

Dar Al Takaful PJSC
Dubai - United Arab Emirates

Condensed interim consolidated financial statements
(Unaudited)

For the period ended 30 September 2020



Grant Thornton

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Review report of the independent auditor To the shareholders of Dar Al Takaful PJSC

Introduction


We have reviewed the accompanying condensed interim consolidated statement of financial position of Dar Al Takaful PJSC (the “Group”) as at 30 September 2020, the related condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity, condensed interim consolidated statement of cash flows for the nine months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.


GRANT THORNTON
Farouk Mohamed
Registration No: 86
Dubai, 12 November 2020



Dar Al Takaful PJSC**Condensed interim consolidated financial statements (Unaudited)****Condensed interim consolidated statement of financial position****As at 30 September 2020**

	Notes	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Assets			
Takaful operations' assets			
Available-for-sale investments	4	1,000,000	3,350,308
Held to maturity	4	13,390,076	2,001,297
Financial assets at fair value through profit or loss	5	402,708,669	-
Deferred policy cost		12,746,973	19,537,186
Retakaful contract assets:			
Unearned contribution		67,653,812	37,697,630
Claims reported unsettled		156,621,419	28,675,068
Claims incurred but not reported		14,833,191	13,500,322
Contribution deficiency reserve		1,125,408	25,537
Retakaful share of mathematical reserve		8,405,647	-
Due from shareholders		46,958,266	-
Takaful and other receivables	6	226,663,387	162,906,724
Prepayments and other receivables		43,886,621	4,425,368
Wakala deposits	7	135,476,521	107,898,591
Investment properties	8	15,331,864	19,531,036
Cash and cash equivalents	9	50,227,377	21,205,716
Total takaful operations' assets		1,197,029,231	420,754,783
Shareholders' assets			
Property and equipment		13,253,824	9,504,157
Intangible assets	10	90,897,711	1,239,178
Investment properties	8	21,125,499	26,911,464
Available-for-sale investments	4	5,943,000	7,518,870
Held to maturity	4	8,722,890	8,722,890
Restricted deposit	11	18,000,000	6,000,000
Wakala deposits	7	317,957,542	54,251,618
Due from policyholders	12	-	12,933,881
Prepayments and other receivables		12,681,580	3,733,537
Cash and cash equivalents	9	16,599,260	6,172,340
Right to use asset		13,004,255	-
Assets classified as held for sale		-	872,007
Total shareholders' assets		518,185,561	137,859,942
Total assets		1,715,214,792	558,614,725

The notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Dar Al Takaful PJSC

Condensed interim consolidated financial statements (Unaudited)

Condensed interim consolidated statement of financial position

As at 30 September 2020 (continued)

	Notes	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Liabilities, Policyholders' Fund and Equity			
Takaful operations' liabilities and policyholders' fund			
Takaful operations' liabilities			
Deferred discount		2,300,074	2,251,897
Takaful contract liabilities:			
Unearned contribution		282,424,289	198,156,600
Claims reported unsettled		273,871,483	64,893,012
Claims incurred but not reported		30,070,132	26,154,504
Unallocated loss adjustment expenses		6,131,184	3,112,732
Contribution deficiency reserve		1,948,618	692,348
Unexpired risk reserve		1,914,196	-
Takaful and retakaful payables	13	179,100,256	112,658,068
Takaful and investment contracts liabilities		402,708,669	-
Gross mathematical reserve		10,424,305	-
Accruals and other payables		6,136,025	-
Due to shareholders	12	-	12,933,881
Total takaful operations' liabilities		1,197,029,231	420,853,042
Takaful operations' deficit			
Qard Hassan against deficit in policyholders' fund		(210,062,119)	(66,870,344)
Less: Provision against Qard Hassan to policyholders' fund		210,062,119	66,870,344
Available-for-sale investments reserve		-	(98,257)
Total deficit from takaful operations		-	(98,257)
Total takaful operations' liabilities and deficit		1,197,029,231	420,754,785
Shareholders' liabilities and equity			
Shareholders' liabilities			
Other liabilities		87,001,431	10,163,542
Lease liability		13,208,812	-
Due to policyholders		46,958,266	-
Employees' end of service benefits		7,023,950	-
Bonus reserves, net		5,875,081	-
Murabaha payable	14	214,853,403	-
Total shareholders' liabilities		374,920,943	10,163,542
Shareholders' equity			
Share capital	15	150,000,000	150,000,000
Statutory reserve	16	3,217,989	3,217,989
Accumulated losses		(9,953,371)	(25,521,591)
Total shareholders' equity		143,264,618	127,696,398
Total shareholders' liabilities and equity		518,185,561	137,859,940
Total liabilities, policyholders' fund and equity		1,715,214,792	558,614,725

The condensed interim consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 12 November 2020.


