

**TAKAFUL EMARAT - INSURANCE (PSC)  
AND ITS SUBSIDIARY**

**Review report and condensed consolidated  
interim financial information  
for the three month period ended 31 March 2022**

**Condensed consolidated statement of financial position  
at 31 March 2022**

	Notes	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
<b>Takaful Operations' Assets</b>			
Investment properties	6	55,650,673	54,962,472
Financial instruments	7	418,085,256	418,502,384
Takaful receivables and other assets		166,990,436	183,312,850
Retakaful contract assets	8	94,402,275	113,870,544
Deposit		-	-
Deferred policy acquisition cost		48,923,602	51,246,159
Cash and bank balances	9	41,524,408	55,500,051
<b>Total Takaful Operations' Assets</b>		<b>825,576,650</b>	<b>877,394,460</b>
<b>Shareholders' Assets</b>			
Property and equipment		44,486,585	45,369,456
Intangible assets		1,586,608	1,865,606
Financial instruments	7	12,423,291	21,793,897
Other receivables		11,351,485	4,000,000
Statutory deposit	10	4,000,000	11,785,573
Receivable from policyholders		114,936,579	112,738,077
Cash and bank balances	9	14,215,491	11,377,988
<b>Total Shareholders' Assets</b>		<b>203,000,039</b>	<b>208,930,597</b>
<b>Total Assets</b>		<b>1,028,576,689</b>	<b>1,086,325,057</b>
<b>Takaful Operations' Liabilities and Deficit</b>			
<b>Takaful Operations Liabilities</b>			
Takaful and other payables		149,209,898	130,184,069
Takaful contract liabilities	8	559,410,157	633,161,594
Payable to shareholders		114,936,579	112,738,077
<b>Total Takaful Operations liabilities</b>		<b>823,556,634</b>	<b>876,083,740</b>
<b>Deficit in Policyholders' Fund and Qard Hassan from Shareholders</b>			
Deficit in policyholders' fund	11	(2,020,016)	(1,310,720)
Qard Hassan from shareholders	11	2,020,016	1,310,720
<b>Deficit in Policyholders' Fund and Qard Hassan from Shareholders</b>		<b>-</b>	<b>-</b>
<b>Total Operations' Liabilities and Surplus</b>		<b>823,556,634</b>	<b>876,083,740</b>

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of financial position  
at 31 March 2022 (continued)**

	Notes	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
<b>Shareholders' Liabilities and Equity</b>			
<b>Shareholders' Liabilities</b>			
Takaful and other payables		56,947,345	21,700,000
Ijarah finance	12	20,650,000	62,298,801
Provision for employees' end of service benefits		3,796,892	3,133,223
<b>Total Shareholders' Liabilities</b>		<b>81,394,237</b>	<b>87,132,024</b>
<b>Shareholders' and Policyholders Equity</b>			
Share capital	13	150,000,000	150,000,000
Statutory reserve		6,619,253	6,567,600
Accumulated losses		(74,521,915)	(74,986,787)
Regulatory reserve		830,307	830,307
Cumulative changes in fair value of investments - policyholders		40,698,173	40,698,173
<b>Total Shareholders' and Policyholders' Equity</b>		<b>123,625,818</b>	<b>123,109,293</b>
<b>Total Shareholders' Liabilities and Equity</b>		<b>205,020,055</b>	<b>210,241,317</b>
<b>Total Takaful Operations' Liabilities and Deficit and Shareholders' Liabilities and Equity</b>		<b>1,028,576,689</b>	<b>1,086,325,057</b>

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial information presents fairly in all material respects the condensed consolidated financial position, condensed consolidated financial performance and condensed consolidated cash flows of the Group.

