

**Islamic Arab Insurance Co. (Salama)
PJSC and its subsidiaries**

**REVIEW REPORT AND CONDENSED
CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Islamic Arab Insurance Co. (Salama) PSJC (the “Company”) and its subsidiaries (the “Group”), which comprise the interim consolidated statement of financial position as at 31 March 2021 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

The Group’s total assets include investment properties with a carrying amount of AED 138,928 thousand, investments which are carried at AED 692,986 thousand, and other assets and receivables which are carried at AED 336,407 thousand. The aforementioned assets include:

- Investment property with a carrying amount of AED 84,957 thousand (note 6);
- Islamic placement investments of AED 45,889 thousand, available-for-sale investments of AED 58,244 thousand and held to maturity investments of AED 66,738 thousand (note 8); and
- Other receivables with a carrying amount of AED 34,006 thousand (note 19).

Due to the ongoing litigations between the Group and different parties, we were unable to complete our review of the aforementioned investment property, investments and other receivables because we could not determine if the judgements applied and estimates made in the determination of the fair value of these assets were appropriate and we were unable to determine if the Group legally owned these assets.

This matter is described in notes 19 and 20 to the condensed consolidated interim financial statements. Had we been able to complete our review of the aforementioned investment property, investments, and other receivables, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated interim financial information.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)

Qualified Conclusion

Except for the adjustments to the condensed consolidated interim financial information that we might have become aware of had it not been for the matters described above, based on our review, nothing has come to our attention that causes us to believe the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Other Matters

The interim consolidated condensed financial statements of the Group as of 31 March 2020 were reviewed by another auditor whose report dated 21 May 2020 expressed a qualified conclusion on those interim consolidated condensed financial statements with regard to the matter described above. Also, the consolidated financial statements as of 31 December 2020 were audited by another auditor whose report dated 11 March 2021 expressed a qualified opinion on those consolidated financial statements with regard to the same matter.

For Ernst & Young

A handwritten signature in blue ink, appearing to read 'Ashraf Abu-Sharkh', is written over a horizontal line.

Signed by:
Ashraf Abu-Sharkh
Partner
Registration No.: 690

12 May 2021

Dubai, United Arab Emirates

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2021 (unaudited)

	<i>Notes</i>	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Assets			
Property and equipment		38,965	39,548
Goodwill and intangibles		115,157	115,237
Investment properties	6	138,928	139,534
Right of use assets		7,057	8,034
Investment in associates	7	34,438	32,932
Deposits		214,002	202,828
Investments	8	692,986	676,596
Participants' investments in unit-linked contracts	8.1	2,232,271	2,228,346
Deposits with takaful and retakaful companies		2,398	2,406
Contributions and takaful balance receivables		339,994	207,776
Retakafuls' share of outstanding claims		222,385	214,940
Retakafuls' share of unearned contribution		245,257	172,006
Other assets and receivables	19	336,407	375,540
Bank balances and cash	18	146,103	91,950
Total assets		4,766,348	4,507,673
Liabilities and policyholders' fund			
Outstanding claims and family takaful reserve		567,838	558,598
Payable to participants for unit-linked contracts		2,230,232	2,224,849
Unearned contribution reserve		464,364	323,040
Takaful balances payable		245,191	163,830
Other payables and accruals		319,468	319,426
Lease liabilities		7,263	8,264
Total liabilities		3,834,356	3,598,007
Policyholders' fund		-	-
Total liabilities and policyholders' fund		3,834,356	3,598,007

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

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2021 (unaudited)

	<i>Notes</i>	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Equity			
Share capital	11	1,210,000	1,210,000
Treasury shares	12	(35,972)	(35,972)
Statutory reserve	13	97,257	97,257
Accumulated losses		(286,679)	(308,059)
Other reserves	14	(128,897)	(127,892)
		<hr/>	<hr/>
Equity attributable to Owners of the Company		855,709	835,334
Non-controlling interest		76,283	74,332
		<hr/>	<hr/>
Total equity		931,992	909,666
		<hr/>	<hr/>
Total liabilities, policyholders' fund and equity		4,766,348	4,507,673
		<hr/> <hr/>	<hr/> <hr/>

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.

Chairman

Chief Executive Officer

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three month period ended 31 March 2021 (unaudited)

	Three month period ended	
	2021	31 March
	AED'000	2020
		AED'000
Continuing operations		
Underwriting income		
Gross written contributions	427,558	440,977
Less: reinsurance and retakaful contributions ceded	(185,981)	(179,986)
Net contributions	241,577	260,991
Net movement in unearned contributions	(68,215)	(83,490)
Contributions earned	173,362	177,501
Commission income on ceded reinsurance and retakaful	11,628	9,009
	184,990	186,510
Underwriting expenses		
Gross claims paid	134,838	112,021
Less: reinsurance and retakaful share of claims paid	(72,540)	(55,892)
Net claims paid	62,298	56,129
Net movement in outstanding claims and family takaful reserve	1,482	8,729
Claims incurred	63,780	64,858
Commission expense and other costs	80,138	87,151
	143,918	152,009
Net underwriting income	41,072	34,501
Income from investments	12,257	7,658
Other income	3,908	5,457
	57,237	47,616
Expenses		
General, administrative and other expenses	(31,293)	(28,784)
Financial expenses	(540)	(598)
Net surplus before tax for the period	25,404	18,234
Taxation – current	(1,179)	(1,495)
Net surplus after tax for the period before distribution to policyholders	24,225	16,739
Distribution to policyholders of Company	-	-
Net surplus after tax and distribution to policyholders for the period	24,225	16,739

