

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

**Review report and condensed consolidated  
interim financial information  
for the nine month period ended 30 September 2020**

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

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## INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors of  
Islamic Arab Insurance Co. (Salama) PJSC and its Subsidiaries  
Dubai, United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of **Islamic Arab Insurance Co. (Salama) PJSC (the "Company") and its Subsidiaries (together the "Group")** – **Dubai, United Arab Emirates** as at 30 September 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of review*

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

### *Basis for Qualified Conclusion*

1. Based on information provided to us by management, the Group has not stated goodwill with a carrying amount of AED 115 million at its recoverable amount, which we believe should be done in order to conform with International Financial Reporting Standards. This information indicates that, if goodwill was stated at its recoverable amount, goodwill and intangibles would be decreased by AED 33 million, profit after tax for the nine and three month periods ended 30 September 2020 would be decreased by AED 33 million and basic and diluted earnings per share for the nine and three month period ended 30 September 2020 would be decreased by AED 0.028.
2. The Group's investment property, is carried at AED 143 million in the condensed consolidated statement of financial position. We were unable to complete our review of investment property amounting to AED 85 million because we could not determine if the Group owned the aforementioned investment property and we could not determine if the judgements applied and estimates made in the determination of the fair value of the investment property were appropriate. Had we been able to complete our review of the aforementioned investment property, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated interim financial information. Our audit opinion on the consolidated financial statements for the year ended 31 December 2019 was also modified in respect of this matter.

(Contd..)

## INDEPENDENT AUDITOR'S REVIEW REPORT To The Shareholders of Islamic Arab Insurance Co. (Salama) and its Subsidiaries (continued)

### *Basis for Qualified Conclusion (continued)*

3. The Group's investments, which are carried at AED 605 million in the condensed consolidated statement of financial position, include Islamic placement investments of AED 46 million, available-for-sale investments of AED 58 million and held to maturity investments of AED 66 million. We were unable to complete our review of the aforementioned Islamic placement investments, available-for-sale investments and held to maturity investments because we could not determine if the Group owned these investments and we could not determine if the judgements applied and estimates made in the determination of the fair value of the investments were appropriate. Had we been able to complete our review of these investments, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated interim financial information. Our audit opinion on the consolidated financial statements for the year ended 31 December 2019 was also modified in respect of this matter.
4. The Group's other assets, which are carried at AED 371 million in the condensed consolidated statement of financial position, include other receivables with a carrying amount of AED 34 million. We were unable to complete our review of the other receivables as we could not inspect any supporting documentation relating to the other receivables. Had we been able to complete our review of the other receivables, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated interim financial information. Our audit opinion on the consolidated financial statements for the year ended 31 December 2019 was also modified in respect of this matter.

### *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 International Accounting Standard 34 Interim Financial Reporting.

### *Emphasis of Matter*

We draw attention to Note 19 of the condensed consolidated interim financial information, which describes details of a legal claim filed against the Group by a bank and that, at the date of this report, the outcome of the legal claim cannot be determined with reasonable certainty. Our conclusion is not modified in respect of this matter.

Deloitte & Touche (M.E.)



Signed by:  
Akbar Ahmad  
Registration No. 1141  
12 November 2020  
Sharjah, United Arab Emirates

**Condensed consolidated statement of financial position  
at 30 September 2020**

	Notes	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
<b>Assets</b>			
Property and equipment		42,332	47,166
Goodwill and intangibles		115,418	116,217
Investment properties	6	143,139	144,451
Right of use assets		7,083	9,769
Investment in associates	7	32,188	96,215
Deposits		203,523	213,515
Investments	8	605,227	450,240
Participants' investments in unit-linked contracts	8.1	2,069,293	1,993,522
Deposits with takaful and retakaful companies		2,457	2,111
Contributions and takaful balance receivables		308,838	172,846
Retakafuls' share of outstanding claims		203,055	161,559
Retakafuls' share of unearned contribution		222,522	136,234
Other assets and receivables		371,113	428,958
Bank balances and cash		232,397	162,114
Assets held-for-sale	9	65,073	57,616
		<hr/>	<hr/>
<b>Total assets</b>		<b>4,623,658</b>	<b>4,192,533</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities and policyholders' fund</b>			
Outstanding claims and family takaful reserve		542,956	485,017
Payable to participants for unit-linked contracts		2,064,671	1,983,043
Unearned contribution reserve		396,084	264,440
Takaful balances payable		225,620	123,577
Other payables and accruals		404,043	439,067
Lease liabilities		7,292	9,906
Amount due to related parties	10	6	-
Liabilities against assets held-for-sale	9	48,829	42,228
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>3,689,501</b>	<b>3,347,278</b>
Policyholders' fund		-	-
		<hr/>	<hr/>
<b>Total liabilities and policyholders' fund</b>		<b>3,689,501</b>	<b>3,347,278</b>
		<hr/> <hr/>	<hr/> <hr/>

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

**Condensed consolidated statement of financial position  
at 30 September 2020**


	Notes	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
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The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of financial position  
at 30 September 2020 (continued)**

	Notes	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
<b>Equity</b>			
Share capital	11	1,210,000	1,210,000
Treasury shares	12	(35,972)	(35,972)
Statutory reserve	13	82,320	82,320
Accumulated losses		(284,825)	(376,824)
Other reserves	14	(118,490)	(107,740)
		<hr/>	<hr/>
<b>Equity attributable to Owners of the Company</b>		<b>853,033</b>	<b>771,784</b>
Non-controlling interest		81,124	73,471
		<hr/>	<hr/>
<b>Total equity</b>		<b>934,157</b>	<b>845,255</b>
		<hr/>	<hr/>
<b>Total liabilities, policyholders' fund and equity</b>		<b>4,623,658</b>	<b>4,192,533</b>
		<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.

