

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

**Review report and condensed consolidated
interim financial information
for the three month period ended 31 March 2020**

TAKAFUL EMARAT - INSURANCE (PSC) AND ITS SUBSIDIARY

Contents	Pages
Independent auditor's review report	1
Condensed consolidated statement of financial position	2 - 3
Condensed consolidated statement of profit or loss (unaudited)	4
Condensed consolidated statement of comprehensive income (unaudited)	5
Condensed consolidated statement of changes in equity	6
Condensed consolidated statement of cash flows (unaudited)	7
Notes to the condensed consolidated interim financial information	8 - 23

INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors of
Takaful Emarat – Insurance (PSC) and its Subsidiary
Dubai, United Arab Emirates**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Takaful Emarat – Insurance (PSC) (the “Company”) and its Subsidiary (together the “Group”) – Dubai, United Arab Emirates** as at 31 March 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard 34: “*Interim Financial Reporting*” as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed consolidated 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 condensed consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: “*Interim Financial Reporting*”.

Other Matter

The condensed consolidated interim financial information of the Group for the three months ended 31 March 2019 and the annual consolidated financial statements for the year ended 31 December 2019 were reviewed and audited by other auditors, whose review report dated 13 May 2019 and audit report dated 10 March 2020 expressed an unmodified conclusion and opinion respectively.

Deloitte & Touche (M.E.)



Signed by:
Akbar Ahmad
Registration No. 1141
4 June 2020
Sharjah, United Arab Emirates

Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowitz (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

**Condensed consolidated statement of financial position
at 31 March 2020**

	Notes	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Takaful Operations' Assets			
Investment properties		41,390,000	41,390,000
Financial instruments	6	286,721,451	300,952,361
Deposit		7,373,754	7,373,754
Takaful receivables and other assets		226,171,420	207,978,959
Retakaful contract assets	7	161,898,102	222,171,164
Deferred policy acquisition cost		76,855,042	72,120,966
Cash and bank balances	8	33,377,016	57,583,140
Total Takaful Operations Assets		833,786,785	909,570,344
Shareholders' Assets			
Property and equipment		50,288,390	50,528,844
Intangible assets		3,947,424	4,182,116
Financial instruments	6	26,211,592	24,079,343
Statutory deposit	9	4,000,000	4,000,000
Other receivables		25,632,441	25,394,182
Receivable from policyholders		103,316,567	73,240,962
Cash and bank balances	8	7,740,810	11,796,580
Total Shareholders' Assets		221,137,224	193,222,027
Total Assets		1,054,924,009	1,102,792,371
Takaful Operations Liabilities And Deficit			
Takaful operations liabilities			
Takaful contract liabilities	7	617,593,916	619,550,234
Takaful and other payables		107,113,668	190,030,708
Payable to shareholders		103,316,567	73,240,962
Total Takaful operations liabilities		828,024,151	882,821,904
Deficit in Policyholders' Fund and Qard Hassan from Shareholders			
Deficit in policyholders' fund	10	(5,762,634)	(9,268,009)
Qard Hassan from shareholders	10	5,762,634	9,268,009
Net deficit in Policyholders' Fund and Qard Hassan from Shareholders		-	-
Total Takaful operations liabilities and Deficit		828,024,151	882,821,904

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

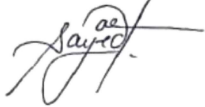
**Condensed consolidated statement of financial position
at 31 March 2020 (continued)**

	Notes	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Shareholders' Liabilities and Equity			
Shareholders' Liabilities			
Borrowings	11	39,447,432	40,322,432
Takaful and other payables		64,382,609	58,209,041
Provision for employees' end of service benefits		2,983,918	2,914,064
Total Shareholders' Liabilities		106,813,959	101,445,537
Shareholders' and Policyholders' equity			
Share capital	12	150,000,000	150,000,000
Statutory reserve		6,526,302	6,526,302
Accumulated losses		(58,026,410)	(55,481,803)
Cumulative changes in fair value of investments – policyholders'		21,586,007	17,480,431
Total Shareholders' and Policyholders' Equity		120,085,899	118,524,930
Total Shareholders' Liabilities and Equity		226,899,858	219,970,467
Total Takaful Operations Liabilities and Deficit and Shareholders' Liabilities and Equity		1,054,924,009	1,102,792,371

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.


