Abu Dhabi National Takaful Company PSC

REPORT OF THE BOARD OF DIRECTORS'AND
FINANCIAL STATEMENTS

31 DECEMBER 2015

Abu Dhabi National Takaful Company PSC

REPORT OF THE BOARD OF DIRECTORS'

31 DECEMBER 2015

Board of Directors

Chairman	**Mr. Khamis Buharoon**
Vice Chairman	**Mr. Khalid Deemas Al Suwaidi**
Directors	**Mr. Khalifa A. Khamis Al Rumaithi**
	Mr. Khalid Al Mansouri
	Mr. Syed Aamir Zahidi
	Mr. Dhafer Faroq Luqman
	Mr. Nasser Al Mur Al Zaabi
Chief Executive Officer	**Mr. Osama Abdeen**
Sharia'a Supervisory Board	**Dr. Abdul Sattar Abu Ghuddah**
	Sheikh Nizam Yaqubi
	Dr. Osaid Kailani
Auditors	**Ernst & Young**

THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

Year ended 31 December 2015

Dear Shareholders

Peace be upon you……

It gives us pleasure to present to you the annual report on the company's activities and its audited financial statements for the year ended 31 December 2015, along with the Fatwa & Sharia'a Supervisory Board, Independent Auditor Reports and a detailed corporate governance report complying with the corporate governance code of UAE Securities and Commodities Authority.

Company performance

The company continues its strategy by concentrating on risk assessment and accepting only the more profitable underwriting contracts while avoiding those prone to greater risks. This approach enables us to improve our technical results by 30% despite the current circumstances experienced by the insurance industry as a result of severe competition in the market.

The audited financial statements supported with notes demonstrate the development made by the company. The company recorded another year of growth with net profit of AED 42 million during the financial year ending 31 December 2015, achieving 16% increase comparing to prior year The following highlights the company results in comparison with the same period last year:

- The total gross contributions reached AED 296.8 million as comparing AED 295.4 million for the period ending 31 December 2014.
- Net claims incurred for year 2015 reached AED 34.0 million comparing to AED 46.1 million for year 2014. The net loss ratio is 28.1% comparing to 38.1% for the prior year.
- Technical results reached AED 71.0 million as comparing AED 54.8 million for the prior year.
- Net investment income and other income reached AED 6.4 million comparing to AED 11.7 million for the prior year.
- Total assets size reached AED 697.1 million and has risen by about 10% comparing to the prior year.
- Total cash, bank balances and deposits reached AED 252.6 million comparing to AED 208.3 million at the end of prior year, all of which are deposited with UAE banks.
- Net profit for the year ending 31 December 2015 is AED 41.6 million comparing to AED 35.8 million for the prior year. Basic and diluted earnings per share is AED 0.42 comparing to AED 0.36 for the prior year.
- Shareholder's equity at 31 December 2015 reached AED 240.9 million comparing to AED 212.5 million prior year.

Our existing portfolio consists of well balanced and diversified products which enable the company to explore many opportunities for profitable growth going forward. The company will continue its efforts to enhance products, customer services as well as widening of distribution channels to gain a competition advantage in the market place. This will lead to growth of takaful written contributions and achieve higher returns for our shareholders and policyholders.

THE ANNUAL REPORT OF THE BOARD OF DIRECTORS
Year ended 31 December 2015

Distribution of Profits
The net profits achieved by the company during the year ended 31 December 2015 amounted to AED 41,589,800. In accordance with article (58) of articles of association of the company, we propose to the general assembly to distribute AED 16,000,000, which represents 16% of the paid up capital, as cash dividend.

Board of Directors Recommendations
The Board of Directors shall present the general assembly of **Abu Dhabi National Takaful Co. PSC** the recommendations below for approval:

1) The Annual Report of the Board of Directors, Fatwa & Sharia'a Supervisory Board report and the External Auditor's report for the year ending 31 December 2015.

2) The statement of financial position and income statement for the year ending 31 December 2015.