Shahab Ahmed Lutfi
Vice Chairman


Rajesh Sethi
Chief Executive Officer

The notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Condensed interim consolidated income statement
For the period ended 30 September 2020

	(Unaudited) Three months period ended 30 September 2020 AED	(Unaudited) Three months period ended 30 September 2019 AED	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Attributable to policyholders				
Takaful income				
Gross takaful contribution	113,938,329	110,354,054	311,684,826	270,915,175
Accepted business	1,207,642	189,399	5,387,425	478,801
Retakaful share of ceded business	(32,067,335)	(26,941,334)	(92,040,017)	(114,849,120)
Net takaful contribution	83,078,636	83,602,119	225,032,234	156,544,856
Net transfer to unearned contribution reserves	42,793,119	(40,057,414)	48,655,706	(38,667,436)
Net takaful contribution earned	125,871,755	43,544,705	273,687,940	117,877,420
Discount earned	4,668,398	1,527,939	8,534,741	4,596,456
Policy fees and other income	16,667	38,269	23,684	72,846
Provision of reinsurance reserve	(43,874)	-	(343,739)	-
Total underwriting income	130,512,946	45,110,913	281,902,626	122,546,722
Takaful expenses				
Gross claims paid	(93,467,651)	(49,945,758)	(225,882,921)	(136,509,494)
Retakaful share of ceded business claims	41,438,351	25,083,730	83,987,099	71,375,704
Net claims paid	(52,029,300)	(24,862,028)	(141,895,822)	(65,133,790)
Change in provision for outstanding claims	(38,313,113)	1,412,421	(62,318,674)	(8,562,220)
Change in retakaful share of outstanding claims	7,062,582	(1,019,536)	16,957,324	3,478,664
Change in incurred but not reported claims	2,536,904	1,220,270	4,186,731	4,239,123
Change in unallocated loss adjustment expenses reserve	(1,741,926)	6,096	(1,843,457)	(622,242)
Changes in the provision for contribution deficiency reserve	1,969,285	1,963,131	(141,979)	209,637
Change in investment contracts and mathematical reserves	(22,527,370)	-	(22,527,370)	-
Net gain on assets held at fair value through profit or loss	11,872,904	-	11,872,904	-
Net takaful claims incurred	(91,170,034)	(21,279,646)	(195,710,343)	(66,390,828)
Excess of loss of takaful contribution	(792,102)	(466,984)	(1,790,881)	(1,545,436)
Other takaful expenses	(436,952)	-	(436,952)	-
Total takaful income	38,113,858	23,364,283	83,964,450	54,610,458
Wakala fees	(26,557,886)	(37,588,845)	(87,135,770)	(92,279,473)
Mudarib's fee	(327,657)	(465,772)	(980,879)	(1,289,714)
Investment and other (loss)/income	(2,935,699)	521,800	(953,057)	2,981,916
Profit/(loss) for the period attributable to policyholders	8,292,616	(14,168,534)	(5,105,256)	(35,976,813)

The notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Condensed interim consolidated income statement
For the period ended 30 September 2020 (continued)

	(Unaudited) Three months period ended 30 September 2020 AED	(Unaudited) Three months period ended 30 September 2019 AED	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Attributable to shareholders				
Wakala fees from policyholders (note 19)	26,557,886	37,588,845	87,135,770	92,279,473
Mudarib's fee (note 19)	327,657	465,772	980,879	1,289,714
Investment and other loss	(7,200,848)	(2,907,178)	(5,695,450)	(1,392,763)
General and administrative expenses	(25,611,215)	(9,360,146)	(45,969,676)	(27,291,591)
Acquisition cost of subsidiaries (note 20)	(15,645,474)	-	(15,645,474)	-
Policy acquisition cost	(22,994,714)	(9,399,705)	(46,394,715)	(24,855,086)
Decrease in bonus reserve	1,168,723	-	1,168,723	-
Other underwriting expenses	(93,784)	(466,569)	(949,906)	(1,175,335)
Gain on disposal of discontinued operation	-	-	761,729	-
Gain on bargain purchase (note 20)	50,186,596	-	50,186,596	-
Income for the period before Qard Hassan	6,694,827	15,921,019	25,578,476	38,854,412
Recovery/(provision) against of Qard Hassan to Policyholders	8,292,616	(14,168,534)	(5,105,256)	(35,976,813)
Profit for the period attributable to Shareholders	14,987,443	1,752,485	20,473,220	2,877,599
Earnings per share				
Basic and diluted (note 17)	0.100	0.012	0.136	0.019

The notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Condensed interim consolidated statement of comprehensive income
For the period ended 30 September 2020

	(Unaudited) Three months period ended 30 September 2020 AED	(Unaudited) Three months period ended 30 September 2019 AED	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Attributable to policyholders				
Profit/(loss) for the period	8,292,616	(14,168,534)	(5,105,256)	(35,976,813)
Other comprehensive income				
<i>Items that maybe reclassified subsequently to profit or loss</i>				
Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	-	-	98,257	142,080
Unrealised gain/(loss) on available-for sale investments	-	9,941	-	(77,208)
Other comprehensive income for the period	-	9,941	98,257	64,872
Total comprehensive income/(loss) for the period attributable to policyholders	8,292,616	(14,158,593)	(5,006,999)	(35,911,941)
Attributable to shareholders				
Profit for the period	14,987,443	1,752,485	20,473,220	2,877,599
Other comprehensive income				
<i>Items that maybe reclassified subsequently to profit or loss</i>				
Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	-	-	-	(49,623)
Other comprehensive loss for the period	-	-	-	(49,623)
Total comprehensive income for the period attributable to shareholders	14,987,443	1,752,485	20,473,220	2,827,976

The notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Condensed interim consolidated statement of changes in equity
For the period ended 30 September 2020

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Available-for-sale investments reserve AED	Total AED
As at 1 January 2019 (Audited)	150,000,000	2,727,473	(29,936,235)	49,623	122,840,861
Profit for the period	-	-	2,877,599	-	2,877,599
Other comprehensive income for the period	-	-	-	(49,623)	(49,623)
Total comprehensive income for the period	-	-	2,877,599	(49,623)	2,827,976
As at 30th September 2019 (Unaudited)	150,000,000	2,727,473	(27,058,636)	-	125,668,837
As at 1 January 2020 (Audited)	150,000,000	3,217,989	(25,521,591)	-	127,696,398
Profit for the period	-	-	20,473,220	-	20,473,220
Total comprehensive income for the period	-	-	20,473,220	-	20,473,220
Dividend paid (note 15)	-	-	(4,905,000)	-	(4,905,000)
As at 30th September 2020 (Unaudited)	150,000,000	3,217,989	(9,953,371)	-	143,264,618

The notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Dar Al Takaful PJSC

Condensed interim consolidated financial statements (Unaudited)

Condensed interim consolidated statement of cash flows

For the period ended 30 September 2020

	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Cash flows from operating activities		
Profit for the period	20,473,220	2,877,599
Adjustments for:		
Depreciation of property and equipment	1,837,922	945,336
Amortisation of intangible assets (note 10)	2,503,682	254,442
Impairment of property and equipment	4,007,282	1,300,000
Change in the fair value of investment properties (note 8)	9,985,137	2,000,000
Change in the fair value of financial assets (note 5)	(6,121,669)	15,246
Realised loss on sale of financial assets carried at FVTPL	-	161,226
Realised loss on sale of available-for-sale investments	-	33,893
Income from wakala deposits	(4,035,719)	(4,199,643)
Income from sukuk investments	(743,599)	(629,295)
Rental income	(1,154,860)	(1,522,749)
Provision for doubtful receivables	1,935,602	735,866
Amortisation of murabaha facility	(146,597)	-
Gain on disposal of assets held for sale	(761,729)	-
Gain on bargain purchase of subsidiaries (note 20)	(50,186,596)	-
Provision for employees' end of service benefits	570,166	326,103
Operating cash flows before changes in working capital	(21,837,758)	2,298,024
Decrease/(increase) in takaful and other receivables	36,557,331	(19,379,733)
Increase in retakaful assets	(3,630,920)	(6,103,596)
Decrease/(increase) in prepayments and other receivables	8,286,704	(971,542)
Increase in takaful contract liabilities	308,933,680	46,028,077
(Decrease)/increase in takaful payables	(426,392,787)	4,807,244
Increase/(decrease) in other liabilities	99,005,685	(841,647)
Decrease/(increase) in deferred policy cost	6,790,213	(4,275,643)
Increase in deferred discount	48,177	376,229
Cash generated from operations	7,760,325	21,937,413
Employee's end of service benefits paid	(545,374)	(361,203)
Net cash generated from operating activities	7,214,951	21,576,210
Cash flows from investing activities		
Purchase of property and equipment	(574,871)	(288,982)
Transfer of capital work in progress to intangible assets	-	1,231,147
Purchase of software (note 10)	(99,215)	(1,286,428)
Additions of investments in securities	(7,364,344)	-
Proceeds from sale of investment securities	-	629,000
Income received on wakala deposits	4,035,719	4,199,643
Rental income received	1,154,860	1,522,749
Proceeds from disposal of assets classified as held for sale	1,633,736	-
Income received from sukuk	743,599	629,295
Net cash outflow on acquisition of subsidiaries (note 20)	(110,106,600)	-
Wakala deposits made	(67,284,254)	(31,317,944)
Net cash used in investing activities	(177,861,370)	(24,681,520)

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Condensed interim consolidated statement of cash flows (continued)
For the period ended 30 September 2020

	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Cash flows from financing activities		
Dividend paid (note 15)	(4,905,000)	-
Proceeds from murabaha facility obtained (note 14)	215,000,000	-
Net cash generated from financing activities	<u>210,095,000</u>	
Net change in cash and cash equivalents	39,448,581	(3,105,310)
Cash and cash equivalents, beginning of period	<u>27,378,056</u>	<u>25,038,123</u>
Cash and cash equivalents, end of period (note 9)	<u>66,826,637</u>	<u>21,932,813</u>

The notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

1 Legal status and activities

Dar Al Takaful PJSC (the “Company”) was incorporated as a public joint stock company. The Company carries out general takaful (insurance), retakaful (reinsurance) and investments in accordance with the teachings of Islamic Shari’a and within the provisions of U.A.E. Federal Law no. 6 of 2007 relating to takaful companies and takaful agents and the Memorandum and Articles of Association of the Company. The address of the Company is P.O. Box 235353, Dubai, United Arab Emirates.

The Company obtained its commercial license on 23 July 2008 and commenced operations on 1 September 2008.

Although the Company holds valid license to issue short term takaful contracts in connection with non-life takaful (motor, marine, fire, engineering, medical and general accident risks), the Company ceased to issue new contracts as at 27 July 2020. The Company now plans to engage in investment activities while continuing to complete the term of already issued contracts and managing its related risks. The Company also invests its funds in investment securities.

The Company with its subsidiaries is together referred to as the “Group” in these condensed interim consolidated financial statements. Set out below are the details of subsidiaries held directly by the Company, in UAE which is the country of their incorporation and principal place of business:

Name of subsidiary	Proportion of ownership interest		Principal activities
	30 September 2020	31 December 2019	
Noor Takaful Family PJSC (note 20)	100%	-	Family takaful and retakaful activities
Noor Takaful General PJSC (note 20)	100%	-	General takaful and retakaful activities
Auto Crew Workshop LLC *	100%	100%	Auto mechanical repairing workshop

* The Group holds 49% direct and 51% indirect interest, through its directors, in Auto Crew Workshop LLC (Auto Crew). Although the Group directly does not hold majority of voting rights, the Group, along with its indirect voting rights is deemed to effectively control decision making process of Auto Crew.