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

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the three month period ended 31 March 2021 (unaudited)

	Three month period ended	
	2021	31 March
	AED'000	2020
		AED'000
Discontinued operations		
Loss from discontinued operations	-	(3,604)
	<u> </u>	<u> </u>
Net surplus from takaful operations	24,225	13,135
	<u> </u>	<u> </u>
Attributable to:		
Shareholders	22,220	13,649
Non-controlling interest	2,005	(514)
	<u> </u>	<u> </u>
	24,225	13,135
	<u> </u>	<u> </u>
Basic and diluted earnings per share (AED) (Note 17)	0.019	0.011
	<u> </u>	<u> </u>
Basic and diluted earnings/(loss) per share (AED) – continuing operations	0.019	0.014
	<u> </u>	<u> </u>

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

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three month period ended 31 March 2021 (unaudited)

	Three month period ended	
	2021	31 March
	AED'000	2020
		AED'000
Net profit after tax and distribution to policyholders for the period	24,225	13,135
Other comprehensive (loss)/ income net of income tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net movement or change in foreign exchange translation reserve	(2,289)	(3,890)
Net changes in fair value of available for sale investments	135	378
Share of other comprehensive income of associates	255	-
Total other comprehensive (loss)/income for the period	(1,899)	(3,512)
Total comprehensive income for the period	22,326	9,623
Attributable to:		
Shareholders	20,375	9,520
Non-controlling interest	1,951	103
	22,326	9,623

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

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2021 (unaudited)

	Share capital AED'000	Statutory reserve AED'000	Revaluatio n reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury shares AED'000	Accumulat ed losses AED'000	Total AED'000	Non- controlling interest AED'000	Total equity AED '000
Balance at 1 January 2020	1,210,000	82,320	31,930	(112,043)	(27,627)	(35,972)	(376,824)	771,784	73,471	845,255
Profit for the period	-	-	-	-	-	-	13,649	13,649	(514)	13,135
Other comprehensive income/(loss)										
Net movement or change in foreign exchange translation reserve	-	-	-	(4,507)	-	-	-	(4,507)	617	(3,890)
Net changes in fair value of available for sale investments	-	-	-	-	378	-	-	378	-	378
Total other comprehensive loss	-	-	-	(4,507)	378	-	-	(4,129)	617	(3,512)
Total comprehensive income for the period	-	-	-	(4,507)	378	-	13,649	9,520	103	9,623
Dividend paid	-	-	-	-	-	-	-	-	(2,274)	(2,274)
Balance at 31 March 2020 (unaudited)	1,210,000	82,320	31,930	(116,550)	(27,249)	(35,972)	(363,175)	781,304	71,300	852,604

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

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2021 (unaudited)

	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury shares AED'000	Accumulated losses AED'000	Regulatory reserve AED '000	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
Balance at 1 January 2021	1,210,000	97,257	20,753	(122,196)	(26,581)	(35,972)	(308,059)	132	835,334	74,332	909,666
Profit for the year	-	-	-	-	-	-	22,220	-	22,220	2,005	24,225
Other comprehensive income											
Net movement in foreign exchange translation reserve	-	-	-	(2,235)	-	-	-	-	(2,235)	(54)	(2,289)
Net changes in fair value of available-for-sale investments	-	-	-	-	135	-	-	-	135	-	135
Share of other comprehensive income of associates	-	-	-	-	255	-	-	-	255	-	255
Total other comprehensive income/(loss)	-	-	-	(2,235)	390	-	-	-	(1,845)	(54)	(1,899)
Total comprehensive income for the year	-	-	-	(2,235)	390	-	22,220	-	20,375	1,951	22,326
Transfer to regulatory reserve	-	-	-	-	-	-	(840)	840	-	-	-
Balance at 31 March 2021	1,210,000	97,257	20,753	(124,431)	(26,191)	(35,972)	(286,679)	972	855,709	76,283	931,992

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

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three month period ended 31 March 2021 (unaudited)

	Three month period ended 31	
	2021	March
	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	24,225	13,135
Adjustments for:		
Depreciation of property and equipment	750	931
Depreciation on right to use assets	977	957
Net movement in unearned contributions reserve	68,073	83,415
Unrealized (gain)/loss on investment	2,419	4,833
Amortisation of intangible assets	194	218
Share of profit from associates	(1,251)	(2,540)
Reversal impairment of receivables	-	(176)
Dividend income	(194)	-
Operating cash flows before changes in operating assets and liabilities	95,193	100,773
Increase in deposits with takaful and retakaful companies	8	(40)
Increase in contributions and takaful balance receivable	(132,218)	(189,315)
Increase in due from/to related parties	-	(9,964)
Decrease in other assets and receivables	39,133	30,649
Increase in outstanding claims (net of retakaful)	1,795	6,426
Increase in takaful payables and other payables	81,403	51,220
Increase in assets held-for-sale	-	(807)
Increase in liabilities against assets held-for-sale	-	4,698
Net cash generated from/ (used in) operating activities	85,314	(6,360)
Cash flows from investing activities		
Disposal/(purchase) of property and equipment	(167)	1,493
Disposal/(purchase) of intangible assets	(114)	(44)
Investments properties-net	606	847
Repayment of principal and interest on lease liability	(1,001)	(898)
Decrease/(increase) in term deposits under lien		
or with maturity after three months	82	94,967
Net movement in deposits	(11,174)	39
Dividend received	194	-
Increase in investments - net	(20,963)	(65,983)
Net movement in participants' investments in unit-linked contracts	1,458	2,938
Net cash (used in) / generate from investing activities	(31,079)	33,359
Cash flows from financing activities		
Dividend paid	-	(2,274)
Net cash used in financing activities	-	(2,274)
Net increase in cash and cash equivalents	54,235	24,725
Cash and cash equivalents at the beginning of the period	83,821	54,794
Cash and cash equivalents at the end of the period	138,056	79,519

