

# DAR AL TAKAFUL ANNUAL REPORT 2020

DAR AL TAKAFUL  
ANNUAL REPORT  
2020

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H.H. SHEIKH KHALIFA BIN ZAYED AL NAHYAN  
PRESIDENT OF THE UNITED ARAB EMIRATES  
AND RULER OF ABU DHABI



H.H. SHEIKH MOHAMMED BIN RASHID AL MAKTOUM  
VICE PRESIDENT OF THE UNITED ARAB EMIRATES,  
PRIME MINISTER AND RULER OF DUBAI

# VISION & MISSION



## OUR VISION

Protection and  
peace of mind.

## OUR MISSION

To offer the most innovative  
ethical insurance solutions and  
build a culture of excellence.

# AT A GLANCE



1.1 ABOUT DAR AL TAKAFUL  
1.2 OUR JOURNEY

# ABOUT DAR AL TAKAFUL



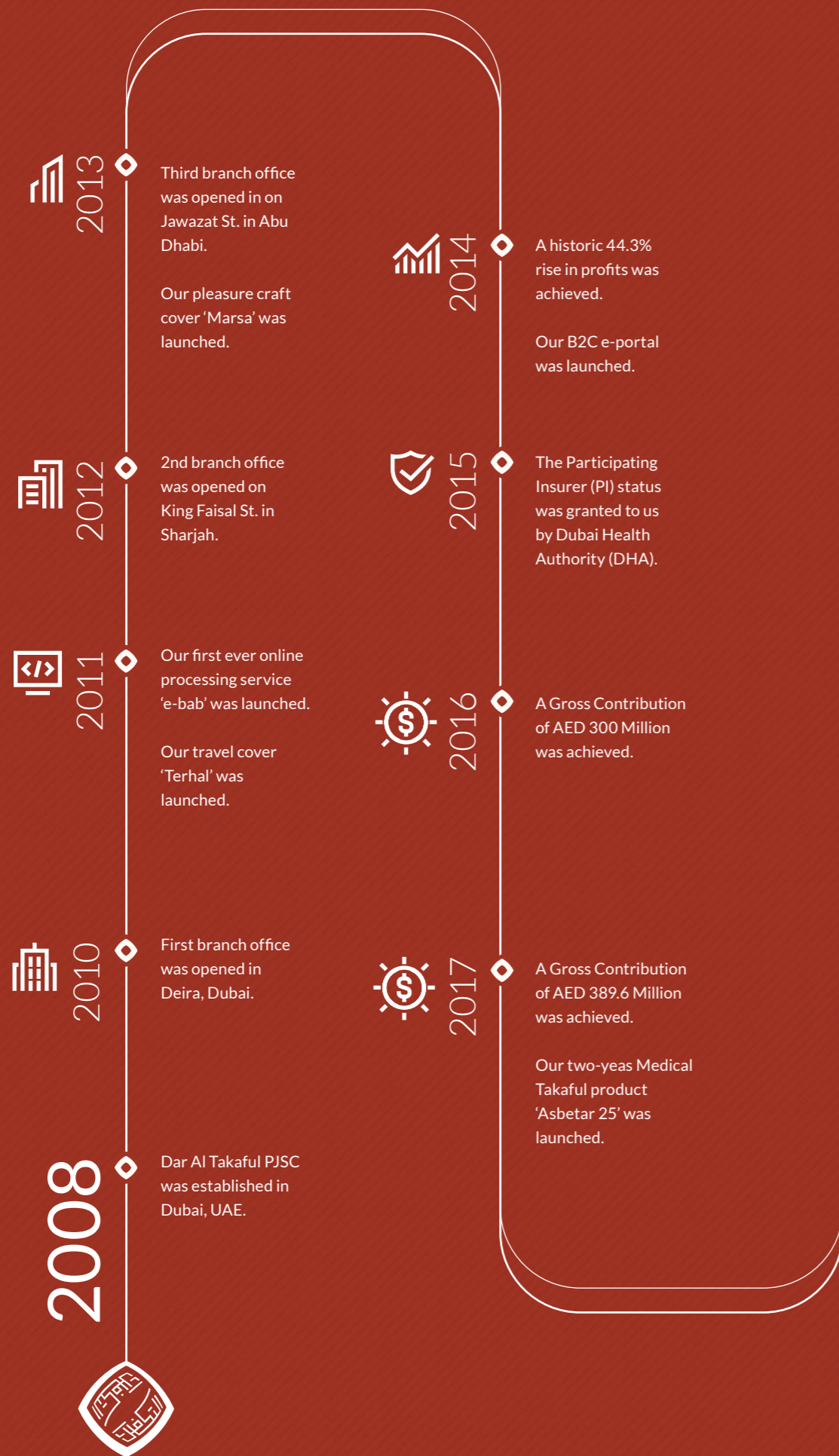
Dar Al Takaful PJSC has been delivering protection and peace of mind since 2008. Over the past **13 years** we have established ourselves as the House of Takaful in the region.

Shari'ah compliance and ethics are at the heart of everything we do! Our growth is backed by a culture of innovation and excellence.

Dar Al Takaful PJSC started with a paid-up capital of **AED 150 Million** and we have shown our commitment and determination to achieve further growth. In 2020, we completed the strategic acquisition of Noor Takaful, as we propel to form the largest Islamic Insurance company in the UAE.

With our digital acceleration initiatives, we aim to contribute more towards the growth of Takaful sector in the region.

# OUR JOURNEY



## NOOR TAKAFUL

ETHICAL INSURANCE  
A DAR AL TAKAFUL COMPANY

**Synergy**  
The strategic acquisition of Noor Takaful General and Noor Takaful Family in 2020 has brought us a step closer to becoming a leading Takaful provider in the region.

Through the acquisition, Dar Al Takaful has positioned itself as a holding company, diversified the range of Takaful products offered to customers and scaled up its market share. Both entities share the same innovative approach to Takaful insurance making the future extremely promising as we aspire to achieve only the best in Shari'ah compliant products.

**About Noor Takaful**  
Noor Takaful Family & Noor Takaful General are sister companies, established in early 2009, to provide a broad range of Takaful (Islamic insurance) general and customised Islamic insurance products and services to individuals, families, groups and companies in the UAE market. We are the first such entities to abide by the new Federal Law No 6 of 2007, which requires life and non-life insurance businesses to be separate legal entities.

Since our launch, we have made tangible progress in consolidating our scope and reach within the UAE market and have also successfully established the Noor Takaful brand, creating a solid foundation and platform for future growth with numerous industry leading awards and the esteemed ISO 9001:2015 certification. The Noor Takaful brand is built to provide the best quality of protection through modern, flexible, state-of-the-art channels and is backed by financially strong, 'A' rated re-Takaful partners.

# GOVERNANCE





**Mr. Matar Hamdan Sultan Hamad Al Ameri**  
Chairman



**Mr. Shahab Ahmed Lutfi Ali Harmoozi**  
Vice Chairman



**Mr. Khalaf Sultan Rashed Saeed Al Dhaheri**  
Member



**Mr. Abdallah Malek Osseiran**  
Member



**Ms. Meitha Mohamed Al Sharif Yousif Al Hashmi**  
Member



**Mr. Salah Ibrahim Sayed Mohammad Sharaf**  
Member



**Mr. Mahomed Akoob**  
Member



**Matar Hamdan Sultan  
Hamad Al Ameri**

Dar Al Takaful has closed yet another successful year with positive results across all segments of the business with a **202%** growth in our assets, from AED 551.2m in 2019 to **AED 1,662.5m** in 2020.