H.E. Mohamed Haji AlKhoori  
Chairman

Wael Al Sharif  
Chief Executive Officer

Adnan Sabaalaish  
Senior Manager - Finance

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of profit or loss (unaudited)  
for the three month period ended 31 March 2022**

		<b>Three month period ended 31 March</b>	
		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>AED</b>	<b>AED</b>
<b>Attributable to policyholders:</b>			
Gross contributions written	14	145,005,595	229,663,565
Changes in unearned contributions	14	(21,795,103)	(79,758,382)
		<hr/>	<hr/>
Takaful contributions earned		123,210,492	149,905,183
		<hr/>	<hr/>
Retakaful contributions	14	(22,991,374)	(27,742,790)
Change in unearned contributions	14	(11,509,475)	(11,757,016)
		<hr/>	<hr/>
Retakaful contributions earned		(34,500,849)	(39,499,806)
		<hr/>	<hr/>
<b>Net earned contributions</b>		<b>88,709,643</b>	<b>110,405,377</b>
		<hr/>	<hr/>
Gross claims incurred		(80,204,341)	(121,690,591)
Retakaful share of claims incurred		26,902,625	47,790,787
		<hr/>	<hr/>
<b>Net claims incurred</b>		<b>(53,301,716)</b>	<b>(73,899,804)</b>
		<hr/>	<hr/>
Change in reserve	8.1	(16,361,699)	(9,596,691)
Net change in fair value of policyholders investment linked contracts		1,241,502	(8,192,945)
		<hr/>	<hr/>
		(68,421,913)	(91,689,440)
		<hr/>	<hr/>
<b>Net takaful income</b>		<b>20,287,730</b>	<b>18,715,937</b>
		<hr/>	<hr/>
Wakalah fees	15	(20,907,444)	(19,270,108)
Investment Income		(89,582)	1,698,304
		<hr/>	<hr/>
Net surplus from takaful operations		(709,296)	1,144,133
		<hr/>	<hr/>
<b>Attributable to Shareholders:</b>			
Wakalah fees from policyholders	15	20,907,444	19,270,108
Investment income/ (loss)		216,226	27,187
Other income		4,682,357	5,322,143
Commission incurred		(9,061,760)	(14,015,271)
General, administrative and other expenses		(15,518,446)	(16,304,355)
Recovery of Qard Hassan to policyholders' fund		(709,296)	1,144,133
		<hr/>	<hr/>
<b>Loss for the period attributable to shareholders</b>		<b>516,525</b>	<b>(4,556,055)</b>
		<hr/>	<hr/>
Basic and diluted loss per share (AED)	16	0.003	(0.030)
		<hr/>	<hr/>

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of comprehensive income (unaudited)  
for the three month period ended 31 March 2022**

	<b>Three month period ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>AED</b>	<b>AED</b>
(Loss)/profit for the period attributable to Shareholders	<b>516,525</b>	<b>(4,556,055)</b>
<b>Other comprehensive income</b>	<hr/>	<hr/>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net changes in fair value of available for sale investments	-	-
<b>Other comprehensive income for the period</b>	<hr/> <b>516,525</b>	<hr/> <b>(4,556,055)</b>
<b>Total comprehensive income for the period</b>	<hr/> <b>516,525</b>	<hr/> <b>(4,556,055)</b>

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**TAKAFUL EMARAT - INSURANCE (PSC) AND ITS SUBSIDIARY**

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

	Attributable to shareholders'				Attributable to policyholders'	
	Share capital AED	Statutory reserve AED	Accumulated losses AED	Regulatory reserve AED	Cumulative changes in fair value AED	Total AED
Balance at 1 January 2021	150,000,000	6,567,600	(67,254,090)	128,567	24,134,296	113,576,373
Total comprehensive income for the period	-	-	(4,556,055)	-	-	(4,556,055)
Zakat	-	-	-	-	-	-
Balance at 31 March 2021 (Unaudited and Restated)	150,000,000	6,567,600	(71,810,145)	128,567	24,134,296	109,020,318
Balance at 1 January 2022	150,000,000	6,567,600	(74,986,787)	830,307	40,698,173	123,109,293
Total comprehensive loss for the period	-	-	516,525	-	-	516,525
Statutory reserve	-	51,653	(51,653)	-	-	-
Zakat	-	-	-	-	-	-
<b>Balance at 31 March 2022 (Unaudited)</b>	<b>150,000,000</b>	<b>6,619,253</b>	<b>(74,521,915)</b>	<b>830,307</b>	<b>40,698,173</b>	<b>123,625,818</b>

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of cash flows (unaudited)  
for the three month period ended 31 March 2022**

