

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

**Review report and interim
financial information for the
nine-month period ended
30 September 2023**

ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.

**Review report and interim financial information
for the nine-month period ended 30 September 2023**

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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 30 September 2023, and the related condensed statements of profit or loss, comprehensive income, changes in shareholders’ equity and cash flows for the nine-month period then ended. 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.

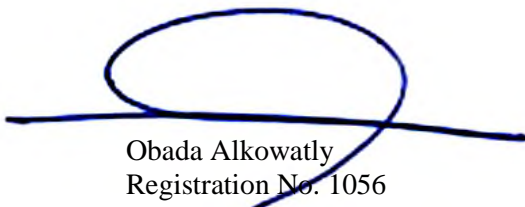
Scope of review

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.)



Obada Alkowitz
Registration No. 1056
8 November 2023
Abu Dhabi
United Arab Emirates

**Condensed statement of financial position
as at 30 September 2023 (unaudited)**

	Notes	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) (restated) AED
ASSETS			
Takaful operations assets			
Re-takaful contract assets	12	350,008,584	348,418,307
Prepaid expenses and other assets		26,306,703	35,254,832
Term deposits	5	466,859,871	351,382,204
Cash and bank balances	5	9,149,894	22,426,436
		<hr/>	<hr/>
Total takaful operations assets		852,325,052	757,481,779
Shareholders' assets			
Property and equipment		21,282,370	22,300,419
Statutory deposit	6	10,000,000	10,000,000
Financial assets measured at fair value through other comprehensive income	7	362,938,378	315,880,256
Investments properties	9	42,890,600	17,850,000
Investment in commodities	10	9,276,054	-
Prepaid expenses and other assets		13,442,025	9,629,130
Term deposits	5	56,817,243	109,014,546
Cash and bank balances	5	20,858,389	21,614,101
		<hr/>	<hr/>
Total shareholders' assets		537,505,059	506,288,452
		<hr/>	<hr/>
TOTAL ASSETS		1,389,830,111	1,263,770,231
LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY			
Takaful operations liabilities			
Takaful contract liabilities	12	527,624,226	493,387,761
Re-takaful contract liabilities	13	242,920,301	243,832,738
Accrued expenses and other liabilities		47,705,548	19,581,883
		<hr/>	<hr/>
Total takaful operations liabilities		818,250,075	756,802,382
		<hr/>	<hr/>

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

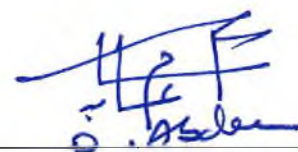
**Condensed statement of financial position
as at 30 September 2023 (unaudited) (continued)**

	Notes	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) (restated) AED
Shareholders' liabilities			
Accrued expenses and other liabilities		112,086,294	77,847,491
Provision for end of service benefits		13,534,147	12,349,183
Total shareholders' liabilities		125,620,441	90,196,674
Total liabilities		943,870,516	846,999,056
Policyholders' fund			
Deficit of life policyholders takaful fund	14	(17,025,850)	(25,340,691)
Deficit of general policyholders takaful fund	14	(250,760)	(3,606,860)
Loan from shareholders	14	17,276,610	28,947,551
Total Policyholders' fund		-	-
Shareholders' equity			
Share capital		105,000,000	105,000,000
Legal reserve		51,819,922	51,819,922
General reserve		42,500,000	42,500,000
Re-takaful default reserve		5,387,784	5,387,784
Investment revaluation reserve		(23,840,588)	(20,866,807)
Retained earnings		265,092,477	232,930,276
Total shareholders' equity		445,959,595	416,771,175
TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY		1,389,830,111	1,263,770,231

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 nine-month period ended 30 September 2023 (unaudited)**

	Notes	3 months ended 30 September		9 months ended 30 September	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			<i>(restated)</i>		<i>(restated)</i>
		AED	AED	AED	AED
Attributable to policyholders					
Takaful revenue	17	191,665,747	102,044,085	480,227,967	329,938,538
Takaful Service Expense		(132,381,979)	(95,987,193)	(355,739,921)	(279,106,192)
Amounts recovered from re-takaful contracts		54,616,351	39,545,247	156,169,801	134,337,727
Allocation of re-takaful contributions paid		(102,291,010)	(63,223,355)	(271,162,686)	(203,164,855)
Takaful service result					
		11,609,109	(17,621,216)	9,495,161	(17,994,782)
Investment income		5,107,206	2,246,250	12,312,473	6,240,137
Mudareb share		(1,787,522)	(786,188)	(4,309,366)	(2,184,048)
Takaful finance (expenses)/income		(80,403)	6,197,696	(7,758,999)	24,937,834
Re-takaful finance income/(expense)		(1,793,600)	(6,065,060)	6,341,771	(22,355,152)
Financial takaful result					
		1,445,681	1,592,698	6,585,879	6,638,771
Other expenses, net		(4,282,348)	(711,614)	(4,410,099)	(1,798,576)
Surplus/(deficit) of takaful result for the period					
		8,772,442	(16,740,132)	11,670,941	(13,154,587)
Attributable to shareholders					
Shareholders' investment and other income, net		5,209,146	7,214,530	18,991,271	16,623,732
Mudareb share from policyholders		1,787,522	786,188	4,309,366	2,184,048
Wakalah fees from policyholders		43,104,465	28,473,203	112,227,969	82,214,394
Takaful expense		(17,234,767)	(6,314,359)	(45,680,888)	(14,846,975)
General and administrative expenses		(14,018,544)	(13,936,736)	(44,035,174)	(37,338,480)
Decrease in provision of loan from shareholders		8,772,442	(1,426,198)	11,670,941	8,328,033
Profit for the period					
	20	27,620,264	14,796,628	57,483,485	57,164,752
Basic and diluted earnings per share					
	16	0.26	0.14	0.55	0.54

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

**Condensed statement of comprehensive income
for the nine-month period ended 30 September 2023 (unaudited)**

	3 months ended 30 September		9 months ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED	<i>(restated)</i>	AED	<i>(restated)</i>
	AED	AED	AED	AED
Profit for the period	27,620,264	14,796,628	57,483,485	57,164,752
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	(2,931,786)	8,120,296	501,033	(1,678,623)
<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	(1,340,514)	(1,611)	(1,796,098)	(2,413,615)
Total other comprehensive (loss)/income for the period	(4,272,300)	8,118,685	(1,295,065)	(4,092,238)
Total comprehensive income for the period	23,347,964	22,915,313	56,188,420	53,072,514

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

**Condensed statement of changes in shareholders' equity
for the nine-month period ended 30 September 2023 (unaudited)**

	Share capital AED	Legal reserve AED	General reserve AED	Re-takaful default reserve	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 31 December 2022 – as previously stated	105,000,000	51,819,922	42,500,000	5,387,784	(20,866,807)	306,907,028	490,747,927
Impact of adoption of IFRS 17 (note 2.3)	-	-	-	-	-	(72,611,934)	(72,611,934)
Impact of adoption of IFRS 9 – ECL model (note 2.3)	-	-	-	-	-	(1,364,818)	(1,364,818)
Balance at 1 January 2023 – as restated (unaudited)	105,000,000	51,819,922	42,500,000	5,387,784	(20,866,807)	232,930,276	416,771,175
Profit for the period	-	-	-	-	-	57,483,485	57,483,485
Other comprehensive income for the period	-	-	-	-	(1,295,065)	-	(1,295,065)
Total comprehensive income for the period	-	-	-	-	(1,295,065)	57,483,485	56,188,420
Gain on disposal of financial assets classified at fair value through other comprehensive income	-	-	-	-	(1,678,716)	1,678,716	-
Dividends paid (note 11)	-	-	-	-	-	(27,000,000)	(27,000,000)
Balance at 30 September 2023 (unaudited)	105,000,000	51,819,922	42,500,000	5,387,784	(23,840,588)	265,092,477	445,959,595
Balance at 31 December 2021 – as previously reported	100,000,000	50,000,000	42,500,000	3,848,642	7,318,068	312,351,362	516,018,072
Impact of transition of IFRS 17 (note 2.3)	-	-	-	-	-	(123,823,939)	(123,823,939)
Impact of transition of IFRS 9 – ECL model (note 2.3)	-	-	-	-	-	(1,263,317)	(1,263,317)
Balance at 1 January 2022 – as restated (unaudited)	100,000,000	50,000,000	42,500,000	3,848,642	7,318,068	187,264,106	390,930,816
Profit for the period – as restated	-	-	-	-	-	57,164,752	57,164,752
Other comprehensive loss for the period	-	-	-	-	(4,092,238)	-	(4,092,238)
Total comprehensive income for the period	-	-	-	-	(4,092,238)	57,164,752	53,072,514
Gain on disposal of financial assets classified at fair value through other comprehensive income	-	-	-	-	(11,424,429)	11,424,429	-
Issuance of bonus shares	5,000,000	-	-	-	-	(5,000,000)	-
Dividends paid (note 11)	-	-	-	-	-	(25,000,000)	(25,000,000)
Balance at 30 September 2022 (unaudited) (restated)	105,000,000	50,000,000	42,500,000	3,848,642	(8,198,599)	225,853,287	419,003,330