Assalam Alaikum,

It is with great pride I share that Dar Al Takaful has closed yet another successful year with positive results across all segments of the business with a 202% growth in our assets, from AED 551.2m in 2019 to AED 1,662.5m in 2020. The increase in assets and liabilities as compared to 2019 is primarily attributed to the 100% acquisition of Noor Takaful General PJSC and Noor Takaful Family PJSC, bringing with it a 14% rise in shareholder equity.

Despite the challenges that 2020 brought to us, the company completed its acquisition program as planned and delivered better results for its shareholders. Changes in the majority of Board of Directors during the year gave the company new vision and strategic direction, and the acquisition also strengthened Dar Al Takaful's general takaful and medical takaful products range.

These positive results are a testament to Dar Al Takaful's resilience and dedication to provide excellence to all our customers. The company expects to see a gradual improvement in the economy as businesses adapt to the new normal, resulting in a positive impact on the company.

I would like to take this opportunity to thank H.H Sheikh Khalifa Bin Zayed Al Nahyan, President of the United Arab Emirates and Ruler of Abu Dhabi, and Sheikh Mohammad Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, along with their Highnesses, the Rulers of other Emirates of the UAE, for their everlasting support.

Our gratitude goes to my fellow Board Members, and to our management in Dar Al Takaful and the team, for their sincere efforts and dedication to the continued progress of the company.

Finally, our success would not be possible without the contribution of our loyal customers and dedicated employees who have shared in our incredible journey thus far. We look forward to continuing to serve and support all of you in our efforts to exceed expectations.

The company is focused on mission to provide protection and deliver peace of mind. Its long-term strategy is to deliver growth and enhance shareholder value via innovation and technological efficiencies.

Thank you.

Yours Sincerely  
Matar Hamdan Sultan Hamad Al Ameri



**Rajesh Sethi**

Dar Al Takaful's ongoing underwriting discipline and improved retakaful arrangements resulted in a 60% increase in total takaful income of AED 116.9m in 2020 compared to AED 73.0m in 2019. Shareholders' equity has grown by 14%, rising from AED127.7m in 2019 to 145.4m in 2020.

Assalam Alaikum,

2020 was a challenging year across the world. At the same time, it was inspiring and heartwarming to see the resilience of people and companies, despite unimaginable setbacks and hardships. Looking back, it gives me immense pleasure to report that Dar Al Takaful continued to serve with excellence and had yet another successful year.

Dar Al Takaful's ongoing underwriting discipline and improved retakaful arrangements resulted in a 60% increase in total takaful income of AED 116.9m in 2020 compared to AED 73.0m in 2019. Shareholders' equity has grown by 14%, rising from AED127.7m in 2019 to 145.4m in 2020.

I am also proud to share that despite the adversities of the pandemic, Dar Al Takaful achieved a Net Profit of AED 22.6m compared to AED 4.9m in 2019, driven by the acquisition of Noor Takaful in July 2020 and stronger technical underwriting results. Earnings per share also recorded a significant increase of 358% from 0.033 to 0.151 dirhams.

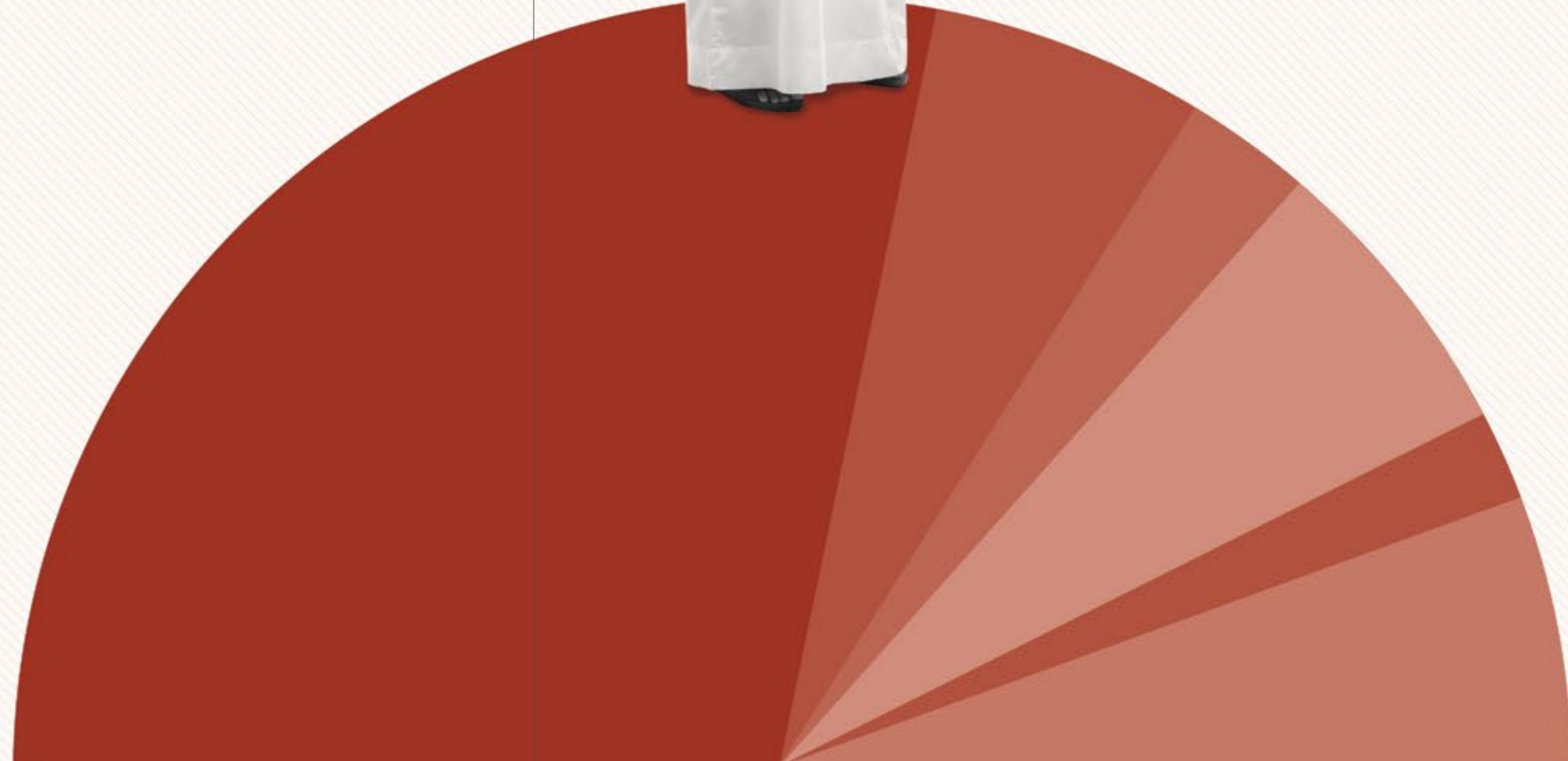
The acquisition of Noor Takaful and sudden onset of the pandemic brought with them a plethora of operational challenges. The management team completed, through virtual means, a seamless integration of the businesses. Strong business continuity discipline was maintained to ensure uninterrupted customer service and employee safety via a work-from-home operating model, without salary cuts. We secured a dedicated vaccination drive for all our employees and their immediate family members. Finally, we strengthened our Emiratization and national talent development efforts with 94% increase in Emiratization points, exceeding the requirements set by Insurance Authority.