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

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three month period ended 31 March 2021 (unaudited)

1. GENERAL INFORMATION

Islamic Arab Insurance Co. (Salama) PJSC (“the Company”) is a public shareholding company, registered in the Emirate of Dubai, United Arab Emirates (UAE) and operates through various branches in the UAE. The registered office of the Company is P.O. Box 10214, Dubai, United Arab Emirates. The principal activity of the Company is the writing of all classes of general takaful and family takaful business, in accordance with Islamic Shari’ah principles and in accordance with the relevant Articles of the Company, UAE Federal Law No. (2) of 2015 for commercial companies and U.A.E. Federal Law No. (6) of 2007, concerning regulations of insurance operations.

The Company and its subsidiaries are referred to as “the Group”. Tariic Holding B.S.C (Tariic), a subsidiary of the Company, is an intermediate holding company in Bahrain and no commercial activities are carried out in the Kingdom of Bahrain. The Group has the following principal subsidiaries which are engaged in insurance and reinsurance under Islamic Shari’ah principles:

Subsidiaries	Group’s Ownership		Country of incorporation	Activity
	31 March 2021	31 December 2020		
<i>Directly owned</i>				
Tariic Holding Company B.S.C	99.40%	99.40%	Kingdom of Bahrain	No takaful operations
Misr Emirates Takaful Life Insurance Co.	85%	85%	Egypt	Family takaful
Salama Immobilier	84.25%	84.25%	Senegal	No takaful operations
Egyptian Saudi Insurance Home	51.15%	51.15%	Egypt	General takaful
<i>Through Tariic</i>				
Salama Assurances Algeria	96.98%	96.98%	Algeria	General takaful

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

With the rapid development of the coronavirus disease (COVID-19) outbreak, the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures.

The UAE Government has implemented restrictions on travelling as well as strict quarantine measures, impacting a wide range of industries, and the insurance industry is expected to be indirectly affected.

Management has considered the unique circumstances and the risk exposures of the Group and has concluded that there is no significant impact on the Group’s profitability position as at reporting date. This is primarily because insurance activities in the UAE continue and are not subject to many of the restrictions mentioned above.

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

- recoverability of contributions and takaful balance receivables,
- fair value measurement of financial instruments,
- fair value measurement of investment properties,
- impairment of goodwill, and
- provision for outstanding claims and claims incurred but not reported.

The Group has performed stress testing as required by the Insurance Authority of UAE on a monthly basis approved by the Board of Directors, who are satisfied that the Group will continue to operate as a going concern and there have been no updates to the business plan in the current period. Accordingly, these condensed consolidated interim financial information have been prepared on a going concern basis. Management will continue to monitor the situation and, will take necessary and appropriate actions on a timely basis to respond to this unprecedented situation.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three month period ended 31 March 2021 (unaudited)

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these condensed consolidated interim financial information. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2: The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

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

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

- IFRS 17 *Insurance Contracts*: Effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*: Effective for annual periods beginning on or after 1 January 2022. In May 2020, the IASB has issued an exposure draft deferring the effective date of the standard to 1 January 2023;
- Amendments to IFRS 3: *Reference to the Conceptual Framework*: Effective for annual periods beginning on or after 1 January 2022;
- Amendment to IAS 16 *Property, Plant and Equipment: Proceeds before Intended Use*: Effective for annual periods beginning on or after 1 January 2022;
- Amendments to IAS 37 *Onerous Contracts – Costs of Fulfilling a Contract*: Effective for annual periods beginning on or after 1 January 2022; and
- Annual Improvements 2018-2020 cycle:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective for annual periods beginning on or after 1 January 2022);
 - IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability (effective for annual periods beginning on or after 1 January 2022); and
 - IAS 41 Agriculture – Taxation in fair value measurements - The amendment removes the requirement that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41 (effective for annual periods beginning on or after 1 January 2022);

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

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

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

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

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION For the three month period ended 31 March 2021 (unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard (IAS) No. 34, “*Interim Financial Reporting*” and also comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial information are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group’s transactions are denominated and all value are rounded to the nearest thousand (AED 1000) except when otherwise indicated.

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

The accounting policies, presentation and methods in this condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2020.

This condensed consolidated interim financial information does not include all the information required for full audited annual consolidated financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as at and for the year ended 31 December 2020. In addition, results for the three month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

4. CHANGES IN JUDGEMENTS AND ESTIMATION UNCERTAINTY

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020, with the exception of the impact of the novel coronavirus (COVID-19) outbreak on the Group which is detailed below.

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

Recoverability of contributions and takaful balance receivables

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

Based on management’s assessment, the Group has not identified a material impact on the recoverability of contribution and takaful balance receivables for the period ended 31 March 2021.

