METHAQ TAKAFUL INSURANCE COMPANY P.S.C.

Reports and financial statements for the year ended 31 December 2019

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.

Reports and financial statements
for the year ended 31 December 2019

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Directors' report
for the year ended 31 December 2019

Dear Shareholders,

Peace be upon you

On behalf of the Board of Directors, we are pleased to present the financial results of Methaq Takaful Insurance Company PSC for the year ended 31 December 2019.

Methaq succeeded in implementing its plans for the year 2019 based on achievable strategic goals. This is a reflection of the continued confidence and support of its shareholders and customers along with Methaq's team that is comprised of professionals and technical experts. Our strategic direction focuses on the following key objectives to deliver enhanced sustainable returns for the Policyholders and the Shareholders:

- Targeted profitable growth;
- Performance Management of Takaful portfolios;
- Operational excellence; and
- Optimal Retakaful agreements for all takaful portfolios.

The Company has recognized a net profit of AED 3,885,074 for the year ended 31 December 2019 compared to a net profit of AED 15,406,187 for the year ended 31 December 2018. The reason behind reduction in profit is due to investment property revaluation which resulted in decrease of the net property investment portfolios as per the market trends which witness a reduction in real estate prices during the last period.

The Company is planning in 2020 to reduce its investment property as per the market trends where we expect to see a further reduction in property investment profitability.

Management has implemented successful strategies in the year 2019 in respect of underwriting and claims management process where all takaful portfolios showed positive performance.

The results are summarized as below:

	2019 **AED**	2018 AED
Brief of the statement of financial position:		
Total assets	**685,344,840**	623,662,184
Total liabilities	**601,268,042**	539,926,460
Total Shareholders' equity	**84,076,798**	83,735,724
Brief of the income statement:		
Total revenues (gross contributions written)	**282,596,590**	317,140,888
Profit for the year	**3,885,074**	15,406,187
Earning per share	**0.026**	0.103

Directors' report
for the year ended 31 December 2019 (continued)

As for the Company's future plans for the year 2020, the Company has developed a budget plan supported by a set of ambitious goals especially takaful portfolios and retakaful agreements, operating expenses, and profitability. The company expects a significant improvement in performance and results for 2020.

Methaq has a very sound corporate governance in place and all the regulatory and legislative compliance is made timely, thereby reflecting a positive image of the Company and entrusting strong confidence amongst its customers, staff and all concerned entities.

On behalf of the Board of Directors, we reiterate our commitment to the growth and development of the UAE and particularly to Abu Dhabi's 2030 vision under the leadership of His Highness Sheikh Khalifa bin Zayed Al Nahyan, the President of the UAE and the Ruler of Abu Dhabi and His Highness Sheikh Mohammed bin Rashid Al Maktoum, the Vice President, the Ruler of Dubai, and His Highness Sheikh Mohammed bin Zayed Al Nahyan, the Crown Prince and all the Rulers of the UAE.

We also take this opportunity to thank and appreciate the staff and the management of Methaq Takaful Insurance Company PSC for their continued efforts, hard work, and sincerity. We also express our sincere thanks to the Company's Shareholders, clients, and all those institutions and individuals with whom the company deals in the UAE locally, in the region, and at the international level.

Yousif Hussain Al Sahlawi
Chairman of the Board of Directors

26 March 2020

Deloitte.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHAQ TAKAFUL INSURANCE COMPANY P.S.C.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified opinion

We have audited the financial statements of Methaq Takaful Insurance Company P.S.C. (the "Company") which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter mentioned in the *"Basis of Qualified Opinion"* section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Investment properties are carried in the statement of financial position at AED 142,360,000. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of investment properties because we were unable to determine if the judgements applied and estimates made in the valuation of investment properties were appropriate. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matters (continued)

Estimation uncertainty with respect to the measurement of outstanding claims liabilities
The financial statement risk
As described in Note 8 to the financial statements of the Company, outstanding claims liabilities amounted to AED 276.2 million which includes reported claims of AED 126.2 million and claims incurred but not reported (IBNR) of AED 141.6 million. The retakaful share of outstanding claims amounted to AED 38.7 million at the reporting date. The outstanding claims liabilities at the reporting date represent the Company's expectations regarding future payments for known and unknown claims including associated expenses. The Company uses various methods to estimate these obligations. Measurement of these outstanding claims is highly judgmental, and requires a number of assumptions to be made that exhibit substantial estimation uncertainty. This is particularly the case for those obligations that are recognised in respect of claims that have been incurred but not reported to the Company ("IBNR"). Certain lines of business also contain greater inherent uncertainty, for example, those where claims emerge more slowly over time, or where there is greater variability in claim settlement amounts. The key assumptions that drive the outstanding claims calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, discount rates for longer tail classes of business. The valuation of outstanding claims liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating outstanding claims liabilities, or for forming judgements over key assumptions, is not complete and accurate, then material impacts on the valuation of such liabilities may arise. In addition, the valuation of the retakaful share of outstanding claims is dependent on, but not directly correlated to, the valuation of the underlying claims outstanding. There is judgement involved in ascertaining the level of reinsurance share of IBNR held, which depends on the specific terms of the reinsurance contracts in place. We considered the measurement of the outstanding claims liabilities as a key audit matter due to the quantitative materiality of these obligations for the assets, liabilities and financial performance of the Company as well as the the significant judgements and the associated uncertainties in the estimates made by management in determining the amount of liabilities. For further information on the accounting policies relating to this key audit matter refer to Note 3.3 as well as Note 4 for disclosures about its key sources of estimation uncertainty.
How the matter was addressed in the audit
We established an audit approach which included both testing the design and operating effectiveness of internal controls over the measurement of outstanding claims liabilities and retakaful share of outstanding claims as well as risk-based substantive audit procedures. As part of our procedures over internal controls, we evaluated the appropriateness of selected controls established by the Company for the purpose of selecting actuarial methods, determining assumptions, making estimates for the measurement of certain outstanding claims and consistency of application of accounting policies.

Key audit matters (continued)

Estimation uncertainty with respect to the measurement of outstanding claims liabilities (continued)
How the matter was addressed in the audit (continued)
The primary substantive procedures which we performed to address this key audit matter included, but were not limited to, the following: • We verified, for a sample of outstanding claims, whether the estimated amounts of specific cases were adequately documented and substantiated by, for example, reports from loss adjusters; • We verified reconciliations between claims data recorded in the Company's systems and data used in the actuarial reserving calculations; • We assessed the competence, capabilities, qualifications and objectivity of the external actuary engaged by the Company for the valuation of technical provisions; • With the support of our insurance valuation specialists, we compared the respective actuarial methods applied and the material assumptions with generally recognised actuarial practices and industry standards and examined to what extent these are appropriate for the valuation and consistent between reporting periods; • We considered the results of the third-party actuarial valuation of the outstanding claims liabilities to identify and understand any significant differences in the liabilities as compared to management's estimates and prior period amounts; • We recalculated the amount of the provisions for selected products, in particular products with substantial reserves or increased estimation uncertainties. For these products, we compared the recalculated provisions with the provisions calculated by the Company and evaluated any differences; • We compared claims transactions on a sample basis with supporting documentation to evaluate whether the claims reported during the reporting period were recorded in accordance with the Company's internal policy; • We inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on prevailing terms and conditions; and • We assessed the disclosures included in Note 3.3 and Note 8 in relation to outstanding claims against the relevant IFRS disclosure requirements.

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Key Audit Matters (continued)

Estimation uncertainty with respect to provisions for unearned contribution reserves
The financial statement risk
The Company underwrites various classes of business which exhibit different risk patterns and tails of business. Gross contributions written comprise the total amount of premium receivables for the entire period covered under an insurance contract and are recognised on the date on which the insurance policy commences. The Company records a portion of net retained contributions as unearned contribution reserves to cover the financial risks that have not expired at the reporting date. The application of an appropriate earnings patterns is therefore necessary in order to earn revenue in accordance with the financial risk of claims occurring for insurance policies. The unearned contribution reserve is required to be calculated in accordance with the UAE Insurance Law relating to insurance and takaful companies. The provisions recognised for unearned contribution reserves amounted to AED 127.5 million at the end of the reporting period. For further information on the accounting policies relating to this key audit matter refer to Note 3.3 as well as Note 4 for disclosures about its key sources of estimation uncertainty.
How the matter was addressed in the audit
We established an audit approach which included both testing the design and operating effectiveness of internal controls over revenue recognition and substantive audit procedures. Our audit procedures in respect of this matter included, but were not limited to, the following: • We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the process of capturing, processing and recording of information relating to recognition of revenue in the correct reporting period; • We assessed whether the Company's revenue recognition policy complied with IFRSs and tested the implementation of those policies. Specifically, we considered whether the contribution on takaful policies are accounted for on the date of inception of policies, with the exception of contribution income on marine cargo policies which is accounted for on the expected date of voyage, by testing a sample of revenue items to takaful contracts; • We compared the unearned contributions reserve balance recorded in the financial statements to the reserve balance determined by the Company's external actuary; • We recalculated, on a sample basis, the unearned contributions reserve based on the earning period of takaful contracts existing at the end of the reporting period; • We tested written policies on a sample basis where revenue was recorded close to year end and subsequent to year end, and evaluated whether these were recorded in the appropriate accounting period; and • We assessed the disclosures included in Note 3.3 in relation to this area against the relevant IFRS disclosure requirements.

