METHAQ TAKAFUL INSURANCE COMPANY P.S.C.
UNITED ARAB EMIRATES

REVIEW REPORT AND INTERIM FINANCIAL INFORMATION FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.
UNITED ARAB EMIRATES

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Report on Review and Interim Financial Information

The Shareholders'
Methaq Takaful Insurance Company P.S.C.
United Arab Emirates

Introduction

We have reviewed the accompanying interim financial statements of **Methaq Takaful Insurance Company P.S.C**, as at 30 June 2021 which comprise the interim statement of financial position as at 30 June 2021 and the related interim statement of profit or loss, related interim statement of comprehensive income, related interim statement of changes in equity and interim statement of cash flows for the period from 1 January 2021 to 30 June 2021 and explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard IAS 34 interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Conclusion

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

Talal Abu Ghazaleh & Co. International

Firas Kilani
Licensed Auditor No. 632

10 August 2021

Talal Abu Ghazaleh & Co. International
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أبوظبي
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الطابق الثالث، مكتب رقم ٣٠٣،٣٠٤
هاتف : ٦/٦٧٢٤٤٢٥ ٢ ٩٧١+
فاكس: ٦٧٢٣٥٢٦/٦٧٦٥٠٠٣ ٢ ٩٧١+
ص.ب: ٤٢٩٥ أبو ظبي، الإمارات العربية المتحدة

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.

UNITED ARAB EMIRATES

EXHIBIT A

INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

ASSETS	NOTE	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Takaful operating assets			
Retakaful share of unearned contributions		**78,464,078**	89,322,311
Prepaid expenses and other assets	9	**5,795,837**	2,015,392
Retakaful share of outstanding claims	7 (a)	**93,035,126**	133,407,954
Contributions and retakaful balances receivables	8 (a)	**290,564,377**	264,127,762
Bank term deposits		**27,401**	27,401
Cash and cash equivalents	4	**2,956,872**	9,070,635
Total takaful operating assets		**470,843,691**	497,971,455
Share holders' assets			
Property and equipment	10	**2,632,052**	1,087,417
Statutory deposit	5	**6,000,000**	6,000,000
Investments designated at fair value through profit and loss (FVTPL)	6 (a)	**807,510**	713,552
Investments designated at fair value through other comprehensive income (FVTOCI)	6 (a)	**17,000,000**	17,000,000
Deferred policy acquisition costs		**40,302,909**	34,611,614
Investments properties	11	**142,360,000**	142,360,000
Prepaid expenses and other assets	9	**8,048,073**	6,111,402
Bank term deposits		**359,426**	2,989,426
Cash and cash equivalents	4	**4,108,528**	2,269,879
Total shareholder's assets		**221,618,498**	213,143,290
TOTAL ASSETS		**692,462,189**	711,114,745

Chairman

Managing Director

Chief Financial Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.

UNITED ARAB EMIRATES

CONT. EXHIBIT A

INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	NOTE	30 June 2021 (Unaudited)	31 December 2020 (Audited)
LIABILITIES, PARTICIPANTS' AND SHAREHOLDERS' EQUITY			
Takaful operating liabilities			
Takaful payables		**102,619,784**	75,075,069
Outstanding claims	7 (a)	**204,235,177**	257,970,934
Retakaful payables		**75,405,332**	85,129,414
Unearned retakaful commission income		**26,740,742**	30,509,001
Unearned contributions		**179,879,619**	157,649,724
Total takaful operations liabilities		**588,880,654**	606,334,142
Share holders' liabilities			
Trade payables		**935,188**	1,197,131
Accrued expenses and other liabilities		**6,849,022**	7,637,738
End of service benefits obligation	12	**3,292,723**	3,090,479
Other payables		**1,576,312**	549,280
Total shareholders' liabilities		**12,653,245**	12,474,628
Participants' fund			
Deficit of general participants takaful fund	13	**(178,514,149)**	(184,613,960)
Loan from shareholders	13	**178,514,149**	184,613,960
Total shareholders' liabilities		----	----
Equity			
Share capital	14	**150,000,000**	150,000,000
Legal reserve		**4,580,554**	4,580,554
General reserve		**1,700,807**	1,700,807
Investment fair value reserve		----	(17,720,000)
Accumulated (losses)		**(65,353,071)**	(46,255,386)
Net equity - Exhibit C		**90,928,290**	92,305,975
Total liabilities, participants fund and equity		**692,462,189**	711,114,745

Managing Director

Chief Financial Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.