Fair value measurement of financial instruments

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

Based on management’s assessment, the Group has not identified a material impact on the fair values of any financial assets and liabilities for the period ended 31 March 2021 other than the change which is already reflected in the condensed interim financial information.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three month period ended 31 March 2021 (unaudited)

4. CHANGES IN JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

Fair value measurement of investment properties

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

Based on management's assessment, the Group has not identified any significant impact to the fair values of investment properties for the period ended 31 March 2021. The Group will consistently monitor the market and ensure that the prices used by the Group are an accurate representation of fair values.

Impairment of goodwill

The Group has performed an assessment of the impact of COVID-19 on an estimation of the value-in-use of the cash generating units to which goodwill is allocated. Management used sensitivity analyses in estimating of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Group's determined that there is no material impact on fair value of goodwill for the period ended 31 March 2021.

Provision for outstanding claims and claims incurred but not reported

The Group has performed an assessment of the impact of COVID-19 on its contractual arrangements, provisions for outstanding claims and claims incurred but not reported which included regular sensitivity analyses. The Group determined that there is no material impact on its risk position and provision balances for outstanding claims and claims incurred but not reported for the period ended 31 March 2021. It will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

5. TAKAFUL AND FINANCIAL RISK MANAGEMENT

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

The condensed interim consolidated financial information does not include all takaful and financial risk management information and disclosures required in the annual consolidated financial statements; therefore, they should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2020.

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

6. INVESTMENT PROPERTIES

The geographic dispersion of investment properties is as follows.

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Within UAE	8,000	8,000
Outside UAE	130,928	131,534
	138,928	139,534

The variations in the value of investment properties are due to change in foreign exchange translation of investment properties held in foreign operations.

The Group has an investment in Kingdom of Saudi Arabia amounting to AED 85 million which is subject to an ongoing legal case as described in note 20.

The Group investment properties portfolio is being managed and maintained by a third party; administrative costs and the rental income received from these properties are being set off with the administrative fees.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

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7. INVESTMENT IN ASSOCIATES

The principal significant associates of the Group, all of which have 31 December as their year-end are as follows.

Associates	Ownership		Country of incorporation	31 March 2021	31 December 2020
	2021	2020		(unaudited) AED'000	(audited) AED'000
Islamic Insurance Jordan	20%	20%	Jordan	34,438	32,932
				34,438	32,932
Movements during the period/year					
				31 March 2021	31 December 2020
				(unaudited) AED'000	(audited) AED'000
Balance at 1 January				32,932	96,215
Share of profit from associates				1,251	5,341
Dividend received				-	(931)
Share of other comprehensive income				255	538
Carrying amount of investment on the date of loss of significant influence				-	(68,231)
				34,438	32,932

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

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8. INVESTMENTS

	31 March 2021 (unaudited)			31 December 2020 (audited)		
	Domestic investment AED'000	Inter- national investment AED'000	Total AED'000	Domestic investment AED'000	Inter- national investment AED'000	Total AED'000
Financial assets at fair value through profit or loss						
Shares and securities	-	94,831	94,831	-	95,612	95,612
Available-for-sale investments						
Mutual fund and externally managed portfolios	-	62,561	62,561	-	62,426	62,426
Shares and securities	-	970	970	-	787	787
	-	63,531	63,531	-	63,213	63,213
Islamic placements*	-	179,572	179,572	-	172,450	172,450
Held to maturity						
Sukuk and Government bonds	-	208,398	208,398	-	196,074	196,074
Wakalah certificates	54,094	-	54,094	54,094	-	54,094
Other Mudariba investments	-	92,560	92,560	-	95,153	95,153
	54,094	300,958	355,052	54,094	291,227	345,321
	54,094	638,892	692,986	54,094	622,502	676,596

*Represent Shari'ah compliant placements with different financial institutions having profit rates of 0.22% to 5% (2020: 0.22% to 5%) and maturing in more than three month when acquired.

The Group's investments include Islamic placement investments of AED 45.89 million, available-for-sale investments of AED 58.24 million and held to maturity investments of AED 66.74 million that are subject to an ongoing legal case as described in note 20.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

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8. INVESTMENTS (continued)

8.1 Participants' investments in unit-linked contracts

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Financial asset at fair value through profit or loss	2,232,271	2,228,346

Determining fair values

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 March 2021 (Unaudited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets				
Fair value through profit or loss				
Participants' investments in unit-linked contracts	-	2,232,271	-	2,232,271
Shares and securities	94,831	-	-	94,831
	<u>94,831</u>	<u>2,232,271</u>	<u>-</u>	<u>2,327,102</u>
Available-for-sale				
Mutual fund	-	62,561	-	62,561
Shares and securities	407	563	-	970
	<u>407</u>	<u>63,124</u>	<u>-</u>	<u>63,531</u>
Non-financial assets				
Investment properties	-	-	138,928	138,928
Financial liabilities				
Payable to participants for unit-linked contracts	-	2,230,232	-	2,230,232

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8. INVESTMENTS (continued)

8.1 Participants' investments in unit-linked contracts (continued)

31 December 2020 (audited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets				
Fair value through profit or loss				
Participants' investments in unit-linked contracts	-	2,228,346	-	2,228,346
Shares and securities	95,612	-	-	95,612
	<u>95,612</u>	<u>2,228,346</u>	<u>-</u>	<u>2,323,958</u>
Available-for-sale				
Mutual fund	-	62,426	-	62,426
Shares and securities	412	375	-	787
	<u>412</u>	<u>62,801</u>	<u>-</u>	<u>63,213</u>
Non-financial assets				
Investment properties	-	-	139,534	139,534
Financial liabilities				
Payable to participants for unit-linked contracts	-	2,224,849	-	2,224,849