  
\_\_\_\_\_  
Jassim Mohammed Alseddiqi  
Chairman

  
\_\_\_\_\_  
Mustafa Kheriba  
Managing Director

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

**Condensed consolidated statement of profit or loss (unaudited)  
for the nine month period ended 30 September 2020**

	Notes	Nine month period ended 30 September		Three month period ended 30 September	
		2020 AED'000	2019 AED'000 Re-presented	2020 AED'000	2019 AED'000 Re-presented
<b>Continuing operations</b>					
<b>Underwriting income</b>					
Gross written contributions		948,783	883,287	253,671	244,377
Less: reinsurance and retakaful contributions Ceded		(373,912)	(250,914)	(102,729)	(81,223)
Net contributions		574,871	632,373	150,942	163,154
Net movement in unearned contributions		(45,994)	(21,013)	26,629	27,559
Contributions earned		528,877	611,360	177,571	190,713
Commission income on ceded reinsurance and retakaful		27,660	21,061	7,101	5,679
		556,537	632,421	184,672	196,392
<b>Underwriting expenses</b>					
Gross claims paid		356,943	295,028	132,155	97,908
Less: reinsurance and retakaful share of claims paid		(204,216)	(111,187)	(79,347)	(35,560)
Net claims paid		152,727	183,841	52,808	62,348
Net movement in outstanding claims and family takaful reserve		20,484	21,457	11,032	1,305
Claims incurred		173,211	205,298	63,840	63,653
Commission expense and other costs		261,747	318,908	83,150	100,990
		434,958	524,206	146,990	164,643
<b>Net underwriting income</b>	20	121,579	108,215	37,682	31,749
Income/(loss) from investments		102,481	(2,446)	85,468	(7,212)
Other income		12,812	24,957	3,852	2,851
		236,872	130,726	127,002	27,388
<b>Expenses</b>					
General, administrative and other expenses		(83,084)	(84,275)	(30,506)	(24,541)
Financial expenses		(2,536)	(1,350)	(1,199)	(383)
<b>Profit before tax for the period</b>		151,252	45,101	95,297	2,464
Taxation – current		(11,372)	(8,975)	(6,283)	(2,948)
<b>Profit/(loss) after tax for the period before distribution to policyholders</b>		139,880	36,126	89,014	(484)
Distribution to policyholders of Company		(2,966)	-	-	-
<b>Profit/(loss) after tax and distribution to policyholders for the period</b>		136,914	36,126	89,014	(484)

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



**Condensed consolidated statement of profit or loss (unaudited)  
for the nine month period ended 30 September 2020 (continued)**

	Nine month period ended 30 September		Three month period ended 30 September	
	2020 AED'000	2019 AED'000 Re-presented	2020 AED'000	2019 AED'000 Re-presented
<b>Discontinued operations</b>				
Income/(loss) from discontinued operations	<b>150</b>	(1,135)	<b>1,003</b>	2,110
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net profit after tax and distribution to policyholders for the period</b>	<b>137,064</b>	34,991	<b>90,017</b>	1,626
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Attributable to:</b>				
Shareholders	<b>127,647</b>	32,580	<b>87,728</b>	183
Non-controlling interest	<b>9,417</b>	2,411	<b>2,289</b>	1,443
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>137,064</b>	34,991	<b>90,017</b>	1,626
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Basic and diluted earnings per share (AED) (Note 17)</b>	<b>0.107</b>	0.027	<b>0.074</b>	0.0002
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Basic and diluted earnings/(loss) per share (AED) – continuing operations</b>	<b>0.107</b>	0.028	<b>0.073</b>	(0.001)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**Condensed consolidated statement of comprehensive income (unaudited)  
for the nine month period ended 30 September 2020**

	Nine month period ended 30 September		Three month period ended 30 September	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
<b>Net profit after tax and distribution to policyholders for the period</b>	<b>137,064</b>	34,991	<b>90,017</b>	1,626
<b>Other comprehensive (loss)/ income net of income tax</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement or change in foreign exchange translation reserve	(10,107)	5,325	3,478	(883)
Net changes in fair value of available for sale investments	507	(10,187)	128	-
Share of other comprehensive loss of associates	(343)	(1,044)	348	(36)
<b>Total other comprehensive (loss)/income for the period</b>	<b>(9,943)</b>	(5,906)	<b>3,954</b>	(919)
<b>Total comprehensive income for the period</b>	<b>127,121</b>	29,085	<b>93,971</b>	707
<b>Attributable to:</b>				
Shareholders	116,897	22,757	90,117	(1,660)
Non-controlling interest	10,224	6,328	3,854	2,367
	<b>127,121</b>	29,085	<b>93,971</b>	707

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



**Condensed consolidated statement of changes in equity  
for the nine month period ended 30 September 2020**

	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	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
Balance at 1 January 2019 (audited)	1,210,000	76,816	31,930	(115,546)	(16,415)	(35,972)	(426,358)	724,455	62,736	787,191
Profit for the period	-	-	-	-	-	-	32,580	32,580	2,411	34,991
Other comprehensive income/(loss)										
Net movement or change in foreign exchange translation reserve	-	-	-	1,408	-	-	-	1,408	3,917	5,325
Net changes in fair value of available for sale investments	-	-	-	-	(10,187)	-	-	(10,187)	-	(10,187)
Share of other comprehensive loss of associates	-	-	-	-	(1,044)	-	-	(1,044)	-	(1,044)
Total other comprehensive income/(loss)	-	-	-	1,408	(11,231)	-	-	(9,823)	3,917	(5,906)
Total comprehensive income/(loss) for the period	-	-	-	1,408	(11,231)	-	32,580	22,757	6,328	29,085
Dividend paid	-	-	-	-	-	-	-	-	(362)	(362)
Change in non-controlling interest due to capital increase	-	-	-	-	-	-	-	-	1,693	1,693
	-	-	-	-	-	-	-	-	1,331	1,331
Balance at 30 September 2019 (unaudited)	1,210,000	76,816	31,930	(114,138)	(27,646)	(35,972)	(393,778)	747,212	70,395	817,607

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

**Condensed consolidated statement of changes in equity  
for the nine month period ended 30 September 2020 (continued)**

	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	Total AED'000	Non- controlling interest AED'000	Total equity AED '000
Balance at 1 January 2020 (audited)	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	-	-	-	-	-	-	127,647	127,647	9,417	137,064
Other comprehensive loss										
Movement in foreign exchange translation reserve	-	-	-	(10,914)	-	-	-	(10,914)	807	(10,107)
Net changes in fair value of available for sale investments	-	-	-	-	507	-	-	507	-	507
Share of other comprehensive loss of associates	-	-	-	-	(343)	-	-	(343)	-	(343)
Total other comprehensive loss		-	-	(10,914)	164	-	-	(10,750)	807	(9,943)
Total comprehensive income for the period	-	-	-	(10,914)	164	-	127,647	116,897	10,224	127,121
Dividend paid							(35,648)	(35,648)	(2,571)	(38,219)
<b>Balance at 30 September 2020 (unaudited)</b>	<b>1,210,000</b>	<b>82,320</b>	<b>31,930</b>	<b>(122,957)</b>	<b>(27,463)</b>	<b>(35,972)</b>	<b>(284,825)</b>	<b>853,033</b>	<b>81,124</b>	<b>934,157</b>

