

# **Dar Al Takaful (PJSC)**

Consolidated financial statements  
For the year ended 31 December 2022

## Directors' report

The directors submit their report on the audited consolidated financial statements for the year ended 31 December 2022.

### Incorporation and registered offices

Dar Al Takaful (PJSC) (the "Company") was incorporated as a public joint stock company. The Company carries out general takaful, retakaful and investments in accordance with the teachings of Islamic Shari'a and within the provisions of U.A.E. Federal Law no. 6 of 2007 relating to takaful companies and takaful agents and the Memorandum and Articles of Association of the Company. The address of the Company is P.O. Box 235353, Dubai, United Arab Emirates.

### Principal activities

The Company with its subsidiaries is collectively referred to as the "Group". The Group mainly issues long term and short term takaful contracts in connection with life and non-life takaful such as motor, marine, fire, engineering, medical and general accident risks. The Group also invests its funds in investment securities.

### Financial position and results

The financial position and results of the Group for the year ended 31 December 2022 are set out in the accompanying consolidated financial statements.

### Directors

The following were the Directors of the Group for the year ended 31 December 2022:

Dr. Ali Saeed Bin Harmal Aldhaheri	Chairman
Mr. Matar Hamdan Al Ameri	Vice Chairman
Dr. Mohamed Ali Al Barwani	Board Member
Eng. Usama Mohamed Al Barwani	Board Member
Mr. Mohamed Nael Al Shamsi	Board Member
Mr. Shahab Ahmad Lutfi	Board Member
Mr. Abdallah Osseiran	Board Member

### Auditors

The consolidated financial statements for the year ended 31 December 2022 have been audited by Grant Thornton UAE and, being eligible, offer themselves for reappointment.

By order of the Board of Directors on 20 March 2023.



**Dr. Ali Saeed Bin Harmal Aldhaheri**  
Chairman



**Mr. Gautam Datta**  
Chief Executive Officer

## Independent Auditor's Report

### To the Shareholders of Dar Al Takaful (PJSC)

#### Report on the audit of the consolidated financial statements

##### Opinion

We have audited the consolidated financial statements of Dar Al Takaful (PJSC) (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities requirements in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **Independent Auditor's Report To the Shareholders of Dar Al Takaful (PJSC)**

### **Report on the audit of the consolidated financial statements (continued)**

#### **Key audit matters (continued)**

##### **i) Valuation of takaful contract liabilities and retakaful contract assets**

The estimation of liabilities arising from takaful contracts such as claims reported unsettled, claims incurred but reported, unallocated loss adjustment expenses, unexpired reserve, mathematical reserve and unearned contribution, as disclosed in note 7 to these consolidated financial statements, involves a significant degree of judgement. These liabilities are based on the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs and the pattern of risk distribution over the coverage period. Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

We assessed management's calculations of the takaful contract liabilities and retakaful contract assets by performing the following procedures:

- Understood the governance process in place to determine the insurance contract liabilities;
- Tested the underlying Group data to source documentation on sample basis;
- Evaluated the competence, objectivity and independence of the management appointed actuary;
- Using our actuarial specialist team members, we applied our industry knowledge and experience, and compared the methodology, models and assumptions used against recognised actuarial practices; and
- Using our actuarial specialist team members, we checked the mathematical accuracy of the methodology applied on selected classes of business, particularly focusing on the largest and most uncertain reserves.

##### **ii) Merger with National Takaful Company (Watania) PJSC**

On 1 July 2022, the Group merged with National Takaful Company (Watania) PJSC, a UAE based takaful company, whereas Watania ceased to exist effective immediately. The Company's share capital has increased to AED 260.16 million. This merger resulted in the recognition of intangible assets of AED 19.6 million and a gain on bargain purchase of AED 0.72 million as disclosed in note 30 to the consolidated financial statements.

The process of determining the fair value of assets requires the use of multiple estimates such as determining consideration based on merger date, the calculation of the discount rates and credit spreads, the opening statement of financial position, considering fair value adjustments recognised and the identification of intangible assets and the useful economic lives used in amortising intangible assets. Due to the size and complexity of the merger, we considered this to be a key audit matter.

Our audit procedures, among others, included:

- We confirmed that the effective date of the merger was in compliance with the requirements of IFRS-3 by inspecting the terms and conditions of the merger agreement and the date management took control over the merged entity;
- Our audit procedures included reviewing the merger agreement for the merger and assessing the merger accounting, testing the validity and completeness of consideration and evaluating management's assumptions and methodology supporting the fair values of intangible and net assets acquired;

## **Independent Auditor's Report To the Shareholders of Dar Al Takaful (PJSC)**

### **Report on the audit of the consolidated financial statements (continued)**

#### **Key audit matters (continued)**

##### **ii) Merger with National Takaful Company (Watania) PJSC (continued)**

- Our audit procedures also included challenging market data and information from similar transactions; and
- We also assessed the accuracy and sufficiency of the disclosure in the consolidated financial statements relating to the merger, including the presentation and classification to determine if they were in compliance with the requirements of IFRSs.

##### **iii) Impairment losses on takaful receivables including third party recoveries**

The Group has takaful receivables that are overdue and not impaired (as disclosed in note 9 to these consolidated financial statements). The key associated risk is the recoverability of receivables. Management's related provision is subjective and is influenced by assumptions concerning the probability of default and probable losses in the event of default.

The work that we performed to address this key audit matter included the following procedures:

- We compared the historical provision for bad debts to the actual amounts written off, to determine whether management's estimation techniques were reasonable;
- We considered the adequacy of provisions for bad debts for long-outstanding balances taking into account specific credit risk assessments for each customer based on time past due, the existence of any disputes over the balance outstanding, the history of settlement of receivables and the existence of any liabilities with the same counterparties which reduce the net exposure;
- We verified payments received from receivables post year-end for the sample; and
- We discussed with management and reviewed correspondence, traced underlying supporting documents, where relevant, to identify any disputes and assessed whether appropriately considered in the bad debt provision.

##### **iv) Valuation of investment properties**

Group holds investment properties under the fair value model as at 31 December 2022 amounting to AED 65.22 million (2021: AED 39.68 million), as detailed in note 5. The fair value estimate requires significant judgement and estimates by management and independent external valuers. The Group has involved independent external valuers in order to value the investment properties for the purpose of determining the fair value for inclusion in the consolidated financial statements.

The existence of significant estimation and judgement coupled with change in valuation assumptions used could result in material change. Therefore, the valuation of these investment properties was significant to our audit.

Our audit procedures, among others, included:

- Assessing the competence, capabilities, and objectivity of external valuers;
- Evaluating the accuracy and completeness of the source data used in the calculation of fair values;
- Assessing the appropriateness of the key assumptions and methodologies used; and
- Performing an independent calculation by carrying out enquiries with management and independent valuer, including performing reasonableness computation by using publicly available sources of information to independently corroborate the valuation performed by management expert.

**Independent Auditor's Report  
To the Shareholders of Dar Al Takaful (PJSC)**

**Report on the audit of the consolidated financial statements (continued)**

**Other information**

Management is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Management and Those Charged with Governance for the consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021 and U.A.E. Federal Law no. 6 of 2007, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## **Independent Auditor's Report To the Shareholders of Dar Al Takaful (PJSC)**

### **Report on the audit of the consolidated financial statements (continued)**

#### **Auditor's Responsibilities for the audit of the Consolidated Financial Statements (continued)**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Independent Auditor's Report  
To the Shareholders of Dar Al Takaful (PJSC)  
Report on Other Legal and Regulatory Requirements**

As required by the UAE Federal Law No. (32) of 2021, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the report of the Directors is consistent with the books of accounts of the Group;
- v) as disclosed in note 6 to the consolidated financial statements, the Group has investment in shares during the financial year ended 31 December 2022;
- vi) Note 33 to the consolidated financial statements reflects material related party transactions, and the terms under which they were conducted; and
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the U.A.E. Federal Law No. (32) of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022.

Further, as required by the UAE Federal Law No. (6) of 2007, as amended, we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

Furthermore, as disclosed in note 39 to the consolidated financial statements which states that the Group did not meet the Minimum Capital and Solvency Capital requirements 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.

**GRANT THORNTON**



**Dr. Osama El-Bakry**  
**Registered Auditor Number 935**  
**Dubai, 20 March 2023**



**Dar Al Takaful (PJSC)**  
**Consolidated statement of financial position**  
**As at 31 December 2022**

	Notes	2022 AED'000	2021 AED'000
<b>ASSETS</b>			
<b>Takaful operations' assets</b>			
Investment properties	5	49,774	-
Held to maturity investments	6	25,221	7,464
Available-for-sale investments	6	34,417	-
Investments at fair value through profit or loss	6	358,142	450,904
Retakaful contract assets:			
Unearned contribution	7	108,142	93,538
Claims reported unsettled	7	140,196	132,721
Claims incurred but not reported	7	27,140	16,731
Mathematical reserve	7	7,363	9,678
Due from shareholders	8	37,417	22,178
Takaful and other receivables	9	374,853	274,984
Prepayments and other receivables	10	16,549	3,961
Wakala deposits	11	186,149	188,700
Cash and bank balances	12	79,748	15,773
<b>Total takaful operations' assets</b>		<b>1,445,111</b>	<b>1,216,632</b>
<b>Shareholders' assets</b>			
Property and equipment	13	15,655	15,929
Intangible assets	14	90,550	89,138
Investment properties	5	15,447	39,682
Restricted deposit	15	22,000	16,000
Held to maturity investments	6	22,132	14,551
Available-for-sale investments	6	37,207	6,943
Investments at fair value through profit or loss	6	33,640	50,933
Deferred policy cost	16	33,781	22,145
Prepayments and other receivables	10	15,492	11,422
Wakala deposits	11	66,617	81,609
Cash and bank balances	12	23,307	18,066
<b>Total shareholders' assets</b>		<b>375,828</b>	<b>366,418</b>
<b>Total assets</b>		<b>1,820,939</b>	<b>1,583,050</b>

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

**Dar Al Takaful (PJSC)**  
**Consolidated statement of financial position (continued)**  
As at 31 December 2022

	Notes	2022 AED'000	2021 AED'000
<b>TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT</b>			
<b>Takaful operations' liabilities</b>			
Takaful contract liabilities:			
Unearned contribution	7	368,360	229,241
Claims reported unsettled	7	228,483	226,226
Claims incurred but not reported	7	51,958	31,357
Unallocated loss adjustment expenses	7	4,762	5,583
Unexpired risk reserve	7	4,185	1,507
Mathematical reserve	7	9,720	12,719
Deferred discount		7,641	7,532
Takaful and investment contracts liabilities	17	344,073	450,904
Takaful and retakaful payables	18	379,933	250,250
<b>Total takaful operations' liabilities</b>		<b>1,399,115</b>	<b>1,215,319</b>
<b>Takaful operations' deficit</b>			
Qard Hassan against deficit in policyholders' fund	19	(477,439)	(229,138)
Less: Provision against Qard Hassan to policyholders' Fund	19	477,439	229,138
Cumulative change in fair value of securities		(1,807)	-
<b>Total deficit from takaful operations</b>		<b>(1,807)</b>	<b>-</b>
<b>Total takaful operations' liabilities and deficit</b>		<b>1,397,308</b>	<b>1,215,319</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Bonus reserves, net		3,315	4,590
Murabaha payable	20	95,450	109,250
Due to policyholders	8	37,417	22,178
Other liabilities	21	81,343	79,478
<b>Total shareholders' liabilities</b>		<b>217,525</b>	<b>215,496</b>
<b>Shareholders' equity</b>			
Share capital	22	260,156	150,000
Statutory reserve	23	8,500	7,640
Retakaful reserves	23	3,636	2,073
Cumulative change in fair value of securities		152	-
Accumulated losses		(66,338)	(7,478)
<b>Total shareholders' equity</b>		<b>206,106</b>	<b>152,235</b>
<b>Total shareholders' liabilities and equity</b>		<b>423,631</b>	<b>367,731</b>
<b>Total liabilities, policyholders' fund and equity</b>		<b>1,820,939</b>	<b>1,583,050</b>

These consolidated financial statements were approved by the Board of Directors on 20 March 2023 and were signed on their behalf by:



**Dr. Ali Saeed Bin Harmal Aldhaheri**  
Chairman



**Mr. Gautam Datta**  
Chief Executive Officer

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

**Dar Al Takaful (PJSC)**  
**Consolidated statement of income**  
**For the year ended 31 December 2022**

	Notes	2022 AED'000	2021 AED'000
<b>Attributable to policyholders</b>			
<b>Takaful income</b>			
Gross contribution written	24	807,591	705,986
Accepted business	24	-	144
Retakaful share of ceded business	24	(312,625)	(286,106)
<b>Net takaful contribution</b>		<b>494,966</b>	<b>420,024</b>
Net transfer to unearned contributions reserve		15,719	26,835
Change in unexpired risk reserves		(2,678)	2,039
<b>Net takaful contributions earned</b>	24	<b>508,007</b>	<b>448,898</b>
Discount earned		22,560	23,022
<b>Total takaful income</b>		<b>530,567</b>	<b>471,920</b>
<b>Takaful expenses</b>			
Gross claims paid	25	(547,733)	(421,928)
Retakaful share of ceded business paid	25	210,956	137,207
<b>Net takaful claims paid</b>		<b>(336,777)</b>	<b>(284,721)</b>
Change in provision for outstanding claims	25	28,951	37,191
Change in retakaful share of outstanding claims	25	(10,979)	(8,423)
Change in net incurred but not reported claims		454	3,226
Change in unallocated loss adjustment expenses reserve		2,341	147
Change in investment contracts and mathematical reserves		26,431	(112,734)
Net gain on assets held at fair value through profit or loss		(58,695)	68,918
<b>Net claims incurred</b>	25	<b>(348,274)</b>	<b>(296,396)</b>
Excess of loss of takaful contribution		(10,994)	(11,632)
Other takaful expenses	26	(31,740)	(4,832)
<b>Total takaful expenses</b>		<b>(391,008)</b>	<b>(312,860)</b>
<b>Net takaful income</b>		<b>139,559</b>	<b>159,060</b>
Wakala fees	27	(235,852)	(176,081)
Mudarib's fee	27	(554)	(469)
Investment and other income	29	5,274	2,093
<b>Net loss from takaful operation for the year</b>		<b>(91,573)</b>	<b>(15,397)</b>