Wael Al Sharif
Chief Executive Officer




Sayed Abdulrazak
Senior Manager – Finance

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

**Condensed consolidated statement of profit or loss (unaudited)
for the three month period ended 31 March 2020**

		Three month period ended 31 March	
		2020	2019
	Notes	AED	AED
Attributable to policyholders:			
Gross contributions written	13	200,565,430	223,401,444
Changes in unearned contributions	13	(53,675,024)	(75,244,055)
Takaful contributions earned		146,890,406	148,157,389
Retakaful contributions	13	(34,164,181)	(120,709,590)
Change in unearned contributions	13	(13,331,614)	46,035,287
Retakaful contributions earned		(47,495,795)	(74,674,303)
Net earned contributions		99,394,611	73,483,086
Gross claims incurred		(94,101,022)	(108,582,746)
Retakaful share of claims incurred		34,390,635	72,327,641
Net claims incurred		(59,710,387)	(36,255,105)
Change in reserve	7.1	(47,245,511)	(6,924,018)
Net change in fair value of policyholders investment linked contracts		26,351,452	(9,169,967)
		(80,604,446)	(52,349,090)
Net takaful income		18,790,165	21,133,996
Wakalah fees	14	(18,437,159)	(21,493,473)
Investment Income		3,152,369	1,769,029
Net surplus from takaful operations		3,505,375	1,409,552
Attributable to Shareholders:			
Wakalah fees from policyholders	14	18,437,159	21,493,473
Investment (loss)/income		(472,293)	3,934,214
Other income		3,208,061	2,481,048
Commission incurred		(10,873,744)	(8,895,552)
General, administrative and other expenses		(15,984,665)	(20,099,100)
Recovery of Qard Hassan to policyholders' fund		3,505,375	1,409,552
(Loss)/profit for the period attributable to Shareholders		(2,180,107)	323,635
Basic and diluted (loss)/earning per share (AED)	15	(0.015)	0.002

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the three month period ended 31 March 2020**

	Three month period ended 31 March	
	2020	2019
	AED	AED
(Loss)/profit for the period attributable to Shareholders	(2,180,107)	323,635
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net changes in fair value of available for sale investments	4,105,576	1,415,716
Other comprehensive income for the period	4,105,576	1,415,716
Total comprehensive income for the period	1,925,469	1,739,351

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

**Condensed consolidated statement of changes in equity
for the three month period ended 31 March 2020**

	Attributable to shareholders'			Attributable to policyholders'	
	Share capital AED	Statutory reserve AED	Accumulated losses AED	Cumulative changes in fair value AED	Total AED
Balance at 1 January 2019	150,000,000	6,526,302	(7,135,626)	15,640,000	165,030,676
Total comprehensive income for the period	-	-	323,635	1,415,716	1,739,351
Cash dividend	-	-	(10,500,000)	-	(10,500,000)
Transfer to statutory reserve	-	32,364	(32,364)	-	-
Balance at 31 March 2019 (unaudited)	150,000,000	6,558,666	(17,344,355)	17,055,716	156,270,027
Balance at 1 January 2020	150,000,000	6,526,302	(55,481,803)	17,480,431	118,524,930
Total comprehensive income for the period	-	-	(2,180,107)	4,105,576	1,925,469
Zakat	-	-	(364,500)	-	(364,500)
Balance at 31 March 2020 (unaudited)	150,000,000	6,526,302	(58,026,410)	21,586,007	120,085,899

