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

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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METHAQ TAKAFUL INSURANCE P.S.C.

Financial Report for the year ended 31 December 2022

The Company has recognized a net profit of AED 13,951,370 for the year ended 31 December 2022 compared to a net loss of AED 7,556,730 for the year ended 31 December 2021.

Management has implemented their strategies in the year 2022 in respect of underwriting and claims management process according to below results results:

Brief of the statement of financial position:	2022	2021
Total assets	779.630.287	759,922,078
Total liabilities	680,929,672	675,172,833
Total Shareholders' equity	98,700,615	84,749,245
Brief of the income statement:		
Total revenues (gross contributions written)	327,476,072	301,587,179
(Loss) / profit for the year	13,951,370	(7,556,730)
(Loss) / earning per share	0.093	(0.050)

As for the Company's future plans for the year 2023, the Company has developed plan supported by a set of ambitious goals especially takaful portfolios and retakaful agreements, The company expects a significant improvement in performance and results for 2023.

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.

Abu Dhabi: P.O. Box 32774, Tel: +971 2 6565 333, Fax: +971 2 6565 334 , Dubai: P.O. Box 186964, Tel: +971 4 2601 601, Fax: +971 4 2601 600
Al Ain: P.O. Box 88234, Tel: +971 3 705 7777, Fax: +971 3 705 7775 | Ras Al Khaimah: P.O. Box 4343, Tel: +971 7 2288 688 Fax: +971 7 2288 677

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 Mohammed 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 their highnesses 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 and clients.

Musallam Ahmed Al Boloushi
Vice Chairman and Managing Director

30 March 2023

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **Methaq Takaful Insurance P.S.C**. - Abu Dhabi, which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

- Investment properties are carried in the statement of financial position amounting to AED 183,679,000, Note (12) (2021: AED 172,905,500). The valuation reports for these Investment properties are based on proposed plan assumptions. Moreover, The Company has taken two valuation reports for each property, and computed the properties' value on average basis. This treatment overstates the asset's value and profit for the year, by AED 6,380,000, resulting non-compliance of prudence concept, and International Financial Reporting Standards (IFRS), which dictates about recognizing the asset on lower of amounts.

- The Company has recognized Investments designated at fair value through other comprehensive income (FVTOCI), amounting to AED 17,000,000 as at 31 December 2022, Note (7) (2021: AED 17,000,000). These financial assets has been recognized on cost, rather than fair value. As a result, it is a non-compliance of International Financial Reporting Standard (IFRS), This is can create a major impact on financials.

- We have not received direct bank confirmations as at 31 December 2022. We were unable to obtain sufficient appropriate audit evidence about the carrying amount AED 2,477,546 (2021: AED 2,512,219) Note 5 as at 31 December 2022 by other audit procedures.

- The Company has recognized Contributions and retakaful balances receivables amounting to AED 372,833,125 (Note 9 (a)) as at 31 December 2022 included due from policyholder AED 78,546,278, due from insurance & reinsurance companies AED 207,142,928 and, Salvages and Subrogation, amounting to AED 81,947,113. The Company's financials indicate that, impairments of receivables as at 31 December 2022 was AED 44,012,402 which is not sufficient. We did not receive confirmation from reinsurance Companies regarding how their outstanding balances will be settled.

  Furthermore, the employees advances balance amounting to AED 685,926 are carried in the statement of financial position as at 31 December 2022 (2021: AED 852,097). We are unable to obtain sufficient appropriate audit evidence regarding the recoverability of the outstanding balance. All stated receivables has not been tested for impairment as per IFRS 9 (ECL) resulting in non-compliance of International Financial Reporting Standard (IFRS), that can create major impact on financials.

  Moreover, the Company has written off receivables and investment payable amounting to AED 20,184,142 and AED 4,412,108 (Exhibit-B) relating to Smart and Secure (Broker) and other respectively. These have been written off directly from respective receivable accounts. The management has written off bad debts without approval of Board of Directors. As a result, this can create a significant impact on financials of the Company.

- The Company has recognized changes in gross claims recovery amounting to AED 51,394,160 (Net balance amounting to AED 39,896,347) as an income which consist of Salvages and subrogation's (salvage, direct customer and recovery from insurance Companies). As a result current year losses has been reduced by AED 51,394,160. It is a non-compliance of International Financial Reporting Standard IAS 37. Moreover, related to this recovery, the Company has recognized receivables, amounting to AED 81,947,113 (2021: 42,050,766) under Contributions and retakaful balances receivables (Note 9 (a)) as at 31 December 2022. We were unable to obtain sufficient and appropriate audit evidence regarding the accuracy of this balance. We are also unable to verify whether these outstanding balances are recoverable or not.

- During the audit, we observed that "On Account" balance AED 151,266,015 has been deducted from gross Contributions and retakaful balances receivables, resulting to balance AED 372,833,125 (Note 9 (a)). As a result, gross Contributions and retakaful balances receivables is understand by this figure. We are unable to verify the existence of these transactions by using other audit procedures.

- During the year, the Company has recognized gross claims paid, amounting to AED 212,837,191 (2021: AED 244,000,892) after deducting direct claim recovery, amounting to AED 42,049,162. We have found that approximately AED 18,855,112 of amount is mismatching with their respective claims paid. Beside this, some of the recovery recorded is more than their claims paid. In addition to this, we are unable to satisfy ourselves whether these balances are also recognized under salvage and subrogation's. As a result, it can create major impact on the financials.