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

**Condensed consolidated statement of cash flows (unaudited)  
for the nine month period ended 30 September 2020**

	Nine month period ended 30 September	
	2020	2019
	AED'000	AED'000
<b>Cash flows from operating activities</b>		
Profit for the period	137,064	34,991
Adjustments for:		
Depreciation of property and equipment	5,340	3,060
Net movement in unearned contributions reserve	45,356	25,619
Unrealized (gain)/loss on investment	(41,109)	7,318
Amortisation of intangible assets	218	802
Provision for liabilities no longer required written back	-	(20,000)
Unrealised gain on investment properties	-	(1,484)
Share of (profit)/loss from associates	(5,478)	16,077
Allowance for doubtful debt receivables	6,946	448
Dividend income	(1,317)	(1,775)
Gain on disposal of share in associates	(35,059)	-
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>111,961</b>	<b>65,056</b>
Increase in deposits with takaful and retakaful Companies	(346)	(273)
(Increase)/decrease in contributions and takaful balance receivable	(142,938)	4,653
Decrease in due from/to related parties	6	13,875
Decrease/(increase) in other assets and receivables	57,845	(52,454)
Increase in outstanding claims (net of retakaful)	16,443	34,647
Increase/(decrease) in takaful payables and other payables	67,019	(8,177)
(Increase)/decrease in assets held-for-sale	(7,457)	400,537
Increase/(decrease) in liabilities against assets held-for-sale	6,601	(380,352)
<b>Net cash generated from operating activities</b>	<b>109,134</b>	<b>77,512</b>
<b>Cash flows from investing activities</b>		
Disposal/(purchase) of property and equipment	2,180	(86)
Disposal/(purchase) of intangible assets	581	(276)
Investments properties-net	1,312	(2,339)
Repayment of principal and interest on lease liability	(2,614)	-
Decrease/(increase) in term deposits under lien or with maturity after three months	101,193	(6,768)
Net movement in deposits	9,992	(22,260)
Dividend received	1,317	1,775
Increase in investments - net	(82,676)	(75,003)
Dividend income from associates	931	931
Net movement in participants' investments in unit-linked contracts	5,857	460
Proceed of disposal of share in associate	62,488	-
<b>Net cash generated from/(used in) investing activities</b>	<b>100,561</b>	<b>(103,566)</b>
<b>Cash flows from financing activities</b>		
Net movement in non-controlling interest	-	1,693
Dividend paid	(38,219)	(362)
<b>Net cash (used in)/generated from financing activities</b>	<b>(38,219)</b>	<b>1,331</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>171,476</b>	<b>(24,723)</b>
Cash and cash equivalents at the beginning of the period	54,794	274,626
<b>Cash and cash equivalents at the end of the period</b>	<b>226,270</b>	<b>249,903</b>
<b>Non cash transaction:</b>		
Provision for liabilities no longer required written back	-	20,000
Transfer from associate to FVTPL	40,802	-

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

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020**

**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
	30 September 2020	31 December 2019	
<i>Directly owned</i>			Kingdom of Bahrain
Tariic Holding Company B.S.C	<b>99.40%</b>	99.40%	Bahrain
Misr Emirates Takaful Life Insurance Co.	<b>85%</b>	85%	Egypt
Salama Immobilier	<b>84.25%</b>	84.25%	Senegal
Egyptian Saudi Insurance Home	<b>51.15%</b>	51.15%	Egypt
<i>Through Tariic</i>			
Salama Assurances Senegal – Note 9	<b>68.87%</b>	68.87%	Senegal
Salama Assurances Algeria	<b>96.98%</b>	96.98%	Algeria

*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.

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)****1. General information (continued)**

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

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.

**2. Application of new and revised International Financial Reporting Standards (IFRSs)****2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information**

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

- Definition of Material – Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- Definition of a Business – Amendments to IFRS 3 'Business Combinations'.
- Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.
- Amendments in IFRS 7, 9 and IAS 39 regarding pre-replacement issues in the context of the IBOR reform.
- Amendment to IFRS 16 'Leases' to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The effective date is 1 June 2020.

**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 period beginning on or after 1 January 2023
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture. Effective date deferred indefinitely. Adoption is permitted.
- IAS 1: *Presentation of Financial Statements – Amendments on Classifications*. Effective for annual period beginning on or after 1 January 2023.
- Amendments relating to IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning after 1 January 2022)
- IFRS 4: *Insurance Contracts*. Amendments regarding the expiry date of the deferral approach. The fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 is now 1 January 2023.



**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)****2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)****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.

**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 2019.

This condensed consolidated interim financial information does not include all the information required for full audited annual consolidated financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as at and for the year ended 31 December 2019. In addition, results for the nine month period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

**4. Changes in judgements and estimation uncertainty**

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

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

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)****4. Changes in judgements and estimation uncertainty (continued)***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 30 September 2020.

*Fair value measurement of financial instruments*

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

Based on management's assessment, the Group has not identified a material impact on the fair values of any financial assets and liabilities for the period ended 30 September 2020 other than the change which is already reflected in the condensed interim financial information.

*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 30 September 2020. 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 goodwill impairment assessment indicates an impairment of AED 33 million.

*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 30 September 2020. It will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

**5. Takaful and financial risk management**

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

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

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

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**6. Investment properties**

The geographic dispersion of investment properties is as follows.

	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000
Within UAE	<b>10,000</b>	10,000
Outside UAE	<b>133,139</b>	134,451
	<b>143,139</b>	144,451

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 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.