Other Matter

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 14 March 2019.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Directors' Report of the Company but does not include the financial statements and our auditor's report thereon. Our qualified opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. As described in Basis of Qualified Opinion section above, we were unable to obtain sufficient and appropriate audit evidence about the assumptions and judgment used by the external valuer for the valuation of investment properties. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF METHAQ TAKAFUL INSURANCE COMPANY P.S.C. (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
METHAQ TAKAFUL INSURANCE COMPANY P.S.C. (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Federal Law No. (2) of 2015, we report that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 and articles of association of the Company;
- the Company has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Company's books of account;
- Note 7 to the financial statements of the Company discloses purchased or investments in shares during the financial year ended 31 December 2019;
- Note 9 to the financial statements of the Company discloses material related party transactions and the terms under which these were conducted;
- Note 23 to the financial statements of the Company discloses social contributions made during the financial year ended 31 December 2019; and
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its articles of association which would materially affect its activities or its financial position as at 31 December 2019.

Further, as required by the UAE Federal Law No. (6) of 2007, we report that we have obtained all information and explanations we consider necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Obada Alkowatly
Registration No. 1056
26 March 2020
Abu Dhabi
United Arab Emirates

Statement of financial position
as at 31 December 2019

	Notes	2019 AED	2018 AED
ASSETS			
Takaful operations assets			
Retakaful share of unearned contributions	8	75,810,294	69,723,884
Prepaid expenses and other assets	11	8,566,384	5,204,343
Retakaful share of outstanding claims	8	105,593,634	60,753,690
Contributions and retakaful balances receivables	10	270,333,777	212,749,250
Term deposits	5	20,000,000	40,000,000
Cash and bank balances	5	12,454,876	24,024,707
Total takaful operations assets		492,758,965	412,455,874
Shareholders' assets			
Property and equipment	12	1,256,478	1,211,974
Statutory deposit	6	6,000,000	6,000,000
Financial assets measured at fair value through profit or loss	7 (b)	921,919	1,243,148
Financial assets measured at fair value through other comprehensive income	7 (a)	15,000,000	3,544,000
Deferred policy acquisition costs		16,767,865	14,746,045
Investments properties	13	142,360,000	162,360,000
Prepaid expenses and other assets	11	5,472,553	10,228,450
Term deposits	5	2,989,426	2,989,426
Cash and bank balances	5	1,817,634	8,883,267
Total shareholders' assets		192,585,875	211,206,310
TOTAL ASSETS		685,344,840	623,662,184
LIABILITIES, PARTICIPANTS'AND SHAREHOLDERS' EQUITY			
Takaful operations liabilities			
Takaful payables	19	48,799,679	42,845,885
Outstanding claims	8	276,196,776	234,435,049
Retakaful payables	19	111,070,107	79,760,893
Unearned retakaful commission income		23,410,916	23,237,023
Unearned contributions	8	127,536,143	144,322,166
Total takaful operations liabilities		587,013,621	524,601,016

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Methaq Takaful Insurance-PSC

The accompanying notes form an integral part of these financial statements.

Statement of financial position
as at 31 December 2019 (continued)

	Notes	2019 AED	2018 AED
Shareholders' liabilities			
Trade payables		**557,283**	811,816
Accrued expenses and other liabilities		**8,597,578**	9,711,164
Provision for end of service benefits	18	**4,122,164**	3,088,178
Other payables		**977,396**	
Islamic financing arrangement	20	**-**	1,714,286
Total shareholders' liabilities		**14,254,421**	15,325,444
Total liabilities		**601,268,042**	539,926,460
Participants' fund			
Deficit of general participants takaful fund	17	**(186,457,058)**	(206,532,287)
Loan from shareholders	17	**186,457,058**	206,532,287
Total Policyholders' fund		**-**	-
Shareholders' equity			
Share capital	14	**150,000,000**	150,000,000
Legal reserve	15	**4,580,554**	4,580,554
General reserve	16	**1,700,807**	1,700,807
Investment revaluation reserve		**(17,720,000)**	(14,176,000)
Accumulated losses		**(54,484,563)**	(58,369,637)
Total shareholders' equity		**84,076,798**	83,735,724
TOTAL LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY		**685,344,840**	623,662,184

Chairman of the Board of Directors | **Chief Financial Officer** | **Managing Director**

The accompanying notes form an integral part of these financial statements.

شركة ميثاق للتأمين التكافلي - ش.م.ع.
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Methaq Takaful Insurance-PSC

Statement of profit or loss
for the year ended 31 December 2019

	Notes	2019 AED	2018 AED
Attributable to policyholders			
Gross contribution written		**282,596,590**	317,140,888
Retakaful contributions		**(157,269,894)**	(153,909,085)
Net takaful contributions		**125,326,696**	163,231,803
Change in net unearned contribution provision		**22,872,433**	131,995,190
Net takaful contributions earned		**148,199,129**	295,226,993
Commissions earned		**46,613,564**	30,551,303
Gross takaful contributions		**194,812,693**	325,778,296
Gross claims paid		**(177,305,487)**	(244,302,632)
Retakaful share of claims paid		**83,703,063**	56,548,050
Net paid claims		**(93,602,424)**	(187,754,582)
Change in outstanding claims		**(52,870,781)**	11,215,010
Change in retakaful share of outstanding claims		**30,064,100**	(1,678,455)
Change in incurred but not reported claims reserve		**8,448,449**	(57,609,318)
Change in retakaful share of incurred but reported claims reserve		**13,554,728**	20,423,904
Change in unexpired risk reserve		**(2,024,822)**	-
Change in retakaful share of unexpired risk reserve		**1,221,118**	-
Change in unallocated loss adjustment expense		**(2,974,242)**	(1,462,021)
Net claims incurred		**(98,183,874)**	(216,865,462)
Takaful income		**96,628,819**	108,912,834
Allowances for doubtful receivables	**10**	**(3,354,267)**	(8,112,056)
Other investment income	**22**	**1,132,219**	622,247
Takaful operating profit		**94,406,771**	101,423,025
Wakalah fees	**21**	**(74,331,542)**	(90,572,681)
Takaful result for the year		**20,075,229**	10,850,344
Attributable to shareholders			
Shareholders' other investment income	**22**	**521,993**	231,040
Wakalah fees from policyholders	**21**	**74,331,542**	90,572,681
Income from real estate		**718,351**	788,348
Takaful expenses		**(30,249,997)**	(50,762,723)
Change in fair value of investments at fair value through profit and loss	**7 (b)**	**(321,229)**	(187,511)
Allowances for doubtful other receivables		**-**	(1,695,000)
Decrease in provision of loan to policyholders' Fund	**17**	**20,075,229**	10,850,344
Profit expense on Islamic Financing		**(87,428)**	(235,166)
General and administrative expenses	**23**	**(41,103,387)**	(34,155,826)
Change in fair value of investment properties		**(20,000,000)**	-
Profit for the year		**3,885,074**	15,406,187
Basic and diluted earning per share	**24**	**0.026**	0.103

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
for the year ended 31 December 2019

	2019 **AED**	2018 AED
Profit for the year	**3,885,074**	15,406,187
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Change in fair value of equity investments measured at fair value through other comprehensive income	(3,544,000)	(7,088,000)
Total other comprehensive loss for the year	(3,544,000)	(7,088,000)
Total comprehensive profit for the year	**341,074**	8,318,187

The accompanying notes form an integral part of these financial statements.

