

**ABU DHABI NATIONAL
TAKAFUL COMPANY P.S.C.**

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

ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.

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

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.

Introduction

We have reviewed the accompanying condensed statement of financial position of Abu Dhabi National Takaful Company P.S.C. (the “Company”) as of 31 March 2022, and the related condensed statements of profit or loss, comprehensive income, changes in shareholders’ equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, “*Interim Financial Reporting*” (“IAS 34”). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
12 May 2022
Abu Dhabi
United Arab Emirates

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

	Notes	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
ASSETS			
Takaful operations assets			
Financial assets measured at fair value	6	12,770,066	13,352,921
Re-takaful share of unearned contributions	10	283,116,662	274,002,126
Prepaid expenses and other assets		32,302,963	20,736,311
Re-takaful share of outstanding claims	10	125,199,662	127,776,349
Contributions and re-takaful balances receivables	11	52,457,351	18,379,044
Term deposits	4	299,586,696	318,095,203
Cash and bank balances	4	44,298,506	59,953,280
		<hr/>	<hr/>
Total takaful operations assets		849,731,906	832,295,234
		<hr/>	<hr/>
Shareholders' assets			
Property and equipment		22,010,894	22,440,515
Statutory deposit	5	10,000,000	10,000,000
Financial assets measured at fair value	6	299,798,044	362,770,698
Investments properties	8	16,815,000	16,815,000
Deferred policy acquisition costs		10,745,383	7,445,788
Prepaid expenses and other assets		24,004,123	13,034,499
Term deposits	4	120,072,459	60,148,778
Cash and bank balances	4	16,357,170	32,893,283
		<hr/>	<hr/>
Total shareholders' assets		519,803,073	525,548,561
		<hr/>	<hr/>
TOTAL ASSETS		1,369,534,979	1,357,843,795
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY			
Takaful operations liabilities			
Takaful payables		17,167,372	11,300,119
Outstanding claims	10	160,828,453	164,079,350
Unearned contributions	10	371,236,963	353,999,279
Re-takaful payables		282,273,579	279,732,447
Accrued expenses and other liabilities		8,101,701	5,953,230
Unearned re-takaful commission income		10,975,846	6,762,953
		<hr/>	<hr/>
Total takaful operations liabilities		850,583,914	821,827,378
		<hr/>	<hr/>

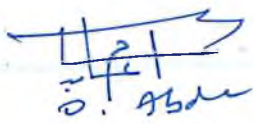
The accompanying notes form an integral part of these interim financial information.

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

	Notes	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
Shareholders' liabilities			
Accrued expenses and other liabilities		6,061,423	9,377,066
Provision for end of service benefits		11,336,167	10,856,237
Total shareholders' liabilities		17,397,590	20,233,303
Total liabilities		867,981,504	842,060,681
Policyholders' fund			
Deficit of life policyholders takaful fund	12	(6,423,615)	(4,322,044)
Deficit of general policyholders takaful fund	12	(6,163,328)	(5,482,687)
Loan from shareholders	12	12,586,943	9,804,731
Investment revaluation reserve	12	(797,825)	(234,958)
Total Policyholders' fund		(797,825)	(234,958)
Shareholders' equity			
Share capital		105,000,000	100,000,000
Legal reserve		50,000,000	50,000,000
General reserve		42,500,000	42,500,000
Re-takaful default reserve		3,848,642	3,848,642
Investment revaluation reserve		(2,658,486)	7,318,068
Retained earnings		303,661,144	312,351,362
Total shareholders' equity		502,351,300	516,018,072
TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY		1,369,534,979	1,357,843,795

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Company.