2 Basis of preparation

The condensed consolidated financial statements are for the nine months period ended 30 September 2020 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The Group has not early adopted any version of IFRS 9 and the activities of the Group are predominantly connected with insurance on 30 September 2020 therefore the Group has opted for the temporary exemption from the application of IFRS 9 and defer the implementation date of IFRS 9 until 31 December 2021.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

2 Basis of preparation (continued)

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group. Control is achieved when the Group has:

- power over the investee,
- exposure, or has rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders and other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns and previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial period are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss of each component of other comprehensive income is attributable to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

2 Basis of preparation (continued)

Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in consolidated statement of comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Presentation

The consolidated statements of income and consolidated statement of profit or loss and comprehensive income of the Group present separately the profit and loss and the comprehensive income attributable to the policyholders and to shareholders.

The consolidated statement of financial position presents separately policyholders' fund and shareholders' fund assets and liabilities.

3 Significant accounting policies

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2019. Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual financial statements for the year ended 31 December 2019, are applicable on the Company but do not have any material impact on these condensed interim consolidated financial statements.

Interim reporting

The accounting policies used in the preparation of the condensed interim consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2019 except for the changes in the accounting policies implemented by management from 1 January 2020 and accounting policies for initial recognition and subsequent measurement of intangible assets as described below.

Intangible assets

Initial recognition

Tradename, customer relationships and contracts acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their provisional fair values.

Subsequent measurement

All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing at each reporting date. The following useful lives are estimated:

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

3 Significant accounting policies (continued)

Intangible assets (continued)

Subsequent measurement (continued)

Life insurance contract: 40 years
Existing non-life insurance contracts: 5 months
Customer relationships: 4.5 years
Tradename: Indefinite

Amortisation has been included within general and administrative expenses. Subsequent expenditures on the maintenance of tradename, if any, are expensed as incurred.

Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may substantially be different.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgments are needed to determine whether a property qualifies as an investment property, property and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property. In making its judgment, management has considered the detailed criteria and related guidance set out in IAS 40 - Investment Property, with regards to the intended use of the property.

Outstanding claims and technical provisions

The estimation of ultimate liability arising from the claims made under takaful contracts is the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the end of each reporting period.

Outstanding claims and technical provisions (continued)

Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on internal and external actuarial assessment, taking into account the historical data of the claims reported and settlement pattern. Such method takes into account the best estimates of the future contractual cash flows estimated based on the historical data. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

Impairment losses on Takaful receivables

The Company reviews its Takaful receivables on a regular basis to assess whether a provision for impairment should be recorded in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security, and realisation costs.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

3 Significant accounting policies (continued)

Critical accounting estimates and judgments in applying accounting policies (continued)

Impairment losses on Takaful receivables (continued)

In addition to specific provisions against individually significant Takaful receivables, the Company also makes a collective impairment provision against Takaful receivables which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for Takaful receivables within each grade and is adjusted to reflect current economic changes.

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of Takaful contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the statement of income.

Valuation of unquoted equity instruments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. In the absence of an active market for these investments or any recent transactions that could provide evidence of the current fair value, management estimates the fair value of these instruments using expected cash flows discounted at current rates for similar instruments or other valuation models.

Control over subsidiary

Note 1 describes that Auto Crew Workshop LLC (Auto Crew) is a subsidiary of the Group even though the Group has a 49 % direct ownership interest and has 49% of the voting rights in Auto Crew. The remaining 51% of the ownership interests are held by the directors of the Group. The Group assessed whether or not it has control over Auto Crew based on whether the Group has the practical ability to direct the relevant activities of Auto Crew unilaterally. In making its judgement, the Group considered the absolute size of holding in Auto Crew both directly and indirectly. After assessment, the Group concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Auto Crew and therefore the Group has control over it. If the Group had concluded that the 49% ownership interest was insufficient to give the Group control, Auto Crew would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

Useful life and impairment of intangibles

For intangible assets acquired in business combination, management makes a fair valuation of the acquired intangible and determines their remaining useful lives. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable, though different assumptions and assigned lives, in the adopted fair valuation model, could have a significant impact on the reported amounts.

The carrying amounts of intangible assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may be impaired. The recoverable amount of intangible assets is estimated as the higher of fair value less the cost of disposal and the value in use, with an impairment charge recognised whenever the carrying amount exceeds the recoverable amount. The value in use is calculated using a discounted cash flow model which is most sensitive to the discount rate as well as the expected future cash flows. The key assumptions used in the impairment testing and useful lives are explained before in "Intangible assets".

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

4 Investment in securities

Available-for-sale investments

Available-for-sale investments comprise the following:

	30 September 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Quoted debt securities in U.A.E.	-	2,350,308
Unquoted equity securities in U.A.E.	5,943,000	7,518,870
Unquoted debt securities in U.A.E.	1,000,000	1,000,000
	<u>6,943,000</u>	<u>10,869,178</u>
Attributable to:		
Policyholders	1,000,000	3,350,308
Shareholders	5,943,000	7,518,870
	<u>6,943,000</u>	<u>10,869,178</u>

Held to maturity

Financial assets held to maturity comprise the following:

	30 September 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Quoted debt securities inside U.A.E.	9,477,980	2,001,297
Quoted debt securities outside U.A.E.	8,954,986	5,042,890
Unquoted debt securities outside U.A.E.	3,680,000	3,680,000
	<u>22,112,966</u>	<u>10,724,187</u>
Attributable to:		
Policyholders	13,390,076	2,001,297
Shareholders	8,722,890	8,722,890
	<u>22,112,966</u>	<u>10,724,187</u>