UNITED ARAB EMIRATES

EXHIBIT B

INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	NOTE	Six months ended	
		30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Gross contribution written	17 (d)	**169,018,441**	116,943,459
Retakaful contributions	17 (c)	**(56,371,827)**	(49,904,922)
Net takaful contributions		**112,646,614**	67,038,537
Change in net unearned contribution provision		**(33,088,127)**	(8,597,717)
Net takaful contributions earned		**79,558,487**	58,440,820
Commissions earned	17 (c)	**21,667,223**	20,779,407
Gross takaful contributions		**101,225,710**	79,220,227
Gross claims paid		**(110,550,826)**	(99,387,351)
Retakaful share of claims paid		**52,554,289**	40,605,220
Net claims paid		**(57,996,537)**	(58,782,131)
Change in outstanding claims		**(14,155,009)**	9,361,183
Change in retakaful share of outstanding claims		**10,949,678**	847,935
Change in incurred but not reported claims reserve		**51,615,128**	(12,005,423)
Change in retakaful share of incurred but not reported claims reserve		**(51,322,507)**	10,726,601
Additional unexpired risk reserve		**5,478,663**	587,891
Change in allocated loss adjustment expense		**1,169,135**	1,487,393
Net claims incurred		**(54,261,449)**	(47,776,551)
Takaful income		**46,964,261**	31,443,676
Takaful operating profit		**46,964,261**	31,443,676
Wakala fees		**(40,864,450)**	(30,012,878)
Surplus of takaful results for the year		**6,099,811**	1,430,798
Shareholders' investment and other income (net)		**214,148**	310,532
Wakalah fees from policyholders		**40,864,450**	30,012,878
Income from real estate (net)		**244,060**	265,052
Takaful expenses		**(27,376,303)**	(15,037,860)
Change in fair value of investments at fair value through profit and loss	6 (c)	**93,958**	(279,681)
Change in provision of loan to policyholders' fund		**6,099,811**	1,430,798
General and administrative expenses		**(21,517,809)**	(18,785,908)
Net (loss) for the period - Exhibit D		**(1,377,685)**	(2,084,189)
Basic and diluted earnings per share	16	**(0.009)**	(0.014)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.
UNITED ARAB EMIRATES

EXHIBIT B

INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	NOTE	Six months ended	
		30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
(Loss) for the period		(1,377,685)	(2,084,189)
Total comprehensive (loss) for the period - Exhibit C		(1,377,685)	(2,084,189)

THE ACCOMPANYING NOTES ARE AN INTEGRAL
INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.

UNITED ARAB EMIRATES

EXHIBIT C

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	Share capital	Legal reserve	General reserve	Investment fair value reserve	Accumulated (losses)	Total
Equity at 1 January 2020 - (Audited)	150,000,000	4,580,554	1,700,807	(17,720,000)	(54,484,563)	84,076,798
(Loss) for the period - Exhibit B	----	----	----	----	(2,084,189)	(2,084,189)
Balance at 30 June 2020 - (Unaudited)	150,000,000	4,580,554	1,700,807	(17,720,000)	(56,568,752)	81,992,609
Equity at 1 January 2021 - Exhibit A (Audited)	150,000,000	4,580,554	1,700,807	(17,720,000)	(46,255,386)	92,305,975
(Loss) for the period - Exhibit B	----	----	----	----	**(1,377,685)**	**(1,377,685)**
Transfer to accumulated loss	----	----	----	**17,720,000**	**(17,720,000)**	----
Equity at 30 June 2021 - Exhibit A (Unaudited)	**150,000,000**	**4,580,554**	**1,700,807**	----	**(65,353,071)**	**90,928,290**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM INANCIAL STATEMENTS

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.

UNITED ARAB EMIRATES

EXHIBIT D

INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	Six months ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Loss) for the period - Exhibit B	**(1,377,685)**	(2,084,189)
Excess of takaful results for the year	**6,099,811**	1,430,798
Adjustment to reconcile net income to net cash provided by operating activities		
Depreciation of property and equipment	**343,123**	324,521
Movement of unearned contributions (net)	**33,088,127**	8,597,717
Net fair value loss on investment designated at FVTPL	**(93,958)**	279,680
Interest term deposits income	**(214,148)**	(295,904)
End of service benefits obligation	**367,919**	736,019
Recovery for loan policyholders fund	**(6,099,811)**	(1,430,794)
Operating profit before working capital changes	**32,113,378**	7,557,848
Changes in the components of working capital:		
(Increase) in prepaid and other assets	**(5,717,115)**	(156,782)
(Increase) in contribution and re-takaful balances receivables	**(26,436,615)**	(3,516,999)
(Increase) / decrease in differed policy acquisition costs	**(5,691,295)**	1,984,262
(Increase) in outstanding claims (net)	**(13,362,929)**	(8,529,065)
Increase in takaful payables	**27,544,715**	9,314,102
(Decrease) in retakaful payables	**(9,724,082)**	(21,954,411)
(Decrease) / increase in trade payables	**(261,943)**	852,580
Increase / (decrease) in accrued expenses and other liabilities	**238,316**	(2,221,675)
(Decrease) in unearned re-takaful commission income	**(3,768,259)**	(5,236,267)
Net cash flows (used in) operating activities	**(5,065,829)**	(21,906,407)
Settlement of end of service benefit obligation	**(165,675)**	(1,054,619)
Net cash flows (used in) operating activities	**(5,231,504)**	(22,961,026)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.

UNITED ARAB EMIRATES

CONT. EXHIBIT D

INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	Six months ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	**(1,887,758)**	(89,393)
Interest term deposits income	**214,148**	295,904
Purchase of investment designated fair value through other comprehensive income FVTOCI	**----**	(2,000,000)
Net cash flows (used in) investing activities	**(1,673,610)**	(1,793,489)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Decrease in term deposits	**2,630,000**	20,000,000
Net cash flows from financing activities	**2,630,000**	20,000,000
NET CASH FLOWS (USED) DURING THE PERIOD	**(4,275,114)**	(4,754,515)
Cash and cash equivalents at beginning of the period	**11,340,514**	14,272,510
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD - Note 4	**7,065,400**	9,517,995

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

METHAQ TAKAFUL INSURANCE COMPANY P.S.C.
UNITED ARAB EMIRATES

NOTES TO INTERIM FINANCIAL STATEMENTS
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

