

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

**Review report and interim  
financial information for the  
nine-month period ended  
30 September 2021**

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

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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 2021, 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 a summary of significant accounting policies. 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 2021  
Abu Dhabi  
United Arab Emirates

### Condensed statement of financial position as at 30 September 2021


	Notes	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
<b>ASSETS</b>			
<b>Takaful operations assets</b>			
Financial assets measured at fair value through profit or loss	6(a)	-	5,840,506
Financial assets measured at fair value through other comprehensive income	6(b)	14,750,639	9,170,271
Re-takaful share of unearned contributions	10	298,001,664	281,805,829
Prepaid expenses and other assets		18,161,284	25,891,479
Re-takaful share of outstanding claims	10	136,607,639	147,038,947
Contributions and re-takaful balances receivables	11	24,373,091	11,311,427
Term deposits	4	351,032,074	384,834,508
Cash and bank balances	4	70,506,532	76,966,253
<b>Total takaful operations assets</b>		<b>913,432,923</b>	<b>942,859,220</b>
<b>Shareholders' assets</b>			
Property and equipment		21,118,913	15,839,641
Statutory deposit	5	10,000,000	10,000,000
Financial assets measured at fair value through profit or loss	6(a)	-	26,042,449
Financial assets measured at fair value through other comprehensive income	6(b)	343,097,105	319,222,998
Investments properties	8	16,627,000	14,403,000
Deferred policy acquisition costs		9,337,060	18,869,889
Prepaid expenses and other assets		10,119,902	10,086,107
Term deposits	4	60,148,778	24,549,718
Cash and bank balances	4	8,548,777	7,906,185
<b>Total shareholders' assets</b>		<b>478,997,535</b>	<b>446,919,987</b>
<b>TOTAL ASSETS</b>		<b>1,392,430,458</b>	<b>1,389,779,207</b>
<b>LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY</b>			
<b>Takaful operations liabilities</b>			
Takaful payables		18,224,504	19,245,162
Outstanding claims	10	172,699,835	183,608,231
Unearned contributions	10	388,988,055	381,316,825
Re-takaful payables		283,629,072	300,005,265
Accrued expenses and other liabilities		8,732,369	11,461,044
Unearned re-takaful commission income		8,517,407	5,906,511
<b>Total takaful operations liabilities</b>		<b>880,791,242</b>	<b>901,543,038</b>

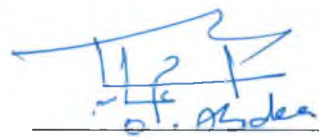
The accompanying notes form an integral part of these interim financial information.

**Condensed statement of financial position  
As at 30 September 2021 (continued)**

	Notes	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
<b>Shareholders' liabilities</b>			
Accrued expenses and other liabilities		2,450,705	19,779,942
Provision for end of service benefits		10,803,484	10,402,618
<b>Total shareholders' liabilities</b>		<b>13,254,189</b>	<b>30,182,560</b>
<b>Total liabilities</b>		<b>894,045,431</b>	<b>931,725,598</b>
<b>Policyholders' fund</b>			
(Deficit) / surplus of life policyholders takaful fund	12	(2,360,142)	18,642,051
Deficit of general policyholders takaful fund	12	(1,105,135)	(5,643,460)
Loan from shareholders	12	3,465,277	5,643,460
Investment revaluation reserve	12	5,591	103,558
<b>Total Policyholders' fund</b>		<b>5,591</b>	<b>18,745,609</b>
<b>Shareholders' equity</b>			
Share capital		100,000,000	100,000,000
Legal reserve		50,000,000	50,000,000
General reserve		42,500,000	42,500,000
Re-takaful default reserve		2,511,787	2,511,787
Investment revaluation reserve		19,064,687	15,010,837
Retained earnings		284,302,962	229,285,376
<b>Total shareholders' equity</b>		<b>498,379,436</b>	<b>439,308,000</b>
<b>TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY</b>		<b>1,392,430,458</b>	<b>1,389,779,207</b>