Statement of changes in shareholders' equity for the year ended 31 December 2019

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Accumulated losses AED	Total AED
Balance at 1 January 2018	150,000,000	3,039,935	1,700,807	(7,088,000)	(72,235,205)	75,417,537
Profit for the year	-	-	-	-	15,406,187	15,406,187
Other comprehensive loss for the year				(7,088,000)	-	(7,088,000)
Transfer to legal reserve	-	1,540,619	-	-	(1,540,619)	-
Total comprehensive income for the year	-	1,540,619	-	(7,088,000)	13,865,568	8,318,187
Balance at 31 December 2018	150,000,000	4,580,553	1,700,807	(14,176,000)	(58,369,637)	83,735,724
Balance at 1 January 2019	150,000,000	4,580,5543	1,700,807	(14,176,000)	(58,369,637)	83,735,724
Profit for the year	-	-	-		3,885,074	3,885,074
Other comprehensive loss for the year	-	-	-	(3,544,000)	-	(3,544,000)
Total comprehensive (loss)/ profit for the year	-	-	-	(3,544,000)	3,885,074	341,074
Balance at 31 December 2019	**150,000,000**	**4,580,553**	**1,700,807**	**(17,720,000)**	**(54,484,563)**	**84,076,798**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2019

	Notes	2019 AED	2018 AED
OPERATING ACTIVITIES			
Profit for the year		**3,885,074**	15,406,187
Excess of takaful result for the year		**20,075,229**	10,850,344
Adjustments for:			
Depreciation of property and equipment	**12**	**658,441**	771,079
Movement of unearned contributions, net	**8**	**(22,872,433)**	(131,995,190)
Change in fair value of investments at fair value through profit or loss	**7 (b)**	**321,229**	187,511
Investment and other income	**22**	**(1,654,212)**	(853,287)
Employees' end of service benefit	**18**	**1,163,190**	556,501
Allowance for doubtful receivables	**10**	**3,354,267**	8,112,056
Allowance for doubtful other receivables	**11**	**-**	1,695,000
Recovery for loan to policyholders fund	**17**	**(20,075,229)**	(10,850,344)
Profit expense on Islamic financing		**87,428**	235,166
Change in fair value of investment property		**20,000,000**	-
		4,942,984	(105,884,977)
Movements in working capital:			
Prepaid expenses and other assets		**1,393,856**	(3,340,265)
Contributions and re-takaful balances receivables		**(60,938,794)**	5,215,213
Deferred policy acquisition costs		**(2,021,820)**	8,934,420
Movement of outstanding claims, net		**(3,078,217)**	39,588,394
Takaful payables		**5,953,794**	(7,880,834)
Retakaful payables		**31,309,214**	60,112,410
Trade payables		**(254,533)**	177,384
Accrued expenses and other liabilities		**(136,190)**	357,403
Unearned re- takaful commission income		**173,893**	16,491,966
Cash (used in)/ generated from operations		**(22,655,813)**	13,771,114
End of service benefits paid	**18**	**(129,204)**	(52,340)
Net cash (used in)/generated from operating activities		**(22,785,017)**	13,718,774
INVESTING ACTIVITIES			
Purchase of property and equipment	**12**	**(702,945)**	(360,979)
Investment and other income	**22**	**1,654,212**	853,287
Movement in term deposits		**-**	(17,900)
Purchase of investment at fair value through other comprehensive income		**(15,000,000)**	-
Net cash (used in)/generated from investing activities		**(14,048,733)**	474,408
FINANCING ACTIVITIES			
Movement in term deposits		**20,000,000**	(40,000,000)
Profit expense on Islamic financing		**(87,428)**	(235,166)
Islamic financing repaid	**20**	**(1,714,286)**	(1,714,285)
Net cash generated from/(used in) financing activities		**18,198,286**	(41,949,451)
(Decrease)/ increase in cash and cash equivalents		**(18,635,464)**	(27,756,269)
Cash and cash equivalents at the beginning of the year	**5**	**32,907,974**	60,664,243
Cash and cash equivalents at the end of the year	**5**	**14,272,510**	32,907,974

The accompanying notes form an integral part of these financial statements.

1 Corporate information

Methaq Takaful Insurance Company P.S.C. (the "Company") is a public shareholding company registered with the Department of Planning and Economy, Abu Dhabi, United Arab Emirates ("UAE") on 24 March 2008 with a trade license number 1142419. The Company is registered in accordance with the Federal Law No. (2) of 2015.

The Company carries out takaful and retakaful activities 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 32774, Abu Dhabi, UAE. The Company is listed on the Abu Dhabi Securities Exchange.

The financial statements of Methaq Takaful Insurance Company P.S.C. for the year ended 31 December 2019 have been authorised for issue in accordance with a resolution of the Board of Directors on 26 March 2020.

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

New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these financial statements.

In the current year, the Company, for the first time, has adopted IFRS 16 Leases (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 'Leases", IFRIC 4 'Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

The Company performed an assessment of IFRS 16 and is of the view that this standard does not have material impact on the company's financial statements.

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

2.1 New and amended IFRS 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 2019, have been adopted in these financial statements

<u>**New and revised IFRSs**</u>	**Effective for annual periods <u>beginning on or after</u>**
Amendments to IFRS 9 *Prepayment Features with Negative Compensation and Modification of financial liabilities*	1 January 2019
The amendments to IFRS 9 clarify that for the purpose of assessing whether	
a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	
The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	
Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures.	1 January 2019
These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	
Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*	1 January 2019
Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*	1 January 2019
The *Annual Improvements* include amendments to four Standards.	
IAS 12 *Income Taxes*	1 January 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	

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

2.1 New and amended IFRS applied with no material effect on the financial statements (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IAS 23 *Borrowing costs*	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
IFRS 3 *Business Combinations*	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
IFRS 11 *Joint Arrangements*	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*	1 January 2019
The amendments to IAS 19 *Employee Benefits* clarify the accounting for defined benefit plan amendments, curtailments and settlements.	
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • whether tax treatments should be considered collectively; • assumptions for taxation authorities' examinations; • the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • the effect of changes in facts and circumstances.	

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.

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

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	
Definition of a Business – Amendments to IFRS 3 *Business Combinations*	1 January 2020
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	
Amendments to *References to the Conceptual Framework in IFRS Standards*	1 January 2020
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.	
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments	1 January 2020
Amendments regarding pre-replacement issues in the context of the IBOR reform	
IFRS 17 *Insurance Contracts*	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 1 January 2023.	

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
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.	Effective date deferred indefinitely. Adoption is still permitted.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 January 2018). The amendments address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 and confirms to apply IAS 39 for financial instruments. The overlay approach allows an entity applying IFRS 9 from 1 January 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of both IFRS 9 and IFRS 17 until 31 December 2022.

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

3 Summary of significant account policies

3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and Federal Law No. 6 of 2007, concerning the formation of Insurance Authority of UAE, as well as the Insurance Authority Financial Regulations for insurance companies (the “Regulations”).

3.2 Basis of preparation

These financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values as at the end of each reporting date, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3 Summary of significant account policies (continued)

3.2 Basis of preparation (continued)

As at 31 December 2019, the Company's accumulated losses amounted to AED 54,484,563 (31 December 2018: AED 58,369,637), which represents 36.3% (31 December 2018: 38.9%) of the share capital of the Company.

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

3.3 Takaful contracts

Definition

Takaful contracts are those contracts when the Company (the operator) has accepted takaful risk on behalf of takaful funds from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Recognition and measurement

Takaful contracts are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

These contracts are casualty and property takaful contracts.

Casualty takaful contracts protect the policyholders against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property takaful contracts mainly compensate the policyholders for damage suffered to their properties or for the value of property lost. Policyholders who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

For all these takaful contracts, contributions are recognised as revenue (earned contributions) proportionally over the period of coverage. The portion of contributions received on in-force contracts that relates to unexpired risks at the end of the reporting period date is reported as the unearned contribution liability.

Claims and loss adjustment expenses are charged to the statement of profit or loss (attributable to the policyholders) as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

3 Summary of significant account policies (continued)

3.3 Takaful contracts (continued)

Retakaful contract assets

Retakaful contract assets include retakaful share of outstanding claims (including share of claims incurred but not reported – IBNR) and retakaful share of unearned contributions.