Last year also saw the introduction of the "Stronger Together" campaign, and this applied most importantly to our front-line healthcare workers. To show our gratitude for their tireless service to the community, we sponsored initiatives such as the takaful cover for ambulances and included pandemic cover in the group family takaful for front-line staff engaged in the fight against COVID-19.

I would like to thank the UAE's rulers for their vision and decisive action to protect our communities. In addition, I would like to thank our respected board members for their wisdom and steadfast guidance through a year of particularly significant events – acquisition, integration, pandemic and new regulations. As always, I very much appreciate the can-do spirit and efforts of every colleague in Dar Al Takaful without which these results would not have been achievable. I look forward to celebrating more successes as we grow Stronger Together.

Yours sincerely,  
Rajesh Sethi

# ANNUAL REPORT





All praise be to Allah, Lord of the worlds, and Prayer and Peace be upon the Prophet Muhammad, his family, and the companions.

Assalam Alaikum W R W B

In compliance with article 72 of the Articles of Association of the Company, we are submitting the following report:

We have reviewed the principles which the Company's activities are based upon, the financial results of the Company, its investments and other activities that are related to the Company's activities in order to form an opinion as to whether or not Dar Al Takaful PJSC has complied with Shari'ah Rules and Principles in light of the specific Fatawa, rulings and guidelines issued by us during the period ended 31st December 2020.

The responsibility of ensuring that the Company conducts its business in accordance with Shari'ah Rules and Principles lies with Dar Al Takaful PJSC's management. Hence, the management is responsible for the activities and business of the Company and responsible for ensuring its implementation is in accordance with the principles of the Company which is to fully comply with the rules and principles of Shari'ah, whereas our responsibilities are only to form an independent opinion based on our review of the operations of Dar Al Takaful PJSC, and to report to you.

We have conducted our review through examining the financial results of the Company, and our review of the Company's balance sheet and income statement. We also reviewed deposits of the Company in financial institutions as well as the investments of the Company, and they were found to be all in Islamic banks and Shari'ah Compliant investments and portfolios. We have also reviewed the transactions of the Company within the period ending 31st December 2020 and resolved that transactions which were not in line with Shari'ah, be amended and rectified as necessary.

We have requested the information and explanations which we considered necessary in order to provide us with sufficient evidence

to be able to give reasonable assurance that Dar Al Takaful PJSC in its various activities and businesses has overall not violated Shari'ah Rules and Principles.

In our opinion, we would like to highlight the following points: The Company in its various activities, investments, deposits and businesses during the period ending 31st December 2020 has complied with Shari'ah Rules and Principles. There are certain operational Shari'ah issues that we have found in the operations of the Company and we have instructed them to be rectified, and the Company has undertaken to rectify them.

The Shari'ah Committee emphasizes the necessity of holding joint meetings between ISSC and The Company's management represented by the Board of Directors, heads and managers of departments and employees. Such meetings are important in order to enhance communication between the responsible authorities in the Company and updating each party of the most important business results and developments and discussing business issues and challenges facing the Company and Takaful Sector.

- Since the obligation to pay Zakat is the responsibility of the shareholders, the Committee hereby announces that the amount of Zakat due for each share is AED 0.00446. The Committee also urges the shareholders to fulfil the responsibility of paying Zakat in order to fulfil the third pillar of Islam.
- The Committee asserts that the use of any document, agreement, contract or engagement in any investment or activities must first be approved by the Committee in order to ensure that it is in compliance with Shari'ah, and this is as mentioned in the Memorandum and Articles of Association of the Company.
- The Committee hereby issues this report and praises the Company's noble effort in complying with the rules and principles of Islamic Shari'ah in order to attain the blessings from Allah, and the Committee prays to Allah that this effort will lead to attaining His blessings in wealth and deeds.

We pray to Allah, the Almighty that the company will be a success and wish its management all the best for the sake of its business interests. Finally, our last prayer be that praise be to Allah, the Almighty.

وصلّى الله تعالى على سيّدنا محمّد وعلى آله وصحبه أجمعين، وآخِر دعوانا أن الحمد لله ربّ العالمين

Members of the Internal Shari'ah Supervision Committee - Noor Takaful Family

Sheikh Dr Mohammad Abdul Rahim  
Sultan Al Olama  
Chairman

Sheikh Esam Mohammad Ishaq  
Member

Sheikh Dr Ibrahim Ali Almansoori  
Member

# INDEPENDENT AUDITOR'S REPORT



## Dar Al Takaful PJSC

### Independent Auditor's Report

#### Opinion

We have audited the consolidated financial statements of Dar Al Takaful PJSC (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities requirements in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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

#### 1. Valuation of takaful contract liabilities and retakaful contract assets

The estimation of liabilities arising from takaful contracts such as outstanding claims, incurred but not reported claims, unallocated loss adjustment expenses and unearned premium reserve, as disclosed in note 7 to the consolidated financial statements,

involves a significant degree of judgement. These liabilities are based on the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs and the pattern of risk distribution over the coverage period. Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

**We assessed management's calculations of the takaful contract liabilities and retakaful contract assets by performing the following procedures:**

- We tested the underlying Group data to source documentation;
- We have reviewed underlying data from Group's appointed actuary of client;
- Assessing the competence, capabilities, and objectivity of external valuers;
- We applied our industry knowledge and experience and we compared the methodology, models and assumptions used against recognised actuarial practices;
- Understood and tested the governance process in place to determine the takaful contract liabilities and retakaful contract assets, including testing the associated financial reporting control framework;
- We performed independent re-computations on selected classes of business, particularly focusing on the largest and most uncertain reserves. For these classes we compared our re-computed claims reserves to those booked by management, and sought to understand any significant differences;
- For the remaining classes we evaluated the methodology and assumptions, or performed a diagnostic check to identify and follow up any anomalies; and
- We involved our own actuarial specialist to assist us in performing our procedures in this area

## 2. Valuation of investment properties

Group holds investment properties under the fair value model as at 31 December 2020 amounting to AED 36.07 million (2019: AED 46.44 million), as detailed in note 11. The fair value estimate requires significant judgement and estimates by management and independent external valuers. The Group has involved independent external valuers in order to value the investment properties for the purpose of determining the fair value for inclusion in the consolidated financial statements. The existence of significant estimation and judgement coupled with change in valuation assumptions used could result in material change. Therefore, the



valuation of these investment properties was significant to our audit.

**Our audit procedures, among others, included:**

- Discussion with the independent valuer to understand the basis of valuation for each property and other judgements used in performing the valuation;
- Assessing the competence, capabilities, and objectivity of external valuers;
- Assessing the appropriateness of the key assumptions and methodologies used; and
- Checked on a sample basis, the accuracy and reasonable of the input data used.

## 3. Acquisition of Noor Takaful General PJSC and Noor Takaful Family PJSC

During the year, the Group acquired 100% of controlling stake in Noor Takaful General PJSC and Noor Takaful Family PJSC for a combined consideration of AED 215 million. The cost of the acquisition was accounted for by determining the fair value of assets and liabilities acquired, including intangible assets. This acquisition resulted in the recognition of intangible assets of AED 92.1 million and a gain on bargain purchase of AED 50.2 million as disclosed in note 30 to the consolidated financial statements.

The process of determining the fair value of assets requires the use of multiple estimates such as determining purchase price based on acquisition date, the allocation of the purchase price, the calculation of the discount rates and credit spreads, the opening statement of financial position, considering fair value adjustments recognised and the identification of intangible assets and the useful economic lives used in amortising intangible assets. Due to the size and complexity of the acquisition, we considered this to be a key audit matter.