- In 2021, we observed unusual differences between outstanding claims and retakaful share of outstanding claims their balances (outstanding claim AED (3,123,974) and retakaful share of outstanding claims AED 19,725,320). We have not received sufficient and appropriated evidences regarding for these transactions. We have not been able to satisfy ourselves by using other audit procedure.

- In 2021, the Company has reduced claim paid and outstanding claim balances amounting to AED 35,786,547 and AED 7,852,270 respectively, which can create major impact on financials, current year losses and payables balances are understated. We have not received sufficient and appropriated evidences regarding for these adjustments. Consequently, also we were unable to determine the basis of calculation.

- The Company is dealing with Smart and secure Services, which is a major broker for the Company. The total sales for this individual broker amounting to AED 60,499,853, and the Company is paying AED 25,842,673, approximately 43% commission and also paying 7.5% cashback. We have not received any agreement between the Company and the broker for such financial treatments. Moreover, we observed that 8 individuals are generating sales for the Company, amounting to AED 107,031,416, and taking commission amounting to AED 39,878,328, approximately 37% and 7.5% cashback as well. We have not received any engagement or agreement for these individuals as well, to verify this treatments. As a result, it can create major impact on financials of the Company.

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 ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion..

Material Uncertainty Related to Going Concern

- The Company incurred accumulated losses of AED 60,371,020 as at December 31, 2022 (2021 : AED 71,532,116) which exceeded 40.25% (31 December 2021 : 47.69%) of the share capital, the Company's Takaful operating liabilities exceed its Takaful operating assets by AED 158,375,900 (2021 : AED 144,208,917) as of that date. Addition to this, the Company has not renewed their "reinsurance agreements" related to motor vehicle treaty quota share. The Company is working under a huge risk of losses and cash out flow in foreseeable future. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report to the shareholders of Methaq Takaful Insurance P.S.C. for the year ended 31 December 2022 (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in the audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statement as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- The Company financials are reflecting material amounts regarding receivables and payables. It is the Company's practice to net off receivables' and payables' balances and disclose the net figure. Furthermore, the Company had recognised a lot of adjustments as Quarter closing in each account of receivables and payables.

- During the year, the Company has not renewed their "reinsurance agreements" related to motor vehicle treaty quota share. Due to this, Company is working under a huge risk of losses and cash out flow in foreseeable future. If any claim for accident incur, the Company will bear all the losses.

- During the year, the Company has recognized retakaful contribution amounting to AED 30,600,482 (2021: AED 123,522,286) (Note 18 (c)) that is related to Excess of loss share. The Company has not shared motor vehicle premium due to non renewal of motor quota share treaty reinsurance agreement.

- During the year, the Company has recognized Retakaful share of claims paid, amounting to AED 127,296,921 (2021: AED 108,899,869) (Exhibit B) appreciating by 16.89% from previous year, without motor vehicle reinsurance quota share treaty. Moreover, as per the prior agreement, the Company cannot include outstanding recoveries unless reinsurers agree to do so.

- As per the agreements of reinsured Companies, percentage (50% maximum) premium share of each policy related to reinsurance Company, is recognized as a Retakaful contribution. We have observed that prior year (2021) 50% premium share of retakaful contribution has been recognized after deducting a certain amount. Total affected accumulated balance is AED 57,979,800 as of 31 December 2022.

Estimation uncertainty with respect to the measurement of outstanding claims liabilities
The financial statement risk

As described in Note 8 (a) to the financial statements of the Company, gross outstanding claims liabilities amounted to AED 313,114,598 (2021: AED 279,897,097) which includes reported claims of AED 143,610,762 (2021: AED 111,880,564) and claims incurred but not reported (IBNR) of AED 151,734,456 (2021: AED 150,054,052). The retakaful share of outstanding claims amounted to AED 57,898,056 (2021: AED 60,542,270) 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 recognized 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 judgments 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 judgment 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 significant judgments 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 4 (d) as well as Note 4 (p) 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.

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 assessed the competence, capabilities, qualifications and objectivity of the external actuary engaged by the Company for the valuation of technical provisions.

- 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 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 an prevailing terms and conditions.

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 recognized 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 recognized for unearned contribution reserves amounted to AED 174,075,436 (Exhibit A) at the end of the reporting period. For further information on the accounting policies relating to this key audit matter refer to Note 4 (d) as well as Note 4 (p) 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 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.

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.

Responsibilities of Management and Those Charged with Governance for Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and in compliance with applicable provisions of Company's Articles of Association and Federal Decree Law No. (32) of 2021 regarding Commercial Companies 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.

Independent Auditor's Report to the shareholders of Methaq Takaful Insurance P.S.C. for the year ended 31 December 2022 (continued)

Auditor's Responsibilities for the Audit of the Financial

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

- 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.

Independent Auditor's Report to the shareholders of Methaq Takaful Insurance P.S.C. for the year ended 31 December 2022 (continued)

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.

Report on other legal and regulatory requirements

As required by Federal Decree Law No. (32) of 2021 regarding Commercial Companies we report that :

1. We have obtained all the information and explanation we considered necessary for our audit.

2. The financial statements comply, in all material respect with the applicable provisions of Federal Decree Law No. (32) of 2021 regarding Commercial Companies and the Articles of Association

3. The Company has maintained proper books of accounts.

4. Investments in properties and financial assets disclosed in Note (7 & 12)

5. Transactions and term with related parties disclosed in Note 21.

6. Based on the information and explanation that has been made available to us nothing came to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of Federal Decree Law No. (32) of 2021 regarding Commercial Companies or the Articles of Association of the Company which would have a material effect on the Company's activities or on its financial position for the year.