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

**Condensed statement of cash flows
for the nine-month period ended 30 September 2023 (unaudited)**

	9 month ended 30 September	
	2023	2022
	AED	AED
OPERATING ACTIVITIES		
Profit for the period	57,483,485	57,164,752
Adjustments for:		
Depreciation of property and equipment	1,588,140	1,404,698
Investment and other income	(31,240,587)	(22,865,214)
Net movement in provision for end of service benefits	1,184,964	1,239,298
Movement in expected credit loss	457,892	188,826
Movement in provision of loan from shareholders	(11,670,941)	(8,328,033)
Deficit of general policy holders takaful fund	-	(21,482,620)
Gain on disposal of property and equipment	(76,189)	(1,345)
Operating profit before movements in working capital	17,726,764	7,320,362
Decrease/(increase) in prepaid and other assets	5,135,234	(8,106,310)
Increase in re-takaful contract assets	(2,187,515)	(38,514,591)
Increase/(decrease) in takaful contract liabilities	34,236,465	(102,678,167)
(Decrease)/increase in re-takaful contract liabilities	(912,437)	99,226,119
Increase in provision of loan from shareholders	11,670,941	8,328,033
Increase/(decrease) in accrued expenses and other liabilities	64,000,397	(7,687,076)
Directors' remuneration paid	(1,637,930)	(5,531,995)
Net cash generated from/(used in) operating activities	128,031,919	(47,643,625)
INVESTING ACTIVITIES		
Net movement in investments	(57,489,894)	30,545,831
Purchase of investment property	(25,040,600)	-
Proceeds from sale of property and equipment	76,191	1,848
Purchase of property and equipment	(570,093)	(956,743)
Investment and other income received	31,240,587	22,865,214
Movement in term deposits	(75,280,364)	(24,451,097)
Net cash (used in)/generated from investing activities	(127,064,173)	28,005,053
FINANCING ACTIVITY		
Dividends paid	(27,000,000)	(25,000,000)
Net cash used in financing activity	(27,000,000)	(25,000,000)
Decrease in cash and cash equivalents	(26,032,254)	(44,638,572)
Cash and cash equivalents at the beginning of the period	109,040,537	100,144,891
Cash and cash equivalents at the end of the period	83,008,283	55,506,319

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

Notes to the interim financial information for the nine-month period ended 30 September 2023

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. (32) of 2021. The Company is subject to the regulations of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations, as amended, and is registered in the Insurance Companies Register of the Central Bank of the UAE (“CBUAE”) (formerly, the UAE Insurance Authority (“IA”)). under registration number 071.

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

The Company is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

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. The Company is domiciled and operates in the UAE and its registered address is P.O. Box 35335, Abu Dhabi, UAE.

2 Application of new and revised International Financial Reporting Standards (“IFRS”)

2.1 New and revised IFRS adopted in the interim financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in this interim financial information. The application of these revised IFRSs, did not have any material impact on the amounts reported for the current and prior periods, except from the application of IFRS 17 which has replaced IFRS 4 and has fundamentally changed the measurement and presentation of takaful contracts (including re-takaful contracts held).

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning or after</u>
IFRS 17 <i>Insurance Contracts</i> (note 2.3)	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 – Presentation of Financial Statements	1 January 2023
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning or after</u>
Amendments to IFRS 16 on lease liability in a sales and lease back - clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale	1 January 2024
Amendment to IAS 1 on non-current Liabilities with Covenants - clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures (2011)	Effective date deferred indefinitely. Adoption is still permitted.
Amendments to IAS 1 – Amendments to IFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies	Effective date deferred indefinitely. Adoption is still permitted.

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, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

2.3 Changes in accounting policies

In these interim financial information, the Company has applied IFRS 17 and IFRS 9 measurement for the first time. The nature of the changes in first time adoption of IFRS 17 and IFRS 9 can be summarized, as follows:

Changes to classification and measurement

IFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of takaful contracts issued and re-takaful contracts held by the Company. The adoption of IFRS 17 did not change the classification of the Company’s takaful contracts.

The Company uses different measurement approaches, depending on the type of contracts, as follows:

Nature of Contracts	Product classification	Measurement model
Property and liability takaful	Takaful contracts	PAA
Medical takaful	Takaful contracts	PAA
Group family takaful	Takaful contracts	PAA
Credit family takaful – short term	Takaful contracts	PAA
Credit family takaful – long term	Takaful contracts	GMM
All re-takaful contracts held other than long term credit family takaful	Re-takaful contracts held	PAA
Long term credit family takaful	Re-takaful contracts held	GMM

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)****2.3 Changes in accounting policies (continued)****Changes to classification and measurement (continued)**

The key principles of IFRS 17 under the different measurement models, where applicable, are that the Company:

- Identifies takaful contracts as those under which the Company accepts significant takaful risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than takaful contract services from takaful contracts and accounts for them in accordance with other standards;
- Divides the takaful and re-takaful contracts into groups it will recognise and measure;
- Recognises profit from a group of takaful contracts over each period the Company provides takaful contract services, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately;
- Recognises an asset for takaful acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of takaful contracts is recognised. Such an asset is derecognised when the takaful acquisition cash flows are included in the measurement of the related group of takaful contracts.

The premium allocation approach (PAA) simplifies the measurement of takaful contracts in comparison with the general measurement model (GMM) in IFRS 17. The measurement principles of the PAA differ from the ‘earned contribution approach’ used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects contribution received less amounts recognised in revenue for takaful services provided (takaful revenue for each period is the amount of expected contribution receipts for providing services in the period);
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the contribution due date and the related period of services are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision);
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company’s obligation to pay other incurred takaful expenses;

Measurement of the asset for remaining coverage (reflecting re-takaful contribution paid for re-takaful contracts held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)****2.3 Changes in accounting policies (continued)****Changes to classification and measurement (continued)**

Under the GMM, the Company recognises and measures groups of takaful contracts at:

- i) A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; and
- ii) An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)"

The Company capitalises takaful acquisition cash flows for all takaful group of contracts. The Company allocates the acquisition cash flows to groups of takaful contracts issued using a systematic and rational basis. Takaful acquisition cash flows include those that are directly attributable to a group.

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates portfolios of takaful and re-takaful contracts issued and re-takaful contracts held and presents separately, the carrying amount of:

- Portfolios of takaful and re-takaful contracts issued that are assets
- Portfolios of takaful and re-takaful contracts held that are assets
- Portfolios of takaful contracts and re-takaful contracts issued that are liabilities
- Portfolios of takaful contracts and re-takaful contracts held that are liabilities

The line item descriptions in the profit or loss have been changed significantly compared with prior year. Previously the Company reported the following main line items:

- Gross contribution written
- Net written contribution
- Commission earned
- Net changes in unearned contribution provision
- Net earned contribution
- Gross claims paid
- Net claims paid
- Change in incurred claim liabilities
- Net claims incurred
- Other underwriting income and expenses

Instead, IFRS 17 requires separate presentation of:

- Takaful revenue
- Takaful service expense
- Amounts recovered or Allocation of re-takaful contributions paid
- Takaful finance income or expenses
- Re-takaful finance income or expenses
- Net takaful finance income or expenses

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)****2.3 Changes in accounting policies (continued)****Transition impact**

On transition date, 1 January 2022, the Company:

- Applied the following approaches to identify, recognise and measure the groups of takaful contracts issued and re-takaful contracts held:
 - The full retrospective approach was used for groups of short-term takaful contracts issued and both long-term and short-term groups of re-takaful contracts held.
 - The full retrospective approach was used for groups of long-term Credit family takaful contracts issued unless this was impracticable, in which case either the modified retrospective approach or fair value approach was used.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in policyholder fund.