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

**Condensed consolidated statement of cash flows (unaudited)
for the three month period ended 31 March 2020**

	Three month period ended 31 March	
	2020	2019
	AED	AED
Cash flows from operating activities		
(Loss)/profit for the period	(2,180,107)	323,635
Adjustments for:		
Depreciation of property and equipment and amortisation intangible assets	1,169,040	1,074,374
Other investment loss/(income)	23,089,501	(13,462,041)
Provision for employees' end of service benefits	326,659	306,398
Provision for doubtful debts	-	525,214
Operating cash flows before changes in operating assets and liabilities	22,405,093	(11,232,420)
Decrease/(increase) in retakaful contract assets	60,273,062	(37,447,965)
Increase in takaful receivables and other assets	(18,430,720)	(147,865,951)
Increase in deferred policy acquisition cost	(4,734,076)	(3,926,781)
(Decrease)/increase in takaful contract liabilities	(1,956,318)	79,068,180
(Decrease)/increase in takaful and other payables	(77,107,972)	105,824,593
Net cash used in operations	(19,550,931)	(15,580,344)
Employees' end of service benefits paid	(256,805)	(123,206)
Net cash used in operating activities	(19,807,736)	(15,703,550)
Cash flows from investing activities		
Purchase of investments at FVTPL	(35,762,443)	(28,379,131)
Change in deposits with original maturity more than 3 months	-	4,056,000
Proceeds from sale of investments at FVTPL	28,877,179	36,741,738
Deposit	-	(7,373,754)
Purchase of property and equipment	(617,894)	(2,690,115)
Purchase of intangible assets	(76,000)	(431,400)
Addition to investments properties	-	(2,852,368)
Net cash used in investing activities	(7,579,158)	(929,030)
Cash flows from financing activities		
Dividend paid	-	(10,500,000)
Repayment of borrowings	(875,000)	(700,000)
Cash used in financing activities	(875,000)	(11,200,000)
Net decrease in cash and cash equivalents	(28,261,894)	(27,832,580)
Cash and cash equivalents at the beginning of the period	52,129,720	102,214,037
Cash and cash equivalents at the end of the period	23,867,826	74,381,457
Non - cash Transaction:		
Zakat	(364,500)	-

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

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020**

1. General information

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

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

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

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

<u>Subsidiary</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Ownership</u>	
<i>Directly owned</i>			2020	2019
Modern Tech Investment	Investment	United Arab Emirates	100%	99%

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

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

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

- Recoverability of takaful and other receivables,
- unavailability of personnel,
- reduction in gross contribution due to non-renewal of policies, and
- decrease in the market value of investments held by the Group

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

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

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these condensed consolidated interim financial information. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- Amendments to IFRS 3 *Business Combinations*.
- Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.
- Amendments in IFRS 7, 9 and IAS 39 regarding pre-replacement issues in the context of the IBOR reform.

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

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

- IFRS 17: *Insurance Contracts* relating to providing a more uniform measurement and presentation approach for all insurance contracts.
- 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 and investor to its associate or joint venture.
- IAS 1: *Presentation of Financial Statements – Amendments on Classifications*. Effective for annual period beginning on or after 1 January 2022.

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

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

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

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

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

3. Summary of significant accounting policies

3.1 Basis of preparation

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

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

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

The accounting policies, presentation and methods in this condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2019.

This condensed consolidated interim financial information does not include all the information required for full audited annual consolidated financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as at and for the year ended 31 December 2019. In addition, results for the three month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

4. Changes in judgements and estimation uncertainty

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2019, with the exception of the impact of the novel coronavirus (COVID-19) outbreak on the Group which is detailed below.

The existence of novel coronavirus was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty as a result of measures taken by governments to contain or delay the spread of the virus. As of to date, the actual scope of the impact is very difficult to measure, and until now, only subjective assessment of the impact can be used.