Talal Abu Ghazaleh & Co. International

Firas Kilani
Licensed Auditor No. 632

30 March 2023

Talal Abu Ghazaleh & Co. International
ABU DHABI
أبوظبي
طلال أبو غزاله وشركاه الدولية

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

EXHIBIT A

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	NOTE	2022	2021
ASSETS			
Takaful operating assets			
Retakaful share of unearned contributions		6,546,166	64,234,119
Prepaid expenses and other assets	10	6,773,247	5,167,477
Retakaful share of outstanding claims	8 (b)	168,255,159	167,075,899
Contributions and retakaful balances receivables	9 (a)	323,623,917	276,973,780
Bank term deposits	5	27,401	27,401
Cash and cash equivalents	5	6,979,655	3,140,526
Total takaful operating assets		512,205,545	516,619,202
Share holders' assets			
Property and equipment	11	1,421,390	2,135,027
Statutory deposit	6	6,000,000	6,000,000
Investments designated at fair value through profit and loss (FVTPL)	7 (a)	666,645	741,653
Investments designated at fair value through other comprehensive income (FVTOCI)	7 (a)	17,000,000	17,000,000
Deferred policy acquisition costs		52,280,960	37,687,658
Investments properties	12	183,679,000	172,905,500
Prepaid expenses and other assets	10	5,232,500	5,258,267
Bank term deposits	5	375,568	375,568
Cash and cash equivalents	5	768,679	1,199,203
Total shareholder's assets		267,424,742	243,302,876
TOTAL ASSETS		779,630,287	759,922,078

Chief Financial Officer

General Manager

Vice Chairman and Managing Director

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

CONT. EXHIBIT A

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	NOTE	2022	2021
LIABILITIES, PARTICIPANTS' AND SHAREHOLDERS' EQUITY			
Takaful operating liabilities			
Takaful payables		156,067,998	134,776,570
Outstanding claims	8(a)	313,114,598	279,897,097
Retakaful payables		27,233,599	73,258,216
Unearned retakaful commission income		89,814	20,355,404
Unearned contributions		174,075,436	152,540,832
Total takaful operations liabilities		670,581,445	660,828,119
Share holders' liabilities			
Trade payables		1,462,134	1,650,259
Accrued expenses and other liabilities		2,498,103	7,164,504
End of service benefits obligation	13	3,591,209	3,401,539
Other payables		2,796,781	2,128,412
Total shareholders' liabilities		10,348,227	14,344,714
Participants' fund			
Deficit of general participants takaful fund	14	(171,248,016)	(195,888,577)
Loan from shareholders	14	171,248,016	195,888,577
Total shareholders' liabilities		----	----
Equity			
Share capital	15	150,000,000	150,000,000
Legal reserve		5,975,691	4,580,554
General reserve		3,095,944	1,700,807
Investment fair value reserve		----	----
Accumulated (losses)		(60,371,020)	(71,532,116)
Net equity - Exhibit C		98,700,615	84,749,245
Total liabilities, participants fund and equity		779,630,287	759,922,678

Chief Financial Officer

General Manager

Vice Chairman and Managing Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

EXHIBIT B

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	NOTE	2022	2021
Gross contribution written	18 (d)	**327,476,072**	301,587,179
Retakaful contributions	18 (c)	**(30,600,482)**	(123,522,286)
Net takaful contributions		**296,875,590**	178,064,893
Change in net unearned contribution provision		**(79,222,557)**	(19,979,300)
Net takaful contributions earned		**217,653,033**	158,085,593
Commissions earned	18 (c)	**19,918,115**	44,830,102
Gross takaful contributions		**237,571,148**	202,915,695
Gross claims paid		**(212,837,191)**	(244,000,892)
Retakaful share of claims paid		**127,296,921**	108,899,869
Net claims paid		**(85,540,270)**	(135,101,023)
Changes in net claims recovery		**39,896,347**	(2,213,198)
Change in outstanding claims		**(31,730,198)**	(3,123,974)
Change in retakaful share of outstanding claims		**(2,644,214)**	19,725,320
Change in incurred but not reported claims reserve		**(1,680,404)**	(11,835,040)
Change in retakaful share of incurred but not reported claims reserve		**3,823,474**	13,942,625
Change in unexpired risk reserves		**(5,187)**	(6,063,502)
Change in retakaful share of unexpired risk reserve		**----**	----
Change in allocated loss adjustment expense		**198,288**	(904,347)
Net claims incurred		**(77,682,164)**	(125,573,139)
Takaful income		**159,888,984**	77,342,556
Technical expenses		**(23,726,256)**	(10,069,261)
Written off takaful & retakaful receivables - Policy holders		**(20,184,142)**	----
Takaful operating profit		**115,978,586**	67,273,295
Wakala fees		**(91,338,025)**	(78,547,912)
Surplus / (deficit) of takaful results for the year		**24,640,561**	(11,274,617)
Shareholders' investment and other income (net)		**578,337**	295,379
Investments payable - written off		**4,412,108**	----
Wakalah fees from policyholders	16	**91,338,025**	78,547,912
Income from real estate (net)	12 (f)	**285,000**	476,728
Takaful expenses		**(79,228,692)**	(65,838,149)
Change in fair value of investments at fair value through profit and loss	7 (c)	**(75,008)**	28,101
General and administrative expenses		**(38,772,461)**	(40,337,584)
Change in fair value of investment properties	12 (a)	**10,773,500**	30,545,500
Net profit / (loss) for the year - Exhibit D		**13,951,370**	(7,556,730)
Basic and diluted earnings per share	17	**0.093**	(0.050)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

EXHIBIT B

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	NOTE	2022	2021
Profit / (loss) for the year		13,951,370	(7,556,730)
Total comprehensive income / (loss) for the year - Exhibit C		13,951,370	(7,556,730)

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

EXHIBIT C

METHAQ TAKAFUL INSURANCE P.S.C.