	<b>Three month period ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>AED</b>	<b>AED</b>
		<b>(Restated)</b>
<b>Cash flows from operating activities</b>		
Loss for the period	<b>591,172</b>	<b>(4,556,055)</b>
Adjustments for:		
Depreciation of property and equipment and amortisation intangible assets	<b>1,177,969</b>	<b>1,180,476</b>
Other investment (income)/loss	<b>1,923,481</b>	<b>(7,423,574)</b>
Provision for employees' end of service benefits	<b>830,119</b>	<b>6,697</b>
Provision for doubtful debts	<b>-</b>	<b>12,261</b>
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>4,522,741</b>	<b>(10,780,195)</b>
(Increase)/decrease in retakaful contract assets	<b>19,468,269</b>	<b>(2,301,287)</b>
Increase in takaful receivables and other assets	<b>16,756,501</b>	<b>(68,482,007)</b>
Decrease/(increase) in deferred policy acquisition cost	<b>2,322,557</b>	<b>1,770,672</b>
Increase/(decrease) in takaful contract liabilities	<b>(73,751,437)</b>	<b>133,586,472</b>
Decrease in takaful and other payables	<b>13,674,373</b>	<b>(45,140,965)</b>
<b>Net cash generated from/(used in) operations</b>	<b>(17,081,643)</b>	<b>8,652,690</b>
Employees' end of service benefits paid	<b>(166,450)</b>	<b>(219,371)</b>
<b>Net cash generated from/(used in) operating activities</b>	<b>(17,248,093)</b>	<b>8,433,319</b>
<b>Cash flows from investing activities</b>		
Purchase of investments at FVTPL	<b>(57,172,251)</b>	<b>(48,736,720)</b>
Proceeds from sale of investments at FVTPL	<b>65,036,504</b>	<b>43,756,062</b>
Purchase of property and equipment	<b>(16,100)</b>	<b>-</b>
Purchase of intangible assets	<b>-</b>	<b>-</b>
Purchase of investments properties	<b>(688,200)</b>	<b>(909,266)</b>
<b>Net cash used in investing activities</b>	<b>7,159,953</b>	<b>(5,889,924)</b>
<b>Cash flows from financing activities</b>		
Repayment of Ijarah finance	<b>(1,050,000)</b>	<b>(1,050,000)</b>
<b>Cash used in financing activities</b>	<b>(1,050,000)</b>	<b>(1,050,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(11,138,140)</b>	<b>1,493,395</b>
Cash and cash equivalents at the beginning of the period	<b>49,628,039</b>	<b>83,271,528</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>38,489,899</b>	<b>84,764,923</b>
<b>Non - cash Transaction:</b>		
Zakat	<b>-</b>	<b>-</b>

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022**

**1. General information**

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

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

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

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

<u>Subsidiary</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Ownership</u>	
			2022	2021
<i>Directly owned</i>				
Modern Tech Investment	Investment	United Arab Emirates	100%	100%

*Coronavirus (COVID-19) outbreak and its impact on the Group*

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

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

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

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

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



**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRSs)**

**2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these condensed consolidated interim financial information. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed financial information of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

**2.2 New and revised IFRS standards and interpretations but not yet effective**

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17 ‘Insurance Contracts’ relating to providing a more uniform measurement and presentation approach for all insurance contracts (effective for annual periods beginning after 1 January 2023).
- Amendments to IFRS 10 ‘Consolidated Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures’ (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture (effective date deferred indefinitely, early adoption permitted).
- IAS 1 ‘Presentation of Financial Statements’ – Amendments on Classifications. Effective for annual period beginning on or after 1 January 2023.
- Amendments relating IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning on or after 1 January 2022).
- IFRS 4 relating to amendments regarding the expiry date of the deferral approach. The fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 is now 1 January 2023.
- Amendments to IFRS 16 to extend the exemption from assessing whether a COVID-19 related rent concession is a lease modification (effective for annual periods beginning on or after 1 April 2022).
- Amendments regarding Disclosure of Accounting policies (IAS 1 and IFRS practice statement 2) and amendments regarding Definition of Accounting estimates, IAS 8 (effective for annual periods beginning on or after 1 January 2023).

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)****2. Application of new and revised International Financial Reporting Standards (IFRSs)  
(continued)****2.2 New and revised IFRS standards and interpretations but not yet effective (continued)**

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 17, mentioned below, may have no material impact on the financial statements of the Group in the period of initial application.