Khamis Buharoon
Chairman of the Board of Directors


Osama Abdeen
Chief Executive Officer

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

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

	Notes	3 months ended 31 March	
		2022 (Unaudited) AED	2021 (Unaudited) AED
Attributable to policyholders			
Gross contributions written		101,250,771	103,805,974
Re-takaful contributions accepted		19,704,351	13,547,249
Re-takaful contributions ceded		(80,575,475)	(97,582,327)
Net written contributions		40,379,647	19,770,896
Change in net unearned contribution provision		(8,123,148)	9,590,190
Net earned contributions		32,256,499	29,361,086
Commissions earned		4,903,768	6,090,349
Gross takaful income		37,160,267	35,451,435
Gross claims paid		(55,596,958)	(52,811,493)
Re-takaful share of accepted claims paid		(856,611)	(4,555,443)
Re-takaful share of ceded claims paid		38,125,782	41,233,027
Net paid claims		(18,327,787)	(16,133,909)
Change in outstanding claim		(1,269,676)	(7,169,165)
Change in re-takaful share of outstanding claims		1,829,108	4,821,304
Change in incurred but not reported claims reserve		4,407,473	(1,486,399)
Change in re-takaful share of incurred but not reported claims reserve		(4,405,795)	1,808,266
Change in unallocated loss adjustment expense		(1,324,505)	(57,606)
Net claims incurred		(19,091,182)	(18,217,509)
Takaful income		18,069,085	17,233,926
Other income		9,590	352,481
Takaful operating profit		18,078,675	17,586,407
Policyholders' investment income		2,000,710	2,765,650
Mudareb share	13	(700,248)	(967,978)
Wakalah fees	13	(22,161,349)	(36,876,913)
Shortage of takaful result for the period		(2,782,212)	(17,492,834)
Attributable to shareholders			
Shareholders' investment and other income, net		8,430,112	6,611,410
Mudareb share from policyholders		700,248	967,978
Wakalah fees from policyholders		22,161,349	36,876,913
Takaful expense		(5,629,043)	(6,667,839)
General and administrative expenses		(10,662,820)	(10,211,534)
Increase in provision of loan from shareholders	12	(2,782,212)	(1,276,230)
Profit for the period	17	12,217,634	26,300,698
Basic and diluted earnings per share	14	0.12	0.25

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

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

	3 months ended 31 March	
	2022 (Unaudited) AED	2021 (Unaudited) AED
Profit for the period	12,217,634	26,300,698
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of equity investments measured at fair value through other comprehensive income	30,468	11,848,383
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of sukuk investments measured at fair value through other comprehensive income	(914,874)	(409,460)
Total other comprehensive (loss) / income for the period	(884,406)	11,438,923
Total comprehensive income for the period	11,333,228	37,739,621

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

**Condensed statement of changes in shareholders' equity
for the three-month period ended 31 March 2022**

	Share capital AED	Legal reserve AED	General reserve AED	Re-takaful default reserve	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2022 (audited)	100,000,000	50,000,000	42,500,000	3,848,642	7,318,068	312,351,362	516,018,072
Profit for the period	-	-	-	-	-	12,217,634	12,217,634
Other comprehensive loss for the period	-	-	-	-	(884,406)	-	(884,406)
Total comprehensive income for the period	-	-	-	-	(884,406)	12,217,634	11,333,228
Gain on disposal of financial assets classified at fair value through other comprehensive income	-	-	-	-	(9,092,148)	9,092,148	-
Issuance of bonus shares	5,000,000	-	-	-	-	(5,000,000)	-
Dividends paid (note 9)	-	-	-	-	-	(25,000,000)	(25,000,000)
Balance at 31 March 2022 (unaudited)	105,000,000	50,000,000	42,500,000	3,848,642	(2,658,486)	303,661,144	502,351,300
Balance at 1 January 2021 (audited)	100,000,000	50,000,000	42,500,000	2,511,787	15,010,837	229,285,376	439,308,000
Profit for the period	-	-	-	-	-	26,300,698	26,300,698
Other comprehensive loss for the period	-	-	-	-	11,438,923	-	11,438,923
Total comprehensive income / (loss) for the period	-	-	-	-	11,438,923	26,300,698	37,739,621
Gain on disposal of financial assets classified at fair value through other comprehensive income	-	-	-	-	(7,046,867)	7,046,867	-
Zakat (note 18)	-	-	-	-	-	5,320,778	5,320,778
Dividends paid (note 9)	-	-	-	-	-	(20,000,000)	(20,000,000)
Balance at 31 March 2021 (unaudited)	100,000,000	50,000,000	42,500,000	2,511,787	19,402,893	247,953,719	462,368,399

