

# beating *the storm*





# beating *the storm*

“While many remained enmeshed in the quagmire of 2020, we stood our ground in order to propel ourselves to do better. The versatile platforms of online innovations developed over the years remained robust in connecting with our stakeholders and meeting their needs in these extraordinary times. This speaks volumes for our agility & flexibility. As such we were better equipped to deliver record results. Commitment and staying true to Takaful, together, we beat the storm!”

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# our vision

“To be a world-class Takaful service provider.” We will benchmark our delivery of value to that of world-class service providers in terms of product and services, whilst upholding the principles of Takaful. Our delivery will reach all our stakeholders including customers, shareholders, suppliers, regulators, our staff and the community at large.

# our mission

“Providing total Takaful solutions within the guidelines of Shari’ah and serving all in an admirable manner.”

# our values

“As a company and as individuals we believe, in doing what’s right – for what’s right is good. To uphold integrity, sincerity, honesty and mutual respect whilst committing ourselves to all our stakeholders to consistently deliver exceptional value and to take on challenges that we relentlessly strive to see through.”

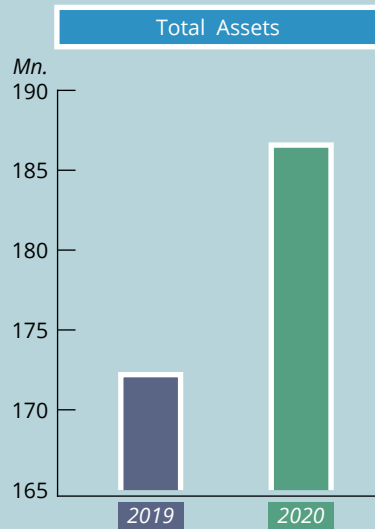
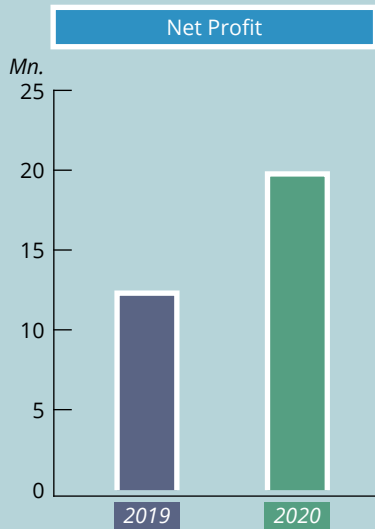
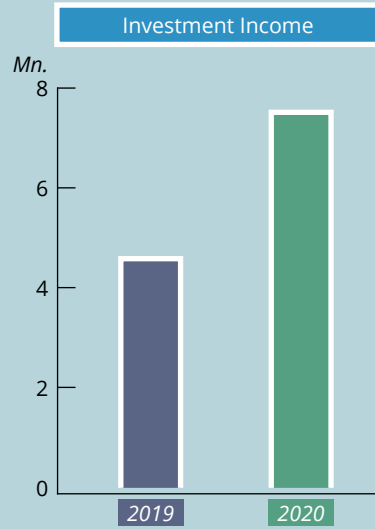
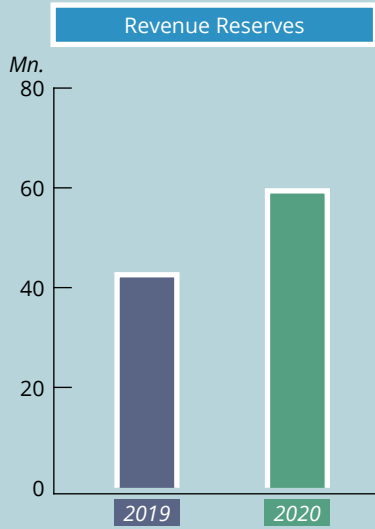
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## Financial Highlights

	2020 (MVR)	2019 (MVR)
Revenue	142,229,099	149,362,057
Profit after Tax	19,961,376	12,481,318
Return on Equity	20.10%	15.53%
Total Investments	136,266,652	110,971,722
Total Assets	186,784,092	172,378,901
Total Revenue Reserves	59,186,097	42,514,045
Issued Share Capital	26,314,583	26,314,583
Net Assets Value per Share	4.91	3.97
<b>General Takaful Fund</b>		
Gross Written Contribution	127,888,772	138,134,349
Underwriting Results	38,304,623	34,549,839
Net Profit	12,584,809	6,944,280
<b>Shareholders Fund</b>		
Wakalah Fee (Management Fee)	28,897,084	28,294,421
Net Profit	7,376,567	5,537,038

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## Chairman's Review





“As a listed company, ATM remains fully committed to advocate and sustain best practices, uncompromising standards in corporate governance, and implementation of a robust risk management framework.”

لسلام عليكم ورحمة الله وبركاته

It is with great pleasure that I welcome you all, our shareholders, to the Annual General Meeting of Amana Takaful (Maldives) PLC (ATM). In so doing, I wish to present the Annual Report and the Financial Statements for the year 2020.

Counting eighteen years in pioneering Islamic Finance in the Archipelago, with almost a decade as an independent, listed entity, your company has consistently demonstrated exemplary performance, in meeting and exceeding key parameters in business results. Challenges have been many, yet the current global pandemic has been extra-ordinarily devastating in terms of impact on human and socio-economic conditions. The nation's heavy dependence on Tourism and the resulting nose-dive with restrictions in global travel, affecting the wider ecosystem and sustainability of the allied industries. These collectively impacted livelihoods in both the formal and non-formal sectors, with the latter bearing its brunt. Notwithstanding the severity of the ongoing pandemic, your company was able to deliver exemplary results, while maintaining high ethical standards and in full regulatory compliance. The nimbleness of Amana Takaful's organizational capability and resilience of our model is amply borne out in these difficult times.

Despite the overall downside in the Industry's Gross Written Contribution, in which ATM too took a hit of 7% compared to the previous year, profit after tax climbed 60% to MVR 19.96 Mn.

Given these results in 2020, shareholders may well note that your Board declared a noteworthy interim dividend of 7.5% of the face value of shares, in respect of the same financial year. Furthermore, during the period under review, the company has disbursed MVR 3.2 Mn as Surplus Refund to non-claimant participants from the risk pool, signifying our steadfast intent to the true tenet of Takaful. We've done so, devotedly for the past eight years, to the tune of MVR 9.8 Mn and pledge to re-double our efforts in the future. As the pioneer Takaful operator, under license by the Maldives Monetary Authority, we strive towards delivering real stakeholder value.

Exceptional performance in equities and fixed income instruments yielding returns of MVR 7.6 Mn boosted the bottom-line significantly. While local Shari'ah-compliant sovereign investment opportunities remain a challenge, fund optimization to yield good returns, continue unabated. In constant evaluation to minimize market/exchange losses, an exit from certain overseas equity investments was necessitated.

While the market is yet to recognize the negative consequence of rate-cutting as a competitive strategy to acquire quick market share, correction in pricing is essential to attain sustainability of the industry. Evidently, the rated re-insurance companies have been over-cautious of Maldivian risks as their level of appetite shrinks. On a broader perspective, this could hamper all players in the long run.

## Chairman's Review

We appreciate the approach and effort of the policymakers to bring about fair play and justice for business sustainability, devoid of preferential bias, as a welcome change. We remain optimistic that the new regulations and the draft Insurance Act will serve as a harbinger for good governance and strengthen confidence in the insuring public.

As a listed company, ATM remains fully committed to advocate and sustain best practices, uncompromising standards in corporate governance, and implementation of a robust risk management framework. In embracing these ground rules, we have ensured the reinforcement of corporate reputation, augmenting stakeholder confidence and ensuring shareholder value creation. We remain focused and determined on adherence to such principles to deliver on expectations of policyholders, stakeholders and the regulatory authorities. The robustness of the risk assessment programs are so designed to achieve the intended business results. In strengthening Shari'ah governance, an internal unit has been set-up, while continuing to access shared services from our parent body.

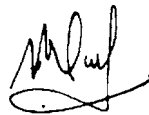
We remain cautiously optimistic of post-pandemic opportunities that arise from the multi-faceted social up-liftment and development programs to take advantage of the business potential that it presents. In this regard, necessary investments have been made on technological, infrastructure and skills development together with innovative product offerings.

I wish to thank my colleagues on the Board for their contribution and prudent advice to guide the company to a position of strength. I also express my gratitude to Dr. Abdullah Shiham who is retiring from the Board after serving for the past nine (9 years). I thank him for his active participation in the affairs of the company and wish him success.

The Board joins me in tribute to the Management and staff of ATM for their relentless commitment, and uncompromising zeal, despite the lockdown, while putting themselves at risk, at times, to alleviate the needs of our customers.

My sincere appreciation to our loyal customers for their trust and unwavering forbearance in these trying times.

Since listing, given ATMs track record of sustainable growth in the past 9 years, the last of which has seen un-imaginable turbulence gives us renewed vigor and vitality to look forward to yet another good year. In Sha Allah.



**Tyeab Akbarally**  
Chairman

1st April 2021

## Managing Director/CEO's Review



## Managing Director/CEO's Review

“In adopting a “learning by doing” ethos, we redevise strategies to respond to the emerging market conditions, which enabled bottom-line improvement, thus re-assuring our commitment to deliver real shareholder/stakeholder value.”

لسلام عليكم ورحمة الله وبركاته

In presenting this Annual Performance Review of Amana Takaful (Maldives) PLC (ATM) for 2020, I salute all our stakeholders for their steadfastness and unflinching commitment, amidst this unprecedented human catastrophe, in working together, to “Beat the Storm.” Let me assure you, that the lessons learnt will be documented and remain with us, notwithstanding the resultant exemplary performance.

In this eighteenth year of operation, ATM reports a consolidated profit of MVR 19.96 Mn, 60% growth over the previous year.

History will record the year as one of unpredictable global turbulence and uncertainty that threatened the very survival of humanity in all aspects, with the emergence of the pandemic. This consequence, forced the world community to innovate a new normal. Harnessing our capacity and capabilities, we resolved to rise above the tremendous odds and Beat the Storm. Our technological foresight, developed over the years, was a forerunner in this endeavor. Connectivity through Customer Touch-points was the key enabler in Amana Takaful emerging unscathed.

Expectedly, Gross Written Contribution took a dip, though restricted to 7%, due to the unfavorable all-round volatility. Nonetheless, cumulative profit after tax of MVR 7.37 Mn, under the Shareholders Fund and MVR 12.58 Mn under the General Takaful Fund translates into a growth of over 35% and 79% respectively compared to the previous year.

Underwriting results increased by 10% to MVR 34.8 Mn in the same comparison maintaining a healthy year on year record. Noteworthy in this achievement is that all key classes of business delivered product-line-underwriting profitability.

In adopting a “learning by doing” ethos, we redevise strategies to respond to the emerging market conditions, which enabled bottom-line improvement, thus re-assuring our commitment to deliver real shareholder/stakeholder value. Let me enumerate, three such areas:

- a. Productivity improvements through efficient Cost Management in tandem with an uncompromising zeal to meet customer expectations
- b. Despite isolated material claims, the overall magnitude and volume of claims gradually reduced
- c. Improved investment returns Net investment income of MVR 7.5 million improved significantly by 63%

Given our avowed commitment, year on year, to stay steadfast to the Takaful concept, we announce the pay-out of a Surplus in this ninth consecutive year too. Frequent pay-outs during the year, with an improved share, is fast becoming the norm.

The industry's negative GWP growth 2020, from the track record of double-digit growth in the previous years, is indicative of the gloomy economic conditions. This is borne out in the class-wise performance as well.

Notwithstanding, the company retained its market share. The Withholding Tax regime for reinsurance contracts, introduced in the year under review, has major repercussion on the insurance industry as a whole. We remain hopeful that, with the collective effort of the fraternity, a viable solution will emerge in the near future.

Knowledge and skill enhancement programs continue unabated even during the pandemic. Staff members were given the opportunity to learn and participate in various technical sessions and pursue professional insurance courses online, facilitated by the Company. The High-Performance culture, this time around, encompassed, a spirited and seamless 'work from home' arrangement, that continues to be successfully executed to provide uninterrupted customer services. For over two months during the lockdown period, every function of the company was effectively carried out with a high level of preparedness. It is with pride I state, as a public listed company, Amana Takaful, successfully conducted its 9th Annual General Meeting: a First, in the archipelago, via virtual platform with active shareholder participation.

Though cost containment is key, in this uncertain climate, ATM assured, Environment, Health and Safety work practices with reassured job security, and un-diminished remuneration.

I wish to express my appreciation to each and every member of the Amana family for their hard work, dedication and enthusiasm demonstrated during the challenging times.

ATM's adaptability to respond to the desired business climate was driven purely through technological efficacy to connect with the customers, seamlessly. Social distancing imperatives have brought about compelling features in Mobile App and web access, necessitating upgrades to the core system to improve transactional capabilities. Emphasis was put for automated process by replacing resource-intensive manual tasks. Innovation and adaptability remain at the heart of our business.

For the third consecutive year, we were adjudged as the Takaful Entity of the Year at the Islamic Finance Forum of South Asia (IFFSA), in recognition of outstanding performance and contribution to Islamic Finance. In the same year, ATM received the prestigious accolade of GOLD100 for the second consecutive time. We dedicate this prestigious award to all our loyal customers.

In conclusion, I wish to pay tribute to our Chairman and the Board for their continued wisdom, guidance and support at all times, in discharging my duties.

I thank the Shari'ah Advisory Council for their consultations and timely guidance to stay steadfast to our principles and ethics.

I would like to pay tribute to our customers, strategic partners and authorities for their continued loyalty, valued patronage and ready referrals, enabling ATM to expand the concept of Takaful as the true flag-bearers of the concept in the archipelago.

As we embark on yet another year, we remain resolute to our innovations credo, our record for a unique style of service, and resolve to be a game-changer, with customers at the heart of our service. Ameen.



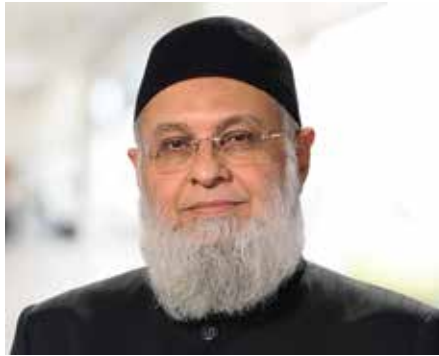
**Hareez Sulaiman**  
*Managing Director/CEO*

1st April 2021

## Board of Directors



**1. Tyeab Akbarally**  
Chairman



**2. Osman Kassim**  
Director



**3. Dato' Mohd Fadzli Yusof**  
Director



**4. Mr. Mohamed Haniffa  
Mohamed Rafiq**  
Director



**5. Mr. Abdullah Kassim**  
Director



**6. Mr. Hareez Sulaiman**  
Managing Director/CEO



**7. Dr. Abdullah Shiham Hassan**  
Director

### 1. Tyeab Akbarally

#### Chairman

Mr. Tyeab Akbarally is the Chairman of the Company. He has been a part of the Board since its inception. He is also a Director of Akbar Brothers Ltd., the largest tea exporter in Sri Lanka. Mr. Akbarally's business interests extend to many sectors of the economy including Pharmaceutical Trade, Hydro, Wind and Solar Power and Commodity Trading. He is also on the Board of several companies in the Akbar Brothers Group and is the Deputy Chairman of Amana Bank Ltd.

### 2. Osman Kassim

#### Director

Mr. Osman Kassim, the visionary and one of the main promoters of Amāna Group of Companies is the Chairman of Amāna Bank. Mr. Kassim is renowned for his expertise in Islamic Banking & Financial Services and has participated in numerous international fora. He counts over 35 years of senior management experience. Mr. Kassim plays a dynamic role in determining and envisaging the strategic path of Amāna Bank and the group as a whole. He has also served as the Chairman of Expolanka Holdings PLC, one of the largest conglomerates in the country.

Mr. Osman Kassim has an Honorary Doctorate from Staffordshire University, UK.

### 3. Dato' Mohd Fadzli Yusof

#### Director

Dato' Mohd Fadzli Yusof has been on the Board since its inception. He was the founder Chief Executive Officer of Syarikat Takaful Malaysia Berhad, the first Takaful Operator in Malaysia as well as in Asia, since its incorporation in 1984 until his retirement in 2005. He obtained the professional Diploma in Communication, Advertising and Marketing (CAM) from the CAM Foundation in the United Kingdom in 1976. He started his career in broadcasting, including six years with the BBC External Service in London. Currently he is an independent member of the Board of Amāna Takaful PLC, Sri Lanka and Hei Tech Padu Berhad, Malaysia. He is also a member of the Board of Motor Research Consortium Data Sdn Bhd, a subsidiary of Hei Tech Padu Berhad.

He has also been appointed as a member of the Board of State Economic Development Corporation of Kelantan, Malaysia. On the academic front he serves as the Fellow, University Islam Malaysia. He is also a member of the Board of Trustees Sultan Mizan Royal Foundation an NGO institution.

### 4. Mr. Mohamed Haniffa Mohamed Rafiq

#### Director

Mr. M.H.M. Rafiq has been on the Board since its inception. He has been involved in the insurance industry for over four decades. His interests are extremely diverse and include Education, Healthcare and Real Estate, just to name a few. Mr. Rafiq, with his wealth of experience in the sphere of insurance, plays an active role in Amāna Takaful PLC, Sri Lanka.

### 5. Mr. Abdullah Kassim

#### Director

Mr. Abdullah Kassim has been appointed as Independent Non-Executive Director to the Board effective from 05th May 2017.

Abdullah Kassim is a young business leader with an aptitude to take up challenging assignments. Kassim was instrumental in the turn-around of Neptune Papers, a Recycling operation in Sri Lanka, which was in distress at the point of his take-over. Previously he played the role as Head of Business Development of Expo Lanka Holdings PLC and was part of the core team that saw the company move from being a privately held business to a publicly listed company.

Mr. Abdullah Kassim holds a First Class (Hons) Bachelor's Degree in Business Administration from Staffordshire University- UK and Masters (MSc) in International Business & Management from Manchester Business School, University of Manchester - UK.

## Board of Directors

### 6. Mr. Hareez Sulaiman

#### Managing Director/CEO

When Hareez Sulaiman joined Amana Takaful Limited, Sri Lanka as the Internal Auditor in 2002, the Islamic finance industry was still in its infancy. His extensive audit experience in international firms, backed by the sound knowledge in finance, enabled him to make his career progression in the realm of 'Takaful', within a very short period of time.

In 2003, Amana Takaful - Sri Lanka, decided to expand its national boundaries and picked Hareez to spearhead the Maldivian operation. The organisation which started off as a foreign branch-office with just two members of staff, grew from strength to strength under his charismatic leadership. Today, Amana Takaful (Maldives) PLC is not just the pioneer in Islamic finance in Maldives but also the only public quoted insurance company in the country.

Both academically and professionally, Hareez pursued his higher studies in the field of finance. He holds an Honours Degree in Accountancy from the International Islamic University of Malaysia and is an Associate of the Chartered Institute of Management Accountants in UK. He has further enhanced his knowledge in Islamic finance by completing the study programmes offered by CIMA UK.

With over 18 years of 'Takaful' experience to his credit, he now heads the company as its Managing Director cum Chief Executive Officer.

### 7. Dr. Abdullah Shiham Hassan

#### Director

Dr. Abdullah Shiham Hassan is a multi-disciplined professional, who has been serving his country from 1975 onwards, in the Civil Service, Diplomatic Service, Education and Legal services. He is widely known in Maldives as an Islamic Dhaae, a lecture, a lawyer and a business executive. Currently, he is the CEO of RKL Group Pte Ltd, which is one of the rare companies in Maldives that has continuously served for the last 55 years.

Dr. Shiham is an expert on Islamic finance in the Maldives and served as the Islamic Finance Advisor to Central Bank from 2008 to 2010 on introducing Islamic Banking to Maldives. In 2009 he established the Institute of Islamic Finance Maldives (I.I.F.M).

Dr. Shiham was appointed as the Chairman of the Board of Directors of Bank of Maldives PLC on 10th August 2011 and was reappointed for a second term on 8th November 2012. Currently, Dr. Shiham is the Independent Director of Amana Takaful Maldives PLC, the only full-fledged Shariah complaint insurance company in the Maldives.

Dr. Shiham has been a Senior Lecturer and the Head of Department of Law at the Maldives National University's Faculty of Shari'ah and Law. He is a founding member of the Fiqh Academy of Maldives at the Ministry of Islamic Affairs of Maldives.

Dr. Shiham graduated from the University of Tasmania, Australia with a Bachelor of Laws (Hons) in 1997. After graduation he served the Government of Maldives before enrolling at International Islamic University, Malaysia to read for Master of Comparative Laws (MCL). He obtained his Master of Comparative Laws degree specialising in Islamic Insurance (Takaful) and completed his Doctor of Philosophy at International Islamic University, Malaysia, specialising in Islamic Banking Regulation and Supervision.

He has also undertaken the Executive Diploma in Business Administration (EDBA) at University of Colombo/ Faculty of Arts.



## General Management Committee



 **Ibrahim Riyaz**  
General Manager

Ibrahim Riyaz joined Amana Takaful Maldives in 2017. Prior to joining, he worked for both public and private sector for the past 25 years. A business development consultant by profession, he has pursued numerous assignments from conceptualizing business plans, diagnosing organizational dilemmas to crafting strategies in his consulting career.

He holds a Master of Business Administration (MBA) from Australian Institute of Business.



 **Asif Mohamed**  
Head of Human Resources

Asif Mohamed joined Amana Takaful Maldives in 2006 and he has served more than a decade in the Industry. He has an extensive knowledge and experience acquired over the years of service in cross-functional areas of business and management.

He holds a Masters in Business Administration from Cardiff Metropolitan University, UK, Postgraduate Diploma in Islamic Banking and Insurance from Institute of Islamic Banking and Insurance (IIBI), UK and an Extended Diploma in Strategic Management and Leadership from BTEC Edexcel, UK.