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

**Dar Al Takaful (PJSC)**  
**Consolidated statement of income (continued)**  
**For the year ended 31 December 2022**

	Notes	2022 AED'000	2021 AED'000
<b>Attributable to shareholders</b>			
<b>Income</b>			
Wakala fees from policyholders	27	235,852	176,081
Mudarib's fee	27	554	469
Investment and other income	29	21,589	27,465
		<u>257,995</u>	<u>204,015</u>
<b>Expense</b>			
General and administrative expenses	28	(99,588)	(70,021)
Policy acquisition cost	16	(104,335)	(83,013)
Finance cost		(4,221)	(5,155)
Changes in bonus reserve		(1,951)	(2,282)
Other underwriting expenses		(3,973)	(3,398)
Cost of merger	30	(8,113)	(3,169)
Gain on merger	30	722	-
		<u>(221,459)</u>	<u>(167,038)</u>
Profit for the period before Qard Hassan		36,536	36,977
Provision against Qard Hassan to policyholders	19	(91,573)	(15,397)
<b>Net (loss)/profit for the year attributable to shareholders</b>		<u>(55,037)</u>	<u>21,580</u>
<b>(Loss)/earnings per share</b>	31	<u>(0.212)</u>	Restated 0.083

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

**Dar Al Takaful (PJSC)**  
**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2022**

	2022 AED'000	2021 AED'000
<b>Attributable to policyholders</b>		
Net loss from takaful operation for the year	<u>(91,573)</u>	<u>(15,397)</u>
<b>Other comprehensive loss</b>		
<i>Items that maybe reclassified subsequently to profit or loss</i>		
Unrealised loss on available-for-sale investments	<u>(1,807)</u>	-
<b>Other comprehensive loss for the year</b>	<u>(1,807)</u>	-
<b>Total comprehensive loss for the year attributable to policyholders</b>	<u><u>(93,380)</u></u>	<u><u>(15,397)</u></u>
<b>Attributable to shareholders</b>		
Net (loss)/profit for the year	(55,037)	21,580
<b>Other comprehensive gain</b>		
<i>Items that maybe reclassified subsequently to profit or loss</i>		
Unrealised gain on available-for-sale investments	<u>152</u>	-
<b>Other comprehensive gain for the year</b>	<u>152</u>	-
<b>Total comprehensive (loss)/gain for the year attributable to shareholders</b>	<u><u>(54,885)</u></u>	<u><u>21,580</u></u>

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

**Dar Al Takaful (PJSC)**  
**Consolidated statement of changes in equity**  
**For the year ended 31 December 2022**

	Share capital AED'000	Statutory reserve AED'000	Retakaful reserve AED'000	Cumulative change in fair value of securities		Total AED'000
				AED'000	AED'000	
Balance at 1 January 2021	150,000	5,482	643	-	(10,690)	145,435
Net profit for the year	-	-	-	-	21,580	21,580
Other comprehensive loss for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	21,580	21,580
Dividend paid during the year (note 22)	-	-	-	-	(13,800)	(13,800)
Board remuneration fees	-	-	-	-	(980)	(980)
Transfer to statutory reserve (note 23)	-	2,158	-	-	(2,158)	-
Transfer to retakaful reserve (note 23)	-	-	1,430	-	(1,430)	-
Balance at 31 December 2021	150,000	7,640	2,073	-	(7,478)	152,235
Net loss for the year	-	-	-	-	(55,037)	(55,037)
Other comprehensive income for the year	-	-	-	152	-	152
Total comprehensive income for the year	-	-	-	152	(55,037)	(54,885)
Share capital issued on merger (note 22)	110,156	-	-	-	-	110,156
Board remuneration fees	-	-	-	-	(1,400)	(1,400)
Transfer to statutory reserve (note 23)	-	860	-	-	(860)	-
Transfer to retakaful reserve (note 23)	-	-	1,563	-	(1,563)	-
Balance at 31 December 2022	260,156	8,500	3,636	152	(66,338)	206,106

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

**Dar Al Takaful (PJSC)**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2022**

	Notes	2022 AED'000	2021 AED'000
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		(55,037)	21,580
Adjustments for:			
Depreciation of property and equipment	13	5,147	4,602
Amortisation of intangible assets	14	13,636	8,563
Provision/(reversal) for doubtful receivables		14,531	(1,430)
Write off of trade name	14	6,728	-
Write-off of assets	13	-	182
Change in fair value of investment properties	5	(1,299)	(3,614)
Realised gain on sale of financial assets at FVTPL		(949)	(2,082)
Unrealised gain on sale of financial assets at FVTPL		(573)	(1,164)
Income from wakala deposits	29	(4,492)	(2,480)
Income from debt securities	29	(1,624)	(1,266)
Dividend income on securities	29	(3,597)	(225)
Rental income	29	(1,252)	(1,003)
Finance cost		4,221	5,156
Gain on merger	30	(722)	-
Provision for employees' end of service benefits	21	4,340	1,553
		<u>(20,942)</u>	<u>28,372</u>
<b>Operating cash flows before changes in operating assets and liabilities</b>			
Change in takaful and other receivables		18,765	(30,756)
Change in prepayments and other receivables		(278)	2,425
Change in deferred policy costs		(11,636)	(9,151)
Change in retakaful assets		55,105	(34,442)
Change in deferred discount received		109	3,439
Change in bonus reserve		(1,275)	(674)
Change in takaful contract liabilities		(84,132)	(28,171)
Change in gross mathematical reserves		(2,999)	1,803
Change in takaful payables		74,822	52,948
Change in other liabilities		(19,273)	(24,423)
<b>Cash generated from/(used in) operations</b>		<u>8,266</u>	<u>(38,630)</u>
End of service benefits paid	21	(4,207)	(1,199)
<b>Net cash generated from/(used in) operating activities</b>		<u>4,059</u>	<u>(39,829)</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	13	(1,512)	(3,448)
Proceeds from disposal of property and equipment		208	-
Acquisition of intangible assets	14	(93)	(43)
Purchase of investment securities		(77,100)	(90,560)
Proceeds from sale of investment securities		70,791	42,874
Amortisation of held to maturity investments		144	98
Income received on wakala deposits		3,850	2,206
Rental income received		2,732	1,003
Net cash inflow on merger	30	48,290	-
Dividend received		3,597	225
Finance costs paid		(4,221)	(5,156)
Income received from sukuk		1,624	1,150
Investment in wakala deposits - net		36,793	116,758
<b>Net cash generated from investing activities</b>		<u>85,103</u>	<u>65,107</u>

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

**Dar Al Takaful (PJSC)**  
**Consolidated statement of cash flows (continued)**  
**For the year ended 31 December 2022**

	Notes	2022 AED'000	2021 AED'000
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(4,746)	(3,357)
Dividend paid		-	(13,800)
BOD remuneration fees paid		(1,400)	(980)
Payment of Murabaha facility obtained		(13,800)	(105,606)
<b>Net cash used in financing activities</b>		<b>(19,946)</b>	<b>(123,743)</b>
<b>Net change in cash and bank balances</b>			
Cash and bank balances at the beginning of year		69,216	(98,465)
		33,839	132,304
<b>Cash and bank balances at the end of the year</b>	12	<b>103,055</b>	<b>33,839</b>

Non-cash transactions arising as a result of merger not included in the cash flows:

	2022 AED'000	2021 AED'000
Addition of wakala deposits	17,249	-
Addition of restricted deposits	2,000	-
Addition of investment properties	21,420	-
Addition of statutory deposits	6,000	-
Addition of intangible assets	21,683	-
Addition of investments in securities	80,765	-
Addition of contribution receivables	140,174	-
Addition of retakaful ontract assets	85,278	-
Addition of property and equipment	6,391	-
Addition of other receivables	17,218	-
Addition of takaful and related payables	(61,870)	-
Addition of takaful and investment contract liabilities	(247,966)	-
Addition of lease liabilities	(4,094)	-
Addition of other liabilities	(10,576)	-
Addition of employees' end of service benefits	(11,084)	-
Additional shares issued	(110,156)	-

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.



**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**1. Legal status and activities**

Dar Al Takaful (PJSC) (the “Company”) was incorporated as a public joint stock company and obtained its commercial license on 23 July 2008 while commenced operations on 1 September 2008. The Company carries out general takaful, retakaful and investments in accordance with the teachings of Islamic Shari’a and within the provisions of U.A.E. Federal Law no. (6) of 2007 relating to takaful companies and takaful agents and the Memorandum and Articles of Association of the Company. The address of the Company’s registered office is P.O. Box. 235353, Dubai, United Arab Emirates.

Although the Company holds valid license to issue short term takaful contracts in connection with non-life takaful (motor, marine, fire, engineering, medical and general accident risks), the Company ceased to issue new takaful contracts from 27 July 2020. The Company now plans to engage in investment activities while continuing to complete the term of already issued contracts and managing its related risks. The Company also invests its funds in investment securities.

As of 2 January 2023, the Group is subject to compliance with UAE Federal Law No. (32) of 2021, which replaces UAE Federal Law No. 2 of 2015 (as amended). The consolidated financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021. The Group is currently in the process of amending the statutory documents, to reflect the changes required due to application of the UAE Federal law No. (32) of 2021.

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after 1 June 2023. There is no impact of this announcement on the consolidated financial statements of the Group for the year ended 31 December 2022.

The Company with its subsidiaries is collectively referred to as the “Group” in these consolidated financial statements. At 31 December 2022, the Company had the following subsidiaries:

Name of subsidiary	Proportion of ownership interest		Principal activities
	2022	2021	
Noor Takaful Family (PJSC)	100%	100%	Family takaful and retakaful activities
Noor Takaful General (PJSC)	100%	100%	General takaful and retakaful activities

**2. Statement of compliance with IFRS**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of UAE Federal Law No. (32) of 2021 relating to commercial companies, and of UAE Federal Law No. (6) of 2007. These consolidated financial statements are prepared in UAE Dirhams (“AED”).

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**2. Statement of compliance with IFRS (continued)**

**Standards, interpretations, and amendments to existing standards**

**a) Standards, interpretations, and amendments to existing standards that are effective in 2022**

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

Standard number	Title	Effective date
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IAS 37	Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
IFRS 1, IAS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	1 January 2022

These standards have been adopted by the Group and did not have a material impact on these financial statements.

**b) Standards and interpretations effective but not yet adopted by the Group**

**Applying IFRS 9 Financials Instrument with IFRS 4 Insurance Contracts**

The Group qualifies for temporary exemption from applying IFRS 9 on the grounds that it has not previously applied any version of IFRS 9 and its activities are predominantly connected with insurance with the carrying amounts of its liabilities within the scope of IFRS 4 being greater than 90 percent of the total carrying amount of all its liabilities at 1 January 2019 with no subsequent change in its activities.

The fair value of the Group's directly held financial assets at 31 December 2022 that will give rise to solely payments of principal and interest ("SPPI") criterion on implementation of IFRS 9, excluding any financial assets that meets the definition of held for trading, are shown in the table below:

Assets	Financial assets that pass the SPPI test, excluding any financial asset that meets the definition of held for trading		All other financial assets	
	Fair value at 31 December 2022 AED'000	Movement in fair value during the year AED'000	Fair value at 31 December 2022 AED'000	Movement in fair value during the year AED'000
Takaful and other receivables	374,853	-	-	-
Available-for-sale investments	65,681	(945)	5,943	-
Financial assets at fair value through profit or loss	47,709	2,467	344,073	(58,695)
Held to maturity	47,353	-	-	-
Other receivables	18,664	-	-	-
Restricted deposit	22,000	-	-	-
Wakala deposits	252,766	-	-	-
Cash and cash equivalents	102,908	-	-	-
	<b>931,934</b>	<b>1,522</b>	<b>350,016</b>	<b>(58,695)</b>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**2. Statement of compliance with IFRS (continued)**

**Standards, interpretations and amendments to existing standards (continued)**

**b) Standards and interpretations effective but not yet adopted by the Group (continued)**

**Applying IFRS 9 Financials Instrument with IFRS 4 Insurance Contracts (continued)**

The financial assets that pass the SPPI test, excluding any financial assets that meets the definition of held for trading or that is managed and evaluated on a fair value basis of IFRS 9 in the table above are classified as amortised cost under IAS 39. The credit ratings of investment securities, deposits and bank balances are as follows:

Assets	AAA AED'000	AA+ to AA- AED'000	A+ to A- AED'000	BBB+ to BBB- AED'000	Below BBB- or not rated AED'000	Total AED'000
Available-for-sale investments	44,339	15,331	-	1,776	10,178	71,624
FVTPL	13,544	29,990	1,879	-	2,296	47,709
Held to maturity	-	4,299	16,817	1,883	24,354	47,353
Restricted deposit	-	-	22,000	-	-	22,000
Wakala deposits	-	-	203,667	41,099	8,000	252,766
Cash and cash equivalents	-	6,320	80,320	15,559	709	102,908
	<b>57,883</b>	<b>55,940</b>	<b>324,683</b>	<b>60,317</b>	<b>45,537</b>	<b>544,360</b>

**c) Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group**

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

**IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied)**

IFRS 17, the new accounting standard for insurance contracts, was issued by the International Accounting Standards Board (IASB) in May 2017. Since the standard was first issued, various implementation matters have been raised by stakeholders. Subsequently, the IASB issued further amendments to the standard in June 2020 and December 2021, including delaying its effective date, which for the Group means the standard is applicable to reporting periods from 1 January 2023.