UNITED ARAB EMIRATES

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Share capital	Legal reserve	General reserve	Investment fair value reserve	Accumulated (losses)	Total
Balance at 31 December 2020	150,000,000	4,580,554	1,700,807	(17,720,000)	(46,255,386)	92,305,975
(Loss) for the year - Exhibit B	----	----	----	----	(7,556,730)	(7,556,730)
Transfer to accumulated (losses)	----	----	----	17,720,000	(17,720,000)	----
Balance at 31 December 2021 - Exhibit A	150,000,000	4,580,554	1,700,807	----	(71,532,116)	84,749,245
Profit for the year - Exhibit B	----	----	----	----	**13,951,370**	**13,951,370**
Transfer to legal reserve	----	**1,395,137**	----	----	**(1,395,137)**	----
Transfer to general reserve	----	----	**1,395,137**	----	**(1,395,137)**	----
Equity at 31 December 2022 - Exhibit A	**150,000,000**	**5,975,691**	**3,095,944**	----	**(60,371,020)**	**98,700,615**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INANCIAL STATEMENTS

METHAQ TAKAFUL INSURANCE P.S.C.

UNITED ARAB EMIRATES

EXHIBIT D

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	NOTE	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit / (loss) for the year - Exhibit B		13,951,370	(7,556,730)
Surplus / (deficit) of takaful results for the year		24,640,561	(11,274,617)
Adjustment to reconcile net income to net cash provided by operating activities			
Depreciation of property and equipment	11	730,725	917,923
Movement of unearned contribution provision (net)		79,222,557	19,979,300
Net fair value loss / (gain) on investment designated at FVTPL	7 (c)	75,008	(28,101)
Investment and other income		(578,337)	(295,379)
(Gain) in investment properties designated at FVTPL	12	(10,773,500)	(30,545,500)
End of service benefits obligation	13	189,670	997,177
Recovery for loan policyholders fund	14 (a)	(24,640,561)	11,274,617
Operating profit / (loss) before working capital changes		82,817,493	(16,531,310)
Changes in the components of working capital:			
(Increase) in prepaid and other assets (net)	10	(1,580,003)	(2,298,950)
(Increase) in contribution and re-takaful balances receivable	9 (a)	(46,650,137)	(12,846,018)
(Increase) in difrered policy acquisition costs		(14,593,302)	(3,076,044)
Decrease / (increase) in outstanding claims (net)	8 (a)	32,038,241	(11,741,782)
Increase in takaful payables		21,291,428	59,701,501
(Decrease) in retakaful payables		(46,024,617)	(11,871,198)
(Decrease) / increase in trade payables		(188,125)	453,128
(Decrease) / increase in accrued expenses and other liabilities		(3,998,032)	1,105,898
(Decrease) in unearned re-takaful commission income		(20,265,590)	(10,153,597)
Cash profit / (loss) from operations		2,847,356	(7,258,372)
Settlement of end of service benefit obligation	13	----	(686,117)
Net cash flows from / (used in) operating activities		2,847,356	(7,944,489)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

CONT. EXHIBIT D

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	NOTE	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	11	**(17,088)**	(1,965,533)
Investment and other income		**578,337**	295,379
Net cash flows from / (used in) investing activities		**561,249**	(1,670,154)
CASH FLOWS FROM FINANCING ACTIVITY :			
Increase in term deposits	5 (b)	----	2,613,858
Net cash flows from financing activity		----	2,613,858
NET CASH FLOWS GENERATED / (USED) DURING THE YEAR		**3,408,605**	(7,000,785)
Cash and cash equivalents at beginning of the year	5 (b)	**4,339,729**	11,340,514
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	**7,748,334**	4,339,729

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. STATUS AND ACTIVITIES

a) **Methaq Takaful Insurance 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 operates through its head office in Abu Dhabi and branch offices in Dubai. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 32774, Abu Dhabi, United Arab Emirates.

d) The Company's ordinary shares are listed on Abu Dhabi Securities Exchange.

2. NEW AND REVISED STANDARDS, INTERPRETATION AND AMENDMENTS

The accounting policies adopted in the preparation of financial statements are consistent with those applied by the Company in the interpretation of the financial statements for the year ended 31 December 2021 except for the adoption of the following new standards, interpretation and amendments.

2.1 Standards, interpretations issued and effective for the current year

The Company has adopted all the applicable new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the year beginning on 1 January 2022.

- ***Proceeds before intended use (Amendments to IAS (16) Property, Plant and Equipment.***

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the 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.

The amendments also clarify that an entity is testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

- ***Reference to the Conceptual Framework (Amendments to IFRS 3).***

Minor amendments were made to IFRS 3 "Business Combinations" to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

- ***Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37).***

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract, among others).