Contracts entered into by the Company for retakaful under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements of takaful contracts are classified as retakaful contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

Takaful contracts entered into by the Company under which the contract holder is involved in takaful activities are included with takaful contracts. The benefits to which the Company is entitled under its retakaful contracts held are recognised as retakaful contract assets. The Company assesses its retakaful contract assets for impairment on a regular basis. If there is objective evidence that the retakaful contract asset is impaired, the Company reduces the carrying amount of the retakaful contract assets to its recoverable amount and recognises that impairment loss in the statement of profit or loss. Amounts recoverable from or due to retakaful holders are measured consistently with the amounts associated with the retakaful contracts and in accordance with the terms of each retakaful contract.

Takaful contract liabilities

Takaful contract liabilities include outstanding claims (OSLR), claims incurred but not reported ("IBNR"), unearned contribution reserve (UCR) and the provision for allocated, unexpired risk reserve (URR) and unallocated loss adjustment expenses (ALAE/ULAE).

Takaful contract liabilities towards outstanding claims are made for all claims intimated to the Company and still unpaid at the statement of financial position date, in addition for claims incurred but not reported.

The unearned contribution reserve considered in the Takaful contract liabilities comprise the estimated proportion of the gross contributions written which relates to the periods of Takaful subsequent to the reporting period date. Unearned contributions are calculated on a time proportion basis over the effective period of the policy. The proportion attributable to subsequent periods is deferred as unearned contributions reserve. The Company provides unearned contribution reserve based on actual terms of the policy.

The liability relating to IBNR and ALAE/ULAE reserve is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money.

The retakaful portion towards the above outstanding claims, claims incurred but not reported and unearned contributions reserve is classified as retakaful share of outstanding claims and retakaful share of unearned contributions in the financial statements.

Salvage and subrogation reimbursements

Estimates of salvage and subrogation reimbursements are considered as an allowance in the measurements of the takaful liability for claims.

3 Summary of significant account policies (continued)

3.3 Takaful contracts (continued)

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the takaful contract liabilities net of related deferred policy acquisition costs. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the statement of profit or loss initially by writing off the deferred policy acquisition costs and by subsequently establishing a provision for losses arising from liability adequacy tests.

Receivables and payables related to takaful contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and takaful contract holders.

If there is objective evidence that the takaful receivable is impaired, the Company reduces the carrying amount of the takaful receivable accordingly and recognises that impairment loss in the statement of profit or loss.

3.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Gross and retakaful contribution

Contribution from gross and retakaful contracts is measured under revenue recognition criteria stated under takaful contracts in these financial statements.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the statement of profit or loss.

Other income

Other income is accrued on a time basis, by reference to the principal outstanding and at the effective rate of return applicable.

Retakaful income and expenses

Retakaful income is recognised when retakaful is entered into and retakful expenses are recognised when the policies are issued.

3 Summary of significant account policies (continued)

3.5 Foreign currencies

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retransferred at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of profit or loss in the period in which they arise.

3.6 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses, if any. The cost of property and equipment is their purchase cost, together with any incidental expenses of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of property and equipment on a straight-line basis over their expected useful economic lives.

The principal annual rates used for this purpose are:

Furniture, fixtures and office equipment	20%
Computer equipment and accessories	33.33%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

3.7 Investment properties

Investment properties are held for the generation of income or capital appreciation and are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use.

3 Summary of significant account policies (continued)

3.8 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.A reversal of an impairment loss is recognised immediately in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3.10 Employee benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

Provision is also made for end of service benefits due to non-UAE national employees in accordance with the Company's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period.

Pension contributions are made in respect of UAE national employees to the Abu Dhabi Pension Authority, calculated in accordance with Government regulations. Such contributions are charged to the statement of profit or loss during the employees' period of service.

3 Summary of significant account policies (continued)

3.11 Financial assets

Classification and measurement

The Company has the following financial assets: cash and cash equivalents, contributions and retakaful balances receivables, investments at fair value through other comprehensive income and investments at fair value through profit or loss. The classification depends on the nature of the financial asset and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalent include cash on hand and deposits held at call with banks with original maturities of three months or less.

Contributions and retakaful balances receivables

Takaful and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective rate or return method, less any impairment. Return income is recognised by applying the effective rate of return, except for short term receivables when the recognition of return income would be immaterial.

Investments at fair value through other comprehensive income (equity instruments)

Investments at fair value through other comprehensive income (equity instruments) are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in other comprehensive income and dividend income is credited to statement of profit or loss when the right to receive the dividend is established.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in statement of profit or loss, profit from debt securities is recognized in statement of profit or loss and dividend income is credited to statement of profit or loss when the right to receive the dividend is established.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

3 Summary of significant account policies (continued)

3.12 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade payables and accruals

Trade payables and accruals are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective rate of return, with the expense recognised on an effective yield basis.

The effective rate of return is a method of calculating the amortised cost of a financial liability and of allocating the expense over the relevant period. The effective rate of return is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

3.13 Deficit in policyholders' fund

Deficit in the policyholders' fund is financed by the shareholders through a profit free loan "Qard – Hasan". The Company maintains a full provision against such loans.

3.14 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, management of the Company has made certain judgements, estimates and assumptions that are not readily apparent from other sources.The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are:

Unearned contribution reserve

The provision for unearned contribution represents that portion of contribution received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and contribution are charged, and is brought to account as contribution income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

Fair value of investment properties

External valuers were involved for valuation of significant investment properties. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Company's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Fair value of unquoted equity investments

Fair valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments, net asset base of investee or other valuation models.

Impairment of contributions and retakaful balances receivables

An estimate of the collectible amount of takaful and other receivables is made when collection of the full amount is no longer probable. This determination of whether the takaful and other receivables are impaired entails the Company in evaluating the credit and liquidity position of the policyholders and the takaful companies, historical recovery rates including detailed investigations carried out and feedback received from the legal department. Impairment of takaful and other receivables as at 31 December 2019 amounted to AED 49,209,208 (2018: AED 45,854,941).

4 Critical accounting judgments and key sources of estimation uncertainty

The ultimate liability arising from claims made under takaful contracts

The estimation of ultimate liability arising from the claims made under takaful contracts is the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the end of the reporting period. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on past claims settlement trends for the claims incurred but not reported. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision. Gross provision for IBNR as at 31 December 2019 amounted to AED 276,196,776 (2018: AED 234,435,049) as detailed in note 8.

5 Cash and cash equivalents

	2019 AED	2018 AED
Cash and bank balances	**14,272,510**	32,907,974
Term deposits	**22,989,426**	42,989,426
Cash and bank balances	**37,261,936**	75,897,400
Less: term deposits with original maturity of more than three months	**(22,989,426)**	(42,989,426)
Cash and cash equivalents	**14,272,510**	32,907,974
Takaful operations assets	**12,454,876**	24,024,707
Shareholders' assets	**1,817,634**	8,883,267
	14,272,510	32,907,974

Term deposits represent deposits held with Islamic financial institutions in the UAE, are denominated in UAE dirhams and carry profit at the expected prevailing market rates ranging from 2.5% to 3.4% per annum (2018: 2% to 2.40 %).

6 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 6,000,000 which cannot be utilised without the consent of the UAE Insurance Authority. The statutory deposit is held with a commercial bank in the UAE.

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

	2019 AED	2018 AED
Shareholders' assets		
Unquoted securities		
- *Unlisted equity securities*	**15,000,000**	3,544,000

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

The geographical concentration of investments is as follows:

	2019 AED	2018 AED
Within UAE	**15,000,000**	3,544,000

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

Unquoted UAE equity securities represents investment in Ward Holding Limited for 25,168 shares at a fair value of AED 15,000,000.