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

**2.3 Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts***

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional.

IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective.

The Group has performed an assessment of the amendment and concluded that its activities are predominantly connected with insurance. Management has applied the temporary exemption in its reporting period starting on 1 January 2018. The Group has decided to opt for the options to defer application of IFRS 9 given in said amendments to IFRS 4 "Insurance contracts" and concluded to apply IFRS 9 w.e.f. from 1 January 2023.

**3. Summary of significant accounting policies****3.1 Basis of preparation**

These condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard (IAS) No. 34, "*Interim Financial Reporting*".

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

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

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

This condensed consolidated interim financial information does not include all the information required for full audited annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2021. In addition, results for the three month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

**4. Changes in judgements and estimation uncertainty**

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

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)****4. Changes in judgements and estimation uncertainty (continued)***Recoverability of receivables*

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

Based on management's assessment, the Group has not identified a material impact to the recoverability of receivables for the period ended 31 March 2022.

*Fair value measurement of financial instruments*

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

Based on management's assessment, the Group has not identified a material impact to the fair values of financial assets and liabilities for the period ended 31 March 2022 except for what is disclosed in the condensed consolidated interim financial information.

*Fair value measurement of investment properties*

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

Based on management's assessment, there is limited information available on the 2021 outlook for the real estate market and how the situation will progress in light of COVID-19. The Group has not identified any significant impact to the fair values of investment properties for as at 31 March 2022. The Group will consistently monitor the market and ensure that the prices used by the Group are an accurate representation of fair values.

*Provision for outstanding claims and claims incurred but not reported*

The Group has performed an assessment of the impact of COVID-19 on its contractual arrangements, provisions for outstanding claims and claims incurred but not reported which included regular sensitivity analyses. The Group determined that there is no material impact on its risk position and provision balances for outstanding claims and claims incurred but not reported as at 31 March 2022. The Group will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

**5. Takaful and financial risk management**

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

The condensed interim consolidated financial information does not include all takaful and financial risk management information and disclosures required in the annual consolidated financial statements; therefore, they should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2021.

There have been no changes in the risk management department or in any risk management policies since the year end.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

**6. Investment properties**

	<b>31 March 2022 AED (Unaudited)</b>	31 December 2021 AED (Audited)
Land	15,401,897	15,401,896
Residential apartments	16,070,000	16,070,000
	<hr/>	<hr/>
	31,471,897	31,471,896
Work in progress	24,178,776	23,490,576
	<hr/>	<hr/>
	55,650,673	54,962,472
	<hr/>	<hr/>

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as Level 3 in the fair value hierarchy as at 31 March 2022 (31 December 2021: Level 3).

**7. Financial instruments**

	<b>31 March 2022 AED (Unaudited)</b>	31 December 2021 AED (Audited)
<i>Takaful operations' assets</i>		
At fair value through profit or loss (Note 7.1)	360,465,615	360,882,743
Available-for-sale (Note 7.2)	57,619,641	57,619,641
	<hr/>	<hr/>
	418,085,256	418,502,384
	<hr/>	<hr/>
<i>Shareholders' assets</i>		
At fair value through profit or loss (Note 7.1)	12,423,291	21,793,897
	<hr/>	<hr/>
<b>Total</b>	419,328,547	440,296,281
	<hr/>	<hr/>

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

	<b>31 March 2022 (Unaudited)</b>			
	<b>Attributable to individual life policyholders AED</b>	<b>Attributable to shareholders AED</b>	<b>Attributable to takaful operations AED</b>	<b>Total AED</b>
Mutual funds	217,699,994	28,124	-	217,728,118
Sukuk investments	55,296,059	(183,833)	6,709,204	61,821,430
Equity investments – quoted	-	-	80,760,358	80,760,358
Equity investments – unquoted	-	12,579,000	-	12,579,000
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	272,996,053	12,423,291	87,469,562	372,888,906
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

**6. Investments (continued)**

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

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

Movements during the period/year were as follows:

	<b>31 March 2022 AED (Unaudited)</b>	31 December 2021 AED (Audited)
At beginning of the period/year	<b>382,676,640</b>	319,259,904
Purchases during the period/year	<b>57,084,213</b>	208,110,823
Disposals during the period/year	<b>(64,948,466)</b>	(201,663,405)
Change in fair value during the period/year	<b>(1,923,481)</b>	56,969,318
<b>At end of the period/year</b>	<b>372,888,906</b>	<b>382,676,640</b>