Before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

- ***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***
    The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) may elect, in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

  - ***IFRS 9 Amendments, Financial Instruments***
    The amendments clarify the fees an entity includes when it applies the '10 per cent' in assessing whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- *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 the entities to exclude taxation cash flows when measuring the fair value under IAS 41.

These amendments had no material impact on the financial statements of the Company.

2.2 Standards, interpretations and amendments in issue not yet effective and not early adopted:

		Effective date
IAS 1 – Amendment	Classification of Liabilities as Current or Non-current.	1 January 2023
IFRS- 17 – New	Insurance Contracts.	1 January 2023
IAS 1- Amendment & IFRS practice statement 2	Disclosure of Accounting Policies.	1 January 2023
IAS 8- Amendment	Definition of Accounting Estimate.	1 January 2023
IAS 12- Amendment	Deferred tax related assets & liabilities arising from a single transactions.	1 January 2023
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an investor and an and its Associate or Joint Venture.	Indefinite effective date

If applicable, the Company intends to adopt these new and amended standards and interpretations when they become effective. The management anticipates that the adoption of the above standards and interpretations in future periods may have an impact on the financial statements of the Company.

3. GOING CONCERN

a) During the reporting year, the company didn't submit its corrective plan to insurance authority. The management didn't make any corrective plan to reduce its underwriting activities in different lines of business until it concludes on corrective measures, which will be based on technical recommendations suggested by management.

The Company might not be able to meet its financial obligations for the coming 12 months if it does not generate sufficient cash flows through the operating activities and the disposal of additional assets.

b) The Financial Regulations for Insurance Companies (the "Regulations") issued by the IA sets specified limits for assets distribution and allocation. Holding inadmissible investments or non-compliance with the set limits affects the Company's ability to meet the Regulations' solvency requirements. The deadlines for compliance with the Regulations requirements vary between end of January 2022 and end of January 2023. Compliance with these requirements requires significant restructuring of the Company's investments portfolio based on different milestones within the current year, with full implementation.

The Company incurred accumulated losses of AED 60,371,020 as at 31 December 2022 (2021 : AED 71,532,116) which exceeded 40.25% (31 December 2021 : 47.69%) of the share capital, the Company's Takaful operating liabilities exceed its Takaful operating assets by AED 158,375,900 (2021 : AED 144,208,917) as of that date. Addition to this, the Company has not renewed their "reinsurance agreements" related to motor vehicle treaty quota share. The Company is working under a huge risk of losses and cash out flow in foreseeable future.

These conditions indicate the existence of multiple material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In the absence of the Company's ability to achieve management's planned measures, the going concern basis would be invalid and adjustments would have to be made to reduce the values of the assets as presented in the statement of financial position to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

4. 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 2022 as detailed in Note 2 which did not have material impact on the financial statements of the Company. The significant accounting policies adopted by the Company in the preparation of the financial statements are as follows:-

a. *Financial Statements Preparation Framework*

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

b. *Basis of presentation*

As at 31 December 2022, the Company accumulated losses amounted to AED 60,371,020 (31 December 2021 : AED 71,532,116) which represents 40.25% (31 December 2021 : 47.69%) of the share capital of the Company.

The 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 amortised 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 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 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 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 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 4 (g).

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 statement of profit or loss.

f. *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.

After initial recognition, investment property is carried, in the statement of financial position, at its cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated. Buildings depreciation charge for each year is recognized in the statement of profit or loss. Depreciation is calculated on a straight line basis, which reflects the pattern in which the buildings' future economic benefits are expected to be consumed by the group over their estimated useful life of 10 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 investment properties 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 4 (g).

g. *Impairment of tangible assets*

At each 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 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 increased 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 increase.

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 Abu Dhabi Retirement Pension and Benefits Fund (Law No. 2 of 2000).

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 statement of financial position date or to transfer it to a third party.

Provisions reviewed and adjusted at each 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 Company'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 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 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 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*

In the application of the Company's accounting policies, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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. Revisions to accounting estimates are recognized in the period 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 following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

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 31 December 2022 amounted to AED 49,209,208 (31 December 2021 : 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 31 December 2022 amounted to AED 313,114,598 (31 December 2021 : AED 279,897,097) as detailed in Note 8.

5. CASH AND CASH EQUIVALENTS

a) i) This item consists of the following:

	2022	2021
Cash and bank balances	**7,748,334**	4,339,729
Total - Exhibit D	**7,748,334**	4,339,729
ii) Takaful and operations assets - **Exhibit A**	**6,979,655**	3,140,526
Shareholders' assets - **Exhibit A**	**768,679**	1,199,203
Total - Note 5 (a) (i)	**7,748,334**	4,339,729

b) i) 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 (2021: 2.5% to 3.4%).

	2022	2021
ii) Takaful and operations assets - **Exhibit A**	**27,401**	27,401
Shareholders' assets - **Exhibit A**	**375,568**	375,568
Total	**402,969**	402,969

6. 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 31 December 2022 which cannot be utilized without the consent of the UAE Insurance Regulatory Authority.