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 2021 (unaudited)**

	Notes	3 month ended 30 September		9 month ended 30 September	
		2021 AED	2020 AED	2021 AED	2020 AED
<b>Attributable to policyholders</b>					
Gross contributions written		86,336,995	115,763,977	255,148,288	317,617,786
Retakaful contributions accepted		11,516,321	10,281,333	46,966,800	33,335,565
Retakaful contributions ceded		(60,772,192)	(75,144,979)	(222,991,123)	(216,277,678)
Net written contributions		37,081,124	50,900,331	79,123,965	134,675,673
Change in net unearned contribution provision		(8,200,358)	(8,193,539)	8,524,605	(6,795,192)
Net earned contributions		28,880,766	42,706,792	87,648,570	127,880,481
Commissions earned		4,759,697	4,149,241	16,421,833	13,888,507
<b>Gross takaful income</b>		<b>33,640,463</b>	<b>46,856,033</b>	<b>104,070,403</b>	<b>141,768,988</b>
Gross claims paid		(49,052,509)	(46,967,741)	(168,324,386)	(131,494,422)
Retakaful share of accepted claims paid		(1,111,688)	(962,235)	(6,706,711)	(2,734,222)
Retakaful share of ceded claims paid		34,391,775	33,392,287	126,984,807	93,168,091
<b>Net paid claims</b>		<b>(15,772,422)</b>	<b>(14,537,689)</b>	<b>(48,046,290)</b>	<b>(41,060,553)</b>
Change in outstanding claim		(4,211,047)	(15,860,463)	12,735,811	(13,422,725)
Change in retakaful share of outstanding claims		3,642,429	12,573,373	(13,094,851)	11,846,670
Change in incurred but not reported claims reserve		(180,725)	5,040,129	(1,926,930)	3,867,474
Change in retakaful share of incurred but not reported claims reserve		227,486	(3,661,001)	2,663,543	(2,175,414)
Change in unallocated loss adjustment expense		(1,054,225)	(1,066,269)	(1,292,886)	(4,017,580)
<b>Net claims incurred</b>		<b>(17,348,504)</b>	<b>(17,511,920)</b>	<b>(48,961,603)</b>	<b>(44,962,128)</b>
<b>Takaful income</b>		<b>16,291,959</b>	<b>29,344,113</b>	<b>55,108,800</b>	<b>96,806,860</b>
Other (loss) / income		(228,231)	1,108,757	2,255,204	1,515,135
<b>Takaful operating profit</b>		<b>16,063,728</b>	<b>30,452,870</b>	<b>57,364,004</b>	<b>98,321,995</b>
Policyholders' investment income		2,343,303	3,464,221	7,641,252	10,433,016
Mudareb share	13	(820,157)	(1,212,477)	(2,674,439)	(3,651,555)
Wakalah fees	13	(21,218,248)	(35,027,009)	(78,794,685)	(105,211,229)
<b>Deficit of takaful result for the period</b>		<b>(3,631,374)</b>	<b>(2,322,395)</b>	<b>(16,463,868)</b>	<b>(107,773)</b>
<b>Attributable to shareholders</b>					
Shareholders' investment and other income, net		8,512,069	4,230,335	27,256,406	8,461,132
Mudareb share from policyholders		820,158	1,212,477	2,674,439	3,651,555
Wakalah fees from policyholders		21,218,248	35,027,009	78,794,685	105,211,229
Takaful expense		(6,113,017)	(10,142,830)	(18,508,184)	(26,572,482)
General and administrative expenses		(9,927,046)	(10,342,777)	(31,147,308)	(29,813,259)
(Increase) / decrease in provision of loan from shareholders	12	(3,003,085)	(2,357,359)	2,178,183	2,979,698
<b>Profit for the period</b>	17	<b>11,507,327</b>	<b>17,626,855</b>	<b>61,248,221</b>	<b>63,917,873</b>
<b>Basic and diluted earnings per share</b>	14	<b>0.12</b>	<b>0.18</b>	<b>0.61</b>	<b>0.64</b>

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 2021 (unaudited)**

	<u>3 month ended 30 September</u>		<u>9 month ended 30 September</u>	
	<b>2021</b> AED	2020 AED	<b>2021</b> AED	2020 AED
<b>Profit for the period</b>	<b>11,507,327</b>	17,626,855	<b>61,248,221</b>	63,917,873
<b>Other comprehensive income:</b>				
<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	<b>801,157</b>	8,249,503	<b>12,791,991</b>	(6,771,842)
<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	<b>(269,707)</b>	934,380	<b>(289,554)</b>	(1,477,453)
<b>Total other comprehensive income / (loss) for the period</b>	<b>531,450</b>	9,183,883	<b>12,502,437</b>	(8,249,295)
<b>Total comprehensive income for the period</b>	<b>12,038,777</b>	26,810,738	<b>73,750,658</b>	55,668,578