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

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

	3 months ended 31 March	
	2022	2021
	AED	AED
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Net profit for the period	12,217,634	26,300,698
Adjustments for:		
Depreciation of property and equipment	447,382	365,533
Movement of unearned contributions, net	8,123,148	(9,590,189)
Investment and other income	(10,430,710)	(9,377,037)
Net movement in provision for end of service benefits	479,930	(72,651)
Movement in provision for doubtful debts	156,239	-
Movement in provision of loan from shareholders	2,782,212	1,276,230
Shortage of life policy holders takaful fund	-	(16,216,604)
Loss on disposal of property and equipment	112	23
	<hr/>	<hr/>
Operating profit / (loss) before movements in working capital:	13,775,947	(7,313,997)
Increase in prepaid and other assets	(22,536,276)	(19,183,698)
Increase in contributions and retakaful balances receivables	(34,234,546)	(27,978,024)
(Increase) / decrease in deferred policy acquisition costs	(3,299,595)	8,279,680
(Decrease) / increase in outstanding claims, net	(674,210)	1,923,942
Decrease in provision of loan from shareholders	(2,782,212)	(1,276,230)
Increase / (decrease) in takaful payables	5,867,253	(6,758,922)
Increase / (decrease) in retakaful payables	2,541,132	(3,003,447)
Increase / (decrease) in accrued expenses and other liabilities	4,364,823	(7,225,230)
Increase in unearned retakaful commission income	4,212,893	3,075,692
Directors' remuneration paid	(5,531,995)	(4,867,668)
	<hr/>	<hr/>
Net cash used in operating activities	(38,296,786)	(64,327,902)
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Net movement in investments	62,108,236	42,625,937
Purchase of property and equipment	(17,873)	(20,000)
Investment and other income received	10,430,710	9,377,037
Net movement in term deposits	18,707,704	37,616,077
	<hr/>	<hr/>
Net cash generated from investing activities	91,228,777	89,599,051
	<hr/>	<hr/>
FINANCING ACTIVITY		
Dividends paid	(25,000,000)	(20,000,000)
	<hr/>	<hr/>
Net cash used in financing activity	(25,000,000)	(20,000,000)
	<hr/>	<hr/>
Increase in cash and cash equivalents	27,931,991	5,271,149
Cash and cash equivalents at the beginning of the period	100,144,891	112,107,465
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period (note 4)	128,076,882	117,378,614
	<hr/> <hr/>	<hr/> <hr/>

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

Notes to the interim financial information for the three-month period ended 31 March 2022

1 Corporate information

Abu Dhabi National Takaful Company PSC (the “Company”) is a public shareholding company which was incorporated in Abu Dhabi, United Arab Emirates (“UAE”) on 16 November 2003. The Company is registered in accordance with the Federal Law No. (2) of 2015.

Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 and came into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the “2015 Law”). The amendments of its article of association to reflect the change in the Federal Law was approved by shareholders on 28 March 2022.

The Company carries out takaful and retakaful activities of all classes in accordance with the provisions of the UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations. The Company is domiciled and operates in the UAE and its registered address is P.O. Box 35335, Abu Dhabi, UAE.

2 Basis of preparation and accounting policies

Basis of preparation

The interim financial information for the three-month period ended 31 March 2022 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

The interim financial information does not contain all information and disclosures required in the annual financial statements prepared in accordance with the International Financial Reporting Standards and should be read in conjunction with the Company’s annual financial statements 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.

The interim financial information are presented in UAE Dirhams (AED) being the functional and presentation currency of the Company.

The interim financial information has been prepared on the historical cost convention as modified for re-measurement of investment securities and investment properties at fair value.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. 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.

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework.
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract.
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

**Notes to the interim financial information
for the three-month period ended 31 March 2022 (continued)****2 Basis of preparation and accounting policies (continued)****2.2 New and revised IFRS in issue but not yet effective**

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

- IFRS 17 Insurance Contracts (effective from January 1, 2023).
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023).
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) (effective from 1 April 2022)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective from 1 January 2023) and
- Amendments to IAS 1 and IFRS Practice Statement 2 related to Disclosure of Accounting Policies (effective from January 1, 2023).

