

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

**Review report and interim
financial information for the
nine-month period ended
30 September 2022**

ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.

**Review report and interim financial information
for the nine-month period ended 30 September 2022**

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

Introduction

We have reviewed the accompanying condensed statement of financial position of Abu Dhabi National Takaful Company P.S.C. (the “Company”) as of 30 September 2022, 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 and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, “*Interim Financial Reporting*” (“IAS 34”). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
10 November 2022
Abu Dhabi
United Arab Emirates

**Condensed statement of financial position
as at 30 September 2022**

	Notes	30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
ASSETS			
Takaful operations assets			
Financial assets measured at fair value	6	13,067,117	13,352,921
Re-takaful share of unearned contributions	10	254,967,129	274,002,126
Prepaid expenses and other assets		29,439,026	20,736,311
Re-takaful share of outstanding claims	10	115,131,588	127,776,349
Contributions and re-takaful balances receivables	11	47,882,073	18,379,044
Term deposits	4	301,382,204	318,095,203
Cash and bank balances	4	48,254,551	59,953,280
		<hr/>	<hr/>
Total takaful operations assets		810,123,688	832,295,234
		<hr/>	<hr/>
Shareholders' assets			
Property and equipment		21,992,058	22,440,515
Statutory deposit	5	10,000,000	10,000,000
Financial assets at fair value	6	327,163,008	362,770,698
Investments properties	8	16,815,000	16,815,000
Deferred policy acquisition costs		12,365,722	7,445,788
Prepaid expenses and other assets		12,438,094	13,034,499
Term deposits	4	94,014,546	60,148,778
Cash and bank balances	4	7,251,768	32,893,283
		<hr/>	<hr/>
Total shareholders' assets		502,040,196	525,548,561
		<hr/>	<hr/>
TOTAL ASSETS		1,312,163,884	1,357,843,795
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY			
Takaful operations liabilities			
Takaful payables		25,125,293	11,300,119
Outstanding claims	10	157,813,512	164,079,350
Unearned contributions	10	344,398,858	353,999,279
Re-takaful payables		254,087,570	279,732,447
Accrued expenses and other liabilities		3,465,226	5,953,230
Unearned re-takaful commission income		11,199,395	6,762,953
		<hr/>	<hr/>
Total takaful operations liabilities		796,089,854	821,827,378
		<hr/>	<hr/>

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

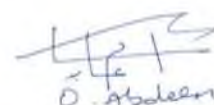
**Condensed statement of financial position
as at 30 September 2022 (continued)**

	Notes	30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
Shareholders' liabilities			
Accrued expenses and other liabilities		981,452	9,377,066
Provision for end of service benefits		12,095,535	10,856,237
Total shareholders' liabilities		13,076,987	20,233,303
Total liabilities		809,166,841	842,060,681
Policyholders' fund			
Deficit of life policyholders takaful fund	12	(12,541,445)	(4,322,044)
Deficit of general policyholders takaful fund	12	(24,821,581)	(5,482,687)
Loan from shareholders	12	37,363,026	9,804,731
Investment revaluation reserve	12	(1,490,383)	(234,958)
Total Policyholders' fund		(1,490,383)	(234,958)
Shareholders' equity			
Share capital		105,000,000	100,000,000
Legal reserve		50,000,000	50,000,000
General reserve		42,500,000	42,500,000
Re-takaful default reserve		3,848,642	3,848,642
Investment revaluation reserve		(8,198,599)	7,318,068
Retained earnings		311,337,383	312,351,362
Total shareholders' equity		504,487,426	516,018,072
TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY		1,312,163,884	1,357,843,795