9. DISCONTINUED OPERATIONS

Salama Assurance Senegal

In 2019, the Board of Directors have approved to dispose of one of the subsidiary of Tariic, Salama Assurance Senegal. Consequently, the Group's investment in Salama Assurance Senegal was classified as investment held-for-sale in the 2019 annual consolidated financial statements. Pursuant to Board resolution, in 2020, management has entered into a sale and purchase agreement ("SPA") with counter party to sell Group's entire shareholding in Salama Assurance Senegal. As per the term of SPA, purchase consideration was Euro 2.61 million (equivalent AED 11.59 million) in four installments. First installment amounting to Euro 0.88 million (equivalent to AED 3.87 million) was paid in cash by buyer, second installment amounting to Euro 0.88 million (equivalent to AED 3.87 million) was paid on 31 December 2020, third installment amounting to Euro 0.35 million (equivalent to AED 1.54 million) was paid within 30 days following the completion date of second installment and fourth installment amounting to Euro 0.5 million (equivalent to AED 2.31 million) will be paid within 6 months following the completion date of third installment. The sale has been concluded in 2020. Subsequent to the yearend, Euro 2.11 million (equivalent AED 9.28 million) were received in cash by the Group.

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9. DISCONTINUED OPERATIONS (continued)

Salama Assurance Senegal (continued)

Results from discontinued operations

	31 March 2021 (unaudited) AED'000	31 March 2020 (unaudited) AED'000
Revenue	-	1,151
Expenses	-	(4,755)
Results from operating activities	-	(3,604)
Profit/(loss) from discontinued operations, net of tax	-	(3,604)

Cash flows from discontinued operations

Net cash generated from/(used in) operating activities	-	2,554
Net cash (used in)/generated from investing activities	-	(361)
Net cash flows for the period	-	2,193

10. RELATED PARTY TRANSACTIONS

The Group, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 (Revised). The Group's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. Following are the details of significant transactions with related parties.

	2021 (unaudited) AED'000	2020 (unaudited) AED'000
Contribution	1,879	753
Claims paid	8,184	6,664
General and administrative expenses	-	63
Compensation of key management personnel		
Short term benefits	1,549	1,607
Employees end of service benefits	217	81
	1,766	1,688

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10. RELATED PARTY TRANSACTIONS (continued)

Balances with related parties

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Cash and bank balances	555	555
Investments held-to-maturity Wakalah certificates	54,094	54,094
Participants' investments in unit-linked contracts	333,096	309,417

11. SHARE CAPITAL

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Issued and fully paid (1,210 million ordinary shares of AED 1 each)	1,210,000	1,210,000

12. TREASURY SHARES

In 2008, the Company bought back 21,667,377 shares amounting to AED 35.97 million. The treasury shares are debited as a separate category of shareholders' equity at cost. The buyback of shares was duly approved by the Board of Directors. The Board of Directors on 27 March 2020 approved a capital reduction of the Group by utilising the treasury shares which were bought back in 2008 amounting to AED 35.97 million.

13. STATUTORY RESERVE

In accordance with Article 239 of the U.A.E. Federal Law No. (2) of 2015 and the Articles of Association of the Company, 10% of the net profit is required to be transferred to a non-distributable statutory reserve until this reserve equals 50% of the paid up share capital. This reserve is not available for distribution other than in circumstances stipulated by law.

14. OTHER RESERVES

Other reserves includes following:

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Revaluation reserve	20,753	20,753
Foreign exchange translation reserve	(124,431)	(122,196)
Investment fair value reserve	(26,191)	(26,581)
Regulatory reserve – UAE operations	972	132
	(128,897)	(127,892)

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For the three month period ended 31 March 2021 (unaudited)

15. WAKALAH SHARE

The shareholders manage the takaful operations of the Group for the policyholders and charge 7.91% (2020: 35%) of gross written contributions and participant investment revenues of non family takaful business (excluding subsidiaries) as wakalah share. For family takaful business, sharing ratio is 15% (2020: 15%) of mortality costs.

16. POLICYHOLDERS' FUND

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000	31 March 2020 (unaudited) AED'000
Balance at 1 January	(688,010)	(612,051)	(612,051)
Net surplus attributable to policyholders for the period/year	1,890	(72,992)	(76,386)
Surplus distribution to policyholders of family takaful	-	(2,967)	-
	<u> </u>	<u> </u>	<u> </u>
Financed by shareholders	(686,120)	(688,010)	(688,437)
	<u> </u>	<u> </u>	<u> </u>

The shareholders of the Group financed the policyholders' deficit in accordance with the takaful contracts between the Group and its Policyholders.