**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	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000
	<b>2020</b>	2019			
Salama Cooperative Insurance Company	-	30%	KSA	-	64,685
Islamic Insurance Jordan	<b>20%</b>	20%	Jordan	<b>32,188</b>	31,530
				<b>32,188</b>	96,215

Movements during the period/year

	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000
Balance at the beginning of period/year	<b>96,215</b>	119,276
Share of profit/(loss) from associates	<b>5,478</b>	(21,113)
Share of other comprehensive loss of associates	<b>(343)</b>	(1,017)
Dividend received	<b>(931)</b>	(931)
Carrying amount of investment on the date of loss of significant influence	<b>(68,231)</b>	-
Balance at the end of period/year	<b>32,188</b>	96,215

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**7. Investment in associates (continued)**

Upto 19 August 2020, the Group held a 30% interest in Salama Cooperative Insurance Company and accounted for the investment as an associate. In August 2020, the Group disposed of an 18 % interest in Salama Cooperative Insurance Company to a third party for proceeds of AED 62.5 million (received in August 2020). The Group has accounted for the remaining 12% interest as a financial asset at FVTPL whose fair value at the date of disposal was AED 40.8 million, which was determined based on the market price. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows.

	<b>30 September 2020 (unaudited) AED'000</b>
Proceeds of disposal	<b>62,488</b>
Plus: fair value of investment retained (12%)	<b>40,802</b>
Less: carrying amount of investment on the date of loss of significant influence	<b>(68,231)</b>
	<hr/>
Gain recognised	<b>35,059</b>
	<hr/> <hr/>

The gain recognised in the current period comprises a realised profit of AED 35.1 million (being the proceeds of AED 62.5 million less AED 40.9 million carrying amount of the interest disposed of) and an unrealised profit of AED 13.5 million (being the fair value less the carrying amount of the 12% interest retained).

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**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**8. Investments**

	30 September 2020 (unaudited)			31 December 2019 (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
<b>Financial assets at fair value through profit or loss</b>						
Shares and securities	-	87,574	87,574	2,950	18,915	21,865
<b>Available-for-sale investments</b>						
Mutual fund and externally managed portfolios	-	62,426	62,426	-	61,919	61,919
Shares and securities	-	805	805	-	1,025	1,025
	-	63,231	63,231	-	62,944	62,944
<b>Islamic placements*</b>	-	154,437	154,437	-	148,415	148,415
<b>Held to maturity</b>						
Sukuk and						
Government bonds	-	153,331	153,331	-	124,458	124,458
Wakalah certificates	-	54,094	54,094	-	-	-
Other Mudariba investments	-	92,560	92,560	-	92,558	92,558
	-	299,985	299,985	-	217,016	217,016
	-	605,227	605,227	2,950	447,290	450,240

\*Represent Shari'ah compliant placements with different financial institutions having profit rates of 0.22% to 5% (2019: 0.22% to 5%) and maturing in more than three month when acquired.

**8.1 Participants' investments in unit-linked contracts**

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Financial asset at fair value through profit or loss	2,069,293	1,993,522

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**8. Investments (continued)**

*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:

**30 September 2020 (Unaudited)**

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>Financial assets</b>				
<b>Fair value through profit or loss</b>				
Participants' investments in unit-linked contracts	-	2,069,293	-	2,069,293
Shares and securities	87,574	-	-	87,574
	<u>87,574</u>	<u>2,069,293</u>	<u>-</u>	<u>2,156,867</u>
<b>Available-for-sale</b>				
Mutual fund	-	62,426	-	62,426
Shares and securities	422	383	-	805
	<u>422</u>	<u>62,809</u>	<u>-</u>	<u>63,231</u>
<b>Non-financial assets</b>				
Investment properties	-	-	143,139	143,139
<b>Financial liabilities</b>				
Payable to participants for unit-linked contracts	-	2,064,671	-	2,064,671

**31 December 2019 (audited)**

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>Financial assets</b>				
<b>Fair value through profit or loss</b>				
Participants' investments in unit-linked contracts	-	1,993,522	-	1,993,522
Shares and securities	21,865	-	-	21,865
	<u>21,865</u>	<u>1,993,522</u>	<u>-</u>	<u>2,015,387</u>
<b>Available-for-sale</b>				
Mutual fund	-	61,919	-	61,919
Shares and securities	610	415	-	1,025
	<u>610</u>	<u>62,334</u>	<u>-</u>	<u>62,944</u>
<b>Non-financial assets</b>				
Investment properties	-	-	144,451	144,451
<b>Financial liabilities</b>				
Payable to participants for unit-linked contracts	-	1,983,043	-	1,983,043

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**9. Discontinued operations**

*Salama Assurance Senegal*

In 2019, the Board of Directors have approved to dispose of the one of subsidiary of Tariic, Salama Assurance Senegal. Pursuant to Board resolution, management has initiated the process of entering into a sale and purchase agreement (“SPA”) to sell the Group’s entire shareholding in Salama Assurance Senegal.

During the current period on 28 August 2020, the Regional Insurance Oversight Commission (CRCA) Senegal, granted the request of disposal, in accordance with the applicable provisions of the Insurance Code.

Consequently, the Group's investment in Salama Assurance Senegal was classified as investment held-for-sale.

As at reporting date, the disposal group comprised of the following assets and liabilities.

	<b>30 September 2020 (unaudited) AED’000</b>	31 December 2019 (audited) AED’000
Assets held for sale	<b>65,073</b>	57,616
Liabilities against assets held-for-sale	<b>(48,829)</b>	(42,228)
<b>Net assets</b>	<b>16,244</b>	15,388

**Results from discontinued operations**

	<b>30 September 2020 (unaudited) AED’000</b>	30 September 2019 (unaudited) Represented AED’000
Revenue	<b>11,464</b>	11,689
Expenses	<b>(11,314)</b>	(12,824)
Results from operating activities	<b>150</b>	(1,135)
Profit/(loss) from discontinued operations, net of tax	<b>150</b>	(1,135)

**Cash flows from discontinued operations**

Net cash generated from/(used in) operating activities	<b>1,666</b>	(584)
Net cash (used in)/generated from investing activities	<b>(1,169)</b>	6,967
Net cash flows for the period	<b>497</b>	6,383

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**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.