For the Group, IFRS 17 replaces IFRS 4 Insurance Contracts. The first applicable reporting period for the Group is for the year ending 31 December 2023, with a restated comparative period for the year ending 31 December 2022.

The Group continues to assess the impact of the application of IFRS 17, with the relevant key areas of consideration set out below.

**Measurement models**

IFRS 17 introduces the general measurement model ("GMM"), also known as the building block approach, which consists of fulfilment cash flows and a contractual service margin. The fulfilment cash flows represent the risk adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting, and an explicit risk adjustment for non-financial risk. The contractual service margin represents the unearned profit from in-force contracts that an entity will recognise as it provides services over the coverage period. The contractual service margin is earned based on a pattern of coverage units, reflecting the quantity of benefits provided.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**2. Statement of compliance with IFRS (continued)**

**Standards, interpretations and amendments to existing standards (continued)**

**c) Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group (continued)**

**IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied) (continued)**

**Measurement models (continued)**

For contracts measured under the general measurement model, IFRS 17 is expected to have a significant impact on actuarial modelling as more granular cash flow projections and regular updates of assumptions will be required.

The premium allocation approach ("PAA") is a simplified approach an entity may choose to adopt when certain criteria are met, either where the liability for remaining coverage under the premium allocation approach is not expected to differ materially from that under the general measurement model or the coverage period of contracts are less than one year. However, the general measurement model remains applicable for the measurement of the liability for incurred claims, whereby all incurred claims are subject to discounting and risk adjustment. In determining the cash flows used in the measurement of the liability for incurred claims, The Group intends to consistently maintain the reserving approach currently adopted (with some modifications) under IFRS 4. The simplification relates to the measurement of the liability for remaining coverage, which is not disaggregated into fulfilment cash flows and a contractual service margin, but rather is largely based on premium received. In this regard, the premium allocation approach has similarities to the current accounting requirements for general insurance contracts under IFRS 4.

IFRS 17 specifies that contracts with direct participating features should be accounted for using the variable fee approach ("VFA"), to reflect that these contracts provide investment related services which are integrated with insurance coverage, and that the entity receives a variable fee for those services. Given the difference in accounting between the VFA and the general model, the classification of a contract as a contract with or without direct participation features is likely to have an impact on system requirements and reported results.

The Group intends to use, to the extent permissible by IFRS 17, the premium allocation approach for both insurance and reinsurance contracts. The Group is nearing completion of its detailed impact assessment and has indicatively determined that the Group is expected to be eligible to apply the premium allocation approach to insurance contracts issued and to its reinsurance contracts held. This indicative outcome is based on the latest assessment undertaken and current portfolio mix.

For groups of contracts that apply the premium allocation approach and have a coverage period of one year or less, IFRS 17 provides an option to recognise any insurance acquisition costs as expenses when incurred. The Group does not currently intend to apply this option and so continue to amortise acquisition costs over the coverage period of the related insurance contracts, consistent with current accounting treatment under IFRS 4.

**Level of aggregation and onerous contract losses (loss component)**

Under IFRS 17, measurement is not considered at the individual contract level, but on the basis of portfolios which comprise contracts subject to similar risk and managed together. These portfolios are further subdivided into specified measurement groups based on contracts concluded in annual cohorts and on their profitability. To determine if the contracts are onerous, the standard permits measurement of a group of contracts. All fulfilment cash flows resulting from the rights and obligations under the insurance contracts must be considered and determined on a gross basis, excluding the effect of reinsurance.

The onerousness assessment is ongoing and the final group of contracts will be concluded once this assessment is completed.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**2. Statement of compliance with IFRS (continued)**

**Standards, interpretations and amendments to existing standards (continued)**

**c) Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group (continued)**

**IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied) (continued)**

**Risk adjustment**

Under IFRS 17, the measurement of insurance contract liabilities will include a risk adjustment for nonfinancial risk to reflect the compensation that the entity requires for bearing the uncertainty relating to the amount and timing of future cash flows. For insurance contracts, this is the compensation required to be indifferent between either fulfilling a liability that has a range of possible outcomes arising from non-financial risk and fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts.

The Standard does not prescribe techniques for estimating the risk adjustment but does offer guidance. The technique used, and the corresponding confidence level associated with the methodology selected, will need to be disclosed. The finalisation of the methodology for determining the risk adjustment, and the corresponding confidence level, is ongoing and subject to further refinement and review.

**Discount rates**

IFRS 17 requires that the estimates of expected cash flows that are used to measure either the liability for remaining coverage, for contracts measured under the general measurement model/variable fee approach, or incurred claims are to be discounted to reflect the time value of money and the financial risks related to those cash flows. The methodology and impact of reflecting illiquidity within discount rates is currently being determined.

**Presentation and disclosure**

IFRS 17 will impact the Group's consolidated financial statements compared with existing reporting requirements, introducing substantial changes in both presentation of the statement of comprehensive income and balance sheet, as well as more granular disclosure requirements.

In the statement of comprehensive income, IFRS 17 will require the presentation of the insurance revenue and insurance service expenses gross of reinsurance. For the Group, insurance revenue replaces gross earned premium and insurance service expenses largely reflects the combination of claims expense, non-reinsurance related recoveries, commission expense and underwriting expenses. Additionally, all changes in value because of either the effect of or change in the time value of money or financial risk, will no longer form part of the insurance service result but will be recognised separately as either insurance finance income or expenses.

On the balance sheet, the standard requires all balances to be combined into single line items for portfolios of insurance or reinsurance contracts that are either in an asset or liability position.

In order to reconcile the movement in these insurance/reinsurance contract assets/liabilities, the standard requires detailed disclosures that presents the changes to each of the individual measurement components. The notes covering the risks from insurance contracts are expected to remain broadly similar.

**Transition**

On transition, the Group expects to apply the full retrospective approach to all insurance contracts, except to the extent that it is impracticable to do so, in which case either a modified retrospective or fair value approach may be applied under IFRS 17. In practical terms, the Group currently anticipates adopting a full retrospective approach to contracts measured using the PAA approach. For life business, the practicability of application will be based on the availability of data in the Group's system, the access to actuarial models and assumptions used previously and the feasibility of modifying the assumptions used previously as per the IFRS 17 requirements. At this stage, it appears that the Group will be using modified retrospective approach or fair value approach for long term life business.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**2. Statement of compliance with IFRS (continued)**

**Standards, interpretations and amendments to existing standards (continued)**

**c) Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group (continued)**

**IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied) (continued)**

**Transition (continued)**

The Group has committed appropriate resources and effort into the implementation of IFRS 17. The implementation of the standard involves changes and enhancements in technology, systems, and processes, particularly across IT, finance and actuarial. The requirements of IFRS 17 are complex and the Group's expectations noted above are subject to change as it continues to assess the impact of the standard and interpretation developments. However, ultimately IFRS 17 is not expected to change the underlying economics or cash flows of the Group's business but has the potential to impact profit emergence profiles. Alongside the qualitative effects outlined above, the Group continues to assess the quantitative impact of the application of IFRS 17, with the opening balances at 1 January 2023 currently being compiled in accordance with the standard.

**Impact assessment – Non-Life Insurance**

Although the premium allocation approach (which is expected to be the measurement model for Medical line of business) is similar to the Group's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for Medical contracts.

<b>Changes from IFRS 4</b>	<b>Impact on equity on transition to IFRS 17</b>
Under IFRS 17, the Group will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The Group does not currently discount such future cash flows.	Increase
IFRS 17 requires the fulfilment cash flows to include a risk adjustment for non-financial risk. This is not explicitly allowed for currently.	Decrease
The Group's accounting policy related to amortisation of acquisition expenses has remained unchanged from IFRS 17 under which these amounts are amortised over the term of the contract. However, some of the general and administrative expenses are considered as acquisition expenses under IFRS 17 which will be deferred over the lifetime of the contracts in line with the policy mentioned above.	Increase
Under IFRS 17, the PAA liability should be reduced by the amount recognised as insurance revenue for services provided in that period, where the insurance revenue for the period is the amount of expected premium receipts allocated to the period. Booked premiums should thus be adjusted for expectation of doubtful debts to produce the expected premiums (on which the revenue recognition pattern is applied). Currently, the provision for doubtful debt has been assumed to be booked in the P&L immediately.	Increase

**Impact assessment – Life Insurance**

The general measurement model and the variable fee approach is expected to be the applicable measurement models for Life line of business. IFRS 17 is expected to have a significant impact on actuarial modelling (as more granular cash flow projections and regular updates of assumptions will be required), system requirements and reported results. Whether the impact on equity on transition is an increase or a decrease, is uncertain at this point and is currently being assessed during the implementation phase.

Although the Groups' IFRS 17 implementation project has made significant progress, some material judgements are still under consideration and global interpretations remain pending, at this time it is not practicable to reliably quantify the effects on the Group's combined financial statements.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**2. Statement of compliance with IFRS (continued)**

**Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as of 31 December 2022. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Changes in the group ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

**3. Summary of significant accounting policies**

**Business combinations and goodwill**

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

For common control transactions in which all the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory, the Group recognises the difference between purchase consideration and carrying amount of net assets of acquired entities or businesses as an adjustment to equity. This accounting treatment is also applied to later acquisition of some or all shares of the non-controlling interests in a subsidiary.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Product classification**

Takaful contracts are those contracts where a group of policyholders (the policyholders) mutually guarantee one another against prescribed uncertain future events of loss or damage, where the Group acts as a Wakil (agent) on their behalf in managing the Islamic Takaful operations in consideration for a Wakala fee. The Takaful amounts (contributions) paid net of the Wakala fee are considered as funds available for Mudarba, where the Group acts as Mudarib, investing some of these funds in consideration of a pre-agreed share of the realised profit or loss, (Mudarib fee) if any. The policyholders further donate their contribution to those other policyholders who suffer a prescribed event of loss or damage, payable per the policies of the Group, in its capacity as an agent. In case of deficit in policyholders' operation, such deficit is funded by the shareholders as a Qard Hasan (profit free loan).

**Deferred policy cost**

*Short term takaful contracts*

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are treated as Deferred policy cost ("DPC"). All other costs are recognised as expenses when incurred. DPC is subsequently amortised in the statement of comprehensive income over the life of the contracts as the related contribution is earned. DPC is tested for recoverability as at each reporting date.

*Long term takaful contracts*

The costs of acquiring long term takaful contracts, such as commission expenses and other directly attributable costs related to securing new contracts, are capitalised as DPC. All other costs are recognised as an expense when incurred. The DPC is subsequently amortised in line with the earning patterns of the Wakala income for such long term takaful contracts over the effective term of the policy. DPC is tested for recoverability as at each reporting date.

**Bonus reserve**

The Reserve for the up-front Bonus for applicable savings plans is based on two different vesting periods. A four-year vesting period applies on policies issued before October 2016. A maturity vesting period applies on policies issued after October 2016.

**Mathematical reserves**

Mathematical reserves are provisions created for long term takaful contracts to cover future claims expected to arise in respect of those contracts that existed at the period end. The reserve calculation is based on factors such as expected mortality, an actuarially determined estimate of costs and the discount rate.

**Surplus/deficit in policyholders' fund**

If the surplus in the policyholders' fund at the end of a year is sufficiently large, a percentage of the surplus shall be distributed between policyholders that have not made a claim, in proportion to their risk contributions to the fund after accounting for reserves. The distributions will be approved by the Group's Fatwa and Shari'a Supervisory Board. Any remaining surplus after the distribution will remain in the policyholders' fund.

A deficiency in policyholders' fund is made good by a profit free loan (Qard Hasan) from the shareholders' fund. This Qard Hasan is to be repaid from future surpluses arising from takaful operations on a priority basis. This Qard Hasan is tested for impairment annually and the portion of the Qard Hasan that is considered impaired is charged to the statement of income.

On liquidation of the fund, the accumulated surplus in the policyholders' fund, if any, after meeting all obligations (including repayment of the outstanding amount of Qard Hasan), will be dealt with after consulting with the Group's Fatwa and Shari'a Supervisory Board. In case of an accumulated deficit, any Qard Hasan outstanding at the time of liquidation will not be repayable by the policyholders' fund and the shareholders' fund will forego such outstanding amount.



**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Surplus/deficit in policyholders' fund (continued)**

Any deficit in the policyholders' fund, except for deficits arising from a decline in the fair value of securities, is financed by the shareholders through a Qard Hasan (loan without any profit). The Group maintains a full provision against the Qard Hasan.

**Property and equipment**

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Capital work-in-progress (CWIP) is not depreciated.

Depreciation is provided on a straight-line basis over the useful lives of the following classes of assets:

Building	40 years
Leasehold improvement	5-10 years
Furniture and fixtures	4-5 years
Office equipment	3-5 years
Vehicles	5 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate at each financial year end.