17. BASIC AND DILUTED EARNINGS PER SHARE

	Three month period ended	
	2021 (unaudited)	31 March 2020 (unaudited)
Profit for the period attributable to shareholders (AED'000)	22,220	13,649
	<u> </u>	<u> </u>
Number of shares (in thousands)	1,188,333	1,188,333
	<u> </u>	<u> </u>
Basic and diluted earnings per share (AED)	0.019	0.011
	<u> </u>	<u> </u>

Basic earnings per share are calculated by dividing the profit for the period by the number of weighted average shares outstanding at the end of the reporting period after taking into account the treasury shares held. Diluted earnings per share is equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

18. CASH AND CASH EQUIVALENTS

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (Audited)	31 March 2020 AED'000 (unaudited)
Cash in hand	28	17	102
Cash at bank	131,128	74,233	71,189
Term deposits	14,947	17,700	20,581
	<u> </u>	<u> </u>	<u> </u>
	146,103	91,950	91,872
Less: term deposits with maturity after three months	(3,159)	(4,331)	(6,279)
Less: term deposits under lien	(4,888)	(3,798)	(6,074)
	<u> </u>	<u> </u>	<u> </u>
	138,056	83,821	79,519
	<u> </u>	<u> </u>	<u> </u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION For the three month period ended 31 March 2021 (unaudited)

19. OTHER ASSETS AND RECEIVABLES

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Deferred commission	234,344	251,126
Prepaid commission	29,982	34,678
Others	72,081	89,736
	336,407	375,540

The other assets and receivables include other receivables amounting to AED13.8 million which was previously subjected to a legal case, and on which the Group has won, and the court has issued performance order and is now under execution against the relevant counter parties.

The other assets and receivable also include other receivable amounting to AED19.85 million. In 2018, the former Board of Directors has resolved to dispose of the Group's investment in Best Re Holding Limited ("Best Re"). Pursuant to Board resolution, management has entered into a sale and purchase agreement ("SPA") with counter party to sell the Group's entire shareholding in Best Re. As per the terms of SPA, USD 0.1 million (equivalent AED 0.37 million) will be paid in cash by the buyer and remaining USD 5.4 million (equivalent to AED 19.85 million) is contingent upon the future recoveries from portfolio of Best Re to be paid in two years' time from the date of signing of SPA, i.e. 11 November 2018. The sale was concluded in 2019. As at reporting date, other assets and receivables includes remaining amount of USD 5.4 million (equivalent to AED 19.85 million).

The management believes at this stage that these receivables are recoverable and thus, no provision has been made.

20. COMMITMENTS AND CONTINGENCIES

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Letters of guarantee	13,912	13,529

Deposits including statutory deposits amounting to AED 14.18 million (2020: AED 13.80 million) are held as lien by the bank against the above guarantee.

In 2020, a bank (previously related party) has filed legal claim against the Group seeking to obligate the Group to pay a net sum of AED 258 million after setting off investment property amounting to AED 83 million and available for sale investments amounting to AED 54 million against the alleged loan granted to the Group amounting to AED 395 million during the year 2008. In 2021, the above claim was dismissed by the court in the first instance stage. As at reporting date, no provision has been considered by the Group's management in respect of this claim of AED 258 million and also aforementioned investment property and available for sale investments are continuing to be recorded in these consolidated financial statements at AED 85 million and AED 58 million respectively.

Furthermore, a Precautionary Attachment Order has been issued by the bank Court against the Company on the request of the bank, however, the management has taken immediate action to file a grievance request and the Court has decided to cancel the aforesaid Precautionary Attachment Order (Court Cancellation Decision). This Court Cancellation Decision has been appealed by the bank and the Court issued a decision overruling the Court Cancellation Decision (the Appeal Decision). The Management has appealed on cassation the Appeal Decision.

The Group is exposed to certain claims and litigations, these are subject to legal cases filed by policyholders, cedants and retakaful operators in connection with policies issued. The management believes, based on independent legal counsel opinions that the ascertainment of liabilities and its timing is highly subjective and dependent on outcomes of court's decisions. Furthermore, as per independent legal counsel, the Group has strong grounds to defend the suits successfully. Accordingly, no additional provision for these claims has been made in the consolidated financial statements. However, a provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Group in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made. There are no significant capital commitments at 31 March 2021 (2020: nil).

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For the three month period ended 31 March 2021 (unaudited)

21. ALLOCATION BETWEEN PARTICIPANTS AND SHAREHOLDERS (UNAUDITED)

	For the three month period ended 31 March 2021				For the three month period ended 31 March 2020			
	Shareholders AED'000	Policyholders AED'000	Non- controlling interest AED'000	Total AED'000	Shareholders AED'000	Policyholders AED'000	Non-controlling interest AED'000	Total AED'000
Net underwriting income								
Income	-	41,072	-	41,072	-	34,501	-	34,501
Wakalah share (Note 15)	23,545	(23,545)	-	-	95,123	(95,123)	-	-
Mudarib share (Note 15)	7	(7)	-	-	14	(14)	-	-
Net technical charges from policyholders to shareholders	15,855	(15,855)	-	-	16,311	(16,311)	-	-
Net underwriting income from subsidiaries	11,743	(11,743)	-	-	8,941	(8,941)	-	-
Income from investments	12,236	21	-	12,257	7,618	40	-	7,658
Other income	3,767	141	-	3,908	5,311	146	-	5,457
	67,153	(9,916)	-	57,237	133,318	(85,702)	-	47,616
Expenses								
General, administrative and other expenses	(31,293)	-	-	(31,293)	(28,784)	-	-	(28,784)
Financial expenses	(540)	-	-	(540)	(598)	-	-	(598)
Commission paid and other costs	(11,806)	11,806	-	-	(9,316)	9,316	-	-
Net profit/(loss) before tax for the period	23,514	1,890	-	25,404	94,620	(76,386)	-	18,234
Tax – current	(1,179)	-	-	(1,179)	(1,495)	-	-	(1,495)
Net profit/(loss) after tax for the period	22,335	1,890	-	24,225	93,125	(76,386)	-	16,739
Gain from discontinued operations	-	-	-	-	-	-	-	-
Share of non-controlling interest	(2,005)	-	2,005	-	(3,604)	-	-	(3,604)
Distribution to policyholders of the Company	-	-	-	-	514	-	(514)	-
Policyholders' loss financed by shareholders / recovery of loss from policyholders' fund	1,890	(1,890)	-	-	(76,386)	76,386	-	-
Net profit for the period	22,220	-	2,005	24,225	13,649	-	(514)	13,135

