *Underwriting* | | | *Shareholders* | | |
| | *Medical AED* | *Life AED* | *Total AED* | *Medical AED* | *Life AED* | *Total AED* |
| Segment revenue | 408,413,640 | 82,723,633 | 491,137,273 | 986,718 | 88,704,593 | 89,691,311 |
| Segment result | 59,838,981 | 15,107,861 | 74,946,842 | 986,718 | 88,704,593 | 89,691,311 |
| Wakala fees | (61,191,280) | (12,916,445) | (74,107,725) | - | - | - |
| Commission incurred | - | - | - | - | (39,673,529) | (39,673,529) |
| General and administrative expenses | - | - | - | - | (56,628,977) | (56,628,977) |
| Provision for Qard Hassan to policyholders' fund | - | - | - | - | 839,117 | 839,117 |
| Profit/(loss) attributable to policyholders / shareholders | (1,352,299) | 2,191,416 | 839,117 | 986,718 | (6,758,796) | (5,772,078) |

**19 Segment information (continued)**

| | *30 September 2022 (Unaudited)* | | | | | | |
|---|---|---|---|---|---|---|---|
| | ***Medical AED*** | ***Life and saving AED*** | ***Underwriting Total AED*** | ***Shareholders' investments AED*** | ***Unallocated others AED*** | ***Total AED*** | ***Total AED*** |
| **Segment assets** | **442,484,262** | **305,618,020** | **748,102,282** | **27,644,235** | **63,575,495** | **91,219,729** | **839,322,011** |
| **Segment liabilities** | **362,052,962** | **270,118,869** | **632,171,831** | **-** | **90,963,002** | **90,963,002** | **723,134,833** |

| | *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 | 763,345,664 | - | 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.

**20 Fair value of financial instruments (continued)**

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.

*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 interim consolidated statement of financial position.

| | ***30 September 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 | **-** | **197,415,866** | **-** | **197,415,866** |
| Sukuk investments | **58,051,734** | **-** | **-** | **58,051,734** |
| Available-for-sale* | **-** | **57,619,641** | **-** | **57,619,641** |
| | **58,051,734** | **335,795,865** | **12,579,000** | **406,426,599** |
| **Liabilities** | | | | |
| Investment linked contracts | **-** | **248,719,676** | **-** | **-** |

| | *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 |

*The investments in shares of Anan Investments have been classified from Level 1 to Level 2 instruments in the current quarter as the trading for this Company has currently been suspended on Abu Dhabi Securities Exchange due to the Company not filing its returns on time.

## 21 Seasonality of results

No income of seasonal nature was recorded in the interim consolidated statement of income for the nine month period ended 30 September 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 31 December 2021, 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 U.A.E. and the Company is required to submit monthly progress reports to the Central Bank of U.A.E. to demonstrate compliance with the business plan. On 24 June 2022, the Company requested for further extension until end of current year which is under consideration by the Central Bank of U.A.E till date.

## 23 Approval of the condensed consolidated financial information

The interim condensed consolidated financial information were approved by the Board of Directors and authorised for issue on 23 November 2022.