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

	<b>31 March 2022 AED (Unaudited)</b>	31 December 2021 AED (Audited)
Shares – quoted	<b>57,619,641</b>	57,619,641

The fair value gain amounting to nil (31 March 2021: AED nil) has been recognised in the condensed consolidated statement of other comprehensive income.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

**7. Investments (continued)**

**7.3 Investment concentration**

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

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

	<b>31 March 2022 AED (Unaudited)</b>	31 December 2021 AED (Audited)
<b>Gross takaful contract liabilities</b>		
Claims reported	67,731,130	133,106,143
Claims incurred but not reported	15,700,859	44,997,319
Unearned contributions	193,409,532	171,614,428
Mathematical reserves	11,952,069	12,436,967
Policyholders' investment linked contracts at fair value	270,616,567	271,006,737
	<u>559,410,157</u>	<u>633,161,594</u>
<b>Retakaful contract assets</b>		
Retakaful share of claims reported	28,336,605	35,617,245
Retakaful share of claims incurred but not reported	12,291,526	13,042,844
Retakaful share of unearned contributions	52,335,941	63,845,416
Retakaful share of mathematical reserve	1,438,203	1,365,039
	<u>94,402,275</u>	<u>113,870,544</u>
<b>Net takaful contract liabilities</b>		
Claims reported	39,394,525	97,488,898
Claims incurred but not reported	3,409,333	31,954,475
Unearned contributions	141,073,591	107,769,012
Mathematical reserves	10,513,866	11,071,928
Policyholders' investment linked contracts at fair value	270,616,567	271,006,737
	<u>465,007,882</u>	<u>519,291,050</u>

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

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

	<b>31 March 2022 AED (Unaudited)</b>	31 December 2021 AED (Audited)
<b>Movement in payable to policyholders of investment linked contracts</b>		
Opening balance	271,006,737	222,185,354
Gross contribution	19,088,158	101,619,787
Allocation charges	(1,988,724)	(13,940,242)
Redemptions during the period/ year	(16,248,102)	(69,357,256)
Change in fair value	(1,241,502)	30,499,094
Closing balance	<u>270,616,567</u>	<u>271,006,737</u>

**8.1 Change in reserves**

	<b>31 March 2022 AED (Unaudited)</b>	31 March 2021 AED (Audited)
Changes in mathematical reserve – takaful life	(558,062)	978,017
Change in reserve relating to takaful life products	15,678,259	16,811,619
Change in fair value-individual life policyholders (Note 8)	1,241,502	(8,192,945)
	<u>16,361,699</u>	<u>9,596,691</u>

**9. Cash and bank balances**

	<b>31 March 2022 (Unaudited)</b>		<b>31 December 2021 (Audited)</b>
	<b>Takaful Operations AED</b>	<b>Shareholders' Operations AED</b>	<b>Takaful Operations AED</b>
Cash and bank balances	24,274,408	14,215,491	38,250,051
Deposit	17,250,000	-	17,250,000
	<u>41,524,408</u>	<u>14,215,491</u>	<u>55,500,051</u>
Less: Deposits maturing in more than - three months	(17,250,000)	-	(17,250,000)
<b>Total</b>	<u>24,274,408</u>	<u>14,215,491</u>	<u>38,250,051</u>
	<u>24,274,408</u>	<u>14,215,491</u>	<u>38,250,051</u>

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

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

**10. Statutory deposit**

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

**11. Deficit in policyholders' fund**

	<b>31 March 2022 (Unaudited) AED</b>	31 December 2021 (Audited) AED
<b>Deficit in policyholders' fund</b>		
Balance at the beginning of the period/ year	<b>(1,310,720)</b>	(1,246,783)
Surplus during the period/year	<b>(709,296)</b>	(63,937)
	<hr/>	<hr/>
Balance at the end of the period/ year	<b>(2,020,016)</b>	(1,310,720)
<b>Qard Hassan from shareholders</b>		
Balance at beginning of period/year	<b>1,310,720</b>	1,246,783
Recovery during the period/year	<b>709,296</b>	63,937
	<hr/>	<hr/>
Balance at the end of the period/year	<b>2,020,016</b>	1,310,720
	<hr/>	<hr/>
<b>Total deficit in policyholders' fund</b>	<b>-</b>	-
	<hr/> <hr/>	<hr/> <hr/>

**12. Ijarah finance**

The ijarah finance as at reporting date is against AED 35 million loan obtained in 2017 for the purchase of new building being used as office space, of which outstanding principal amount in AED 20.65 million (2021: AED 21.7 million).