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

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For the three month period ended 31 March 2021 (unaudited)

21. ALLOCATION BETWEEN PARTICIPANTS AND SHAREHOLDERS (continued)

Condensed consolidated interim statement of financial position

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
ASSETS		
<i>Participants' assets</i>		
Participants' investments in unit-linked contracts	2,232,271	2,228,346
Contributions and takaful balance receivables	283,012	141,326
Retakafuls' share of outstanding claims	173,550	168,326
Retakafuls' share of unearned contributions	189,799	117,293
Other assets and receivables	13	20
Cash and bank balances	84,957	69,027
Investments	13,367	-
Cash and bank balances	108,359	-
	<hr/>	<hr/>
Total participants' assets	3,085,328	2,724,338
Total shareholders' assets *	1,681,020	1,783,335
	<hr/>	<hr/>
Total assets	4,766,348	4,507,673
	<hr/>	<hr/>
Liabilities		
<i>Participants' liabilities</i>		
Outstanding claims and family takaful reserve	274,986	272,867
Payable to participants for unit-linked contracts	2,230,232	2,224,849
Unearned contributions reserve	323,534	184,622
Takaful balances payable	190,127	113,364
Other payables and accruals	66,449	41,677
	<hr/>	<hr/>
Total participants' liabilities	3,085,328	2,837,379
Total shareholders' liabilities*	749,028	760,628
	<hr/>	<hr/>
Total liabilities	3,834,356	3,598,007
	<hr/>	<hr/>
Net assets employed	931,992	909,666
	<hr/>	<hr/>
Financed by:		
Shareholders' equity	855,709	835,334
Non-controlling interest	76,283	74,332
	<hr/>	<hr/>
	931,992	909,666
	<hr/>	<hr/>

* Shareholders' assets and liabilities represents affairs of the subsidiaries as shareholder funds are used for the investments thereon.

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22. OPERATING SEGMENT

By business

	Three month period ended 31 March 2021			Three month period ended 31 March 2020		
	General takaful AED'000	Family takaful AED'000	Total AED'000	General takaful AED'000	Family takaful AED'000	Total AED'000
Gross written contributions	326,050	101,508	427,558	333,783	107,194	440,977
Net contributions earned	98,302	75,060	173,362	89,611	87,890	177,501
Commissions income on ceded reinsurance and Retakaful	10,620	1,008	11,628	9,009	-	9,009
Net claims incurred	108,922	76,068	184,990	98,620	87,890	186,510
Commissions expense and other costs	(61,045)	(2,735)	(63,780)	(58,101)	(6,757)	(64,858)
Net underwriting income	(27,184)	(52,954)	(80,138)	(25,556)	(61,595)	(87,151)
Investment and other income	20,693	20,379	41,072	14,963	19,538	34,501
Unallocated expenses and tax			16,165			13,115
Surplus distribution for life policyholders			(33,012)			(30,877)
Loss from discontinued operations			-			-
			-			(3,604)
Net profit after tax			24,225			13,135

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22. OPERATING SEGMENT (continued)

By geography

	Three month period ended 31 March 2021			Three month period ended 31 March 2020		
	Africa AED'000	Asia AED'000	Total AED'000	Africa AED'000	Asia AED'000	Total AED'000
Gross written contributions	78,174	349,384	427,558	77,561	363,416	440,977
Net contributions earned	57,958	115,404	173,362	52,763	124,738	177,501
Commissions income on ceded reinsurance and retakaful	3,940	7,688	11,628	4,423	4,586	9,009
Net claims incurred	61,898	123,092	184,990	57,186	129,324	186,510
Commissions expense and other costs	(32,080)	(31,700)	(63,780)	(31,882)	(32,976)	(64,858)
	(18,077)	(62,061)	(80,138)	(16,363)	(70,788)	(87,151)
Net underwriting income	11,741	29,331	41,072	8,941	25,560	34,501
Investment and other income			16,165			13,115
Unallocated expenses and tax			(33,012)			(30,877)
Surplus distribution for life policyholders			-			-
Loss from discontinued operations			-			(3,604)
Net profit after tax			24,225			13,135

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22. OPERATING SEGMENT (continued)