The Company assessed historical information available and determined that all reasonable and supportable information necessary to apply the full retrospective approach was not available for those groups of contracts for which the modified retrospective and fair value approaches were used.

Modified Retrospective Approach

The objective of the modified retrospective approach is to achieve the closest possible outcome to the full retrospective approach maximising the use of available information. In applying the modified retrospective approach the Company has used the following permitted modification to determine the CSM:

- Estimated historical discount rates applied to cash flows in the period prior to 2016 using an observable market interest curve based on discount rate applicable for 2016.

Fair Value Approach

Under the fair value approach, the CSM at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. In determining fair value, the Company applied the requirements of IFRS 13 Fair Value Measurement. Specifically, the fair value of the takaful contracts was measured as the sum of (a) the present value of the cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional margin.

Differences in the Company's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows gave rise to a CSM at 1 January 2022. In particular, in measuring fair value the Company included a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the takaful contracts. In determining this margin, the Company considered certain risks that were not reflected in the fulfilment cash flows, that a market participant would consider. When applying the fair value transition approach the Company determined the discount rate at the transition date.

As mentioned above, the line item descriptions in the interim statement of profit or loss and other comprehensive income have changed significantly compared with prior period. The adoption of IFRS 17 has led to the restatement of the profit for the nine-month period ended 30 September 2022 from AED 17,561,592 to AED 57,164,752.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.3 Changes in accounting policies (continued)

Transition impact (continued)

IFRS 9 Financial Instruments

Measurement of the expected credit loss (“ECL”) allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The Company has adopted the impairment requirements of IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2022, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

The adoption of the impairment requirements of IFRS 9 has resulted in changes in accounting policies for impairment of financial assets.

The Company recorded an impairment allowance at 1 January 2022 on financial assets at fair value through other comprehensive income amounting to AED 1,263,317 as a result of first time adoption of impairment requirements IFRS-9.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.3 Changes in accounting policies (continued)

Transition impact (continued)

The table below summarise the impact of initial application of IFRS 17 as at 31 December 2022:

	As previously reported (audited) AED	Effect of application of IFRS 17/IFRS 9 (unaudited) AED	As restated (unaudited) AED
<i>Takaful operations assets</i>			
Retakaful share of unearned contributions	276,904,971	(276,904,971)	-
Retakaful share of outstanding claims	129,484,313	(129,484,313)	-
Contributions and retakaful balances receivables	38,265,290	(38,265,290)	-
Re-takaful contract assets	-	348,418,307	348,418,307
<i>Shareholders’ operations assets</i>			
Financial assets at fair value	317,245,074	(1,364,818)	315,880,256
Deferred policy acquisition costs	17,203,623	(17,203,623)	-
<i>Takaful operations liabilities</i>			
Takaful payables	16,150,320	(16,150,320)	-
Outstanding claims	174,064,907	(174,064,907)	-
Unearned contributions	368,761,610	(368,761,610)	-
Unearned retakaful commission income	9,810,005	(9,810,005)	-
Re-takaful payable	296,257,018	(296,257,018)	-
Accrued expenses and other liabilities	8,597,810	10,984,073	19,581,883
Takaful contract liabilities	-	493,387,761	493,387,761
Re-takaful contract liabilities	-	243,832,738	243,832,738
<i>Shareholders’ operations liabilities</i>			
Accrued expenses and other liabilities	1,836,159	76,011,332	77,847,491
<i>Policyholders’ fund</i>			
Deficit of General policyholders takaful fund	(32,818,253)	29,211,393	(3,606,860)
Deficit of life policyholders takaful fund	(16,732,317)	(8,608,374)	(25,340,691)
Loan from shareholders	49,550,570	(20,603,019)	28,947,551
<i>Total shareholders’ equity</i>			
Retained earnings	306,907,028	(73,976,752)	232,930,276

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.3 Changes in accounting policies (continued)

Transition impact (continued)

The table below summarise the impact of initial application of IFRS 17 as at 1 January 2022:

	As previously reported (audited) AED	Effect of application of IFRS 17/IFRS 9 (unaudited) AED	As restated (unaudited) AED
<i>Takaful operations assets</i>			
Retakaful share of unearned contributions	274,002,126	(274,002,126)	-
Retakaful share of outstanding claims	127,776,349	(127,776,349)	-
Contributions and retakaful balances receivables	18,379,044	(18,379,044)	-
Re-takaful contract assets	-	340,054,532	340,054,532
<i>Shareholders’ operations assets</i>			
Financial assets at fair value	362,770,698	(1,263,317)	361,507,381
Deferred policy acquisition costs	7,445,788	(7,445,788)	-
<i>Takaful operations liabilities</i>			
Takaful payables	11,300,119	(11,300,119)	-
Outstanding claims	164,079,350	(164,079,350)	-
Unearned contributions	353,999,279	(353,999,279)	-
Unearned retakaful commission income	6,762,953	(6,762,953)	-
Accrued expenses and other liabilities	5,953,230	6,297,505	12,250,735
Takaful contract liabilities	-	542,394,243	542,394,243
Re-takaful payables	279,732,447	(279,732,447)	-
Re-takaful contract liabilities	-	188,271,233	188,271,233
<i>Shareholders’ operations liabilities</i>			
Accrued expenses and other liabilities	9,377,066	86,802,227	96,179,293
<i>Policyholders’ fund</i>			
Deficit of General policyholders takaful fund	(5,482,687)	5,482,687	-
Surplus of General policyholders takaful fund	-	28,384,105	28,384,105
Loan from shareholder	9,804,731	29,575,925	39,380,656
Deficit of Life policyholders takaful fund	(4,322,044)	(35,058,612)	(39,380,656)
<i>Total shareholders’ equity</i>			
Retained earnings	312,351,362	(125,087,256)	187,264,106

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

3 Summary of significant accounting policies

3.1 Basis of preparation

The interim financial information for the nine-month period ended 30 September 2023 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 2022. In addition, results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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.

The accounting policies, presentation and methods used in this interim financial information are consistent with those used in the annual audited financial statements for the year ended 31 December 2022 with the exception of the changes as a result of the first time application of IFRS 9 and IFRS 17 which applies to annual periods beginning on or after 1 January 2023 and has significantly impacted the accounting policies relating to the measurement of contracts that are in scope of the new standard, which is disclosed in note 3.2.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)****3 Summary of significant accounting policies (continued)****3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held***Takaful and re-takaful contracts issued classification*

The Company issues takaful contracts in the normal course of business, under which it accepts significant takaful risk from its policyholders. As a general guideline, the Company determines whether it has significant takaful risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. The Company also issues re-takaful contracts in the normal course of business to compensate other entities for claims arising from one or more takaful contracts issued by those entities.

Level of Aggregation

The Company identifies portfolios by aggregating takaful contracts that are subject to similar risks and managed together. In grouping takaful contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which takaful contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts.

Recognition

Groups of takaful contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; or
- when the Company determines that a group of contracts becomes onerous.

Combination of takaful contracts

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single takaful contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Company is unable to measure one contract without considering the other

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

3 Summary of significant accounting policies (continued)

3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held

Separating components from takaful and re-takaful contracts

The Company assesses its takaful and re-takaful contracts to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) takaful contract. Currently, the Company's contracts do not include any distinct components that require separation.