5 Financial assets at fair value through profit or loss

	30 September 2020 (Unaudited) AED	31 December 2019 (Audited) AED
<i>At fair value through profit or loss</i>		
Investment in mutual funds	<u>402,708,669</u>	-

Investment classified at fair value through profit or loss are designated in this category upon initial recognition and are measured at fair value as per level 3 hierarchy. These are all attributable to policyholders.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

5 Financial assets at fair value through profit or loss (continued)

The movement in financial assets at fair value through profit or loss is as follows:

	30 September 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Balance at the beginning of the period/year	-	-
Investment acquired in business combination (note 20)	396,587,000	-
Changes in fair value	6,121,669	-
Balance at the end of the period/year	<u>402,708,669</u>	-

6 Takaful and other receivables

	30 September 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Contributions receivable	249,367,140	168,441,653
Receivable from retakaful and other takaful companies	4,267,670	2,265,505
Other receivables	3,799,511	4,114,940
	<u>257,434,321</u>	<u>174,822,098</u>
Less: Provision for doubtful receivables	<u>(30,770,934)</u>	<u>(11,915,374)</u>
	<u>226,663,387</u>	<u>162,906,724</u>

7 Wakala deposits

Statutory deposit represents a Wakala deposit under lien against the guarantees issued in favour of Insurance Authority of U.A.E. in accordance with Article 42 of United Arab Emirates (U.A.E.) Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its Operations.

8 Investment properties

Investment properties comprise of buildings which are located in United Arab Emirates.

Management estimates that there has been a reduction in the fair value of investment properties during the nine months period ended 30 September 2020 amounting to AED 9.9 million which has been recognised in the income statement. The carrying value of the investment properties as at 30 September 2020 is AED 36.5 million. (31 December 2019: AED 46.4 million).

Investment properties are classified as Level 3 in the fair value hierarchy as at 30 September 2020 (31 December 2019: Level 3).

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

9 Cash and cash equivalents

	30 September 2020 (Unaudited) AED	31 December 2019 (Audited) AED	30 September 2019 (Unaudited) AED
Cash on hand	318,674	194,162	151,417
Bank balances:			
Current accounts	61,967,407	22,260,960	19,458,397
Call accounts	4,540,556	4,922,934	2,322,999
	<u>66,826,637</u>	<u>27,378,056</u>	<u>21,932,813</u>
Attributable to:			
Policyholders	50,227,377	21,205,716	17,447,240
Shareholders	16,599,260	6,172,340	4,485,573
	<u>66,826,637</u>	<u>27,378,056</u>	<u>21,932,813</u>

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

10 Intangible assets

	Trade name	Life insurance contracts	Non-life insurance contracts	Customer relationship	Software	Total
30 September 2020						
Cost						
At 1 January 2020	-	-	-	-	4,545,201	4,545,201
Additions (note 20)	6,728,000	70,034,000	3,339,000	11,962,000	99,215	92,162,215
At 30 September 2020	6,728,000	70,034,000	3,339,000	11,962,000	4,644,416	96,707,416
Accumulated amortisation						
At 1 January 2020	-	-	-	-	3,306,023	3,306,023
Charge for the year *	-	291,808	1,335,600	443,037	433,237	2,503,682
At 30 September 2020	-	291,808	1,335,600	443,037	3,739,260	5,809,705
Carrying amount						
At 30 September 2020	6,728,000	69,742,192	2,003,400	11,518,963	905,156	90,897,711

31 December 2019

Cost						
At 1 January 2019	-	-	-	-	3,389,988	3,389,988
Additions	-	-	-	-	107,353	107,353
Transfer from property and equipment	-	-	-	-	1,289,216	1,289,216
Impairment loss during the year	-	-	-	-	(241,356)	(241,356)
At 31 December 2019	-	-	-	-	4,545,201	4,545,201

Accumulated amortisation

At 1 January 2019	-	-	-	-	2,917,263	2,917,263
Charge for the year	-	-	-	-	388,760	388,760
At 31 December 2019	-	-	-	-	3,306,023	3,306,023
Carrying amount						
At 31 December 2019	-	-	-	-	1,239,178	1,239,178

* Amortisation for the period has been charged in general and admin expenses.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

11 Restricted deposit

Deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of U.A.E. and are not available to finance the day to day operations of the Group.

12 Due from/to shareholders/policyholders

The balance consists of the net of Wakala fees balances that is due from the shareholders to the policyholders amounting to AED 8.5 million (31 December 2019: due from the policyholders to the shareholders amounting to AED 12.9 million).

13 Takaful and retakaful payables

	30 September 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Due to takaful companies, garages and other third parties	51,987,201	64,935,042
Due to retakaful companies	89,058,824	45,111,354
Other payables	2,097,779	2,611,672
Acquisition costs payable	10,082,722	-
Other takaful payables	25,873,730	-
	179,100,256	112,658,068

14 Murabaha payable

The Group got engaged in Murabaha facility of AED 215 million with bank on 27 February 2020 held at amortised cost. The facility was obtained for the purpose of acquiring Noor Takaful Family PJSC (“NTF”) and Noor Takaful General PJSC (“NTG”). The facility includes two tranches as given below:

Tranche A consist of AED 100 million carrying flexible interest rate of 3 months EIBOR plus 2.25% having a maturity period of 12 months from the date of acquisition of NTF and NTG.

Tranche B consist of AED 115 million carrying flexible interest rate of 3 months EIBOR plus 2.9% having a maturity period of 5 years ending 30 June 2025.