3) The profit distribution for the year ended 31 December 2015 amounting to AED 41,589,800 is as follows:

	AED
Proposed cash dividend of 16% of the paid up capital	16,000,000
Transfer to legal reserve	4,158,980
Board of Directors remunerations	3,200,000
Retained earnings, carried forward	18,230,820
	41,589,800

4) Release of the Directors, External Auditors and members of the Fatwa & Sharia'a Supervisory Board for their works during the year ending 31 of December 2015.

5) Appoint or reappoint the External Auditors for the year ending 31 of December 2016 and agree on their fees.

Valued Shareholders,
On this occasion, and on your behalf we extend profound gratitude and great appreciation to His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of UAE and His Highness Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, the Deputy Supreme Commander of the UAE Armed Forces. May Allah, the Almighty preserve them for their kind patronage to the Islamic insurance industry.

We would like also to express our sincere thanks and appreciation to the Fatwa & Sharia'a Supervisory Board members for their guidance to ensure that we fully abide by the glorious principles of Islamic Sharia'a, Insurance Authority as well as other concerned parties for their support and cooperation provided to us.

We also seize this opportunity to laud the efforts made by company staff members for their dedication and commitment for the sake of the company success and servicing our policyholders.

Furthermore, we extend our heartfelt thanks to our valued shareholders and other stakeholders inside and outside the UAE for their unlimited support to **Abu Dhabi National Takaful Co. PSC**.

Finally, we ask the Almighty Allah, to bless our activities and guide us to the right path.

Khamis Buharoon
Chairman of Board of Directors

Abu Dhabi National Takaful Company PSC

FINANCIAL STATEMENTS

31 DECEMBER 2015

Building a better
working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

ABU DHABI NATIONAL TAKAFUL COMPANY PSC

Report on the Financial Statements

We have audited the accompanying financial statements of Abu Dhabi National Takaful Company PSC (the "Company"), which comprise the statement of financial position as at 31 December 2015, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015, and the Articles of Association of the Company;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Board of Directors report is consistent with the books of account and records of the Company;

v) investments in shares and stocks are included in note 7 to the financial statements and include purchases made by the Company during the year ended 31 December 2015;

vi) note 9 reflects the disclosures relating to related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2015, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2015.

Ernst & Young

Signed by
Andre Kasparian
Partner
Ernst & Young
Registration No 365

29 February 2016
Abu Dhabi

STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	*2015* *AED*	*2014* *AED*
ASSETS			
Cash and bank balances	5	**252,642,134**	208,332,281
Statutory deposit	6	**10,000,000**	10,000,000
Investments	7	**103,096,360**	99,229,855
Retakaful contract assets	8	**249,603,181**	231,028,059
Takaful and other receivables	10	**34,981,107**	39,519,865
Other assets		**2,743,486**	3,946,748
Property and equipment	11	**23,789,230**	19,608,212
Investment properties	12	**20,260,028**	20,704,286
TOTAL ASSETS		**697,115,526**	632,369,306
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	**100,000,000**	100,000,000
Legal reserve	14	**24,209,407**	20,050,427
General reserve	15	**42,500,000**	42,500,000
Investment revaluation reserve		**7,842,492**	4,220,432
Retained earnings		**66,395,373**	45,692,232
Total shareholders' equity		**240,947,272**	212,463,091
Policyholders' fund			
Deficit of policyholders' fund	17	**(15,033,820)**	(21,013,736)
Loan from shareholders	17	**15,033,820**	21,013,736
Total policyholders' fund		**-**	-
Liabilities			
Provision for end of service benefits	18	**5,951,639**	5,208,315
Takaful contract liabilities	8	**344,444,574**	316,150,847
Retakaful and other liabilities	19	**77,781,065**	74,352,051
Retakaful deposits retained		**27,990,976**	24,195,002
Total liabilities		**456,168,254**	419,906,215
TOTAL SHAREHOLDERS' EQUITY, POLICYHOLDERS' FUND AND LIABILITIES		**697,115,526**	632,369,306