The decrease in Ijarah finance of AED 1.05 million (2021: AED 4.42 million) during the period/year consists of settlement of repayment against borrowing of AED 35 million.

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

**13. Share capital**

	<b>31 March 2022 AED (Unaudited)</b>	31 December 2021 AED (Audited)
Authorised, Issued and fully paid:		
150,000,000 ordinary shares of AED 1 each	<b>150,000,000</b>	150,000,000
	<hr/>	<hr/>
	<b>150,000,000</b>	150,000,000
	<hr/> <hr/>	<hr/> <hr/>



**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

**14. Net earned contributions (Unaudited)**

	Three month period ended 31 March 2022		
	Medical AED	Life and savings AED	Total AED
Gross contributions written	125,815,964	19,189,631	145,005,595
Change in unearned contributions	(22,672,396)	877,293	(21,795,103)
<b>Takaful contributions earned</b>	<b>103,143,568</b>	<b>20,066,924</b>	<b>123,210,492</b>
Retakaful contributions	22,001,022	990,352	22,991,374
Change in unearned contributions	10,768,333	741,142	11,509,475
<b>Retakaful contributions ceded</b>	<b>32,769,355</b>	<b>1,731,494</b>	<b>34,500,849</b>
<b>Net earned contributions</b>	<b>70,374,213</b>	<b>18,335,430</b>	<b>88,709,643</b>

  

	Three month period ended 31 March 2021		
	Medical AED	Life and savings AED	Total AED
Gross contributions written	208,269,094	21,394,471	229,663,565
Change in unearned contributions	(80,473,663)	715,281	(79,758,382)
<b>Takaful contributions earned</b>	<b>127,795,431</b>	<b>22,109,752</b>	<b>149,905,183</b>
Retakaful contributions	26,401,054	1,341,736	27,742,790
Change in unearned contributions	11,120,892	636,124	11,757,016
<b>Retakaful contributions ceded</b>	<b>37,521,946</b>	<b>1,977,860</b>	<b>39,499,806</b>
<b>Net earned contributions</b>	<b>90,273,485</b>	<b>20,131,892</b>	<b>110,405,377</b>

**15. Wakalah fees**

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

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

**16. Basic and diluted loss per share**

	<b>Three month period ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>AED</b>	<b>AED</b>
Loss for the period attributable to shareholders	<b>516,525</b>	<b>(4,556,055)</b>
Weighted average number of shares outstanding during the period	<b>150,000,000</b>	<b>150,000,000</b>
Loss per share	<b>0.003</b>	<b>(0.030)</b>

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

**17. Related party transactions and balances**

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

The significant balances outstanding at 31 March in respect of related parties included in the condensed consolidated interim financial information are as follows:

	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>AED</b>	<b>AED</b>
<i>Affiliates of major shareholders:</i>		
Outstanding claims	-	249,787

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

	<b>Three month period ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>AED</b>	<b>AED</b>
<b>Compensation of key management personnel:</b>		
Short and long term benefits	<b>897,994</b>	897,994
<b>Transactions with related parties during the period</b>		
Gross written contribution	-	2,861,334
Gross claim incurred	-	83,375

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

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

**18. Contingencies and commitments**

	<b>31 March 2022 (Unaudited) AED</b>	31 December 2021 (Audited) AED
Letters of guarantee	<b>15,000</b>	163,593

*Capital commitments*

Capital commitments as at 31 March 2022 amounted to AED 7.3 million (31 December 2021: AED 6 million)