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognised.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

**Leases**

The right-to-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus as initial direct costs incurred. The right-to-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use or the end of the lease term.

The estimated useful life of the right-to-use asset is determined on the same basis as those of property and equipment. In addition, the right-to-use is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the funding cost rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rates as the discount rate.

The lease liability is measured at amortised cost using the effective funding cost method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the profit or loss if the carrying amount of the right-to-use asset has been reduced to zero. The Group presents right-to-use assets that do not meet the definition of investment property in 'Property and equipment' and the lease liabilities as a separate item in the statement of financial position.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income. The following estimated useful lives are applied:

• Life takaful contracts	25 years
• Non-life takaful contracts	5 months
• Customer relationships	3.5 months
• Software	3 years

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

**Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by two independent surveyors annually.

**Revenue recognition**

***Gross takaful contributions***

Gross takaful contributions comprise the total contributions receivable for the whole period of cover provided by takaful contracts entered into during the accounting period and are recognised on the date on which the takaful policy incepts. Contributions include any adjustments arising in the accounting period for contributions receivable in respect of takaful contracts executed in prior accounting periods. Contributions collected by intermediaries but not yet received, are assessed based on estimates from takaful operations or past experience and are included in takaful contributions.

Unearned contributions are those proportions of contributions written in a year that relate to period of risk after the reporting date. Unearned contribution is calculated as the higher of the amount determined on a daily prorate basis or "1/365" method. The proportion attributable to subsequent year is deferred as a provision for unearned contributions.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Revenue recognition (continued)**

*Discounts earned*

Discounts earned are recognised at the time policies are written. Discount earned on outwards retakaful contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

*Wakala fees*

The Group manages the takaful operations on behalf of the policyholders for a wakala fee which is recognised on an accrual basis. A similar amount is shown as expense statement of income attributable to policyholders.

*Investment income*

Profit income is recognised on an accrual basis taking into account effective funding cost rates on the instrument, on a time proportionate basis when it becomes receivable.

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

Dividend income is recognised when the right to receive payment is established.

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying amount and are recorded on occurrence of the sale transaction.

**Retakaful contribution**

Gross retakaful contribution written comprise the total contribution payable for the whole cover provided by contracts entered into during the period and are recognised on the inception date of the policy. Contributions include any adjustments arising in the accounting period in respect of retakaful contracts incepting in prior accounting periods. Unearned retakaful contributions are those proportions of contribution written in a year that relate to periods of risk after the reporting date.

Unearned retakaful contributions are deferred over the term of the underlying direct takaful policies for risks-attaching contracts and over the term of the retakaful contract for losses occurring contracts.

Gross retakaful contribution on life are recognised as an expense on the earlier of the date when contribution are payable or when the policy becomes effective.

The Group cedes takaful risk in the normal course of business for all of its businesses. Retakaful assets represent balances due from retakaful companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the retakaful can be measured reliably. The impairment loss is recorded in the statement of income.

Ceded retakaful arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes retakaful risk in the normal course of business for takaful contracts where applicable. Contributions and claims on assumed retakaful are recognised as income and expenses in the same manner as they would be if the retakaful were considered direct business, taking into account the product classification of the reinsured business. Retakaful liabilities represent balances due to retakaful companies. Amounts payable are estimated in a manner consistent with the associated retakaful contract. Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Claims**

Claims consist of amounts paid and payable to takaful contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to income as incurred. Provision for incurred but not reported claims is included within the additional reserve and reflected in the consolidated statement of income.

The Group generally estimates its claims based on previous experience. Independent loss adjusters normally estimate claims. Any difference between the provisions at the end of each reporting date and settlements in the following period is included in the underwriting account for that year. The reinsurers' portion towards the above outstanding claims is classified as retakaful contract assets and shown as current assets in the statement of financial position.

**Retakaful share of claims incurred**

Retakaful share of claims are recognised when the related gross claim is recognised according to the terms of the relevant contract.

**Policy acquisition costs**

Fees and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are amortised over the terms of the policies as takaful contribution is earned.

**Provision for IBNR**

Provision for Incurred But Not Reported ("IBNR") claims is made at the consolidated statement of financial position date based on an actuarial estimate obtained from an independent actuary in accordance with the financial regulations for takaful companies issued by the Central Bank of the United Arab Emirates.

**Provision for ULAE**

Provision for Unallocated Loss Adjustment Expenses (ULAE) which cannot be allocated to specific claims, is made at the consolidated statement of financial position date based on actuarial estimates obtained from an independent actuary in accordance with the financial regulations for takaful companies issued by the Central Bank of the United Arab Emirates.

**Liability adequacy test**

All recognised takaful contract liabilities including provision for outstanding claims are subject to liability adequacy test at each reporting date. This involves comparison of current estimates of all contractual cash flows attached to these liabilities with their carrying amounts.

Estimates of contractual cash flows include expected claim handling costs and recoveries from third parties. Any deficiency in carrying amounts is charged to the income statement by establishing a provision for losses arising from liability adequacy test.

**Claims reported unsettled**

Contract liabilities are recognised when contracts are entered into and contributions are charged. These liabilities are known as the claims reported unsettled provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, after reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of claims cannot be known with certainty at the reporting date. The liability is not discounted for the time value of money. No provision for equalisation or catastrophic reserves is recognised. The liability is derecognised when the contract expires, is discharged or is cancelled.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Unearned premium reserve**

Unearned Premium Reserve (UPR) represents that portion of premiums earned, gross of retakaful, which relates to the period of takaful subsequent to the statement of financial position date and is mainly computed on linear method based on the outstanding period from the date of statement of financial position up to the date of the maturity of the policy based on actuarial estimates obtained from an independent actuary in accordance with the financial regulations for takaful companies issued by the Central Bank of the United Arab Emirates.

**Retakaful assets**

Amounts recoverable under retakaful contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

**Financial instruments**

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'other financial assets'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**Financial assets**

The effective profit method is a method of calculating the amortised cost of a financial asset and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

'Other financial assets' comprise of cash and cash equivalents, takaful and other receivables.

***Financial assets at FVTPL***

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

*Financial assets at FVTPL (continued)*

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or profit earned on the financial asset and is included in the statement of comprehensive income.

*Available-for-sale (AFS) financial assets*

The Group has investments that are not traded in an active market and are classified as AFS financial assets and stated at fair value because management considers that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative change in fair values with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative change in fair values is reclassified to profit or loss. The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

*Held-to-maturity (HTM)*

Held-to-maturity (HTM) investments carried at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturities, where the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost using the effective profit method less any impairment.

*Other financial assets*

Other financial assets are measured at amortised costs using the effective profit method, less any impairment. Profit income is recognised by applying the effective profit rate, except for short-term receivables when the recognition of profit would be immaterial.

*Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in profit or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial assets, such as takaful receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

*Impairment of financial assets (continued)*

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective profit rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of takaful receivables, where the carrying amount is reduced through the use of an allowance account. When a takaful receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in consolidated statement of income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to consolidated statement of income in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained profit in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

**Financial liabilities and equity instruments**

*Classification as debt or equity*

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective profit rate method or at FVTPL.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**Financial liabilities and equity instruments (continued)**

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide an Islamic financing at below market profit rate are measured in accordance with the specific accounting policies set out below.

*Takaful, retakaful and other payables*

Takaful, retakaful and other payables and due to shareholders are initially measured at fair value, plus transaction costs and are subsequently measured at amortised cost using the effective profit method.

*Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective profit method. Profit expense that is not capitalised as part of costs of an asset is included in the consolidated income statement.

The effective profit method is a method of calculating the amortised cost of a financial liability and of allocating profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

*De-recognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated income statement.

**Receivables and payables related to takaful contracts**

Receivables and payables are recognised when due. These include amounts due to and from takaful brokers, re-insurers and takaful contract holders. If there is objective evidence that the takaful receivables are impaired, the Group reduces the carrying amount of the takaful receivables accordingly and realises the impairment loss in the income statement.

**Employee benefits**

*Short-term employee benefits*

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the period in which the service is rendered.

*Provision for employees' end of service benefits*

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the UAE Labour Law and is reported as separate line item under non-current liabilities. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in the UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

**Foreign currency transactions**

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date.



**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**3. Summary of significant accounting policies (continued)**

**Foreign currency transactions (continued)**

Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in the income statement. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

**Short term operating leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

**Provisions, contingent liabilities and contingent assets**

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

**Segment reporting**

Under IFRS 8 "Operating Segments", reported segments' profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Group for segment reporting under IFRS 8 are the same as those used in its financial statements.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**4. Critical accounting estimates and judgements in applying accounting policies**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

*Outstanding claims, IBNR, ULAE and UPR*

The estimation of the ultimate liability (outstanding claims, IBNR and ULAE) arising from claims and UPR made under takaful contracts is the Group's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

*Fair value of investment properties*

Fair value of investment property is estimated by two independent professional valuers, considering the rental yield (income approach). This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

*Fair value of unquoted securities*

Fair value of unquoted securities has been determined by the management based on Earnings Multiple and Net Assets Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different.

*Provision for doubtful debts*

The Group reviews its takaful receivables on a regular basis to assess whether a provision for impairment should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security, and realisation costs.

In addition to specific provisions against individually significant takaful receivables, the Group also makes a collective impairment provision against takaful receivables which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for takaful receivables within each grade and is adjusted to reflect current economic changes.

*Long term takaful contracts*

Estimates for takaful risk under long term takaful contracts are made with reference to external actuarial calculations and are based on standard industry and national mortality tables.

*Fair value of financial assets at fair value through profit or loss*

The fair value of unquoted financial assets carried at fair value through profit or loss is based on the periodic valuations by fund managers and represents the net asset value of the funds at the date of valuation and the fair value of quoted financial assets securities carried at fair value through profit or loss is based on quoted prices in active markets.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**5. Investment properties**

	2022 AED'000	2021 AED'000
Balance at 1 January	39,682	36,068
Transfer due to merger (note 30)	21,420	-
Transfer from property and equipment (note 13)	2,820	-
Gain on fair value during the year (note 29)	1,299	3,614
Balance at 31 December	<u>65,221</u>	<u>39,682</u>
Attributable to:		
Policyholders	49,774	-
Shareholders	15,447	39,682
	<u>65,221</u>	<u>39,682</u>

The investment properties represent the fair value of the properties located in U.A.E.

The fair value of the Group's investment properties as at 31 December 2022 and 2021 has been arrived at on the basis of valuations carried on the respective dates by two independent valuers who are not related to the Group and have appropriate qualification and recent market experience in the valuation of properties in the United Arab Emirates. The fair value is mainly based on unobservable inputs (i.e. Level 3).

The fair value was determined based on the market comparable approach that reflects recent transactions prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

The property rental income earned by the Group from its investment properties which are leased under operating leases and the direct operating expenses arising in the management of investment properties were as follows:

	2022 AED'000	2021 AED'000
Rental income	1,853	1,940
Direct operating expenses	(601)	(937)
Income from investment property (note 29)	<u>1,252</u>	<u>1,003</u>

**6. Investment in securities**

**Held to maturity investments**

Held to maturity investments comprises the following:

	2022 AED'000	2021 AED'000
Quoted debt securities inside U.A.E.	24,867	3,802
Unquoted debt securities inside U.A.E.	22,132	5,627
Quoted debt securities outside U.A.E.	354	8,909
Unquoted debt securities outside U.A.E.	-	3,677
	<u>47,353</u>	<u>22,015</u>
Attributable to:		
Policyholders	25,221	7,464
Shareholders	22,132	14,551
	<u>47,353</u>	<u>22,015</u>

The fair value of the investments held to maturity amounted to AED 47.57 million as of 31 December 2022 (2021: AED 23.01 million).