Khamis Buharoon
Chairman of the Board of Directors

O. Abdeen

Osama Abdeen
Chief Executive Officer

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF INCOME
For the year ended 31 December 2015

	Notes	*2015* *AED*	*2014* *AED*
Attributable to policyholders			
Gross takaful contributions revenue	20	**264,059,685**	265,676,459
Retakaful contributions	20	**(143,253,772)**	(144,673,442)
Net earned contributions	20	**120,805,913**	121,003,017
Gross claims incurred		**(104,434,477)**	(130,436,895)
Retakaful share of claims incurred		**70,456,411**	84,367,757
Net claims incurred		**(33,978,066)**	(46,069,138)
Takaful income		**86,827,847**	74,933,879
Takaful expenses		**(27,577,220)**	(30,813,136)
Retakaful and other income		**11,798,756**	10,722,015
Takaful operating profit		**71,049,383**	54,842,758
Policyholders' investment income	21	**1,736,508**	1,723,887
Mudareb share	22	**(520,952)**	(517,166)
Wakalah fees	22	**(66,285,023)**	(52,809,781)
Surplus of takaful result for the year	17	**5,979,916**	3,239,698
Attributable to shareholders			
Shareholders' investment and other income, net	23	**4,700,225**	9,940,695
Mudareb share from policyholders	22	**520,952**	517,166
Wakalah fees from policyholders	22	**66,285,023**	52,809,781
General and administrative expenses	24	**(35,896,316)**	(32,514,035)
Movement in provision for impairment of advances		**-**	1,762,322
Decrease in provision of loan to policyholders' fund	17	**5,979,916**	3,239,698
Net profit for the year		**41,589,800**	35,755,627
Basic and diluted earnings per share	25	**0.42**	0.36

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	2015 *AED*	*2014* *AED*
Net profit for the year	**41,589,800**	35,755,627
Other comprehensive income (loss)		
Items that will not be reclassified subsequently to statement of income:		
Increase in fair value of investments at fair value through other comprehensive income, net	**6,094,381**	1,932,696
Board of directors remuneration (note 9)	**(3,200,000)**	(2,600,000)
	2,894,381	(667,304)
Items that may be reclassified subsequently to statement of income	**-**	-
Other comprehensive income (loss) for the year	**2,894,381**	(667,304)
Total comprehensive income for the year	**44,484,181**	35,088,323

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Share capital AED	*Legal reserve AED*	*General reserve AED*	*Investment revaluation reserve AED*	*Retained earnings AED*	*Total AED*
Balance at 1 January 2014	100,000,000	16,474,864	42,500,000	8,068,898	26,331,006	193,374,768
Gain on disposal of investments at fair value through other comprehensive income	-	-	-	(5,781,162)	5,781,162	-
Net profit for the year	-	-	-	-	35,755,627	35,755,627
Other comprehensive loss	-	-	-	1,932,696	(2,600,000)	(667,304)
Total comprehensive income for the year	-	-	-	1,932,696	33,155,627	35,088,323
Transfer to legal reserve	-	3,575,563	-	-	(3,575,563)	-
Dividends paid (note 16)	-	-	-	-	(16,000,000)	(16,000,000)
Balance at 31 December 2014	100,000,000	20,050,427	42,500,000	4,220,432	45,692,232	212,463,091
Balance at 1 January 2015	100,000,000	20,050,427	42,500,000	4,220,432	45,692,232	212,463,091
Gain on disposal of investments at fair value through other comprehensive income	-	-	-	(2,472,321)	2,472,321	-
Net profit for the year	-	-	-	-	41,589,800	41,589,800
Other comprehensive income	-	-	-	6,094,381	(3,200,000)	2,894,381
Total comprehensive income for the year	-	-	-	6,094,381	38,389,800	44,484,181
Transfer to legal reserve	-	4,158,980	-	-	(4,158,980)	-
Dividends paid (note 16)	-	-	-	-	(16,000,000)	(16,000,000)
Balance at 31 December 2015	**100,000,000**	**24,209,407**	**42,500,000**	**7,842,492**	**66,395,373**	**240,947,272**