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 2021**

	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 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)
<b>Balance at 30 September 2021 (unaudited)</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>42,500,000</b>	<b>2,511,787</b>	<b>19,064,687</b>	<b>284,302,962</b>	<b>498,379,436</b>
Balance at 1 January 2020 (audited)	100,000,000	49,056,937	42,500,000	-	10,928,055	193,681,101	396,166,093
Profit for the period	-	-	-	-	-	63,917,873	63,917,873
Other comprehensive loss for the period	-	-	-	-	(8,249,295)	-	(8,249,295)
Total comprehensive income / (loss) for the period	-	-	-	-	(8,249,295)	63,917,873	55,668,578
Loss on disposal of financial assets classified at fair value through other comprehensive income	-	-	-	-	4,131,548	(4,131,548)	-
Dividends paid (note 9)	-	-	-	-	-	(25,000,000)	(25,000,000)
Balance at 30 September 2020 (unaudited)	100,000,000	49,056,937	42,500,000	-	6,810,308	228,467,426	426,834,671

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 2021 (unaudited)**

	Note	9 month ended 30 September	
		2021 AED	2020 AED
<b>OPERATING ACTIVITIES</b>			
Profit for the period		61,248,221	63,917,873
<b>Adjustments for:</b>			
Depreciation of property and equipment		1,171,522	1,647,157
Movement of unearned contributions, net		(8,524,604)	6,795,192
Investment and other income		(34,897,638)	(18,894,148)
Net movement in provision for end of service benefits		400,866	517,423
Movement in provision for doubtful debts		(1,026,000)	2,034,094
Movement in provision of loan from shareholders		(2,178,183)	(2,979,698)
Increase in fair value of investment property		(2,224,000)	-
Deficit of life policy holders takaful fund		(18,642,051)	(3,087,471)
Loss / (gain) on disposal of property and equipment		20	(391)
<b>Operating profit before movements in working capital:</b>		<b>(4,671,847)</b>	49,950,031
Decrease / (increase) in prepaid and other assets		7,696,400	(7,400,303)
Increase in contributions and re-takaful balances receivables		(12,035,664)	(5,851,822)
Decrease / (increase) in deferred policy acquisition costs		9,532,829	(10,389,809)
(Decrease) / increase in outstanding claims, net		(477,088)	37,560
Decrease in distribution payable to takaful fund policyholders		-	(1,047,402)
Decrease in provision of loan from shareholders		2,178,183	2,979,698
(Decrease) / increase in takaful payables		(1,020,658)	2,522,871
(Decrease) / increase in retakaful payables		(16,376,193)	34,988,484
Decrease in accrued expenses and other liabilities		(9,869,466)	(16,293,182)
Increase in unearned retakaful commission income		2,610,896	2,253,605
Directors' remuneration paid		(4,867,668)	(4,867,668)
<b>Net cash (used in) / generated from operating activities</b>		<b>(27,300,276)</b>	46,882,063
<b>INVESTING ACTIVITIES</b>			
Net movement in investments		14,832,950	(124,675,645)
Proceeds from sale of property and equipment		-	400
Purchase of property and equipment		(6,450,815)	(151,512)
Investment and other income received		34,897,638	18,894,148
Movement in term deposits		(21,750,002)	(24,350,779)
<b>Net cash generated / (used in) investing activities</b>		<b>21,529,771</b>	(130,283,388)
<b>FINANCING ACTIVITY</b>			
Dividends paid		(20,000,000)	(25,000,000)
<b>Net cash used in financing activity</b>		<b>(20,000,000)</b>	(25,000,000)
<b>Decrease in cash and cash equivalents</b>		<b>(25,770,505)</b>	(108,401,325)
Cash and cash equivalents at the beginning of the period		112,107,465	283,878,078
<b>Cash and cash equivalents at the end of the period</b>	4	<b>86,336,960</b>	175,476,753

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 2021**

**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.

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and took effect starting from the 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

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

**2 Basis of preparation and accounting policies**

*Basis of preparation*

The interim financial information for the nine-month period ended 30 September 2021 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 2020. In addition, results for the nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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.

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)****2 Basis of preparation and accounting policies (continued)**

Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2021.