7. INVESTMENTS IN FINANCIAL ASSETS

a) This item consists of the following:

	2022	2021
Investment designated at fair value through other comprehensive income (FVTOCI) - Note 7 (b) - **Exhibit A**	**17,000,000**	17,000,000
Investment designated at a fair value through profit or loss (FVTPL) - Note 7 (c) - **Exhibit A**	**666,645**	741,653
Total	**17,666,645**	17,741,653

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

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

	2022	2021
Fair value at 1 January	**17,000,000**	17,000,000
Fair value at 31 December - Note 7 (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 year are as follows:

	2022	2021
Fair value at 1 January	**741,653**	713,552
(Decrease) / increase in fair value taken to profit or loss - **Exhibit B**	**(75,008)**	28,101
Fair value as at 31 December - Note 7 (a)	**666,645**	741,653

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

	2022	2021
Within UAE	**17,666,645**	17,741,653
Total - Note 7 (b & c)	**17,666,645**	17,741,653

8. TAKAFUL CONTRACTS LIABILITIES AND RE-TAKAFUL CONTRACTS ASSETS

This item consists of the following:

	2022	2021
a) **Gross outstanding claims**		
Outstanding claims	**143,610,762**	111,880,564
Incurred but not reported reserve	**151,734,456**	150,054,052
Unallocated loss adjustment expense reserve	**6,222,028**	6,420,316
Unexpired risk reserve	**11,547,352**	11,542,165
Total - Exhibit A	**313,114,598**	279,897,097

b) **Retakaful share of outstanding claims**	2022	2021
Outstanding claims	**57,898,056**	60,542,270
Incurred but not reported reserve	**110,357,103**	106,533,629
Total - Exhibit A	**168,255,159**	167,075,899

	2022	2021
c) **Net technical provision**		
Outstanding claims	**85,712,706**	51,338,294
Incurred but not reported reserve	**41,377,353**	43,520,423
Unallocated loss adjustment expense reserve	**6,222,028**	6,420,316
Unexpired risk reserve	**11,547,352**	11,542,165
Total	**144,859,439**	112,821,198

9. CONTRIBUTIONS AND RETAKAFUL BALANCES RECEIVABLES

a) This item consists of the following:

	2022	2021
Due from policyholder	**78,546,278**	102,739,298
Due from insurance and reinsurance Companies	**207,142,928**	176,196,118
Due from related parties - Note 21	**5,196,806**	5,196,806
Salvages and subrogation	**81,947,113**	42,050,766
Total - Note 9 (e)	**372,833,125**	326,182,988
Impairment of takaful & retakaful contract receivables - Note 9 (b)	**(35,371,193)**	(35,371,193)
Impairment of related party receivable - Note 9(c)	**(5,196,806)**	(5,196,806)
Impairment of salvages and subrogation - Note 9(d)	**(8,641,209)**	(8,641,209)
Balance at 31 December - Exhibit A	**323,623,917**	276,973,780

b) *Impairment of takaful & retakaful contract receivable*

This item consists of the following:

	2022	2021
Balance at 1 January	**(35,371,193)**	(35,371,193)
Balance at 31 December - Note 9 (a)	**(35,371,193)**	(35,371,193)

c) *Impairment of related party - receivable*

This item consists of the following:

	2022	2021
Balance at 1 January	**(5,196,806)**	(5,196,806)
Balance at 31 December - Note 9 (a)	**(5,196,806)**	(5,196,806)

d) *Impairment of salvages and subrogation*

This item consists of the following:

	2022	2021
Balance at 1 January	**(8,641,209)**	(8,641,209)
Balance at 31 December - Note 9 (a)	**(8,641,209)**	(8,641,209)

e) Ageing of takaful and retakaful receivables are as follows:

	2022	2021
1 - 90 days	**29,291,361**	83,158,583
91 - 180 days	**28,901,980**	7,002,220
181 - 365 days	**43,319,496**	35,488,922
Above 365 days	**271,320,288**	200,533,263
Balance at 31 December - Note 9 (a)	**372,833,125**	326,182,988

10. PREPAID EXPENSES AND OTHER ASSETS

a) i) This item consists of the following:

	2022	2021
Advances towards formation of Companies	**822,178**	822,178
Prepaid expenses	**3,883,132**	3,148,014
Accrued profits from investment deposits	**138,772**	93,773
Refundable deposits	**3,846,399**	2,834,374
Advances for investments	**3,506,950**	3,506,950
Other receivables and advances to suppliers	**6,031,534**	6,243,673
Total	**18,228,965**	16,648,962
Impairment of advances and other receivables - Note 10 (b)	**(6,223,218)**	(6,223,218)
Net - Exhibit A	**12,005,747**	10,425,744

ii) This item consists of the following:

	2022	2021
Takaful operations assets - **Exhibit A**	**6,773,247**	5,167,477
Shareholders' assets - **Exhibit A**	**5,232,500**	5,258,267
Total	**12,005,747**	10,425,744

b) *Impairment of advances and other receivables*

i) This item consists of the following:

	2022	2021
Balance at 1 January	**(6,223,218)**	(6,223,218)
Balance at 31 December - Note 10 (a)	**(6,223,218)**	(6,223,218)

11. PROPERTY AND EQUIPMENT

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

COST	Furniture, fixtures and office equipment	Computer equipment and accessories	Total
At 1 January 2022	8,016,585	4,734,565	12,751,150
Additions	----	**17,088**	**17,088**
At 31 December 2022	**8,016,585**	**4,751,653**	**12,768,238**
ACCUMULATED DEPRECIATION			
At 1 January 2022	(6,154,649)	(4,461,474)	(10,616,123)
Charge for the year	**(542,161)**	**(188,564)**	**(730,725)**
At 31 December 2022	**(6,696,810)**	**(4,650,038)**	**(11,346,848)**
NET BOOK VALUE			
At 31 December 2021 - Exhibit A	1,861,936	273,091	2,135,027
At 31 December 2022 - Exhibit A	**1,319,775**	**101,615**	**1,421,390**