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**6. Investment in securities (continued)**

**Available-for-sale investments**

Available-for-sale investments comprise the following:

	2022 AED'000	2021 AED'000
Quoted equity securities in U.A.E.	64,681	-
Unquoted equity securities in U.A.E.	5,943	5,943
Unquoted debt securities in U.A.E.	1,000	1,000
	<u>71,624</u>	<u>6,943</u>
Attributable to:		
Policyholders	34,417	-
Shareholders	37,207	6,943
	<u>71,624</u>	<u>6,943</u>

**Investments at fair value through profit or loss**

Investments at fair value through profit or loss comprises the following:

	2022 AED'000	2021 AED'000
Investment in mutual funds	344,073	450,904
Investment in equity securities	47,709	50,933
	<u>391,782</u>	<u>501,837</u>
Quoted securities inside U.A.E.	47,709	50,933
Unquoted securities inside U.A.E.	19,577	28,422
Unquoted securities outside U.A.E.	324,496	422,482
	<u>391,782</u>	<u>501,837</u>
Attributable to:		
Policyholders	358,142	450,904
Shareholders	33,640	50,933
	<u>391,782</u>	<u>501,837</u>

The movement in securities are as follows:

2022	Held to maturity investments AED'000	Available- for-sale investments AED'000	Investments at fair value through profit and loss AED'000	Total AED'000
At 1 January	22,015	6,943	501,837	530,795
Acquired through merger (note 30)	31,100	49,665	-	80,765
Addition during the year	-	32,092	77,800	109,892
Disposal during the year	(5,618)	(13,768)	(132,335)	(151,721)
Amortisation of premiums	(144)	-	-	(144)
Fair value loss recorded in the consolidated statement of income	-	(1,653)	(55,520)	(57,173)
Fair value loss recorded in the comprehensive statement of income	-	(1,655)	-	(1,655)
<b>At 31 December 2022</b>	<u>47,353</u>	<u>71,624</u>	<u>391,782</u>	<u>510,759</u>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**6. Investment in securities (continued)**

2021	Held to maturity investments AED'000	Available-for-sale investments AED'000	Investments at fair value through profit and loss AED'000	Total AED'000
At 1 January	22,113	6,943	429,885	458,941
Additions during the year	-	-	133,632	133,632
Disposal during the year	-	-	(133,845)	(133,845)
Amortisation of premiums	(98)	-	-	(98)
Fair value gain recorded in the consolidated statement of income	-	-	72,165	72,165
At 31 December 2021	22,015	6,943	501,837	530,795

**7. Takaful contract liabilities and retakaful assets**

	2022 AED'000	2021 AED'000
<b>Gross</b>		
<i>Takaful contract liabilities:</i>		
Unearned contribution	368,360	229,241
Claims reported unsettled	228,483	226,226
Claims incurred but not reported	51,958	31,357
Unallocated loss adjustment expense	4,762	5,583
Unexpired risk reserve	4,185	1,507
Mathematical reserve	9,720	12,719
<b>Total takaful contract liabilities, gross</b>	<b>667,468</b>	<b>506,633</b>
<b>Recoverable from retakaful</b>		
<i>Retakaful contract assets:</i>		
Unearned contribution	108,142	93,538
Claims reported unsettled	140,196	132,721
Claims incurred but not reported	27,140	16,731
Mathematical reserve	7,363	9,678
<b>Total retakaful share of takaful contract liabilities</b>	<b>282,841</b>	<b>252,668</b>
<b>Net</b>		
Unearned contribution	260,218	135,703
Claims reported unsettled	88,287	93,505
Claims incurred but not reported	24,818	14,626
Unallocated loss adjustment expense	4,762	5,583
Unexpired risk reserve	4,185	1,507
Mathematical reserve	2,357	3,041
	<b>384,627</b>	<b>253,965</b>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**7. Takaful contract liabilities and retakaful assets (continued)**

The business class wise movement in takaful contract liabilities and retakaful contract assets is given below:

	Motor AED'000	Medical AED'000	General takaful AED'000	Life AED'000	Total AED'000
<b>2022</b>					
Unearned contribution	94,433	135,658	30,127	-	260,218
Claims reported unsettled	27,835	40,025	19,451	976	88,287
Claims incurred but not reported	7,181	13,030	4,607	-	24,818
Unallocated loss adjustment expenses	2,684	446	1,632	-	4,762
Unexpired risk reserve	-	4,185	-	-	4,185
Mathematical reserve	-	-	-	2,357	2,357
	<b>132,133</b>	<b>193,344</b>	<b>55,817</b>	<b>3,333</b>	<b>384,627</b>
<b>2021</b>					
Unearned contribution	35,635	86,613	13,455	-	135,703
Claims reported unsettled	38,932	38,991	14,700	882	93,505
Claims incurred but not reported	7,798	4,742	2,086	-	14,626
Unallocated loss adjustment expenses	3,225	1,325	1,033	-	5,583
Unexpired risk reserve	-	1,507	-	-	1,507
Mathematical reserve	-	-	-	3,041	3,041
	<b>85,590</b>	<b>133,178</b>	<b>31,274</b>	<b>3,923</b>	<b>253,965</b>

**8. Due from shareholders and due to policyholders**

The balance consists of the net of Wakala fees and Qard Hassan balances that is due from the shareholders to the policyholders amounting to AED 37.42 million (2021: AED 22.18 million).

**9. Takaful and other receivables**

	2022 AED'000	2021 AED'000
Contribution receivable	279,103	212,855
Receivable from retakaful and other takaful companies	132,750	77,048
Other receivables	3,784	3,784
	<b>415,637</b>	<b>293,687</b>
Less: Provisions for doubtful receivables	(40,784)	(18,703)
	<b>374,853</b>	<b>274,984</b>

Movements in provision for doubtful receivables is given below:

	2022 AED'000	2021 AED'000
As at 1 January	18,703	18,508
Transferred from merger	7,550	-
Charge for the year, net of write-off (note 26)	14,531	195
	<b>40,784</b>	<b>18,703</b>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**9. Takaful and other receivables (continued)**

	2022 AED'000	2021 AED'000
<b>Takaful and other receivables - Inside UAE</b>		
Contribution receivables	279,103	212,855
Less: Provision for doubtful receivables	<u>(27,278)</u>	<u>(13,187)</u>
	<u>251,825</u>	<u>199,668</u>
Receivables from retakaful and other takaful companies	29,651	65,466
Other receivables	3,784	3,784
Less: Provision for doubtful receivables	<u>(10,415)</u>	<u>(4,944)</u>
	<u>23,020</u>	<u>64,306</u>
<b>Takaful and other receivables - Outside UAE</b>		
Receivable from retakaful and other takaful companies	103,099	11,582
Less: Provision for doubtful receivables	<u>(3,091)</u>	<u>(572)</u>
	<u>100,008</u>	<u>11,010</u>
<b>Total takaful and other receivables</b>	<u><b>374,853</b></u>	<u><b>274,984</b></u>

The amounts due from retakaful are settled on a quarterly basis.

Ageing of takaful and other receivables is given below:

2022	Contribution receivables AED'000	Receivable from retakaful and other takaful companies AED'000	Other receivables AED'000	Total AED'000
<b>Takaful and other receivables - inside UAE</b>				
Current	146,463	9,660	-	156,123
30 - 90 days	29,318	2,409	-	31,727
91 - 180 days	28,113	859	-	28,972
181 - 360 days	20,833	1,808	-	22,641
More than 360 days	54,376	14,915	3,784	73,075
Less: Provision for doubtful receivables	<u>(27,278)</u>	<u>(6,631)</u>	<u>(3,784)</u>	<u>(37,693)</u>
	<u>251,825</u>	<u>23,020</u>	<u>-</u>	<u>274,845</u>
<b>Takaful and other receivables - outside UAE</b>				
Current	-	23,249	-	23,249
30 - 90 days	-	23,249	-	23,249
91 - 180 days	-	44,854	-	44,854
181 - 360 days	-	3,514	-	3,514
More than 360 days	-	8,233	-	8,233
Less: Provision for doubtful receivables	<u>-</u>	<u>(3,091)</u>	<u>-</u>	<u>(3,091)</u>
	<u>-</u>	<u>100,008</u>	<u>-</u>	<u>100,008</u>
	<u>251,825</u>	<u>123,028</u>	<u>-</u>	<u>374,853</u>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**9. Takaful and other receivables (continued)**

2021	Contribution receivables AED'000	Receivable from retakaful and other takaful companies AED'000	Other receivables AED'000	Total AED'000
Takaful and other receivables - inside UAE				
Current	80,038	15,765	-	95,803
30 - 90 days	39,597	22,536	-	62,133
91 - 180 days	33,444	4,198	-	37,642
181 - 360 days	22,075	8,043	-	30,118
More than 360 days	37,701	14,924	3,784	56,409
Less: Provision for doubtful receivables	(13,187)	(1,160)	(3,784)	(18,131)
	199,668	64,306	-	263,974
Takaful and other receivables – outside UAE				
Current	-	8,397	-	8,397
30 - 90 days	-	484	-	484
91 - 180 days	-	697	-	697
181 - 360 days	-	694	-	694
More than 360 days	-	1,310	-	1,310
Less: Provision for doubtful receivables	-	(572)	-	(572)
	-	11,010	-	11,010
	199,668	75,316	-	274,984

**10. Prepayments and other receivables**

	2022 AED'000	2021 AED'000
Prepaid expenses	13,378	8,374
Deposits	392	651
Advance	687	307
Other receivables	17,584	6,051
	32,041	15,383
Attributable to:		
Policyholders	16,549	3,961
Shareholders	15,492	11,422
	32,041	15,383

**11. Wakala deposits**

Wakala deposits yield a profit rate of 1.70% p.a. to 5.35% p.a. (2021: 0.2% p.a. to 5.0% p.a.). Wakala deposits worth AED 40 million are hypothecated against Murabaha facility (note 20).



**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**12. Cash and bank balances**

	2022 AED'000	2021 AED'000
Cash in hand	147	147
Bank balances		
Current accounts	102,828	32,625
Call accounts	80	1,067
	<u>103,055</u>	<u>33,839</u>
Attributable to:		
Policyholders	79,748	15,773
Shareholders	23,307	18,066
	<u>103,055</u>	<u>33,839</u>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**13. Property and equipment**

2022	Building improvements AED'000	Leasehold improvements AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Vehicles AED'000	Capital work in progress AED'000	Right to use assets AED'000	Total AED'000
<b>Cost</b>								
At 1 January	10,228	1,795	8,540	6,403	1,154	2,262	14,662	45,044
Additions	-	-	-	198	-	1,314	-	1,512
Addition from merger (note 30)	-	-	247	1,433	8	-	4,703	6,391
Transfer to investment property (note 5)	(10,228)	-	-	-	-	-	-	(10,228)
Disposal	-	-	(343)	-	-	(146)	-	(489)
At 31 December	-	1,795	8,444	8,034	1,162	3,430	19,365	42,230
<b>Accumulated depreciation</b>								
At 1 January	7,313	1,271	8,201	5,501	1,082	26	5,721	29,115
Charge for the year	95	184	147	1,063	49	-	3,609	5,147
Transfer to investment property (note 5)	(7,408)	-	-	-	-	-	-	(7,408)
Disposal	-	-	(279)	-	-	-	-	(279)
At 31 December	-	1,455	8,069	6,564	1,131	26	9,330	26,575
<b>Carrying amount</b>								
At 31 December 2022	-	340	375	1,470	31	3,404	10,035	15,655

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**13. Property and equipment (continued)**

2021	Building improvements AED'000	Leasehold improvements AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Vehicles AED'000	Capital work in progress AED'000	Right to use assets AED'000	Total AED'000
Cost								
At 1 January	10,228	1,795	8,534	5,714	1,154	4,234	14,662	46,321
Additions	-	-	6	258	-	3,184	-	3,448
Write off	-	-	-	-	-	(182)	-	(182)
Transfer	-	-	-	431	-	(431)	-	-
Transfer to intangible assets (note 14)	-	-	-	-	-	(4,543)	-	(4,543)
At 31 December	10,228	1,795	8,540	6,403	1,154	2,262	14,662	45,044
Accumulated depreciation and impairment								
At 1 January	7,057	1,087	7,947	4,891	1,035	26	2,470	24,513
Charge for the year	256	184	254	610	47	-	3,251	4,602
At 31 December	7,313	1,271	8,201	5,501	1,082	26	5,721	29,115
Carrying amount								
At 31 December 2021	2,915	524	339	902	72	2,236	8,941	15,929

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2021**

**14. Intangible assets**

2022	Trade name AED'000	Life takaful contracts AED'000	Non-life takaful contracts AED'000	Customer relationship AED'000	Software AED'000	Total AED'000
<b>Cost</b>						
At 1 January	6,728	70,034	3,339	11,962	16,378	108,441
Additions during the year	-	-	-	-	93	93
Addition from merger (note 30)	6,092	-	-	13,552	2,039	21,683
Write-off	(6,728)	-	-	-	-	(6,728)
31 December	6,092	70,034	3,339	25,514	18,510	123,489
<b>Accumulated amortisation</b>						
At 1 January	-	3,388	3,339	2,858	9,718	19,303
Charge for the year	-	2,658	-	6,791	4,187	13,636
31 December	-	6,046	3,339	9,649	13,905	32,939
<b>Carrying amount</b>						
31 December 2022	6,092	63,988	-	15,865	4,605	90,550
<b>2021</b>						
<b>Cost</b>						
At 1 January	6,728	70,034	3,339	11,962	11,792	103,855
Additions during the year	-	-	-	-	43	43
Transfer from property and equipment (note 13)	-	-	-	-	4,543	4,543
31 December	6,728	70,034	3,339	11,962	16,378	108,441
<b>Accumulated amortisation</b>						
At 1 January	-	730	3,339	1,108	5,563	10,740
Charge for the year	-	2,658	-	1,750	4,155	8,563
31 December	-	3,388	3,339	2,858	9,718	19,303
<b>Carrying amount</b>						
31 December 2021	6,728	66,646	-	9,104	6,660	89,138

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**15. Restricted deposit**

Wakala deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E. Federal Law No. (6) of 2007 and are not available to finance the day-to-day operations of the Group.

These deposits have a fixed maturity of one year from the date of deposit and yield a profit rate of 1.70% p.a. to 5.35% p.a. (2021: 0.2% to 1.1% p.a).