1. STATUS AND ACTIVITIES

a) **Methaq Takaful Insurance Company P.S.C.** (the "company") is a public shareholding company registered with the Department of Economic Development - Abu Dhabi - United Arab Emirates. The Company are incorporated in the Emirate of Abu Dhabi on 24 March 2008 with a trade license number 1142419.

b) The company's principal activity are accidents and civil responsibility insurance, fire insurance, land, marine and air transportation dangers insurance, reinsurance, health insurance and onshore and offshore oil and gas fields and facilities services.

c) The company's ordinary shares are listed on Abu Dhabi Securities Exchange.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) The company has applied the following International Financial Reporting Standards (IFRSs), amendments and interpretations for the first time for their reporting date commencing 1 January 2021:

Standard or Interpretation	Description	Effective date
Definition of materiality - Amendments to IAS (1) and IAS (8)	The amendments provide clarifications for the definition of materiality, where the 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 financial reporting entity. The amendments clarify that materiality depends on the nature of the information, its magnitude, or both. Information error is a significant matter if it is reasonably expected to influence the decisions made by the primary users.	1 January 2020

Definition of a Business (Amendments to IFRS 3)	The amendments clarify that a business is considered a business if it includes at a minimum, an input and a substantive process that together significantly contribute to the ability of creating outputs, and it also clarifies that a business can exist without including all of the inputs and processes needed to create outputs.	1 January 2020
Conceptual framework Financial Report (Revised)	The conceptual framework includes definitions on which all the requirements of IFRSs are based (definition of asset, liability, income, expense, objectives of general purpose financial statements, etc.). The revised framework improves these definitions.	1 January 2020
Interest Rate Benchmark Reform Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)	These amendments provide some exemptions related to the standard reform of the interbank offered interest reference rate. The exemptions relate to hedge accounting. The reformulation of the interbank interest reference rate should not generally cause the discontinuance of hedge accounting.	1 January 2020
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	IFRS 16 has been amended to address rental concessions for lessees resulting from the COVID-19 epidemic, which meet the following characteristics: A. Change in lease payments leads to an amendment in the lease contract that is substantially the same or less than the lease consideration immediately preceding the change. B. The reduction is the rent payments so that it only affects the payments due on or before June 30, 2021. C. There is no material change in the other terms and conditions of the lease.	1 June 2020

b) At the date of authorization of these interim financial statements, the following Standards and Interpretations have been issued but not yet effective :

Standard or Interpretation	Description	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39)	The amendments provide temporary exemptions that address the effects of financial reporting when an Interbank Offered Rate (IBOR) is exchanged for a Risk-Free Alternative Interest Rate (RFR). Amendments include a practical expedient requiring contractual changes or changes in cash flows, which is necessary as a direct consequence of interest rate benchmark reform, to be dealt with as variables in the variable interest rate, equivalent to the movement in the interest rate in the market. Allowing the use of this practical expedient is provided with the condition that the transfer from IBOR to (RFR) takes place on an economically equivalent basis without the occurrence of value transfer.	1 January 2021
Annual improvements to IFRS 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	*IFRS 1 amendments, First-time Adoption of International Financial Reporting Standards.* An extension of the optional exemption that allows the subsidiary which becomes an adopter of the IFRS for the first time after the parent company to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS Standards. Similar election is available for the associate and joint venture.	1 January 2022

	IFRS 9 amendments, Financial Instruments The amendments clarify the fees an entity includes when it applies the '10 per cent' test in assessing whether to de-recognize a financial liability.	
	IFRS 16 amendments, Leases The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements.	
	IAS 41 amendments, Agriculture The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	
IFRS 3 amendments, Business Combinations - Reference to the Conceptual Framework	The amendments aim to update the reference to the conceptual framework without changing the accounting requirements of IFRS 3 Business Combinations.	1 January 2022
IAS 16 amendments, property, plant and equipment - proceeds before intended use	Amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	1 January 2022
IAS 37 amendments, Provisions, Contingent Assets and Liabilities – Onerous Contracts - Cost of Fulfilling a Contract	Amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract will produce a loss.	1 January 2022

IAS 1 amendments, Presentation of Financial Statements	• Clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. • Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. • Explain that rights are in existence if covenants are complied with at the end of the reporting period. • Introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. • Are applied retrospectively.	1 January 2022
IFRS 17, Insurance Contracts	IFRS 17 supersedes IFRS 4, the new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts.	1 January 2023
IFRS 10 and IAS 28 amendments — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	Indefinite

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the company is consistent with those applied in prior years except for the new and amended IFRS's effective as of 1 January 2021 as detailed in Note 2 (a) which did not have material impact on the interim financial statements of the company. The significant accounting policies adopted by the company in the preparation of the interim financial statements are as follows:-

a. *Interim Financial Statements Preparation Framework*

The interim financial statements have been prepared in accordance with International Financial Reporting Standards.

b. *Basis of presentation*

As at 30 June 2021, the company accumulated losses amounted to AED 65,353,071, (30 June 2020 : AED 46,255,386) which represents 43.57% (31 December 2020 : 30.84%) of the share capital of the company.

The interim financial statements are prepared in accordance with the historical cost principle.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services, while Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are either financial assets or financial liabilities.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

d. *Financial assets*
Any asset that is: cash, an equity instrument of another entity, or a debt instrument of another entity (a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity, or a contract that will or may be settled in the entity's own equity instruments).