**2.1 New standards, amendments and interpretations****• Interest Rate Benchmark Reform –Phase 2**

The amendments in Interest Rate Benchmark Reform- Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

**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:

- *Classification of Liabilities as Current or Non-Current - amendments to IAS 1 (effective from 1 January 2023)*. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current;
- *Reference to the Conceptual Framework - Amendments to IFRS 3 (effective from 1 January 2022)*. The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard;
- *Property, Plant and Equipment - Proceeds before Intended Use - amendments to IAS 16 (effective from 1 January 2022)*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss;
- *Onerous Contracts - Cost of Fulfilling a Contract - amendments to IAS 37 (effective from 1 January 2022)*. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract);
- *IFRS 17: Insurance Contracts (effective from 1 January 2023)*. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at January 1, 2023;

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)****2 Basis of preparation and accounting policies (continued)****2.2 New and revised IFRS in issue but not yet effective**

- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. (Effective date deferred indefinitely. Adoption is still permitted).
- *Annual Improvements to IFRS Standards 2018–2020 (effective from 1 January 2022)*. The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from January 1, 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from January 1, 2022).
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023)*. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.
- *Definition of Accounting Estimates - Amendments to IAS 8 (effective from 1 January 2023)*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

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

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

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

**3 Critical accounting judgments and key sources of estimation uncertainty**

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

In preparing these condensed financial statements, the significant judgments used by management in applying the Company’s accounting policies, and the key sources of estimates uncertainty were same as those applied to the financial statements as at and for the year ended 31 December 2020. The Company consistently monitors the impact of COVID-19 on the significant assumption impacting the Company.

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)**

**4 Cash and cash equivalents**

	<b>30 September 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Cash and bank balances	<b>79,055,309</b>	84,872,438
Term deposits	<b>411,180,852</b>	409,384,226
	<hr/>	<hr/>
Cash and bank balances	<b>490,236,161</b>	494,256,664
Less: term deposits with original maturity of more than three months	<b>(403,899,201)</b>	(382,149,199)
	<hr/>	<hr/>
Cash and cash equivalents	<b>86,336,960</b>	112,107,465
	<hr/> <hr/>	<hr/> <hr/>
Takaful operations assets	<b>77,788,183</b>	104,201,280
Shareholders' assets	<b>8,548,777</b>	7,906,185
	<hr/>	<hr/>
Cash and cash equivalents	<b>86,336,960</b>	112,107,465
	<hr/> <hr/>	<hr/> <hr/>

Term deposits represent deposits held with Islamic financial institutions in the UAE, are denominated in UAE dirhams and carry profit at the prevailing market rates ranging from 0.8% to 4.5% per annum (31 December 2020: 1.5% to 5% per annum).

**5 Statutory deposit**

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

Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)

6 Investments

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

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
<u><i>Takaful operations assets</i></u>		
Quoted securities		
- <i>Sukuks</i>	-	5,840,506
	=====	=====
<u><i>Shareholders assets</i></u>		
Unquoted securities		
- <i>Real estate funds</i>	-	15,002,330
Quoted securities		
- <i>Sukuks</i>	-	11,040,119
	-----	-----
	-	26,042,449
	=====	=====

The geographical concentration of investments is as follows:

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Within UAE	-	7,097,798
Outside UAE	-	24,785,157
	-----	-----
	-	31,882,955
	=====	=====

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)**

**6 Investments (continued)**

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

	<b>30 September 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
<b><u>Takaful operations assets</u></b>		
Quoted securities		
- <i>Sukuks</i>	<b>14,750,639</b>	9,170,271
<b><u>Shareholders' assets</u></b>		
Quoted securities		
- <i>Equity securities</i>	<b>85,136,782</b>	94,478,308
- <i>Sukuks</i>	<b>34,376,585</b>	47,087,556
	<b>119,513,367</b>	141,565,864
Unquoted securities		
- <i>Unlisted equities</i>	<b>118,916,664</b>	90,008,568
- <i>Real estate funds</i>	<b>104,667,074</b>	87,648,566
	<b>223,583,738</b>	177,657,134
<b>Total Shareholder assets</b>	<b>343,097,105</b>	319,222,998
	<b>30 September 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Quoted securities	<b>134,264,006</b>	150,736,135
Unquoted securities	<b>223,583,738</b>	177,657,134
	<b>357,847,744</b>	328,393,269

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)**

**6 Investments (continued)**

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

The geographical concentration of investments is as follows:

	<b>30 September 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Within UAE	<b>81,137,132</b>	86,553,455
Outside UAE	<b>276,710,612</b>	241,839,814
	<b>357,847,744</b>	328,393,269

Investments held by the Company are sharia-compliant as at 30 September 2021.