Contract boundary

The measurement of a group of takaful contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

Cash flows are within the boundary of a takaful contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the contributions, or in which the Company has a substantive obligation to provide the policyholder with takaful contract services. A substantive obligation to provide takaful contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - i. The Company has the practical ability to reassess the risks of the portfolio of takaful contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - ii. The pricing of the contributions up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected contributions or claims outside the boundary of the takaful contract are not recognised. Such amounts relate to future takaful contracts.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

3 Summary of significant accounting policies (continued)

3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held

Measurement

The following table sets out the accounting policy choices adopted by the Company:

	Measurement models the option is allowed to be applied	IFRS 17 options	Adopted approach
Takaful acquisition cash flows	PAA	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the takaful acquisition cashflows when incurred or amortizing them over the contract's coverage period.	Takaful acquisition cash flows are allocated to related groups of takaful contracts and amortised over the coverage period of the related group using a systematic and rational basis.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	PAA	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For all contracts measured under the PAA, there is no adjustment to reflect the time value of money and the effect of financial risk as the contributions are expected to be received within one year of the coverage period.
Liability for Incurred Claims ("LIC") adjusted for time value of money	PAA	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company discounts the LIC for the time value of money.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

3 Summary of significant accounting policies (continued)

3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held

Measurement (continued)

The following table sets out the accounting policy choices adopted by the Company:

	Measurement models the option is allowed to be applied	IFRS 17 options	Adopted approach
Takaful finance income and expenses	All	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the P&L or OCI option) is applied on a portfolio basis.	For all contracts within the scope of IFRS 17 the Company includes all takaful finance income or expenses for the period in profit or loss.
Disaggregation of risk adjustment	All	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the takaful service result. Instead, it can choose to split the amount between the takaful service result and takaful finance income or expenses.	The Company does not disaggregate changes in the risk adjustment for non-financial risk between takaful service result and takaful finance income or expenses.
Presentation of income / (expense) from re-takaful contracts held	All	IFRS 17 allows options in presenting income or Allocation of re-takaful contributions paid held, other than takaful finance income or expenses. An alternative would be to gross up this single amount and present separately the amounts recovered from the reinsurer (as income) and an allocation of the premiums paid (as re-takaful expenses) in line items separate from takaful revenue and takaful service expenses.	The Company elected to present separately the amounts recovered from re-takaful contracts and an allocation of re-takaful contributions paid.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

3 Summary of significant accounting policies (continued)

3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held

Measurement (continued)

Takaful contracts measured under the premium allocation approach - Initial and Subsequent Measurement

The Company applies the premium allocation approach to all the takaful contracts (other than long term credit family takaful contracts) that it issues and re-takaful contracts that it holds as;

- The coverage period of each contract in the group is one year or less, including takaful contract services arising from all contributions within the contract boundary; or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The contributions, if any, received at initial recognition
- Minus any takaful acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for takaful acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of takaful contracts is recognised.

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus contributions received in the period
- Minus takaful acquisition cash flows
- Plus any amounts relating to the amortisation of the takaful acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as takaful revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment).

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

3 Summary of significant accounting policies (continued)

3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held

Measurement (continued)

Takaful contracts measured under the premium allocation approach - Initial and Subsequent Measurement (continued)

When facts and circumstances indicate that a group of contracts has become onerous, the Company performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Takaful contracts measured other than PAA - Initial and Subsequent Measurement

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Contributions and related cash flows
- Claims and benefits, including reported claims not yet paid and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of takaful acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Transaction-based taxes
- Other costs specifically chargeable to the policyholder under the terms of the contract

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

3 Summary of significant accounting policies (continued)

3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held

Measurement (continued)

Takaful contracts measured other than PAA - Initial and Subsequent Measurement (continued)

The Company updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Company determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Company considers the most recent experience and earlier experience, as well as other information.

The measurement of fulfilment cash flows includes takaful acquisition cash flows which are allocated as a portion of contribution to profit or loss (through takaful revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time.

The CSM at the end of the reporting period represents the profit in the group of takaful contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of takaful contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- For contracts measured under the GMM, interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
 - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
 - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as takaful revenue because of the transfer of takaful contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

3 Summary of significant accounting policies (continued)

3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held

Measurement (continued)

Takaful contracts measured other than PAA - Initial and Subsequent Measurement (continued)

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the contribution receipts (and any related cash flows such as takaful acquisition cash flows and takaful contribution taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to contributions received (or due) related to current or past services are recognised immediately in profit or loss while differences related to contributions received (or due) for future services are adjusted against the CSM
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage. For contracts measured under the GMM these changes exclude those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any takaful finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Where, during the coverage period, a group of takaful contracts becomes onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Company measures the carrying amount of a group of takaful contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Company comprising the fulfilment cash flows related to past service allocated to the group at that date.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

3 Summary of significant accounting policies (continued)

3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held

Measurement (continued)

Re-takaful contracts held

Re-takaful contracts held are accounted for by applying IFRS 17 when they meet the definition of a takaful contract. This includes the condition that the contract must transfer significant takaful risk.

Re-takaful contracts transfer significant takaful risk only if they transfer to the reinsurer substantially all the takaful risk relating to the reinsured portions of the underlying takaful contracts, even if a re-takaful contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Portfolios of re-takaful contracts held are assessed for aggregation separately from portfolios of takaful contracts issued. Applying the grouping requirements to re-takaful contracts held, the Company aggregates re-takaful contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

A group of re-takaful contracts held is recognised as follows:

- If the re-takaful contracts provide proportionate coverage, the date the Company initially recognizes any underlying takaful contracts (onerous or not).
- In all other cases, at the beginning of the coverage period of the group of re-takaful contracts. However, if the Company recognises an onerous group of underlying takaful contracts on an earlier date and the related re-takaful contract was entered into before that earlier date, then the group of re-takaful contracts is recognised on that earlier date.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer shall end when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage

The Company measures its re-takaful assets for a group of re-takaful contracts that it holds on the same basis as takaful contracts that it issues. However, they are adapted to reflect the features of re-takaful contracts held that differ from takaful contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)****3 Summary of significant accounting policies (continued)****3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held***Measurement (continued)**Re-takaful contracts held (continued)*

Where the Company recognises a loss on initial recognition of an onerous group of underlying takaful contracts or when further onerous underlying takaful contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of re-takaful contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying takaful contracts and the percentage of claims on the underlying takaful contracts the Company expects to recover from the group of re-takaful contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to takaful contracts covered by the group of re-takaful contracts held where some contracts in the underlying group are not covered by the group of re-takaful contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Modification and derecognition

The Company derecognises takaful contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Takaful acquisition cash flows

The Company includes takaful acquisition cash flows in the measurement of a group of takaful contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of takaful contracts to which the group belongs. These are essentially the Wakala Charges levied on each policy at time of inception.

Discount rates

The Company uses the bottom-up approach for the groups of contracts measured under PAA and GMM to derive the discount rates.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)****3 Summary of significant accounting policies (continued)****3.2 Changes in accounting policies for takaful contracts issued and re-takaful contracts held***Measurement (continued)**Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach in the range of 65th to 75th percentile, adjusted for diversification. That is, the Company has assessed its indifference to uncertainty for all groups of contracts (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent in the range of 65th to 75th percentile confidence level, adjusted for diversification, less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

The selection of Risk Adjustment percentile is linked to inherent volatility of underlying risk. For relatively stable lines (Motor and Medical), a 65th percentile has been chosen while for other lines a more conservative 75th percentile has been chosen.

Contractual service margin (CSM)

The CSM is a component of the asset or liability for the group of takaful contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of takaful contracts is recognised in profit or loss as takaful revenue in each period to reflect the takaful contract services provided under the group of takaful contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the takaful contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future

The number of coverage units in a group is the quantity of takaful contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. The coverage unit for the long term credit family takaful is the sum at risk. The total coverage units of each group of takaful contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For re-takaful contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)****4 Critical accounting judgments and key sources of estimation uncertainty**

The preparation of condensed interim financial information requires management to make judgements, 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 this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2022 with the exception of those relating to the measurement of takaful contracts issued and re-takaful contracts held. For these contracts, IFRS 17 is applied for annual periods beginning on or after 1 January 2023 and the key judgments and estimates applied are the below.