**16. Deferred policy cost**

	2022 AED'000	2021 AED'000
At 1 January	22,145	12,994
Booked during the year	115,971	92,164
Charged for the year	<u>(104,335)</u>	<u>(83,013)</u>
At 31 December	<u>33,781</u>	<u>22,145</u>

**17. Takaful and investment contracts liabilities**

	2022 AED'000	2021 AED'000
Investment contract liabilities with takaful risk	<u>344,073</u>	<u>450,904</u>
Movement in investment liabilities with takaful risk is given below:		
As at 1 January	450,904	429,885
Add: investment contracts received	41,390	50,482
Less: investment contracts repaid	(80,931)	(90,970)
(Loss)/ gain on fair value	(58,695)	68,918
Wakala fees and other charges	<u>(8,595)</u>	<u>(7,411)</u>
	<u>344,073</u>	<u>450,904</u>

**18. Takaful and retakaful payables**

	2022 AED'000	2021 AED'000
Due to takaful companies, garages and other third parties	111,244	84,440
Due to retakaful companies	226,455	140,227
Other payables	<u>42,234</u>	<u>25,583</u>
	<u>379,933</u>	<u>250,250</u>
Inside UAE	164,561	118,589
Outside UAE	<u>215,372</u>	<u>131,661</u>
	<u>379,933</u>	<u>250,250</u>
	2022 AED'000	2021 AED'000
<b>Takaful payables - Inside UAE</b>		
Due to takaful companies, garages and other third parties	111,244	84,440
Due to retakaful companies	11,579	8,931
Other payables	<u>41,738</u>	<u>25,218</u>
	<u>164,561</u>	<u>118,589</u>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**18. Takaful and retakaful payables (continued)**

	2022 AED'000	2021 AED'000
<b>Takaful payables - Outside UAE</b>		
Due to retakaful companies	214,876	131,296
Other payables	496	365
	<u>215,372</u>	<u>131,661</u>

**19. Qard Hassan**

	2022 AED'000	2021 AED'000
<b>(i) Qard Hassan</b>		
As at 1 January	(229,138)	(213,741)
Amount transferred on merger	(156,728)	-
Deficit during the year	(91,573)	(15,397)
As at 31 December	<u>(477,439)</u>	<u>(229,138)</u>
<b>(ii) Provision against Qard Hassan</b>		
As at 1 January	229,138	213,741
Amount transferred on merger	156,728	-
Provision during the year	91,573	15,397
As at 31 December	<u>477,439</u>	<u>229,138</u>

**20. Murabaha payable**

The Group got engaged in Murabaha facility of AED 215 million with bank on 27 February 2021 held at amortised cost. The facility was obtained for the purpose of acquiring Noor Takaful Family PJSC ("NTF") and Noor Takaful General PJSC ("NTG"). The facility includes two tranches as given below:

Tranche A consist of AED 100 million carrying flexible profit rate of 3 months EIBOR plus 2.25% having a maturity period of 12 months from the date of acquisition of NTF and NTG. Full amount of Tranche A is repaid during the year ended 31 December 2021.

Tranche B consist of AED 115 million carrying flexible profit rate of 3 months EIBOR plus 2.05% having a maturity period of 5 years ending 30 July 2025.

Other Murabaha arrangements are as follows:

*Pledged collateral*

- Registered mortgage over investment properties and other real estate properties valued up to AED 45 million;
- Pledge over the shares of target entities i.e. NTF and NTG;
- Marketable securities (sukuk) worth AED 15 million;
- A profit service reserve account will be maintained by the Company with bank that holds 6 months of profit service for Tranche B at all the times;
- All proceeds from the operating target entities shall be deposited into a dividend account that the Group maintains with the bank; and
- Pledge over profit service reserve account and dividend account maintained with the bank.

*Financial covenants*

- A minimum capital requirement of AED 300 million so long as the 3 licenses are outstanding and AED 200 million post cancellation of Company's license;
- A minimum solvency coverage ratio of 100%;
- A minimum consolidated Liquid Assets Cover (cash plus marketable securities) of 100%; and
- Compliance with minimum guaranteed fund and net admissible assets requirements.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**20. Murabaha payable (continued)**

*Other covenants*

- Company to complete re-organisation within 12 months from the completion of acquisition;
- Operating accounts of the Company and the targets (NTF and NTG) to move to the bank within 6 months from the completion of acquisition; and
- Company to endeavour to place 50% of total deposits with ENBD group.

At the reporting date, the Group is in breach of the covenant related to minimum solvency coverage ratio of 100% and currently in negotiation with the lender to restructure the Murabaha facility terms.

**21. Other liabilities**

	2022 AED'000	2021 AED'000
Accrued expenses and other payables	14,391	19,852
Acquisition cost payable	31,138	35,364
Employees' end of service benefits*	17,585	6,368
Lease liabilities	8,899	9,101
Accrued leave salary	331	736
Other payable	8,999	8,057
	<u>81,343</u>	<u>79,478</u>

\* Movements in the provision for employees' end of service benefits during the year were as follows:

	2022 AED'000	2021 AED'000
As at 1 January	6,368	6,014
Transfer from merger (note 30)	11,084	-
Charged during the year	4,340	1,553
Paid during the year	(4,207)	(1,199)
As at 31 December	<u>17,585</u>	<u>6,368</u>

**22. Share capital**

	2022 AED'000	2021 AED'000
Issued and fully paid:		
260,156,250 ordinary shares of AED 1 each (31 December 2021: 150,000,000 ordinary shares)	<u>260,156</u>	<u>150,000</u>

On 1 July 2022, the Company issued additional share capital upon merger to the shareholders of National Takaful Company (Watania) PJSC (Note 30).

No dividend was declared and paid during the current year (2021: dividend of AED 0.092 (fils) per share amounting to AED 13.8 million was declared and paid).

**23. Reserves**

**Statutory reserve**

In accordance with the Commercial Companies Law No. (32) of 2021, Article No. 241 and the Company's Articles of Association, a minimum 10% of profit for the year is required to be transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the statutory reserve is equal to 50% of the paid-up share capital. The reserve is not available for distribution except in the circumstances stipulated by the law.

For the year ended 31 December 2022, balance amounting to AED 0.86 million from the profit of Noor Takaful General (PJSC) (subsidiary) was transferred to statutory reserves (2021: AED 2.16 million).

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**23. Reserves (continued)**

**Retakaful reserve**

In accordance with Central Bank of the United Arab Emirates' Board of Directors' Decision No. 23, Article 34, an amount of AED 1.6 million (2021: AED 1.43 million) was transferred from retained earnings to retakaful reserve. The reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of the United Arab Emirates (formerly, the UAE Insurance Authority).

**24. Net contributions**

	Motor AED'000	Medical AED'000	General takaful AED'000	Life AED'000	Total AED'000
<b>2022</b>					
Takaful contracts:					
Gross contribution written	127,178	398,205	229,438	52,770	807,591
Movement in unearned contributions	(5,413)	40,645	19,304	-	54,536
Change in unexpired risk reserve	-	(2,678)	-	-	(2,678)
<b>Takaful contribution revenues</b>	<b>121,765</b>	<b>436,172</b>	<b>248,742</b>	<b>52,770</b>	<b>859,449</b>
Retakaful share of contribution	(2,004)	(125,340)	(180,578)	(4,703)	(312,625)
Movement in unearned contributions	(8,395)	(11,316)	(19,106)	-	(38,817)
<b>Retakaful contribution revenues</b>	<b>(10,399)</b>	<b>(136,656)</b>	<b>(199,684)</b>	<b>(4,703)</b>	<b>(351,442)</b>
<b>Total contribution revenues</b>	<b>111,366</b>	<b>299,516</b>	<b>49,058</b>	<b>48,067</b>	<b>508,007</b>
<b>2021</b>					
Takaful contracts:					
Gross contribution written	90,665	325,957	226,344	63,164	706,130
Movement in unearned contributions	22,568	(5,014)	(32,282)	-	(14,728)
Change in unexpired risk reserve	-	2,039	-	-	2,039
<b>Takaful contribution Revenues</b>	<b>113,233</b>	<b>322,982</b>	<b>194,062</b>	<b>63,164</b>	<b>693,441</b>
Retakaful share of contribution	(7,617)	(89,369)	(185,164)	(3,956)	(286,106)
Movement in unearned contributions	(3,006)	18,782	25,787	-	41,563
<b>Retakaful contribution revenues</b>	<b>(10,623)</b>	<b>(70,587)</b>	<b>(159,377)</b>	<b>(3,956)</b>	<b>(244,543)</b>
<b>Total contribution revenues</b>	<b>102,610</b>	<b>252,395</b>	<b>34,685</b>	<b>59,208</b>	<b>448,898</b>



**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**25. Claims incurred**

	Motor AED'000	Medical AED'000	General takaful AED'000	Life AED'000	Total AED'000
<b>2022</b>					
<b>Gross</b>					
Takaful claims paid	84,282	386,288	75,417	1,746	547,733
Movement in provision for outstanding claims	(20,979)	6,356	(13,904)	(424)	(28,951)
Movement in provision for incurred but not reported	(1,412)	(917)	1,382	-	(947)
Movement in provision for ULAE	(869)	(1,070)	(402)	-	(2,341)
Change in investment contracts and mathematical reserves	-	-	-	(26,431)	(26,431)
Net gain on assets held at fair value through profit or loss	-	-	-	58,695	58,695
<b>Total</b>	<b>61,022</b>	<b>390,657</b>	<b>62,493</b>	<b>33,586</b>	<b>547,758</b>
<b>Retakaful</b>					
Retakaful share of claims paid	(7,101)	(136,730)	(66,034)	(1,091)	(210,956)
Movement in provision for outstanding claims	5,218	(11,011)	16,254	518	10,979
Movement in provision for incurred but not reported	(863)	1,833	(477)	-	493
<b>Total</b>	<b>(2,746)</b>	<b>(145,908)</b>	<b>(50,257)</b>	<b>(573)</b>	<b>(199,484)</b>
<b>Claims recorded in the consolidated statement of income</b>	<b>58,276</b>	<b>244,749</b>	<b>12,236</b>	<b>33,013</b>	<b>348,274</b>
<b>2021</b>					
<b>Gross</b>					
Takaful claims paid	66,198	289,267	66,157	306	421,928
Movement in provision for outstanding claims	(2,722)	(26,791)	(8,828)	1,150	(37,191)
Movement in provision for incurred but not reported	(5,321)	241	1,756	-	(3,324)
Movement in provision for ULAE	1,506	(968)	(685)	-	(147)
Change in investment contracts and mathematical reserves	-	-	-	112,734	112,734
Net gain on assets held at fair value through profit or loss	-	-	-	(68,918)	(68,918)
<b>Total</b>	<b>59,661</b>	<b>261,749</b>	<b>58,400</b>	<b>45,272</b>	<b>425,082</b>
<b>Retakaful</b>					
Retakaful share of claims paid	(8,628)	(67,000)	(61,468)	(111)	(137,207)
Movement in provision for outstanding claims	1,193	(1,850)	9,783	(703)	8,423
Movement in provision for incurred but not reported	3,024	(1,308)	(1,618)	-	98
<b>Total</b>	<b>(4,411)</b>	<b>(70,158)</b>	<b>(53,303)</b>	<b>(814)</b>	<b>(128,686)</b>
<b>Claims recorded in the consolidated statement of income</b>	<b>55,250</b>	<b>191,591</b>	<b>5,097</b>	<b>44,458</b>	<b>296,396</b>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**26. Other Takaful expenses**

	2022 AED'000	2021 AED'000
Provision for doubtful debts (note 9)	14,531	195
Other expenses	17,209	4,637
	<u>31,740</u>	<u>4,832</u>

**27. Wakala fees and Mudarib's fee**

**Wakala fees**

Wakala fee for the year ended 31 December 2022 amounted to AED 235.85 million (2021: AED 176.08 million). The fee is calculated at maximum of 25% (2021: 25%) without any deduction of policy acquisition cost. Wakala fee is charged to the consolidated statement of income when incurred.

**Mudarib's fee**

The shareholders also manage the policyholders' investment funds and charge Mudarib's fee. Mudarib fee is charged at 35% (2021: 35%) of realised investment income. During the year, Mudarib's fee amounted to AED 0.55 million (2021: AED 0.47 million).

**28. General and administrative expenses**

	2022 AED'000	2021 AED'000
Staff cost	53,773	34,899
Administrative expenses	19,729	21,194
Depreciation and amortisation	18,782	13,164
Trade name written off (note 14)	6,728	-
Marketing expenses	-	764
Other expenses	576	-
	<u>99,588</u>	<u>70,021</u>

**29. Investment and other income**

2022	Policyholders AED'000	Shareholders AED'000	Total AED'000
<b>Fair value gain</b>			
Fair value gain on investment properties (note 5)	503	796	1,299
Fair value (loss)/gain on financial assets at FVTPL	(97)	1,619	1,522
<b>Other investment income</b>			
Income from wakala deposits	2,744	1,748	4,492
Dividend income	1,597	2,000	3,597
Income from debt securities	460	1,164	1,624
Fund management income	-	4,228	4,228
Surrender income	-	7,469	7,469
Rebates	-	1,339	1,339
Rental income from investments properties - net (note 5)	67	1,185	1,252
Other income	-	41	41
	<u>5,274</u>	<u>21,589</u>	<u>26,863</u>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**29. Investment and other income (continued)**

	Policyholders AED'000	Shareholders AED'000	Total AED'000
2021			
Fair value gain			
Fair value gain on investment properties (note 5)	-	3,614	3,614
Fair value gain on financial assets at FVTPL	-	3,247	3,247
Other investment income			
Income from available-for-sale investments	-	746	746
Income from wakala deposits	1,391	1,089	2,480
Dividend income	-	225	225
Income from debt securities	550	716	1,266
Fund management income	-	4,928	4,928
Surrender income	-	10,369	10,369
Rebates	-	1,590	1,590
Rental income from investments properties - net (note 5)	151	852	1,003
Other income	1	89	90
	<u>2,093</u>	<u>27,465</u>	<u>29,558</u>

Investment income has been allocated to the shareholders and policyholders on the basis of investments held by each fund.