The movement in investments during the year is as follows:

	2019 AED	2018 AED
Financial assets measured at fair value through other comprehensive income		
At 1 January	**3,544,000**	10,632,000
Addition during the year	**15,000,000**	-
Change in fair value	**(3,544,000)**	(7,088,000)
At 31 December	**15,000,000**	3,544,000

7 (b) Financial assets measured at fair value through profit or loss

	2019 AED	2018 AED
Shareholders' assets		
Quoted securities		
- *Listed equity securities*	**921,919**	1,243,148

The geographical concentration of investments is as follows:

	2019 AED	2018 AED
Within UAE	**921,919**	1,243,148

Investments held by the Company are sharia'a compliant as at 31 December 2019 and 2018.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

7 (b) Financial assets measured at fair value through profit or loss (continued)

The movement in investments during the year is as follows:

	2019 AED	2018 AED
Financial assets measured at fair value through profit or loss		
At 1 January	**1,243,148**	1,430,659
Change in fair value	**(321,229)**	(187,511)
At 31 December	**921,919**	1,243,148

8 Takaful contract liabilities and re-takaful contract assets

	2019 AED	2018 AED
Gross outstanding claims		
Outstanding claims	**126,151,054**	80,939,943
Incurred but not reported reserve	**141,614,772**	150,063,220
Unallocated Loss adjustment expense reserve	**6,406,128**	3,431,886
Unexpired risk reserve	**2,024,822**	-
	276,196,776	234,435,049
Retakaful share of outstanding claims		
Outstanding claims	**38,728,756**	8,664,656
Incurred but not reported reserve	**65,643,760**	52,089,034
Unexpired risk reserve	**1,221,118**	-
	105,593,634	60,753,690
Net technical provision		
Outstanding claims	**87,422,298**	72,275,287
Incurred but not reported reserve	**75,971,012**	97,974,186
Unallocated Loss adjustment expense reserve	**6,406,128**	3,431,886
Unexpired risk reserve	**803,704**	-
	170,603,142	173,681,359

Notes to the financial statements
for the year ended 31 December 2019 (continued)

8 Takaful contract liabilities and re-takaful contract assets (continued)

The movement in the retakaful contract assets and takaful contract liabilities during the year is as follows:

	2019			2018		
	Gross AED	**Retakaful AED**	**Net AED**	Gross AED	Retakaful AED	Net AED
Claims						
Reported claims	**80,939,943**	**8,664,657**	**72,275,286**	81,677,439	10,343,112	71,334,327
Incurred but not reported	**150,063,220**	**52,089,033**	**97,974,187**	92,453,902	31,665,129	60,788,773
Unallocated loss adjustment expense reserve	**3,431,886**	**-**	**3,431,886**	1,969,865	-	1,969,865
Total at 1 January	**234,435,049**	**60,753,690**	**173,681,359**	176,101,206	42,008,241	134,092,965
Claims settled	**(177,305,487)**	**(83,703,063)**	**(93,602,424)**	(244,302,632)	(56,548,050)	(187,754,582)
Net claims incurred	**217,042,392**	**127,321,889**	**89,720,503**	302,636,475	75,293,499	227,342,976
Total at 31 December	**274,171,954**	**104,372,516**	**169,799,438**	234,435,049	60,753,690	173,681,359
Reported claims	**126,151,054**	**38,728,756**	**87,422,298**	80,939,943	8,664,657	72,275,286
Incurred but not reported	**141,614,772**	**65,643,760**	**75,971,012**	150,063,220	52,089,033	97,974,187
Unallocated loss adjustment expense reserve	**6,406,128**	**-**	**6,406,128**	3,431,886	-	3,431,886
Total at 31 December	**274,171,954**	**104,372,516**	**169,799,438**	234,435,049	60,753,690	173,681,359
Unearned contribution						
Total at 1 January	**144,322,166**	**69,723,884**	**74,598,282**	229,121,724	22,528,252	206,593,472
Increase during the year	**(16,786,023)**	**6,086,410**	**(22,872,433)**	144,322,166	69,723,884	74,598,282
Release during the year	**(144,322,166)**	**(69,723,884)**	**(74,598,282)**	(229,121,724)	(22,528,252)	(206,593,472)
Net increase during the year	**(16,786,023)**	**6,086,410**	**(22,872,433)**	(84,799,558)	47,195,632	(131,995,190)
Total at 31 December	**127,536,143**	**75,810,294**	**51,725,849**	144,322,166	69,723,884	74,598,282

9 Related parties

Related parties comprise shareholders, Directors and key management personnel of the Company and those in which there are 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:

	2019 AED	2018 AED
Takaful receivables due from related parties (note 10)	**5,598,550**	5,505,899
Less: allowance for doubtful balances due from related parties (note 10)	**(5,196,806)**	(5,196,806)
	401,744	309,093

9 Related parties (continued)

	2019 AED	2018 AED
Other receivables due from related parties (note 11)	**2,744,090**	2,744,090
Less: allowance for doubtful balances due from related parties (note 11)	**(1,894,090)**	(1,894,090)
	850,000	850,000
Gross contributions written	**2,425,649**	2,306,679
Claims paid	**1,576,995**	2,290,202
Directors remuneration	**1,460,557**	807,000

One of the board members is no more a related party as he is not a board member anymore since June 2019. The receivable pertaining to him amounting to AED 309,093 has been moved to normal takaful receivables.

The remuneration of key management personnel during the year was as follows:

	2019 AED	2019 AED
Short-term benefits	**5,504,934**	8,975,100
Long-term benefits	**1,156,100**	815,641

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

10 Contributions and Retakaful balances receivable

	2019 AED	2018 AED
Due from Policyholders	**99,265,160**	89,960,601
Due from insurance and reinsurance companies	**214,679,275**	163,137,691
Due from related parties	**5,598,550**	5,505,899
	319,542,985	258,604,191
Allowance for doubtful receivables	**(49,209,208)**	(45,854,941)
	270,333,777	212,749,250

10 Contributions and Retakaful balances receivable (continued)

This item includes allowance for doubtful receivables due from related parties amounting to AED 5,196,806 (2018: AED 5,196,806).

Contributions and retakaful balances receivables consist of a large number of policyholders and insurance and reinsurance companies. The Company's terms of business require amounts to be paid in accordance with arrangements reached with the policyholders and insurance and reinsurance companies and no interest is charged on contributions and retakaful receivables.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. In determining the recoverability of the contributions and retakaful receivable, the Company considers any change in the credit quality of the contributions and retakaful receivable from the date credit was initially granted up to the reporting date.

As at 31 December 2019, contributions and retakaful balances receivables at a nominal value of AED 49,209,208 (2017: AED 45,854,941) were impaired and fully provided for.

Movement in the allowance for doubtful receivables from takaful and retakaful contracts is as follows:

	2019 **AED**	2018 AED
At 1 January	**45,854,941**	37,742,885
Charge for the year	**3,354,267**	8,112,056
At 31 December	**49,209,208**	45,854,941

As at 31 December, the ageing of receivables from takaful and retakaful contracts is as follows:

	2019 **AED**	2018 AED
Neither past due nor impaired	**189,848,594**	55,475,498
90-180 days	**12,300,945**	26,921,533
181-360 days	**21,561,140**	80,733,580
Above 360 days	**46,623,098**	49,618,639
At 31 December	**270,333,777**	212,749,250

11 Prepaid expenses and other assets

	2019 **AED**	2018 AED
Due from related parties (note 9)	**2,744,090**	2,744,090
Advances towards formation of companies	**823,388**	823,388
Prepaid expenses	**1,112,049**	1,392,421
Accrued profit from investment deposits	**550,067**	768,666
Refundable deposits	**1,633,799**	1,430,248
Advances for investments	**3,506,950**	3,506,950
Other receivable and advances to suppliers	**11,586,812**	12,685,248
	21,957,155	23,351,011
Allowance for doubtful other receivables due from related parties (note 9)	**(1,894,090)**	(1,894,090)
Allowance for advances towards formation of companies	**(822,178)**	(822,178)
Allowance for advances for investments and other receivables	**(5,201,950)**	(5,201,950)
	14,038,937	15,432,793
Takaful operations assets	**8,566,383**	5,204,343
Shareholders’ assets	**5,472,553**	10,228,450
	14,038,937	15,432,793

Movement in the allowance for advances for investments and other receivables is as follows:

	2019 **AED**	2018 AED
At 1 January	5,201,950	3,506,950
Charge for the year	-	1,695,00
At 31 December	5,201,950	5,201,950

Notes to the financial statements
for the year ended 31 December 2019 (continued)

12 Property and equipment

	Furniture, fixtures and equipment AED	Computer equipment and accessories AED	Total AED
Cost			
At 1 January 2018	5,323,621	3,986,768	9,310,389
Additions	345,844	15,135	360,979
At 1 January 2019	5,669,465	4,001,903	9,671,368
Additions	317,741	385,204	702,945
At 31 December 2019	**5,987,206**	**4,387,107**	**10,374,313**
Accumulated depreciation			
At 1 January 2018	4,124,298	3,564,017	7,688,315
Charge for the year	674,441	96,638	771,079
At 1 January 2019	4,798,739	3,660,655	8,459,394
Charge for the year	478,413	180,028	658,441
At 31 December 2019	**5,277,152**	**3,840,683**	**9,117,835**
Net carrying amount			
31 December 2019	**710,054**	**546,424**	**1,256,478**
31 December 2018	870,726	341,248	1,211,974

13 Investment properties

	2019 AED	2018 AED
Investment properties	**142,360,000**	162,360,000

13 Investment properties (continued)

Investment properties is comprised of:

- A building, located in Abu Dhabi, purchased in 2010 and held for long term rental yields. As at year end, the investment property was registered and held in trust in the name of another party, for and on behalf of the Company and was not yet transferred to the Company. Management is still in the process of formalising the necessary registration procedures to transfer the title to the Company's name.
- A plot of land in Abu Dhabi that is held in the name of a related party, for and on behalf of the Company.