 **Mohamed Imran Ramzan**  
Head of Sales and Marketing

Mohamed Imran Ramzan joined Amana Takaful Group in 2006 and has been serving Amana Takaful (Maldives) PLC over a decade with utmost dedication. He has a span of over 7 years of experience in Client Relationship Management and Hospitality prior to joining Takaful Industry which awarded him the highest sales performance in multiple years.

He holds a Master's degree in Business Administration (MBA) from University of Sunderland, UK and he also has an Extended Diploma in Strategic Management and Leadership from BTEC Edexcel, UK.

## General Management Committee

**Mohamed Siraj Nizam**

Head of Finance

Siraj Nizam, joined Amana Takaful Group in 2002, and was seconded to Maldives in 2013. He has over 16 years of experience in Accounting, Finance as well as Treasury and he has progressed through various positions during this period.

He holds a CIMA Advance Diploma in MA, UK and also holds an Award in Financial Planning with CII UK.

**Shakir Mohamed**

Head of Operations

Shakir Mohamed has been serving Amana Takaful Group for over a decade and was seconded to Maldives in 2007 from Amana Takaful PLC, Sri Lanka. He has served the company in various positions during his career including Head of Finance and is presently serving as Head of Operations.

He has been awarded as Associateship of the Malaysian Insurance Institute (AMII), ANZIIF (Snr Assoc) CIP. Post Graduate Diploma in Islamic Banking and Insurance from IIBI (UK), and also a Life Member of Association of Accounting Technician of Sri Lanka.

## Heads of Operations Team



**Abdul Moomin Abdul Hadhee**  
Manager – ReTakaful

Abdul Moomin joined Amana Takaful Maldives in 2011.

He holds an Advance Diploma from Malaysian Insurance Institute (AMII) and is a Senior Associate CIP Member of The Australian and New Zealand Institute of Insurance and Finance.



**Ahmed Ajwad**  
Manager - Finance

Ahmed Ajwad joined Amana Takaful Maldives in 2007.

He holds a Diploma in Accounting and Business from ACCA, UK



**Fazeel Mohamed Naeem**  
Manager – Risk and Compliance

Fazeel Naeem joined Amana Takaful Maldives in 2009.

He has been an Associate Member of the Association of Chartered Certified Accountants, UK since 2017 and a Fellow Member of the Institute of Chartered Accountants of the Maldives.



**Abdulla Murshid**  
Manager – Corporate Sales

Abdulla Murshid joined Amana Takaful Maldives in 2011.

He holds a Postgraduate Diploma in Business Administration from London School of Commerce (LSC), UK.



**Aminath Reesha Nafiz**  
Shari'ah Officer

Reesha Nafiz joined Amana Takaful Maldives in 2019.

She holds a Master of Islamic Finance and Practice (MIFP), from the International Center for Education in Islamic Finance (INCEIF) in Malaysia.



**Hisham Nimal**  
Manager – Medical Takaful Operations

Hisham Nimal joined Amana Takaful Maldives in 2010.

He holds a Certificate in Insurance from the Malaysian Insurance Institute (CMII).

## Heads of Operations Team



### **Mohamed Aathif Halaldeen**

#### Assistant Sales Manager

Mohamed Aathif joined Amana Takaful Group in 2010 and was seconded to Maldives in 2012.

He holds a Professional Graduate Diploma in IT from British Computer Society (BCS) and a Diploma in Professional Marketing (CIM).



### **Sarada Lanka Jayalath**

#### Assistant Manager – IT

Sarada joined Amana Takaful Group in 2011 and was seconded to Maldives in 2015.

Sarada holds a Bachelor of Science (Hons) in Computing from Wrexham Glyndwr University.



### **Rifaz Ahamed**

#### Senior Manager – General Claims

Rifaz joined Amana Takaful Group in 2005 and was seconded to Maldives in 2009.

He holds a Master of Business Administration from the Open University of Malaysia, and a Bachelor of Commerce degree from the University of Kelaniya.

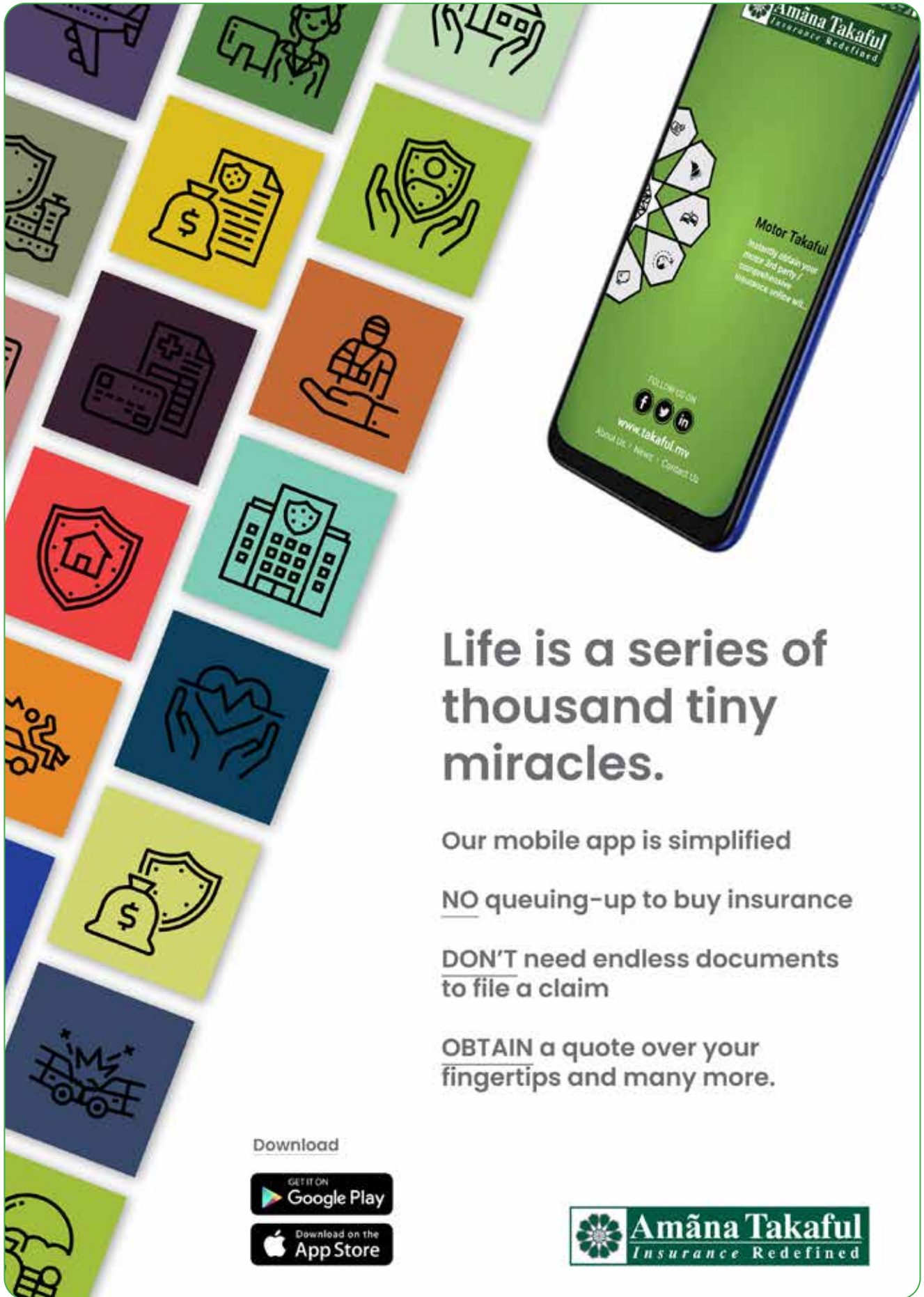


### **W L Vajira Kasun**

#### Senior Manager – Underwriting

Vajira Kasun joined Amāna Takaful Group in 2006 and was seconded to Maldives in 2014.

He holds a Diploma in Insurance from Sri Lanka Insurance Institute.



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## Product Portfolio



### TOTAL DRIVE

A motor cover that cares not only for your vehicle but also your loved ones. Supported by the 120 online Portal – [www.takaful.mv](http://www.takaful.mv) and the ATM Mobile Application, it provides you with fingertip access to processes, such as obtaining 3rd Party covers, verification of policies, notifying an accident and effecting policy endorsements. Whilst giving you the benefits of the world’s most rewarding concept, TAKAFUL Total Drive makes sure that a part of your premiums are spent on initiatives making you a partner in the country’s efforts in building a better Maldives.



### TRAVEL PAL

Across the seven seas and beyond nation states, this comprehensive solution for risks associated with international travel is specially designed for the globetrotter in you. TAKAFUL Travel Pal supports during unforeseen inconveniences of travel including loss of luggage, travel document and disrupted travel schedules. It further includes comprehensive covers for Medical Expenses, Personal Accident, Hijacking & Personal Liability Benefit and many more. TAKAFUL Travel Pal will help you travel with absolute peace of mind with 24/7 medical assistance. Covers can be obtained through our online Portal – [www.takaful.mv](http://www.takaful.mv) and the ATM Mobile Application.



### DHAHANAA

At a time where the cost of living is ever increasing and the less privileged in society distance themselves away from luxuries and are trying to meet their day’s end, we at Amāna Takaful developed TAKAFUL Dhahanaa to lend a helping hand. TAKAFUL Dhahanaa is our Micro Product which offers the participant an annually reviewable death and living benefit cover for group of individuals. This was introduced to spread the concept of mutual assistance and financial stability to the masses as financial planning and insurance are generally not available to this segment of the society.



### EASY MARINE

Maritime enterprise is fraught with all sorts of risks. From the point of origin to its final destination. TAKAFUL Easy Marine commits to safe guard your imports and exports, enabling you to be at ease whilst your goods are on the move. TAKAFUL Easy Marine is offered to you with speed and efficiency ensuring a smooth sail for your business at any stage.



### BUSINESS COVER

A good insurance coverage is an important part of business security. It secures your investments against specific forms of destruction or loss. TAKAFUL Business Cover, paves the way for you and your enterprise to operate smoothly despite unexpected calamities. It offers tailor-made solutions for a range of segments including Hardware, Groceries, Supermarkets, Pharmacies and many more.



### SAILOR

Marine Hull Takaful covers loss or damage to hull and machinery. TAKAFUL Sailor is offered to you with two options Comprehensive and Total Loss cover, for all types of hull with additional feature of passenger liability cover to travel peacefully. TAKAFUL Sailor also provides specialized Protection and Indemnity cover for foreign going vessels for ship owners and charterers.



### GUEST HOUSE COVER

Whether you have an established guest house business or you are just starting one for the first time, TAKAFUL Guest House Cover can look after the insurance needs of the business and let you focus on the growth of your business. Our tailor-made solution will help you to be covered from losses arising from fire, flood, storm and natural disasters. This specialized policy is equipped to safeguard you against losses arising from burglary, public liability, malicious damage and many other unforeseen events. It also provides options to include Electrical Extra inclusion cover and Business Interruption cover due to natural perils.



### DHAHANAA SAFE DRIVE

Dhahanaa Safe Drive is the innovative 24 hour cover for Motor Takaful policy holders. More often than not, 'Accidents' are associated with traffic movements. Experience however tells us that injuries and possibly death can happen in surroundings regarded as more 'safe areas' - like homes, offices etc. While a standard comprehensive motor Takaful will have the option of extending cover to owner as either a driver or passenger of the vehicle, the scope of cover will be limited to an accident whilst in the vehicle. Dhahanaa Safe Drive however, is complete protection whether one is at home, on the road, in office or even a public place like restaurant.



### HALE & HEARTY - GROUP MEDICAL PLAN

An extended hospital stay is a distressing time for anyone. It can also be a surprisingly expensive one with costs escalating beyond foreseen limits. In addition to the physical stress of an illness you are also forced to deal with the mental stress of hospital bills. TAKAFUL Hale & Hearty as your comprehensive health plan, provides needed medical attention: we take care of all your Hospitalization, Surgical and Out Patient expenses, be it ambulance charges or expenses related to sudden illness or accident.



### MYHOME - RENTERS

This is a product crafted for the prevailing requirement, where 90% are living in rented dwellings. And majority of the dwellers have own furniture & equipment. Renters TAKAFUL covers their belongings in case of fire, natural disasters, burglary, strikes and riots to name some major perils. The product is unique offering a lot of convenience and flexibility choosing from packages that suits you best.



### EXPAT TAKAFUL

Expatriate medical TAKAFUL is the enhanced version of the basic coverage offered previously. This is a coverage that is mandatory to all expatriates working in Maldives. The discerning attribute of the improved version is, it includes OPD, with cashless offered by ATM's expatriate coverage. The coverage also includes IPD, and repatriation of mortal remains in the unfortunate event of death.

## Sustainability Report

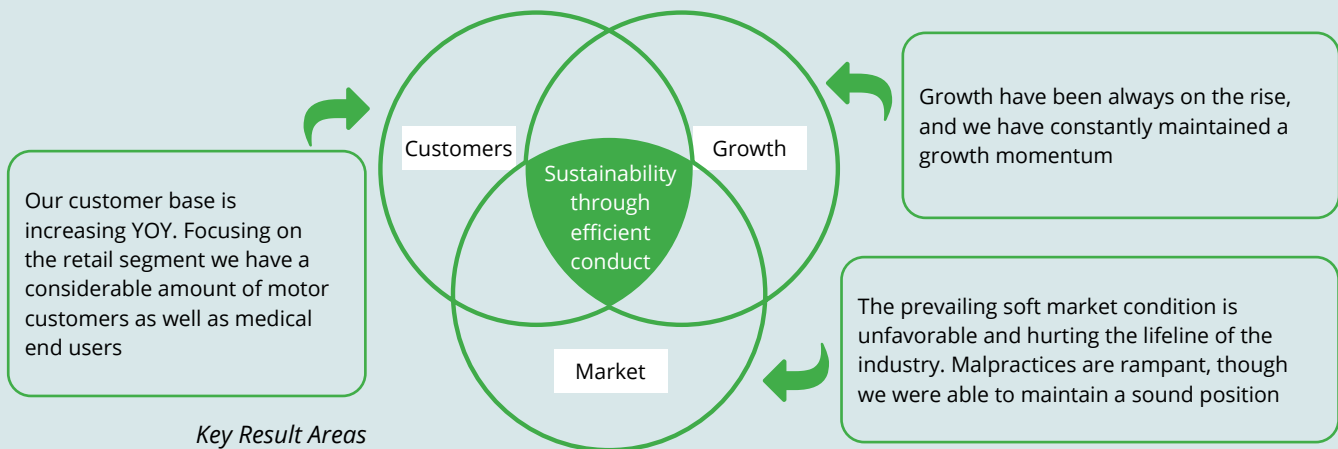
### 1. About this Report

This Sustainability Report (Report) covers the activities of Amana Takaful Maldives (ATM) during the financial year ended 31 December 2020 aligned with our financial statements. It provides an overview of initiatives underway to demonstrate progress across the pillars of our Strategic Plan.



The information in this Report is supported by evidence, documented by pulling together various sources of information/consultation undertaken within the organization. The information is reviewed by senior management to verify accuracy and completeness.

### 2. Sustainability Highlights



As a company that helps people and businesses manage their risk, ATM has a focus on sustainability. The identification of current and emerging trends in the market and customer preferences is an integral part of achieving our purpose, understanding the economic evolution, and ensuring the sustainability of our own business.



### 3. Unwavering commitment to sustainability amid uncertainty



Our world continues to transform at an unprecedented pace. 2020 was an extraordinary year- one shaped by a global pandemic, with widespread social and economic disarray. The Coronavirus (COVID-19) pandemic triggered a deep global recession, resulting in profound economic consequences for many countries, businesses, and individuals. The dilemma of how we provide appropriate support to our customers during these times, is the test of our agility.

While impact of the pandemic varies across nations, a real risk in increase in poverty and inequalities on a global scale, is a looming threat in the local context. Positioned as we are with a heavy reliance on tourism and its eco-system the knock-on effects could be devastating for some time. Initial published data from local sources indicates that in 2020, imports declined by 36% (from MVR 44.4 billion in 2019 to MVR 28.3 billion in 2020). Tourist arrivals which topped 1.7 million in 2019, slumped to 0.55 million in 2020.

The lockdown and intermittent disruptions throughout 2020 has had a hurtful impact to the economy and businesses alike resulting in mass redundancies, while pay cuts have been rampant, raising concerns over the well-being of the population.

From day one, we have maintained our stand to assimilate our human capital, mobilizing them from their homes. In phase two of the lockdown (mid-April till end June), teams were engaged on-line for customer interface, virtual meetings and ordinary business transactions. We have witnessed a more inclusive drive from the departments with checks and balances, while risk and governance aspects

have been sacrosanct. The imperatives of Health & Safety have been inviolate.

Further, our efforts to support customers with difficulty in paying Takaful Contributions were well received. Large number of customers renewed their policies, and we were able to secure a considerable number of new businesses during the year. Our extended support for credit terms is well within control.

The pandemic and its impact on businesses are yet far from recovery. Challenges emanating from this dilemma have reached unprecedented levels. We remain positive in our resolve to regain lost accounts, while farming for new ones.

### 4. Focus Areas - Aligning the strategic path

Our strategic regime is concentrated on five pillars - adhering to this regime we keep building up action plans with the desired flexibility. Our response to COVID-19 was also streamlined in tandem with the pillars to harness our intrinsic strengths in harmony with the strategic intent. Largely, the pandemic induced us to increase the capacity and capability of our digital footprint, to better serve our customers and stakeholders.



Safety Messages



Social Distancing

## Sustainability Report



Screening

The support/relief systems built around businesses, by the government allowed companies, was limited, given the downward trend of tourist arrivals literally shutting down the highest tax paying avenue. Premium payment default under such credit terms was expected. Our flexibility in accommodation on a case by case basis was highly appreciated by customers.

Our strategic pillars are honed towards achieving customer satisfaction through the value chain. From talent to technology each pillar is grooved to create the Takaful experience, be it online, walk-in, internal sales team or even the channel partners.




### 4.1 Technology – Resilience to reinvention

Characteristically, the geographical positioning of the Maldivian Archipelago, has its advantages and challenges. Transportation between the island communities have incessantly remained unchanged over the years. Increasingly, people are accustomed to obtaining services online wherever possible. Pandemic propelled digitalization to a level unprecedented, not only for ATM, but the whole industry and the business fraternity at large. Most government organizations followed suit.

We have conducted a whole new exercise with which, our staff were mobilized from home, with all accesses granted without compromising the security and safety of the networks while maintaining the integrity of our intellectual property. In addition, we have also maneuvered through the pandemic's total lockdown encouraging customers to opt for online servicing through our website and mobile application alike. The trend continued throughout the year and we have witnessed more and more customers embracing the technology-powered platforms.

- New features added continually*
- Additional products*
- Increased traffic in 2020*
- Zeroing down on bug fixing*



### 4.2 Distribution – Reaching masses

Distribution channels courageously confronted the umpteen challenges during this pandemic. Prior to the lockdown, channels were all active in supporting rapid growth. Post lockdown, support to our channel partners in many ways have led to channels being reactivated and swimming the tide.

The Agency Network is one of our closest allies with whom we have had different levels of rapport ever since it was established. We felicitated our Agents with rightful appreciation during the Awards Night.

Concurrently, our internal team, working from home during lockdown, serve customers day and night, attending to their needs and fulfilling the demands. The online platform, website, and mobile application was frequented by many, with the Customer services and IT teams attending to queries and troubleshooting alike.

### 4.3 Branding – overwhelming traffic on social networks



With lay offs, forcing people to stay afloat, with home-grown solutions such as food preparation/delivery, distribution of essentials to households/offices, tailoring/clothing and the like, propelled a new segment of entrepreneurs who optimized on social media networks and messaging services. Connectivity with ATM was no exception. Our Facebook and Twitter accounts became the main source of communication with frequent posts on our products/solutions to raise awareness. Followership grew reasonably, while FB page visitors increased exponentially during the lockdown.

A successful joint promotion with Alia Investment was carried out during the first two months of the year to promote Comprehensive Motor Covers to new bike owners.



Promotional activities to gear-up the “Family Support Takaful Cover” launched previously got into full swing from January onwards. Information sessions were conducted in collaboration with Maldives Islamic Bank (the dedicated channel of distribution) with Maldives Customs Services and Maldives National Defense Forces. The sessions were graced by deputies of both institutions, attended by over 200 officers.



The Business Expo 2020 was the first corporate expo held in the year. ATMs presence, participation and exhibits in this two-day forum enabled contact with some 4000 professionals from different industries. Our team members managed to establish new contacts within the business fraternity during this event.

## Sustainability Report

### 4.4 Sponsorship

As an organization striving to support the communities, ATM has always been at the forefront of unique initiatives.



During the lockdown, under the difficult conditions, EEI – Expatriate Environment Initiative ventured into hosting an art competition for children. As the main sponsor ATM joined hands with EEI supporting them in this initiative. The event attracted over 125 participants, presenting some creative piece of skills evaluated by an expert panel of judges.

### 4.5 Empanelment

Being a key player in providing cashless health insurance, ATM adopts a KAIZEN approach to maintain its position in the market. Notwithstanding with the unprecedented atmosphere created with the pandemic, we have taken on board a total of eight new service providers to offer our clients the best experience of our cashless services. This includes clinics and pharmacies as well.



### 5. Takaful Advocacy – A lost year

The sequel of Takaful Advocacy continued during the first quarter as planned. Target audience for the year were government institutions and selected corporates. Based on the premise that awareness of Takaful was absent/low among adults, especially the working class, focus groups were constituted on representative demographics. Further, the sessions were designed to relate to the needs of daily lives and how Takaful solutions can help fulfil that need/ eventually. During the first couple of months of 2020, we conducted sessions for,



- I. Officers of Maldives National Defense Forces
- II. Maldives Customs Services
- III. Alia Investments
- IV. Rainbow Enterprises
- V. MIB front office and other customer services staff members
- VI. Selective corporate customers of MIB.



**6. The Virtual Annual General Meeting**

Usually our Annual General Meeting (AGM) is held early in the second quarter of the calendar year. The uncertainty of the ravaging pandemic presented an opportunity to fulfil that obligation on a virtual platform. Adhering to Safety & Health guidelines, the AGM was conducted in the presence of shareholders representing 94% of both corporate and individual shareholding.