The company does not have debt instruments that qualify for measurement at fair value through other comprehensive income nor at fair value through profit or loss. Moreover the company's financial assets does not have any equity instrument financial assets.

Initial measurement
Financial assets are recognized when the company becomes party to the contractual provisions of the instruments. At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

i) *Cash and cash equivalents*
Cash and cash equivalents includes cash on hand, cash at banks - current accounts, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

ii) *Bank fixed deposits*
Bank fixed deposits are measured at amortized cost using the effective interest method.

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

Definition
Takaful contracts are those contract when the company (the operator) has accepted takaful rate on behalf of takaful funds from another party (the policyholders) by agreeing to compensate the policyholders if any 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 casually and property takaful contracts.

Casually takaful contracts protect the policyholders against the risk of causing harm to third parties as a result of their legitimate actives. Damages covered include both contractual and no contractual events. The typical protections 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 received compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

For all this takaful contracts, contributions are recognized 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.

Claim and loss adjustment expenses are charged to the interim 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.

Retakaful contract assets
Retakaful contract asset include ratakaful share of outstanding claims (including share of claims incurred by not reported - IBNR) and retakaful share of unearned contribution.

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 to not meet these classification requirements are classified a financial assets.

Takaful contracts entered in to 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 recognized a retakaful contract assets. The company assess its retakaful contract assets for impairment on 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 derecognizes that impairment loss in the statement of profit or loss. Amounts recoverable from or due to retakful holders are measured consistently with the amounts associate with the retakaful contracts and in accordance with the terms of each retaful contract.

Takaful contract liabilities

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

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

The unearned contribution reserve considered in the Takaful contract liabilities comprise the estimated proportion of the gross contribution written which relates to the period of Takaful subsequent to the reporting period date. Unearned contribution are calculate done a time proportion basis over the effective period of the policy. The proportion attributable to subsequent period is deferred as unearned contributions reserve. The company provide unearned contributing 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 takaful 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 interim financial statements.

Salvage and subrogation reimbursements

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

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of retakaful contract liabilities ne to related deferred policy acquisition costs. In performing these tests, current test estimates of future contractual cash flows and claims hand doing an 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 wring 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 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 caring amount of the takaful receivable accordingly and recognizes that impairment loss in the statement of profit or loss.

iii) *Financial assets at fair value through profit or loss (FVTPL)*

A financial asset is classified as fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Directly attributable transaction costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

iv) *Financial assets at fair value through other comprehensive income (FVTOCI)*

FVTOCI financial assets may include equity instruments that are not held principally for the purpose of selling in the near future or debt instruments with fixed or determinable payments and fixed maturity dates that the company has no positive intent and ability to hold to maturity.

FVTOCI financial assets are stated at fair value for listed securities and it cost for unlisted securities. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in the interim statement of comprehensive income.

The cumulative gain or loss previously recognized in the investments revaluation reserve is included in the statement of comprehensive income upon the disposal of investment. Dividends on FVTOCI equity instruments are recognized in profit or loss when the company's right to receive payments is established.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. This requires considerable judgement about how the changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. This model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Derecognition

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

With the exception of FVTOCI equity instruments, if, in a subsequent year, the amount of the impairment loss decreases due to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of FVTOCI equity securities, any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

e. *Property and equipment*

Property and equipment held for use in the supply of goods or services, or for administrative purposes, are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

After initial recognition, the property and equipment are carried in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. The depreciation charge for each year is recognized in the interim statement of profit or loss. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the company over the estimated useful lives of the assets. The useful lives of the assets are estimated as follows:

Category	Useful life
Furniture, fixtures and office equipment	5 years
Computer equipment and accessories	3 years

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 carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with Note 3 (f).

On the subsequent derecognition (sale or retirement) of the property and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the interim statement of profit or loss.

f. *Impairment of tangible assets*

At each interim statement of financial position date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have been impaired. 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, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the interim 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 is decreased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized 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 decrease.

g. *Investment properties*

Investment property (land or building) is property: (a) held by the company to earn rentals, (b) for capital appreciation rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, and/or for undetermined use. Investment property is measured initially at its cost, including transaction costs and revalued annually by independent evaluators.

On the subsequent derecognition (sale or retirement) of the investment properties, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the interim statement of profit or loss.

h. *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognized when the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

i. *End of service benefits obligation*

- Provision for employees' end-of-service benefits is calculated in accordance with the Federal Labour Laws of United Arab Emirates. The company measures its obligations under employees' benefits as described in IAS 19 using actuarial valuation method unless the differences between actuarial valuation and actual liability and service cost is immaterial.

- Pension funds for UAE nationals has been computed as per rates approved by the concerned government department.

j. *Provisions*

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date, that is, the amount that the company would rationally pay to settle the obligation at the interim statement of financial position date or to transfer it to a third party.

Provisions reviewed and adjusted at each interim statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

k. *Legal reserve*

Pursuant to the Company's Articles of Association, 10% of net profit for the year to be withheld annually and retained in the legal reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the company's capital and is not available for distribution for shareholders'.

l. *General reserve*

In accordance with the Article 64 of the company article of association 10% of net profit for the year is to be transfer to a general reserve. No transfer was made during year as the company in accumulated losses position.

m. *Revenue recognition*

Revenue is measured based on the consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the company satisfies a performance obligation by rendering the promised service to the customer, which is when the customer enjoys the benefits from the service. The establishment's performance obligations are satisfied at a point in time. The amount of revenue recognized is the amount allocated to the satisfied performance obligations.