	Nine month period ended 30 September		Three month period ended 30 September	
	2020 (unaudited) AED'000	2019 (unaudited) AED'000	2020 (unaudited) AED'000	2019 (unaudited) AED'000
Contribution	1,994	-	(33)	-
Claims paid	7,957	302	204	302
General and administrative expenses	63	-	-	-
<hr/>				
<b>Compensation of key management personnel</b>				
Short term benefits	4,444	4,941	1,414	1,363
Employees end of service benefits	378	682	209	99
	<hr/>	<hr/>	<hr/>	<hr/>
	4,822	5,623	1,623	1,462
	<hr/>	<hr/>	<hr/>	<hr/>

**Balances with related parties**

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Amounts due to related parties	6	-
	<hr/>	<hr/>
Other assets and liabilities	10,000	-
	<hr/>	<hr/>
Cash and bank balances	-	63,206
	<hr/>	<hr/>
Investments held-to-maturity Wakalah certificates	54,094	-
	<hr/>	<hr/>



**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**11. Share capital**

	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000
Issued and fully paid (1,210 million ordinary shares of AED 1 each)	<b>1,210,000</b>	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 2019 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:

	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000
Revaluation reserve	<b>31,930</b>	31,930
Foreign exchange translation reserve	<b>(122,957)</b>	(112,043)
Investment fair value reserve	<b>(27,463)</b>	(27,627)
	<b>(118,490)</b>	(107,740)

**15. Wakalah share**

The shareholders manage the takaful operations of the Group for the policyholders and charge 32.5% (2019: 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% (2019: 15%) of mortality costs.

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**16. Policyholders' fund**

	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000	30 September 2019 (unaudited) AED'000
Balance at 1 January	<b>(612,051)</b>	(545,099)	(545,099)
Net deficit attributable to policyholders for the period/year	<b>(73,723)</b>	(62,755)	(60,926)
Surplus distribution to policyholders of family takaful	<b>(2,966)</b>	(4,197)	-
Financed by shareholders	<b>(688,740)</b>	(612,051)	(606,025)

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**

	<b>Nine month period ended 30 September</b>		<b>Three month period ended 30 September</b>	
	<b>2020 (unaudited)</b>	2019 (unaudited)	<b>2020 (unaudited)</b>	2019 (unaudited)
Profit for the period attributable to shareholders (AED'000)	<b>127,647</b>	32,580	<b>87,728</b>	183
Number of shares (in thousands)	<b>1,188,333</b>	1,188,333	<b>1,188,333</b>	1,188,333
Basic and diluted earnings per share (AED)	<b>0.107</b>	0.027	<b>0.074</b>	0.0002

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.

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**18. Cash and cash equivalents**

	<b>30 September 2020 AED'000 (unaudited)</b>	30 September 2019 AED'000 (audited)
Cash in hand	79	151
Cash at bank	203,389	111,753
Term deposits	28,929	144,767
	<u>232,397</u>	<u>256,671</u>
Less: term deposits with maturity after three months	(1,450)	(598)
Less: term deposits under lien	(4,677)	(6,170)
	<u>226,270</u>	<u>249,903</u>

**19. Contingent liabilities**

	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000
Letters of guarantee	14,408	17,677

Deposits including statutory deposits amounting to AED 14.68 million (2019: AED 16.17 million) are held as lien by the bank against the above guarantee.

During the month of August 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. The Group has challenged such allegations in the UAE courts and the ultimate outcome of this case cannot be presently determined. However, based on Group's external lawyer's opinion of a favorable outcome, 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 condensed consolidated interim financial information at AED 83 million and AED 54 million respectively.

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

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**20. Allocation between participants and shareholders (unaudited)**

	For the nine month period ended 30 September 2020				For the three month period ended 30 September 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
<b>Net underwriting income</b>								
<b>Income</b>	-	121,579	-	121,579	-	37,682	-	37,682
Wakalah share (Note 15)	154,724	(154,724)	-	-	32,853	(32,853)	-	-
Mudarib share (Note 15)	45	(45)	-	-	13	(13)	-	-
Net technical charges from policyholders to shareholders	35,757	(35,757)	-	-	5,291	(5,291)	-	-
Net underwriting income from subsidiaries	37,129	(37,129)	-	-	14,479	(14,479)	-	-
Income from investments	102,340	141	-	102,481	85,430	38	-	85,468
Other income	12,435	377	-	12,812	3,730	122	-	3,852
	<b>342,430</b>	<b>(105,558)</b>	<b>-</b>	<b>236,872</b>	<b>141,796</b>	<b>(14,794)</b>	<b>-</b>	<b>127,002</b>
<b>Expenses</b>								
General, administrative and other expenses	(83,084)	-	-	(83,084)	(30,506)	-	-	(30,506)
Financial expenses	(2,536)	-	-	(2,536)	(1,199)	-	-	(1,199)
Commission paid and other costs	(31,835)	31,835	-	-	(11,659)	11,659	-	-
	<b>224,975</b>	<b>(73,723)</b>	<b>-</b>	<b>151,252</b>	<b>98,432</b>	<b>(3,135)</b>	<b>-</b>	<b>95,297</b>
<b>Net profit/(loss) before tax for the period</b>	<b>224,975</b>	<b>(73,723)</b>	<b>-</b>	<b>151,252</b>	<b>98,432</b>	<b>(3,135)</b>	<b>-</b>	<b>95,297</b>
Tax – current	(11,372)	-	-	(11,372)	(6,283)	-	-	(6,283)
	<b>213,603</b>	<b>(73,723)</b>	<b>-</b>	<b>139,880</b>	<b>92,149</b>	<b>(3,135)</b>	<b>-</b>	<b>89,014</b>
<b>Net profit/(loss) after tax for the period</b>	<b>213,603</b>	<b>(73,723)</b>	<b>-</b>	<b>139,880</b>	<b>92,149</b>	<b>(3,135)</b>	<b>-</b>	<b>89,014</b>
Gain from discontinued operations	150	-	-	150	1,003	-	-	1,003
Share of non-controlling interest	(9,417)	-	9,417	-	(2,289)	-	2,289	-
Distribution to policyholders of the Company	-	(2,966)	-	(2,966)	-	-	-	-
Policyholders' loss financed by shareholders/ recovery of loss from policyholders' fund	(76,689)	76,689	-	-	(3,135)	3,135	-	-
	<b>127,647</b>	<b>-</b>	<b>9,417</b>	<b>137,064</b>	<b>87,728</b>	<b>-</b>	<b>2,289</b>	<b>90,017</b>
<b>Net profit for the period</b>	<b>127,647</b>	<b>-</b>	<b>9,417</b>	<b>137,064</b>	<b>87,728</b>	<b>-</b>	<b>2,289</b>	<b>90,017</b>