This virtual AGM was the first of its kind in Maldives, which was highly appreciated by the authorities, shareholders, and all stakeholders alike.



**7. Awards and Recognition**

The annual Gold100 Award night was held in the month of February. ATM was recognized among the top 100 companies in Maldives for the third consecutive year. Respected as one of the most prestigious business awards in the archipelago, companies are nominated based on multiple factors, adjudged by a panel of experts from different walks of life.



IFFSA Awards - 5th episode was also held virtually, for the first time, with participation from Islamic finance institutions, education service providers and authorities and other non-governmental professional bodies. ATM was crowned as the Takaful Entity of the Year- winning the Gold Award from among all South Asian Takaful institutions.



# Sustainability Report

## 8. Human Resources – Beyond any Assets



At ATM, we believe our success is founded on maintaining a dynamic, supportive, diverse, and inclusive workplace, where people have the safety and opportunity to achieve their full potential be it in their personal or /and professional life. Recognizing the diversity and life experiences of our people helps us to build strong connections with our customers, motivate our people and make better decisions for our business and the communities in which we work. Through ATM’s strategic focus on talent, we continue to build a workplace that provides our people with the opportunity to thrive and grow; with a strong belief that it is key to their fulfilment and long-term sustainability of our business.

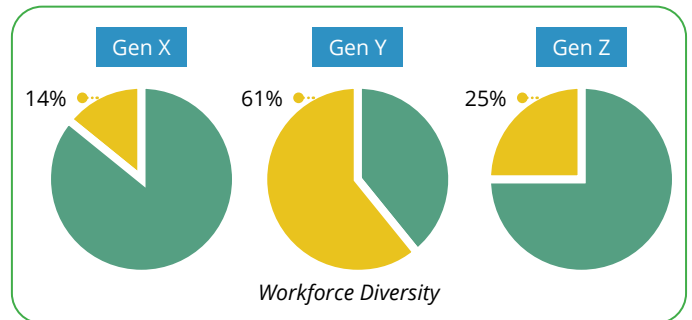
Recruited through an intense and effective process with the aim of hiring the right talent from different walks of life to support the mission and achieve the company goals, we aim to provide our people with the requisite tools and skills to be successful both within the organization and the society at large. The human development programme is a continuous and strategic initiative endorsed at board level.

The pandemic has changed every aspect of life, opening doors to think anew. Adaptability, flexibility and challenging the status-quo became the norm, working remotely at that. Over two months in total lockdown, partial lockdown for months and restrictions every now and then, have brought us to the point where we as an organization are prepared

to not only survive, but thrive. That we have proven beyond reasonable doubt.

### 8.1 Composition Intact

Though we faced countless challenges in terms of earning revenue and the economic downturn, the momentum continued with all positivity and unblemished effort from our employees. They tend to prove their competency and commitment despite the desperate and sometimes knee-jerk measures. Committed and responsible staff made it happen. The lessons are not lost. So is the adversity.



On the flipside, ATM was able to manage with our staff strength as it were, without resorting to redundancy nor pay-cuts, whereas a majority of the corporates have downsized during the height of the pandemic.

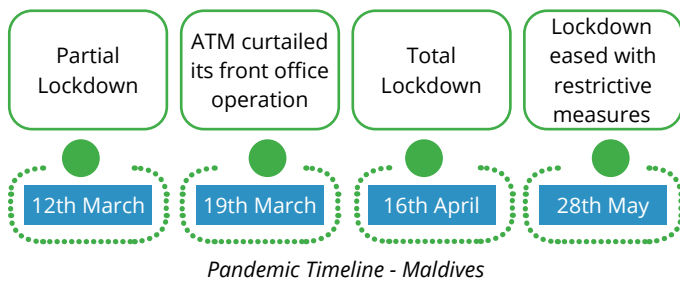
Human resources being the most important asset, we value our people and recognize that they are the catalyst that drives the Company towards real growth and success. Being a Shari’ah compliant entity, we promote and cultivate an environment that embraces fresh thinking and shared values and a mutually inclusive culture - be it age, gender, ethnicity, nationality, or religion.

### 8.2 New Normal

Within the span of 12 months COVID-19 affected the work life of many millions around the world. As a key function, HR’s role was necessary, closely monitoring the developments and calibrating the resources for optimal and mutual benefit, given the situation.

With afflictions increasing, 9 months into the pandemic, by December; so did predictions. Our strategy to counter the challenges were based on two aspects: i) adhering to health protection authority (HPA) guidelines, ii) sustaining the momentum of business.

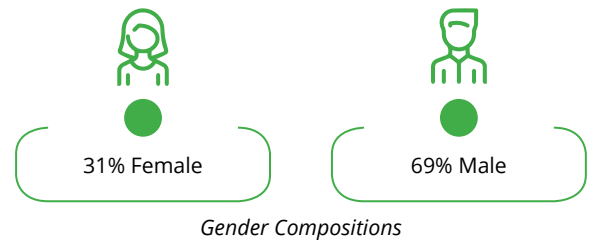
As per the guidelines, we implemented an un-compromising safety code. In addition, Office Hygiene was maintained at a high level.



Despite all measures, the world is yet to fully eradicate the pandemic. The dilemma is not just the disease, but the unprecedented economic pain that the people have been undergoing. Lost employment, income sources exhausted, with many medium and small entrepreneurs closing -down. Locally, very few companies were able to retain their workforce, with no pay cuts imposed. ATM is among the countable few, which is proud to have completed the year without laying off or resorting to pay cut.

### 8.3 HR Strategy - Holistic approach

At ATM we offer a supportive, flexible, and inclusive workplace and culture where our people are encouraged to achieve their personal and professional goals. The key to the long-term sustainability of our business is our people, and we invest in their physical, emotional, and financial wellbeing.



Our HR strategy is to groom and retain home grown talent, empower them, enable them to take leadership roles, to build confidence and to make them the face of ATM - Takaful ambassadors who will propagate its ideals/benefits.

Our male to female ratio is 2:1. Job enrichments, promotions, job enhancements and other forms of staff developments have continued for years. As a responsible employer, we adhere to Best Practices in HR management, facilitating employees with professional development opportunities, paving the way for them to achieve full potential.

### 8.4 Innovative Technology

Through the procurement and embedding of a self-service portal, a boost in HRs efficacy for a complete records management system, now allows staff members to access and interact in all aspects of their personal record details, thus obviating the need for manual interventions.

### 8.5 Professional Development

At ATM, we encourage staff to continue learning and development to enhance their skills and knowledge by participating in relevant programmes conducted by various institutions. The main aim is to keep employees abreast with latest developments in the industry and globally alike.

Staff members in pursuit of obtaining technical qualifications, and those those who are more engaged in skill enhancement and new developments, continue to receive support and fees to enhance their capability, in addition to those on the path to obtain chartered status.

## Sustainability Report

In 2020, the trend of virtual training was at an all-time high. Majority of these sessions were conducted by industry leaders and leading figures from the academia.

### 8.6 Internship

As pioneers of Islamic Finance, ATM is often sought by graduate students who must fulfill industry experience as part of their graduation requirement. These graduates are mandated to acquaint with the functions, processes, and models we use to deliver the value proposition to customers. Subsequently, the students who complete the internship are able to learn the functionality of a Takaful entity, in addition to the soft skills required to perform in similar organizations.

Universities also prefer to send graduates to ATM, since we have an open door policy to accommodate students, with some winning favour, for selection to our permanent cadre. This year, two internship programmes were conducted, one at the beginning and the other at the tail end. In the first programme, interns were placed under a four-week internship programme, in different departments to fathom the functions and processes. The second one, coincided with the COVID restrictions, necessitating an online interface. The online sessions introduced interns to its products, functionality, processes, and overall insurance industry.

### 8.7 Annual Staff Night

Reward & Recognition being a cardinal attribute at ATM, we spare no pains to appreciate employees, who make us what we are today. The long history of ATM has produced some remarkable talent in the insurance industry of Maldives. Their efforts do not go unheard. We reward them annually with prestigious awards, an event that is much looked forward to.



Our remuneration and incentive structures are crafted to reward people in a fair and appropriate manner, with both monetary and non-monetary rewards for sustainable value creation.

Key recognitions awards are as follows.

- I. CEO award CEO award – This is an award given to the best overall employee of the year
- II. Sapphire Award – Performance award for the best performing employee
- III. Jade Award – Performance award for the first runner up
- IV. Emerald Award – Performance award for the second runner up
- V. Best Attendance Award – For the most punctual staff of the year



### 8.8 Striking the Balance - Work & Life



People are at the heart of our business. Creating an environment where our employees feel engaged, supported, and equipped to do their best is essential to our success. To provide sterling service for the end users,



our biggest priority is to take care of our employee's health and safety and provide them a stress-free environment. We encourage employees to engage in recreational and sports activities, staying fit and healthy.

### 8.9 IFFSA Quiz – Knowledge Sharing

For the first time ever, four staff members participated in an Inter-company quiz competition conducted by Islamic Finance Forum of South Asia (IFFSA) as part of its 5th Annual Conference. Four staff members across different functions participated as Team Amana. Teams from Islamic Finance Institutions from South Asia represented their respective organizations.



Hosted online, the quiz was structured in four rounds of ten questions from each of the following categories.

- I. General Knowledge
- II. Sports
- III. Islamic Banking and Finance
- IV. Current Affairs.

This was a new experience to staff, interacting and competing with teams from across South Asia. The host made the competition more engaging and amusing with a lot of team engagement. The quiz also strengthened the interpersonal skills of team members whilst boosting confidence in individual skills in Islamic finance.

### 8.10 Women's Day – The Gender Balance

Day and day out, women's contribution is on the rise. Involvement of female counterparts in the labour market tends to increase with pursuit of higher education and involvement in nation building activities, thus advocating the values that keeps us all intact.

While women make up 39% of the global workforce, we are proud to say that we are heading towards this global benchmark, presently counting at 31% at ATM.



As a responsible corporate citizen, ATM celebrated Women's Day 2020, for the female staff of the organization with an assembled gathering, paying gratitude to our female colleagues. MD reiterated the company's vision to groom female staff members to play important roles at ATM.

### 8.11 ATWA – The recreational

As the name implies, the Amana Takaful Welfare Association is a voluntary conduit for social interface, family engagement, and recognition of children's achievements in a spirit of camaraderie and bonhomie.

Restrictions did not deter us in the ongoing pandemic, to conduct a get-together and fraternize in a limited way, while observing the Health & Safety guidelines.



# Corporate Governance

## Amana Takaful (Maldives) PLC

Chairman:  
**Tyeab Akbarally**

Principle Objective:  
**Leading the Board to ensure effectiveness in all aspects of its role.**

## Board of Amana Takaful (Maldives) PLC

Principle Objective:  
**To collectively ensure the long-term success of the Company.**

### AUDIT AND COMPLIANCE COMMITTEE

Three Independent Non-Executive Directors and one Independent Director

**Principle Objective:**  
To ensure that the interest of shareholders are properly protected in relation to financial reporting and internal controls.

Audit and Compliance Committee report on page 50

### RISK MANAGEMENT COMMITTEE

Three Independent Non-Executive Directors and One Independent Director

**Principle Objective:**  
Review and realign the risk appetite of the Company at strategic and various functional levels.

Risk Management Committee report on page 40

### INVESTMENT COMMITTEE

Three Members including One Independent Director

**Principle Objective:**  
to ensure that a healthy investment portfolio is maintained within the investment guidelines of Shari'ah Advisory Council.

### REMUNERATION COMMITTEE

Four Independent Non-Executive Directors

**Principle Objective:**  
To develop policy on executive remuneration and set the remuneration of the Chairman of the Board, the Managing Director and Senior Managers of the Company.

Remuneration Committee report on page 36

### EXECUTIVE COMMITTEE

Three Members including One Independent Director

**Principle Objective:**  
To monitor the implementation to the business strategies of the Company.

### NOMINATION COMMITTEE

Four Independent Non-Executive Directors

**Principle Objective:**  
To recommend new appointments to review The mix and skills of the Board.

Nomination Committee report on page 37

The Board is responsible for the corporate governance of Amāna Takaful (Maldives) PLC as a whole. It is also responsible with the task of ensuring that reasonable care is exercised in managing the Company's resources and always mindful of the best interests of the shareholders. For this reason, the Company strongly believes that it is vital to adopt the highest standard of corporate governance in order to nurture a culture of transparency, accountability and integrity as well as ensuring the proper conduct of business which are essential prerequisites in emboldening the Company's survival and growth in a competitive market. As an Islamic financial institution, the very basic foundation of Amāna Takaful (Maldives) PLC is structured on all these values and attributes.

Corporate governance is described as a management process in which a corporate body, business entity or an organisation is directed, managed and controlled. As the shareholders have placed the reins of power in the hands of the Board, it naturally follows that the Board will be accountable to the shareholders so that the affairs and dealings of the Company are conducted with professionalism, responsibility, integrity and above all in compliance with rules and practices of Shari'ah, which are paramount in protecting and enhancing the shareholders' value. To ensure that the trust placed in the Board is secure, the Company must adhere to the best corporate governance practices which embody accountability, reliability and transparency. Nevertheless, the success of any good governance practice initiative depends on how the

people are led and the policies as well as the processes are implemented.

In order to create and increase the shareholders' value and gain market confidence, Amāna Takaful (Maldives) PLC is committed to adopt best practices. It is also committed to maintain the smooth functioning of the Company's operations.

#### **CAPITAL STRUCTURE AND SHAREHOLDING**

Amāna Takaful (Maldives) PLC has at its foundation a capital structure consisting of an issued share capital of MVR 26,314,583/-.

The Company has 833 shareholders as at 31st December 2020, while over 90% of the shares are held by corporate entities. Details of the main shareholders are given on page 89.

#### **BOARD OF DIRECTORS AND BOARD COMMITTEES**

There are seven members on the Board of Amāna Takaful (Maldives) PLC, of whom six are Non-Executive Independent Directors. The Directors have been drawn from a cross-section of industries. Their expertise and experience in various fields as well as insights have contributed immensely to making effective and informed Board decisions. The selection of the appropriate and suitable candidates with the right skills, attributes and experiences is crucial in order to ensure its efficiency and effectiveness. For it is believed that a healthy Board culture will help to encourage and safeguard good governance practices which in turn will ensure shareholders' interests are always protected. The names of the Board of Directors are given on page 39.

#### **CORPORATE GOVERNANCE FRAMEWORK**

Amāna Takaful (Maldives) PLC and the Group operate within a clear governance framework, which is outlined in the diagram at the beginning of Corporate Governance Report.

#### **BOARD SIZE AND COMPOSITION**

Overall the Board is responsible in ensuring that operations of Amāna Takaful (Maldives) PLC are as set out and intended in the declared goals of the Company. Therefore, the Board is empowered to make decisions on all matters relating to the Company's business operations in accordance with the various rules and regulations. The size and composition of the Board and its committees are regularly reviewed by the Board and, in particular, by the Nomination Committee to ensure that there is an appropriate balance and diverse mix of skills, experience, independence and knowledge of the Group. More details of our Board members can be found on pages 13 to 14.

The Board is collectively responsible for the long-term success of the Company. The Managing Director/ CEO is responsible for the day-to-day management in running the business and ensuring that the necessary financial and human resources are in place in order to achieve the Company's strategic aims. He is answerable to the Board in ensuring that the Company is conducting and operating its business properly and effectively.

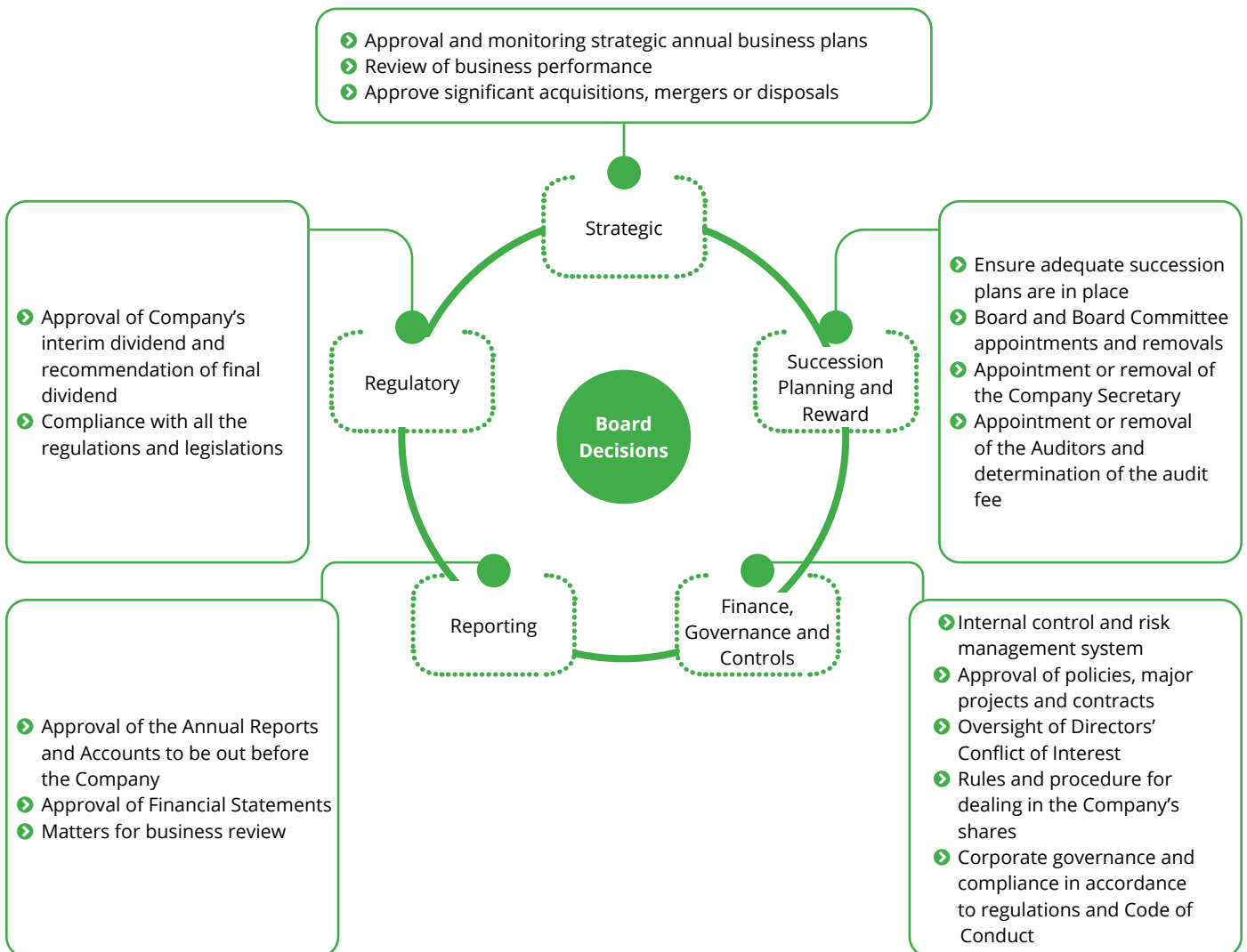
The Non-Executive Independent Directors are responsible for

## Corporate Governance

constructively challenging and helping develop proposals on strategy; scrutinising the performance of management; satisfying themselves that financial controls and systems of risk management are robust; determining levels of remuneration; satisfying themselves on the integrity of financial information; and succession planning for the Managing Director.

The Board reviews strategic issues on a regular basis and exercises control over the performance of the Company by agreeing budgetary targets and monitoring performance against those targets. Certain matters are reserved for approval by the Board and the Board has overall responsibility for the Company's system of internal controls and risk management, as described on pages 38 and 36.

A formal schedule of matters reserved for approval of the Board is maintained which covers items that are significant to the Company as a whole due to its strategic, financial or reputational implications. A summary of these matters includes:



The main functions of the Board of Directors are as follows:

- to formulate, review and monitor implementation of competitive business strategies including long-term business plans.
- to approve new investments, divestments or acquisitions.
- to ensure appointment of a competent Chief Executive Officer and an effective management team including an evaluation of their performances, as well as to review the Company's succession plans including fixing their compensation package.
- to secure a sound and an adequate risk management system.
- to review the integrity and effective information, control and audit systems.
- to ensure all facets of the operations are in conformity with rules and practices of Shari'ah.
- to approve policies of corporate conduct that continue to promote, maintain and sustain the integrity of the Company.
- to ensure compliance with legal/ethical standards.

## BOARD'S ROLES AND RESPONSIBILITIES

### CHAIRMAN

The role of the Chairman (or Chair) is to:

- Lead the Board to ensure effectiveness in all aspects of its role
- Plan agendas and timings for Board meetings;
- Ensure the membership of the Board is appropriate to meet the needs of the business;
- Oversee that the Board Committees carryout their duties including reporting to the Board;
- Establish appropriate personal objectives for the Chief Executive;
- Ensure the Directors are up to date with training and development;
- Provide necessary information for Directors to take a full and constructive part in Board discussions
- Promote an open culture of debate; and
- Develop and maintain effective communication with shareholders.

### CHIEF EXECUTIVE OFFICER

The role of the Chief Executive Officer (or Chief Executive or CEO) is to:

- Run the day-to-day business and operations of the Company;
- Lead the development and delivery of strategy to enable the Company to meet there requirements of its shareholders;
- Lead and oversee the executive management of the Company
- Meet the Company's budget and strategic plans; and
- Provide the appropriate environment to recruit, engage, retain and develop the personnel needed to deliver the strategy.

The responsibilities of the Chairman and Managing Director have been clearly established, adhering to best corporate governance practices. The responsibility and task of the Chairman and the Managing Director are separated in order to facilitate better workings of the Company.

New Directors are nominated to bridge identified knowledge gaps. Independent Directors are elected to the Board by shareholders at the Annual General Meeting. The Board meets quarterly and the agenda is circulated to the members well ahead of the scheduled date. The Chairman of the Board as well as the members chairing the various committees of the Board will outline the agendas for the Board and various committee meetings respectively. Each member is free to suggest items for the agenda or raises issues and concerns at these meetings.