**Our audit procedures, among others, included:**

- We confirmed that the effective date of the acquisition was in compliance with the requirements of IFRS 3 by inspecting the terms and conditions of the purchase agreement and the date management took control over the acquiree;
- Our audit procedures included reviewing the sale and purchase agreements for the acquisitions and assessing the acquisition accounting, testing the validity and completeness of consideration and evaluating management's assumptions and methodology supporting the fair values of intangible and net assets acquired;
- Our audit procedures also included the use of our own valuation specialists to challenge and corroborate, market data and information from similar transactions; and
- We also assessed the accuracy and sufficiency of the disclosure in the consolidated financial statements relating to the

acquisition, including the presentation and classification to determine if they were in compliance with the requirements of IFRSs.

#### 4. Impairment losses on takaful receivables including third party recoveries

The Group has takaful receivables that are overdue and not impaired (as disclosed in note 8 to these consolidated financial statements). The key associated risk is the recoverability of receivables. Management's related provision is subjective and is influenced by assumptions concerning the probability of default and probable losses in the event of default.

The work that we performed to address this key audit matter included the following procedures:

- We compared the historical provision for bad debts to the actual amounts written off, to determine whether management's estimation techniques were reasonable;
- We considered the adequacy of provisions for bad debts for significant customers, taking into account specific credit risk assessments for each customer based on time past due, the existence of any disputes over the balance outstanding, the history of settlement of receivables and the existence of any liabilities with the same counterparties which reduce the net exposure; and
- We discussed with management and reviewed correspondence, where relevant, to identify any disputes and assessed whether appropriately considered in the bad debt provision.

#### Other information

Management is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Management and Those Charged with

#### Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures

made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and

are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015, we report that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- the Group has maintained proper books of account;
- the financial information included in the report of the Directors is consistent with the books of accounts of the Group;
- as disclosed in note 5 to the consolidated financial statements, the Group has investment in shares during the financial year ended 31 December 2020;
- Note 33 to the consolidated financial statements reflects material related party transactions, and the terms under which they were conducted;
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2020 any of the applicable provisions of the U.A.E. Federal Law No. (2) of 2015, the UAE Federal Law No. (6) of 2007 concerning the establishment of the Insurance Authority and Organisation of its operation or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2020; and
- Note 42 to the consolidated financial statements reflects the social contributions made during the year.

Further, as required by the UAE Federal Law No. (6) of 2007, as amended, we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.



GRANT THORNTON  
Farouk Mohamed  
Registered Auditor Number 86

25 March 2021

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## Consolidated statement of financial position

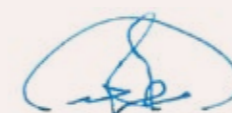
As at 31 December 2020

ASSETS	NOTES	2020 AED	2019 AED
<b>Takaful Operations Assets</b>			
Available-for-sale investments	5	1,000,000	3,350,308
Investments at fair value through profit or loss	5	429,885,226	-
Held to maturity investments	5	13,390,076	2,001,297
Due from shareholders	6	25,786,539	5,526,225
<b>Retakaful contract assets:</b>			
Unearned contribution	7	51,250,635	37,697,630
Claims reported unsettled	7	141,143,771	28,675,068
Claims incurred but not reported	7	16,827,982	13,500,322
Contribution deficiency reserve	7	200,430	25,537
Mathematical reserve	7	8,802,820	-
Takaful and other receivables	8	242,797,948	162,906,724
Prepayments and other receivables	9	3,744,919	4,425,368
Wakala deposits	10	127,731,667	107,898,591
Investment properties	11	15,768,081	19,531,036
Cash and cash equivalents	12	79,928,738	21,205,716
<b>Total takaful operations' assets</b>		<b>1,158,258,832</b>	<b>406,743,822</b>

ASSETS	NOTES	2020 AED	2019 AED	TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT	NOTES	2020 AED	2019 AED
Shareholders Assets				Takaful operations' liabilities			
Property and equipment	13	21,807,987	9,504,157	Deferred discount		4,093,442	2,251,897
Intangible assets	14	93,115,327	1,239,178	Takaful contract liabilities:			
Investment properties	11	20,299,776	26,911,464	Unearned contribution	7	214,512,341	198,156,600
Deferred policy cost	16	12,994,006	19,537,186	Claims reported unsettled	7	263,416,413	64,893,012
Available-for-sale investments	5	5,943,000	7,518,870	Claims incurred but not reported	7	34,679,368	26,154,504
Held to maturity investments	5	8,722,890	8,722,890	Unallocated loss adjustment expenses	7	5,730,083	3,112,732
Restricted deposit	15	16,000,000	6,000,000	Contribution deficiency reserve	7	1,831,156	692,348
Wakala deposits	10	259,336,170	54,251,618	Unexpired risk reserve	7	1,915,187	-
Prepayments and other receivables	9	13,674,652	3,733,537	Mathematical reserve	7	10,916,125	-
Cash and cash equivalents	12	52,374,868	6,172,340	Takaful payables	17	197,302,099	111,580,988
Assets included in subsidiary classified as held for sale		-	872,007	Takaful and investment contracts liabilities	18	429,885,226	-
<b>Total shareholders' assets</b>		<b>504,268,676</b>	<b>144,463,247</b>	<b>Total takaful operations' liabilities</b>		<b>1,164,281,440</b>	<b>406,842,081</b>
<b>Total assets</b>		<b>1,662,527,508</b>	<b>551,207,069</b>	<b>Takaful operations' deficit</b>			
				Qard Hassan against deficit in policyholders' fund	19	(213,740,895)	(68,356,006)
				Less: Provision against Qard Hassan to policyholders' fund	19	213,740,895	68,356,006
				Available-for-sale investments reserve	32	-	(98,257)
				<b>Total deficit from takaful operations</b>		<b>-</b>	<b>(98,257)</b>
				<b>Total takaful operations' liabilities and deficit</b>		<b>1,164,281,440</b>	<b>406,743,824</b>

SHAREHOLDERS' LIABILITIES AND EQUITY	NOTES	2020 AED	2019 AED
Shareholders' liabilities			
Other liabilities	20	106,905,102	10,713,628
Bonus reserves, net		5,263,519	-
Due to policyholders	6	25,786,539	5,526,225
Murabaha payable	21	214,855,660	-
Liabilities included in subsidiary classified as held for sale		-	526,994
<b>Total shareholders' liabilities</b>		<b>352,810,820</b>	<b>16,766,847</b>
Shareholders' equity			
Share capital	22	150,000,000	150,000,000
Statutory reserve	23	5,482,374	3,217,989
Retakaful reserves	23	642,503	-
Accumulated losses		(10,689,629)	(25,521,591)
<b>Total shareholders' equity</b>		<b>145,435,248</b>	<b>127,696,398</b>
<b>Total shareholders' liabilities and equity</b>		<b>498,246,068</b>	<b>144,463,245</b>
<b>Total liabilities, policyholders' fund and equity</b>		<b>1,662,527,508</b>	<b>551,207,069</b>

These consolidated financial statements were approved by the Board of Directors on 25 March 2021 and were signed on their behalf by:



Matar Hamdan Sultan Hamad Al Ameri  
Chairman

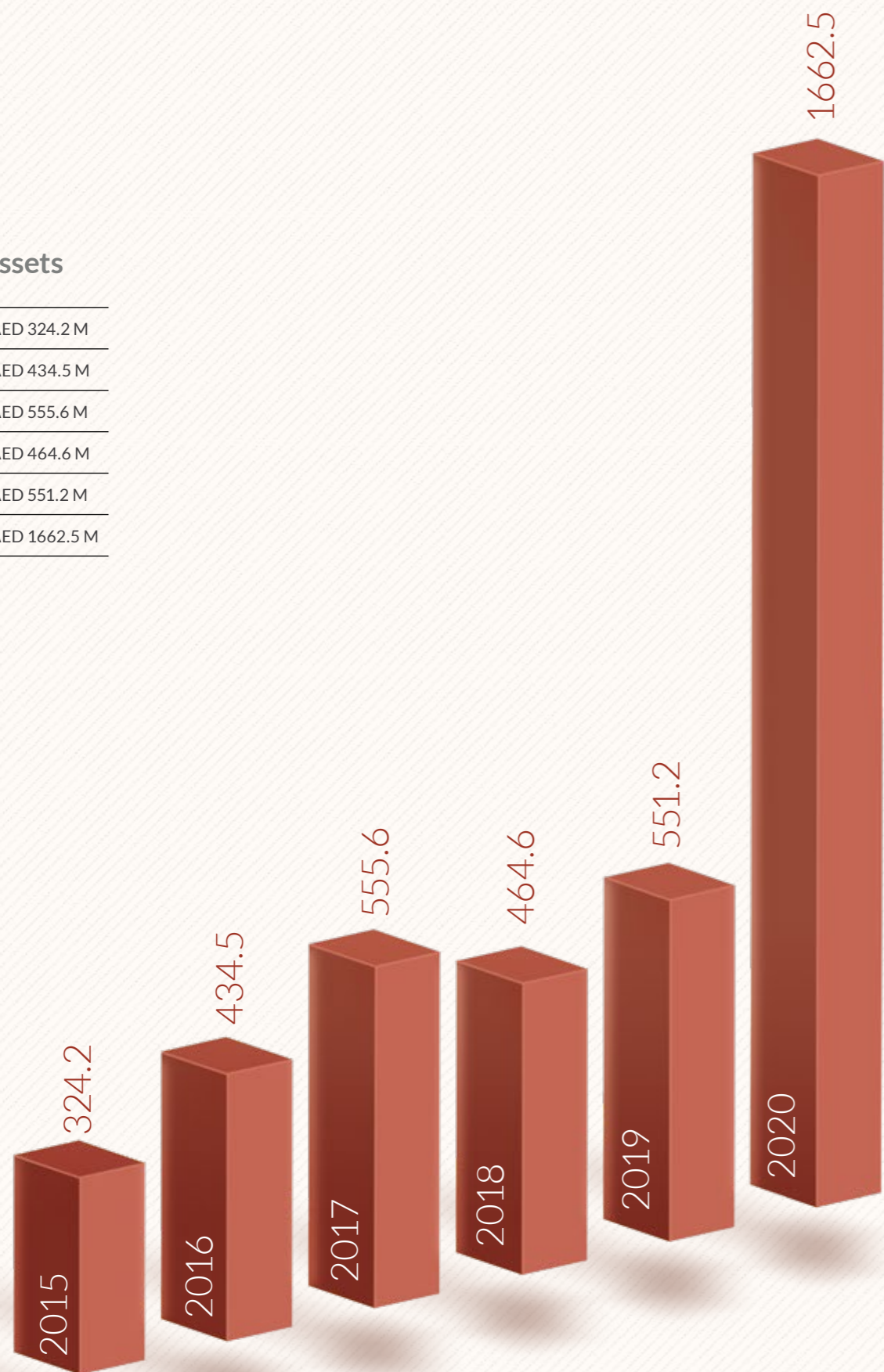


Rajesh Sethi  
Chief Executive Officer

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

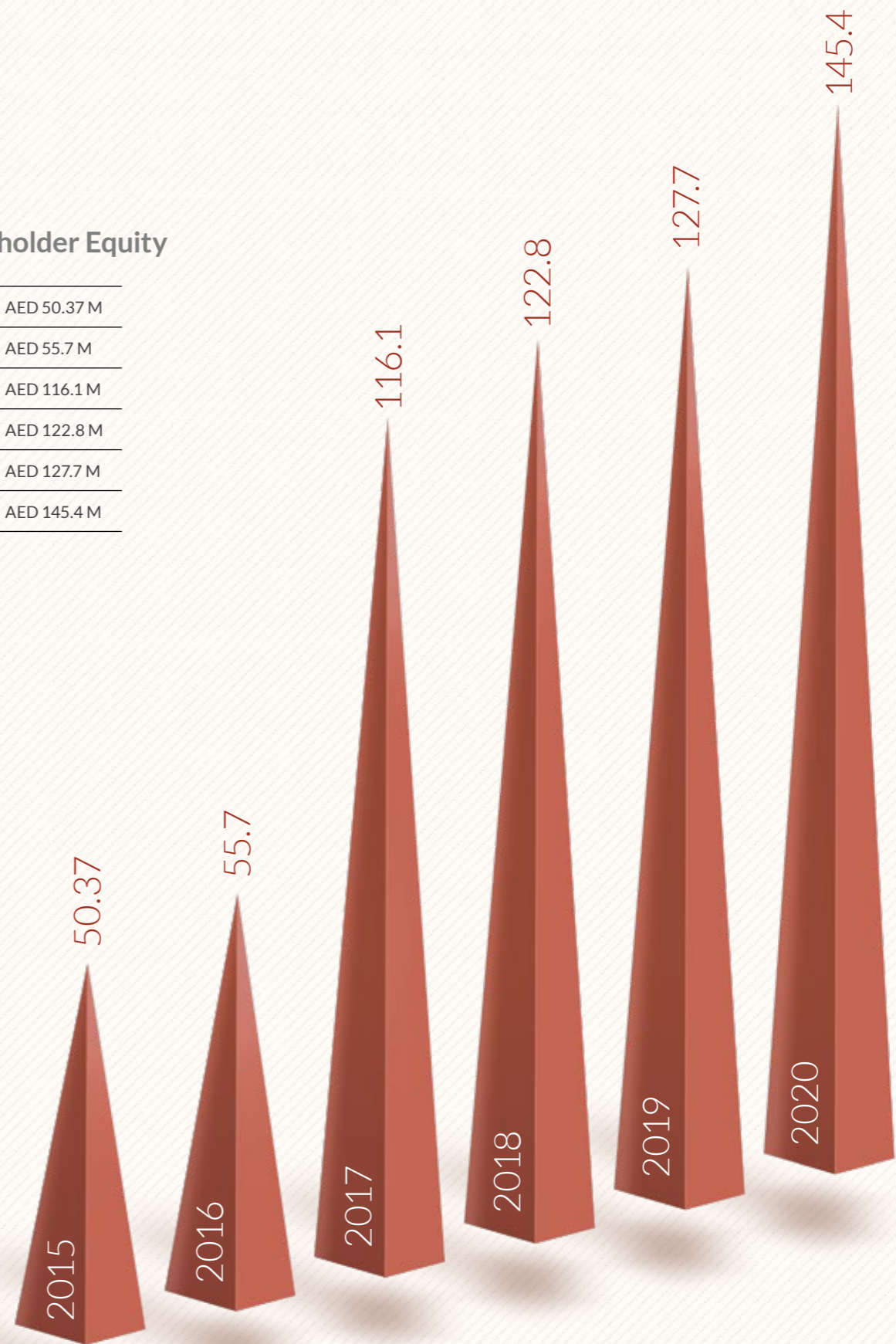
### Total Assets

2015	AED 324.2 M
2016	AED 434.5 M
2017	AED 555.6 M
2018	AED 464.6 M
2019	AED 551.2 M
2020	AED 1662.5 M



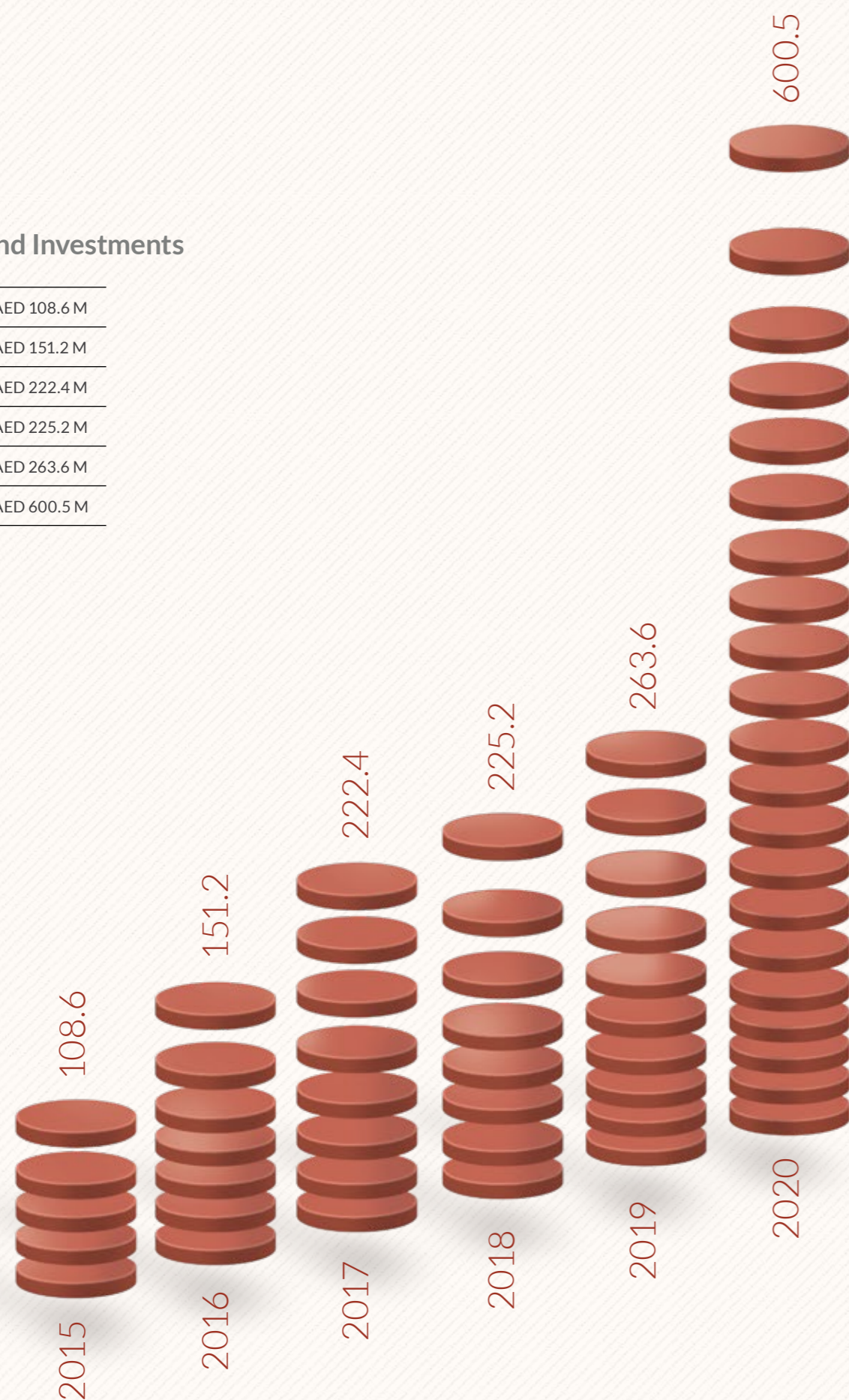
### Shareholder Equity

2015	AED 50.37 M
2016	AED 55.7 M
2017	AED 116.1 M
2018	AED 122.8 M
2019	AED 127.7 M
2020	AED 145.4 M



## Cash and Investments

2015	AED 108.6 M
2016	AED 151.2 M
2017	AED 222.4 M
2018	AED 225.2 M
2019	AED 263.6 M
2020	AED 600.5 M



02

## Consolidated statement of income

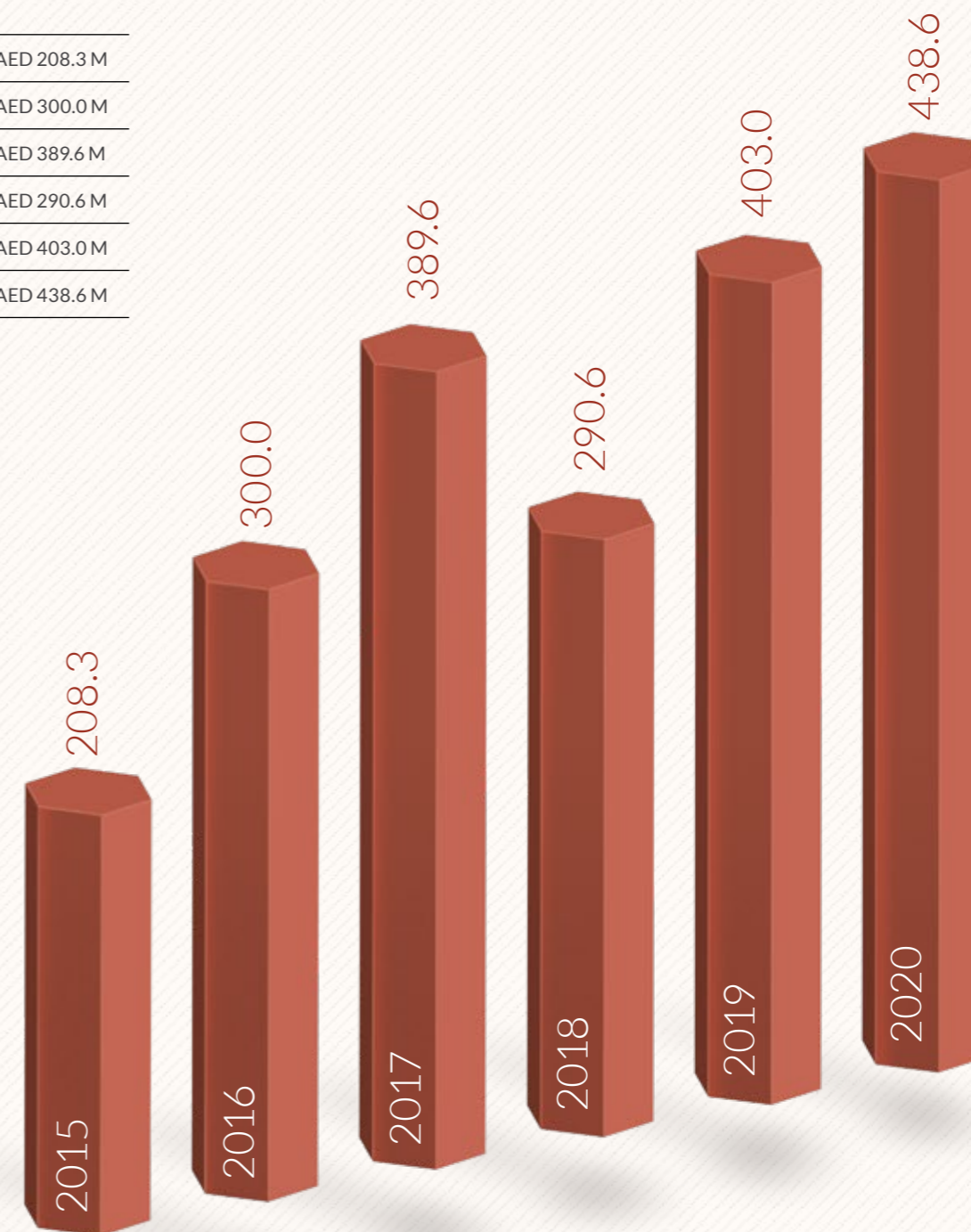
For the year ended 31 December 2020

Attributable to policyholders	NOTES	2020 AED	2019 AED
<b>Takaful income</b>			
Gross contribution written	24	433,046,890	402,217,704
Accepted business	24	5,539,833	748,623
Retakaful share of ceded business		(128,500,605)	(138,593,760)
<b>Net takaful contribution</b>		<b>310,086,118</b>	<b>264,372,567</b>
Net transfer to unearned contributions reserve		99,242,048	(86,964,712)
<b>Net takaful contributions earned</b>	<b>24</b>	<b>409,328,166</b>	<b>177,407,855</b>
Discount earned		9,138,268	6,130,194
Policy fee		23,684	25,771