Recoverability of receivables

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

Based on management’s assessment, the Group has not identified a material impact to the recoverability of receivables for the period ended 31 March 2020.

Fair value measurement of financial instruments

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

Based on management’s assessment, the Group has not identified a material impact to the fair values of financial assets and liabilities for the period ended 31 March 2020 except for what is disclosed in the condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

4. Changes in judgements and estimation uncertainty (continued)

Fair value measurement of investment properties

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

Based on management's assessment, this is in early stages and there is limited information available on the 2020 outlook for the real estate market and how the situation will progress in light of COVID-19. The Group has not identified any significant impact to the fair values of investment properties for the period ended 31 March 2020. The Group will consistently monitor the market and ensure that the prices used by the Group are an accurate representation of fair values.

Outstanding claims

The Group has performed an assessment of the impact of COVID-19 on its contractual arrangements and provisions for outstanding claims which included regular sensitivity analyses. The Group determined that there is no material impact on its risk position and provision balances for outstanding claims for the period ended 31 March 2020. It will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

5. Takaful and financial risk management

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

The condensed interim consolidated financial information does not include all takaful and financial risk management information and disclosures required in the annual consolidated financial statements; therefore, they should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2019.

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

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)

6. Financial instruments

	31 March 2020 AED (unaudited)	31 December 2019 AED (audited)
<i>Takaful operations' assets</i>		
At fair value through profit or loss (Note 6.1)	248,213,976	266,550,462
Available-for-sale (Note 6.2)	38,507,475	34,401,899
	<u>286,721,451</u>	<u>300,952,361</u>
<i>Shareholders' assets</i>		
At fair value through profit or loss (Note 6.1)	26,211,592	24,079,343
Total	<u>312,933,043</u>	<u>325,031,704</u>

6.1 Financial instruments at fair value through profit or loss

	31 March 2020 (unaudited)			
	Attributable to individual life policyholders AED	Attributable to shareholders AED	Attributable to takaful operations AED	Total AED
Mutual funds	131,230,494	3,867,083	-	135,097,577
Sukuk investments	29,478,745	-	25,695,977	55,174,722
Equity investments – quoted	-	-	61,808,760	61,808,760
Equity investments – unquoted	-	22,344,509	-	22,344,509
Total	<u>160,709,239</u>	<u>26,211,592</u>	<u>87,504,737</u>	<u>274,425,568</u>

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

6. Investments (continued)

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

	31 December 2019 (audited)			
	Attributable to individual life policyholders AED	Attributable to shareholders AED	Attributable to takaful operations AED	Total AED
Mutual funds	145,045,251	1,734,834	-	146,780,085
Sukuk investments	32,681,059	-	30,521,013	63,202,072
Equity investments – quoted	-	-	58,303,139	58,303,139
Equity investments – unquoted	-	22,344,509	-	22,344,509
Total	177,726,310	24,079,343	88,824,152	290,629,805

The borrowing of AED 10.9 million is utilised to purchase Sukuks of an equivalent amount, which is pledged against the borrowing.

Movements during the period/year were as follows:

	31 March 2020 AED (unaudited)	31 December 2019 AED (audited)
At beginning of the period/year	290,629,805	253,310,213
Purchases during the period/year	35,762,443	127,129,408
Disposals during the period/year	(28,877,179)	(117,434,567)
Change in fair value during the period/year	(23,089,501)	27,624,751
At end of the period/year	274,425,568	290,629,805

6.2 Available-for-sale (AFS)

	31 March 2020 AED (unaudited)	31 December 2019 AED (audited)
Shares – quoted	38,507,475	34,401,899

The fair value gain amounting to AED 4.11 million (31 March 2019: AED 1.42 million) has been recognised in the condensed consolidated statement of other comprehensive income.