Assessment of significance of takaful risk:

The Company applies its judgement in assessing whether a contract transfers to the issuer significant takaful risk. A contract transfers significant takaful risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

Risk adjustment

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach in the range of 65th to 75th percentile, adjusted for diversification. That is, the Company has assessed its indifference to uncertainty for all groups of contracts (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent in the range of 65th to 75th percentile confidence level, adjusted for diversification, less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

The selection of Risk Adjustment percentile is linked to inherent volatility of underlying risk. For relatively stable lines (Motor and Medical), a 65th percentile has been chosen while for other lines a more conservative 75th percentile has been chosen.

Onerous groups

The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Time value of money

The Company adjusts the carrying amount of the takaful contracts liabilities and re-takaful contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts.

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity contribution'). The Company applies a published risk free yield curve (EIOPA RFR).

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)****4 Critical accounting judgments and key sources of estimation uncertainty (continued)***Liability for incurred claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Transition

The Company assessed all information available and determined that it would be impracticable to apply the full retrospective approach for all groups of long-term Credit family takaful contracts. As such, for certain groups of long-term Credit family takaful contracts, the Company has applied the fair value approach to determine the CSM at the transition date.

Applying the fair value approach, the Company determined the CSM to be the difference between the fair value of a group of takaful contracts, measured in accordance with IFRS 13 'Fair Value Measurement' (IFRS 13), and its fulfilment cashflows at the transition date.

Under IFRS 13 the fair value of a takaful liability is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date. In the absence of recent market transactions for similar contracts, a present value technique was used to value groups of contracts.

In estimating the fair value of groups of takaful contracts, the following considerations were applied:

- only future cash flows within the boundaries of the takaful contracts were included in the fair value estimation;
- assumptions about expected future cash flows and risk allowances were adjusted for the market participant's view, as required by IFRS 13; and
- profit margins were included to reflect what a market participant would require for accepting obligations under takaful contracts, beyond the risk adjustment for non-financial risk.

The Company used significant judgement to determine adjustments required to reflect the market participant's view.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

5 Cash and cash equivalents

	30 September 2023 (unaudited) AED	31 December 2022 (unaudited) AED
Takaful operations assets		
Cash and bank balances	9,149,894	22,426,436
Term deposits	466,859,871	351,382,204
	476,009,765	373,808,640
Less: term deposits with original maturity of more than three months	(435,359,871)	(301,382,204)
Cash and cash equivalents	40,649,894	72,426,436
Shareholders' assets		
Cash and bank balances	20,858,389	21,614,101
Term deposits	56,817,243	109,014,546
	77,675,632	130,628,647
Less: term deposits with original maturity of more than three months	(35,317,243)	(94,014,546)
Cash and cash equivalents	42,358,389	36,614,101
Takaful operations assets	40,649,894	72,426,436
Shareholders' assets	42,358,389	36,614,101
	83,008,283	109,040,537

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 4.1% to 6.8% per annum (31 December 2022: 0.75% to 6% per annum).

6 Statutory deposit

In accordance with the requirements of the Federal Law No. (6) of 2007, the Company maintains a bank deposit of AED 10,000,000 which cannot be utilised without the consent of the UAE Central Bank. The statutory deposit is held with a commercial bank in the UAE, a related party (note 8).

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

7 Financial assets measured at fair value through other comprehensive income

	30 September 2023 (unaudited) AED	31 December 2022 (unaudited) AED
Financial assets measured at fair value through other comprehensive income	362,938,378	315,880,256
	30 September 2023 (unaudited) AED	31 December 2022 (unaudited) AED
<i>Shareholders' assets</i>		
Quoted securities		
- <i>Equity securities</i>	90,319,281	76,754,857
- <i>Sukuks</i>	81,962,106	45,431,120
Expected credit losses on Sukuk	(1,225,471)	(1,364,818)
<i>Total quoted securities for shareholders assets</i>	171,055,916	120,821,159
Unquoted securities		
- <i>Unlisted equities</i>	191,882,462	195,059,097
<i>Total unquoted securities for shareholders assets</i>	191,882,462	195,059,097
Total quoted and unquoted securities for shareholders assets	362,938,378	315,880,256
	30 September 2023 (unaudited) AED	31 December 2022 (unaudited) AED
Quoted securities	171,055,916	120,821,159
Unquoted securities	191,882,462	195,059,097
	362,938,378	315,880,256

**Notes to the financial statements
for the nine-month period ended 30 September 2023 (continued)**

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

The geographical concentration of investments is as follows:

	30 September 2023 (unaudited) AED	31 December 2022 (unaudited) AED
Within UAE	120,624,097	95,584,472
Outside UAE	242,314,281	220,295,784
	362,938,378	315,880,256
Total investments	362,938,378	315,880,256

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.

8 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 managemen t personnel AED	Total AED
Balances as at 30 September 2023 (unaudited)				
Statutory deposit (note 6)	10,000,000	-	-	10,000,000
Due from related parties	1,490,465	1,668,861	-	3,159,326
Due to a related party	3,847,837	-	-	3,847,837
Transactions for the nine-month period ended 30 September 2023 (unaudited)				
Takaful revenue	98,750,123	21,798,714	-	120,548,837
Takaful service expenses	4,746,865	-	-	4,746,865
Short-term benefits	-	-	3,777,923	3,777,923
Long-term benefits	-	-	167,576	167,576
Board of Directors' remuneration paid	-	1,637,930	-	1,637,930

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

8 Related parties (continued)

	Shareholders AED	Directors and their related parties AED	Key managemen t personnel AED	Total AED
Transactions for the three-month period ended 30 September 2023 (unaudited)				
Takaful revenue	67,674,482	1,261,739	-	68,936,221
Takaful service expenses	1,835,997	-	-	1,835,997
Short-term benefits	-	-	1,364,492	1,364,492
Long-term benefits	-	-	56,473	56,473
	Shareholders AED	Directors and their related parties AED	Key management personnel AED	Total AED
Balances as at 31 December 2022 (unaudited)				
Statutory deposit (note 6)	10,000,000	-	-	10,000,000
Due from related parties	63,083	43,837	-	106,920
Due to a related party	6,148,792	-	-	6,148,792
Transactions for the nine-month period ended 30 September 2022 (unaudited) (restated)				
Takaful revenue	14,426,813	19,979,680	-	34,406,493
Takaful service expenses	1,122,028	-	-	1,122,028
Short-term benefits	-	-	3,190,394	3,190,394
Long-term benefits	-	-	447,198	447,198
Board of Directors' remuneration paid	-	5,531,995	-	5,531,995
Transactions for the three-month period ended 30 September 2022 (unaudited) (restated)				
Takaful revenue	2,042,433	1,443,199	-	3,485,632
Takaful service expenses	427,975	-	-	427,975
Short-term benefits	-	-	997,305	997,305
Long-term benefits	-	-	110,750	110,750

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

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

9 Investment properties

	30 September 2023 (unaudited) AED	31 December 2022 (unaudited) AED
At 1 January	17,850,000	16,815,000
Addition during the period	25,040,600	-
Change in fair value	-	1,035,000
	<hr/> 42,890,600 <hr/>	<hr/> 17,850,000 <hr/>

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 30 September 2023 (31 December 2022: Level 3).

During the period, the Company has purchased investment properties of AED 25,040,600. The properties have been classified as investment properties as these are kept for earning rentals and capital appreciation.

10 Investment in commodity

During the period, the Company has invested in a commodity which has been classified at financial asset through profit and loss. The commodity market value is determined from the commodities market which is a secondary market and accordingly it has been classified under level 2 investment (note 22).

11 Dividends

For the year ended 31 December 2022, cash dividend of AED 27,000,000 at a rate of AED 0.2571 per share was approved by shareholders on 11 April 2023 and paid in April 2023.