Other Murabaha arrangements are as follows:

Pledged collateral

- Registered mortgage over investment properties and other real estate properties valued up to AED 45 million;
- Pledge over wakala deposits worth at least AED 40 million;
- Pledge over the shares of target entities i.e. NTF and NTG;
- Marketable securities (equities and sukuk) worth AED 15 million;
- A profit service reserve account will be maintained by the Company with bank that holds 6 months of profit service for Tranche B at all the times; and
- All proceeds from the operating target entities shall be deposited into a dividend account that the Group maintains with the bank.
- Pledge over profit service reserve account and dividend account maintained with the bank;

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

14 Murabaha payable (continued)

Financial covenants

- A minimum capital requirement of AED 300 million so long as the 3 licenses are outstanding and AED 200 million post cancellation of Company's license;
- A minimum solvency coverage ratio of 100%;
- A minimum consolidated Liquid Assets Cover (cash plus marketable securities) of 100%; and
- Compliance with minimum guaranteed fund and net admissible assets requirements.

Other covenants

- Company to complete re-organisation within 12 months from the completion of acquisition;
- Operating accounts of the Company and the targets (NTF and NTG) to move to the bank within 6 months from the completion of acquisition; and
- Company to shift 100% wakala deposits of the Company to specified bank within 6 months from the completion of acquisition (except AED 30 million currently placed with specified finance provider until 31 December 2020, which will be shifted post the maturity of the deposit).

15 Share capital

	30 September 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Issued and fully paid:		
150,000,000 ordinary shares of AED 1 each		
(31 December 2019: 150,000,000 ordinary shares)	150,000,000	150,000,000

Dividend of AED (fi) 3.27 per share amounting to AED 4,905,000 was declared and paid during the 3 months period ended 30 September 2020 (31 December 2019: Nil).

16 Statutory reserve

In accordance with U.A.E. Law No. (2) of 2015, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. No transfer to the statutory reserve has been made during the Nine months period ended 30 September 2020 (nine months period ended 30 September 2019: Nil), as this will be based on the audited results for the year.

17 Earnings per share

Earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	Three months period ended 30 September 2020 (Unaudited)	Three months period ended 30 September 2019 (Unaudited)	Nine months period ended 30 September 2020 (Unaudited)	Nine months period ended 30 September 2019 (Unaudited)
Profit for the period attributable to shareholders (in AED)	14,987,443	1,752,485	20,473,220	2,877,599
Number of ordinary shares outstanding (shares)	150,000,000	150,000,000	150,000,000	150,000,000
Basic and diluted earnings per share (in AED)	0.100	0.012	0.136	0.019

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

17 Earnings per share (continued)

Diluted earnings per share as of 30 September 2020 and 30 September 2019 are equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

18 Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

a) Balances with related parties

Balances with related parties included in the condensed interim consolidated statement of financial position are as follows:

	30 September 2020 (Unaudited) AED	31 December 2019 (Audited) AED
<i>Takaful and other receivables</i>		
Major shareholders	208,768	313,129
<i>Wakala deposits</i>		
Previous shareholders	-	30,000,000
<i>Takaful and other payables</i>		
Major shareholders	-	56,955

b) Transactions with related parties

Transactions with related parties included in the condensed consolidated statement of income are as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020 AED (Unaudited)	2019 AED (Unaudited)	2020 AED (Unaudited)	2019 AED (Unaudited)
<i>Contributions written</i>				
Major shareholders	-	3,655,220	461,272	5,994,483
Other related parties	-	455,524	4,785,146	16,325,865
	-	4,110,744	5,246,418	22,320,348
<i>Management charges paid</i>				
Major shareholders	7,500	66,000	22,500	198,000

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

18 Related party transactions (continued)

c) Compensation of key management personnel

	Three month period ended		Nine month period ended	
	30 September		30 September	
	2020	2019	2020	2019
	AED	AED	AED	AED
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	1,413,357	848,880	3,074,517	2,480,640
Employees' end of service benefits	21,260	29,057	82,930	86,224
	1,434,617	877,937	3,157,447	2,566,864

19 Wakala and Mudarib's fees

Wakala fees

Wakala fees for the period ended 30 September 2020 amounted to AED 87.1 million (30 September 2019: AED 92.3 million). The fees are calculated at maximum rate of 35% of gross takaful contributions. Wakala fee is charged to the statement of income when incurred.

Mudarib's fee

The shareholders also manage the policyholders' investment funds and charge Mudarib's fee. Mudarib's fee is charged at a maximum of 35% of realised investment income. Mudarib's fees for the period ended 30 September 2020 amounted to AED 0.98 million (30 September 2019: AED 1.3 million).

20 Acquisition of subsidiaries

Acquisition of Noor Takaful Family PJSC

On 26 July 2020, the Group acquired 100% of the equity instruments of Noor Takaful Family PJSC (NTF), a UAE based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the takaful business. NTF is a significant business, with life assurance portfolio, in UAE which is the Group's targeted market.

NTF's contribution to the Group results

NTF incurred a net profit of AED 2.7 million for the period from 26 July 2020 to the reporting date. Gross contributions for the two months from 26 July 2020 were AED 65.4 million. If NTF had been acquired on 1 January 2020, revenue of the Group for 2020 would have been AED 513.3 million, and profit for the period would have increased to AED 24.4 million.