<b>Total takaful income</b>		<b>418,490,118</b>	<b>183,563,820</b>
<b>Takaful expenses</b>			
Gross claims paid	25	(342,411,913)	(196,952,096)
Retakaful share of ceded business paid	25	129,453,552	99,216,350
<b>Net takaful claims paid</b>		<b>(212,958,361)</b>	<b>(97,735,746)</b>
Change in provision for outstanding claims		(51,863,608)	(13,864,293)
Change in retakaful share of outstanding claims		1,479,673	1,230,759
Change in net incurred but not reported claims		1,572,286	5,260,593
Change in unallocated loss adjustment expenses reserve		(1,442,356)	(1,480,132)
Changes in contribution deficiency reserve		(950,485)	(192,378)
Change in investment contracts and mathematical reserves		(66,804,255)	-
Net gain on assets held at fair value through profit or loss		40,741,508	-
<b>Net claims incurred</b>	<b>25</b>	<b>(290,225,598)</b>	<b>(106,781,197)</b>

Net claims incurred	NOTES	2020 AED	2019 AED
Excess of loss of takaful contribution		(3,056,369)	(2,249,830)
Other takaful expenses	26	(8,324,782)	(1,485,662)
<b>Total takaful income</b>		<b>116,883,369</b>	<b>73,047,131</b>
Wakala fees	27	(123,754,852)	(120,889,900)
Mudarib's fee	27	(1,271,443)	(1,718,608)
Investment and other income	29	811,187	3,162,954
<b>Net loss from takaful operation for the year</b>		<b>(7,331,739)</b>	<b>(46,398,423)</b>