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**20. Allocation between participants and shareholders (unaudited) (continued)**

	For the nine month period ended 30 September 2019				For the three month period ended 30 September 2019			
	Shareholders AED'000 Re-presented	Policyholders AED'000 Re-presented	Non- controlling interest AED'000	Total AED'000 Re-presented	Shareholders AED'000 Re-presented	Policyholders AED'000 Re-presented	Non- controlling interest AED'000	Total AED'000 Re-presented
Net underwriting income								
Income	-	108,215	-	108,215	-	31,749	-	31,749
Wakalah share (Note 15)	118,699	(118,699)	-	-	26,888	(26,888)	-	-
Mudarib share (Note 15)	31	(31)	-	-	-	-	-	-
Net technical charges from policyholders to shareholders	49,831	(49,831)	-	-	14,066	(14,066)	-	-
Net underwriting income from subsidiaries	34,308	(34,308)	-	-	10,387	(10,387)	-	-
Income from investments	(2,731)	285	-	(2,446)	(7,190)	(22)	-	(7,212)
Other income	24,611	346	-	24,957	2,505	346	-	2,851
	<u>224,749</u>	<u>(94,023)</u>	<u>-</u>	<u>130,726</u>	<u>46,656</u>	<u>(19,268)</u>	<u>-</u>	<u>27,388</u>
Expenses								
General, administrative and other expenses	(84,275)	-	-	(84,275)	(24,541)	-	-	(24,541)
Financial expenses	(1,350)	-	-	(1,350)	(383)	-	-	(383)
Commission paid and other costs	(33,097)	33,097	-	-	(10,753)	10,753	-	-
	<u>106,027</u>	<u>(60,926)</u>	<u>-</u>	<u>45,101</u>	<u>10,979</u>	<u>(8,515)</u>	<u>-</u>	<u>2,464</u>
Net profit/(loss) before tax for the period	106,027	(60,926)	-	45,101	10,979	(8,515)	-	2,464
Tax – current	(8,975)	-	-	(8,975)	(2,948)	-	-	(2,948)
	<u>97,052</u>	<u>(60,926)</u>	<u>-</u>	<u>36,126</u>	<u>8,031</u>	<u>(8,515)</u>	<u>-</u>	<u>(484)</u>
Net profit/(loss) after tax for the period	97,052	(60,926)	-	36,126	8,031	(8,515)	-	(484)
Loss from discontinued operations	(1,135)	-	-	(1,135)	2,110	-	-	2,110
Share of non-controlling interest	(2,411)	-	2,411	-	(1,443)	-	1,443	-
Policyholders' loss financed by shareholders/ recovery of loss from policyholders' fund	(60,926)	60,926	-	-	(8,515)	8,515	-	-
	<u>32,580</u>	<u>-</u>	<u>2,411</u>	<u>34,991</u>	<u>183</u>	<u>-</u>	<u>1,443</u>	<u>1,626</u>
Net profit for the period	<u>32,580</u>	<u>-</u>	<u>2,411</u>	<u>34,991</u>	<u>183</u>	<u>-</u>	<u>1,443</u>	<u>1,626</u>

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**20. Allocation between participants and shareholders (continued)**

**Condensed consolidated interim statement of financial position**

	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000
<b>ASSETS</b>		
<i>Participants' assets</i>		
Participants' investments in unit-linked contracts	2,069,293	1,993,522
Contributions and takaful balance receivables	233,656	109,970
Retakafuls' share of outstanding claims	163,352	131,445
Retakafuls' share of unearned contributions	164,049	85,627
Other assets and receivables	33	9
Cash and bank balances	185,878	40,048
Total participants' assets	<u>2,816,261</u>	<u>2,360,621</u>
Total shareholders' assets *	<u>1,807,397</u>	<u>1,831,912</u>
<b>Total assets</b>	<u><u>4,623,658</u></u>	<u><u>4,192,533</u></u>
<b>Liabilities</b>		
<i>Participants' liabilities</i>		
Outstanding claims and family takaful reserve	267,452	230,841
Payable to participants for unit-linked contracts	2,064,671	1,983,043
Unearned contributions reserve	262,173	143,478
Takaful balances payable	173,966	83,621
Other payables and accruals	61,436	32,003
Total participants' liabilities	<u>2,829,698</u>	<u>2,472,986</u>
Total shareholders' liabilities*	<u>859,803</u>	<u>874,292</u>
<b>Total liabilities</b>	<u><u>3,689,501</u></u>	<u><u>3,347,278</u></u>
<b>Net assets employed</b>	<u><u>934,157</u></u>	<u><u>845,255</u></u>
<b>Financed by:</b>		
Shareholders' equity	853,033	771,784
Non-controlling interest	81,124	73,471
	<u><u>934,157</u></u>	<u><u>845,255</u></u>

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

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**21. Operating segment**

*By business*

	<u>Nine month period ended 30 September 2020</u>			<u>Three month period ended 30 September 2020</u>		
	<b>General takaful AED'000</b>	<b>Family takaful AED'000</b>	<b>Total AED'000</b>	<b>General takaful AED'000</b>	<b>Family takaful AED'000</b>	<b>Total AED'000</b>
Gross written contributions	644,538	304,245	948,783	157,723	95,948	253,671
Net contributions earned	280,578	248,299	528,877	99,087	78,484	177,571
Commissions income on ceded reinsurance and Retakaful	23,315	4,345	27,660	7,101	-	7,101
	303,893	252,644	556,537	106,188	78,484	184,672
Net claims incurred	(163,813)	(9,398)	(173,211)	(60,940)	(2,900)	(63,840)
Commissions expense and other costs	(73,456)	(188,291)	(261,747)	(23,234)	(59,916)	(83,150)
Net underwriting income	66,624	54,955	121,579	22,015	15,668	37,682
Investment and other income			115,293			89,320
Unallocated expenses and tax			(96,992)			(37,988)
Surplus distribution for life policyholders			(2,966)			-
Loss from discontinued operations			150			1,003
<b>Net profit after tax</b>			<b>137,064</b>			<b>90,017</b>

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**21. Operating segment (continued)**