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



Khamis Buharoon
Chairman of the Board of Directors



Osama Abdeen
Chief Executive Officer

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

**Condensed statement of profit or loss
for the nine-month period ended 30 September 2022 (unaudited)**

	Notes	3 month ended 30 September		9 month ended 30 September	
		2022 AED	2021 AED	2022 AED	2021 AED
Attributable to policyholders					
Gross contributions written		52,910,693	86,336,995	260,802,376	255,148,288
Retakaful contributions accepted		19,396,140	11,516,321	52,497,207	46,966,800
Retakaful contributions ceded		(45,648,068)	(60,772,192)	(204,128,957)	(222,991,123)
Net written contributions		26,658,765	37,081,124	109,170,626	79,123,965
Change in net unearned contribution provision		6,489,561	(8,200,358)	(9,434,576)	8,524,605
Net earned contributions		33,148,326	28,880,766	99,736,050	87,648,570
Commissions earned		6,087,430	4,759,697	16,114,683	16,421,833
Gross takaful income		39,235,756	33,640,463	115,850,733	104,070,403
Gross claims paid		(57,935,281)	(49,052,509)	(191,042,185)	(168,324,386)
Retakaful share of accepted claims paid		(1,350,001)	(1,111,688)	(3,520,248)	(6,706,711)
Retakaful share of ceded claims paid		41,410,419	34,391,775	139,765,076	126,984,807
Net paid claims		(17,874,863)	(15,772,422)	(54,797,357)	(48,046,290)
Change in outstanding claim		3,988,943	(4,211,047)	5,012,158	12,735,811
Change in retakaful share of outstanding claims		(6,742,878)	3,642,429	(10,095,395)	(13,094,851)
Change in incurred but not reported claims reserve		(3,599,111)	(180,725)	1,137,247	(1,926,930)
Change in retakaful share of incurred but not reported claims reserve		2,746,013	227,486	(2,549,366)	2,663,543
Change in unallocated loss adjustment expense		(496,417)	(1,054,225)	(2,197,407)	(1,292,886)
Net claims incurred		(21,978,313)	(17,348,504)	(63,490,120)	(48,961,603)
Takaful income		17,257,443	16,291,959	52,360,613	55,108,800
Other (loss) / income		(266,155)	(228,231)	464,690	2,255,204
Takaful operating profit		16,991,288	16,063,728	52,825,303	57,364,004
Policyholders' investment income		2,246,250	2,343,303	6,240,137	7,641,252
Mudareb share	13	(786,186)	(820,158)	(2,184,048)	(2,674,439)
Wakalah fees	13	(37,926,571)	(21,218,248)	(84,439,687)	(78,794,685)
Deficit of takaful result for the period		(19,475,219)	(3,631,375)	(27,558,295)	(16,463,868)
Attributable to shareholders					
Shareholders' investment and other income, net		7,214,531	8,512,069	16,623,733	27,256,406
Mudareb share from policyholders		786,186	820,158	2,184,048	2,674,439
Wakalah fees from policyholders		37,926,571	21,218,248	84,439,687	78,794,685
Takaful expense		(8,290,604)	(6,113,017)	(20,789,099)	(18,508,184)
General and administrative expenses		(13,936,730)	(9,927,046)	(37,338,482)	(31,147,308)
Increase in provision of loan from shareholders	12	(19,475,219)	(3,003,085)	(27,558,295)	2,178,183
Profit for the period	17	4,224,735	11,507,327	17,561,592	61,248,221
Basic and diluted earnings per share	14	0.04	0.12	0.17	0.58

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 2022 (unaudited)**

	<u>3 month ended 30 September</u>		<u>9 month ended 30 September</u>	
	<u>2022</u> <u>AED</u>	<u>2021</u> <u>AED</u>	<u>2022</u> <u>AED</u>	<u>2021</u> <u>AED</u>
Profit for the period	4,224,735	11,507,327	17,561,592	61,248,221
Other comprehensive income:				
<i><u>Items that will not be reclassified subsequently to profit or loss:</u></i>				
Change in fair value of equity investments measured at fair value through other comprehensive income	5,940,640	801,157	(1,678,623)	12,791,991
<i><u>Items that may be reclassified subsequently to profit or loss:</u></i>				
Change in fair value of sukuk investments measured at fair value through other comprehensive income	(619,128)	(269,707)	(2,413,615)	(289,554)
Total other comprehensive (loss) / income for the period	5,321,512	531,450	(4,092,238)	12,502,437
Total comprehensive income for the period	9,546,247	12,038,777	13,469,354	73,750,658