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CASH FLOWS
Year ended 31 December 2015

	Notes	***2015 AED***	*2014 AED*
OPERATING ACTIVITIES			
Net profit for the year		**41,589,800**	35,755,627
Adjustments for:			
Depreciation of property and equipment	11	**2,382,160**	1,419,256
Movement of unearned contributions		**9,616,064**	6,237,198
Fixed deposits and investment income		**(7,894,918)**	(8,339,947)
Net movement in provision for end of service benefits		**743,324**	697,923
Movement in provision for doubtful debts		**180,000**	-
Movement in provision for impairment of advances		**-**	(1,762,322)
Decrease (Increase) in fair value of impairment of properties	12, 23	**444,258**	(3,324,634)
Decrease in fair value of investments at fair value through profit or loss	21, 23	**1,068,235**	88,796
Gain on disposal of property and equipment	23	**(54,308)**	-
		48,074,615	30,771,897
Working capital adjustments:			
Takaful and other receivables		**4,358,758**	(11,825,359)
Other assets		**1,203,262**	(2,155,720)
Movement of outstanding claims		**102,541**	3,793,332
Retakaful and other liabilities		**2,829,014**	22,582,896
Retakaful deposits retained		**3,795,974**	3,643,560
Cash from operations		**60,364,164**	46,810,606
Directors' remuneration paid		**(2,600,000)**	(2,600,000)
Net cash from operating activities		**57,764,164**	44,210,606
INVESTING ACTIVITIES			
Movement in investments		**1,159,641**	(12,323,686)
Purchase of property and equipment	11	**(6,568,070)**	(53,488)
Proceeds from disposal of property and equipment		**59,200**	-
Payments related to investment properties	12	**-**	(3,481,849)
Fixed deposits and investment income received		**7,894,918**	8,339,947
Movement in term deposits		**(45,321,384)**	(2,060,153)
Net cash used in investing activities		**(42,775,695)**	(9,579,229)
FINANCING ACTIVITIES			
Dividends paid	16	**(16,000,000)**	(16,000,000)
Net cash used in financing activities		**(16,000,000)**	(16,000,000)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(1,011,531)**	18,631,377
Cash and cash equivalents at 1 January	5	**69,701,189**	51,069,812
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5	**68,689,658**	69,701,189

The attached notes 1 to 30 form part of these financial statements.

1 CORPORATE INFORMATION

Abu Dhabi National Takaful Company PSC (the "Company") is a public shareholding company which was incorporated in Abu Dhabi, United Arab Emirates ("UAE") on 16 November 2003. The Company is registered in accordance with the UAE Federal Law No. (8) of 1984 (as amended). The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984. The Company is currently assessing the impact of the new law and expects to be fully compliant on or before the end of grace period on 30 June 2016.

The Company carries out takaful and retakaful activities of all classes in accordance with the provisions of the UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations. The Company is domiciled and operates in the UAE and its registered address is P.O. Box 35335, Abu Dhabi, UAE.

The financial statements of Abu Dhabi National Takaful Company PSC for the year ended 31 December 2015 have been authorised for issue in accordance with a resolution of the Board of Directors on 29 February 2016.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the International Financial Reporting Standards and applicable requirements of of the laws of the UAE.

The financial statements are prepared under the historical cost convention as modified for re-measurement of investment securities and investment properties at fair value.