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 fair value of the investment properties at 31 December 2019 are determined by independent valuers using the income and comparable methods. Management believes that fair value has not changed significantly during the year.

The fair values were determined based on capitalization of net income method, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighborhood. The capitalization rate adopted is made by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted based on factor specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties in current use.

The investment properties are classified as Level 3. There were no transfers between Level 1 and 2 or to Level 3 during current and previous year.

The rental income for the year amounted to AED 812,990 (2018: AED 961,603) and building expenses amounted to AED 94,638 (2018: AED 173,255).

14 Share capital

	2019	2018
	AED	AED
Authorized, issued and fully paid		
150,000,000 shares of AED 1 each	**150,000,000**	150,000,000

15 Legal reserve

In accordance with the provisions of the UAE Federal Law No. (2) of 2015, and the Company's Articles of Association, the Company is required to transfer annually to a legal reserve account an amount equivalent to 10% of its annual net profit, until such reserve reaches 50% of the paid up capital of the Company.

16 General reserve

In accordance with Article 64 of the Company's Articles of Association, 10% of the Company's net profit for the year is to be transferred to a general reserve. No transfer was made during the year as the Company is in accumulated losses position.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

17 Loan from shareholders

	2019 **AED**	2018 AED
Policyholders' fund		
At 1 January	**(206,532,287)**	(217,382,631)
Surplus for the year	**20,075,229**	10,850,344
At 31 December	**(186,457,058)**	(206,532,287)
Loan from shareholders to policyholders		
At 1 January	**206,532,287**	217,382,631
Net movement during the year	**(20,075,229)**	(10,850,344)
Loan from shareholders	**186,457,058**	206,532,287
Less: allowance for loan to policyholders	**(186,457,058)**	(206,532,287)
Loan to policyholders, net	**-**	-

The deficit in the policyholders' fund is financed by the shareholders through a Qard Hassan loan. The Shareholders have funded the deficit in the policyholders' fund in accordance with the Company's policy through a Qard Hassan (free of finance charge) of AED 186,457,058 as of 31 December 2019 (2018: AED 206,532,287) with no repayment terms. During the year, Qard Hassan with a nominal value of AED 20,075,229 (2018: AED 10,850,344) was recovered and the recovery of the same amount was recognised to the statement of profit or loss attributable to shareholders.

Although recoverability of the remaining loan balance is uncertain, management expects to recover it from future profits from takaful operations.

18 Provision for employee's end of service benefits

	2019 **AED**	2018 AED
At 1 January	**3,088,178**	2,584,017
Charged during the year	**1,163,190**	556,501
Paid during the year	**(129,204)**	(52,340)
At 31 December	**4,122,164**	3,088,178

Notes to the financial statements
for the year ended 31 December 2019 (continued)

19 Takaful and retakaful payables

	2019 AED	2018 AED
Takaful payables comprise of:		
Due to policyholders	**31,512,346**	24,853,204
Due to takaful companies	**17,287,333**	17,992,681
	48,799,679	42,845,885
Amounts held under retakaful treaties comprise of:		
Due to retakaful companies	**56,690,614**	23,918,607
Retakaful deposit retained	**54,379,493**	55,842,286
	111,070,107	79,760,893

The average credit period is 60 to 90 days terms.

20 Islamic financing arrangement

	Profit charge (%)	2019 AED	2018 AED
Ijara financing arrangement	8.5%	-	1,714,286

Ijara financing arrangement

The Company entered into an Ijara financing arrangement with a local Islamic bank in UAE for AED 12,000,000 in 2012. The Ijara is repayable in 14 semi-annual rental instalments commencing 22 June 2013 and secured by a first degree registered mortgage over the Company's investment property.

During the year the Company has paid the final installment due for AED 1,714,286 and closed the arrangement.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

21 Mudareb share and Wakalah fees

The shareholders manage the takaful operations for the policyholders and charge the following range of percentages of gross takaful contributions as Wakalah fees:

	2019 (%)	2018 (%)
Motor	**30**	30
Medical	**15**	15
All other takaful classes	**30**	30

The shareholders manage the policyholders' investment fund and charge 10% (2018: 10%) of investment income earned by policyholders' investment fund as Mudareb share. Investment income earned by policyholders' investment fund as well as Mudareb share amounted to AED nil (2018: AED nil).

22 Shareholder's investment and other income, net

	2019 AED	2018 AED
Return on deposits and other income	**1,654,212**	853,287

23 General and administrative expenses

	2019 AED	2018 AED
Staff costs	**29,130,276**	26,178,515
Rental expenses	**2,839,902**	2,520,200
Depreciation of property and equipment	**658,441**	771,079
Other expenses	**8,474,768**	4,686,032
	41,103,387	34,155,826

Social contribution for the year ended 31 December 2019 amounts to AED 438,917 (2018: AED 359,373).

24 Basic and diluted earnings per share

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

	2019	2018
Profit for the year (AED)	**3,885,074**	15,406,187
Ordinary shares in issue throughout the year	**150,000,000**	150,000,000
Basic and diluted earnings per share (AED)	**0.026**	0.103

24 Basic and diluted earnings per share (continued)

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

25 Contingent liabilities and commitments

	2019 **AED**	2018 AED
Bank guarantees	**6,359,426**	6,536,430

Bank guarantees were issued in the normal course of business.

26 Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

The Company is organised into two business segments, shareholders and policyholders. Shareholders' segment comprises investment and cash management for the Company's own account in addition to management of the policyholders' fund. The policyholders' segment comprises the takaful business undertaken by the Company. These segments are the basis on which the Company reports its primary segment information.

The Company's underwriting business is based entirely within the United Arab Emirates. Retakaful treaties are arranged with companies based primarily in the GCC or in Europe and USA. The investments of the Company are held in the United Arab Emirates.

The policyholders' segment is further organised into three main product lines consistent with the reports used by the Board. These include:

- Motor: Covers damage to motor cars and related property and injuries or deaths of persons
- Medical: Covers groups of individuals for medical treatment
- Others: Covers insurance of engineering, property, marine and personal, general and third party accidents

Details of the three takaful product lines of the policyholders' segment are shown in Note 26.3

Notes to the financial statements
for the year ended 31 December 2019 (continued)

26 Segment information (continued)

26.1 Segment revenue and results

	2019			2018		
	Policy holders AED	**Shareholders AED**	**Total AED**	Policy holders AED	Shareholders AED	Total AED
Net underwriting income	**96,628,819**	**-**	**96,628,819**	108,912,834	-	108,912,834
Provision for doubtful takaful Receivable	**(3,354,267)**	**-**	**(3,354,267)**	(8,112,056)	-	(8,112,056)
Investment income	**1,132,219**	**-**	**1,132,219**	622,247	-	622,247
Wakalah fees	**(74,331,542)**	**74,331,542**	**-**	(90,572,681)	90,572,681	-
Segment results	**20,075,229**	**74,331,542**	**94,406,771**	10,850,344	90,572,681	101,423,025
Investment and other income	**-**	**521,993**	**521,993**	-	231,040	231,040
Rental income from investment property, net	**-**	**718,351**	**718,351**	-	788,348	788,348
Change in fair value of investments at FVTPL	**-**	**(321,229)**	**(321,229)**	-	(187,511)	(187,511)
Change in fair value of investment properties	**-**	**(20,000,000)**	**(20,000,000)**	-	-	-
(Increase)/decrease in provision for loan to Policyholders' Fund	**-**	**20,075,229**	**20,075,229**	-	10,850,344	10,850,344
Allowance for doubtful other receivable	**-**	**-**	**-**	-	(1,695,000)	(1,695,000)
Profit expense on Islamic financing	**-**	**(87,428)**	**(87,428)**	-	(235,166)	(235,166)
Takaful expenses	**-**	**(30,249,997)**	**(30,249,997)**	-	(50,762,723)	(50,762,723)
General and administrative expenses	**-**	**(41,103,387)**	**(41,103,387)**	-	(34,155,826)	(34,155,826)
Profit for the year	**20,075,229**	**3,885,074**	**23,960,303**	**10,850,344**	15,406,187	26,256,531

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the year (2018: 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 2018, except for adoption of new and amended standards as set out in note 3.