Gross and retakaful contribution

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

Dividend income

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

Rental income

Rental income arising on investment properties sis 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.

Other income / expense retakaful

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

Commission revenue

Commission revenue is recognized when the customer has finalized contracts with its clients and the right to receive the commission is established.

n. *Foreign currencies*

The interim financial statements are presented in the UAE Dirhams (AED) which is the company's functional currency. In preparing the financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous interim financial statements shall be recognized in the statement of profit or loss in the year in which they arise.

o. *Contingent liabilities*

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.

p. *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 year of the revision in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both current and future years. 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:

i) *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 takaful service provided under the contract.

ii) *Fair value of unquoted equity investments*

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.

iii) *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 30 June 2021 amounted to AED 49,209,208 (31 December 2020: AED 49,209,208).

iv) *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 30 June 2021 amounted to AED 204,235,177 (31 December 2020: AED 257,970,934) as detailed in note 7.

4. CASH AND CASH EQUIVALENTS

a) i) This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash and bank balances	**7,065,400**	11,340,514
Term deposits	**386,827**	3,016,827
Cash and bank balances	**7,452,227**	14,357,342
Term deposits with original maturity of more than three months	**(386,827)**	(3,016,827)
Total - Exhibit D	**7,065,400**	11,340,514

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ii) Takaful and operations assets - **Exhibit A**	**2,956,872**	9,070,635
Shareholders' assets - **Exhibit A**	**4,108,528**	2,269,879
Total - Note 4 (a) (i)	**7,065,400**	11,340,514

b) Term deposits represent deposits held with islamic financial institutions in the UAE, are denominated in UAE dirhams and carry profit at the prevailing market rates ranging from 2.5% to 2.8% per annum (31 December 2020: 2.5% to 2.8%).

5. STATUTORY DEPOSIT

In accordance with the requirement of Federal Law No. 6 of 2007, concerning Insurance Companies and Agents, the company maintains a bank deposit amounting to AED 6,000,000 as of 30 June 2021 which cannot be utilized without the consent of the UAE Insurance Regulatory Authority.

6. INVESTMENTS IN FINANCIAL ASSETS

a) This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Investment designated of fair value through other comprehensive income (FVTOCI) - Note 6 (b) - Exhibit A	**17,000,000**	17,000,000
Investment designated at afari value through profit or loss (FVTPL) - Note 6 (c) - Exhibit A	**807,510**	713,552
Total	**17,807,510**	17,713,552

b) *INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHINSIVE INCOME (FVTOCI)*

Changes in investments designated at fair value through other comprehensive income (FVTOCI) for the period / year are as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Fair value at 1 January	**17,000,000**	15,000,000
Additions	----	2,000,000
Fair value at 30 June / 31 December - Note 6 (a)	**17,000,000**	17,000,000

c) *INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)*

Changes in investments designated at fair value through profit or loss (FVTPL) for the period / year are as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Fair value at 1 January	**713,552**	921,919
Increase / (decrease) in fair value taken to profit or loss - **Exhibit B**	**93,958**	(208,367)
Fair value as at 30 June / 31 December - Note 6 (a)	**807,510**	713,552

d) the geographical distribution for the investments in financial assets is as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within UAE	**17,743,281**	17,713,552
Total - Note 6 (b & c)	**17,743,281**	17,713,552

7. TAKAFUL CONTRACT LIABILITIES AND RE-TAKAFUL CONTRACT ASSETS

a) This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Gross outstanding claims		
Outstanding claims	**113,284,459**	108,757,290
Incurred but not reported reserve	**86,603,884**	138,219,012
Unallocated loss adjustment expense reserve	**4,346,834**	5,515,969
Unexpired risk reserve	----	5,478,663
Total - Exhibit A	**204,235,177**	257,970,934

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Retakaful share of outstanding claims		
Outstanding claims	**51,766,629**	40,816,950
Incurred but not reported reserve	**41,268,497**	92,591,004
Total - Exhibit A	**93,035,126**	133,407,954

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Net technical provision		
Outstanding claims	**61,517,830**	67,940,340
Incurred but not reported reserve	**45,335,387**	45,628,008
Unallocated loss adjustment expense reserve	**4,346,834**	5,515,969
Unexpired risk reserve	----	5,478,663
Total	**111,200,051**	124,562,980

8. CONTRIBUTIONS AND RETAKAFUL BALANCES RECEIVABLE

a) This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Due from policyholder	**154,652,397**	117,215,376
Due from insurance and reinsurance companies	**179,924,382**	190,924,788
Due from related parties - Note 20	**5,196,806**	5,196,806
	339,773,585	313,336,970
Impairment of takaful & retakaful contract receivable - Note 8(b)	**(44,012,402)**	(44,012,402)
Impairment of related party receivable - Note 8 (c) & 20	**(5,196,806)**	(5,196,806)
Balance at 30 June / 31 December - Exhibit A & Note 8 (d)	**290,564,377**	264,127,762

b) *Impairment of takaful & retakaful contract receivable*

This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at 1 January	**(44,012,402)**	(44,012,402)
Balance at 30 June / 31 December - Note 8 (a)	**(44,012,402)**	(44,012,402)

c) *Impairment of due from related parties*

This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at 1 January	**(5,196,806)**	(5,196,806)
Balance at 30 June / 31 December - Note 8 (a)	**(5,196,806)**	(5,196,806)

d) Ageing of takaful and retakaful contract receivables are as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
1 - 90 days	**45,418,549**	137,096,757
90 - 180 days	**1,472,670**	23,888,295
180 - 360 days	**21,659,910**	23,138,801
Above 360 days	**222,013,248**	80,003,909
Balance at 30 June / 31 December - Note 8 (a)	**290,564,377**	264,127,762