Amāna Takaful (Maldives) PLC has outsourced its secretarial functions to a qualified company of secretaries.

The following Committees of the Board have been formed with the objective of improving governance, viz:

- i. Audit and Compliance Committee
- ii. Risk Management Committee
- iii. Investment Committee
- iv. Remuneration Committee
- v. Nomination Committee
- vi. Executive Committee

Each committee has a defined Terms of Reference approved by the Board, outlining the respective committees' authorities and responsibilities. The Board may, from time to time,

## Corporate Governance

establish and maintain additional committees. All members of these committees are expected to attend all meetings.

### i. The Audit and Compliance Committee

The Audit and Compliance Committee comprises four Independent Non-Executive Directors. It is chaired by Dato' Mohd Fadzli Yusof who is an Independent Non-Executive Director of the Company. The Chief Executive Officer, Manager Finance, other Senior Managers and Internal Auditors are invited to be present at the meetings, as and when invited. Exit meetings are held after each internal audit assignment with all relevant managers present where rectification actions reported in the audit findings are discussed. Particulars of the Audit Committee and its composition are provided in the Report of the Board Audit and Compliance Committee on page 50.

### ii. The Risk Management Committee

The Risk Management Committee of the Board comprises four Independent Non-Executive Directors.

It is chaired by Dato' Mohd Fadzli Yusof. The main function of this Committee is to manage risks relating to Takaful in line with the risk appetite of Amāna Takaful (Maldives) PLC. The Committee also looks into risks associated with the operations, investments and business risks in general under the Enterprise Risk Management Framework. The details of the Risk Management Committee are provided on page 40.

### iii. The Investment Committee

The Executive Committee (EXCOM) of the Company acts as the Investment Committee. The Committee recommends investment strategies including long-term and maintains an investment portfolio that ensures not only in conformity with regulatory and "Shari'ah" requirements but also endeavouring to match assets of the Company against its liabilities. The Committee convenes its meetings once a quarter.

### iv. The Remuneration Committee

The Remuneration Committee is composed of four Independent Non-Executive Directors of the Board. This Committee is entrusted with the responsibility of maintaining a reasonable and competitive remuneration package in line with the financial performance of the Company. The Committee reviewed and compared the overall executive compensation programme, benchmarking against the industry, for the determination of the Board. It also recommended the package for the Executive Directors/the Chief Executive Officer and other Senior Officers of the management staff

taking into cognisance the practice of the industry and corporate goals of the Company. In relation to this, the Remuneration Committee takes into consideration key result areas linked to the performance of the individual officer concerned relative to the target sets and periodical assessments.

With the exception of the Managing Director, all other Directors are entitled to an annual retainer fee as per the Remuneration Committee's decision. Directors are also entitled to an attendance fee for Board/ Committee meetings.

Independent Directors may not receive, directly or indirectly, any incentives, consulting, advisory or other compensatory fees from the Company. Further, no Directors are entitled to any stock options from the Company. Details of the composition of the Committee are set out on page 39.

Directors and the members of the senior management's salary and emoluments are categorised under remuneration. Details of total aggregate remuneration of Directors/

Top Management for the financial year under review are as follow:

Category	Below MVR 100,000/-	MVR 100,000/- - MVR 200,000/-	MVR 200,000/- - MVR 400,000/-	MVR 400,000/- and above
<i>Independent Non-Executive Directors</i>				
Tyeab Akbarally	✓	-	-	-
Osman Kassim	✓	-	-	-
Dato' Mohd Fadzli Yusof	✓	-	-	-
M.H.M. Rafiq	✓	-	-	-
Abdullah Kassim	✓	-	-	-

Category	Below MVR 100,000/-	MVR 100,000/- - MVR 200,000/-	MVR 200,000/- - MVR 400,000/-	MVR 400,000/- and above
<b>Independent Director</b>				
Dr. Abdullah Shiham Hassan	✓	-	-	-
<b>Executive Director</b>				
Hareez Sulaiman	-	-	-	✓
Top Management	-	-	-	✓

#### v. The Nomination Committee

The Nomination Committee has been vested with the responsibilities to identify, select and recommend new appointments to the Board. The Committee also reviews the effectiveness of the existing Board, Committees of the Board and the contribution of each Director, albeit the Company has not set formal standard procedures or a mechanism to evaluate the performance of the Independent/Non-Executive Directors of the Board. Performance of the Managing Director is evaluated directly by the Chairman of the Board biannually/annually. Further, the Committee assists the Board in reviewing the Board's required mix of skills, capabilities, experience and other qualities, including core competencies which Independent/ Non-Executive Directors should bring to the Board.

As per the Articles of Association of the Company, five Directors of the Board shall be persons appointed to the Board by the majority shareholders and such Directors shall continue to hold their office unless they resign or are removed. At least one Director shall be from persons nominated

by the Nomination Committee and elected at the AGM. Such Director shall hold office for a period of one year. Subsequent to the notice issued on 28th February 2021 inviting shareholders to apply for the post of Independent Director, the Nomination Committee evaluated the applications received and sought approval from the Board for two (2) shortlisted candidates. These candidates are to be elected in the forthcoming AGM.

Amāna Takaful (Maldives) PLC has not developed a gender representation at the Board level. With the amendment to the CMDA's CG Code in the year 2014, the Board has had in-depth discussions on the subject and not concluded its position as yet. However, the composition of the Board is fully in line as per the Articles of Association of the Company.

For the composition of the Board, the Nomination Committee shall continue to pursue on selecting competent candidates who would contribute in achieving the Board's objectives.

Detailed composition of the Committee is set out in table shown at the end of the Corporate Governance.

#### vi. The Executive Committee

The Executive Committee or (EXCOM) is composed of three members and is chaired by Abdullah Kassim. The Committee is entrusted with the responsibility of monitoring the implementation of the business strategies of the Company.

The members of the Committee are as follows:

Abdullah Kassim - Chairman  
Dr. Abdullah Shiham Hassan  
Hareez Sulaiman

#### ETHICAL STANDARDS

Amāna Takaful (Maldives) PLC aspires to adopt the highest ethical standards which contain the following elements:

- ▶ Honesty and fairness
- ▶ Compliance with regulatory requirements
- ▶ Accountability – provision of accurate, timely and essential information to stakeholders
- ▶ Avoiding conflicts of interest
- ▶ Professional judgment
- ▶ Maintaining privacy and confidentiality of customer-related information
- ▶ Corporate and social responsibility
- ▶ Maintaining best practices in marketing and advertising

The management encourages employees to adopt ethical practices during the weekly Mission Meetings.

#### EXECUTIVE MANAGEMENT

The Managing Director deliberates strategic issues with the General Management Committee (GMC) at regular meetings, in order to obtain feedback on the effective implementation of strategies. Corporate governance and compliance

## Corporate Governance

is a key function of the GMC. The Company's performance dashboard is a key evaluation and measurement tool in this process. The entire executive staff is subjected to a performance evaluation biannually/ annually.

### INTERNAL CONTROLS

The Board of Directors acknowledges the imperative of a sound and strong internal control environment for the purpose of attaining good governance. The internal control system, among others, covers risk management and organisational, operational, financial, compliance and business development controls. Towards this end, the Board has entrusted the responsibility of establishing an effective internal control system to the Audit and Compliance Committee, which is also responsible for the regular monitoring of such controls. In addition to the routine audits carried out by in-house audit team of the Parent Company, Amāna Takaful PLC, Sri Lanka, the Company conducts internal audit on the systems and various aspects of the operations in accordance with the risk-based principle. The findings are conveyed to the Audit Committee, which, in turn, briefs the Board on areas of concern.

### COMPLIANCE WITH "SHARI'AH" REQUIREMENTS

Amāna Takaful (Maldives) PLC takes the utmost care in adhering to Shari'ah principles and practices. Shari'ah department conducts quarterly reviews on the policies and operations. Findings are tabled and deliberated at the Shari'ah Advisory Council (SAC) meetings and the management is given guidance and counsel on the areas concerned. The department also conducts regular training programmes to members of staff in order to disseminate the knowledge of Shari'ah, in particular that relates to the operations of Takaful and Islamic finance in general. The Statement of Compliance is a part of the Annual Report and is provided on page 52.

### REGULATORY COMPLIANCE

The Audit Committee is responsible for regulatory compliance. In addition, a Compliance Unit has been set up to monitor and investigate into all compliance-related matters across the Organisation. It keeps a close track of all new legislative requirements, regulations and directives; and notifies and guides the respective departments accordingly.

Amāna Takaful (Maldives) PLC is committed to the highest standard of compliance due to standards of disclosure, transparency, accountability and integrity requirements and any legislation relating thereto. The Company has established a Whistle-Blowing Policy with the main objective of providing an avenue for employees to raise concerns and define a way to handle any concerns of integrity and misconduct.

### RELATIONSHIP WITH STAKEHOLDERS

The Board of Directors discloses policy decisions and operations affecting shareholders through its quarterly disclosures and/or Annual Reports. The Board entertains questions from shareholders at Annual General Meetings ensuring shareholders' participation and interaction.

The management holds weekly Mission Meetings at which employees are briefed of the policies, goals and the shared values of Amāna Takaful (Maldives) PLC and their views and suggestions are sought and evaluated accordingly.



Amāna Takaful (Maldives) PLC believes in delighting its customers through an exemplary service credo. An interactive website provides access to the general public on the Company's activities.

Corporate Governance Disclosures in Relation to Directors of the Company:

Areas of Compliance	Current Status	Remarks
Board of Directors	Independent Non-Executive Directors Tyeab Akbarally – <i>Chairman</i> Osman Kassim Dato' Mohd Fadzli Yusof M.H.M. Rafiq Abdullah Kassim	All the Independent Non-Executive Directors have submitted the annual declaration of their independence to the Board of Directors.
	Independent Director/s Dr. Abdullah Shiham Hassan	Submitted the annual declaration of independence to the Board of Directors.
	Executive Director/s Hareez Sulaiman	Does not serve as Non-Executive Director in any other company.
Remuneration Committee	Dato' Mohd Fadzli Yusof – <i>Chairman</i> M.H.M. Rafiq Osman Kassim Abdullah Kassim	
Nomination Committee	Dato' Mohd Fadzli Yusof – <i>Chairman</i> M.H.M. Rafiq Osman Kassim Abdullah Kassim	
Audit Committee	Dato' Mohd Fadzli Yusof – <i>Chairman</i> M.H.M. Rafiq Dr. Abdullah Shiham Hassan Abdullah Kassim	

## Enterprise Risk Management

As the pioneer Takaful operator, risk management is at the heart of what the Company undertakes and is the source of value creation as well as a vital form of control. It is an integral part of maintaining financial stability for the Company's takaful participants, shareholders and other stakeholders. The Company's sustainability and financial strengths are underpinned by effective risk management, which allows it to prepare for future challenges, move speedily and facilitate better decisions, in particular the participants, giving them peace of mind.

The Company's Risk Management Strategy is to operate within the risk appetite guidelines set by the Board Risk Committee (RISCO) and approved by the Board of Directors, which are then reviewed on a quarterly basis, with an eye on the changing corporate risk environment. Given the increased level of awareness and assertiveness from the perspective of regulatory requirement and, the connected risk involvements, the Company has widened its scope to an Enterprise Risk Management (ERM) Framework.

Though the risk elements are managed on a daily basis at operational levels, the RISCO formally monitors the Key Risk Indicators through Enterprise Risk Register for key segments of the operations. This section elaborates the Company's ERM Framework and the Key Risk Management activities.

### DEFINITIONS OF RISK AND RISK MANAGEMENT

Risk in general could be defined as 'The combination of the probability of an event and its negative consequences', in other words, the barriers in meeting the corporate objectives.

Risk management can be defined as 'An efficient and effective process of minimising risks in meeting stakeholder requirements'. However, ERM is not strictly a serial process, where one component affects only the next. It is a multidirectional, interactive process in which almost any component can and does influence another.

### RISKS FACED BY INSURANCE COMPANIES

It appears that in general, many organisations are experiencing pressure and recognising that change in the organisation's overall approach to risk oversight is warranted, with the status quo no longer acceptable. Insurance companies whose business model is based on risk management require special attention with regard to its management. As a Takaful operator (insurance business based on Shari'ah requirements and practices), the Company has identified the following risk categories as illustrated in the diagram below which risk management professionals refer to this as the 'Risk Wheel', viz.:



### 1. INSURANCE RISK

As a Takaful operator, risks related to the core business of the Company - insurance risk, becomes primary in the list. Takaful is all about managing risks on behalf of its participants. In this respect, the Company has identified other two major risk areas under this category as depicted below:

Insurance Risks	Control
Underwriting Risk – At the time of underwriting of a risk (business/asset) it is the Company's duty towards the participant to analyse and evaluate the risk proposed for participation. Therefore the Company is bound to charge the appropriate rate of Takaful contribution (premium) that will be pooled into a defined Takaful fund belonging to all participants for the purpose of paying any defined loss suffered by any of the participants.	A robust underwriting regime is in place with well-experienced and qualified professionals in the team.  A well-scrutinised set of SOP's are formulated and implemented.
Product Design – Designing the product offers and benefits with the right pricing is very critical to the Takaful Business operation.	The Company has appointed a Research and Development Team and a Technical Team with a set of hand-picked members from Sales & Marketing, Underwriting, Retakaful and Claims. The Team met periodically and reviewed existing product features while researching for new product requirements.
Actuarial calculations and provisions carry claims risks of General Insurance business.	A qualified and well-experienced professional firm has been contracted to carry out the actuarial function.

#### A. CLAIMS RISK

Claims Risk	Control
Potential loss of values is the primary risk that any insurance businesses, including takaful undertake to manage.	At the time of planning for the years ahead, the management along with the underwriting and sales decided the product mix targets taking the claims experiences pertaining to the specific classes. It also evaluated the future potential on agreed assumption.
The risk of overpayment or underpayment of claims arises from the claims assessment process and the level of decision-making competency of the staff involved.	Continuous training and development programmes were in place with supervision of well-experienced senior staff to mitigate such risks.

#### B. RETAKAFUL RISK

Retakaful Risk	Control
Credit risk can also be a factor with respect to Retakaful. Should a takaful operator/ reinsurance company be either slow to pay its claims/contributions or unable to make such payments, the effects on an insurance company performance (and hence value) could be significant.	Retakaful placements were contracted with Retakaful operator/reinsurers having good credit ratings.  The services of professional retakaful brokers were also obtained for this purpose.
Accepting risks beyond the Company's retention limits.	System controls are in place to avoid such instances. However, to further enhance the control measure, certain critical processes were being automated. Additionally, all cases were handled through an evaluation process.  Where appropriate a survey of the risk to be covered would be undertaken,

## Enterprise Risk Management

### 2. MARKET RISKS

Market risks are wider risks that any company is exposed to in terms of demand and supply for any types of goods and services, and cost. The increased competition from the industry players in terms of rates, products, marketing etc., are continuous risks. Entry of new players and changes to the regulations in the industry are also considered as market risks.

Furthermore, for insurance companies which are heavily dependent on investment income, healthy market conditions underpinned by solid economic conditions are deemed vital. Therefore, in addition to the

overall economic growth conditions, key economic variables such as interest rates, inflation, stock market performance and exchange rates expose enormous speculative risks to the Company.

### 3. STRATEGIC AND REPUTATIONAL RISK

Achievement of overall business goals is the top most priority for any company and justifies the purpose and existence of organisations in the long run. However, companies need to achieve their corporate goals consistently in the short run in order to achieve long-term success. Thus, achieving annual targets in terms of revenue and profitability along with

other operational targets become critical to an organisation. Even though, the overall ERM Framework embraces this objective, specific strategies and action plans to support and ensure achievements of annual targets are vital.

Due to internal and external reasons the Company could be exposed to serious risks to its reputation and may impacted its overall image, which could in turn affect the performance and achievement of corporate goals.

The Company via its Marketing Department maintains a watching brief and monitors all news items related to the Company in the public domain.

### 4. OPERATIONAL RISKS

Operational risks result from inadequate or failed internal processes, people and systems which cover a wider area of operational aspects:

Operational Risks	Controls
Sudden Disasters/Calamities	A detail DRP is in force to recover the data.
BCP/DRP Failures	Tested periodically.
Not having the right people at the right place	A semi-annual performance appraisal system is in place to scrutinise the performance of key staff members including the top management personnel.
Process failures – SOPs do not capture important controls	The Risk Committee reviews the SOPs periodically along with internal audit and makes modifications when required.
Potential fraud and errors	Strict implementation of the SOPs will minimise the risks involved in this area in addition to the supervisory controls.
Liquidity crunch	The finance team prepares a cash-flow forecast on a weekly basis.
Technology failure	The Disaster Recovery Plan covers such risks.

### 5. COMPLIANCE RISK

Compliance risk results from failure to comply with the regulatory requirements. Changes to relevant laws and regulations are updated to the HODs regularly.

The key compliance risks and the control measures are listed below:

Compliance Risk	Controls
Unable to comply with the applicable regulatory requirements	<p>The first item of the agenda for the regular Executive Committee was set on compliance matters to prioritise the discussion on the subject. Any significant issues would then be escalated to the Audit/ Risk Committees and the Board.</p> <p>All Heads of Departments were made aware of the applicable laws and regulations. Further, the regulatory requirements would then be cascaded down to relevant staff members.</p> <p>A monthly sign-off was obtained on a compliance checklist covering applicable laws and regulations. This checklist was tabled at the Executive Committee meetings.</p> <p>A periodic internal audit exercise was also carried out on the compliance function and a report tabled at the Audit Committee meetings.</p>

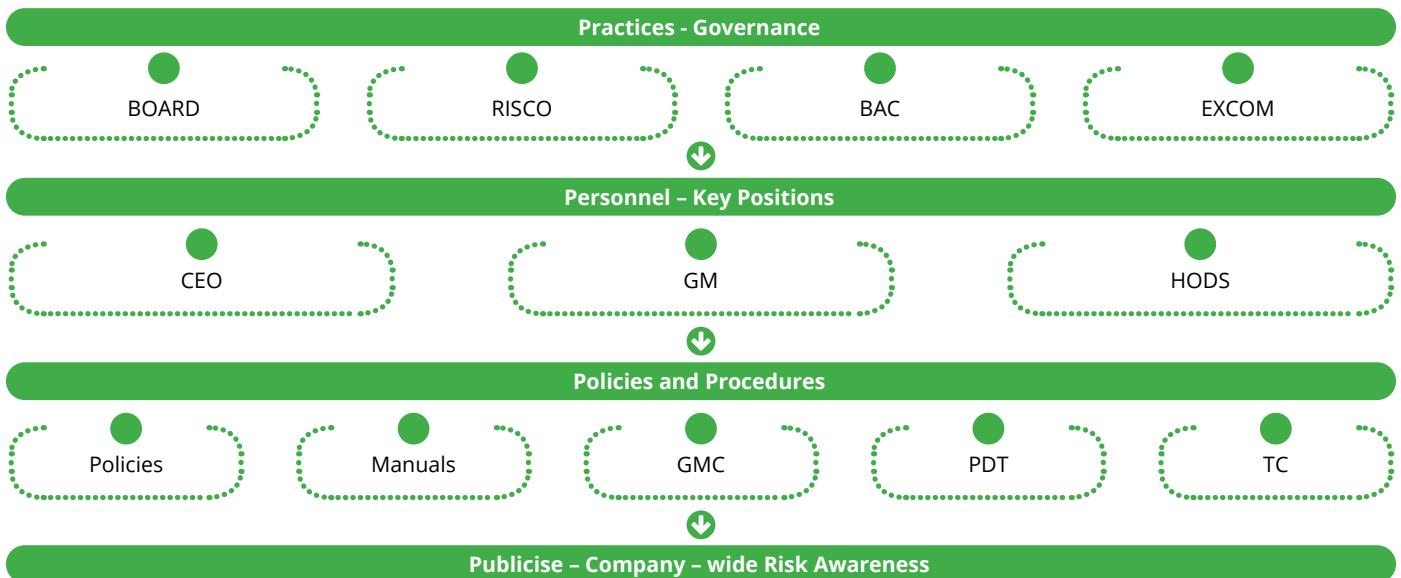
## 6. CREDIT RISK

With the deteriorating market practices on credit due to competitive pressures, the Company heightened its credit arrangement process through strict control measures and improved the credit policy as described below:

Credit Risk	Controls
Unable to collect/recover takaful contributions given on credit	<p>SOP on credit approval covered authorisation and approvals controls Credit policy linked to the Sales Commission and Incentive scheme.</p> <p>Weekly Credit Review undertaken.</p>
Risk in recovering Retakaful	Rated Retakaful Operators/Reinsurance Companies.
Unable to recover capital value of investments	Close monitoring by the Board Investment Committee.

## ATM ENTERPRISE RISK MANAGEMENT FRAMEWORK

In the ERM Framework of ATM, the entire Company (Enterprise) has been structured into a four-stage cascade viz; Practices, Personnel, Procedures and Publicise from a risk management perspective, as illustrated below:



## Enterprise Risk Management

Board	- The Board of Directors
RISCO	- Board Risk Committee
BAC	- Board Audit Committee
EXCOM	- Executive Committee/ act as Investment Committee
CEO	- Chief Executive Officer
GM	- General Manager
HODs	- Heads of Departments
SOPs	- Standard Operating Procedures
GMC	- General Management Committee
PDT	- Product Development Team
TC	- Technical Committee

The ERM Framework operates on a bottom-up approach in terms of its Lines of Defence.

### 1. FIRST LINE OF DEFENCE

Publicise – Educating the staff at shop floor level with the appropriate level of authority helps them take the right decision at the right time. The Company recognised that staff in the front line were exposed to the market and most often encountered various challenges. Cognisant of the challenge in communicating the entire ERM Framework and strategies to manage risks, the Risk Management Unit has adopted a simplified cascading process to the wider audience to mobilise support and upscale knowledge at all levels in the Company.

### 2. SECOND LINE OF DEFENCE

Policies and Procedures – Policies and Procedures play a vital role through proper internal control mechanisms in mitigating several risk factors. Further, the Company also has restructured

the Management Review Process through the General Management Committee (GMC), widening the participation of Key Management Personnel with specific roles in each of the groups.