The above stated new standards and amendments are not expected to have any significant impact on financial statement of the Company, except for IFRS17 as mentioned below.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the financial statement of the Company.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed financial information of the Company in the period of initial application, except for IFRS 17 and IFRS 9.

3 Critical accounting judgments and key sources of estimation uncertainty

The preparation of these condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, the significant judgments used by management in applying the Company's accounting policies, and the key sources of estimates uncertainty were same as those applied to the financial statements as at and for the year ended 31 December 2021.

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

4 Cash and cash equivalents

	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Cash and bank balances	60,655,676	92,846,563
Term deposits	419,659,155	378,243,981
	<hr/>	<hr/>
Cash and bank balances	480,314,831	471,090,544
Less: term deposits with original maturity of more than three months	(352,237,949)	(370,945,653)
	<hr/>	<hr/>
Cash and cash equivalents	128,076,882	100,144,891
	<hr/> <hr/>	<hr/> <hr/>
Takaful operations assets	51,610,823	67,251,608
Shareholders' assets	76,466,059	32,893,283
	<hr/>	<hr/>
Cash and cash equivalents	128,076,882	100,144,891
	<hr/> <hr/>	<hr/> <hr/>

Term deposits represent deposits held with Islamic financial institutions in the UAE, are denominated in UAE dirhams and carry profit at the prevailing market rates ranging from 0.9% to 4.5% per annum (31 December 2021: 0.75% to 4.5% per annum).

5 Statutory deposit

In accordance with the requirements of the Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations, the Company maintains a bank deposit of AED 10,000,000 which cannot be utilised without the consent of the UAE Insurance Authority. The statutory deposit is held with a commercial bank in the UAE, a related party (note 7).

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

6 Investments

		31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Takaful operations assets			
Financial assets measured at fair value through profit or loss	6(a)	-	-
Financial assets measured at fair value through other comprehensive income	6(b)	12,770,066	13,352,921
		<hr/> 12,770,066 <hr/>	<hr/> 13,352,921 <hr/>
Shareholders' assets			
Financial assets measured at fair value through profit or loss	6(a)	68,086,145	135,765,710
Financial assets measured at fair value through other comprehensive income	6(b)	231,711,899	227,004,988
		<hr/> 299,798,044 <hr/>	<hr/> 362,770,698 <hr/>

6 (a) Financial assets measured at fair value through profit or loss

		31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
<u>Takaful operations assets</u>			
Quoted securities			
- <i>Sukuks</i>		-	-
<u>Shareholders assets</u>			
Unquoted securities			
- <i>Real estate funds</i>		68,086,145	135,765,710
		<hr/> 68,086,145 <hr/>	<hr/> 135,765,710 <hr/>
<i>Total securities for shareholder's asset</i>		68,086,145	135,765,710
		<hr/> 68,086,145 <hr/>	<hr/> 135,765,710 <hr/>
Total fair value through profit and loss securities		68,086,145	135,765,710
		<hr/> 68,086,145 <hr/>	<hr/> 135,765,710 <hr/>

The geographical concentration of investments is as follows:

		31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Within UAE		-	-
Outside UAE		68,086,145	135,765,710
		<hr/> 68,086,145 <hr/>	<hr/> 135,765,710 <hr/>

Notes to the financial statements
for the year ended 31 December 2021 (continued)

6 Investments (continued)

6 (b) Financial assets measured at fair value through other comprehensive income

	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
<u>Takaful operations assets</u>		
Quoted securities		
- <i>Sukuks</i>	12,770,066	13,352,921
<u>Shareholders' assets</u>		
Quoted securities		
- <i>Equity securities</i>	84,720,691	78,976,074
- <i>Sukuks</i>	30,579,663	32,425,158
<i>Total quoted securities for shareholders assets</i>	115,300,354	111,401,232
Unquoted securities		
- <i>Unlisted equities</i>	116,411,545	115,603,756
- <i>Real estate funds</i>	-	-
<i>Total unquoted securities for shareholders assets</i>	116,411,545	115,603,756
Total quoted and unquoted securities for shareholders assets	231,711,899	227,004,988
	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Quoted securities	128,070,420	124,754,153
Unquoted securities	116,411,545	115,603,756
	244,481,965	240,357,909