Unquoted equity securities are valued primarily based on net assets of the investees unless recent transactions provide evidence of the current fair value.

**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:

	<b>Shareholders AED</b>	<b>Directors and their related parties AED</b>	<b>Key management personnel AED</b>	<b>Total AED</b>
<b>Balances as at 30 September 2021 (unaudited)</b>				
Statutory deposit (note 5)	<b>10,000,000</b>	-	-	<b>10,000,000</b>
Due from related parties	<b>10,025</b>	<b>459,268</b>	-	<b>469,293</b>
Due to a related party	<b>6,697,211</b>	-	-	<b>6,697,211</b>
<b>Transactions for the nine-month period ended 30 September 2021 (unaudited)</b>				
Gross contributions written	<b>75,552,340</b>	<b>17,455,069</b>	-	<b>93,007,409</b>
Takaful expense	<b>4,479,518</b>	-	-	<b>4,479,518</b>
Short-term benefits	-	-	<b>2,898,874</b>	<b>2,898,874</b>
Long-term benefits	-	-	<b>161,732</b>	<b>161,732</b>



**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)**

**7 Related parties (continued)**

	Shareholders AED	Directors and their related parties AED	Key management personnel AED	Total AED
<b>Balances as at 31 December 2020 (audited)</b>				
Statutory deposit (note 5)	10,000,000	-	-	10,000,000
Due from related parties	15,557	423,976	-	439,533
Due to a related party	13,135,247	-	-	13,135,247
<b>Transactions for the nine month period ended 30 September 2020 (unaudited)</b>				
Gross contributions written	80,893,558	16,737,795	-	97,631,353
Takaful Expense	17,209,085	-	-	17,209,085
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.

**8 Investment properties**

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
At 1 January	14,403,000	18,309,000
Increase / (decrease) in fair value	2,224,000	(3,906,000)
	<u>16,627,000</u>	<u>14,403,000</u>

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. The investment properties were valued as at 30 September 2021 by an independent valuer at AED 16,627,000 using the Investment Method (Income Capitalization), along with the comparable method.

**9 Dividends**

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.

For the year ended 31 December 2019, cash dividend of AED 25,000,000 at a rate of AED 0.25 per share was approved by the shareholders on 15 March 2020 and paid in March 2020.

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)**

**10 Re-takaful contract assets and Takaful contract liabilities**

	<b>30 September 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
<b>Gross</b>		
Takaful contract liabilities:		
Reported claims	<b>128,017,579</b>	140,753,390
Claims incurred but not reported	<b>43,889,510</b>	41,962,580
Unallocated loss adjustment expense reserve	<b>792,746</b>	892,261
	<hr/>	<hr/>
Outstanding claims	<b>172,699,835</b>	183,608,231
Unearned contributions reserve	<b>388,988,055</b>	381,316,825
	<hr/>	<hr/>
	<b>561,687,890</b>	564,925,056
	<hr/>	<hr/>
<b>Recoverable from Re-takaful</b>		
Re-takaful contract assets:		
Reported claims	<b>99,856,399</b>	112,951,250
Claims incurred but not reported	<b>36,751,240</b>	34,087,697
	<hr/>	<hr/>
Re-takaful share of outstanding claims	<b>136,607,639</b>	147,038,947
Re-takaful share of unearned contributions	<b>298,001,664</b>	281,805,829
	<hr/>	<hr/>
	<b>434,609,303</b>	428,844,776
	<hr/>	<hr/>
<b>Takaful liabilities – net</b>		
Reported claims	<b>28,161,180</b>	27,802,140
Claims incurred but not reported	<b>7,138,270</b>	7,874,883
Unallocated loss adjustment expense reserve	<b>792,746</b>	892,261
	<hr/>	<hr/>
Unearned contributions reserve	<b>36,092,196</b>	36,569,284
	<b>90,986,391</b>	99,510,996
	<hr/>	<hr/>
	<b>127,078,587</b>	136,080,280
	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)**

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

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

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

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

**11 Contributions and re-takaful balances receivable**

	<b>30 September 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Due from policyholders	<b>5,243,880</b>	2,013,650
Less: allowance for doubtful debts	<b>(164,437)</b>	(188,108)
	<b>5,079,443</b>	1,825,542
Due from Brokers	<b>19,885,873</b>	10,125,060
Due from insurance and reinsurance companies	<b>2,631,432</b>	3,586,811
Less: Provision for doubtful debts	<b>(3,223,657)</b>	(4,225,986)
	<b>24,373,091</b>	11,311,427