*By business (continued)*

	Nine month period ended 30 September 2019			Three month period ended 30 September 2019		
	General takaful AED'000	Family takaful AED'000	Total AED'000	General takaful AED'000	Family takaful AED'000	Total AED'000
	Re-presented		Re-presented	Re-presented		Re-presented
Gross written contributions	520,561	362,726	883,287	136,046	108,331	244,377
Net contributions earned	297,320	314,040	611,360	97,723	92,990	190,713
Commissions income on ceded reinsurance and retakaful	20,385	676	21,061	5,679	-	5,679
Net claims incurred	317,705 (195,406)	314,716 (9,892)	632,421 (205,298)	103,402 (67,768)	92,990 4,115	196,392 (63,653)
Commissions expense and other costs	(70,877)	(248,031)	(318,908)	(20,725)	(80,265)	(100,990)
Net underwriting income	51,422	56,793	108,215	14,909	16,840	31,749
Investment and other income			22,511			(4,361)
Unallocated expenses and tax			(94,600)			(27,872)
Loss from discontinued operations			(1,135)			2,110
Net profit after tax			34,991			1,626



**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**21. Operating segment (continued)**

*By geography*

	<u>Nine month period ended 30 September 2020</u>			<u>Three month period ended 30 September 2020</u>		
	<u>Africa AED'000</u>	<u>Asia AED'000</u>	<u>Total AED'000</u>	<u>Africa AED'000</u>	<u>Asia AED'000</u>	<u>Total AED'000</u>
Gross written contributions	217,229	731,554	948,783	79,678	173,993	253,671
Net contributions earned	153,077	375,800	528,877	54,058	123,513	177,571
Commissions income on ceded reinsurance and retakaful	10,643	17,017	27,660	3,414	3,687	7,101
	163,720	392,817	556,537	57,472	127,200	184,672
Net claims incurred	(80,141)	(93,070)	(173,211)	(27,110)	(36,730)	(63,840)
Commissions expense and other costs	(46,452)	(215,295)	(261,747)	(15,885)	(67,265)	(83,150)
Net underwriting income	37,127	84,453	121,579	14,477	23,206	37,682
Investment and other income			115,293			89,320
Unallocated expenses and tax			(96,992)			(37,988)
Surplus distribution for life policyholders			(2,966)			-
Loss from discontinued operations			150			1,003
<b>Net profit after tax</b>			<b>137,064</b>			<b>90,017</b>

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**21. Operating segment (continued)**

*By geography* (continued)

	<u>Nine month period ended 30 September 2019</u>			<u>Three month period ended 30 September 2019</u>		
	Africa AED'000	Asia AED'000	Total AED'000	Africa AED'000	Asia AED'000	Total AED'000
	Re-presented		Re-presented	Re-presented		Re-presented
Gross written contributions	216,470	666,817	883,287	71,266	173,111	244,377
Net contributions earned	152,054	459,306	611,360	52,443	138,270	190,713
Commissions income on ceded reinsurance and retakaful	9,027	12,034	21,061	2,240	3,439	5,679
	161,081	471,340	632,421	54,683	141,709	196,392
Net claims incurred	(83,423)	(121,875)	(205,298)	(30,446)	(33,207)	(63,653)
Commissions expense and other costs	(43,350)	(275,558)	(318,908)	(13,850)	(87,140)	(100,990)
Net underwriting income	34,308	73,907	108,215	10,387	21,362	31,749
Investment and other income			22,511			(4,361)
Unallocated expenses and tax			(94,600)			(27,872)
Loss from discontinued operations			(1,135)			2,110
Net profit after tax			34,991			1,626

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**21. Operating segment (continued)**

*By business*

**30 September 2020 (Unaudited)**

	<b>General takaful AED'000</b>	<b>Family takaful AED'000</b>	<b>Total AED'000</b>
<b>ASSETS</b>			
Property and equipment	39,248	3,084	42,332
Goodwill and intangibles	115,195	223	115,418
Investment properties	143,139	-	143,139
Right to use assets	4,871	2,212	7,083
Investment in associates	32,188	-	32,188
Deposits	171,071	32,452	203,523
Investments	463,225	142,002	605,227
Participants' investments in unit-linked contracts	-	2,069,293	2,069,293
Deposits with takaful and retakaful companies	2,457	-	2,457
Contributions and takaful balance receivables	302,849	5,989	308,838
Retakafuls' share of outstanding claims	132,400	70,655	203,055
Retakafuls' share of unearned contributions	219,885	2,637	222,522
Other assets and receivables	65,512	305,601	371,113
Bank balances and cash	175,752	56,645	232,397
Assets held-for-sale	65,073	-	65,073
<b>Total assets</b>	<b>1,932,865</b>	<b>2,690,793</b>	<b>4,623,658</b>
<b>LIABILITIES</b>			
Outstanding claims and family takaful reserve	302,951	240,005	542,956
Payable to Participants for unit-linked contracts	-	2,064,671	2,064,671
Unearned contributions reserve	358,886	37,198	396,084
Takaful balances payable	214,402	11,218	225,620
Other payables and accruals	147,775	256,268	404,043
Lease liabilities	5,010	2,282	7,292
Amounts due to related parties	6	-	6
Liabilities held-for-sale	48,829	-	48,829
<b>Total liabilities</b>	<b>1,077,859</b>	<b>2,611,642</b>	<b>3,689,501</b>
<b>Net assets employed</b>	<b>855,006</b>	<b>79,151</b>	<b>934,157</b>
<b>Financed by:</b>			
Shareholders' equity			853,033
Non-controlling interest			81,124
			<b>934,157</b>

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**21. Operating segment (continued)**