**30. Merger with National Takaful Company (Watania) PJSC**

On 1 July 2022, the Group merged with National Takaful Company (Watania) PJSC, a UAE based takaful company, whereas Watania ceased to exist effective immediately. The Company issued 0.734375 new shares against each Watania share held by Watania shareholders as consideration, at the close of trading on 1 July 2022. As a result, Company's share capital has increased to AED 260.16 million.

The merger was made to enhance the Group's position in the takaful business. Watania had significant business, with medical and general takaful portfolio, in UAE which is the Group's target market.

The details of net assets acquired in business combination at provisional fair values are as follows:

	Net book value AED'000	Fair value adjustments AED'000	Provisional fair values AED'000
<b>Recognised amounts of identifiable net assets</b>			
<b>Assets</b>			
Property and equipment (note 13)	6,391	-	6,391
Intangible assets (note 13)	2,039	19,644	21,683
Investment properties (note 5)	21,420	-	21,420
Restricted deposits	2,000	-	2,000
Statutory deposits	6,000	-	6,000
Investments in securities (note 6)	80,765	-	80,765
Deferred policy acquisition cost	19,268	(19,268)	-
Retakaful contract assets	85,278	-	85,278
Contribution receivables	140,174	-	140,174
Other receivables	17,218	-	17,218
Wakala deposits	17,249	-	17,249
Cash and cash equivalents	48,290	-	48,290
<b>Total assets</b>	<u>446,092</u>	<u>376</u>	<u>446,468</u>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**30. Merger with National Takaful Company (Watania) PJSC (continued)**

	Net book value AED'000	Fair value adjustments AED'000	Provisional fair values AED'000
<b>Recognised amounts of identifiable net assets</b>			
<b>Liabilities</b>			
Takaful and related payables	61,870	-	61,870
Takaful and investment contract liabilities	247,966	-	247,966
Lease liabilities	4,094	-	4,094
Other liabilities	10,576	-	10,576
Unearned retakaful commission income	4,161	(4,161)	-
Employees' end of service benefits (note 21)	11,084	-	11,084
<b>Total liabilities</b>	<b>339,751</b>	<b>(4,161)</b>	<b>335,590</b>
<b>Fair value of consideration transferred</b>			
Non-cash consideration – shares issued			(110,156)
Identifiable net assets			110,878
<b>Gain on merger transaction</b>			<b>722</b>
Cash and cash equivalents acquired			48,290
<b>Net cash inflow on merger</b>			<b>48,290</b>

Merger-related costs amounting to AED 8.11 million (2021: AED 3.17 million) are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, shown as a separate line item in consolidated income statement.

**31. (Loss)/earnings per share**

(Loss)/earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year as follows:

	2022	Restated 2021
(Loss)/profit for the year attributable to shareholders (in AED'000)	(55,037)	21,580
Weighted average number of shares outstanding at 31 December	260,156,250	260,156,250
Basic and diluted (loss)/earnings per share (in AED)	(0.212)	0.083

During the year, the Company issued 110,156,250 new shares as a result of merger with Watania (refer to note 22). Accordingly, additional number of shares have been adjusted retrospectively in computing the earnings per share for the prior year.

**32. Available-for-sale investments reserve**

This reserve records gains and losses arising from changes in fair value of available-for-sale investments (AFS).

**33. Related party transactions**

Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The management decides on the terms and conditions of the transactions with related parties.

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

**Balances with related parties**

Balances with related parties included in the consolidated statement of financial position are given on the next page:

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**33. Related party transactions (continued)**

Balances with related parties (continued)

	2022 AED'000	2021 AED'000
<i>Takaful and other receivables</i>		
Other related parties	(44)	(58)

Transactions with related parties

Transactions with related parties included in the consolidated financial statements are as follows:

	2022 AED'000	2021 AED'000
<i>Contributions earned</i>		
Other related parties	-	-

Compensation of key management personnel

	2022 AED'000	2021 AED'000
Short-term benefits	7,971	8,159
Employees' end of service benefits	579	311
	<u>8,550</u>	<u>8,470</u>

Outstanding balances at the year-end arise in the normal course of business. For the years ended 31 December 2022 and 31 December 2021, the Group has not recorded any impairment of amounts owed by related parties.

**34. Fatwa and Sharia'a supervisory board**

The Group's business activities are subject to the supervision of a Fatwa and Shari'a Supervisory Board (FSSB) consisting of three members appointed by the shareholders. FSSB performs a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Shari'a rules and principles.

According to the Group's FSSB, the Group is required to identify any income deemed to be derived from transactions not acceptable under Islamic Shari'a rules and principles, as interpreted by FSSB, and to set aside such amount in a separate account for Shareholders who may resolve to pay the same for local charitable causes and activities.

**35. Zakat**

Zakat as approved by the Group's Sharia'a Supervisory Board amounted to 0.00543 per share (2021: AED 0.01630 per share).

The Management has opted to communicate the amount of Zakat payable to each shareholder, requiring them to pay their share of Zakat directly.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**36. Segmental information**

For management purposes the Group is organised into two business segments; general takaful management and investment. The general takaful segment comprises the takaful business undertaken by the Group on behalf of Policyholders. Investment comprises investment and cash management for the Group'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 consolidated financial statements.

Except for Wakala fees, Mudarib's fees and Qard Hassan, no other inter-segment transactions occurred during the year. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation as shown following.

2022	General takaful AED'000	Group life (employee benefits) AED'000	Life AED'000	Investment AED'000	Total AED'000
<b>Attributable to policyholders</b>					
<b>Takaful income</b>					
Gross contribution written	656,169	98,652	52,770	-	807,591
Retakaful share of ceded business	(218,968)	(88,954)	(4,703)	-	(312,625)
<b>Net takaful contributions</b>	<b>437,201</b>	<b>9,698</b>	<b>48,067</b>	<b>-</b>	<b>494,966</b>
Net transfer to unearned contributions reserve	14,436	1,283	-	-	15,719
Change in provision for contribution deficiency reserve	(2,678)	-	-	-	(2,678)
<b>Net takaful contributions earned</b>	<b>448,959</b>	<b>10,981</b>	<b>48,067</b>	<b>-</b>	<b>508,007</b>
Discount earned	18,608	3,800	152	-	22,560
<b>Total takaful income</b>	<b>467,567</b>	<b>14,781</b>	<b>48,219</b>	<b>-</b>	<b>530,567</b>
<b>Takaful expenses</b>					
Takaful claims paid	(518,679)	(27,308)	(1,746)	-	(547,733)
Retakaful share of ceded business paid	184,847	25,019	1,090	-	210,956
<b>Net takaful claims paid</b>	<b>(333,832)</b>	<b>(2,289)</b>	<b>(656)</b>	<b>-</b>	<b>(336,777)</b>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**36. Segmental information (continued)**

2022	General takaful AED'000	Group life (employee benefits) AED'000	Life Investments AED'000	AED'000	Total AED'000
Provision for outstanding claims	18,777	9,750	424	-	28,951
Retakaful share of outstanding claims	(694)	(9,767)	(518)	-	(10,979)
Change in incurred but not reported claims	679	(225)	-	-	454
Change in unallocated loss adjustment expenses reserve	2,224	117	-	-	2,341
Change in investment contracts and mathematical reserves	-	-	26,431	-	26,431
Net gain on assets held at fair value through profit or loss	-	-	(58,695)	-	(58,695)
<b>Net claims incurred</b>	<b>(312,846)</b>	<b>(2,414)</b>	<b>(33,014)</b>	<b>-</b>	<b>(348,274)</b>
Excess of loss of takaful contribution	(10,994)	-	-	-	(10,994)
Other takaful (expenses)/ recoveries	(27,764)	(74)	(3,902)	-	(31,740)
<b>Total takaful income</b>	<b>115,963</b>	<b>12,293</b>	<b>11,303</b>	<b>-</b>	<b>139,559</b>
Wakala (fee)/income	(219,494)	(5,415)	(10,943)	235,852	-
Mudarib's (fee)/income	(540)	-	(14)	554	-
Investment and other income	4,922	211	141	21,589	26,863
General and administrative expenses	-	-	-	(99,588)	(99,588)
Policy acquisition cost	-	-	-	(104,335)	(104,335)
Finance cost	-	-	-	(4,221)	(4,221)
Changes in bonus reserve	-	-	-	(1,951)	(1,951)
Other underwriting expenses	-	-	-	(3,973)	(3,973)
Cost of merger	-	-	-	(8,113)	(8,113)
Gain on merger	-	-	-	722	722
<b>(Loss)/profit for the year</b>	<b>(99,149)</b>	<b>7,089</b>	<b>487</b>	<b>36,536</b>	<b>(55,037)</b>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**36. Segmental information (continued)**

2021	General takaful AED'000	Group life (employee benefits) AED'000	Life AED'000	Investments AED'000	Total AED'000
Attributable to policyholders					
Takaful income					
Gross contribution written	534,140	108,683	63,163	-	705,986
Accepted business	144	-	-	-	144
Retakaful share of ceded business	(185,631)	(96,520)	(3,955)	-	(286,106)
Net takaful contributions	348,653	12,163	59,208	-	420,024
Net transfer to unearned contributions reserve	28,631	(1,796)	-	-	26,835
Changes in contribution deficiency reserve	1,966	73	-	-	2,039
Net takaful contributions earned	379,250	10,440	59,208	-	448,898
Discount earned	19,280	3,742	-	-	23,022
Total takaful income	398,530	14,182	59,208	-	471,920
Takaful expenses					
Takaful claims paid/(recovered)					
Retakaful share of ceded business paid	(367,687)	(53,936)	(305)	-	(421,928)
Net takaful claims paid	86,496	50,600	111	-	137,207
Provision for outstanding claims	(281,191)	(3,336)	(194)	-	(284,721)
Retakaful share of outstanding claims	31,301	7,040	(1,150)	-	37,191
Change in incurred but not reported claims	(1,485)	(7,641)	703	-	(8,423)
Change in unallocated loss adjustment expenses reserve	3,151	75	-	-	3,226
Change in investment contracts and mathematical reserves	(191)	338	-	-	147
Net gain on assets held at fair value through profit or loss	-	-	(112,734)	-	(112,734)
Net claims incurred	-	-	68,918	-	68,918
Net claims incurred	(248,415)	(3,524)	(44,457)	-	(296,396)



**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**36. Segmental information (continued)**

2021	General takaful AED'000	Group life (employee benefits) AED'000	Life AED'000	Investments AED'000	Total AED'000
Excess of loss of takaful contribution	(11,632)	-	-	-	(11,632)
Other takaful (expenses)/ recoveries	(1,861)	1,425	(4,396)	-	(4,832)
<b>Total takaful income</b>	<b>136,622</b>	<b>12,083</b>	<b>10,355</b>	<b>-</b>	<b>159,060</b>
Wakala (fee)/income	(143,661)	(22,127)	(10,293)	176,081	-
Mudarib's (fee)/income	(459)	(3)	(7)	469	-
Investment and other income	1,899	125	68	27,466	29,558
General and administrative expenses	-	-	-	(70,021)	(70,021)
Policy acquisition cost	-	-	-	(83,013)	(83,013)
Finance cost	-	-	-	(5,155)	(5,155)
Changes in bonus reserve	-	-	-	(2,282)	(2,282)
Other underwriting expenses	-	-	-	(3,398)	(3,398)
Cost of merger	-	-	-	(3,169)	(3,169)
<b>(Loss)/profit for the year</b>	<b>(5,599)</b>	<b>(9,922)</b>	<b>123</b>	<b>36,978</b>	<b>21,580</b>

The following tables demonstrate other information related to each business segments:

	Takaful AED'000	Investment AED'000	Total AED'000
<b>2022</b>			
<b>Total assets</b>	<b>1,445,111</b>	<b>375,828</b>	<b>1,820,939</b>
<b>Total liabilities</b>	<b>1,399,115</b>	<b>217,525</b>	<b>1,616,640</b>
<b>2021</b>			
Total assets	1,216,632	366,418	1,583,050
Total liabilities	1,215,319	215,496	1,430,815

**37. Capital management**

**Governance framework**

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group's risk management function is carried out by the Board of Directors, with its associated committees. This is supplemented with a clear organisational structure with delegated authorities and responsibilities from the Board of Directors to the Managing Director.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**37. Capital management (continued)**

**Governance framework (continued)**

The Board of Directors meets regularly to approve any commercial, regulatory and organisational decisions. The Management under the authority delegated from the Board of Directors defines the Group's risk and its interpretation, limits structure to ensure the appropriate quality and diversification of assets, aligns underwriting and retakaful strategy to the corporate goals, and specifies reporting requirements.

**Capital management framework**

The primary objective of the Group's capital management is to comply with the regulatory requirements in the U.A.E. and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group has not fully complied with the externally imposed capital requirements (refer note 39).

**Regulatory framework**

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the takaful companies to meet unforeseen liabilities as these arise.