The movement of provision for doubtful debts is as follows:

	<b>30 September 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Balance at the beginning of period / year	<b>4,414,094</b>	2,380,000
(Reversal) / charge for the period / year	<b>(1,026,000)</b>	2,034,094
	<b>3,388,094</b>	4,414,094

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)**

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

	Surplus /(deficit) of life policyholders' funds AED	Distribution payable to life policyholders AED	Deficit of general policyholders takaful funds AED	Loan from shareholders AED	Investment revaluation reserve AED	Total AED
At 1 January 2021 (audited)	18,642,051	-	(5,643,460)	5,643,460	103,558	18,745,609
Surplus/(deficit) generated in the reporting period	(21,002,193)	-	4,538,325	-	-	(16,463,868)
Loan repaid to shareholders for General takaful	-	-	-	(4,538,325)	-	(4,538,325)
Loan received from shareholders for family takaful	-	-	-	2,360,142	-	2,360,142
Change in investment valuation reserve	-	-	-	-	(97,967)	(97,967)
<b>At 30 September 2021 (unaudited)</b>	<b>(2,360,142)</b>	<b>-</b>	<b>(1,105,135)</b>	<b>3,465,277</b>	<b>5,591</b>	<b>5,591</b>
Balance at 1 January 2020	46,657,720	5,804,958	(7,696,170)	7,696,170	151,036	52,613,714
Surplus/(deficit) in the reporting period	(32,773,225)	-	2,052,710	-	-	(30,720,515)
Repayment of loan	-	-	-	(2,052,710)	-	(2,052,710)
Distributions for the reporting period 2018	-	(1,047,402)	-	-	-	(1,047,402)
Reversal of unclaimed distributions for 2018	4,757,556	(4,757,556)	-	-	-	-
Change in investment valuation reserve	-	-	-	-	(47,478)	(47,478)
At 31 December 2020 (audited)	18,642,051	-	(5,643,460)	5,643,460	103,558	18,745,609

**13 Mudareb share and wakalah fees**

The shareholders manage the policyholders' investment fund and charge 35% (2020: 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 wakal fee percentage of worker protection program which is under allowable limit of insurance authority.

	30 September 2021 (%)	30 September 2020 (%)
Motor	25	27.5
Medical	20	22.5
Workers Protection	12.5	12.5
Energy	10	10
Property, marine, and engineering	25	35
All other takaful classes	35	35

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (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>	
	<b>2021</b> <b>(unaudited)</b>	2020 (unaudited)	<b>2021</b> <b>(unaudited)</b>	2020 (unaudited)
Profit for the period	<b>11,507,327</b>	17,626,855	<b>61,248,221</b>	63,917,873
Ordinary shares in issue throughout the period	<b>100,000,000</b>	100,000,000	<b>100,000,000</b>	100,000,000
Basic and diluted earnings per share (AED)	<b>0.12</b>	0.18	<b>0.61</b>	0.64

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 2021 (continued)**

**15 Segment information (continued)**

**Segment revenue and results**

	<b>Nine-month ended 30 September 2021 (unaudited)</b>			<b>Nine-month ended 30 September 2020 (unaudited)</b>		
	<b>Underwriting AED</b>	<b>Investments AED</b>	<b>Total AED</b>	<b>Underwriting AED</b>	<b>Investments AED</b>	<b>Total AED</b>
Direct revenues	<b>313,120,895</b>	<b>34,897,658</b>	<b>348,018,553</b>	328,440,762	18,894,148	347,334,910
Direct costs	<b>(255,756,891)</b>	-	<b>(255,756,891)</b>	(230,118,767)	-	(230,118,767)
Takaful expenses	<b>(18,508,184)</b>	-	<b>(18,508,184)</b>	(26,572,482)	-	(26,572,482)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Segment results</b>	<b>38,855,820</b>	<b>34,897,658</b>	<b>73,753,478</b>	71,749,513	18,894,148	90,643,661
Unallocated costs			<b>(12,505,257)</b>			(26,725,788)
			<hr/>			<hr/>
<b>Profit for the period</b>			<b>61,248,221</b>			63,917,873
			<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 2020, 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 2021 (continued)**