*Legal claims*

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

**19. Segment information**

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

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

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

	<b>Three month period ended 31 March 2022 (Unaudited)</b>					
	<b>Underwriting</b>			<b>Shareholders</b>		
	<b>Medical AED</b>	<b>Life AED</b>	<b>Total AED</b>	<b>Investments AED</b>	<b>Others AED</b>	<b>Total AED</b>
Segment revenue	103,143,567	20,066,924	123,210,491	216,226	25,589,801	25,806,027
Segment result	16,881,402	3,316,746	20,198,148	216,226	25,589,801	25,806,027
Wakala fees	(18,417,932)	(2,489,511)	(20,907,444)	-	-	-
Commission incurred	-	-	-	-	(9,061,760)	(9,061,760)
General and administrative expenses	-	-	-	-	(15,518,446)	(15,518,446)
Provision for Qard Hassan to policyholders' fund	-	-	-	-	(709,296)	(709,296)
Profit/(loss) attributable to policyholders/ shareholders	(1,518,686)	827,235	(709,296)	216,226	300,299	516,525

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

**19. Segment information (continued)**

	Three month period ended 31 March 2021 (Unaudited)					
	Underwriting			Shareholders		
	Medical AED	Life AED	Total AED	Investments AED	Others AED (Restated)	Total AED (Restated)
Segment revenue	127,795,431	22,109,752	149,905,183	27,187	24,592,251	24,619,438
Segment result	16,078,944	4,335,297	20,414,241	27,187	24,592,251	24,619,438
Wakala fees	(16,058,566)	(3,211,542)	(19,270,108)	-	-	-
Commission incurred	-	-	-	-	(14,015,271)	(14,015,271)
General and administrative expenses	-	-	-	-	(16,304,355)	(16,304,355)
Provision for Qard Hassan to policyholders' fund	-	-	-	-	1,144,133	1,144,133
Profit/(loss) attributable to policyholders/ shareholders	20,378	1,123,755	1,144,133	27,187	(4,583,242)	(4,556,055)

**31 March 2022 (Unaudited)**

	Medical AED	Life and saving AED	Underwriting total AED	Shareholders' investments AED	Unallocated others AED	Total AED	Total AED
Segment assets	482,953,902	342,622,745	825,576,650	26,638,782	61,424,678	88,063,460	913,640,110
Segment liabilities	410,989,675	297,630,380	708,620,055	-	81,394,237	81,394,237	790,014,292

**As at 31 December 2021 (Audited)**

	Medical AED	Life and saving AED	Underwriting total AED	Shareholders' investments AED	Unallocated others AED	Total AED	Total AED
Segment assets	599,638,496	296,167,926	895,806,422	68,819,581	65,734,157	134,553,738	1,030,360,160
Segment liabilities	573,708,764	244,339,713	818,048,477	-	103,291,365	103,291,365	921,339,842

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)****20. Fair value of financial instruments**

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

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

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

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

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

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

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

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

*Fair value hierarchy of assets and liabilities measured at fair value*

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

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2022 (continued)**

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

*Fair value hierarchy of assets and liabilities measured at fair value (continued)*

	<b>31 March 2022 (Unaudited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
<b>Assets</b>				
Investments at fair value through profit or loss				
Equity investments – quoted	80,760,358	-	-	80,760,358
Equity investments – unquoted	-	-	12,579,000	12,579,000
Mutual funds	-	217,728,118	-	217,728,118
Sukuk investments	61,821,430	-	-	61,821,430
Available-for-sale	57,619,641	-	-	57,619,641
	<b>200,201,429</b>	<b>217,728,118</b>	<b>12,579,000</b>	<b>430,508,547</b>
<b>Liabilities</b>				
Investment linked contracts	-	270,616,567	-	270,616,567
	<b>31 December 2021 (Audited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
<b>Assets</b>				
Investments at fair value through profit or loss				
Equity investments - quoted	80,760,358	-	-	80,760,358
Equity investments - unquoted	-	-	12,579,000	12,579,000
Mutual funds	-	226,794,107	-	226,794,107
Sukuk investments	62,543,175	-	-	62,543,175
Available-for-sale	57,619,641	-	-	57,619,641
	<b>200,923,174</b>	<b>226,794,107</b>	<b>12,579,000</b>	<b>440,296,281</b>
<b>Liabilities</b>				
Investment linked contracts	-	271,006,737	-	271,006,737

**21. Seasonality of results**

No income of seasonal nature was recorded in the statement of income for the three months period ended 31 March 2022.