12. INVESTMENT PROPERTIES

a) This item consists of the following :

	Buildings	Total
At 1 January 2022	**172,905,500**	**172,905,500**
Increase in fair value taken to profit or loss - **Exhibit B**	**10,773,500**	**10,773,500**
Balance at 31 December 2022 - Exhibit A	183,679,000	183,679,000

b) i) A building, located in plot No. C29 sector E12, Abu Dhabi UAE and held for long term rental yields. During the year, the investment property that was registered and held in trust in the name of another party, the title deed has been transferred to Company's name.

ii) A land located in Plot No. 36 Sector W18-02, Abu Dhabi, UAE, that was held in the name of a related party, for and on behalf of the Company. During the year, the title deed of the land has been transferred to the Company's name.

c) 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.

d) 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.

e) The rental income for the year amounted to AED 397,436 (2021 : AED 585,551) and building expenses 31 December 2022 amounted to AED 112,436 (2021 : AED 108,823).

13. END OF SERVICE BENEFITS OBLIGATION

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

	2022	2021
Balance at 1 January	**3,401,539**	3,090,479
Charge during the year	**189,670**	997,177
Settlements	----	(686,117)
Balance at 31 December - Exhibit A	**3,591,209**	3,401,539

14. LOAN FROM SHAREHOLDERS

a) This item consists of the following:

	2022	2021
Policyholders' fund		
At 1 January	**195,888,577**	184,613,960
(Surplus) / deficit for the year	**(24,640,561)**	11,274,617
As at 31 December	**171,248,016**	195,888,577
Loan from shareholders to policyholders		
At 1 January	**195,888,577**	184,613,960
Net movement during the year	**(24,640,561)**	11,274,617
Total	**171,248,016**	195,888,577
Allowance for loan to policyholders	**(171,248,016)**	(195,888,577)
As at 31 December - Exhibit B	----	----

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 171,248,016 as of 31 December 2022 (2021 : AED 195,888,577) with no repayment terms. During the year, Qard Hassan with a nominal value of AED 24,640,561 (31 December 2021: AED 11,274,617) 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.

15. SHARE CAPITAL

This item consists of the following:

	2022	2021
Authorized, issued and fully paid		
150,000,000 shares of AED 1 each	**150,000,000**	150,000,000

16. 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:

	2022	2021
Motor	**30%**	30%
Medical	**15%**	15%
All other takaful classes	**30%**	30%

b) The shareholders manage the policyholders' investment fund and charge 10% (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 (2021 : nil).

17. BASIC AND DILUTED EARNINGS PER SHARE

a) 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:

	2022	2021
Profit / (Loss) for the year - **Exhibit B**	**13,951,370**	(7,556,730)
Ordinary shares in issue throughout the year	**150,000,000**	150,000,000
Basic and diluted earnings per share	**0.093**	(0.050)

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

18. 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:

	2022			2021		
	Policy holders	**Shareholders**	**Total**	Policy holders	Shareholders	Total
Net underwriting income	**115,978,586**	----	**115,978,586**	67,273,295	----	67,273,295
Wakal fees	**(91,338,025)**	**91,338,025**	----	(78,547,912)	78,547,912	----
Total	**24,640,561**	**91,338,025**	**115,978,586**	(11,274,617)	78,547,912	67,273,295
Shareholders' investment and other income (net)	----	**578,337**	**578,337**	----	295,379	295,379
Other income	----	**4,412,108**	**4,412,108**			
Rental income from investment property (net)	----	**285,000**	**285,000**	----	476,728	476,728
Change in fair value of investment properties	----	**(75,008)**	**(75,008)**	----	28,101	28,101
Decrease in provision for loan to policyholders' fund	----	**10,773,500**	**10,773,500**	----	30,545,500	30,545,500
Takaful expenses	----	**(79,228,692)**	**(79,228,692)**	----	(65,838,149)	(65,838,149)
General and administrative expenses	----	**(38,772,461)**	**(38,772,461)**	----	(40,337,584)	(40,337,584)
Profit / (loss) for the year	**24,640,561**	**(10,689,191)**	**13,951,370**	(11,274,617)	3,717,887	(7,556,730)

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:-

	2022			2021		
	Policy holders	Shareholders	Total	Policy holders	Shareholders	Total
Total assets	512,205,545	267,424,742	779,630,287	516,619,202	243,302,876	759,922,078
Total liabilities	670,581,445	10,348,227	680,929,672	660,828,119	14,344,714	675,172,833
Capital expenditure	----	17,088	17,088	----	1,965,533	1,965,533

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

	2022			
	Motor	Medical	Others	Total
Gross takaful contributions revenue	278,987,475	46,031,976	2,456,621	327,476,072
Retakaful contributions ceded	(3,400,195)	(25,598,529)	(1,601,758)	(30,600,482)
Net earned contributions	275,587,280	20,433,447	854,863	296,875,590
Retakaful commission income	18,080,606	1,522,593	314,916	19,918,115
Change in net unearned contribution provision	(86,021,759)	6,010,397	788,805	(79,222,557)
Total takaful income	207,646,127	27,966,437	1,958,584	237,571,148
Gross claims incurred	(179,053,521)	(32,866,296)	(917,374)	(212,837,191)
Retakaful share of claims incurred	97,420,498	29,305,645	570,778	127,296,921
Changes in net claims incurred	6,705,678	508,634	643,794	7,858,106
Net claims incurred	(74,927,345)	(3,052,017)	297,198	(77,682,164)
Technical expenses	(21,413,396)	(2,305,649)	(7,211)	(23,726,256)
Bad debts written off	(20,184,142)	----	----	(20,184,142)
Total takaful expenses	(116,524,883)	(5,357,666)	289,987	(121,592,562)
Net takaful operating profit - Exhibit B	91,121,244	22,608,771	2,248,571	115,978,586