<b>Attributable to shareholders</b>			
<b>Income</b>			
Wakala fees from policyholders	27	123,754,852	120,889,900
Mudarib's fee	27	1,271,443	1,718,608
Investment income	29	179,657	3,170,026
		125,205,952	125,778,534
<b>Expense</b>			
General and administrative expenses	28	(69,806,859)	(34,217,203)
Policy acquisition cost	16	(56,915,886)	(35,181,363)
Acquisition cost of subsidiaries	30	(15,645,474)	-
Finance cost		(1,696,178)	-
Changes in bonus reserve		624,771	-
Other underwriting expenses		(1,977,333)	(1,752,419)
Gain on bargain purchase	30	50,186,596	-
Loss for the year from subsidiary classified as held for sale		-	(3,323,966)
		(95,230,363)	(74,474,951)
Profit for the period before Qard Hassan		29,975,589	51,303,583
Provision against Qard Hassan to policyholders	19	(7,331,739)	(46,398,423)
Net profit for the year attributable to shareholders		22,643,850	4,905,160
Earnings per share	31	0.151	0.033

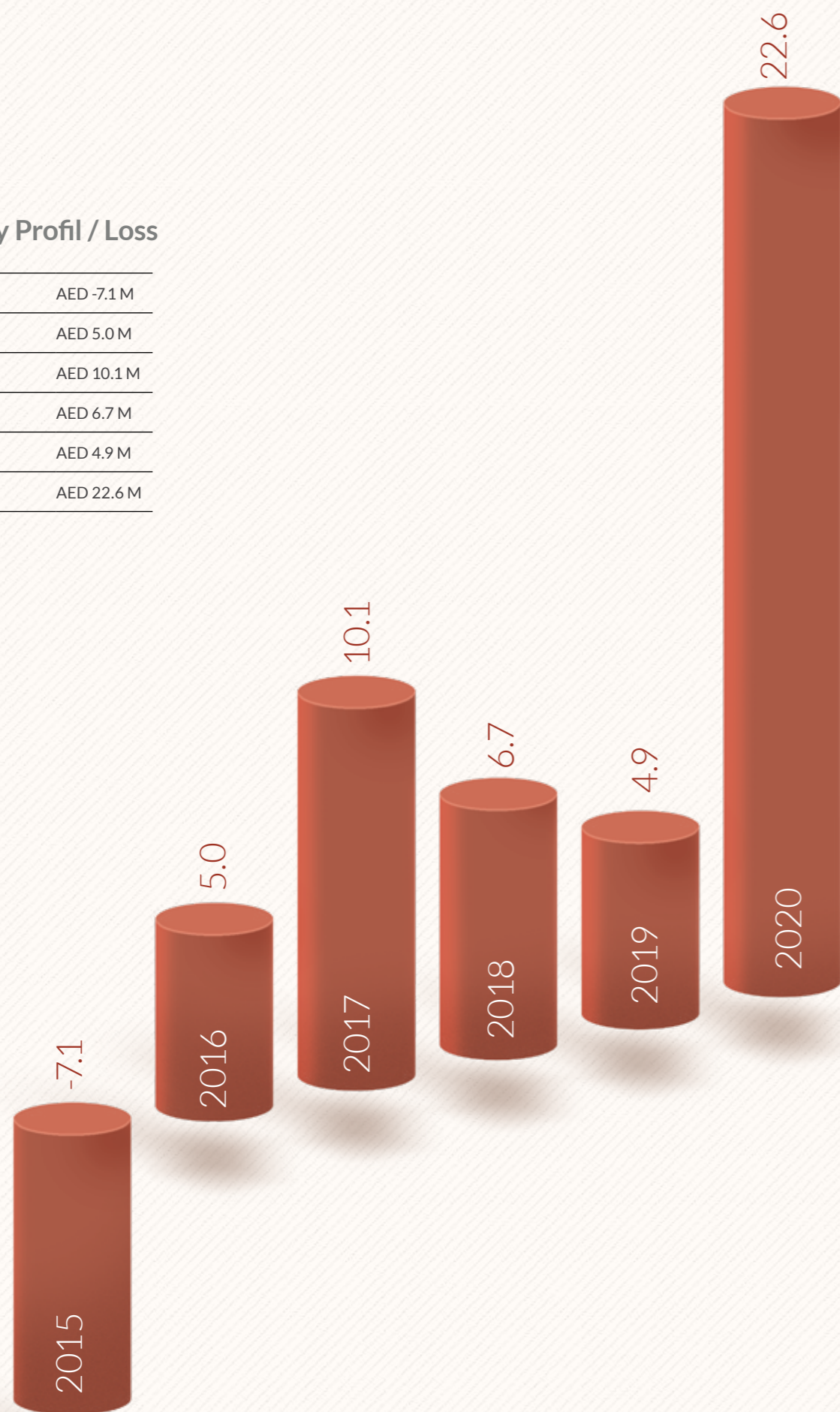
## Gross Contribution

2015	AED 208.3 M
2016	AED 300.0 M
2017	AED 389.6 M
2018	AED 290.6 M
2019	AED 403.0 M
2020	AED 438.6 M



## Company Profil / Loss

2015	AED -7.1 M
2016	AED 5.0 M
2017	AED 10.1 M
2018	AED 6.7 M
2019	AED 4.9 M
2020	AED 22.6 M



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## Consolidated statement of comprehensive income