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 2022**

	Share capital AED	Legal reserve AED	General reserve AED	Re-takaful default reserve	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2022 (audited)	100,000,000	50,000,000	42,500,000	3,848,642	7,318,068	312,351,362	516,018,072
Profit for the period	-	-	-	-	-	17,561,592	17,561,592
Other comprehensive loss for the period	-	-	-	-	(4,092,238)	-	(4,092,238)
Total comprehensive (loss)/income for the period	-	-	-	-	(4,092,238)	17,561,592	13,469,354
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 9)	-	-	-	-	-	(25,000,000)	(25,000,000)
Balance at 30 September 2022 (unaudited)	105,000,000	50,000,000	42,500,000	3,848,642	(8,198,599)	311,337,383	504,487,426
Balance at 1 January 2021 (audited)	100,000,000	50,000,000	42,500,000	2,511,787	15,010,837	229,285,376	439,308,000
Profit for the period	-	-	-	-	-	61,248,221	61,248,221
Other comprehensive income for the period	-	-	-	-	12,502,437	-	12,502,437
Total comprehensive income for the period	-	-	-	-	12,502,437	61,248,221	73,750,658
Gain on disposal of financial assets classified at fair value through other comprehensive income	-	-	-	-	(8,448,587)	8,448,587	-
Zakat (note 18)	-	-	-	-	-	5,320,778	5,320,778
Dividends paid (note 9)	-	-	-	-	-	(20,000,000)	(20,000,000)
Balance at 30 September 2021 (unaudited)	100,000,000	50,000,000	42,500,000	2,511,787	19,064,687	284,302,962	498,379,436

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 2022 (unaudited)**

	9 month ended 30 September	
	2022	2021
	AED	AED
OPERATING ACTIVITIES		
Profit for the period	17,561,592	61,248,221
Adjustments for:		
Depreciation of property and equipment	1,404,698	1,171,522
Movement of unearned contributions, net	9,434,576	(8,524,604)
Investment and other income	(22,865,216)	(34,897,638)
Net movement in provision for end of service benefits	1,239,298	400,866
Movement in provision for doubtful debts	156,239	(1,026,000)
Movement in provision of loan from shareholders	27,558,295	(2,178,183)
Increase in fair value of investment property	-	(2,224,000)
Deficit of life policy holders takaful fund	-	(18,642,051)
Loss on disposal of property and equipment	(1,346)	20
Operating profit before movements in working capital:	34,488,136	(4,671,847)
(Increase)/decrease in prepaid and other assets	(8,106,310)	7,696,400
Increase in contributions and re-takaful balances receivables	(29,659,268)	(12,035,664)
(Increase)/decrease in deferred policy acquisition costs	(4,919,934)	9,532,829
Increase/(decrease) in outstanding claims, net	6,378,923	(477,088)
(Increase)/decrease in provision of loan from shareholders	(27,558,295)	2,178,183
Increase/(decrease) in takaful payables	13,825,174	(1,020,658)
Decrease in retakaful payables	(25,644,877)	(16,376,193)
Decrease in accrued expenses and other liabilities	(5,351,623)	(9,869,466)
Increase in unearned retakaful commission income	4,436,442	2,610,896
Directors' remuneration paid	(5,531,995)	(4,867,668)
Net cash used in operating activities	(47,643,627)	(27,300,276)
INVESTING ACTIVITIES		
Net movement in investments	30,545,831	14,832,950
Proceeds from sale of property and equipment	1,848	-
Purchase of property and equipment	(956,743)	(6,450,815)
Investment and other income received	22,865,216	34,897,638
Movement in term deposits	(24,451,097)	(21,750,002)
Net cash generated from investing activities	28,005,055	21,529,771
FINANCING ACTIVITY		
Dividends paid	(25,000,000)	(20,000,000)
Net cash used in financing activity	(25,000,000)	(20,000,000)
Decrease in cash and cash equivalents	(44,638,572)	(25,770,505)
Cash and cash equivalents at the beginning of the period	100,144,891	112,107,465
Cash and cash equivalents at the end of the period	55,506,319	86,336,960
Non-cash transaction		
Redemption of units in kind (note 6)	67,082,090	-

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 2022

1 Corporate information

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

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

Federal Decree Law No. (24) of 2020 which amends certain provisions of the U.A.E Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organisation of its Operations, as amended, was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the Central Bank of the United Arab Emirates (“CBUAE”).