**38. Financial instruments**

**Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

**Categories of financial instruments**

	2022 AED'000	2021 AED'000
<b>Financial assets</b>		
At amortised cost	804,228	624,156
At fair value	484,097	508,780
	<u>1,288,325</u>	<u>1,132,936</u>
<b>Financial liabilities</b>		
At amortised cost	<u>872,672</u>	<u>879,990</u>

**39. Capital risk management**

The Group's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007. The Group manages its capital on a basis of its minimum regulatory capital position presented in the table on the next page;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**39. Capital risk management (continued)**

The table below summarises the Minimum Capital Requirement, Solvency Capital Requirement and Minimum Guarantee Fund of the Subsidiaries of the Group and the total capital held to meet these solvency margins as defined in the Financial Regulations for Insurance Companies issued by the Central Bank of UAE. In accordance with Circular No. CBUAE/BSN/2022/923 of CBUAE dated 28 February 2022, the Group has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

	Noor Takaful Family (Unaudited) 30 September 2022 AED'000	Noor Takaful General (Unaudited) 30 September 2022 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	98,364	58,079
Minimum Guarantee Fund (MGF)	48,860	19,360
Basic Own Funds	82,367	50,003
MCR Solvency Margin – Deficit	(17,633)	(49,997)
SCR Solvency Margin – Deficit	(15,997)	(8,076)
MGF Solvency Margin – Deficit	33,507	30,643

As per Article (8) of Section 2 of the Financial Regulations for Insurance Companies issued by the Central Bank of UAE, a company shall at all times comply with the requirements of Solvency Margins. As at 30 September 2022, the Noor Takaful Family had minimum capital and solvency capital deficits of AED 17.6 million and AED 16 million as compared to requirements of AED 100 million and AED 98.4 million respectively and Noor Takaful General had minimum capital and solvency capital deficits of AED 50 million and AED 8 million as compared to requirements of AED 100 million and AED 58.1 million respectively.

As Parent Company (Dar Al Takaful (PJSC)) insurance license has been cancelled subsequent to the year end (refer note 45) the solvency margins position has not been disclosed in the table above.

**40. Risk management**

**Asset liability management (ALM) framework**

Financial risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements. The Group manages these positions to achieve long-term investment returns in excess of its obligations under Takaful contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from Takaful contracts by reference to the type of benefits payable to contract holders.

The Managing Director actively monitors the ALM to ensure in each period sufficient cash flow is available to meet liabilities arising from Takaful contracts.

The Managing Director regularly monitors the financial risks associated with the Group's other financial assets and liabilities not directly associated with Takaful liabilities.

The risks faced by the Group and the way these risks are mitigated by management are summarised as follows:

**Takaful risk**

The principal risk the Group faces under takaful contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**40. Risk management (continued)**

**Takaful risk (continued)**

This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The variability of risks is improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements.

*i) Frequency and amounts of claims*

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly property, motor, marine, fire and medical risks. These are regarded as short-term Takaful contracts, as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate Takaful risk.

*Motor*

Motor takaful is designed to compensate contract holders for damage suffered to their vehicles or liability to third parties arising through accidents. Contract holders could also receive compensation for the fire or theft of their vehicles.

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles.

The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

*Property*

Property takaful is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the actual loss caused by the inability to use the insured properties.

For property takaful contracts the main risks are fire and business interruption. The Group's policies aim careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

*Liability*

For miscellaneous accident classes of takaful such as loss of money, infidelity of employees, personal accident, workmen's compensation, travel, general third party liability and professional indemnity are underwritten.

*Medical*

Medical takaful is designed to compensate the contract holders for medical costs. Personal accident takaful entitles the contract holders or their beneficiaries to specified amounts in case of death or permanent or partial disability.

For medical takaful, the main risks are illness and related healthcare costs. The Group generally does not offer medical takaful to walk-in customers and is mainly offered to corporate customers with large population to be covered under the policy. The Group has retakaful to limit losses for any individual claim to 75%-80% of the claim amount.

*Marine*

Marine takaful is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes. For marine takaful the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**40. Risk management (continued)**

**Takaful risk (continued)**

*i) Frequency and amounts of claims (continued)*

*Marine (continued)*

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

*Fire*

Fire takaful is designed to compensate contract holders for damage and liability arising through loss or damage to the insured assets.

The Group's policies aim careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements.

*Long term takaful contracts (life)*

For unit-linked contracts, the capital risk element of the takaful liabilities can be matched against the investment for policyholders and therefore any change in the variables used to calculate these liabilities does not have any impact on the net asset or profit of the Group. In respect of unit-linked contracts, there is no uncertainty as to the amount to be paid by the Group on mortality or disability, as these are normally the coverage amounts under the policy. Reserves for mortality risk under unit-linked contracts include the reasonable possibility of significant loss due to the uncertainty of deaths among policyholders and rates of disability among policyholders.

*ii) Concentration of risks*

The Takaful risk arising from Takaful contracts is concentrated mainly in the United Arab Emirates. The geographical concentration of risks is similar to prior year.

The table below sets out the concentration of contract liabilities by type of contract:

	Gross liabilities AED'000	Retakaful share of liabilities AED'000	Net liabilities AED'000
<b>2022</b>			
Medical	66,506	(26,480)	40,026
Motor	39,206	(11,371)	27,835
Marine	1,864	(1,450)	414
Engineering	10,212	(7,179)	3,033
Fire	55,665	(53,154)	2,511
Liability	16,148	(12,127)	4,021
General Accident	8,104	(6,863)	1,241
Group Family	28,979	(20,749)	8,230
Individual Family	1,799	(823)	976
<b>Total</b>	<b>228,483</b>	<b>(140,196)</b>	<b>88,287</b>
<b>2021</b>			
Medical	49,032	(10,041)	38,991
Motor	54,057	(15,125)	38,932
Marine	11,868	(11,012)	856
Engineering	6,691	(5,814)	877
Fire	44,061	(41,703)	2,358
Liability	3,245	(1,643)	1,602
General Accident	14,979	(14,188)	791
Group Family	40,070	(31,854)	8,216
Individual Family	2,223	(1,341)	882
<b>Total</b>	<b>226,226</b>	<b>(132,721)</b>	<b>93,505</b>

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**40. Risk management (continued)**

**Takaful risk (continued)**

*iii) Retakaful risk*

As general industry practice and in order to minimise financial exposure arising from large Takaful claims, the Group, in the normal course of business, enters into arrangements with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the retakaful is effected under treaty, facultative and excess of loss retakaful contracts.

To minimise its exposure to significant losses from retakaful insolvencies, the Group evaluates the financial condition of its retakaful and ensure diversification of retakaful providers. The Group deals with retakaful approved by the Board of Directors.

**Financial risk**

The Group's principal financial instruments are investment securities, wakala deposits, takaful receivables, other receivables and cash and cash equivalents.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, profit risk and equity price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group does not enter into any derivative transactions.

*i) Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum exposure to credit risk to the Group is the carrying value as disclosed in the consolidated statement of financial position.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- The Group only enters into Takaful and retakaful contracts with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from Takaful and retakaful contracts are monitored on an ongoing basis in order to reduce the Group's exposure against defaults.
- The Group seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- The Group's investments are managed by the Managing Director in accordance with the guidance of the investment committee and the supervision of the Board of Directors.
- The Group's bank balances are maintained with a range of international and local banks in accordance with limits set by the management.

At 31 December 2022, there are impaired contribution receivables and retakaful receivable of AED 40.785 million (2021: AED 18.703 million). The Group records impairment allowances in a separate impairment allowance account.

*ii) Collateral*

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Collateral is mainly obtained in the form of postdated cheques and guarantees.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**40. Risk management (continued)**

**Financial risk (continued)**

*ii) Collateral (continued)*

*Financial instruments - investments*

Investments in financial assets represent investments in quoted and unquoted equity and debt instruments of companies incorporated in the United Arab Emirates, and outside United Arab Emirates (note 6).

*Cash and cash equivalents*

Cash and cash equivalents of the Group are with Banks and other financial institutions registered and operate in the United Arab Emirates.

*iii) Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with its financial liabilities when they fall due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The table below summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements is given below:

	Less than one year AED'000	More than one year AED'000	No term AED'000	Total AED'000
<b>2022</b>				
<b>Assets</b>				
Investment securities	391,782	112,034	6,943	510,759
Restricted deposits	22,000		-	22,000
Wakala deposits	252,766		-	252,766
Takaful receivables	334,330	40,523	-	374,853
Other assets	18,664	-	-	18,664
Bank balances	102,908	-	-	102,908
	1,122,450	152,557	6,943	1,281,950
<b>Liabilities</b>				
Takaful and retakaful payables	379,933	-	-	379,933
Other liabilities	81,343	-	-	81,343
Murabaha payable	20,700	74,750	-	95,450
Takaful and investment contracts liabilities	344,073	-	-	344,073
	826,049	74,750	-	900,799

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**40. Risk management (continued)**

**Financial risk (continued)**

*iii) Liquidity risk (continued)*

	Less than one year AED'000	More than one year AED'000	No term AED'000	Total AED'000
<b>2021</b>				
<b>Assets</b>				
Investment securities	501,837	22,015	6,943	530,795
Restricted deposits	16,000	-	-	16,000
Wakala deposits	270,309	-	-	270,309
Takaful receivables	235,968	39,016	-	274,984
Other assets	7,009	-	-	7,009
Cash and cash equivalents	33,692	-	-	33,692
	<u>1,064,815</u>	<u>61,031</u>	<u>6,943</u>	<u>1,132,789</u>
<b>Liabilities</b>				
Takaful and retakaful payables	250,250	-	-	250,250
Other liabilities	79,478	-	-	79,478
Murabaha payable	13,800	95,450	-	109,250
Takaful and investment contracts liabilities	450,904	-	-	450,904
	<u>794,432</u>	<u>95,450</u>	<u>-</u>	<u>889,882</u>

*iv) Market risk*

Market risk arises from fluctuations in foreign exchange rates, profit rates and equity prices. The value of risk that may be accepted by the Group is monitored on a regular basis by management.

*v) Profit rate risk*

Profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market rates. Floating rate instruments expose the Group to cash flow risk.

The Group is exposed to profit rate risk on certain of its investments and bank balances and cash. The Group limits its risk by monitoring changes in such rates.

The sensitivity analysis below has been determined based on the exposure to profit rates for profit-bearing financial assets assuming the amount of assets at the end of the reporting period were outstanding for the whole year:

	Increase in basis points	Effect on profit for the year AED'000
<b>2022</b>		
Profit bearing assets	+100	4,407
<b>2021</b>		
Profit bearing assets	+100	3,662

Any movement in profit rates in the opposite direction will produce exactly opposite results.

The impact of changes in profit rate risk is not expected to be significant for the Group, as all financial assets and financial liabilities bears fixed profit rates.



**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**40. Risk management (continued)**

**Financial risk (continued)**

*vi) Equity price risk*

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group has no significant concentration of price risk. The price risk is managed by outsourcing the trading of securities held by the Group to professional brokers. However, the activities of brokers are also monitored and supervised by the management.

The following table shows the sensitivity of fair values to 20% increase or decrease as at 31 December:

	Reflected in profit or loss		Reflected in other comprehensive income	
	Favourable change AED'000	Unfavourable change AED'000	Favourable change AED'000	Unfavourable change AED'000
<b>2022</b>				
Equity securities	78,356	(78,356)	14,125	(14,125)
<b>2021</b>				
Equity securities	100,367	(100,367)	1,189	(1,189)

*vii) Operational risk*

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

**41. Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market policyholders at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

**Fair value of financial instruments carried at amortised cost**

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

**Valuation techniques and assumptions applied for the purposes of measuring fair value**

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2021.

**Fair value of the Group's financial assets that are measured at fair value on recurring basis**

Some of the Group's financial assets are measured at fair value at the end of the reporting period.

The table on the next page provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Group into Levels 1 to 3 based on the degree to which the fair value is observable.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

**41. Fair value measurements (continued)**

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	2022 AED'000	2021 AED'000				
<b>Available for sale investments</b>						
Quoted equity securities	64,681	-	Level 1	Quoted bid prices in an active market	N/A	N/A
Unquoted equity securities	5,943	5,943	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Unquoted debt securities	<u>1,000</u>	<u>1,000</u>	Level 3	Discounted cash flows	N/A	Higher the discounted cash flow, higher the fair value.
<b>Financial assets at FVTPL</b>						
Quoted equity securities	47,709	50,933	Level 1	Quoted bid prices in an active market	N/A	N/A
Mutual funds units	<u>344,073</u>	<u>450,904</u>	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value

The management considers that the carrying amounts of financial assets held to maturity in the consolidated financial statements approximate their fair values. The fair value is mainly based on unobservable inputs (i.e. Level 3).

There were no changes during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

**Dar Al Takaful (PJSC)**  
**Notes to the consolidated financial statements**  
**For the year ended 31 December 2022**

---

**42. Contingencies and commitments**

**Commitments**

The Group has capital commitments amounting to AED 0.08 million as at year end (2021: AED 4.01 million).

**Guarantees**

As at 31 December 2022, the Group has bank guarantees against labour and third-party commitments for AED 267,000 (2021: AED 267,000).

**Legal claims**

The Group is subject to litigation in the normal course of its business. Based on independent legal advice, the management does not believe that the outcome of these court cases will have a material impact on the Group's income or financial position.

**43. Social contribution**

No social contributions (including donations and charities) were made during the year 2022 (2021: AED 190,000).

**44. Comparatives**

Comparative figures have been reclassified in order to conform to current period's presentation and to improve the quality of information presented. However, there is no effect on previously reported total equity and profit for the year.

**45. Post reporting date events**

Subsequent to the year end, the Group has resolved to change the name of its subsidiaries from Noor Takaful Family (PJSC) and Noor Takaful General (PJSC) to Watania Takaful Family (PJSC) and Watania Takaful General (PJSC) respectively.

Subsequent to the year end, the Parent Company's (Dar Al Takaful (PJSC)) insurance license has been cancelled and it will be a holding company.

Except for the above events, there are no other adjusting or significant non-adjusting events that have occurred between the reporting date and the date of authorisation of these consolidated financial statements.