Acquisition of Noor Takaful General PJSC

On 26 July 2020, the Group acquired 100% of the equity instruments of Noor Takaful General PJSC (NTG), a UAE based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the takaful business. NTG is a significant business, with general insurance portfolio, in UAE which is the Group's targeted market.

NTG's contribution to the Group results

NTG incurred a net profit of AED 0.9 million for the period from 26 July 2020 to the reporting date. Revenue for the two months from 26 July 2020 was AED 27.4 million. If NTG had been acquired on 1 January 2020, revenue of the Group for 2020 would have been AED 390.4 million, and profit for the period would have increased to AED 24.1 million.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

20 Acquisition of subsidiaries (continued)

The details of net assets acquired in business combination at provisional fair values are as follows:

	Noor Takaful Family PJSC AED	Noor Takaful General PJSC AED	Total AED
Recognised amounts of identifiable net assets			
Assets			
Cash and cash equivalents	88,943,000	15,950,400	104,893,400
Wakala deposits	119,500,000	116,499,600	235,999,600
Investments at fair value through profit and loss	396,587,000	-	396,587,000
Contribution receivables	62,270,596	39,979,000	102,249,596
Retakaful receivables	78,396,000	86,714,000	165,110,000
Property and equipment	3,897,000	18,670,000	22,567,000
Other current assets including related party balances	11,779,000	44,917,000	56,696,000
Tradenname	4,440,000	2,288,000	6,728,000
Life insurance contracts	70,034,000	-	70,034,000
Existing contracts	2,310,000	1,029,000	3,339,000
Customer relationships	7,468,000	4,494,000	11,962,000
Total assets	845,624,596	330,541,000	1,176,165,596
Liabilities			
Takaful and related payables	227,296,000	156,610,000	383,906,000
Takaful and investment contract liabilities	407,550,000	-	407,550,000
Retakaful payables	24,340,000	26,233,000	50,573,000
Accruals and other payables	46,185,000	18,307,000	64,492,000
Employees' end of service benefits	2,737,000	1,721,000	4,458,000
Total liabilities	708,108,000	202,871,000	910,979,000
Fair value of consideration transferred			
Amount settled in cash	(105,327,000)	(109,673,000)	(215,000,000)
Identifiable net assets	137,516,596	127,670,000	265,186,596
Gain on bargain purchase	32,189,596	17,997,000	50,186,596
Consideration transferred - settled in cash	(105,327,000)	(109,673,000)	(215,000,000)
Cash and cash equivalents acquired	88,943,000	15,950,400	104,893,400
Net cash outflow on acquisition	(16,384,000)	(93,722,600)	(110,106,600)
Acquisition costs charged to expenses *	7,822,737	7,822,737	15,645,474

* Acquisition-related costs amounting to AED 15,645,474 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, shown as a separate line item in condensed interim consolidated income statement.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

21 Commitments and guarantees

Commitments

The Group has the following commitments at the reporting date:

	30 September 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Software development	-	183,500

Guarantees

As at 30 September 2020, the Group has outstanding bank guarantees amounting AED 12,736,450 (31 December 2019: AED 299,940).

22 Segment information

For management purposes the Group is organised into three business segments, general takaful, employee benefits and investments. The general takaful segment comprises the takaful business undertaken by the Group on behalf of the policyholders. Investments comprise investment and cash management for the Group's own account. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the financial statements.

Except for Wakala fees, Mudarib's share and Qard Hassan, no other inter-segment transactions occurred during the period. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation as shown on the next page.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

22 Segment information (continued)

Nine-month period ended 30 September 2020 (Unaudited)

	General takaful AED	Employee benefits AED	Individual life AED	Investments AED	Total AED
Attributable to policyholders					
Takaful income					
Gross contribution written	231,237,543	65,884,226	14,563,057	-	311,684,826
Accepted business	5,387,425	-	-	-	5,387,425
Retakaful share of ceded business	(64,302,266)	(27,010,502)	(727,249)	-	(92,040,017)
Net takaful contributions	172,322,702	38,873,724	13,835,808	-	225,032,234
Net transfer to unearned contributions reserve	59,036,810	(10,381,104)	-	-	48,655,706
Net takaful contributions earned	231,359,512	28,492,620	13,835,808	-	273,687,940
Discount earned	8,298,773	235,968	-	-	8,534,741
Policy fee	23,684	-	-	-	23,684
Provision of reinsurance reserve	(273,177)	(70,562)	-	-	(343,739)
Total takaful income	239,408,792	28,658,026	13,835,808	-	281,902,626
Takaful expenses					
Gross claims paid	(182,132,538)	(43,750,383)	-	-	(225,882,921)
Retakaful share of claims paid	58,308,449	25,678,650	-	-	83,987,099
Net takaful claims paid	(123,824,089)	(18,071,733)	-	-	(141,895,822)
Provision for outstanding claims	(65,566,673)	3,247,999	-	-	(62,318,674)
Retakaful share of outstanding claims	24,191,319	(7,233,995)	-	-	16,957,324
Change in incurred but not reported claims	3,068,491	1,118,240	-	-	4,186,731
Change in unallocated loss adjustment expenses reserve	(1,589,562)	(253,895)	-	-	(1,843,457)
Changes in the provision for contribution deficiency reserve	(389,775)	247,796	-	-	(141,979)
Change in investment contracts and mathematical reserves	-	-	(22,527,370)	-	(22,527,370)
Net gain on assets held at fair value through profit or loss	-	-	11,872,904	-	11,872,904
Net claims incurred	(164,110,289)	(20,945,588)	(10,654,466)	-	(195,710,343)
Excess of loss of takaful contribution	(1,592,837)	(198,044)	-	-	(1,790,881)
Other takaful (expenses)/ recoveries	(1,445,873)	1,008,921	-	-	(436,952)
Total takaful income	72,259,793	8,523,315	3,181,342	-	83,964,450
Wakala (fees)/income	(67,878,576)	(16,572,930)	(2,684,264)	87,135,770	-
Mudarib's (fee)/income	(980,879)	-	-	980,879	-
Policy acquisition cost	-	-	-	(46,394,715)	(46,394,715)
Other underwriting expenses	-	-	-	(949,906)	(949,906)
General and administrative expenses	-	-	-	(45,969,676)	(45,969,676)
Acquisition cost of subsidiaries	-	-	-	(15,645,474)	(15,645,474)
Investment and other (loss)/ income	(975,844)	22,787	-	(5,695,450)	(6,648,507)
Decrease in bonus reserve	-	-	-	1,168,723	1,168,723
Gain on disposal of assets classified as held for sale	-	-	-	761,729	761,729
Gain on purchase of subsidiaries	-	-	-	50,186,596	50,186,596
Profit/(loss) for the period	2,424,494	(8,026,828)	497,078	25,578,476	20,473,220