The Company, holding trade license no. CN-1002130, carries out takaful and retakaful activities of all classes in accordance with the provisions of the UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations. The Company is domiciled and operates in the UAE and its registered address is P.O. Box 35335, Abu Dhabi, UAE.

2 Basis of preparation and accounting policies

Basis of preparation

The interim financial information for the nine-month period ended 30 September 2022 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

The interim financial information does not contain all information and disclosures required in the annual financial statements prepared in accordance with the International Financial Reporting Standards and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2021. In addition, results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

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

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

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

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

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)****2 Basis of preparation and accounting policies (continued)****2.1 New and revised IFRSs applied with no material effect on the financial statements (continued)**

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework.
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract.
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) (effective from 1 April 2022).

2.2 New and revised IFRS in issue but not yet effective

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

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

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

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

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

3 Critical accounting judgments and key sources of estimation uncertainty

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

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

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

4 Cash and cash equivalents

	30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
Cash and bank balances - Takaful operations assets	48,254,551	59,953,280
Cash and bank balances - Shareholders' assets	7,251,768	32,893,283
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Total Cash and bank balances	55,506,319	92,846,563
	<hr/> <hr/>	<hr/> <hr/>
Term deposits - Takaful operations assets	301,382,204	318,095,203
Term deposits - Shareholders' assets	94,014,546	60,148,778
	<hr/>	<hr/>
Total Term deposits	395,396,750	378,243,981
	<hr/> <hr/>	<hr/> <hr/>
Cash and bank balances including term deposits	450,903,069	471,090,544
Less: term deposits with original maturity of more than three months	(395,396,750)	(370,945,653)
	<hr/>	<hr/>
Cash and cash equivalents	55,506,319	100,144,891
	<hr/> <hr/>	<hr/> <hr/>
Takaful operations assets	48,254,551	67,251,608
Shareholders' assets	7,251,768	32,893,283
	<hr/>	<hr/>
Cash and cash equivalents	55,506,319	100,144,891
	<hr/> <hr/>	<hr/> <hr/>

Term deposits represent deposits held with Islamic financial institutions in the UAE, are denominated in UAE dirhams and carry profit at the prevailing market rates ranging from 1.20% to 5% per annum (31 December 2021: 0.75% to 4.5% per annum).

5 Statutory deposit

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

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

6 Investments

		30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
Takaful operations assets			
Financial assets measured at fair value through other comprehensive income	6(b)	13,067,117	13,352,921
		<u>13,067,117</u>	<u>13,352,921</u>
Shareholders' assets			
Financial assets measured at fair value through profit or loss	6(a)	-	135,765,710
Financial assets measured at fair value through other comprehensive income	6(b)	327,163,008	227,004,988
		<u>327,163,008</u>	<u>362,770,698</u>

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

		30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
<u>Shareholders assets</u>			
Unquoted securities			
- Real estate funds (i)		-	135,765,710
		<u>-</u>	<u>135,765,710</u>
<i>Total securities for shareholder's asset</i>		-	135,765,710
		<u>-</u>	<u>135,765,710</u>
Total fair value through profit and loss securities		-	135,765,710
		<u>-</u>	<u>135,765,710</u>

- (i) On 29 September 2022, the Company redeemed 100% units in real estate funds against consideration in kind which comprise of equity shares of underlying investments of the Funds.