By business

31 March 2021 (Unaudited)

	General takaful AED'000	Family takaful AED'000	Total AED'000
ASSETS			
Property and equipment	35,772	3,193	38,965
Goodwill and intangibles	114,867	290	115,157
Investment properties	99,048	39,880	138,928
Right to use assets	3,636	3,421	7,057
Investment in associates	34,438	-	34,438
Deposits	173,414	40,588	214,002
Investments	531,064	161,922	692,986
Participants' investments in unit-linked contracts	-	2,232,271	2,232,271
Deposits with takaful and retakaful companies	2,398	-	2,398
Contributions and takaful balance receivables	325,517	14,477	339,994
Retakafuls' share of outstanding claims	126,374	96,011	222,385
Retakafuls' share of unearned contributions	241,357	3,900	245,257
Other assets and receivables	63,316	273,091	336,407
Bank balances and cash	96,183	49,920	146,103
Assets held-for-sale	-	-	-
Total assets	1,847,384	2,918,964	4,766,348
LIABILITIES			
Outstanding claims and family takaful reserve	292,940	274,898	567,838
Payable to Participants for unit-linked contracts	-	2,230,232	2,230,232
Unearned contributions reserve	415,444	48,920	464,364
Takaful balances payable	219,115	26,076	245,191
Other payables and accruals	128,357	191,111	319,468
Lease liabilities	3,752	3,511	7,263
Total liabilities	1,059,608	2,774,748	3,834,356
Net assets employed	787,776	144,216	931,992
Financed by:			
Shareholders' equity			855,709
Non-controlling interest			76,283
			931,992

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22. OPERATING SEGMENT (continued)

By business

31 December 2020 (Audited)

	General takaful AED'000	Family takaful AED'000	Total AED'000
Assets			
Property and equipment	36,509	3,039	39,548
Goodwill and intangibles	115,029	208	115,237
Investment properties	139,534	-	139,534
Right of use assets	4,367	3,667	8,034
Investments in associates	32,932	-	32,932
Deposits	165,912	36,916	202,828
Investments	529,941	146,655	676,596
Participants' investments in unit-linked contracts	-	2,228,346	2,228,346
Deposits with takaful and retakaful companies	2,406	-	2,406
Contributions and takaful balance receivables	197,202	10,574	207,776
Retakafuls' share of outstanding claims	130,507	84,433	214,940
Retakafuls' share of unearned contributions	169,169	2,837	172,006
Other assets and receivables	81,529	294,011	375,540
Bank balances and cash	69,988	21,962	91,950
	<u>1,675,025</u>	<u>2,832,648</u>	<u>4,507,673</u>
Liabilities and policyholders' fund			
Outstanding claims and family takaful reserve	296,665	261,933	558,598
Payable to Participants for unit-linked contracts	-	2,224,849	2,224,849
Unearned contributions reserve	281,185	41,855	323,040
Takaful balances payable	151,248	12,582	163,830
Other payables and accruals	127,632	191,794	319,426
Lease liabilities	4,517	3,747	8,264
Total liabilities	<u>861,247</u>	<u>2,736,760</u>	<u>3,598,007</u>
Policyholders' fund	-	-	-
Net assets employed	<u>813,778</u>	<u>95,888</u>	<u>909,666</u>
Financed by:			
Shareholders' equity			835,334
Non-controlling interest			74,332
			<u>909,666</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the three month period ended 31 March 2021 (unaudited)

23. CLASSES AND CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the classification of each class of financial assets and liabilities and their fair values.

For instruments carried at amortised cost, management believes that their carrying values approximates to their fair values.

31 March 2021 (Unaudited)

	FVTPL AED'000	Available for sale investments AED'000	Amortised cost AED'000	Total AED'000
Financial assets				
Investments	94,831	63,531	534,534	692,896
Deposits	-	-	214,002	214,002
Participants' investments in unit-linked contracts	2,232,271	-	-	2,232,271
Deposits with takaful and retakaful companies	-	-	2,398	2,398
Contributions and takaful balance receivables	-	-	339,994	339,994
Other assets and receivables	-	-	59,182	59,182
Bank balances and cash	-	-	146,103	146,103
	<u>2,327,102</u>	<u>63,531</u>	<u>1,296,213</u>	<u>3,686,846</u>
Financial liabilities				
Payable to participants for unit-linked contracts	2,230,232	-	-	2,230,232
Takaful balances payable	-	-	245,191	245,191
Amount due to related parties	-	-	-	-
Other payables and accruals	-	-	278,474	278,474
Lease liabilities	-	-	7,263	7,263
	<u>2,230,932</u>	<u>-</u>	<u>530,928</u>	<u>2,761,160</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION For the three month period ended 31 March 2021 (unaudited)

23. CLASSES AND CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

31 December 2020 (audited)

	FVTPL AED'000	Available for- sale investments AED'000	Amortised cost AED'000	Total carrying amount AED'000
Financial assets				
Investments	95,612	63,213	517,771	676,596
Deposits	-	-	202,828	202,828
Participants' investments in unit- linked contracts	2,228,346	-	-	2,228,346
Deposits with takaful and retakaful companies	-	-	2,406	2,406
Contributions and takaful balance receivables	-	-	207,776	207,776
Other assets and receivables	-	-	79,638	79,638
Bank balances and cash	-	-	91,950	91,950
	<u>2,323,958</u>	<u>63,213</u>	<u>1,102,369</u>	<u>3,489,540</u>
Financial liabilities				
Payable to participants for unit- linked contracts	2,224,849	-	-	2,224,849
Takaful balances payable	-	-	163,830	163,830
Other payables	-	-	279,572	279,572
Lease liabilities	-	-	8,264	8,264
	<u>2,224,849</u>	<u>-</u>	<u>451,666</u>	<u>2,676,515</u>

24. SUBSEQUENT EVENTS

Dividend declaration

At the annual general meeting held on 18 April 2021, the Shareholders approved a cash dividend of 8.25 fils per share. Dividend for ordinary shares is amounting to AED 98.04 million for 2020 (2020: AED 35.65 million for 2019).

25. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The condensed consolidated financial information were approved by the Board of Directors and authorised for issue on 10th May 2021.