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

6 Investments (continued)

6 (b) Financial assets measured at fair value through other comprehensive income (continued)

The geographical concentration of investments is as follows:

	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Within UAE	79,376,352	69,248,063
Outside UAE	165,105,613	171,109,846
	244,481,965	240,357,909
Total investments	312,568,110	376,123,619

Unquoted equity securities are valued primarily based on net assets of the investees unless recent transactions provide evidence of the current fair value. The Company classified these as level 3 investments.

7 Related parties

Related parties comprise the shareholders, Directors and key management personnel of the Company and those entities in which they have a significant interest and the ability to control or exercise significant influence in financial and operational decisions. Details of significant transactions with related parties in the normal course of business are as follows:

	Shareholders AED	Directors and their related parties AED	Key management personnel AED	Total AED
Balances as at 31 March 2022 (unaudited)				
Statutory deposit (note 5)	10,000,000	-	-	10,000,000
Due from related parties	7,982,293	798,578	-	8,780,871
Due to a related party	4,674,302	-	-	4,674,302
Transactions for the three-month period ended 31 March 2022 (unaudited)				
Gross contributions written	4,717,764	1,185,309	-	5,903,073
Takaful expense	307,011	-	-	307,011
Short-term benefits	-	-	880,490	880,490
Long-term benefits	-	-	48,078	48,078

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

7 Related parties (continued)

	Shareholders AED	Directors and their related parties AED	Key management personnel AED	Total AED
Balances as at 31 December 2021 (audited)				
Statutory deposit (note 5)	10,000,000	-	-	10,000,000
Due from related parties	83,005	394,943	-	477,948
Due to a related party	654,630	-	-	654,630
Transactions for the three-month period ended 31 March 2021 (unaudited)				
Gross contributions written	1,678,208	1,197,122	-	2,875,330
Takaful Expense	4,257,022	-	-	4,257,022
Short-term benefits	-	-	983,891	983,891
Long-term benefits	-	-	53,792	53,792

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

8 Investment properties

	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
At 1 January	16,815,000	14,403,000
Increase in fair value	-	2,412,000
	16,815,000	16,815,000

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. 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).

9 Dividends

For the year ended 31 December 2021, cash dividend of AED 25,000,000 at a rate of AED 0.25 per share and a 5% stock dividend amounting to AED 5,000,000 was approved by shareholder on 28 March 2022. The cash dividend was paid in March 2022.

For the year ended 31 December 2020, cash dividend of AED 20,000,000 at a rate of AED 0.20 per share was approved by the shareholders on 15 March 2021 and paid in March 2021.

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

10 Re-takaful contract assets and Takaful contract liabilities

	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Gross		
Takaful contract liabilities:		
Reported claims	117,128,413	115,858,737
Claims incurred but not reported	43,010,431	47,417,904
Unallocated loss adjustment expense reserve	689,609	802,709
	<hr/>	<hr/>
Outstanding claims	160,828,453	164,079,350
Unearned contributions reserve	371,236,963	353,999,279
	<hr/>	<hr/>
	532,065,416	518,078,629
	<hr/>	<hr/>
Recoverable from Re-takaful		
Re-takaful contract assets:		
Reported claims	89,796,733	87,967,625
Claims incurred but not reported	35,402,929	39,808,724
	<hr/>	<hr/>
Re-takaful share of outstanding claims	125,199,662	127,776,349
Re-takaful share of unearned contributions	283,116,662	274,002,126
	<hr/>	<hr/>
	408,316,324	401,778,475
	<hr/>	<hr/>
Takaful liabilities – net		
Reported claims	27,331,680	27,891,112
Claims incurred but not reported	7,607,502	7,609,180
Unallocated loss adjustment expense reserve	689,609	802,709
	<hr/>	<hr/>
	35,628,791	36,303,001
	<hr/>	<hr/>
Unearned contributions reserve	88,120,301	79,997,153
	<hr/>	<hr/>
	123,749,092	116,300,154
	<hr/> <hr/>	<hr/> <hr/>

In 2020, the Company decided to replace the existing reinsurer for the active future family policies (single premium) as at 30 June 2020 to a new reinsurer. The new reinsurer assumed a share of 97.5% of the unearned contribution portion of the active family policies along with all its assets (deferred acquisition cost) and liabilities (unearned wakala). As per the agreement the reinsurer assumed right to deferred acquisition cost (asset) and unearned wakala (liability) of future family policies as at 30 June 2020.