9. PREPAID EXPENSES AND OTHER ASSETS

a) i) This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Advances towards formation of companies	**823,388**	823,388
Prepaid expenses	**5,621,639**	2,226,650
Accrued profits from investment deposits	**229,884**	200,108
Refundable deposits	**2,834,639**	1,687,199
Advances for investments	**3,506,950**	3,506,950
Other receivable and advances to suppliers	**4,677,328**	3,532,417
Total	**17,693,828**	11,976,712
Impairment of advances and other receivables - Note 9 (b)	**(3,849,918)**	(3,849,918)
Net - Exhibit A	**13,843,910**	8,126,794

ii) This item consists of the following:

Takaful operations assets - **Exhibit A**	**5,795,837**	2,015,392
Shareholders' assets - **Exhibit A**	**8,048,073**	6,111,402
Total	**13,843,910**	8,126,794

b) *Impairment of advances and other receivables*

i) This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at 1 January	**(3,849,918)**	(3,849,918)
Balance at 30 June / 31 December - Note 9 (a)	**(3,849,918)**	(3,849,918)

10. PROPERTY AND EQUIPMENT

The details of cost, accumulated depreciation and respective carrying amounts of various categories of property and equipment are as follows:

	Furniture, fixtures and office equipment	Computer equipment and accessories	Total
COST			
At 1 January 2021 (Audited)	6,336,540	4,449,077	10,785,617
Additions	**1,645,983**	**241,775**	**1,887,758**
At 30 June 2021 (Unaudited)	**7,982,523**	**4,690,852**	**12,673,375**
ACCUMULATED DEPRECIATION			
At 1 January 2021 (Audited)	(5,607,522)	(4,090,678)	(9,698,200)
Charge for the period	**(153,372)**	**(189,751)**	**(343,123)**
At 30 June 2021 (Unaudited)	**(5,760,894)**	**(4,280,429)**	**(10,041,323)**
NET BOOK VALUE			
At 31 December 2020 - Exhibit A (Audited)	729,018	358,399	1,087,417
At 30 June 2021 - Exhibit A (Unaudited)	**2,221,629**	**410,423**	**2,632,052**

11. INVESTMENT PROPERTIES

a) This item consists of the following :

	Buildings AED	Total AED
31 December 2020 (Audited)	142,360,000	142,360,000
30 June 2021 (Unaudited)	**142,360,000**	**142,360,000**

b) i) 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 formalizing the necessary registration procedures to transfer the title to the Company's name.

ii) A plot of land in Abu Dhabi that is held in the name of a related party, for and on behalf of the company.

c) 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 30 June 2021 are determined by independent values using the income and comparable methods. Management believes that fair value has not changed significantly during the year.

d) The fair value were determined based on capitalization of net income method, where the market rentals of all lettable units of the 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.

e) 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.

12. END OF SERVICE BENEFITS OBLIGATION

The details of movement in the accounts during the period / year are as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at 1 January	**3,090,479**	4,122,164
Charge during the period / year	**367,919**	1,092,170
Settlements	**(165,675)**	(2,123,855)
Balance at 30 June / 31 December - Exhibit A	**3,292,723**	3,090,479

13. LOAN FROM SHAREHOLDERS

a) This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Policyholders' fund		
At 1 January	**(184,613,960)**	(186,457,058)
Surplus for the period / year	**6,099,811**	1,843,098
As at 30 June	**(178,514,149)**	(184,613,960)
Loan from shareholders to policyholders		
At 1 January	**184,613,960**	186,457,058
Net movement during the period / year	**(6,099,811)**	(1,843,098)
Total	**178,514,149**	184,613,960
Allowance for loan to policyholders	**(178,514,149)**	(184,613,960)
As at 30 June / 31 December - Exhibit A	**----**	----

b) 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 178,514,149 as of 30 June 2021 (31 December 2020 : AED 184,613,960) with no repayment terms. During the year, Qard Hassan with a nominal value of AED 6,099,811 (31 December 2020 : 1,843,098) 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.

14. SHARE CAPITAL

This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Authorized, issued and fully paid		
150,000,000 shares of AED 1 each	**150,000,000**	150,000,000

15. MUDAREB SHARE AND WAKALAH FEES

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

	30 June 2021 (Unaudited)	30 June 2020 (Audited)
Motor	**30%**	30%
Medical	**15%**	15%
All other takaful classes	**30%**	30%

b) The shareholders manage the policyholders' investment fund and charge 10% (30 June 2021 : 10%) of investment income earned by policyholders' investment find as Mudareb share. Investment income earned by policyholders' investment find as well as Mudareb share amounted to AED nil (30 June 2020 : nil).

16. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
(Loss) for the period - **Exhibit B**	**(1,377,685)**	(2,084,189)
Ordinary shares in issue throughout the period	**150,000,000**	150,000,000
Basic and diluted earnings per share	**(0.009)**	(0.014)

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

17. SEGMENT INFORMATION

a) 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.

For operating purposes, the company is organized into two business segments:

Underwriting of general takaful business - incorporating all classes of general takaful , fire, marine, motor, general accident and medical.