The geographical concentration of investments is as follows:

		30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
Within UAE		-	-
Outside UAE		-	135,765,710
		<u>-</u>	<u>135,765,710</u>
		<u>-</u>	<u>135,765,710</u>

Notes to the financial statements
for the nine-month period ended 30 September 2022 (continued)

6 Investments (continued)

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

	30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
<u>Takaful operations assets</u>		
Quoted securities		
- <i>Sukuks</i>	13,067,117	13,352,921
<u>Shareholders' assets</u>		
Quoted securities		
- <i>Equity securities</i>	93,389,920	78,976,074
- <i>Sukuks</i>	31,626,266	32,425,158
Total quoted securities for shareholders assets	125,016,186	111,401,232
Unquoted securities		
- <i>Unlisted equities</i>	202,146,822	115,603,756
Total unquoted securities for shareholders assets	202,146,822	115,603,756
Total quoted and unquoted securities for shareholders assets	327,163,008	227,004,988
	30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
Quoted securities	138,083,303	124,754,153
Unquoted securities	202,146,822	115,603,756
Total Takaful operation and shareholders investments at fair value	340,230,125	240,357,909

**Notes to the financial statements
for the nine-month period ended 30 September 2022 (continued)**

6 Investments (continued)

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

The geographical concentration of investments is as follows:

	30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
Within UAE	103,654,439	69,248,063
Outside UAE	236,575,686	171,109,846
	340,230,125	240,357,909
	340,230,125	376,123,619

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

7 Related parties

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

	Shareholders AED	Directors and their related parties AED	Key management personnel AED	Total AED
Balances as at 30 September 2022 (unaudited)				
Statutory deposit (note 5)	10,000,000	-	-	10,000,000
Due from related parties	1,205	1,187,785	-	1,188,990
Due to a related party	4,465,354	-	-	4,465,354
Transactions for the nine-month period ended 30 September 2022 (unaudited)				
Gross contributions written	14,426,813	19,979,680	-	34,406,493
Takaful expense	1,122,028	-	-	1,122,028
Director's fee	-	239,751	-	239,751
Short-term benefits	-	-	3,190,394	3,190,394
Long-term benefits	-	-	447,198	447,198

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

7 Related parties (continued)

	Shareholders AED	Directors and their related parties AED	Key management personnel AED	Total AED
Balances as at 31 December 2021 (audited)				
Statutory deposit (note 5)	10,000,000	-	-	10,000,000
Due from related parties	83,005	394,943	-	477,948
Due to a related party	654,630	-	-	654,630
Transactions for the nine-month period ended 30 September 2021 (unaudited)				
Gross contributions written	75,552,340	17,455,069	-	93,007,409
Director's fee	4,479,518	-	-	4,479,518
Short-term benefits	-	-	2,898,874	2,898,874
Long-term benefits	-	-	161,732	161,732

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

Directors' remuneration of AED 5,465,449 pertaining to 31 December 2021 (2020: AED 4,867,668) was paid in March 2022.

8 Investment properties

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

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as Level 3 in the fair value hierarchy as at 30 September 2022 (31 December 2021: Level 3).

9 Dividends

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

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

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

10 Re-takaful contract assets and Takaful contract liabilities

	30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
Gross		
Takaful contract liabilities:		
Reported claims	110,846,579	115,858,737
Claims incurred but not reported	46,280,657	47,417,904
Unallocated loss adjustment expense reserve	686,276	802,709
	<hr/>	<hr/>
Outstanding claims	157,813,512	164,079,350
Unearned contributions reserve	344,398,858	353,999,279
	<hr/>	<hr/>
	502,212,370	518,078,629
	<hr/>	<hr/>
Recoverable from Re-takaful		
Re-takaful contract assets:		
Reported claims	77,872,230	87,967,625
Claims incurred but not reported	37,259,358	39,808,724
	<hr/>	<hr/>
Re-takaful share of outstanding claims	115,131,588	127,776,349
Re-takaful share of unearned contributions	254,967,129	274,002,126
	<hr/>	<hr/>
	370,098,717	401,778,475
	<hr/>	<hr/>
Takaful liabilities – net		
Reported claims	32,974,349	27,891,112
Claims incurred but not reported	9,021,299	7,609,180
Unallocated loss adjustment expense reserve	686,276	802,709
	<hr/>	<hr/>
	42,681,924	36,303,001
	<hr/>	<hr/>
Unearned contributions reserve	89,431,729	79,997,153
	<hr/>	<hr/>
	132,113,653	116,300,154
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