### 3. THIRD LINE OF DEFENCE

Key personnel being appointed at key positions in any organisation mitigates a major part of the risk. The Company believes in its human capital, especially personnel in key positions, that they will take prudent business decisions in pursuit of corporate objectives.

### 4. FINAL LINE OF DEFENCE

Governance Practices are activities that take place at Board level in order to ensure delivery of promises made to the stakeholders. In addition to the scheduled Board meetings and deliberations, there are Subcommittees at Board level such as the Investment, Board Audit, Risk Management and Executive Committees. These committees independently met periodically with the Key Management Personnel and review performance, challenges and opportunities under the respective areas and report to the Board accordingly.

### RISK MANAGEMENT PROCESS

In the process of managing its risks the Company has identified the following Key Risk Indicators. These indices were monitored through a dashboard reviewed at GMC. Corrective actions had been taken as and when significant deviations were observed in the relevant areas as shown below:

Risk Area	Key Risk Indicator
Takaful Risk	Average Rates by Sub-Classes Claims Ratios by Sales Teams and Sub-Classes Product Profitability Retakaful Covers Vs Risk Accumulation
Strategic and Reputational Risk	Variance Analysis
Market Risk	Equity Market Movement Economic Indicators Changes in Tax Regulations Changes in Government Policies
Operational Risk	Staff Turnover Ratio Internal/External Audit Findings Combined Ratio
Credit Risk	Debtors Turnover Ratio (Days)
Compliance Risk	Queries Raised by Regulator Pending Legal Matters Unresolved Audit Queries Items in the Management Letter Investment Portfolio Mix

### KEY RISK MANAGEMENT ACTIVITIES DURING 2020

RISCO, the Board Risk Committee, reviewed the Risk Registers on a quarterly basis and monitored the Key Risk Indicators covering all aspects of the business. The Committee also closely monitored the areas related to Working from Home (WFH) arrangement which was facilitated to the staff due to lockdown imposed in Male' city.

The Executive Committee reviewed and monitored the quarterly performance of the Company especially with regard to managing claims cost and deteriorating pricing on a quarterly basis and made several steps to mitigate further damages.

The staff were educated through training programmes to elevate their knowledge on risk management and the significance in adhering to the set systems and procedures.

### MEETING

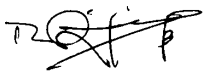
The mandate for the RISCO is to undertake regular meetings, at least once in every quarter and the reporting should be directed to the Board. All reports pertaining to the risks and findings were tabled at and deliberated by the latter.

In relation to the above, during the year under review, the Committee convened its meeting four (4) times, at quarterly intervals.

Members	No. of Meetings Attended
Dato' Mohd Fadzli Yusof (Chairman)	4 out of 4
Mohamed Haniffa Mohamed Rafiq	4 out of 4
Dr. Abdullah Shiham Hassan	3 out of 4
Abdullah Kassim	3 out of 3

### CHAIRMAN'S REMARK

RISCO expresses its satisfaction that effective measures have been in place to deal with an appropriate risk management process of Amāna Takaful (Maldives) PLC. It was able to identify the risk profiles properly recorded, and in line with this developed a Risk Management Manual and a Register, taking into account of all possible risks associated with the business activities. The RISCO and the Board believe that Amāna Takaful (Maldives) PLC is in the right direction in terms of developing a sound system and process to manage and mitigate these risk profiles accordingly.



**Dato' Mohd Fadzli Yusof**  
Chairman  
Risk Management Committee

1st April 2021

# Annual Report of The Board of Directors on the Affairs of the Company

The Directors are pleased to submit their report, together with the audited accounts for the Company, for the year ended 31st December 2020, to be presented at the Annual General Meeting of the Company.

## REVIEW OF THE YEAR

The Chairman's review on page 6 describes the Company's affairs and mentions important events that occurred during the year and up to the date this Report. The CEO's Review on page 9 elaborates the financial results of the Company. These reports together with the audited Financial Statements, reflect the state of the affairs of the Company.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is General Takaful Business.

## FINANCIAL STATEMENTS

The Financial Statements are prepared in conformity with the International Financial Reporting Standards and comply with the requirements of Section 65 of the Companies Act No. 10/96.

## INDEPENDENT AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on page 56 of this Report.

## ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the Financial Statements are given on page 64 to 71.

## FINANCIAL RESULTS AND APPROPRIATIONS

Consolidated Profit after Taxation of the Company for the year was MVR 19.96 Mn. General Takaful Fund recorded Profit after Taxation of MVR 12.58 Mn for the year and Shareholders' Funds Profit after Taxation for the year was MVR 7.37 Mn.

## PROPERTY, PLANT & EQUIPMENT

During the year under review, the capital expenditure on Property, Plant & Equipment for the Company amounted to MVR 0.33 Mn.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 9 to the Financial Statements on page 76.

## INVESTMENTS

Details of Investments held by the Company are given in Note 10 to the Financial Statements on page 77.

## RESERVES

Total revenue reserves as at 31st December 2020 for the Company amounted to MVR 59.18 Mn. The break up and the movement are shown in the Statement of Changes in Equity in the Financial Statements.

## SHARE CAPITAL

The share capital of the Company as at 31st December 2020, was MVR 26,314,583/- represented by 20,241,987 ordinary shares. The details of the share capital are given in Note 16 to the Financial Statements on page 80.

## CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at 31st December 2020.

## POSTBALANCE SHEET EVENTS

There were no material events occurring after the Reporting date that require adjustments or disclosure in the Financial Statements.

## DIRECTORS' RESPONSIBILITIES

The Statement of the Directors' Responsibilities is given on page 54 of the Annual Report.

## CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Rules laid down by the Capital Market Development Authority of Maldives. The report on Corporate Governance is given on page 32.

## STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities have been paid within the stipulated period.

## MATERIAL CONTRACTS

1. A Memorandum of Understanding has been entered into between Amāna Takaful (Maldives) PLC and Amāna Global Ltd., Sri Lanka for the provision of technical assistance and support services. M.H.M. Rafiq serves as Director of both Amāna Takaful (Maldives) PLC and Amāna Global Ltd.



2. A wakalah facility has been provided by Amana Takaful (Maldives) PLC to Amana Takaful PLC to support working capital requirements. Osman Kassim serves as Director of both Amāna Takaful (Maldives) PLC and Amāna Takaful PLC.

### INTERESTS REGISTER

Directors, interest in contracts of the Company, both direct and indirect during the year under review, are included in Note 21 in the Related Party Disclosures to the Financial Statements.

There were no unexpired service contracts within one year, without payment of compensation of any Directors proposed for election.

Directors or the Chief Executive Officer do not have any specific rights to subscribe for equity or debt securities of the Company nor any other contracts or dealings with the Company, other than what is disclosed in this Report.

Directors of the Company, who were also Directors of related entities as at 31st December 2020:

Company	Name of Director	Position	Relationship
Amāna Takaful PLC, Sri Lanka	Osman Kassim	Chairman	Parent Company
Amāna Global Ltd., Sri Lanka	M.H.M. Rafiq	Director	Related Company
AG Capital (Private) Ltd., Maldives	Abdullah Kassim	Managing Director	Related Company

### BOARD COMMITTEES

#### Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Board;

1. Dato' Mohd Fadzli Yusof – Chairman
2. M.H.M. Rafiq
3. Dr. Abdullah Shiham Hassan
4. Abdullah Kassim

The Report of the Audit Committee on page 50 set out the manner of compliance by the Company.

### REMUNERATION COMMITTEE

Following are the names of the members comprising the Remuneration Committee;

1. Dato' Mohd Fadzli Yusof – Chairman
2. Osman Kassim
3. M.H.M. Rafiq
4. Abdullah Kassim

The particulars of the Remuneration Committee are mentioned in the Corporate Governance Report on page 36.

### NOMINATION COMMITTEE

Following are the names of the members comprising the Nomination Committee;

1. Dato' Mohd Fadzli Yusof – Chairman
2. Osman Kassim
3. M.H.M. Rafiq
4. Abdullah Kassim

The particulars of the Nomination Committee are mentioned in the Corporate Governance Report on page 37.

### SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDINGS

The substantial shareholdings and market value of shares are given on page 89.

The earnings per share, dividends per share and net assets per share are given on page 89.

## Annual Report of The Board of Directors on the Affairs of the Company

### Directors

The Directors of the Company during the year are as follows:

	Date of Appointment/ Reappointment	Date of Resignation
Tyeab Akbarally	14.02.2018	-
Osman Kassim	14.02.2018	-
Dato' Mohd Fadzli Yusof	14.02.2018	-
M.H.M. Rafiq	14.02.2018	-
Abdullah Kassim	14.02.2018	-
Dr. Abdullah Shiham Hassan	23.04.2020	-
Hareez Sulaiman	20.05.2012	-

A brief profile of the Directors are given on pages 13 to 14 of this Annual Report.

### DIRECTORS' SHAREHOLDING

The interest of the Directors in the shares of the Company as at 31st December 2020, were as follows:

	No. of Ordinary Shares as at 31.12.2020
Tyeab Akbarally	NIL
Osman Kassim	NIL
Dato' Mohd Fadzli Yusof	NIL
M.H.M. Rafiq	NIL
Abdullah Kassim	NIL
Dr. Abdullah Shiham Hassan	100
Hareez Sulaiman	1,380

### INDEPENDENCE OF DIRECTORS

Particulars of Independent Directors are mentioned under Corporate Governance Report on page 39.

**BOARD MEETINGS**

The composition of the Board, together with details of attendance of each member at meetings during the period under review, are as follows:

Name of the Director	Board Meetings		Remuneration Committee/ Nomination Committee Meetings	
	Held	Attended	Held	Attended
Tyeab Akbarally – <i>Chairman</i>	5	5		
Osman Kassim	5	5	2	2
Dato' Mohd Fadzli Yusof	5	5	2	2
Mohamed Hanifa Mohamed Rafiq	5	5	2	2
Abdullah Kassim	5	5		
Dr. Abdullah Shiham Hassan	5	4		
Hareez Sulaiman	5	5		

**GOING CONCERN**

The Directors, after making necessary inquiries and review of the financial position and future prospects of the Company, have a reasonable expectation that the Company has adequate resources to continue to be in operational existence for the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

**AUDITORS**

The resolutions to appoint the present Auditors, Messrs Ernst & Young Chartered Accountants, who have expressed their willingness to continue in office, will be proposed at the Annual General Meeting.

The audit fee paid to the Auditors is disclosed in the Note 4.2 on page 73. The proposed external audit fee for the year 2021 is to be a maximum of USD 7,420.

As far as the Directors are aware, the Auditors are free of any conflict of interest and fully independent.

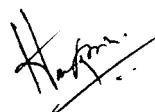
The Audit Committee reviews the appointment of the Auditors, its effectiveness and its relationship with the Company including the level of audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

**NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on 24th May 2021 at 2.30 p.m. at virtually local time.

The Notice of the Annual General Meeting appears on page 91.

For and on behalf of the Board.



**Hareez Sulaiman**  
*Managing Director/CEO*



**Abdullah Kassim**  
*Chairman - EXCOM*



**Mohamed Hilmy**  
*Managing Partner*  
For and on behalf of  
Vakeelu Chambers LLP  
Secretaries

Amāna Takaful (Maldives) PLC

1st April 2021  
Malé

## Report of the Board Audit and Compliance Committee

### COMPOSITION

The main objective of the Audit Committee is to present an independent oversight of Amāna Takaful (Maldives) PLC's financial reporting and internal control system as well as providing checks and balances within the establishment. Membership of the Committee, appointed by and answerable to the Board of Directors, presently comprises four members, all of whom are Independent Non-Executive Directors. Bringing along with the experience of both Takaful and insurance sectors coupled with varied expertise and knowledge in finance and law, the Committee has the right mix to effectively carry out their duties and responsibilities. The Committee meets at least four (4) times a year, usually at quarterly intervals, to review and approve the annual external and internal audit plans; ensure the independence and objectivity of the External Auditors review the internal audit process, adequacy of internal controls and assess various transactions of related parties. In addition, the Committee also plays the role of a platform for the Management to raise concerns on possible irregularities for investigation.

The composition of the Committee and details of attendance of each member at meetings of the Committee during the period under review are as follows:

Members	No. of Meetings Attended
Dato' Mohd Fadzli Yusof ( <i>Chairman</i> )	4 out of 4
M.H.M. Rafiq	4 out of 4
Dr. Abdullah Shiham Hassan	3 out of 4
Abdullah Kassim	3 out of 3

Agendas and reports to be tabled and deliberated at the meetings were prepared and distributed sufficiently in advance to members, along with the appropriate briefing materials.

The Managing Director attended all the meetings of the Committee during the period under review. The Manager, Internal Audit Department also attended all meetings in the capacity of Secretary to the Audit Committee. Other members of the Management were also invited to attend the meeting when required. The Committee is given direct communication channel with Internal and External Auditors, and personnel at all levels, including with External Auditors. The Board also authorises the Committee to investigate any matter within its terms of reference.

### OBJECTIVES, DUTIES AND RESPONSIBILITIES

The key objectives of the Audit Committee are:

- To satisfy themselves that the good financial reporting system is in place in order to present accurate and timely financial information to the Board of Directors, regulators and shareholders and to make sure that these are prepared in accordance with International Financial Reporting Standards and other relevant laws and regulations.
- To satisfy themselves of the effectiveness of the Company's risk management process in order to identify and mitigate risks.
- To review the design and implementation of the internal control system and take steps to strengthen them as necessary.
- To ensure that the contact of the business is in compliance with the applicable laws and regulations of the country and the policies and procedures of the Company, including its conformity with the requirements and practices of Shari'ah.
- To assess the independence of the External Auditors and monitor the performance of Internal and External Auditors.
- To assess the Company's ability to continue as a going concern in the foreseeable future.

The primary duties and the responsibilities of the Committee are as follows:

1. Review the adequacy of the internal audit programme and plan, internal audit findings and recommend actions to be taken by the Management of deficiencies in controls, processes and procedures.
2. Assessment of the independence and performance of the Company's External Auditors.
3. Review the Management Letter and follow-up on its recommendations.
4. Ensure preparation and presentation of financial reports in line with accounting standards and ensuring the adequacy of disclosure in such report.
5. Review the effectiveness of internal controls and risk management processes.
6. Ensure compliance with Regulatory Affairs and Corporate Governance.

#### INTERNAL AUDIT

The internal audit functions of the Company are undertaken by the Internal Audit Department, Amāna Takaful PLC, Sri Lanka, as the Parent Company. The Department is independent of the activities and operations of other departments and units. It reports directly to the Committee and presented to the Committee the Comprehensive Audit Plan for the financial year under review

and instructed the Internal Auditors on the approach to be adopted in their auditing processes. Apart from the Audit Plan, the Committee also instructed the Auditors to carry out investigation, inspection and auditing on certain issues deemed necessary to maintain and ensure the adequacy and effectiveness of internal controls and principles of best practice.

The Committee deliberated and reviewed a number of internal audit reports on a multitude of operational areas such as Reinsurance (Retakaful), various types of reserve including technical reserve, claims and underwriting as well as Treasury matters. To ensure key decisions and recommendations of the Committee are efficiently implemented a process of follow-up programmes have been put in place. Where necessary, Auditors were directed to conduct follow-up audits and inspections.

#### EXTERNAL AUDIT

The Committee reviewed the Management Letter and other recommendations submitted by the External Auditors, Ernst & Young, and noted the issues raised during the financial year under review.


The Committee further made recommendations in relation to the remuneration, functions and terms of engagement of the External Auditors, particularly in relation to their auditing work.

#### PROVISION OF NON-AUDIT SERVICE

The Committee is responsible for reviewing the nature of non-audit services that the External Auditors may undertake in order to ensure that the Auditor's independence is not impaired in such circumstances.

#### CONCLUSION

The Committee is satisfied that effective measures, in respect of internal control of the Company, are in place. The accounting standards are duly followed and the activities and the functions of the Company are in compliant with regulatory and statutory provisions. The Committee is also comfortable that the assets of the Company have been adequately safeguarded, and the requirements of independence of Internal and External Auditors are met. With the transparent and appropriate relationship established with the External Auditors, the latter have an obligation to raise and highlight any significant defects or weaknesses in the Company's system of internal control and compliance to the attention of the Management, the Committee and the Board. On the whole, the Committee strongly believes that the Company is in the right direction in terms of Corporate Governance and best practices.

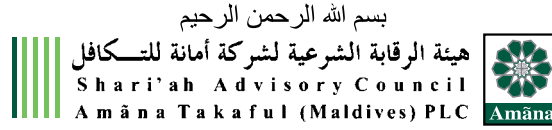


**Dato' Mohd Fadzli Yusof**

*Chairman*

Audit and Compliance Committee of the Board

## Report of the Shari'ah Advisory Council



### SHARI'AH AUDIT REPORT TO THE SHAREHOLDERS OF AMANA TAKAFUL (MALDIVES) PLC

السلام عليكم ورحمة الله وبركاته

We have examined the operations of Amāna Takaful (Maldives) PLC (the "Company") for the year ending 31st December 2020. We have also conducted our review to form an opinion as to whether the Company has complied with Shari'ah Rules and principles and also with the specific fatwas, regulations and guidelines issued by the Shari'ah Advisory Council.

#### Responsibilities

It is our responsibility, as Shari'ah Advisory Council, to check that the takaful operations, contracts and investments entered into by the Company with its participants, clients and stakeholders are in compliance with Shari'ah rules and principles. It is the responsibility of the Company's Management to ensure that all rules, principles and guidelines set by the Shari'ah Advisory Council are complied with, and that all policies and services being offered are duly approved by the Shari'ah Advisory Council.

#### Scope of Audit

The scope of our audit primarily involved reviewing, either directly or through a representative of the Shari'ah Advisory Council, the Company's compliance with the Shari'ah Regulations and Guidelines. Our review also included interviewing staff, examining different activities conducted by the Company based on samples/documents. This included reviewing:

1. Audited Financial Statements
2. Underwriting of different types of policies
3. Claims
4. Review of Related Documentation
5. Re-takaful and Re-insurance
6. Investments
7. Charity and Welfare Account (Inflows and Outflows)
8. Mandatory placement of funds with the MMA

#### Findings:

The Shari'ah Advisory Council conducted 3 online meeting during the period under review. Physical meetings were not possible due to the current ongoing pandemic. We pray to Allah SWT to remove this pandemic and grant us all wellbeing.

Based on our findings we drew attention of the Management to the following:

- a) An amount of money credited to the Waqf fund from mandatory interest based placement with the MMA has been designated to be paid to charity. Management has been advised to continue to canvass the MMA to convert this placement to a Shari'ah Compliant placement.

#### Opinion

In our opinion and to the best of our information and belief and according to the explanations given to us:

- i. The Takaful Operations, Financial transactions and General

Operations undertaken by the Company during the year under review were generally in accordance with the guidelines prescribed by the Shari'ah Advisory Council.

- ii. Muslim Shareholders are advised to disburse Zakaah on their shares as per the Islamic Laws of Zakaah. Management has been asked to calculate, in consultation with the Shari'ah Advisory Council, the Zakaah per share that is due by shareholders.

We seek Allah the Almighty to grant us all success and straight-forwardness.

والسلام عليكم ورحمة الله وبركاته

**Mufti M I M Rizwe**

*Chairman- Shari'ah Advisory Council*

**Mufti Shafique A Jakhura**

*Member- Shari'ah Advisory Council*

**Sheikh Ali zahir Bin Saeed Gasim**

*Member- Shari'ah Advisory Council*

# *Financial* **Reports**

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## Statement of Directors Responsibilities

This statement sets out the responsibilities of the Directors in relation to Financial Statements of the Company. The Directors confirm that the Financial Statements for the year 2020 prepared and presented in this Annual Report are consistent with the requirements of the Companies Act No. 10 of 1996.

In preparing the Financial Statements, the Directors have adopted appropriate accounting, principles and policies and where relevant, disclosed and explained material departures, if any. The Directors ensure that applicable accounting standards have been followed and that the judgments and estimates provided are reasonable and prudent and provide a true and fair view of the state of affairs as well as the profitability of the Company. The Directors also state that the Financial Statements are prepared on a going concern basis and a review of the Company's performance indicates that the Company has adequate resources to continue in operation.

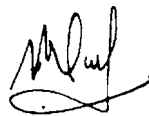
The Directors have taken proper and sufficient care to ensure the maintenance of adequate accounting records in conformity with the applicable provisions and any other legislation including the Companies Act No. 10 of 1996 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Company possesses an effective internal audit system commensurate with the size and nature of its business. Steps have also been taken to ensure that proper records are maintained, and the information generated is reliable.

It is the responsibility of the Directors to provide the Auditors every opportunity to carry out necessary audit work to enable them to present their audit report. The Directors are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities which were due and payable by the Company as at the Balance Sheet date have been paid or where relevant provided for.

The Directors are of the view that they have to the best of their knowledge, discharged their responsibilities as set out in this statement.

For and on behalf of the Board,



**Tyeab Akbarally**  
*Chairman*

Male', Republic of Maldives  
1st April 2021



## Certification by the Actuary

08 March 2021

### **Amāna Takaful (Maldives) PLC 31 December 2020 Net IBNR and LAT Certification**

I hereby certify that the undiscounted Central Estimate of IBNR provision of MVR 1,462,632 inclusive of Claims Handling Expenses is adequate in relation to the Claim Liability of Amāna Takaful (Maldives) PLC as at 31 December 2020, Net of Retakaful. This IBNR provision, together with the Case Reserves held by the Operator, is expected to be adequate at a 50th percentile to meet the future liabilities in respect of the Operator's incurred claims obligations as at 31 December 2020, in many, but not all, scenarios of future experience.

At the end of each reporting period, companies are required to carry out a Liability Adequacy Test (LAT). The LAT is performed to assess the adequacy of the carrying amount of the Unearned Contribution Reserve (UCR). The total UCR provision of MVR 17,219,967 set by the Operator, Net of Retakaful is higher than the estimated URR of MVR 13,118,019. This implies the carrying amount of UCR is adequate at a 50th percentile in relation to the unexpired risks of Amāna Takaful (Maldives) PLC as at 31 December 2020, in many, but not all, scenarios of future experience. As such, there is no contribution deficiency to be recognised by the Operator.