26 Segment information (continued)

26.2 Segment assets and liabilities

	2019			2018		
	Policy holders AED	**Shareholders AED**	**Total AED**	Policy holders AED	Shareholders AED	Total AED
Total assets	**492,758,965**	**192,585,875**	**685,344,840**	412,455,874	211,206,310	623,662,184
Total liabilities	**587,013,621**	**14,254,421**	**601,268,042**	524,601,016	15,325,444	539,926,460
Capital expenditure	**-**	**702,945**	**702,945**	-	360,979	360,979

26 Segment information (continued)

26.3 Product lines

	2019				2018			
	Motor AED	**Medical AED**	**Others AED**	**Total AED**	Motor AED	Medical AED	Others AED	Total AED
Gross takaful contributions revenue	**248,022,289**	**47,909,357**	**3,450,968**	**299,382,613**	367,214,349	31,669,562	3,056,535	401,940,446
Retakaful contributions ceded	**(135,896,449)**	**(12,796,511)**	**(2,490,524)**	**(151,183,484)**	(103,064,880)	(1,509,421)	(2,139,154)	(106,713,455)
Net earned contributions	**112,125,840**	**35,112,846**	**960,444**	**148,199,130**	264,149,469	30,160,141	917,381	295,226,991
Retakaful commission income	**45,921,412**	**208,914**	**483,237**	**46,613,563**	30,155,125	3,572	392,604	30,551,302
Total takaful income	**158,047,252**	**35,321,760**	**1,443,681**	**194,812,693**	294,304,594	30,163,713	1,309,986	325,778,293
Gross claims incurred	**(172,852,172)**	**(52,746,299)**	**(1,128,412)**	**(226,726,883)**	(257,448,870)	(34,993,898)	283,806	(292,158,962)
Retakaful share of claims incurred	**104,824,681**	**22,738,063**	**980,265**	**128,543,009**	68,512,535	7,138,146	(357,182)	75,293,499
Net claims incurred	**(68,027,491)**	**(30,008,236)**	**(148,147)**	**(98,183,874)**	(188,936,336)	(27,855,752)	(73,376)	(216,865,464)
Policyholders' investment income	**1,132,219**	**-**	**-**	**1,132,219**	622,247	-	-	622,247
Allowance for doubtful receivables	**(3,354,267)**	**-**	**-**	**(3,354,267)**	(8,112,056)	-	-	(8,112,056)
Net takaful expenses	**(70,249,539)**	**(30,008,236)**	**(148,147)**	**(100,405,922)**	(196,426,146)	(27,855,752)	(73,376)	(224,355,274)
Net takaful income for the year	**87,797,713**	**5,313,524**	**1,295,534**	**94,406,771**	97,878,448	2,307,961	1,236,609	101,423,019

Primary 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, and energy. This business is conducted fully within the UAE.
- Investments incorporating investments in UAE marketable equity securities, short-term investments with banks and other securities.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

26 Segment information (continued)

Gross takaful contributions revenue from underwriting departments

The following is an analysis of the Company's gross contribution earned classified by major underwriting departments.

	2019 **AED**	2018 AED
Motor	**248,022,289**	367,217,349
Medical	**47,909,357**	31,669,562
Miscellaneous accidents	**1,280,017**	1,256,048
Fire	**625,178**	761,533
Engineering	**920,097**	675,722
Marine and aviation	**625,675**	363,234
	299,382,613	401,940,448

27 Takaful risk

The risk under any one takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of a takaful contract, this risk is random and therefore unpredictable.

For a portfolio of takaful contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its takaful contracts is that the actual claims and benefit payments exceed the estimated amount of the takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Takaful events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar takaful contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company manages risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

During 2019, as part of the Company's risk management initiatives, the Company restructured its retakaful program to have a higher protection on its Motor portfolio through arranging for a 60% quota share treaty led by an A rated company according to the rating of Standard & Poor's.

27 Takaful risk (continued)

Frequency and severity of claims

The Company has the right not to renew individual policies, re-price the risk, impose deductibles and it has the right to reject the payment of a fraudulent claim. Takaful contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

Property takaful contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. Property takaful contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The takaful risk arising from these contracts is not concentrated in any one of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured properties.

The retakaful arrangements include excess and catastrophe coverage. The effect of such retakaful arrangements is that the Company should not suffer net takaful losses of a set limit of AED 250,000 in any one motor policy and AED 250,000 for any one non-motor policy. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlement of claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments

Claims on takaful contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and an element of the claims provision includes incurred but not reported claims ("IBNR"). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some takaful contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions; it is likely that the final outcome will prove to be different from the original liability established.

The amount of takaful claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Takaful contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

27 Takaful risk (continued)

Sources of uncertainty in the estimation of future claim payments (continued)

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projection given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss -ratio estimate is an important assumption in the estimation technique and is based on previous years experience, adjusted for factors such as contribution rate changes, anticipated market experience and historical claims inflation.

Process used to decide on assumptions

The risks associated with the takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual takaful contracts carried out at the end of the reporting period to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The choice of selected results for each accident year of each class of business depends on an assessment of the techniques that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or Company's of accident years within the same class of business.

27 Takaful risk (continued)

Claims development process

The following schedules reflect the actual claims (based on year end estimates including IBNR) compared to the previous estimates for the last four years on an accident year basis for motor and an underwriting year basis for non motor:

	2015 and earlier AED	**2016 AED**	**2017 AED**	**2018 AED**	**2019 AED**	**Total AED**
Gross						
Accident year						
At the end of the accident year	516,725,821	104,626,981	221,368,860	340,761,717	365,763,729	1,549,247,108
One year later	305,432,314	16,838,677	64,492,646	45,762,039	-	432,525,676
Two years later	11,368,166	32,997,537	15,505,800	-	-	59,871,503
Three years later	48,246,807	11,403,855	-	-	-	59,650,662
Four years later	17,566,948	-	-	-	-	17,566,948
Current estimate of cumulative claims	899,340,056	165,867,050	301,367,306	386,523,756	365,763,729	2,118,861,897
Cumulative payments to date	(878,452,529)	(149,232,518)	(162,788,059)	(152,088,706)	(91,591,775)	(1,434,153,587)
Liability recognised in the statement of financial position	20,887,527	16,634,532	138,579,247	234,435,050	274,171,954	684,708,310

Concentration of takaful risk

Substantially all of the Company's underwriting activities are carried out in the UAE.

In common with other takaful companies, in order to minimise financial exposure arising from large takaful claims, the Company, in the normal course of business, enters into arrangement with other parties for retakaful purposes.

To minimise its exposure to significant losses from retakaful insolvencies, the Company evaluates the financial condition of its retakaful and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of the retakaful companies. The Company remains liable to its policyholders for the portion covered by retakaful to the extent that any retakaful does not meet the obligations assumed under the retakaful agreements.

28 Financial instruments

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful assets and liabilities. In particular, the key financial risk is that in the long-term, its investment proceeds are not sufficient to fund the obligations arising from its takaful and investment contracts. The risks that the Company primarily faces due to the nature of its investments and underwriting business are market price risk, credit risk and liquidity risk.

Fair value of financial instruments

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

An analysis of financial instruments that are measured subsequent to initial recognition at fair value into levels 1 to 3 is provided in note 29.

Capital risk management

The Company has established the following capital management objectives, policies and approach to manage the risks that affect its capital position.

The Company's objectives when managing capital are:

- to comply with the capital requirements required by the UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

In UAE, the local takaful regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its takaful liabilities. The minimum required capital (presented below) must be maintained at all times throughout the year. The Company is subject to local takaful solvency regulations with which it has complied during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

The below summarises the minimum regulatory capital of the Company and the total capital held.

	2019 AED	2018 AED
Total shareholders' equity	**150,000,000**	150,000,000
Minimum regulatory capital	**100,000,000**	100,000,000

The UAE Insurance Authority has issued resolution No. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing an insurance firm and AED 250 million for a reinsurance firm. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or Gulf Cooperation Council national individuals or corporate bodies. The Company is complying with the above requirements.