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 the shareholders on 28 March 2022 and paid in March 2022.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

12 Takaful contract assets and liabilities

Reconciliation of the liability for remaining coverage and the liability for incurred claims for takaful contracts

	LRC		LIC for contracts under PAA			Total AED (Unaudited)
	Excluding loss components AED (Unaudited)	Loss Components AED (Unaudited)	LIC for contracts not measured under PAA AED (Unaudited)	Present value of future cash flows AED (Unaudited)	Risk adjustment for non-fin-risk AED (Unaudited)	
Opening takaful contract assets	-	-	-	-	-	-
Opening takaful contract liabilities	292,308,520	20,673,866	32,694,779	142,506,272	5,204,324	493,387,761
Net balance at 1 January 2023	292,308,520	20,673,866	32,694,779	142,506,272	5,204,324	493,387,761
Takaful revenue	(480,227,967)	-	-	-	-	(480,227,967)
Takaful service expenses						
Incurring benefits and expenses	-	-	15,722,322	213,861,625	9,692,261	239,276,208
Changes that relate to past service - adjustments to LIC	-	-	(12,241,607)	13,124,336	(1,901,293)	(1,018,564)
Losses on onerous contracts and reversal of those losses	-	5,254,308	-	-	-	5,254,308
Amortisation of takaful acquisition cash flows	112,227,969	-	-	-	-	112,227,969
Takaful service expenses	(367,999,998)	5,254,308	3,480,715	226,985,961	7,790,968	(124,488,046)
Takaful finance expenses through profit and loss	4,178,249	567	908,537	2,671,646	-	7,758,999
Total changes in statement of profit and loss	(363,821,749)	5,254,875	4,389,252	229,657,607	7,790,968	(116,729,047)
Cash flows						
Contributions received	477,154,171	-	-	-	-	477,154,171
Claims paid	-	-	(6,002,014)	(156,273,742)	-	(162,275,756)
Acquisition cost paid	(163,912,903)	-	-	-	-	(163,912,903)
Total cash flow	313,241,268	-	(6,002,014)	(156,273,742)	-	150,965,512
Net balance at 30 September 2023	241,728,039	25,928,741	31,082,017	215,890,137	12,995,292	527,624,226
Closing takaful contract assets	-	-	-	-	-	-
Closing takaful contract liabilities	241,728,039	25,928,741	31,082,017	215,890,137	12,995,292	527,624,226
Net closing balance 30 September 2023	241,728,039	25,928,741	31,082,017	215,890,137	12,995,292	527,624,226

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

12 Takaful contract assets and liabilities (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for takaful contracts (continued)

	LRC		LIC for contracts under PAA			Total AED (Unaudited)
	Excluding loss components AED (Unaudited)	Loss components AED (Unaudited)	LIC for contracts not measured under PAA AED (Unaudited)	Present value of future cash flows AED (Unaudited)	Risk adjustment for non-fin-risk AED (Unaudited)	
Opening takaful contract assets	-	-	-	-	-	-
Opening takaful contract liabilities	362,012,615	38,193	30,911,988	138,815,361	10,616,086	542,394,243
Net balance at 1 January 2022	362,012,615	38,193	30,911,988	138,815,361	10,616,086	542,394,243
Takaful revenue	(448,189,566)	-	-	-	-	(448,189,566)
Takaful service expenses						
Incurred benefits and expenses	-	-	49,981,970	241,795,676	7,527,434	299,305,080
Changes that relate to past service – adjustments to LIC	-	-	(45,146,033)	1,077,016	(12,939,196)	(57,008,213)
Losses on onerous contracts and reversal of those losses	-	20,640,707	-	-	-	20,640,707
Amortisation of takaful acquisition cash flows	110,102,770	-	-	-	-	110,102,770
Takaful service expenses	110,102,770	20,640,707	4,835,937	242,872,692	(5,411,762)	373,040,344
Takaful finance income through profit and loss	(19,636,554)	(5,034)	(565,944)	(4,287,450)	-	(24,494,982)
Total changes in statement of profit and loss	(357,723,350)	20,635,673	4,269,993	238,585,242	(5,411,762)	(99,644,204)
Cash flows						
Contributions received	405,556,077	-	-	-	-	405,556,077
Claims paid	-	-	(2,487,202)	(234,894,331)	-	(237,381,533)
Acquisition cost paid	(117,536,822)	-	-	-	-	(117,536,822)
Total cash flow	288,019,255	-	(2,487,202)	(234,894,331)	-	50,637,722
Net balance at 31 December 2022	292,308,520	20,673,866	32,694,779	142,506,272	5,204,324	493,387,761
Closing takaful contract assets	-	-	-	-	-	-
Closing takaful contract liabilities	292,308,520	20,673,866	32,694,779	142,506,272	5,204,324	493,387,761
Net closing balance 31 December 2022	292,308,520	20,673,866	32,694,779	142,506,272	5,204,324	493,387,761

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

12 Takaful contract assets and liabilities (continued)

Reconciliation of measurement component of takaful contract balances not measured under the PAA

	Present value of future cash flows AED (Unaudited)	Risk adjustment for non-fin- risk AED (Unaudited)	CSM AED (Unaudited)	Total AED (Unaudited)
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	174,309,612	9,881,041	34,470,337	218,660,990
Net balance at 1 January 2023	174,309,612	9,881,041	34,470,337	218,660,990
Changes related to current services				
CSM recognized in profit and loss	-	-	(9,037,284)	(9,037,284)
Risk adjustment recognized in profit and loss	-	(716,530)	-	(716,530)
Experience adjustments	4,128,189	301,089	-	4,429,278
	4,128,189	(415,441)	(9,037,284)	(5,324,536)
Changes related to future services				
Contracts initially recognized in the period	(3,041,820)	49,037	2,992,783	-
Changes in estimates that adjust CSM	(1,289,225)	(385,776)	1,675,001	-
Changes in estimates that result in onerous contracts or reversal of losses	704	14,533	-	15,237
	(4,330,341)	(322,206)	4,667,784	15,237
Changes that relate to past service				
Changes that relate to past service - adjustments to LIC	(11,900,198)	(341,409)	-	(12,241,607)
Takaful Service result	(12,102,350)	(1,079,056)	(4,369,500)	(17,550,906)
Takaful finance expenses through profit and loss	4,156,236	-	931,118	5,087,354
Total changes in statement of profit and loss	(7,946,114)	(1,079,056)	(3,438,382)	(12,463,552)
Cash flows				
Contribution received	(7,711,367)	-	-	(7,711,367)
Claims paid	(6,001,995)	-	-	(6,001,995)
Acquisition cost paid	(2,351,327)	-	-	(2,351,327)
Total cash flow	(16,064,689)	-	-	(16,064,689)
Net balance at 30 September 2023	150,298,809	8,801,985	31,031,955	190,132,749
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	150,298,809	8,801,985	31,031,955	190,132,749
Net closing balance 30 September 2023	150,298,809	8,801,985	31,031,955	190,132,749

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

12 Takaful contract assets and liabilities (continued)

Reconciliation of measurement component of takaful contract balances not measured under the PAA

	Present value of future cash flows AED (Unaudited)	Risk adjustment for non-fin- risk AED (Unaudited)	CSM AED (Unaudited)	Total AED (Unaudited)
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	227,189,750	11,485,642	48,094,462	286,769,854
Net balance at 1 January 2022	227,189,750	11,485,642	48,094,462	286,769,854
Changes related to current services				
CSM recognized in profit and loss	-	-	(10,258,022)	(10,258,022)
Risk adjustment recognized in profit and loss	-	(1,055,425)	-	(1,055,425)
Experience adjustments	34,288,997	157,324	-	34,446,321
	34,288,997	(898,101)	(10,258,022)	23,132,874
Changes related to future services				
Contracts initially recognized in the period	(3,286,123)	183,960	3,102,163	-
Changes in estimates that adjust CSM	8,855,044	(786,738)	(8,068,306)	-
Changes in estimates that result in onerous contracts or reversal of losses	126,542	(74,422)	-	52,120
	5,695,463	(677,200)	(4,966,143)	52,120
Changes that relate to past service				
Changes that relate to past service - adjustments to LIC	(45,116,734)	(29,300)	-	(45,146,034)
Takaful Service result	(5,132,274)	(1,604,601)	(15,224,165)	(21,961,040)
Takaful finance (income)/expenses through profit and loss	(21,807,573)	-	1,600,040	(20,207,533)
Total changes in statement of profit and loss	(26,939,847)	(1,604,601)	(13,624,125)	(42,168,573)
Cash flows				
Contribution received	(20,673,010)	-	-	(20,673,010)
Claims paid	(2,487,202)	-	-	(2,487,202)
Acquisition cost paid	(2,780,079)	-	-	(2,780,079)
Total cash flow	(25,940,291)	-	-	(25,940,291)
Net balance at 31 December 2022	174,309,612	9,881,041	34,470,337	218,660,990
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	174,309,612	9,881,041	34,470,337	218,660,990
Net closing balance 31 December 2022	174,309,612	9,881,041	34,470,337	218,660,990