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

6. Investments (continued)

6.3 Investment concentration

The UAE Insurance Authority has set the maximum limit for aggregate exposure in various investments category. As at 31 March 2020, the Group has invested over the limit in other invested assets category by AED 4,641,246 (31 December 2019: AED 2,131,565), whereas, it has exceeded the sub-limits in all other categories except real estate investments by AED 103,869,442 (31 December 2019: AED 106,251,396).

7. Takaful contract liabilities and retakaful contract assets

	31 March 2020 AED (unaudited)	31 December 2019 AED (audited)
Gross takaful contract liabilities		
Claims reported	162,490,658	184,644,225
Claims incurred but not reported	45,527,657	66,860,214
Unearned contributions	239,106,126	185,431,102
Mathematical reserves	5,585,298	4,888,383
Policyholders' investment linked contracts at fair value	164,884,177	177,726,310
	617,593,916	619,550,234
Retakaful contract assets		
Retakaful share of claims reported	70,634,146	110,662,993
Retakaful share of claims incurred but not reported	16,359,426	23,132,191
Retakaful share of unearned contributions	72,011,683	85,343,296
Retakaful share of mathematical reserve	2,892,847	3,032,684
	161,898,102	222,171,164
Net takaful contract liabilities		
Claims reported	91,856,512	73,981,232
Claims incurred but not reported	29,168,231	43,728,023
Unearned contributions	167,094,443	100,087,806
Mathematical reserves	2,692,451	1,855,699
Policyholders' investment linked contracts at fair value	164,884,177	177,726,310
	455,695,814	397,379,070

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

7. Takaful contract liabilities and retakaful contract assets (continued)

	31 March 2020 AED (unaudited)	31 December 2019 AED (audited)
Movement in payable to policyholders of investment linked contracts		
Opening balance	177,726,310	117,529,436
Gross contribution	26,253,697	90,828,568
Allocation charges	(4,565,991)	(21,019,577)
Redemptions during the period/ year	(8,178,387)	(29,743,408)
Change in fair value	(26,351,452)	20,131,291
Closing balance	164,884,177	177,726,310

7.1 Change in reserves

	31 March 2020 AED (unaudited)	31 March 2020 AED (unaudited)
Changes in mathematical reserve – takaful life	(836,752)	(500,056)
Change in reserve relating to takaful life products	(20,057,307)	(15,593,929)
Change in fair value-individual life policyholders (Note 7)	(26,351,452)	9,169,967
	(47,245,511)	(6,924,018)

8. Cash and bank balances

	31 March 2020 (unaudited)		31 December 2019 (audited)
	Takaful Operations AED	Shareholders' Operations AED	Takaful Operations AED
Cash and bank balances	16,127,016	7,740,810	40,333,140
Deposit	17,250,000	-	17,250,000
	33,377,016	7,740,810	57,583,140
Less: Deposits maturing in more than - three months	(17,250,000)	-	(17,250,000)
Total	16,127,016	7,740,810	40,333,140
			11,796,580

The deposits carry profit rates ranging from 1.75% to 2.40% (2019: 1.75% to 2.40%) per annum with maturity dates ranging from 20 September 2020 to 28 September 2020.

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

9. Statutory deposit

Statutory deposit is maintained in accordance with the requirements of UAE Federal Law No. 6 of 2007 for the purpose of carrying on takaful operations in the United Arab Emirates and is not available to finance the day to day operations of the Company. This deposit carries a profit rate of 3.40% (2019: 3.40%) per annum.