28 Financial instruments (continued)

Significant accounting policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

	2019 AED	2018 AED
Financial assets		
Statutory deposit	**6,000,000**	6,000,000
Investments	**15,921,919**	4,787,148
Retakaful contract assets	**181,403,928**	130,477,574
Contributions and Retakaful balance receivables	**270,333,777**	212,749,250
Cash and cash equivalents (incl. deposits)	**37,261,936**	75,897,400
Total	**510,921,560**	429,911,372
Financial liabilities		
Takaful contract liabilities	**403,732,919**	378,757,215
Islamic finance arrangement	**-**	1,714,286
Takaful and retakaful payables	**159,869,786**	122,606,778
Total	**563,602,705**	503,078,279

Profit return rate risk management

The Company is not exposed to significant profit return rate risks as its profit return-sensitivity assets are repriced frequently.

The Company's rate of return risk is mainly attributable to its bank deposits.

The Company generally tries to minimise the rate of return risk by closely monitoring the market rates and investing in those financial assets in which such risk is expected to be minimal.

Foreign currency risk

The Company is not exposed to significant foreign currency risk as substantially all financial assets and financial liabilities are denominated in AED or US Dollars to which the AED is pegged.

28 Financial instruments (continued)

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to equity price risk with respect to its equity investments. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Company actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

A 10% increase in the market price of the Company's quoted equities at 31 December 2019 would have increased equity and profit by AED 92,192 (2018: AED 124,315). An equivalent decrease would have resulted in an equivalent but opposite impact.

A 10% increase in the value of the Company's unquoted equities at 31 December 2019 would have increased equity and other comprehensive income by AED 150,000 (2018: AED 354,400). An equivalent decrease would have resulted in an equivalent but opposite impact.

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

Key areas where the Company is exposed to credit risk are:

- Retakafuls' share of takaful liabilities;
- Amounts due from retakaful in respects of claims already paid;
- Amounts due from takaful contract holders;
- Amounts due from takaful intermediaries; and
- Amounts due from banks for its bank balances and fixed deposits.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Retakaful is used to manage takaful risk. This does not, however, discharge the Company's liability as primary insurer. If retakaful company fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of a retakaful company is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

28 Financial instruments (continued)

Credit risk management (continued)

Management information reported to the Company includes details of provisions for impairment on takaful receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for retakaful is carried out by the Company. Details on concentration of amounts due from policyholders is disclosed in note 10. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its policy holders.

The credit risk on liquid funds maintained with banks is limited because the counterparties are reputable local banks closely monitored by the regulatory body.

At 31 December 2019, all of the deposits were placed with 7 banks (2018: 7 banks). Management is confident that this concentration at year end does not result in any credit risk to the Company as these banks are major banks operating in the UAE and are highly regulated by the Central Bank.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk for such receivable and liquid funds.

Liquidity risk management

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. Bank facilities, the policy holders and the retakaful, are the major sources of funding for the Company and the liquidity risk for the Company is assessed to be low.

The table below summarises the maturity profile of the Company's financial liabilities with maturities determined on the basis of the remaining period from the end of the reporting period to the contractual maturity / repayment date.

The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	Current AED	**Non-current AED**	**Total AED**
31 December 2019			
Financial liabilities			
Takaful contract liabilities	**403,732,919**	**-**	**403,732,919**
Takaful and retakaful payables	**159,869,786**	**-**	**159,869,786**
Total	**563,602,705**	**-**	**563,602,705**
31 December 2018			
Financial liabilities			
Takaful contract liabilities	378,757,215	-	378,757,215
Takaful and retakaful payables	122,606,778	-	122,606,778
Islamic Finance arrangement	1,714,286	-	1,714,286
Total	503,078,279	-	503,078,279

Notes to the financial statements for the year ended 31 December 2019 (continued)

28 Financial instruments (continued)

Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	Current AED	Non-current AED	Total AED
31 December 2019			
Assets			
Cash and bank balances including bank deposits	**37,261,936**	**-**	**37,261,936**
Statutory deposits	**-**	**6,000,000**	**6,000,000**
Retakaful share of unearned contributions	**75,810,294**	**-**	**75,810,294**
Financial assets designated at fair value through other comprehensive income	**15,000,000**	**-**	**15,000,000**
Financial assets designated at fair value through income statement	**921,919**	**-**	**921,919**
Contributions and Retakaful balance receivables	**270,333,777**	**-**	**270,333,777**
Deferred acquisition costs	**16,767,865**	**-**	**16,767,865**
Retakaful share of outstanding claims	**105,593,634**	**-**	**105,593,634**
Prepaid expenses and other assets	**14,038,937**	**-**	**14,038,937**
Property and equipment	**-**	**1,256,478**	**1,256,478**
Investment property	**-**	**142,360,000**	**137,360,000**
Total assets	**535,728,362**	**149,616,478**	**685,344,840**
Liabilities			
Takaful payables	**48,799,679**	**-**	**48,799,679**
Outstanding claims	**276,196,776**	**-**	**276,196,776**
Retakaful payables	**111,070,107**	**-**	**111,070,107**
Accrued expenses and other liabilities	**8,597,578**	**-**	**8,597,578**
Trade payables	**1,534,679**	**-**	**1,534,679**
Unearned retakaful commission income	**23,410,916**	**-**	**23,410,916**
Unearned contributions	**127,536,143**	**-**	**127,536,143**
Provision for end of service benefits	**-**	**4,122,164**	**4,122,164**
Total liabilities	**597,145,878**	**4,122,164**	**601,268,042**

Notes to the financial statements
for the year ended 31 December 2019 (continued)

28 Financial instruments (continued)

Maturity analysis of assets and liabilities (continued)

	Current AED	Non-current AED	Total AED
31 December 2018			
Assets			
Cash and bank balances including bank deposits	75,897,400	-	75,897,400
Statutory deposits	-	6,000,000	6,000,000
Retakaful share of unearned contributions			
Financial assets designated at fair value through other comprehensive income	-	3,544,000	3,544,000
Financial assets designated at fair value through income	1,243,148	-	1,243,148
Contributions and Retakaful balance receivables	212,749,250	-	212,749,250
Deferred acquisition costs	14,746,045	-	14,746,045
Retakaful share of outstanding claims	60,753,689	-	60,753,689
Prepaid expenses and other assets	15,432,793	-	15,432,793
Property and equipment	-	1,211,974	1,211,974
Investment property	-	162,360,000	162,360,000
Total assets	380,822,325	173,115,974	553,938,299
Liabilities			
Takaful payables	42,845,885	-	42,845,885
Outstanding claims	234,435,049	-	234,435,049
Trade payables	811,816	-	811,816
Retakaful payables	79,760,893	-	79,760,893
Islamic Financing arrangement	1,714,286	-	1,714,286
Accrued expenses and other liabilities	9,711,164	-	9,711,164
Unearned retakaful commission income	23,237,023	-	23,237,023
Unearned contributions	144,322,166	-	144,322,166
Provision for end of service benefits	-	3,088,178	3,088,178
Total liabilities	536,838,282	3,088,178	539,926,460

Notes to the financial statements
for the year ended 31 December 2019 (continued)

29 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
31 December 2019				
Investment properties	**-**	**-**	**142,360,000**	**142,360,000**
Financial assets measured at fair value through profit and loss	**921,919**	**-**	**-**	**921,919**
Financial assets measured at fair value through other comprehensive income			**15,000,000**	**15,000,000**
	921,919	**-**	**157,360,000**	**158,281,919**
31 December 2018				
Investment properties	-	-	162,360,000	162,360,000
Financial assets measured at fair value through profit and loss	-	-	3,544,000	3,544,000
Financial assets measured at fair value through other comprehensive income	1,243,148	-	-	1,243,148
	1,243,148	-	165,904,000	167,147,148

During the year, 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.

30 Subsequent events

The existence of Novel Coronavirus (Covid-19) was confirmed in January 2020 in mainland China and has subsequently spread to many other countries around the world. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity. The Company considers this event to be a non-adjusting event after the reporting period and therefore has not made any adjustments to the financial statements as a result of this matter. The outcome of this event is unknown and therefore the impact on the Company cannot be reasonably quantified at the date of issuance of these financial statements. The effect of Covid-19 on the Company will be incorporated into the determination of the Company's technical reserves, impairment of contributions and retakaful balances receivables, valuation of equity portfolio and valuation of investment properties in 2020.