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

13 Re-takaful contracts assets and liabilities

Reconciliation of changes in re-takaful contracts held by remaining coverage and incurred claims

	Remaining coverage excluding loss-recovery component AED (Unaudited)	Remaining coverage loss-recovery component AED (Unaudited)	Incurred claims for contracts not measured under PAA AED (Unaudited)	Incurred claims for contract under PAA Present value of future cash flows AED (Unaudited)	Risk adjustment for non-fin-risk AED (Unaudited)	Total AED (Unaudited)
Opening re-takaful contract assets	212,884,936	4,412,863	31,303,276	95,780,779	4,036,453	348,418,307
Opening re-takaful contract liabilities	(243,832,738)	-	-	-	-	(243,832,738)
Net balance at 1 January 2023	(30,947,802)	4,412,863	31,303,276	95,780,779	4,036,453	104,585,569
Net income or expense from re-takaful contracts held						
Allocation of re-takaful contribution	(271,162,687)	-	-	-	-	(271,162,687)
Amounts recoverable for claims and other expenses	-	-	15,319,677	86,507,359	8,486,808	110,313,844
Changes that relate to past service – adjustments to AIC	-	-	(10,939,501)	51,018,071	(2,026,573)	38,051,997
Changes in loss recovery component	-	7,803,961	-	-	-	7,803,961
Net (expense)/Amounts recovered from re-takaful contracts held	(271,162,687)	7,803,961	4,380,176	137,525,430	6,460,235	(114,992,885)
Re-takaful finance income through profit and loss	3,631,670	-	846,462	1,863,639	-	6,341,771
Total changes in statement of profit and loss	(267,531,017)	7,803,961	5,226,638	139,389,069	6,460,235	(108,651,114)
Cash flows						
Contributions paid to re-takaful net of commission	201,695,486	-	-	-	-	201,695,486
Recoveries from re-takaful	-	-	(5,851,944)	(84,689,714)	-	(90,541,658)
Total cash flow	201,695,486	-	(5,851,944)	(84,689,714)	-	111,153,828
Net balance at 30 September 2023	(96,783,333)	12,216,824	30,677,970	150,480,134	10,496,688	107,088,283
Closing re-takaful contract assets	146,136,968	12,216,824	30,677,970	150,480,134	10,496,688	350,008,584
Closing re-takaful contract liabilities	(242,920,301)	-	-	-	-	(242,920,301)
Net closing balance 30 September 2023	(96,783,333)	12,216,824	30,677,970	150,480,134	10,496,688	107,088,283

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

13 Re-takaful contracts assets and liabilities (continued)

**Reconciliation of changes in re-takaful contracts held by remaining coverage and incurred claims
(continued)**

	Remaining coverage excluding loss-recovery component AED (Unaudited)	Remaining coverage loss- recovery component AED (Unaudited)	Incurred claims for contracts not measured under PAA AED (Unaudited)	Incurred claims for contract under PAA Present value of future cash flows AED (Unaudited)	Risk adjustment for non-fin- risk AED (Unaudited)	Total AED (Unaudited)
Opening re-takaful contract assets	211,851,694	-	29,492,779	90,567,537	8,142,522	340,054,532
Opening re-takaful contract liabilities	(188,271,233)	-	-	-	-	(188,271,233)
Net balance at 1 January 2022	23,580,461	-	29,492,779	90,567,537	8,142,522	151,783,299
Net income or expense from re-takaful contracts held						
Allocation of re-takaful contribution	(273,284,237)	-	-	-	-	(273,284,237)
Amounts recoverable for claims and other expenses	-	-	21,539,883	76,788,582	4,681,342	103,009,807
Changes that relate to past service – adjustments to AIC	-	-	(16,767,124)	92,478,172	(8,787,411)	66,923,637
Changes in loss recovery component	-	4,412,863	-	-	-	4,412,863
Net (expense)/Amounts recovered from re-takaful contracts held	(273,284,237)	4,412,863	4,772,759	169,266,754	(4,106,069)	(98,937,930)
Re-takaful finance expense through profit and loss	(18,147,257)	-	(542,602)	(3,395,887)	-	(22,085,746)
Total changes in statement of profit and loss	(291,431,494)	4,412,863	4,230,157	165,870,867	(4,106,069)	(121,023,676)
Cash flows						
Contributions paid to re-takaful net of commission	236,903,231	-	-	-	-	236,903,231
Recoveries from re-takaful	-	-	(2,419,660)	(160,657,625)	-	(163,077,285)
Total cash flow	236,903,231	-	(2,419,660)	(160,657,625)	-	73,825,946
Net balance at 31 December 2022	(30,947,802)	4,412,863	31,303,276	95,780,779	4,036,453	104,585,569
Closing re-takaful contract assets	212,884,936	4,412,863	31,303,276	95,780,779	4,036,453	348,418,307
Closing re-takaful contract liabilities	(243,832,738)	-	-	-	-	(243,832,738)
Net closing balance 31 December 2022	(30,947,802)	4,412,863	31,303,276	95,780,779	4,036,453	104,585,569

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

13 Re-takaful contracts assets and liabilities (continued)

Reconciliation of measurement component of re-takaful contract balances not measured under the PAA

	Present value of future cash flows AED (Unaudited)	Risk adjustment for non-fin- risk AED (Unaudited)	CSM AED (Unaudited)	Total AED (Unaudited)
Opening re-takaful contract assets	154,344,729	8,075,935	21,665,582	184,086,247
Opening re-takaful contract liabilities	(164,664,949)	-	-	(164,664,949)
Net balance at 1 January 2023	(10,320,220)	8,075,935	21,665,582	19,421,298
Changes related to current services				
CSM recognized in profit and loss	-	-	(4,611,631)	(4,611,631)
Risk adjustment recognized in profit and loss	-	(763,779)	-	(763,779)
Experience adjustments	5,413,338	290,923	-	5,704,261
	5,413,338	(472,856)	(4,611,631)	328,851
Changes related to future services				
Contracts initially recognized in the period	(2,269,881)	224,918	2,044,963	-
Changes in estimates that adjust CSM	(4,046,870)	(1,225,220)	5,272,090	-
	(6,316,751)	(1,000,302)	7,317,053	-
Changes that relate to past service				
Changes that relate to past service - adjustments to AIC	(10,619,596)	(319,904)	-	(10,939,500)
Takaful Service result				
Takaful finance income through profit and loss	4,062,133	-	415,999	4,478,132
Total changes in statement of profit and loss	(7,460,876)	(1,793,062)	3,121,421	(6,132,517)
Cash flows				
Contributions paid to re-takaful net of commission	17,157,390	-	-	17,157,390
Recoveries from re-takaful	(5,851,945)	-	-	(5,851,945)
Total cash flows	11,305,445	-	-	11,305,445
Net closing balance 30 September 2023	(6,475,651)	6,282,874	24,787,003	24,594,226
Closing re-takaful contract assets	138,082,800	6,282,874	24,787,003	169,152,677
Closing re-takaful contract liabilities	(144,558,451)	-	-	(144,558,451)
Net closing balance 30 September 2023	(6,475,651)	6,282,874	24,787,003	24,594,226

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

13 Re-takaful contracts assets and liabilities (continued)

Reconciliation of measurement component of re-takaful contract balances not measured under the PAA (continued)