10. Deficit in policyholders' fund

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Deficit in policyholders' fund		
Balance at the beginning of the period/ year	(9,268,009)	(30,905,151)
Surplus/(deficit) during the period/year	3,505,375	(9,268,009)
Qard Hassan written off	-	30,905,151
	<hr/>	<hr/>
Balance at the end of the period/ year	(5,762,634)	(9,268,009)
Qard Hassan from shareholders		
Balance at beginning of period/year	9,268,009	30,905,151
(Deficit)/surplus during the period/year	(3,505,375)	9,268,009
Qard Hassan written off	-	(30,905,151)
	<hr/>	<hr/>
Balance at the end of the period/year	5,762,634	9,268,009
	<hr/>	<hr/>
Total deficit in policyholders' fund	<hr/> - <hr/>	<hr/> - <hr/>

11. Borrowings

The borrowings of AED 39.45 million (31 December 2019: 40.32 million) consist of two parts. AED 10.92 million which has been utilised to purchase Tier 1 Sukuks, and are pledged against the borrowings (Note 6). The value of pledged Sukuks as at 31 March 2020 was AED 12.72 million (31 December 2019 AED 12.4 million). The borrowings carry a profit rate of 2.5% per annum above the 3-month EIBOR and have a maturity period of three months. AED 35 million loan was obtained in 2017 for the purchase of new building being used as office space, of which the outstanding principal amount is AED 28.53 million (31 December 2019 : AED 29.4 million).

12. Share capital

	31 March 2020 AED (unaudited)	31 December 2019 AED (audited)
Authorised, Issued and fully paid:		
150,000,000 ordinary shares of AED 1 each	150,000,000	150,000,000
	<hr/>	<hr/>
	150,000,000 <hr/>	150,000,000 <hr/>

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

13. Net earned contributions (unaudited)

	Three month period ended 31 March 2020		
	Medical AED	Life and savings AED	Total AED
Gross contributions written	173,793,641	26,771,789	200,565,430
Change in unearned contributions	(54,545,974)	870,950	(53,675,024)
Takaful contributions earned	119,247,667	27,642,739	146,890,406
Retakaful contributions	32,782,351	1,381,830	34,164,181
Change in unearned contributions	12,637,543	694,071	13,331,614
Retakaful contributions ceded	45,419,894	2,075,901	47,495,795
Net earned contributions	73,827,773	25,566,838	99,394,611

	Three month period ended 31 March 2019		
	Medical AED	Life and savings AED	Total AED
Gross contributions written	200,285,362	23,116,082	223,401,444
Change in unearned contributions	(76,054,640)	810,585	(75,244,055)
Takaful contributions earned	124,230,722	23,926,667	148,157,389
Retakaful contributions	118,510,267	2,199,323	120,709,590
Change in unearned contributions	(46,738,129)	702,842	(46,035,287)
Retakaful contributions ceded	71,772,138	2,902,165	74,674,303
Net earned contributions	52,458,584	21,024,502	73,483,086

14. Wakalah fees

For group life and group medical policies, wakalah fees were charged up to 16.75% to 25% (2019: 16.75% to 25%) of gross takaful contributions. For life takaful policies, wakalah fees were charged at a maximum of 50% of takaful risk contributions. Wakalah fees are approved by the Sharia'a Supervisory Board and is charged to the condensed consolidated statement of profit or loss when incurred.

15. Basic and diluted (loss)/earning per share

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

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

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
<i>Affiliates of major shareholders:</i>		
Deposit	7,373,754	7,373,754
Outstanding claims	1,516,016	786,445
Equity Investments – quoted	1,976,236	3,775,038
	<hr/> 10,866,006	<hr/> 11,935,237

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

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

17. Contingencies and commitments

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Letters of guarantee	343,593	343,593

Legal claims

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

18. Segment information

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

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

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

	Three month period ended 31 March 2020 (unaudited)					
	Underwriting			Shareholders		
	Medical AED	Life AED	Total AED	Investments AED	Others AED	Total AED
Segment revenue	119,247,667	27,642,739	146,890,406	(472,293)	21,645,220	21,172,927
Segment result	16,755,146	5,187,388	21,942,534	(472,293)	21,645,220	21,172,927
Wakala fees	(13,106,072)	(5,331,087)	(18,437,159)	-	-	-
Commission incurred	-	-	-	-	(10,873,744)	(10,873,744)
General and administrative expenses	-	-	-	-	(15,984,665)	(15,984,665)
Provision for Qard Hassan to policyholders' fund	-	-	-	-	3,505,375	3,505,375
Profit/(loss) attributable to policyholders/ shareholders	3,649,074	(143,699)	3,505,375	(472,293)	(1,707,814)	(2,180,107)