11 Contributions and re-takaful balances receivable

	30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
Due from policyholders	11,513,384	6,406,801
Due from Brokers	29,660,306	13,264,804
Due from insurance and reinsurance companies	10,085,302	1,895,533
Less: Provision for doubtful debts	(3,376,919)	(3,188,094)
	<hr/>	<hr/>
	47,882,073	18,379,044
	<hr/> <hr/>	<hr/> <hr/>

The movement of provision for doubtful debts is as follows:

	30 September 2022 (unaudited) AED	31 December 2021 (audited) AED
Balance at the beginning of period / year	3,188,094	4,414,094
Reversal / (provision) for the period / year	188,825	(1,226,000)
	<hr/>	<hr/>
Balance at the end of period / year	3,376,919	3,188,094
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

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

	Surplus /(deficit) of life policyholders' funds AED	Deficit of general policyholders takaful funds AED	Loan from shareholders AED	Investment revaluation reserve AED	Total AED
At 1 January 2022 (audited)	(4,322,044)	(5,482,687)	9,804,731	(234,958)	(234,958)
Deficit in the reporting period	(8,219,401)	(19,338,894)	-	-	(27,558,295)
Loan received from shareholders for general takaful			19,338,894	-	19,338,894
Loan received from shareholders for family takaful	-	-	8,219,401	-	8,219,401
Change in investment valuation reserve	-	-	-	(1,255,425)	(1,255,425)
At 30 September 2022 (unaudited)	(12,541,445)	(24,821,581)	37,363,026	(1,490,383)	(1,490,383)
Balance at 1 January 2021 (audited)	18,642,051	(5,643,460)	5,643,460	103,558	18,745,609
Surplus/(deficit) in the reporting period	(22,964,095)	160,773	-	-	(22,803,322)
Repayment of loan	-	-	(160,773)	-	(160,773)
Loan received from shareholders for family takaful	-	-	4,322,044	-	4,322,044
Change in investment valuation reserve	-	-	-	(338,516)	(338,516)
At 31 December 2021 (audited)	(4,322,044)	(5,482,687)	9,804,731	(234,958)	(234,958)

13 Mudareb share and wakalah fees

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

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

During the period, the Company changed the wakalah fee percentage on various products which is under allowable limit of the Central Bank of UAE.

	30 September 2022 (%) (unaudited)	30 September 2021 (%) (unaudited)
Motor	35	25
Medical	25	20
Workers Protection	15	12.5
Energy	15	10
Property	20	25
All other takaful classes	20 - 35	25 - 35

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

14 Basic and diluted earnings per share

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

	<u>3 month ended 30 September</u>		<u>9 month ended 30 September</u>	
	<u>2022</u> <u>(unaudited)</u>	2021 (unaudited)	<u>2022</u> <u>(unaudited)</u>	2021 (unaudited)
Profit for the period	4,224,735	11,507,327	17,561,592	61,248,221
Weighted average number of shares outstanding at 1 January	100,000,000	100,000,000	100,000,000	100,000,000
Effect of bonus shares issued in 2022	5,000,000	5,000,000	5,000,000	5,000,000
Weighted average number of shares at 30 September	105,000,000	105,000,000	105,000,000	105,000,000
Basic and diluted earnings per share (AED)	0.04	0.12	0.17	0.58

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 31 March 2022. Correspondingly, the EPS for the period ended 30 September 2021 has been recomputed to incorporate effect of bonus shares.