	Present value of future cash flows AED (Unaudited)	Risk adjustment for non-fin- risk AED (Unaudited)	CSM AED (Unaudited)	Total AED (Unaudited)
Opening re-takaful contract assets	201,753,496	10,152,604	12,763,273	224,669,373
Opening re-takaful contract liabilities	(187,927,025)	-	-	(187,927,025)
Net balance at 1 January 2022	13,826,471	10,152,604	12,763,273	36,742,348
Changes related to current services				
CSM recognized in profit and loss	-	-	(3,654,198)	(3,654,198)
Risk adjustment recognized in profit and loss	-	(1,197,095)	-	(1,197,095)
Experience adjustments	11,908,840	151,394	-	12,060,234
	11,908,840	(1,045,701)	(3,654,198)	7,208,941
Changes related to future services				
Contracts initially recognized in the period	(4,854,008)	169,800	4,684,208	-
Changes in estimates that adjust CSM	(6,460,884)	(1,176,401)	7,637,285	-
	(11,314,892)	(1,006,601)	12,321,493	-
Changes that relate to past service				
Changes that relate to past service - adjustments to LIC	(16,742,756)	(24,367)	-	(16,767,123)
Takaful service result	(16,148,808)	(2,076,669)	9,298,023	(8,927,454)
Takaful finance expenses through profit and loss	(18,924,873)	-	235,014	(18,689,859)
Total changes in statement of profit and loss	(35,073,681)	(2,076,669)	9,533,037	(27,617,313)
Cash flows				
Contributions paid to re-takaful net of commission	13,346,650	-	-	13,346,650
Recoveries from re-takaful	(2,419,660)	-	-	(2,419,660)
Total cash flows	10,926,990	-	-	10,926,990
Net closing balance 31 December 2022	(10,320,220)	8,075,935	21,665,582	20,052,026
Closing re-takaful contract assets	154,344,729	8,075,935	21,665,582	184,086,247
Closing re-takaful contract liabilities	(164,664,949)	-	-	(164,664,949)
Net closing balance 31 December 2022	(10,320,220)	8,075,935	21,665,582	19,421,298

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

16 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 30 September		9 months ended 30 September	
	2023 (unaudited)	2022 (unaudited) <i>(restated)</i>	2023 (unaudited)	2022 (unaudited) <i>(restated)</i>
Profit for the period (AED)	27,620,264	14,796,628	57,483,485	57,164,752
Weighted average number of shares outstanding at 1 January	105,000,000	100,000,000	105,000,000	100,000,000
Effect of bonus shares issued in 2022	-	5,000,000	-	5,000,000
Weighted average number of shares at	105,000,000	105,000,000	105,000,000	105,000,000
Basic and diluted earnings per share (AED)	0.26	0.14	0.55	0.54

The weighted average number of ordinary shares in issue throughout the period ended 30 September 2022 has been adjusted to reflect the bonus shares issued during the period ended 30 September 2022. Correspondingly the EPS for the period ended 30 September 2022 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.

17 Takaful revenue

The following table presents an analysis of takaful revenue recognised in the period:

	3 months ended 30 September		9 months ended 30 September	
	2023 AED (unaudited)	2022 AED (unaudited) <i>(restated)</i>	2023 AED (unaudited)	2022 AED (unaudited) <i>(restated)</i>
Amounts relating to changes in LFRC				
Expected benefits incurred	4,132,051	3,879,842	11,290,214	11,862,651
Change in the risk adjustment	220,865	(831,370)	716,335	1,060,317
CSM recognized	3,897,715	(3,582,060)	9,037,284	8,265,345
Recovery of acquisition cash flows	752,030	(248,790)	1,535,718	387,620
Contracts not measured under PAA	9,002,661	(782,378)	22,579,551	21,575,933
Contracts measured under PAA	182,663,086	102,826,463	457,648,416	308,362,605
Total takaful revenue	191,665,747	102,044,085	480,227,967	329,938,538

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

18 Segment information (continued)

Segment revenue and results (continued)

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the period (30 September 2022: 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 2022, except for adoption of new and amended standards as set out in note 2.

Segment assets and liabilities

	As at 30 September 2023 (unaudited)			As at 31 December 2022 (Unaudited) (restated)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	385,465,181	938,782,146	1,324,247,327	406,099,575	794,127,007	1,200,226,582
Unallocated assets	-	-	65,582,784	-	-	63,543,650
Total assets	385,465,181	938,782,146	1,389,830,111	406,099,575	794,127,007	1,263,770,232
Segment liabilities	927,171,415	-	927,171,415	832,813,715	-	832,813,715
Unallocated liabilities	-	-	16,699,101	-	-	14,185,342
Total liabilities	927,171,415	-	943,870,516	832,813,715	-	846,999,057
Capital expenditure			570,093			1,760,896

19 Seasonality of results

No income of seasonal nature was recorded in the income statement for the nine-month period ended 30 September 2023 and 2022.

20 Profit for the period

The Company's combined net profit for the period for policyholder and shareholder, before Qard Hasan provision is AED 57,483,485 (30 September 2022: AED 35,682,132).

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

21 Contingent liabilities and commitments

	30 September 2023 (unaudited) AED	31 December 2022 (unaudited) AED
Bank guarantees	-	500,000
	<u> </u>	<u> </u>

Bank guarantees were issued in the normal course of business.

22 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>30 September 2023 (unaudited)</u>				
Investment properties	-	-	42,890,600	42,890,600
Investment in commodities	-	9,276,054	-	9,276,054
Financial assets measured at fair value through other comprehensive income	171,055,916	-	191,882,462	362,938,378
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>171,055,916</u>	<u>9,276,054</u>	<u>234,773,062</u>	<u>415,105,032</u>
<u>31 December 2022 (unaudited)</u>				
Investment properties	-	-	17,850,000	17,850,000
Financial assets measured at fair value through other comprehensive income	120,821,159	-	195,059,097	315,880,256
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>120,821,159</u>	<u>-</u>	<u>212,909,097</u>	<u>333,730,256</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.

23 Solvency margin

Section 2 of the Financial Regulations for Takaful Companies (the “Regulations”) issued by the Central Bank of UAE identifies the required solvency margin to be held in addition to takaful liabilities. The solvency margin must be maintained at all times throughout the year. The Company is subject to the Regulations which has been complied with during the period. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations.

**Notes to the interim financial information
for the nine-month period ended 30 September 2023 (continued)**

23 Solvency margin (continued)

	30 September 2023 (Unaudited) AED
Minimum Capital Requirement (MCR)	100,000,000
Solvency Capital Requirement (SCR)	123,252,770
Minimum Guarantee Fund (MGF)	58,356,495
Basic Own Funds	374,428,143
Ancillary Own Funds	-
MCR Solvency Margin – Surplus	274,428,143
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SCR Solvency Margin – Surplus	251,175,373
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MGF Solvency Margin – Surplus	316,071,648
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24 Acquisition of individual life takaful portfolio

On 27 October 2022, the Company reached an initial agreement to acquire the individual life takaful portfolio from Dubai Islamic Insurance & Reinsurance Company PJSC, subject to obtaining regulatory approval of the Central Bank of United Arab Emirates.

On 29 May 2023, Central Bank of the United Arab Emirates has issued the initial approval for the above acquisition. In accordance with the requirements of the Central Bank of the United Arab Emirates, Dubai Islamic Insurance & Reinsurance Company PJSC will notify the policyholders by publishing in two widely circulated local newspapers issued in Arabic language and a local daily newspaper published in English language for two consecutive times.

On 20 July 2023, Central Bank of United Arab Emirates has issued its final approval to transfer the Individual Life Takaful Insurance portfolio from Dubai Islamic Insurance & Reinsurance Company PJSC to Abu Dhabi National Takaful Company PSC. It is expected that the transfer procedures will be completed during the fourth quarter of this year.

25 Approval of condensed interim financial information and responsibility statement

The condensed interim financial information of the Company for the period ended 30 September 2023 has been authorised for issue in accordance with a resolution of the Board of Directors on 8 November 2023.