*By business*

31 December 2019 (Audited)

	General takaful AED'000	Family takaful AED'000	Total AED'000
<b>ASSETS</b>			
Property and equipment	43,582	3,584	47,166
Goodwill and intangibles	116,217	-	116,217
Investment properties	144,451	-	144,451
Right of use assets	7,133	2,636	9,769
Investments in associates	96,215	-	96,215
Deposits	190,755	22,760	213,515
Investments	368,576	81,664	450,240
Participants' investments in unit-linked contracts	-	1,993,522	1,993,522
Deposits with takaful and retakaful companies	2,111	-	2,111
Contributions and takaful balance receivables	161,556	11,290	172,846
Retakafuls' share of outstanding claims	102,331	59,228	161,559
Retakafuls' share of unearned contributions	133,425	2,809	136,234
Other assets and receivables	54,356	374,602	428,958
Cash and bank balances	67,655	94,459	162,114
Assets held-for-sale	57,616	-	57,616
	1,545,979	2,646,554	4,192,533
<b>LIABILITIES EXCLUDING POLICYHOLDERS' FUND</b>			
Outstanding claims and family takaful reserve	261,641	223,376	485,017
Payable to Participants for unit-linked contracts	-	1,983,043	1,983,043
Unearned contributions reserve	239,856	24,584	264,440
Takaful balances payable	113,214	10,363	123,577
Other payables and accruals	125,282	313,785	439,067
Lease liability – Right-of-use assets	7,223	2,683	9,906
Liabilities held-for-sale	42,228	-	42,228
	789,444	2,557,834	3,347,278
Total liabilities	789,444	2,557,834	3,347,278
Policyholders' fund	-	-	-
	756,535	88,720	845,255
Net assets employed	756,535	88,720	845,255
Financed by:			
Shareholders' equity			771,784
Non-controlling interest			73,471
			845,255

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**22. 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.

**30 September 2020 (Unaudited)**

	FVTPL AED'000	Available for sale investments AED'000	Amortised cost AED'000	Total AED'000
<b>Financial assets</b>				
Investments	87,574	63,231	454,422	605,227
Deposits	-	-	203,523	203,523
Participants' investments in unit-linked contracts	2,069,293	-	-	2,069,293
Deposits with takaful and retakaful companies	-	-	2,457	2,457
Contributions and takaful balance receivables	-	-	308,838	308,838
Other assets and receivables	-	-	54,465	54,465
Bank balances and cash	-	-	232,397	232,397
	<u>2,156,867</u>	<u>63,231</u>	<u>1,256,102</u>	<u>3,476,200</u>
<b>Financial liabilities</b>				
Payable to participants for unit-linked contracts	2,064,671	-	-	2,064,671
Takaful balances payable	-	-	225,620	225,620
Amount due to related parties	-	-	6	6
Other payables and accruals	-	-	369,202	369,202
Lease liabilities	-	-	7,292	7,292
	<u>2,064,671</u>	<u>-</u>	<u>602,120</u>	<u>2,666,791</u>

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**22. Classes and categories of financial assets and financial liabilities (continued)**

31 December 2019 (audited)

	FVTPL AED'000	Available for-sale investments AED'000	Amortised cost AED'000	Total carrying amount AED'000
Financial assets				
Investments	21,865	62,944	365,431	450,240
Deposits	-	-	213,515	213,515
Participants' investments in unit- linked contracts	1,993,522	-	-	1,993,522
Deposits with takaful and retakaful companies	-	-	2,111	2,111
Contributions and takaful balance Receivables	-	-	172,846	172,846
Other assets and receivables	-	-	48,881	48,881
Bank balances and cash	-	-	162,114	162,114
	<u>2,015,387</u>	<u>62,944</u>	<u>964,898</u>	<u>3,043,229</u>
Financial liabilities				
Payable to Participants for unit- linked contracts	1,983,043	-	-	1,983,043
Takaful balances payable	-	-	123,577	123,577
Other payables	-	-	402,898	402,898
Lease liabilities	-	-	9,906	9,906
	<u>1,983,043</u>	<u>-</u>	<u>536,381</u>	<u>2,519,424</u>

**23. Seasonality of results**

Income/ (loss) from investments for the nine months period ended 30 September 2020 includes gain recognised of AED 35.1 million due to loss of significant influence over an associate. Other income for nine months period ended 30 September 2019 includes provision for liabilities no longer required written back of AED 20 million.

**24. Re-presentation**

During the year 2019, Group had re-classified its investments in its subsidiary, as asset held-for-sale, based on the Board of Directors resolution to dispose of Salama Assurance Senegal, due to which condensed consolidated statement of profit or loss is re-presented of the prior period as if the subsidiary was held-for-sale prior year as well. The following table summaries the impact of re-presentation:

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)**

**24. Re-presentation (continued)**

	Impact of re-presentation Nine month period ended 30 September 2019			Impact of re-presentation Three month period ended 30 September 2019		
	Previously reported (unaudited) AED'000	Re-presentation AED'000	As re-presented (unaudited) AED'000	Previously reported (unaudited) AED'000	Re-presentation AED'000	As re-presented (unaudited) AED'000
<b>Continuing operations</b>						
<b>Underwriting results</b>						
Underwriting income	643,643	(11,222)	632,421	201,871	(5,479)	196,392
Underwriting expenses	(531,036)	6,830	(524,206)	(165,979)	1,336	(164,643)
<b>Net underwriting income</b>	112,607	(4,392)	108,215	35,892	(4,143)	31,749
Income from other sources	22,978	(467)	22,511	(4,254)	(107)	(4,361)
Expenses	(90,634)	5,009	(85,625)	(26,614)	1,690	(24,924)
<b>Net profit before tax</b>	44,951	150	45,101	5,024	(2,560)	2,464
<b>Taxation – current</b>	(9,960)	985	(8,975)	(3,398)	450	(2,948)
<b>Profit/(loss) after tax from continuing operations</b>	34,991	1,135	36,126	1,626	(2,110)	(484)
<b>Discontinued operations</b>						
(Loss)/profit from discontinued operations	-	(1,135)	(1,135)	-	2,110	2,110
<b>Profit after tax and distribution to policyholders</b>	34,991	-	34,991	1,626	-	1,626
<b>Attributable to:</b>						
Shareholders	32,580	-	32,580	183	-	183
Non-controlling interest	2,411	-	2,411	1,443	-	1,443
	34,991	-	34,991	1,626	-	1,626

**Notes to the condensed consolidated interim financial information  
for the nine month period ended 30 September 2020 (continued)****25. Dividend**

At the annual general meeting held on 3 May 2020, the Shareholders approved a cash dividend of 3 fils per share. Dividend for ordinary shares is amounting to AED 35.65 million for 2019 (2019: nil for 2018).

At the general assembly meeting held on 14 October 2020, the Shareholders approved a cash dividend of 3 fils per share amounting to AED 35.65 million for the half year 2020.

**26. Approval of the condensed consolidated financial information**

The condensed consolidated financial information were approved by the Board of Directors and authorised for issue on 12 November 2020.