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

18. Segment information (continued)

	Three month period ended 31 March 2019 (unaudited)					
	Underwriting			Shareholders		
	Medical AED	Life AED	Total AED	Investments AED	Others AED	Total AED
Segment revenue	124,230,722	23,926,667	148,157,389	3,934,214	23,974,521	27,908,735
Segment result	17,561,751	5,341,274	22,903,025	3,934,214	23,974,521	27,908,735
Wakala fees	(16,332,995)	(5,160,478)	(21,493,473)	-	-	-
Commission incurred	-	-	-	-	(8,895,552)	(8,895,552)
General and administrative expenses	-	-	-	-	(20,099,100)	(20,099,100)
Provision for Qard Hassan to policyholders' fund	-	-	-	-	1,409,552	1,409,552
Profit/(loss) attributable to policyholders/ shareholders	1,228,756	180,796	1,409,552	3,934,214	(3,610,579)	323,635

31 March 2020 (unaudited)

	Medical AED	Life and saving AED	Underwriting total AED	Shareholders' investments AED	Unallocated others AED	Total AED	Total AED
Segment assets	561,559,352	272,227,433	833,786,785	33,952,402	83,868,255	117,820,657	951,607,442
Segment liabilities	537,220,980	187,486,604	724,707,584	10,922,432	95,891,527	106,813,959	831,521,543

As at 31 December 2019 (Audited)

	Medical AED	Life and saving AED	Underwriting total AED	Shareholders' investments AED	Unallocated others AED	Total AED	Total AED
Segment assets	602,097,336	307,473,008	909,570,344	35,875,923	84,105,142	119,981,065	1,029,551,409
Segment liabilities	583,441,458	226,139,484	809,580,942	10,922,432	90,523,105	101,445,537	911,026,479

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

19. Fair value of financial instruments

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

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

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

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

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

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

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

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

Fair value hierarchy of assets and liabilities measured at fair value

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

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)**

19. Fair value of financial instruments (continued)

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

	31 March 2020 (unaudited)			
	Level 1	Level 2	Level 3	Total
	AED	AED	AED	AED
Assets				
Investments at fair value through profit or loss				
Equity investments – quoted	61,808,760	-	-	61,808,760
Equity investments - unquoted	-	-	22,344,509	22,344,509
Mutual funds	-	135,097,575	-	135,097,575
Sukuk investments	55,174,722	-	-	55,174,722
Available-for-sale	38,507,475	-	-	38,507,475
Investment property	-	-	41,390,000	41,390,000
	155,490,957	135,097,575	63,734,509	354,323,041
Liabilities				
Investment linked contracts	-	164,884,177	-	164,884,177
31 December 2019 (Audited)				
	Level 1	Level 2	Level 3	Total
	AED	AED	AED	AED
Assets				
Investments at fair value through profit or loss				
Equity investments - quoted	58,303,139	-	-	58,303,139
Equity investments - unquoted	-	-	22,344,509	22,344,509
Mutual funds	-	146,780,085	-	146,780,085
Sukuk investments	63,202,072	-	-	63,202,072
Available-for-sale	34,401,899	-	-	34,401,899
Investment property	-	-	41,390,000	41,390,000
	155,907,110	146,780,085	63,734,509	366,421,704
Liabilities				
Investment linked contracts	-	177,726,310	-	177,726,310

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2020 (continued)****20. Seasonality of results**

No income of seasonal nature was recorded in the statement of income for the three months period ended 31 March 2020.

21. Approval of the condensed consolidated financial information

The condensed consolidated financial information were approved by the Board of Directors and authorised for issue on 4 June 2020.