	2021			
	Motor	Medical	Others	Total
Gross takaful contributions revenue	233,750,927	63,741,850	4,094,402	301,587,179
Retakaful contributions ceded	(92,674,499)	(28,214,687)	(2,633,100)	(123,522,286)
Net earned contributions	141,076,428	35,527,163	1,461,302	178,064,893
Retakaful commission income	43,023,561	1,318,055	488,486	44,830,102
Change in net unearned contribution provision	(19,647,264)	(331,589)	(447)	(19,979,300)
Total takaful income	164,452,725	36,513,629	1,949,341	202,915,695
Gross claims incurred	(218,279,776)	(27,375,351)	(558,963)	(246,214,090)
Retakaful share of claims incurred	94,343,314	14,273,649	282,906	108,899,869
Changes in net claims incurred	11,721,874	208,422	(189,214)	11,741,082
Net claims incurred	(112,214,588)	(12,893,280)	(465,271)	(125,573,139)
Technical expenses	(7,701,672)	(2,367,589)	----	(10,069,261)
Total takaful expenses	(119,916,260)	(15,260,869)	(465,271)	(135,642,400)
Net takaful income for the year - Exhibit B	44,536,465	21,252,760	1,484,070	67,273,295

d) Secondary segment information - revenue from underwriting departments

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

	2022	2021
Motor	**278,987,475**	233,750,927
Medical	**46,031,976**	63,741,850
Miscellaneous accidents	**1,285,122**	1,681,132
Fire	**859,539**	1,339,405
Engineering	**96,986**	772,457
Marine and aviation	**214,974**	301,408
Total - Exhibit B	**327,476,072**	301,587,179

19. CONTINGENT LIABILITIES

This item consists of the following:	**2022**	2021
Letters of guarantee	**8,625,090**	8,950,180

20. 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.

	2022	2021
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 & 5).

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 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.

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 31 December 2022.

Financial assets	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	7,748,334	----	7,748,334
Bank term deposits	402,969	----	402,969
Statutory deposits	----	6,000,000	6,000,000
Retakaful share of unearned contributions	6,546,166	----	6,546,166
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)	666,645	----	666,645
Contributions and retakaful balances receivables	323,623,917	----	323,623,917
Deferred acquisition costs	52,280,960	----	52,280,960
Retakaful share of outstanding claims	168,255,159	----	168,255,159
Total	576,524,150	6,000,000	582,524,150
Financial liabilities			
Takaful payables	156,067,998	----	156,067,998
Outstanding claims	313,114,598	----	313,114,598
Retakaful payables	27,233,599	----	27,233,599
Accrued expenses and other liabilities	2,498,103	----	2,498,103
Trade payables	1,462,134	----	1,462,134
Unearned retakaful commission income	89,814	----	89,814
Unearned contributions	174,075,436	----	174,075,436
Other payable	2,796,781	----	2,796,781
End of service benefits obligation	----	3,591,209	3,591,209
Total	677,338,463	3,591,209	680,929,672

The following table shows the maturity dates of Company's financial assets and liabilities as at 31 December 2021.

Financial assets	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	4,339,729	----	4,339,729
Bank term deposits	402,969	----	402,969
Statutory deposits	----	6,000,000	6,000,000
Retakaful share of unearned contributions	64,234,119	----	64,234,119
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)	741,653	----	741,653
Contributions and retakaful balances receivables	276,973,780	----	276,973,780
Deferred acquisition costs	37,687,658	----	37,687,658
Retakaful share of outstanding claims	167,075,899	----	167,075,899
Total	568,455,807	6,000,000	574,455,807

Financial liabilities	Less than 1 year	More than 1 year	Total
Takaful payables	134,776,570	----	134,776,570
Outstanding claims	279,897,097	----	279,897,097
Retakaful payables	73,258,216	----	73,258,216
Accrued expenses and other liabilities	7,164,504	----	7,164,504
Trade payables	1,650,259	----	1,650,259
Unearned retakaful commission income	20,355,404	----	20,355,404
Unearned contributions	152,540,832	----	152,540,832
Other payable	2,128,412	----	2,128,412
End of service benefits obligation	----	3,401,539	3,401,539
Total	671,771,294	3,401,539	675,172,833

21. RELATED PARTIES

This item consists of the following:	2022	2021
Emirates Aqua Technologies Caviar Factory	**2,340,533**	2,340,533
Bin Salem Group	**2,856,273**	2,856,273
Total - Note 9 (a)	**5,196,806**	5,196,806
Impairment of related parties receivables - Note 9 (c)	**(5,196,806)**	(5,196,806)
Total - Note 9 (a)	**----**	----

22. LITIGATIONS

As per the confirmations received through the legal consultants, many of individual customers and brokers filed cases on the Company amounting to AED 50,610,585 approximately and cases are under execution.

23. GENERAL

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

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue. On their board meeting dated 30 March 2023.