The results have been determined in accordance with internationally accepted actuarial principles.

I relied upon information and data provided by the management of the above Operator and I have not independently verified the data supplied, beyond applying checks to satisfy myself as to the reasonability of the data.



**J.S.A. Plugge**

Fellow of the Dutch Actuarial Society ("Actuariel Genootschap")  
For and on behalf of NMG Financial Services Consulting

Dated 08 March 2021



# Independent Auditors' Report



Building a better  
working world

Ernst & Young  
Chartered Accountants  
G. Shafag, 2nd Floor  
Rahdhebai Magu  
Malé  
Republic of Maldives

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Reg. No: C-192/95

KR/CMKW

## Independent Auditor's Report To the Shareholders of Amana Takaful (Maldives) PLC

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Amana Takaful (Maldives) PLC ("the Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and its financial performance and its 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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Fair value of financial assets

As stated in Note 10 to the financial statements, financial assets include investment in equity shares and unit trusts which have been classified as fair value through profit or loss and available for sale. As per IAS 39 – Recognition and measurement, the subsequent measurement of the said assets should be at fair value. We checked the quoted price of the Maldives Stock Exchange and Colombo Stock Exchange for the quoted equity shares.

#### Estimates used in calculation of insurance contract liabilities and liability adequacy test

As stated in Note 17 to the financial statements, the Company has insurance contract liabilities of MVR. 31.6Mn

representing 36% of its total liabilities. This is an area that involves management judgement over uncertain future outcomes, including the future claim experience of the Company, and therefore we considered it a key audit matter for our audit. In this regard our work involved in verifying the data used for the computation and continuity of the basis of the computation. Further we checked the professional competence of the management expert hired by the Company to perform the computation.

#### Other information included in The Company's 2020 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

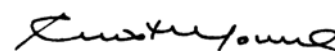
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

The partner in charge of the audit resulting in this independent auditor's report is Krishna Rengaraj.



31 March 2021  
Male'

## Statement of Comprehensive Income

Year ended 31 December 2020	Note	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Gross written takaful contribution (premium)	3	127,888,772	138,134,349
Less: Contribution (premium) ceded to re-takaful (net of re-takaful commission income)	3	(55,941,425)	(55,495,945)
<b>Net written takaful contribution (premium)</b>		<b>71,947,347</b>	<b>82,638,404</b>
Net change in reserve for unearned takaful contribution (premium)	3	3,482,427	3,870,364
<b>Net earned takaful contribution (premium)</b>		<b>75,429,774</b>	<b>86,508,767</b>
<b>Benefits, losses and expenses</b>			
Takaful (insurance) claims and benefits (net of re-takaful recoveries)	3	(37,152,170)	(51,958,929)
Acquisition cost	3	(3,824,484)	(2,978,308)
Underwriting results		34,453,120	31,571,531
<b>Other Revenue</b>			
Investment income	3.1	6,178,026	5,106,301
Fair value gain on investments		1,405,208	-
Other income	3.2	6,757,093	6,585,936
<b>Expenses</b>			
Other operating, investment related and administrative expenses	4	(24,210,534)	(25,743,469)
Fair value loss on investments		-	(464,530)
Amortisation	5	(381,955)	(412,548)
Marketing expenses		(643,099)	(1,613,811)
Finance cost		(469,186)	(80,092)
Profit before taxation		23,088,673	14,949,318
Income tax expense	6	(3,127,297)	(2,468,000)
Profit for the year		19,961,376	12,481,318
Basic, diluted earnings per share	7	0.99	0.62
<b>Other comprehensive income</b>			
Profit for the year		19,961,376	12,481,318
Net change in fair value of Available-for-Sale Financial Assets Available for sale reserve		2,250,000	11,545,200
		22,211,376	24,026,518
<b>Total comprehensive income for the year</b>		<b>22,211,376</b>	<b>24,026,518</b>

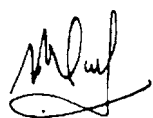
The accounting policies and notes on pages 64 through 88 form an integral part of the financial statements.

## Statement of Financial Position

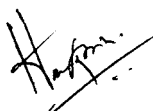
Year ended 31 December 2020	Note	As at 31.12.2020 MVR	As at 31.12.2019 MVR
<b>Assets</b>			
Intangible assets	8	5,192,807	5,539,175
Property, plant and equipment	9	1,425,787	1,523,710
Right-of-use assets	9.1	17,895,987	19,189,673
Deferred tax assets	6.2	626,129	509,398
Financial assets - Investments, including investments in affiliates	10	136,266,652	110,971,722
Deposit with Maldives Monetary Authority		2,000,000	2,000,000
Re-takaful (Re-insurance) receivables	11	3,753,958	11,947,810
Contribution (premium) receivables	12	10,795,647	13,416,459
Amounts due from related parties	13	107,798	232,800
Other assets	14	6,657,713	5,177,758
Cash and cash equivalents	15	2,061,614	1,870,396
<b>Total assets</b>		<b>186,784,092</b>	<b>172,378,901</b>
<b>Equity and liabilities</b>			
Shareholders' equity			
Issued share capital	16	26,314,583	26,314,583
Available for sale reserve		13,795,200	11,545,200
Revenue reserves		59,186,097	42,514,045
<b>Total equity</b>		<b>99,295,880</b>	<b>80,373,828</b>
<b>Liabilities</b>			
Lease liability	9.1	7,051,453	7,356,363
Takaful (Insurance) contract liabilities	17	31,693,297	31,151,375
Re-takaful (Re-insurance) payables		12,313,844	21,940,956
Employee benefits	18	3,209,827	2,862,467
Amounts due to related parties	19	49	46,021
Other liabilities	20	33,219,743	28,647,891
<b>Total liabilities</b>		<b>87,488,212</b>	<b>92,005,073</b>
<b>Total equity and liabilities</b>		<b>186,784,092</b>	<b>172,378,901</b>

The Board of Directors is responsible for the preparation and presentation of these financial statements.

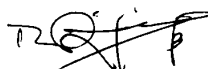
Signed for and on behalf of the Board by,



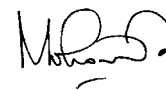
**Tyeab Akbarally**  
Chairman



**Hareez Sulaiman**  
Managing Director



**Dato' Mohd. Fadzli Yusof**  
Director



**Siraj Nizam**  
Head of Finance

The accounting policies and notes on pages 64 through 88 form an integral part of the financial statements.

## Statement of Changes in Equity

Year ended 31 December 2020	Share capital MVR	Available for sale reserve MVR	WAQF fund MVR	Retained earnings MVR	Total equity MVR
<b>Balance as at 1 January 2019</b>	26,314,583	-	1,542	32,662,645	58,978,770
Final dividend - 2018	-	-	-	(1,315,730)	(1,315,730)
1st Interim dividend - 2019	-	-	-	(1,315,730)	(1,315,730)
Net change in fair value of Available for Sale Financial Assets	-	11,545,200	-	-	11,545,200
Profit for the year	-	-	-	12,481,318	12,481,318
<b>Balance as at 31 December 2019</b>	26,314,583	11,545,200	1,542	42,512,503	80,373,828
Final dividend - 2019	-	-	-	(1,315,730)	(1,315,730)
1st Interim dividend - 2020	-	-	-	(1,973,594)	(1,973,594)
Net change in fair value of Available for Sale Financial Assets	-	2,250,000	-	-	2,250,000
Profit for the year	-	-	-	19,961,376	19,961,376
<b>Balance as at 31 December 2020</b>	26,314,583	13,795,200	1,542	59,184,555	99,295,880

The accounting policies and notes on pages 64 through 88 form an integral part of the financial statements.

## Statement of Cash Flows

Year ended 31 December 2020	Note	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
<b>Operating activities</b>			
Profit before taxation		23,088,673	14,949,318
<b>Non-cash adjustment to reconcile profit to net cash flows</b>			
Amortisation of intangible assets - software	8	381,955	412,548
Depreciation	9	407,648	173,822
Business profit tax paid	6.4	(2,336,921)	(2,993,876)
Fair value gain on investments		(1,405,208)	(464,530)
Investment income	3.1	(6,757,093)	(5,106,301)
Finance cost		469,186	80,092
Right of use assets depreciation		1,293,686	215,614
Loss on Disposal		180,794	-
<b>Working capital adjustments:</b>			
Decrease in re-takaful (re-insurance) assets		8,193,853	1,144,987
Decrease in contribution (premium) receivables		2,620,811	(1,400,729)
Increase in other assets		828,924	(1,007,613)
Decrease in amounts due from related parties		125,001	91,747
Increase/(decrease) in takaful contract liabilities		541,922	(15,351,046)
Increase in re-takaful (re-insurance) payable		(9,627,112)	11,115,653
Increase/(decrease) in other liabilities		3,781,475	6,277,637
Increase in Employee benefits		347,360	766,858
Increase in amounts due to related parties		(45,972)	39,836
		22,088,983	8,944,017
<b>Investing activities</b>			
Investment in financial asset		(21,297,082)	(1,157,824)
Acquisition of property, plant and equipment	9	(339,879)	(1,325,674)
Acquisition of intangible assets	8	(186,228)	(2,612,030)
Investment income received	3.1	4,331,483	4,765,463
Disposal of shares / (Investment in shares)		(342,640)	(6,977,588)
<b>Net cash used in investing activities</b>		<b>(17,834,346)</b>	<b>(7,307,653)</b>
<b>Financing activities</b>			
Dividend paid		(3,289,324)	(2,631,460)
Lease liability payment		(774,096)	(129,016)
<b>Net cash flows from financing activities</b>		<b>(4,063,420)</b>	<b>(2,760,476)</b>
Net Increase/(decrease) in cash and cash equivalents		191,217	(1,124,112)
Cash and cash equivalents at 1 January		1,870,397	2,994,509
Cash and cash equivalents at 31 December (Note 15)		2,061,614	1,870,397

The accounting policies and notes on pages 64 through 88 form an integral part of the financial statements.

## Segmental Analysis - Statement of Comprehensive Income

Year ended 31 December 2020

	General Takaful Fund MVR	Shareholders' Fund MVR	Adjustments MVR	Consolidated MVR
Gross written takaful contribution (premium)	127,888,772	-	-	127,888,772
Less: Contribution (premiums) ceded to re-takaful - (net of re-takaful (re-insurance) commission income)	(55,941,425)	-	-	(55,941,425)
<b>Net written takaful contribution (premium)</b>	<b>71,947,347</b>	<b>-</b>	<b>-</b>	<b>71,947,347</b>
Net changes in reserve for un-earned contribution	3,482,427	-	-	3,482,427
<b>Net earned takaful contribution (premium)</b>	<b>75,429,774</b>	<b>-</b>	<b>-</b>	<b>75,429,774</b>
<b>Benefits, losses and expenses</b>				
Takaful (insurance) claims and benefits - (net of re-takaful recoveries)	(37,152,170)	-	-	(37,152,170)
Acquisition cost	27,018	(3,851,502)	-	(3,824,484)
<b>Under writing results</b>	<b>38,304,623</b>	<b>(3,851,502)</b>	<b>-</b>	<b>34,453,120</b>
Wakalah fee	-	28,897,084	(28,897,084)	-
<b>Other revenue</b>				
Investment income	4,393,136	1,784,890	-	6,178,026
Fair value gain on investments	709,145	696,063	-	1,405,208
Other income	1,794,541	4,962,552	-	6,757,093
	45,201,445	32,489,086	(28,897,084)	48,793,447
<b>Direct expenses</b>				
Wakalah fee	(28,897,084)	-	28,897,084	-
<b>Expenses</b>				
Other operating, investment related and administrative expenses	(1,653,721)	(22,556,813)	-	(24,210,534)
Amortisation	(180,360)	(201,595)	-	(381,955)
Marketing expenses	-	(643,099)	-	(643,099)
Finance Cost	-	(469,186)	-	(469,186)
<b>Profit from operation</b>	<b>14,470,281</b>	<b>8,618,392</b>	<b>-</b>	<b>23,088,673</b>
Business profit tax	(1,885,472)	(1,241,825)	-	(3,127,297)
<b>Profit for the year</b>	<b>12,584,809</b>	<b>7,376,567</b>	<b>-</b>	<b>19,961,376</b>
<b>Other comprehensive income</b>				
Profit for the year	12,584,809	7,376,567	-	19,961,376
Net change in fair value of Available-for-Sale Financial Assets	1,577,028	672,972	-	2,250,000
<b>Total comprehensive income for the year</b>	<b>14,161,837</b>	<b>8,049,539</b>	<b>-</b>	<b>22,211,376</b>



## Segmental Analysis - Statement of Financial Position

As at 31 December 2020

	General Takaful Fund MVR	Shareholders' Fund MVR	Adjustments MVR	Consolidated MVR
<b>Assets</b>				
Intangible assets	2,189,047	3,003,761	-	5,192,807
Property, plant and equipment	153,945	1,271,842	-	1,425,787
Right of use assets	-	17,895,987	-	17,895,987
Deferred tax assets	-	626,129	-	626,129
Financial Assets	94,219,363	42,047,289	-	136,266,652
Deposit with Maldives Monetary Authority	2,000,000	-	-	2,000,000
Re-takaful (Re-insurance) receivables	3,753,958	-	-	3,753,958
Contribution (premium) receivables	10,795,647	-	-	10,795,647
Wakalah fee (management fee) receivable	-	423,095	(423,095)	-
Amounts due from related parties	105,413	2,385	-	107,798
Other assets	4,132,881	2,524,832	-	6,657,713
Inter-fund receivable	388,236	-	(388,236)	-
Cash and cash equivalents	1,922,023	139,590	-	2,061,614
<b>Total assets</b>	<b>119,660,513</b>	<b>67,934,910</b>	<b>(811,331)</b>	<b>186,784,092</b>
<b>Equity and liabilities</b>				
<b>Shareholders' equity</b>				
Issued share capital	-	26,314,583	-	26,314,583
Available for sale reserve	8,974,256	4,820,944	-	13,795,200
Revenue reserves	44,301,530	14,884,567	-	59,186,097
<b>Total equity</b>	<b>53,275,786</b>	<b>46,020,095</b>	<b>-</b>	<b>99,295,880</b>
<b>Liabilities</b>				
Lease liability	-	7,051,453	-	7,051,453
Takaful (Insurance) contract liabilities	31,693,297	-	-	31,693,297
Re-takaful (Re-insurance) payables	12,313,844	-	-	12,313,844
Wakalah fee (management fee) payable	423,095	-	(423,095)	-
Inter-fund payable	-	388,236	(388,236)	-
Employee benefits	-	3,209,827	-	3,209,827
Amounts due to related parties	-	49	-	49
Other liabilities	21,954,493	11,265,250	-	33,219,743
<b>Total liabilities</b>	<b>66,384,727</b>	<b>21,914,815</b>	<b>(811,331)</b>	<b>87,488,212</b>
<b>Total equity and liabilities</b>	<b>119,660,513</b>	<b>67,934,910</b>	<b>(811,331)</b>	<b>186,784,092</b>

## Notes to the Financial Statements

### 1. Corporate information

#### 1.1 General

Amana Takaful (Maldives) PLC ("Company") is a public limited liability Company incorporated and domiciled in Maldives. The registered office of the Company is located at H.Palmyarah, Sosun Magu, Male'20069, Republic of Maldives.

Until 4th March 2010, the company operated through a local agent with a temporary license. On receiving a license from Maldives Monetary Authority, the regulator, the company ceased its operations through the agent and commenced functioning independently.

On 23rd March 2011, on going public, Amana Takaful (Maldives) Private Limited was re-registered with Ministry of Economic Development as Amana Takaful (Maldives) PLC as a public limited company.

The shares of the Company are listed on the Maldives Stock Exchange.

#### 1.2 Principal activities and nature of operations

During the year, the principal activity of the company was providing Takaful, Shari'ah compliance insurance solutions.

#### 1.3 Parent enterprise

The company's parent undertaking is Amana Takaful PLC, a public limited company, incorporated in Sri Lanka and listed on the Colombo Stock Exchange and ultimate parent undertaking is Aberdeen Holdings Private Limited- Sri Lanka.

### 2. Basis of preparation

#### 2.1 Statement of compliance

The Financial Statement of the Company, which comprise the

Statement of Financial Position, Income Statement, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow, Notes to the Financial Statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS).

#### 2.2 Basis of measurement

The Financial Statements of the Company have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Available for sale investments are measured at fair value
- Other financial assets and liabilities held for trading are measured at fair value
- Financial instruments designated at fair value through profit or loss are measured at fair value

#### 2.3 Comparative Information

The comparative information is re-classified wherever necessary to conform to the current year's presentation.

#### 2.4 Significant Accounting Judgments Estimates and Assumptions

The preparation of Financial Statements of the Company in conformity with International Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

#### 2.5 Significant Accounting Judgments Estimates and Assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the

estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognised in the Financial Statements of the Company are as follows:

##### 2.5.1 Going Concern

The Directors have made an assessment of the Company ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

##### 2.5.2 Fair value of financial instruments

Fair value is defined as the value at which positions can be closed or sold in a transaction with a willing and knowledgeable counterparty. Management exercises judgment in determining the risk characteristics of various financial instruments, interest rates, estimates of future cash flows, future expected loss experience etc. There is no material difference between the carrying amounts and fair values of the financial assets and liabilities presented on the Company's Statement of Financial Position.

##### 2.5.3 Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which such tax losses can be utilised.

Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with the future tax-planning strategies.

#### **2.5.4 Useful Life-time of the Property, Plant and Equipment**

The Company reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

### **2.6 Summary of significant accounting policies**

#### **2.6.1 Conversion of foreign currencies**

All foreign currency transactions are converted to Maldivian Rufiyaa, which is the reporting currency at the rates of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are translated to reporting currency at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities are translated using exchange rate that existed when the values were determined. The resulting gains and losses are accounted for in the income statement.

#### **2.6.2 Prepaid expenditure**

Expenditure which is deemed to have a benefit or relationship to more than one reporting period is classified as prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a straight line-basis.

#### **2.6.3 Receivables**

Contribution (premium) receivables are stated at the amounts they are estimated to realise net of provision

for impairment of bad and doubtful receivables.

Other receivables and dues from related parties are recognised and carried at cost less impairment losses on any uncollectible amounts.

#### **2.6.4 Taxation**

##### **a) Business tax**

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Maldives.

Provision for business tax is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with the provisions of the relevant tax statutes.

##### **b) Deferred tax**

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

##### **c) Income tax**

Income tax is levied under the income tax act (Law number 25/2019). The act was published in the Government Gazette on 17 December 2019 and taxation under the act is set to commence on 1 January 2020. However, remuneration will come within the preview of income effective 1 April 2020. The Business Profit Tax regime imposed under the Business Profit Tax Act would be replaced with the commencement of income tax. Tax residents of Maldives are taxed on their worldwide income, whereas non-residents are taxed on the income derives from Maldives.

#### **2.6.5 Cash and cash equivalents**

Cash and cash equivalents are comprised of cash at banks and cash in hand.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### **2.6.6 Property, plant and equipment**

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated

## Notes to the Financial Statements

impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

The cost of the self-constructed assets includes the cost of materials, direct labour cost and appropriate proportion of production overheads. The cost of property, plant and equipment acquired by the company includes cost of acquisition together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

When a major inspection of plant and machinery is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are met. Depreciation on property, plant and equipment of the company is charged on a straight-line basis to write off the cost over the estimated useful life of the assets as follows:

Furniture and fittings	20 %
Computer equipments	33.33%
Other equipments	25%
Motor vehicles	25%

### 2.6.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication

that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life (No. of years)
Computer software	8 - 20 Years

Intangible assets with infinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

### 2.6.8 Impairment of assets

The company assesses at each reporting date whether there is an indication that an assets may

be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

### 2.6.9 Impairment of assets

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

### 2.6.10 Financial Assets

#### (a) Initial Recognition and Measurement

Financial assets within the scope of IAS 39: Financial Instruments - Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, as appropriate.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial

assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held to maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the settlement date.

The Company's existing types of financial assets and their classifications are shown in the table below:

Financial assets	Category
Equity Shares	Fair value through profit or loss and Available for sale
Mudharaba deposits, Murabaha, Wakalah, Ijarah and Sukuk investments	Loans and advances
Loans and advances	Loans and advances

### (b) Subsequent Measurement

#### Financial Assets at Fair Value through Profit or Loss

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss include financial assets held for trading and those designated

upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading.

Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realized gains and losses are recognised in the income statement.

#### (c) Subsequent Measurement

The Company evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

#### Available-for-Sale Financial Assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets

are subsequently measured at fair value with unrealized gains or losses recognised as other comprehensive income in the available-for sale reserve until the asset is derecognized, at which time, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, or the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

The Company evaluated its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held to maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity. For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR (Effective Interest Rate). Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recording equity is reclassified to the income statement.

## Notes to the Financial Statements

### Loans and Other Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment.

After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

### Held to Maturity Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold until maturity.

These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR method, less impairment. Gains and losses are recognised in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

### (d) Derecognition of Financial Assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either:

**(a) The Company has transferred substantially all the risks and rewards of the asset; or**

**(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.**

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

### 2.6.11 Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the

financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

### 2.6.12 Impairment of Financial Assets

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The profit is recorded as part of investment income in the income statement.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical

loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

### Available-for-Sale Financial Assets

For available-for-sale financial Assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognized

in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

### 2.6.13 Takaful (insurance) contract liabilities and other liabilities

Liabilities for, Takaful (insurance) contract liabilities and other liabilities, which fall due for payment on demand or within one year from the closing, date.

Takaful contract liabilities and other liabilities are also carried at cost.