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

15 Segment information

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

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

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

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

15 Segment information (continued)

Segment revenue and results

	Nine-month ended 30 September 2022 (unaudited)			Nine-month ended 30 September 2021 (unaudited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	339,479,377	22,863,870	362,343,247	313,120,895	34,897,658	348,018,553
Direct costs	(286,654,078)	-	(286,654,078)	(255,756,891)	-	(255,756,891)
Takaful expenses	(20,789,095)	-	(20,789,095)	(18,508,184)	-	(18,508,184)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Segment results	32,036,204	22,863,870	54,900,074	38,855,820	34,897,658	73,753,478
Unallocated costs			(37,338,482)			(12,505,257)
			<hr/>			<hr/>
Profit for the period			17,561,592			61,248,221
			<hr/> <hr/>			<hr/> <hr/>

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the period (30 September 2021: AED Nil).

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

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

15 Segment information (continued)

Segment assets and liabilities

	As at 30 September 2022 (unaudited)			As at 31 December 2021 (audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	507,402,387	752,441,875	1,260,481,964	508,292,898	771,182,600	1,279,475,498
Unallocated assets			51,681,920			78,368,297
			<hr/>			<hr/>
Total assets			1,312,163,884			1,357,843,795
			<hr/>			<hr/>
Segment liabilities	795,660,716	429,138	796,089,854	821,352,657	474,721	821,827,378
Unallocated liabilities			13,076,987			20,166,757
			<hr/>			<hr/>
Total liabilities			809,166,841			842,060,681
			<hr/>			<hr/>
Capital expenditure		956,743	956,743		8,160,673	8,160,673
			<hr/>			<hr/>

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

16 Seasonality of results

No income of seasonal nature was recorded in the income statement for the nine-month period ended 30 September 2022 and 2021.

17 Profit for the period

The Company's net profit for the period (before Qard Hasan) is AED 17.6 million (30 September 2021: AED 42.6 million).

18 Zakat

In 2020, the Company recorded Zakat payable of AED 5,320,778 in accordance with the Cabinet Resolution No. (15/9) of 2020 of Insurance Authority. The Company was required to pay Zakat and transfer 20% of total Zakat amount payable to the Zakat Fund in UAE.

However, in 2021, a resolution No. (50/1) for 2021 of Council of Minister was issued on 24 January 2021 cancelling the Cabinet Resolution No. (15/9) of 2020 which requires the Company to pay Zakat and transfer 20% of total Zakat amount payable to the Zakat Fund in UAE. Therefore, in 2021, the Company reversed back the previously recognised Zakat of AED 5,320,778 to retained earnings.

19 Contingent liabilities and commitments

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

Bank guarantees were issued in the normal course of business.

**Notes to the interim financial information
for the nine-month period ended 30 September 2022 (continued)**

20 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 2022 (unaudited)</u>				
Investment properties	-	-	16,815,000	16,815,000
Financial assets measured at fair value through other comprehensive income	138,083,303	-	202,146,822	340,230,125
	<u>138,083,303</u>	<u>-</u>	<u>218,961,822</u>	<u>357,045,125</u>
<u>31 December 2021 (audited)</u>				
Investment properties	-	-	16,815,000	16,815,000
Financial assets measured at fair value through profit and loss	-	-	135,765,710	135,765,710
Financial assets measured at fair value through other comprehensive income	124,754,153	-	115,603,756	240,357,909
	<u>124,754,153</u>	<u>-</u>	<u>268,184,466</u>	<u>392,938,619</u>

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

21 Subsequent events

On 27 October 2022, the Company reached an initial agreement to acquire the individual life takaful portfolio from Dubai Islamic Insurance & Reinsurance Company (AMAN), subject to obtaining regulatory approval of the Central Bank of UAE.

The Company has sent a request to the Central Bank of UAE - Insurance Sector for initial approval and to complete the necessary procedures in order to finalize the transaction between the two companies.

22 Approval of condensed interim financial information and responsibility statement

The condensed interim financial information of the Company for the period ended 30 September 2022 has been authorised for issue in accordance with a resolution of the Board of Directors on 10 November 2022.