**15 Segment information (continued)**

**Segment assets and liabilities**

	As at 30 September 2021 (unaudited)			As at 31 December 2020 (audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	556,987,270	785,655,596	1,342,642,866	561,883,824	784,063,450	1,345,947,274
Unallocated assets			49,787,592			43,831,933
			<hr/>			<hr/>
<b>Total assets</b>			<b>1,392,430,458</b>			<b>1,389,779,207</b>
			<hr/>			<hr/>
Segment liabilities	880,448,340	342,902	880,791,242	901,187,680	355,358	901,543,038
Unallocated liabilities			13,254,189			30,182,560
			<hr/>			<hr/>
<b>Total liabilities</b>			<b>894,045,431</b>			<b>931,725,598</b>
			<hr/>			<hr/>
<b>Capital expenditure</b>		6,450,814	6,450,814		354,289	354,288
			<hr/>			<hr/>

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)**

**16 Seasonality of results**

No income of seasonal nature was recorded in the income statement for the nine-month period ended 30 September 2021 and 2020.

**17 Profit for the period**

The Company's net profit for the period (before Qard Hasan) is AED 42.6 million (30 September 2020: AED 60.8 million).

**18 Zakat**

During the period, 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, the Company reversed back the previously recognised Zakat of AED 5,320,778 to retained earnings.

**19 Contingent liabilities and commitments**

	<b>30 September 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Bank guarantees	<b>529,688</b>	1,004,422

Bank guarantees were issued in the normal course of business.



**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (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.

	<b>Level 1 AED</b>	<b>Level 2 AED</b>	<b>Level 3 AED</b>	<b>Total AED</b>
<b><u>30 September 2021 (unaudited)</u></b>				
Financial assets measured at fair value through other comprehensive income	<b>134,264,006</b>	-	<b>223,583,738</b>	<b>357,847,744</b>
<b><u>31 December 2020 (audited)</u></b>				
Financial assets measured at fair value through profit and loss	16,880,625	-	15,002,330	31,882,955
Financial assets measured at fair value through other comprehensive income	150,736,135	-	177,657,134	328,393,269
	<b>167,616,760</b>	-	<b>192,659,464</b>	<b>360,276,224</b>

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 Impact of Covid-19 on the Company**

The COVID-19 pandemic has turned into a global crisis that has disrupted the global economy. The crisis is hitting the insurance industry more universally and faster. In light of the prevailing circumstances due to the spread of the COVID-19, we, Abu Dhabi National Takaful Co. PSC, acted responsibly and proactively and started implementing adequate measures at an early stage to ensure business continuity while maintaining the level of services to the customers and business partners with minimum interruptions.

The Company have both a Disaster Recovery Plan and Business Continuity Plan in place to manage emergencies or disaster related situations.

In light of the prevailing circumstances of drop in oil prices along with lockdown due to COVID-19, we have been witnessing a shift in consumer behavior at an increasing pace where demand for luxury products with high profit margins such as life insurance, high value vehicles cover, specialty covers, enhanced medical and general insurance protections is shifting towards mandatory and basic coverages that are usually price sensitive with lower margins.

**Notes to the interim financial information  
for the nine-month period ended 30 September 2021 (continued)**

**21 Impact of Covid-19 on the Company (continued)**

The Company is following our current underwriting guidelines that are adequate in risk selection and risk management. The effect of these changes is limited on our portfolio. As to date, we have not experienced any significant impact on our claims related to COVID-19. Since the observed impact of the pandemic has not yet crossed the thresholds set in the existing stress testing scenarios, no change has been made to our products assumptions as yet. However, on the reserving side, we are anticipating significantly higher losses in Medical line and lower losses in Motor line of business (this is supported by current claims data) and our reserving assumptions have been adjusted accordingly.

The Company is confident that the its well diversified investment portfolio that has significantly grown over the past years is strong to withstand the adverse conditions of the market and our high level of liquidity gives the ability to seize opportunities as they arise when the investment markets are back to the new norm.

In response to this crisis, the Company continues to monitor and respond to all liquidity and funding requirements through its Liquidity Contingency Plan and stress tests reflecting the current economic scenarios. As at the reporting date the liquidity, funding and capital position of the Company remains strong and is well placed to absorb the impact of the current disruption.

**22 Approval of condensed interim financial information and responsibility statement**

The condensed interim financial information of the Company for the period ended 30 September 2021 has been authorised for issue in accordance with a resolution of the Board of Directors on 10 November 2021.