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

22 Segment information (continued)

Nine-month period ended 30 September 2019 (Unaudited)

	General takaful AED	Employee benefits AED	Investments AED	Total AED
Attributable to policyholders				
Takaful income				
Gross contribution written	257,622,198	13,292,977	-	270,915,175
Accepted business	478,801	-	-	478,801
Retakaful share of ceded business	(102,307,183)	(12,541,937)	-	(114,849,120)
Net takaful contributions	155,793,816	751,040	-	156,544,856
Net transfer to unearned contributions reserve	(38,602,515)	(64,921)	-	(38,667,436)
Net takaful contributions earned	117,191,301	686,119	-	117,877,420
Discount earned	4,405,966	190,490	-	4,596,456
Policy fee	72,846	-	-	72,846
Total takaful Income	121,670,113	876,609	-	122,546,722
Takaful expenses				
Gross claims paid	(129,794,271)	(6,715,223)	-	(136,509,494)
Retakaful share of ceded business paid	64,933,807	6,441,897	-	71,375,704
Net takaful claims paid	(64,860,464)	(273,326)	-	(65,133,790)
Provision for outstanding claims	(6,193,935)	(2,368,285)	-	(8,562,220)
Retakaful share of outstanding claims	1,244,228	2,234,436	-	3,478,664
Change in incurred but not reported claims	4,430,517	(191,394)	-	4,239,123
Change in unallocated loss adjustment expenses reserve	(421,569)	(200,673)	-	(622,242)
Changes in the provision for contribution deficiency reserve	387,524	(177,887)	-	209,637
Net claims incurred	(65,413,699)	(977,129)	-	(66,390,828)
Excess of loss of takaful contribution	(1,545,436)	-	-	(1,545,436)
Total takaful income	54,710,978	(100,520)	-	54,610,458
Wakala (fees)/income	(87,759,861)	(4,519,612)	92,279,473	-
Mudarib's (fee)/income	(1,289,714)	-	1,289,714	-
Policy acquisition cost	-	-	(24,855,086)	(24,855,086)
Other underwriting expenses	-	-	(1,175,335)	(1,175,335)
General and administrative expenses	-	-	(27,291,591)	(27,291,591)
Investment and other income/(loss)	2,981,916	-	(1,392,763)	1,589,153
(Loss)/profit for the period	(31,356,681)	(4,620,132)	38,854,412	2,877,599

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

22 Segment information (continued)

The following tables demonstrate other information related to each business segments:

	Takaful AED	Investment AED	Total AED
30 September 2020 (Unaudited)			
Total assets	1,197,029,231	518,185,561	1,715,214,792
Total liabilities	1,197,029,231	374,920,943	1,571,950,174
	Takaful AED	Investment AED	Total AED
31 December 2019 (Audited)			
Total assets	420,754,783	137,859,942	558,614,725
Total liabilities	420,853,042	10,163,542	431,016,584

23 Fair value measurements

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
30 September 2020 (Unaudited)				
Available-for-sale investments	18,432,966	-	413,331,669	431,764,635
31 December 2019 (Audited)				
Available-for-sale investments	2,350,308	-	8,518,870	10,869,178

24 Fatwa and Shari'a Supervisory Board

The Group's business activities are subject to the supervision of its Fatwa and Sharia'a Supervisory Board consisting of three members appointed by the Shareholders. The Fatwa and Sharia'a Supervisory Board perform a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia'a rules and principles.

According to the Group's Fatwa and Sharia'a Supervisory Board, the Group is required to identify any income deemed to be derived from transactions not acceptable under Islamic Sharia'a principles, as interpreted by Fatwa and Sharia'a Supervisory Board, and to set aside such amount in a separate account for Shareholders who may resolve to pay the same for local charitable causes and activities.

Dar Al Takaful PJSC
Condensed interim consolidated financial statements (Unaudited)

Notes to the condensed interim consolidated financial statements
For the period ended 30 September 2020

25 Seasonality of results and events effecting the operations

The Group's investment income is dependent on market conditions, its investment activities and declaration of profits by investee companies, which are of a seasonal nature. Further, the Group is continuing to monitor the impact of COVID-19 on its financial performance. To date, there has been no significant impact on the credit risk or instances of default. Accordingly, results for the period ended 30 September 2020 are not comparable to those relating to the comparative period and are not indicative of the results that might be expected for the year ending 31 December 2020.