Investments - incorporating investments in UAE marketable equity securities, term deposits with banks, overseas managed portfolios and other securities.

Primary segment information - business segment
The following is an analysis of the company's revenue and results by operating segment:

	30 June 2021 (unaudited)			30 June 2020 (unaudited)		
	Policy holders	**Shareholders**	**Total**	Policy holders	Shareholders	Total
Net underwriting income	**46,964,261**	**----**	**46,964,261**	31,443,676	----	31,443,676
Wakal fees	**(40,864,450)**	**40,864,450**	**----**	(30,012,878)	30,012,878	----
Total	**6,099,811**	**40,864,450**	**46,964,261**	1,430,798	30,012,878	31,443,676
Shareholders' investment and other income (net)	**----**	**214,148**	**214,148**	----	310,532	310,532
Rental income from investment property (net)	**----**	**244,060**	**244,060**	----	265,052	265,052
Change in fair value of investment properties	**----**	**93,958**	**93,958**	----	(279,681)	(279,681)
Takaful expenses	**----**	**(27,376,303)**	**(27,376,303)**	----	(15,037,860)	(15,037,860)
General and administrative expenses	**----**	**(21,517,809)**	**(21,517,809)**	----	(18,785,908)	(18,785,908)
Profit for the period	**6,099,811**	**(7,477,496)**	**(1,377,685)**	1,430,798	(3,514,987)	(2,084,189)

NOTES TO INTERIM FINANCIAL STATEMENTS

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

b) Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the year.

The accounting policies of the reportable segments are the same as the company's accounting policies used in the previous years, except for adoption of new and amended standards as mentioned in Note 3.

The following is analysis of the company's assets and liabilities by operating segment:-

	30 June 2021 (unaudited)			31 December 2020 (audited)		
	Policy holders	Shareholders	Total	Policy holders	Shareholders	Total
Total assets	470,843,691	221,618,498	692,462,189	497,971,455	213,143,290	711,114,745
Total liabilities	588,880,654	12,653,245	601,533,899	606,334,142	12,474,628	618,808,770
Capital expenditure	----	1,887,758	1,887,758	----	411,304	411,304

There are no transactions between the business segments.

c) Secondary segment information - revenue from underwriting departments

The following is an analysis of the company's revenue classified by major underwriting departments

	30 June 2021 (unaudited)			
	Motor	Medical	Others	Total
Gross takaful contributions revenue	118,635,296	47,915,320	2,467,825	169,018,441
Retakaful contributions ceded	(48,884,254)	(6,059,873)	(1,427,700)	(56,371,827)
Net earned contributions	69,751,042	41,855,447	1,040,125	112,646,614
Retakaful commission income	20,046,013	1,304,675	316,535	21,667,223
Change in net unearned contribution provision	(8,308,936)	(24,041,009)	(738,182)	(33,088,127)
Total takaful income	81,488,119	19,119,113	618,478	101,225,710
Gross claims incurred	(100,232,043)	(10,318,783)	----	(110,550,826)
Retakaful share if claims incurred	48,866,015	3,687,336	938	52,554,289
Changes in net claims incurred	2,817,497	1,333,521	(415,930)	3,735,088
Net claims incurred	(48,548,531)	(5,297,926)	(414,992)	(54,261,449)
Other investment (loss)	----	----	----	----
Total takaful expenses	(48,548,531)	(5,297,926)	(414,992)	(54,261,449)
Net takaful operating profit - Exhibit B	32,939,588	13,821,187	203,486	46,964,261

NOTES TO INTERIM FINANCIAL STATEMENTS
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	30 June 2020 (unaudited)			
	Motor	Medical	Others	Total
Gross takaful contributions revenue	89,347,190	26,101,135	1,495,134	116,943,459
Retakaful contributions ceded	(42,321,220)	(7,038,196)	(545,506)	(49,904,922)
Net earned contributions	47,025,970	19,062,939	949,628	67,038,537
Retakaful commission income	20,335,840	249,356	194,211	20,779,407
Change in provision of loan to policyholders' fund	(7,918,543)	(644,539)	(34,635)	(8,597,717)
Total takaful income	59,443,267	18,667,756	1,109,204	79,220,227
Gross claims incurred	(85,038,665)	(13,438,105)	(910,581)	(99,387,351)
Retakaful share if claims incurred	36,978,273	3,135,586	491,361	40,605,220
Changes in net claims incurred	10,058,310	813,281	133,989	11,005,580
Net claims incurred	(38,002,082)	(9,489,238)	(285,231)	(47,776,551)
Total takaful expenses	(38,002,082)	(9,489,238)	(285,231)	(47,776,551)
Net takaful income for the year - Exhibit B	21,441,185	9,178,518	823,973	31,443,676

d) Secondary segment information - revenue from underwriting departments
The following is an analysis of the company's revenue classified by major underwriting departments

	Three months ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Motor	**118,635,296**	79,472,838
Medical	**47,915,320**	35,151,509
Miscellaneous accidents	**137,809**	1,514,143
Fire	**882,861**	577,674
Engineering	**1,060,101**	139,217
Marine and aviation	**387,054**	88,078
Total - Exhibit B	**169,018,441**	116,943,459

18. CONTINGENT LIABILITIES

This item consists of the following:	**30 June 2021 (Unaudited)**	31 December 2020 (Audited)
Letters of guarantee	**9,288,717**	9,288,717

19. RISK MANAGEMENT

The company monitors and manages the financial risks relating to its business and operations. These risks include takaful risk, capital risk, credit risk, interest rate risk, market risk, foreign currency risk and liquidity risk.