## Notes to the Financial Statements

### 2.6.14 Events after the reporting date

All material events after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

### 2.6.15 Capital commitment and contingencies

Capital commitment and contingent liabilities of the company are disclosed in the financial statement

### 2.6.16 Retakaful (reinsurance) and contribution (premium) receivable

All contribution (premium) and other receivable assets are recognized at the amounts receivable, as they are due for settlements within 90 days from the date of recognition. Collectability of the contributions and other debtors is reviewed on an on going basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised when some doubts as to collection exists and in any event when the debt is more than 180 days overdue, to the extent that any relevant contribution (premium) has been earned.

### 2.6.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

#### a) Wakalah fee (management fee)

- Wakalah fee (agency/management fee) on takaful contribution (insurance premium)

The Shareholders' Fund is entitled for management fee on every Takaful Contribution (insurance premium) received in respect of the business received during the year on pre agreed rates.

- Share of profit on investment income

The Shareholders' Fund is entitled for 50% of investment income.

#### b) Investment income

##### ➤ Share of profit on investments with Islamic Bank.

Income is recognized on cash basis since the Company cannot reliably estimate the same.

##### ➤ Other investment income

All other investment income is recognized on an accrual basis

#### c) Interest income on deposit with Maldives Monetary Authority

Interest income is recognized on accrual basis. The basis of recognition of interest income is discussed under note 3.2 in the financial statements.

All authorized insurance undertaking, whether life or general insurance shall at all times maintain a deposit of Rf. 2,000,000/- with Maldives Monetary Authority (the Authority), for each type of insurance (life or general insurance) the undertaking is authorized to engage in.

### 2.6.18 Expenditure recognition

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

For the purpose of presentation of income statement, the Directors are of the opinion that nature of expenses method presents fairly the elements of the company's performance, and hence such presentation method is adopted.

### 2.6.20 Lease

The company assesses at the inception of the contract whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period on exchange for consideration.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all lease, except for short term leases and leases of low value assets. The company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

#### Right-of-use assets

The company recognizes right-of-use assets at the commencement date of the lease (i.e: the date of the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement



date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset as follows;

Office premises	15 years
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### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index

or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## Notes to the Financial Statements

## 3. Gross written takaful contribution (premium) and net underwriting income

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Gross written takaful contribution (premium)	127,888,772	138,134,349
Less: Contributions (premiums) ceded to re takaful (re-insurers)		
Treaty	(8,437,324)	(8,439,120)
Facultative	(44,403,397)	(43,534,286)
Excess of loss	(3,100,703)	(3,522,540)
<b>Net written takaful contribution (premium)</b>	<b>71,947,348</b>	<b>82,638,404</b>
<b>Gross provision for unearned takaful contribution (premium)</b>		
Opening balance	20,702,394	24,572,758
Closing balance	17,219,967	20,702,394
<b>Unearned premiums Provision for unearned takaful contribution (premium)</b>	<b>3,482,427</b>	<b>3,870,364</b>
<b>Total underwriting income</b>	<b>75,429,775</b>	<b>86,508,767</b>
Gross benefits and claims paid	(32,607,645)	(66,224,137)
Surplus refund	(3,504,140)	(2,600,155)
Re-Takaful (re-insurance) claims recoveries	2,983,964	17,613,366
Increase in provision for gross claims payable	(4,089,339)	(724,360)
(Increase)/decrease in provision for claims IBNR	64,991	(23,643)
<b>Takaful (insurance) claims and benefits (net)</b>	<b>(37,152,170)</b>	<b>(51,958,929)</b>
Acquisition cost	(3,824,484)	(2,978,308)
<b>Net underwriting income</b>	<b>34,453,121</b>	<b>31,571,531</b>

## 3.1 Investment income

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Dividend income	2,186,770	1,164,908
Murabaha, Wakalah and Ijarah income	2,926,619	3,008,426
Mudarabah income	605,693	494,787
Sukuk income	448,770	438,180
Net realised capital gain	10,174	-
	<b>6,178,026</b>	<b>5,106,301</b>

## 3.2 Other income

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Income from deposit with Maldives Monetary Authority	20,053	19,968
Management fee income	4,345,204	5,380,531
Sundry income	2,391,836	1,185,437
	<b>6,757,093</b>	<b>6,585,936</b>

Interest income from security deposit with MMA has been recognised as an income and expensed to charity as donation.

**4. Other operating, investment related and administration expenses**

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Staff expenses (4.1)	15,652,242	16,879,442
Administration & establishment expenses	6,984,031	7,564,681
Depreciation	407,649	173,822
Consultancy fees	1,166,613	1,125,526
	24,210,535	25,743,470

**4.1 Staff expenses**

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Wages, salaries & bonuses	9,747,448	9,613,518
Defined benefit plan	395,542	766,859
Staff welfare	188,197	143,236
Staff training	55,879	296,539
Medical claims	90,237	171,824
Staff incentives	2,569,335	2,903,738
Other staff cost	2,605,603	2,983,728
	15,652,242	16,879,442

**4.2 Included in Administrative Expenses**

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Audit fee	158,925	196,602

**5. Amortisation of Intangible Assets**

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Software	381,955	412,548

## Notes to the Financial Statements

## 6. Income tax expense

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Tax on business profit (Note 6.1)	3,244,029	2,374,778
Under provision for previous years	-	-
	3,244,029	2,374,778
Deferred tax provided/(reversed) during the year (Note 6.3)	(116,731)	93,222
	3,127,297	2,468,000
To other comprehensive income	-	-
	3,127,297	2,468,000

## 6.1 Income tax on profit

A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December is as follows:

	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Profit before tax	23,088,673	14,949,318
Add: Depreciation and amortization charge for the period	2,083,289	801,958
Disallowable expenses	21,888,337	22,130,730
Less: Capital allowances	(649,475)	(550,763)
Other allowable expenses	(24,284,140)	(20,999,390)
<b>Taxable Profit before adjustments</b>	22,126,859	16,331,853
Tax free allowance	(500,000)	(500,000)
<b>Taxable profit</b>	21,626,859	15,831,853
<b>Income tax on taxable profit @ 15%</b>	3,244,029	2,374,778

## 6.2 Deferred tax asset

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Temporary difference on assets and liabilities	(964,369)	5,513,254
Temporary difference on ROU Asset	-	(164,531)
Unrealized fair value loss	-	(5,882,243)
Defined employee benefits	(3,209,827)	(2,862,467)
<b>Total temporary difference</b>	(4,174,196)	(3,395,987)
Tax rate	15%	15%
<b>Deferred tax asset as at 31 December</b>	(626,129)	(509,398)

The provision on deferred tax is made on temporary differences between the carrying value and tax base of property, plant and equipment. The Company's management expects to earn future taxable profits and therefore deferred tax asset is recognised.

**6.3 Movement in deferred tax**

<b>Year ended 31 December 2020</b>	<b>Year ended 31.12.2020 MVR</b>	<b>Year ended 31.12.2019 MVR</b>
At 1 January	(509,398)	(602,620)
Provision made during the year	(116,731)	93,222
As at 31 December	(626,129)	(509,398)

**6.4 Income tax payable**

<b>Year ended 31 December 2020</b>	<b>Year ended 31.12.2020 MVR</b>	<b>Year ended 31.12.2019 MVR</b>
Tax payable as at 1 January	1,301,743	1,920,841
Income tax expense for the year	3,244,029	2,374,778
Tax paid during the year	(2,336,921)	(2,993,876)
Tax payable as at 31 December	2,208,852	1,301,743

**7. Earnings per share**

Earnings per share is calculated by dividing the profit for the year attributable to equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the earnings per share computation.

<b>Year ended 31 December 2020</b>	<b>Year ended 31.12.2020 MVR</b>	<b>Year ended 31.12.2019 MVR</b>
Profit for the year	19,961,376	12,481,318
<b>Number of ordinary shares used as denominator:</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares in issue applicable to earnings per share	20,241,987	20,241,987
Earnings per share	0.99	0.62

## Notes to the Financial Statements

## 8. Intangible assets

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Balance as at 1st January	8,696,845	6,084,815
Additions	186,228	2,612,030
Disposal	(390,850)	-
<b>Balance as at 31st December</b>	<b>8,492,223</b>	<b>8,696,845</b>
<b>Amortisation</b>		
Balance as at 1st January	3,157,670	2,745,122
Amortisation for the year	381,955	412,548
Disposal	(240,210)	-
<b>Balance as at 31st December</b>	<b>3,299,416</b>	<b>3,157,670</b>
<b>Carrying amount as at 31st December</b>	<b>5,192,807</b>	<b>5,539,175</b>

## 9. Property, plant and equipment

	As at 01.01.2020 MVR	Balance Additions/ Transfers MVR	Balance Disposal/ Transfers MVR	As at 31.12.2020 MVR
<b>At cost</b>				
Furniture and fittings	1,760,763	5,945	(249,685)	1,517,023
Motor vehicles	132,880	-	-	132,880
Computers and peripherals	721,751	294,037	(27,805)	987,983
Other equipment	513,135	39,898	(56,092)	496,941
<b>Total value of depreciable assets</b>	<b>3,128,528</b>	<b>339,880</b>	<b>(333,582)</b>	<b>3,134,826</b>
<b>Depreciation</b>				
	Balance As at 01.01.2020 MVR	Charge for the year MVR	Disposal/ Transfers MVR	Balance As at 31.12.2020 MVR
<b>At cost</b>				
Furniture and fittings	581,720	163,276	(219,759)	525,238
Motor vehicles	132,880	-	-	132,880
Computers and peripherals	564,280	167,219	(27,577)	703,923
Other equipment	325,938	77,153	(56,092)	346,999
<b>Total depreciation</b>	<b>1,604,819</b>	<b>407,648</b>	<b>(303,428)</b>	<b>1,709,039</b>
<b>Carrying amount</b>	<b>1,523,710</b>			<b>1,425,787</b>

**9.1 Right-of-use assets**

	<b>2020 MVR</b>	<b>2019 MVR</b>
Additions of properties held under lease	19,189,673	19,405,287
Amortization Expense	(1,293,686)	(215,614)
<b>As at 31 December</b>	<b>17,895,987</b>	<b>19,189,673</b>
<b>Lease Obligation</b>		
Additions of properties held under lease	7,356,363	7,405,287
Accretion of Finance Cost	469,186	80,092
Payments	(774,096)	(129,016)
<b>As at 31 December</b>	<b>7,051,453</b>	<b>7,356,363</b>
Current Liability	325,330	304,910
Non-current Liability	6,726,123	7,051,453
	<b>7,051,453</b>	<b>7,356,363</b>

The Company occupies the ground and first floors of H. Palmayrah commencing 1 November 2019 for its operations. The lease period is 180 months from the aforementioned date with a monthly rental of MVR 131,175/-. At the commencement of the lease, the Company has made an advance payment of MVR 12 Mn, to be deducted equally every month over the lease period. Accordingly, the Company is committed to pay MVR 64,508/- after deducting MVR 66,667/- (MVR 12,000,000/180) per month towards balance due on rent.

**10. Financial Assets**

	<b>Year ended 31.12.2020 MVR</b>	<b>Year ended 31.12.2019 MVR</b>
Financial instruments at fair value through profit or loss (10.1)	4,417,920	3,838,350
Available for sale financial assets (10.2)	46,264,023	43,453,634
Loans and receivable (10.3)	85,584,709	63,679,738
	<b>136,266,651</b>	<b>110,971,722</b>

**10.1 Financial instruments at fair value through profit or loss**

	<b>Year ended 31.12.2020 MVR</b>	<b>Year ended 31.12.2019 MVR</b>
Financial instruments at fair value through profit or loss Investment in equity securities (10.4.1)	4,417,920	3,838,350

Fair value through profit or loss investments have been valued at fair value.

## Notes to the Financial Statements

## 10.2 Available for sale financial assets

	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Investment in equity securities		
- Quoted (10.4.2)	46,264,023	43,453,634
	46,264,023	43,453,634

## 10.3 Loans and receivable

	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Bullion	1,034,914	-
Murabaha investments	139,734	60,290
Mudarabah investments	41,202,000	10,484,800
Wakalah investment	37,188,700	47,475,763
Advances to company officers	-	27,552
Ijarah investment	56,760	131,333
Sukuk investment	5,500,000	5,500,000
Special Foreign Investment Deposit Accounts (SFIDA)	462,600	-
	85,584,709	63,679,738

## 10.4 Investment in equity securities

## 10.4.1 Quoted

	2020		2019	
	Number of shares	Market value MVR	Number of shares	Market value MVR
Dhivehi Raajjeyge Gulhun PLC	2,270	217,920	2,270	238,350
Ooredoo Maldives PLC	100,000	4,200,000	100,000	3,600,000
	1,227,270	4,417,920	1,227,270	3,838,350

## 10.4.2 Quoted

	2020		2019	
	Number of shares	Market value MVR	Number of shares	Market value MVR
Amana Bank PLC (10.4.2.1)	8,472,248	2,389,023	9,340,821	1,828,634
Maldives Islamic Bank PLC	1,125,000	43,875,000	1,125,000	41,625,000
	8,472,248	46,264,023	9,340,821	43,453,634



	2020		2019	
	Number of shares	Market value MVR	Number of shares	Market value MVR
<b>10.4.2</b> Cost as at 31 December		7,710,877		7,710,877
Less: provision for impairment		(4,979,214)		(5,882,243)
Less: sold during the year		(342,640)		-
Fair value as at 31 December		2,389,023		1,828,634

### 11. Re-takaful (re-insurance) receivables

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Re-takaful (re-insurance) receivables	3,753,958	11,947,810
	3,753,958	11,947,810

### 12. Contribution (premium) receivable

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Contribution (premium) receivables	10,795,647	13,416,459
	10,795,647	13,416,459

### 13. Amounts due from related parties

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Amana Takaful PLC- Medical Takaful (Colombo)	107,798	232,800
	107,798	232,800

### 14. Other assets

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Other receivables	6,372,622	4,472,439
Deposits, advances and prepayments	285,091	705,320
	6,657,713	5,177,758

## Notes to the Financial Statements

## 15. Cash and cash equivalents

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Cash in hand	3,451	1,843
Balances with banks	2,058,163	1,868,553
	2,061,614	1,870,396

## 16. Issued share capital

## 16.1 Authorized share capital

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
50,000,000 Ordinary shares of MVR 1.30	65,000,000	65,000,000

## 16.2 Issued and fully paid share capital

20,241,987 Ordinary shares of MVR 1.30	26,314,583	26,314,583
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## 16.2.1 Voting power and dividends

The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. Further, Company has declared a final dividend of MVR. 1,315,730/- for 2019 and an interim dividend of MVR. 1,973,593/- during the year ended 31 December 2020.

## 17. Takaful (insurance) contract liabilities

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Provision for unearned contribution (premium) (17.1)	17,219,967	20,702,394
Provision for claims IBNR (17.3)	841,487	906,478
Claims outstanding (17.2)	13,631,843	9,542,504
	31,693,297	31,151,375

## 17.1 Provision for unearned contribution

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
As at 1 January	20,702,394	24,572,758
Increased during the year	(3,482,427)	(3,870,364)
As at 31 December	17,219,967	20,702,394

**17.2 Provision for claims outstanding**

Year ended 31 December 2020	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
As at 1 January	9,542,504	21,046,829
Settled during the year	(9,542,504)	(21,046,829)
Provision made during the year	13,631,843	9,542,504
As at 31 December	13,631,843	9,542,504

**17.3 Provision for claims IBNR**

The incurred but not reported (IBNR) claim reserve has been actuarially computed by Sivaraman Kumar on behalf of NMG Consulting Singapore. The valuation is based on internationally accepted valuation methods, which analyses the past experience and pattern of the claims.

**18 Employee benefits**

	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
As at 1 January	2,862,468	2,095,609
Provision during the period	347,360	766,859
As at 31 December	3,209,828	2,862,468

**19. Amounts due to related parties**

	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Amana Global Limited	49	46,021
	49	46,021

**20. Other liabilities**

	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Commission payable	2,614,712	1,939,224
Other payables	13,372,007	11,927,124
Business profit tax payable (Note 6.4)	2,208,852	1,301,743
Pending policy deposits	15,024,173	13,479,801
	33,219,743	28,647,891

## Notes to the Financial Statements

### 21. Related party disclosures

The Company carries out transactions in the ordinary course of business with the parties who are defined as related parties in the International Accounting Standard - IAS 24 (Related Party Disclosures), the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

#### 21.1 Parent and Ultimate Controlling Party

The company's parent undertaking is Amana Takaful PLC, a public limited company, incorporated in Sri Lanka and listed on the Colombo Stock Exchange.

#### 21.2 Transactions with Key Managerial Personnel (KMPs)

According to the International Accounting Standard - IAS 24 (Related Party Disclosures) Key Managerial Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Such KMPs include the Board of Directors of the Company.

	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Directors' fees, benefits & expenses	2,907,785	3,105,682

#### 21.3 Transactions with other group companies

Information regarding the outstanding related party balances at the year ended, refer note 13 and 19.

Name of the Company	Relationship	Nature of the transaction	Year ended 31.12.2020 MVR	Year ended 31.12.2019 MVR
Amana Global Limited	Affiliate company	Balance at 01 January	(46,021)	(3,176)
Settlements (fund transfers to)			543,907	473,633
Consultancy fee			(497,935)	(516,478)
		<b>Balance at 31 December</b>	<b>(49)</b>	<b>(46,021)</b>
Amana Takaful PLC - Medical	Parent company	Balance at 01 January	261,399	324,547
Charges for the Year			(1,358,014)	(2,457,656)
Settlement during the period			1,202,045	2,394,509
		<b>Balance at 31st December</b>	<b>105,431</b>	<b>261,399</b>
Amana Takaful PLC	Parent company	Balance at 01 January	(28,600)	(3,027)
Charges for the Year			(1,023,931)	(1,963,195)
Settlement during the period			1,054,916	1,937,622
		<b>Balance at 31 December</b>	<b>2,385</b>	<b>(28,600)</b>

## 22. Risk Management

### 22.1 Overview

All entities face uncertainty and, the challenge for the Company is to determine how much uncertainty to accept as it strives to grow stakeholder value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value. Primarily, risk management framework enables Management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value.

### 22.2 Risk Management Framework

Amana Takaful (Maldives) PLC's (ATM) risk management framework forms an integral part of the management and Board processes and decision-making framework across the Company. The Company has a robust Enterprise Risk Management Framework to mitigate the identified risks exposed at multiple levels of the operation. We believe, while having the Governance practices and the Standard Operating Procedures (SOP's), having the right people at the right place will mitigate more than half the risks.

However, the Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework and thus, their approval is necessary for the risk management strategies. The Company's Risk Management Framework categorized into four lines of defense as follows:

1. Front Line People – Risk awareness of the people in the front line is the first line of defence.
2. Policies and Procedures – The Standard Operating Procedures will mitigate the risks at operational level.
3. Key Personnel – Appointing key personnel at the key positions will assist mitigating through right decision making and approval controls at senior management level.
4. Governance – The governance practices to mitigate the risks at Board level.

The Board has appointed a Subcommittee (Board Risk Committee) to monitor closely the affairs of Risk Management of the company.

This section discusses the salient features of the risks exposed by the Company in terms of financial instruments and other areas as an insurance company. The Financial instruments of the Company are exposed to the following Risks.

1. Financial Risk
2. Market Risk
3. Insurance Risk

## Notes to the Financial Statements

### 22.3 Financial Risk

#### 22.3.1 Capital Management

##### a. Objectives and policies

The Company has established the following capital management objectives, policies and approaches to manage the risks that affect its capital position:

- Optimize capital utilization within the regulatory and Shariah guidelines.
- To maintain the required level of solvency of the Company, thereby providing a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meets the requirements of its shareholders, policyholders and other stakeholders. employed meets the requirements of its shareholders, policyholders and other stakeholders.
- To retain financial flexibility by maintaining strong liquidity
- To align the profile of assets and liabilities taking account of risks inherent in the business

ATM currently has stated capital worth MVR. 26.3Mn which is higher than the regulatory requirement of Maldives Monetary Authority (MMA). Furthermore, the Company firmly adheres to Islamic finance principles i.e. the strict adherence of Shariah guidelines in terms of investments, marketing activities, and so on., give more stability to the financial strength of the company.

##### Approach to capital / investment management

Capital of all investments are maintained strictly within the investment guidelines of Shariah Advisory Committee and Executive Committee (act as Investment Committee). The Executive Committee operates under clear terms of reference to thoroughly analyse the new investment proposals, review the past performance and provide guidance in terms of future investments and movements of assets. The Company manages its investment portfolio internally since November 2017.

### 22.4 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

How credit risk could arise

1. Premium receivable
2. Re-Insurance receivable
3. Investments in debt securities

## 22.4 Credit Risk (Contd.)

**Credit Exposure**

ATM's maximum exposure to credit risk for the components of the Statement of Financial Position as at 31st December 2019 and 2018, is the carrying amounts of respective financial instruments.