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

10 Re-takaful contract assets and Takaful contract liabilities (continued)

During the year 2021, the Company entered into 2nd Tranche of the transaction with the same reinsurer to reinsure 97.5% of the single premium portfolio written during the period from 1 July 2020 to 31 December 2020. The new reinsurer agreed to reinsure the unearned portion of future family policies at an agreed consideration of AED 20.8 million.

Net impact of the transaction occurred during the year on the balances reported is as follows:

	31 December 2021 AED
Gross	
Increase in retakaful share of unearned contribution	33,119,419
Decrease in unearned wakala fee	2,225,277
Decrease in deferred acquisition cost	14,521,888
Increase in takaful payables	20,822,808

11 Contributions and re-takaful balances receivable

	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Due from policyholders	17,450,140	6,406,801
Due from Brokers	30,119,364	13,264,804
Due from insurance and reinsurance companies	8,232,181	1,895,533
Less: Provision for doubtful debts	(3,344,334)	(3,188,094)
	<hr/> 52,457,351 <hr/>	<hr/> 18,379,044 <hr/>

The movement of provision for doubtful debts is as follows:

	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Balance at the beginning of period / year	3,188,094	4,414,094
Provision / (reversal) for the period / year	156,240	(1,226,000)
	<hr/> 3,344,334 <hr/>	<hr/> 3,188,094 <hr/>

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

12 Movement in policyholders' funds and Distribution payable to life Policyholders

	Surplus /(deficit) of life policyholders' funds AED	Deficit of general policyholders takaful funds AED	Loan from shareholders AED	Investment revaluation reserve AED	Total AED
At 1 January 2022 (audited)	(4,322,044)	(5,482,687)	9,804,731	(234,958)	(234,958)
Deficit in the reporting period	(2,101,571)	(680,641)	-	-	(2,782,212)
Loan received from shareholders	-	-	2,782,212	-	2,782,212
Change in investment valuation reserve	-	-	-	(562,867)	(562,867)
At 31 March 2022 (unaudited)	(6,423,615)	(6,163,328)	12,586,943	(797,825)	(797,825)
Balance at 1 January 2021	18,642,051	(5,643,460)	5,643,460	103,558	18,745,609
Surplus/(deficit) in the reporting period	(22,964,095)	160,773	-	-	(22,803,322)
Repayment of loan	-	-	(160,773)	-	(160,773)
Loan received from shareholders for family takaful	-	-	4,322,044	-	4,322,044
Change in investment valuation reserve	-	-	-	(338,516)	(338,516)
At 31 December 2021 (audited)	(4,322,044)	(5,482,687)	9,804,731	(234,958)	(234,958)

13 Mudareb share and wakalah fees

The shareholders manage the policyholders' investment fund and charge 35% (2021: 35%) of investment income earned by policyholders' investment fund as mudareb share.

The shareholders manage the takaful operations for the policyholders and charge the following percentage of gross takaful contributions as wakalah fees.

During the period, the Company changed the wakalah fee percentage on various products which is under allowable limit of insurance authority.

	31 March 2022 (%)	31 March 2021 (%)
Motor	15	25
Medical	15	20
Workers Protection	12.5	35
Energy	10	35
Property, marine, and engineering	15	25
All other takaful classes	35	35

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

14 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

	3 months ended 31 March	
	2022 (unaudited)	2021 (unaudited)
Profit for the period	12,217,634	26,300,698
Weighted average number of shares outstanding at 1 January	100,000,000	100,000,000
Effect of bonus shares issued in 2022	5,000,000	5,000,000
Weighted average number of shares at 31 March	105,000,000	105,000,000
Basic and diluted earnings per share (AED)	0.12	0.25

The weighted average number of ordinary shares in issue throughout the period ended 31 March 2021 has been adjusted to reflect the bonus shares issued during the period ended 31 March 2022. Correspondingly the EPS for the period ended 31 March 2021 has been recomputed to incorporate effect of bonus shares.