For the year ended 31 December 2020

Attributable to policyholders	2020 AED	2019 AED
Net loss from takaful operation for the year	(7,331,739)	(46,398,423)
<b>Other comprehensive loss</b>		
<b>Items that maybe reclassified subsequently to profit or loss</b>		
Reclassification adjustments relating to available-for-sale financial assets disposed off during the year	98,257	142,080
Unrealised loss on available-for-sale investments	-	(98,257)
<b>Other comprehensive income for the year</b>	<b>98,257</b>	<b>43,823</b>
<b>Total comprehensive loss for the year attributable to policyholders</b>	<b>(7,233,482)</b>	<b>(46,354,600)</b>
<b>Attributable to shareholders</b>		
Net profit for the year	22,643,850	4,905,160
<b>Other comprehensive income</b>		
<b>Items that maybe reclassified subsequently to profit or loss</b>		
Reclassification adjustments relating to available-for-sale financial assets disposed off during the year	-	(49,623)
<b>Other comprehensive loss for the year</b>	<b>-</b>	<b>(49,623)</b>
<b>Total comprehensive income for the year attributable to shareholders</b>	<b>22,643,850</b>	<b>4,855,537</b>

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## Consolidated statement of changes in equity

For the year ended 31 December 2020

	SHARE CAPITAL AED	STATUTORY RESERVE AED	ACCUMULATED LOSSES AED	AVAILABLE-FOR-SALE INVESTMENTS RESERVE AED	RETAKAFUL RESERVE AED	TOTAL AED
<b>Balance at 1 January 2019</b>	150,000,000	2,727,473	(29,936,235)	49,623	-	122,840,861
Profit for the year	-	-	4,905,160	-	-	4,905,160
Other comprehensive income for the year	-	-	-	(49,623)	-	(49,623)
Total comprehensive income for the year	-	-	4,905,160	(49,623)	-	4,855,537
Transfer to statutory reserve	-	490,516	(490,516)	-	-	-
<b>Balance at 31 December 2019</b>	150,000,000	3,217,989	(25,521,591)	-	-	127,696,398
Net profit for the year	-	-	22,643,850	-	-	22,643,850
Other comprehensive loss for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	22,643,850	-	-	22,643,850
Dividend paid during the year (note 22)	-	-	(4,905,000)	-	-	(4,905,000)
Transfer to statutory reserve (note 23)	-	2,264,385	(2,264,385)	-	-	-
Transfer to retakaful reserve (note 23)	-	-	(642,503)	-	642,503	-
<b>Balance at 31 December 2020</b>	150,000,000	5,482,374	(10,689,629)	-	642,503	145,435,248

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## Consolidated statement of cash flows

For the year ended 31 December 2020

	NOTES	2020 AED	2019 AED
<b>Cash flows from operating activities</b>			
Profit for the year		22,643,850	4,905,160
Adjustments for:			
Depreciation of property and equipment	13	3,081,471	1,765,223
Amortisation of intangible assets	14	7,192,975	388,760
Provision for doubtful receivables		6,592,758	1,485,662
Impairment in assets of subsidiary		-	2,200,000
impairment in loss in property and equipment	14	4,007,282	
Change in fair value of investment properties	11	10,374,643	2,393,725
Impairment loss on financial assets carried at AFS	29	1,575,870	-
Realised loss on sale of financial assets carried at AFS	29	208,245	195,119
Income from wakala deposits		(6,026,931)	(5,663,650)
Income from debt securities		(1,089,542)	(820,998)
Dividend income on securities		(304,286)	(82,934)
Rental income		(1,129,891)	(1,939,590)
Finance cost		1,696,178	-
Amortisation of murabaha facility		(144,340)	-
Gain on bargain purchase of subsidiaries	30	(50,186,596)	-
Provision for employees' end of service benefits	20	430,799	680,944

	NOTES	2020 AED	2019 AED
<b>Operating cash flows before changes in operating assets and liabilities</b>		(1,077,515)	5,507,421
Decrease/(increase) in takaful and other receivables		72,461,614	(59,747,280)
(Increase)/decrease in prepayments and other receivables		(9,260,666)	451,620
Decrease/(increase) in deferred policy costs		6,543,180	(7,028,433)
Decrease in retakaful assets		26,782,919	18,218,500
Decrease in deferred discount received		1,841,545	175,454
Increase in bonus reserve		5,263,519	-
(Decrease)/increase in takaful contract liabilities		(154,877,523)	76,714,587
Increase in takaful payables		34,071,031	1,265,353
Increase in other liabilities		30,875,435	23,078
<b>Cash generated from operations</b>		<b>12,623,539</b>	<b>35,580,300</b>
End of service benefits paid	20	(1,415,685)	(453,919)
<b>Net cash generated from operating activities</b>		<b>11,207,854</b>	<b>35,126,381</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	13	(3,558,856)	(1,895,056)
Acquisition of intangible assets	14	(272,851)	(107,353)
Purchase of investment securities	5	(11,388,778)	-
Proceeds from sale of investment securities	5	2,350,308	644,250
Income received on Wakala deposits		6,026,931	5,663,650
Net cash outflow on acquisition of subsidiaries	30	(110,106,600)	-
Income received from debt securities		1,089,542	820,998
Dividend income received		304,286	82,934
Wakala deposits made during the year - net		11,081,972	(39,252,306)
Rental income		1,129,891	1,939,590
Finance cost paid		(1,696,178)	-
Investment restricted deposits during the year- net		(10,000,000)	-
<b>Net cash used in investing activities</b>		<b>(115,040,333)</b>	<b>(32,103,293)</b>

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## Consolidated statement of cash flows

For the year ended 31 December 2020

	NOTES	2020 AED	2019 AED
<b>Cash flows from financing activity</b>			
Payment of lease liabilities		(1,336,971)	(588,581)
Dividend paid		(4,905,000)	-
Proceeds from murabaha facility obtained		215,000,000	-
<b>Net cash generated from/(used in) financing activity</b>		<b>208,758,029</b>	<b>(588,581)</b>
<b>Net increase in cash and cash equivalents</b>		<b>104,925,550</b>	<b>2,434,507</b>
Cash and cash equivalents			
At the beginning of year		27,378,056	25,038,123
Included in the subsidiary classified as held for sale		-	(94,574)
<b>Cash and cash equivalents at the end of the year</b>	<b>12</b>	<b>132,303,606</b>	<b>27,378,056</b>

To view the full financials and notes please visit [www.dat.ae](http://www.dat.ae)