	Neither Past due nor Impaired	Past due but not Impaired	Individually Impaired	As at 31st December 2020
<b>Financial Assets</b>				
<b>Financial Assets at Fair Value through Profit or Loss</b>				
Investment in Equity Securities	4,417,920	-	-	4,417,920
<b>Available for Sale Financial Assets</b>				
Investment in Equity Securities	-	-	46,264,023	46,264,023
Unquoted Investments	-	-	-	-
<b>Loans &amp; Receivables</b>				
Mudaraba investments	139,734	-	-	139,734
Murabaha investments	41,202,000	-	-	41,202,000
Wakalah investments	37,188,700	-	-	37,188,700
Sukuk investments	5,500,000	-	-	5,500,000
Ijarah investments	-	-	-	-
Ijarah investments	56,760	-	-	56,760
SFIDA	462,600	-	-	462,600
Bullion investments	1,034,914	-	-	1,034,914
<b>Other Assets Exposed to Credit Risk</b>				
Retakaful (Reinsurance) Receivables	3,753,958	-	-	3,753,958
Contribution (Premium) Receivables	10,795,822	-	-	10,795,822
Cash & Cash Equivalents	2,051,576	-	-	2,051,576
<b>Total Credit Exposure</b>	<b>106,603,985</b>	<b>-</b>	<b>46,264,023</b>	<b>152,868,008</b>

## Notes to the Financial Statements

## 22 Risk Management (Continued)

## 22.4 Credit Risk (Continued)

## Credit Exposure (Continued)

	Neither Past due nor Impaired	Past due but not Impaired	Individually Impaired	As at 31st December 2019
Investment in Equity Securities	45,463,350	-	-	45,463,350
<b>Available for Sale Financial Assets</b>				
Investment in Equity Securities	-	-	1,828,628	1,828,628
Unquoted Investments	-	-	-	-
<b>Loans &amp; Receivables</b>				
Mudaraba investments	10,484,800	-	-	10,484,800
Murabaha investments	60,290	-	-	60,290
Wakalah investments	47,475,763	-	-	47,475,763
Sukuk investments	5,500,000	-	-	5,500,000
Ijarah investments	131,333	-	-	131,333
Advances to Company Officers	27,552	-	-	27,552
<b>Other Assets Exposed to Credit Risk</b>				
Retakaful (Reinsurance) Receivables	11,947,810	-	-	11,947,810
Contribution (Premium) Receivables	13,416,459	-	-	13,416,459
Cash & Cash Equivalents	1,870,396	-	-	1,870,396
<b>Total Credit Exposure</b>	<b>136,377,752</b>	<b>-</b>	<b>1,828,628</b>	<b>138,206,380</b>

## 22.5 Market Risk

Market risk involves all the fluctuations in the demand and supply forces in the capital and insurance markets for ATM. The capital market forces determine interest rates, equity prices, yield on other investment assets, while the market forces in the insurance market determines the net premiums and gross premium values. Further, prices of goods and services in general i.e. inflation, determines the cost of administration.

## 22.5.1 Equity Risk

Listed equity investments are prone to market risk arising from uncertainties faced in the future values of the securities. In order to diversify its risk the company has a diversified investment policy based on fundamental analysis which has helped balance the uncertainty faced. It is also notable that the Company invests only in white listed equity securities i.e. Shariah compliant securities which are of sound fundamental value giving the Company greater security in its invested equity securities.

## 22.5.2 Currency Risk

Currency risk is the risk of loss resulting from changes in exchange rates. The Company's operation is based in Maldives albeit company's investments are placed in overseas; therefore it is exposed to the financial impact arising from changes in the exchange rates of various currencies.



## 22 Risk Management (Continued)

### 22.6 Insurance Risk

Being an insurance Company, risks related to the insurance business i.e. Insurance Risk, becomes primary in the list. Insurance is all about managing risks on behalf of the customers. In that context, we have identified the following three major risk areas under this Category.

- Underwriting Risks
- Claims Risks
- Re-Insurance Risk

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holder behavior.

#### 22.6.1 Under-writing Risks

In insurance, underwriting risk may either arise from an inaccurate assessment of the risks entailed in writing an insurance policy, or from factors wholly out of the underwriter's control. As a result, the policy may cost the insurer much more than it has earned in premiums.

#### 22.6.2 Claims Risk

The key risk facing insurance companies is the claims risk where an extremely high amount of risks i.e. a significantly high claims ratio in comparison to the earned premium could drastically affect company performance.

#### 22.6.3 Re-Insurance Risk

Insurance companies in events where sum insured is extremely high in comparison to premium earned decide on reinsuring the policy with another insurer in order to mitigate/share its loss in the case of disaster. The risk borne would add up to the premium foregone in the event that disaster does not occur to the said policy.

Name of the reinsurer Strength	Financial	Name of the Rating Agency
Swiss Retakaful	A+ (Superior)	A.M. Best
Labuan Reinsurance (L) Ltd.	A- (Excellent)	A.M. Best
General Insurance Corporation of India	B++ (Stable)	A.M. Best
Saudi Re for Cooperative Reinsurance Company	A3	Moody's (Stable Outlook)
Asian Reinsurance Corporation	B+ Stable	A M BEST
Kenya Re	B	A.M. Best
Tunis Re	B+ Stable	A M BEST
	AA(tun)'	Fitch
Oman Re	BBB-	Fitch
Kuwait Re	A-	AM Best

## Notes to the Financial Statements

### 22 Risk Management (Continued)

#### 22.7 Liquidity Risk

Liquidity risk is when a possibility arises that an entity will encounter difficulty in meeting obligations associated with financial instruments. The company has a standard set of guidelines set up by an Investment policy under the purview of the Investment committee which is followed in accordance with the MMA guidelines.

Maturity profile of Company investments based on remaining maturity is given below.

<b>Maturity Analysis 2020</b>	<b>Less than one Year</b>	<b>1-3 Years</b>	<b>3-5 Years</b>	<b>More than 5 years</b>	<b>No stated maturity</b>	<b>Total</b>
Investments in Equity Securities	4,417,920	-	-	-	46,264,023	50,681,943
Mudaraba investments	41,202,000	-	-	-	-	41,202,000
Murabaha investments	139,734	-	-	-	-	139,734
Wakalah investments	5,000,000	17,000,000	15,188,700	-	-	37,188,700
Sukuk investments	-	-	-	5,500,000	-	5,500,000
Ijarah investments	-	56,760	-	-	-	56,760
SFIDA	462,600	-	-	-	-	462,600
Bullion Investments	-	1,034,914	-	-	-	1,034,914
Advances to Company Officers	-	-	-	-	-	-
	51,222,254	18,091,674	15,188,700	5,500,000	46,264,023	136,266,651

<b>Maturity Analysis 2019</b>	<b>Less than one Year</b>	<b>1-3 Years</b>	<b>3-5 Years</b>	<b>More than 5 years</b>	<b>No stated maturity</b>	<b>Total</b>
Investments in Equity Securities	3,838,350	-	-	-	43,453,628	47,291,978
Mudaraba investments	10,484,800	-	-	-	-	10,484,800
Murabaha investments	60,290	-	-	-	-	60,290
Wakalah investments	9,500,000	22,000,000	15,975,763	-	-	47,475,763
Sukuk investments	-	-	-	5,500,000	-	5,500,000
Ijarah investments	-	131,333	-	-	-	131,333
Advances to Company Officers	27,552	-	-	-	-	27,552
	23,910,991	22,131,333	15,975,763	5,500,000	43,453,628	110,971,716

### 23. Fair value of financial assets and financial liabilities

#### Short - term financial assets and liabilities

The fair value of short-term financial assets and liabilities approximate their carrying value because of their immediate or short-term maturity.

#### 24. Events occurring after the reporting date

There have been no material events occurring after the reporting date that require adjustment to or disclosure in the financial statements.

#### 25. Capital commitments and contingent liabilities

There were no material capital commitments approved or contracted and contingencies as at the reporting date.

## Share Information

### CATEGORY OF SHAREHOLDERS

Amana Takaful PLC	11,166,500
ExpoLanka Holdings Ltd	4,600,000
A.G Capital Pvt Ltd	2,960,278
Other Shareholders	999,813
Public	515,396
Total	20,241,987

### MARKET HIGHLIGHTS

Highest Traded Price	MVR 5.00
Lowest Traded Price	MVR 2.00
No. of Trades	15
No. of Shares Traded	446,200
Weighted Average Traded Price	MVR 2.02
Market Capitalization	MVR 101,209,935
Market Value per Share	MVR 5
Price-Earnings Ratio (P/E Ratio)	5.05
Dividend per Share	MVR 0.13
Net Asset Value per Share	MVR 4.91

## Glossary

### Acquisition Expenses-General Takaful (Insurance)

All expenses which vary with and are primarily related to the acquisition of the new insurance contracts and the renewal of existing insurance contracts.

### Actuary

An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

### Claims

The amount payable under a contract of insurance arising from the occurrence of an insured event, such as, the destruction or damage of property and related death or injuries, the incurring of hospital or medical bills, death or disability of the insured, the maturity of an endowment policy and the amount payable on the surrender of a policy.

### Claims Incurred

The aggregate of all claims paid during the accounting period, together with attributable claims handling expenses, where appropriate, adjusted by the claims outstanding provisions at the beginning and at the end of the accounting period.

### Claims Incurred but not Reported (IBNR)

A reserve to cover the expected cost of losses that have occurred by the Reporting date but have not yet been reported to the insurer.

### Claim Outstanding - General Takaful (Insurance) Business

The amount provided to cover the estimated ultimate cost of settling claims arising out of events which have occurred by the Reporting date, including claims handling expenses, less amounts already paid in respect of those claims.

### Commissions

A payment made to intermediaries in return for selling and servicing an insurer's products.

### Earned Takaful Contribution (Premium)

Written contribution adjusted by the unearned takaful contribution provisions at the beginning and the end of the accounting period.

### General Insurance Business (General Takaful)

Insurance business falling within the classes of insurance specified as General Insurance Business, under the Insurance Industry Regulation.

### Insurance Provision - General Takaful (Insurance)

This includes net unearned contribution, provisions for unexpired risks, outstanding claims reserve and IBNR reserve.

### Mudaraba

This is an agreement made between two parties. The Investor, provides 100% of the capital for the project and the Mudarib manages the entire project using his entrepreneurial skills. The Investor has no control over the management of the project. Profits arising from the project are distributed according to a predetermined ratio. Losses are borne by the provider of the capital.

### Net Earned Takaful Contribution (Premium)

Gross written contribution adjusted for the reinsurance incurred and for the increase or decrease in unearned takaful contribution.

### Contribution (Premium)

The consideration payable by the insured for an insurance contract

### Retakaful (Reinsurance)

Transfer of all or part of the risk assumed by an insurer, under one or more insurance to another insurer, called the reinsurer.

### Shari'ah

Is the code of law for the Islamic way of life which has been derived from the Quran and the Sunnah (The Practice of the holy Prophet Muhammad - Peace be upon him).

### Shari'ah Advisory Council (SAC)

This comprising Shari'ah Scholars or/ and well versed personnel in Shari'ah, which ensures Shari'ah compliance in the operations of the Company. The SAC advises the Company on all Shari'ah matters in its business activities and involves in endorsing and validating relevant documentation, such as products' manuals, policy terms and conditions, marketing materials, sales illustrations, etc.

### Solvency Margin - General Takaful (Insurance)

The difference between the value of the assets and the value of the liabilities required to be maintained by the insurer who carries on general insurance business.

### Takaful

Is an Arabic word, which means 'guaranteeing each other'. It is a system of risk management based on the principle of mutual assistance (TA-AWUN) and contributions (Tabarru) where the risk is shared collectively by the group voluntarily.

### Underwriting

The process of selecting which risks an insurance company can cover and deciding the contribution and terms of acceptance

### Unearned Takaful Contribution / Unearned Takaful Contribution Reserve

It represents the portion of contribution already entered in the accounts as due but which relates to a period of risk subsequent to the Reporting date.

### Written Contribution (Premium)

Total contribution received or due from all insurance contracts during a period.

## Notice of Meeting

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Amāna Takaful (Maldives) PLC will be held on Monday, 24th May 2021 at 2.30 p.m. virtually, local time. The agenda items of the meeting are as follows:

1. To read and consider the minutes of the last year Annual General Meeting (the minutes of the meeting are available at the company website).
2. To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company for the year ended 31st December 2020 and the Report of the Auditors thereon.
3. To approve amendments to Articles of Association of Amana Takaful (Maldives) PLC as approved by the Board of Directors. (details of the amendments are available at the company's website)
4. To elect two Independent Directors as per clause 56(b) of Articles of Association. (brief profile of the nominated candidates are available at the company's website)
  - a) Dr. Ahmed Inaz
  - b) Mr. Alau Ali
5. To reappoint the retiring Auditors, Messrs Ernst & Young, Chartered Accountants for the ensuing year and to authorize Directors to determine their Fee.

(please refer page 49 of the Annual Report for the proposed Audit Fee for year 2021).

6. To consider any other business of which due notice has been given.

By Order of the Board,  
Amāna Takaful (Maldives) PLC



**Mohamed Hilmy**  
Signed for and on behalf of  
Vakeelu Chambers LLP Secretaries  
Male'

9th May 2021

### Voting Procedure

- Voting shall be carried out virtually via FahiVote system. Unless otherwise decided contrary, every Member shall be entitled to 1 (one) vote.
- Voting by poll may be made at the request of Members representing not less than 10% (ten percent) of the share capital.
- On a poll each shareholder shall have one vote for each share held.
- In the event of a dispute over the validity of a vote taken in a General Meeting of the Company the decision of the person who chairs the meeting shall be final.
- Where a vote is divided equally, the Chairman may, in addition to giving his vote as a Member, give casting vote.

### Appointment of a Proxy

- The procedure to appoint a proxy has been circulated with the Proxy Form.

### Proxy voting guidelines

- Each proxy will have the right to vote virtually via FahiVote system either where every member shall be entitled to one (1) vote or on a poll. In a poll each Proxy will have one vote for each share held.

### Revocation of a Proxy

- The Revocation of a Proxy shall be done 24 hours prior to the commencement of the Annual General Meeting by submitting the Revocation Form subject to duly receipt and acknowledgement of the responsible officer of the Company. Proxy Revocation Form is available at Company's website.

### Participation in the AGM

Shareholders whose name is registered in the Shareholders registry as at 16th May 2021 shall be eligible to participate and vote at The AGM and are entitled to any benefit thereof.

## Notice of Meeting

### 1. Participation in the AGM

This year's AGM is scheduled to be held virtually via Maldives Securities Depository's (MSD) online platform FahiVote.

- After the closing of pre-registration and proxy registration, all pre-registered shareholders and proxy holders will be registered as attendees on FahiVote during attendance registration stage.
- Upon attendance registration, a text message with login credentials to FahiVote will be sent before the AGM.
- Only shareholders and proxy holders who pre-registered for the event will be able to participate in the AGM.

### 2. Pre-Registration

Eligible shareholders who wish to participate in the AGM are requested to pre-register for the meeting online via [infinity.mv](http://infinity.mv) or submit the pre-registration form via email to ([investor.relations@takaful.mv](mailto:investor.relations@takaful.mv)) Pre-registration for the AGM will be open from 9th May 2021.

#### Infinity Registration:

- Select Amana Takaful (Maldives) Plc AGM from Infinity's FahiVote tab.
- Select "Pre-Registration / Self Registration". Tick "Register to attend this event".
- Submit to register.
- A confirmation message will appear in the registration page.

If a registered Shareholder is unable to attend the AGM, he/she may cancel the RSVP and appoint a Proxy to attend on their behalf:

- Select Amana Takaful (Maldives) Plc AGM from Infinity's FahiVote tab.
- Select "Pre-Registration / Self Registration" for the event. Tick "Cancel register for this event".
- Follow the proxy registration procedure.

### 3. Proxy Registration

Eligible shareholders who are unable to attend the AGM in person may appoint a proxy to attend and vote at the AGM on their behalf. The proxy holder must be over the age of 18, and able to vote on behalf of the shareholder. Proxy holder will only be able to vote collectively on behalf of all the shareholders represented by him/her. Proxy registration will be open from 9th May 2021.

#### Infinity Registration:

- Select Amana Takaful (Maldives) Plc AGM from Infinity's FahiVote tab.
- Select "Proxy Registration / On My Behalf" and enter details of the Proxy.

- Upload Proxy Holder Identification document.
- Tick declarations that Proxy Holder has been given consent for Proxy.
- Tick consent for Proxy Holder to vote on your behalf.
- Submit Proxy
- A confirmation message will appear on the registration page.

### 4. Proxy revocation

If any shareholder who has appointed a proxy wishes to attend the AGM in person, the proxy should be revoked either through Infinity or by submitting the "Proxy Revocation Form". Proxy revocation must be submitted by no later than 23rd May 14:30hrs.

#### Infinity Proxy Revocation:

- Select Amana Takaful (Maldives) Plc AGM from Infinity's FahiVote tab.
- Select "Proxy Registration / On My Behalf" and tick Remove Proxy.
- Confirm removal.
- A new proxy may be appointed or should the Shareholder wish to attend the AGM in person, pre-registration can be submitted prior to closing of the proxy/pre-registration deadline.

### 5. Attendance Registration

All pre-registered shareholders and proxy holders will be registered as attendees before the AGM. Upon attendance registration, a text message with login credential will be sent by Maldives Securities Depository (MSD) to registered mobile numbers. Login credentials will include the login URL [[fahivote.mv](http://fahivote.mv)], username and password.

*Disclaimer: Login credentials shall not be shared with any person other than the registered shareholder or proxy holder. If a user is logged into the application using a second device, the first device will be automatically signed out. ATM will not be responsible for any issues arising from a user sharing login information to another person or for simultaneous use of credentials on multiple devices.*

### 6. General Information on Participation and Voting

All shareholders on record of the Company as at 16th May 2021 are eligible to attend and vote at the AGM.

Since the AGM is held virtually, all shareholders and proxy holders must pre-register to attend and vote at the AGM. Voting during the AGM will be carried out electronically.

### AGM Process:

- Shareholders and Proxy Holders must be logged in to FahiVote using the login details sent by MSD to attend the AGM.
- Dual language option will be available on FahiVote.
- FahiVote will have a live video cast of the AGM for the attendees to follow the event.
- During the AGM, ongoing agenda items will be highlighted automatically.

### Voting during AGM:

- When an Agenda Item is called for voting, the voting screen will appear automatically on Shareholder / Proxy Holder screen.
- The voting type for each Agenda Item will be displayed on the screen.
- All resolutions put to vote at the AGM will be voted on a show of hands (per head) basis by default.
- A poll vote will only be allowed if a shareholder or a proxy holder representing at least 10% of the total shares of the company request for a poll. On a poll vote, each shareholder or a proxy holder will have one vote for each share held.
- The messaging function on FahiVote can be used by shareholders and proxy holders to request for a poll.
- Proxy Holders will be able to vote collectively on behalf of all the shareholders they represent. Login screen will display the total votes you can cast as a proxy.
- Select preferred choice and submit vote. Attendees must make sure to select the mandatory number of choices for each voting agenda item. A confirm vote screen will be prompted once a vote is submitted.
- After the vote is confirmed, a result screen will appear showing details of the results for the voting item.
- If vote is not cast during the time period given, vote will be displayed as abstained.

### Discussion by Shareholders:

- Shareholders may email any questions to [investor.relations@takaful.mv](mailto:investor.relations@takaful.mv), to be addressed at the AGM before 22nd May 2021.

For any queries regarding pre-registration and proxy registration via Infinity, please contact MSD via phone: 3306868 or email: [support@depository.mv](mailto:support@depository.mv)

## Form of Proxy

I/We the undersigned .....  
a legal entity duly registered and existing under the laws of .....  
a citizen of ....., bearing ID card/ Passport No.....,  
having permanent residence at .....  
a member of Amana Takaful (Maldives) PLC, holding .....  
ordinary shares and having MSD Account No. ....,  
hereby appoint and authorize:

Full Name : .....  
Nationality : .....  
ID Card / Passport No : .....  
Address : .....  
Email Address : .....

as my/our proxy to represent me/us and to vote for me/us on my/our behalf in the TENTH Annual General Meeting of Amana Takaful (Maldives) PLC to be held in virtually on 24th of May 2021 and at any adjournment thereof.

I / We, hereby certify that consents, approvals or authorization that are necessary for the execution of this proxy have been obtained.

For and On behalf of the Member

.....  
Signature (Member)  
(If a company, please affix the official seal here)

Contact No: .....

.....  
Signature (Proxy) as token of acceptance.

Contact No: .....

## Form of Proxy

### Instructions as to Completion

1. In order to appoint a proxy, this form must be signed and dated by the shareholder or his/her Attorney duly authorized. If the Shareholder is a company or legal entity it should execute this proxy form under its common seal or by the signature(s) of a person(s) authorized to sign on its behalf.
2. In case of joint shareholding, any one shareholder may sign this proxy form.
3. A copy of the National Identity Card or Passport of the shareholder and the Proxy should be submitted with the proxy form.
4. The duly completed Form of Proxy must be submitted to the Company before 22nd May 2021.
5. In the case of a form of proxy signed by an Attorney, the relevant Power-of-Attorney or a certified copy thereof should also accompany the completed Form of Proxy and must be submitted with this form.







# Corporate Information

## Name of the Company

Amāna Takaful (Maldives) PLC

## Legal Status

Public Quoted Company with Limited Liability. Incorporated in Maldives on 18th May 2005

## Company Registration Number

C-0315/2005

## Business Address

Ground Floor, H. Palmayrah, Sosun Magu, Male', Republic of Maldives

## Stock Exchange Listing

The shares of the Company are listed in the Main Board of Maldives Stock Exchange in September 2011. Stock Exchange Code of Amāna Takaful (Maldives) PLC shares is 'ATM'.

## Directors

Tyeab Akbarally (Chairman)  
Osman Kassim  
Dato' Mohd Fadzli Yusof  
M.H.M. Rafiq  
Abdullah Kassim  
Dr. Abdullah Shiham Hassan  
Hareez Sulaiman

## Shari'ah Advisory Council

Mufti M.I.M. Rizwe – Chairman  
Mufti Shafique Ahmed Jakhura  
Ash-sheikh Ali Zahir Bin Saeed Gasim

## Auditors

Ernst & Young  
Chartered Accountants  
G. Shafaq, 2nd Floor  
Rahdhebai Magu  
Male'  
Republic of Maldives

## Consultant Actuaries

NMG Consulting  
30 Hill Street #03-02A,  
Singapore

## Lawyers

Chambers INN  
M. Hazaarumaage, 7th Floor  
Fareedhee Magu 20191  
Male'  
Republic of Maldives

## Reinsurance Panel

Swiss Re Retakaful  
Labuan Reinsurance (L) Ltd  
Trust International Bahrain  
GIC Retakaful  
Saudi Re for Cooperative Reinsurance Company

## Secretaries

Vakeelu Chambers LLP  
M. Coral Wood (Ground Floor)  
Fareedhee Magu  
Male'  
Republic of Maldives

## Principal Bankers

Maldives Islamic Bank  
Bank of Maldives  
State Bank of India  
Bank of Ceylon



**Amāna Takaful (Maldives) PLC**

Ground Floor, H. Palmayrah, Sosun, Magu, Malé, Republic of Maldives.

Tel: +960 331 5262 | Fax: +960 334 0729 | Email: [info@takaful.mv](mailto:info@takaful.mv)