The Company has not issued any instruments which would have a dilutive impact on earnings per share when converted or exercised.

15 Segment information

For operating purposes, the Company is organised into two main business segments:

- Underwriting of takaful business incorporating all classes of takaful including fire, marine, motor, general accident, engineering, medical and family takaful. This business is conducted fully within the UAE.
- Investments incorporating investments in UAE marketable equity securities, short-term investments with banks and other securities.

Information regarding the Company's reportable segments is presented below:

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

15 Segment information (continued)

Segment revenue and results

	Three month ended 31 March 2022 (unaudited)			Three month ended 31 March 2021 (unaudited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	108,630,796	10,430,822	119,061,618	112,935,447	9,377,060	122,312,507
Direct costs	(90,552,121)	-	(90,552,121)	(95,349,040)	-	(95,349,040)
Takaful expenses	(5,629,043)	-	(5,629,043)	(6,667,839)	-	(6,667,839)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Segment results	12,449,632	10,430,822	22,880,454	10,918,568	9,377,060	20,295,628
Unallocated costs			(10,662,820)			6,005,070
			<hr/>			<hr/>
Profit for the period			12,217,634			26,300,698
			<hr/> <hr/>			<hr/> <hr/>

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the period (31 March 2021: AED Nil).

The accounting policies of the reportable segments are the same as the Company's accounting policies used in the annual audited financial statements for the year ended 31 December 2021, except for adoption of new and amended standards as set out in note 2.

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

15 Segment information (continued)

Segment assets and liabilities

	As at 31 March 2022 (unaudited)			As at 31 December 2021 (audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	548,166,321	749,042,265	1,297,208,586	508,292,898	771,182,600	1,279,475,498
Unallocated assets			72,326,393			78,368,297
			<hr/>			<hr/>
Total assets			1,369,534,979			1,357,843,795
			<hr/>			<hr/>
Segment liabilities	850,093,865	490,049	850,583,914	821,352,657	474,721	821,827,378
Unallocated liabilities			17,397,590			20,166,757
			<hr/>			<hr/>
Total liabilities			867,981,504			841,94,135
			<hr/>			<hr/>
Capital expenditure		17,873	17,873		8,160,673	8,160,673
			<hr/>			<hr/>

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

16 Seasonality of results

No income of seasonal nature was recorded in the income statement for the three-month period ended 31 March 2022 and 2021.

17 Profit for the period

The Company's net profit for the period (before Qard Hasan) is AED 12,217,634 (31 March 2021: AED 11,246,748).

18 Contingent liabilities and commitments

	31 March 2022 (unaudited) AED	31 December 2021 (audited) AED
Bank guarantees	529,688	529,688

Bank guarantees were issued in the normal course of business.

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

19 Fair value of financial instruments

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

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

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<u>31 March 2022 (unaudited)</u>				
Investment properties	-	-	16,815,000	16,815,000
Financial assets measured at fair value through profit and loss	-	-	68,086,145	68,086,145
Financial assets measured at fair value through other comprehensive income	234,398,576	-	10,083,389	244,481,965
	<u>234,398,576</u>	<u>-</u>	<u>94,984,534</u>	<u>329,383,110</u>
<u>31 December 2021 (audited)</u>				
Investment properties	-	-	16,815,000	16,815,000
Financial assets measured at fair value through profit and loss	-	-	135,765,710	135,765,710
Financial assets measured at fair value through other comprehensive income	124,754,153	-	115,603,756	240,357,909
	<u>124,754,153</u>	<u>-</u>	<u>268,184,466</u>	<u>392,938,619</u>

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

20 Approval of condensed interim financial information and responsibility statement

The condensed interim financial information of the Company for the period ended 31 March 2022 has been authorised for issue in accordance with a resolution of the Board of Directors on 12 May 2022.