The company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

a) *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 an 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 that estimated. takaful events are random and the actual number and amount of claims and benefits will vary from period to period 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.

b) *Capital risk*

The company's objectives when managing capital are :

- To comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of UAE.
- 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.
- To provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the company in relation to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year. The company is subject to local insurance solvency regulations with which it has complied with during the year.

The table below summarizes the minimum regulatory capital of the company and the total capital held.

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Total shareholders' equity	**150,000,000**	150,000,000
Minimum regulatory capital	**100,000,000**	100,000,000

c) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

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

- Re-takafulers' share of takaful liabilities.
- Amounts due from re-takafulers' in respect of claims already paid.
- Amounts due from takaful contract holders.
- Amounts due from takaful intermediaries (Note 8).
- Amounts due from banks for its balances and fixed deposits (Note 4).

The company has adopted a policy of only dealing with creditworthy counterparties 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 counter party limits that are reviewed and approved by the management annually.

Re-takaful is used to manage takaful risk. This does not, however, discharge the company's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the company remains liable for the payment to the policy holder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The company maintains record 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. Management information reported to the company includes details of provisions for impairment on takaful receivables and subsequent write offs . Exposures to individual policy holders and company's of policy holders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policy holders, or homogenous company's of policy holders, a financial analysis equivalent to that conducted for re-insurers is carried out by the company.

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

d) *Interest rate risk*

The company is exposed to interest rate risk resultant from its banking facilities and bank fixed deposit. Management try (to the extent possible) to manage interest rate risk through maintaining an appropriate mix between fixed and floating interest rates balances at the start of the financial year.

e) *Market risk*

Market prices 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 instrument or its issue or factors affecting all instruments traded in the market.

The company is exposed to market risk with respect to its investments in financial assets available for sale, investments designated at fair value through profit or loss and investments properties - Note 11.

f) *Foreign currency risk*

The company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year. The UAE Dirham is effectively pegged to the US Dollar, thus foreign currency risk occurs only in respect of other currencies. The company maintains policies and procedures to manage the exchange rate risk exposure.

g) *Liquidity risk*

The company's board of directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with them.

The following table shows the maturity dates of company's financial assets and liabilities as at 30 June 2021 (Unaudited).

Financial assets	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	7,065,400	----	7,065,400
Term deposits	386,827	----	386,827
Statutory deposits	----	6,000,000	6,000,000
Retakaful share of unearned contributions	78,464,078	----	78,464,078
Investments designated at fair value through other comprehensive income (FVTOCI)	17,000,000	----	17,000,000
Investments designated at fair value through profit and loss (FVTPL)	807,510	----	807,510
Contributions and retakaful balances recei	290,564,377	----	290,564,377
Deferred acquisition costs	40,302,909	----	40,302,909
Retakaful share of outstanding claims	93,035,126	----	93,035,126
Total	527,626,227	6,000,000	533,626,227

Financial liabilities	Less than 1 year	More than 1 year	Total
Takaful payables	102,619,784	----	102,619,784
Outstanding claims	204,235,177	----	204,235,177
Retakaful payables	75,405,332	----	75,405,332
Accrued expenses and other liabilities	6,849,022	----	6,849,022
Trade payables	935,188	----	935,188
Unearned retakaful commission income	26,740,742	----	26,740,742
Unearned contributions	179,879,619	----	179,879,619
Other payable	1,576,312	----	1,576,312
End of service benefits obligation	----	3,292,723	3,292,723
Total	598,241,176	3,292,723	601,533,899

The following table shows the maturity dates of company's financial assets and liabilities as at 31 December 2020 (Audited).

Financial assets	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	11,340,514	----	11,340,514
Term deposits	3,016,827	----	3,016,827
Statutory deposits	----	6,000,000	6,000,000
Retakaful share of unearned contributions	89,322,311	----	89,322,311
Investments designated at fair value through other comprehensive income (FVTOCI)	17,000,000	----	17,000,000
Investments designated at fair value through profit and loss (FVTPL)	713,552	----	713,552
Contributions and retakaful balances recei	264,127,762	----	264,127,762
Deferred acquisition costs	34,611,614	----	34,611,614
Retakaful share of outstanding claims	133,407,954	----	133,407,954
Total	553,540,534	6,000,000	559,540,534

Financial liabilities			
Takaful payables	75,075,069	----	75,075,069
Outstanding claims	257,970,934	----	257,970,934
Retakaful payables	85,129,414	----	85,129,414
Accrued expenses and other liabilities	7,637,738	----	7,637,738
Trade payables	1,197,131	----	1,197,131
Unearned retakaful commission income	30,509,001	----	30,509,001
Unearned contributions	157,649,724	----	157,649,724
Other payable	549,280	----	549,280
End of service benefits obligation	----	3,090,479	3,090,479
Total	615,718,291	3,090,479	618,808,770

20. RELATED PARTIES

This item consists of the following:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Emirates Aqua Technologies Caviar Factory	**2,340,533**	2,340,533
Bin Salem Group	**2,856,273**	2,856,273
Total - Note 8 (a)	**5,196,806**	5,196,806
Impairment of related party receivable - Note 8(c)	**(5,196,806)**	(5,196,806)
Total - Note 8 (a)	**----**	----

21. GENERAL

The figures in the interim financial statements are rounded to the nearest Dirham of United Arab Emirates.