The financial statements are presented in United Arab Emirates Dirhams (AED) being the functional and presentation currency of the Company.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the financial statements as at and for the year ended 31 December 2014, except for the following amendments to IFRS effective as of 1 January 2015. Although these new amendments are applied for the first time in 2015, they do not have a material impact on the financial statements of the Company.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Company since it does not have defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle
With the exception of the improvement relating to IFRS 2 *Share-based Payment* applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Company has applied these improvements for the first time in these financial statements. They include:

IFRS 2 Share-based Payment
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Company has identified any performance and service conditions which are vesting conditions in previous periods. These amendments did not impact the Company's financial statements or accounting policies.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES continued

Annual Improvements 2010-2012 Cycle continued

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This amendment did not impact the Company's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not impact the Company's accounting policy.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

This amendment had no impact on the Company.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. This amendment had no impact on the Company.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment had no impact on the Company.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards / amendments to standards which were issued up to 31 December 2015 and are not yet effective for the year ended 31 December 2015 have not been applied while preparing these financial statements:

- IFRS 14: Regulatory Deferral Accounts
- IFRS 15: Revenue from Contracts with Customers
- IFRS 11: Joint Arrangements (Amendment)
- IAS 16 and IAS 38: (Amendment)

The International Accounting Standards Board made certain amendments to existing standards as part of its annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2016 financial statements. The Company does not expect these amendments to have any significant impact on the financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Takaful contracts
Definition
Takaful contracts are those contracts when the Company (the operator) has accepted takaful risk on behalf of takaful funds from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Recognition and measurement
Takaful contracts are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

These contracts are casualty and property takaful contracts.

Casualty takaful contracts protect the policyholders against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property takaful contracts mainly compensate the policyholders for damage suffered to their properties or for the value of property lost. Policyholders who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

For all these takaful contracts, contributions are recognised as revenue (earned contributions) proportionally over the period of coverage. The portion of contributions received on in-force contracts that relates to unexpired risks at the end of the reporting period date is reported as the unearned contribution liability.

Claims and loss adjustment expenses are charged to the statement of income (attributable to the policyholders) as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Takaful contracts continued

Retakaful contract assets

Contracts entered into by the Company for retakaful under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements of takaful contracts are classified as retakaful contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

Takaful contracts entered into by the Company under which the contract holder is involved in takaful activities are included with takaful contracts. The benefits to which the Company is entitled under its retakaful contracts held are recognised as retakaful contract assets. The Company assesses its retakaful contract assets for impairment on a regular basis. If there is objective evidence that the retakaful contract asset is impaired, the Company reduces the carrying amount of the retakaful contract assets to its recoverable amount and recognises that impairment loss in the statement of income. Amounts recoverable from or due to retakaful holders are measured consistently with the amounts associated with the retakaful contracts and in accordance with the terms of each retakaful contract.

Takaful contract liabilities

Takaful contract liabilities towards outstanding claims are made based on claims intimated to the Company and still unpaid at the end of the reporting period, in addition to claims incurred but not reported. The unearned contribution considered in the takaful contract liabilities comprise the estimated proportion of the gross contributions written which relates to the periods of takaful subsequent to the end of the reporting period. This provision is made based on the higher of the amount required on the basis of time apportionment and the minimum rates prescribed by the UAE Insurance Companies Law which are 25% of the net contribution written on marine and 40% of the net contribution written on all other classes of general takaful.

The retakaful portion towards the above outstanding claims, claims incurred but not reported and unearned contributions is classified as retakaful contracts assets in the financial statements.

Salvage and subrogation reimbursements

Estimates of salvage and subrogation reimbursements are considered as an allowance in the measurements of the takaful liability for claims.

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the takaful contract liabilities net of related deferred policy acquisition costs. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the statement of income initially by writing off the deferred policy acquisition costs and by subsequently establishing a provision for losses arising from liability adequacy tests.

Receivables and payables related to takaful contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and takaful contract holders.

If there is objective evidence that the takaful receivable is impaired, the Company reduces the carrying amount of the takaful receivable accordingly and recognises that impairment loss in the statement of income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income
Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the income statement.

Other income
Other income is accrued on a time basis, by reference to the principal outstanding and at the effective rate of return applicable.

Retakaful income and expenses
Retakaful income is recognised when retakaful is entered into and retakful expenses are recognised when the policies are issued.

Foreign currencies
Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retransferred at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of income in the period in which they arise.

Property and equipment
Property and equipment are recorded at cost less accumulated depreciation and impairment losses, if any. The cost of property and equipment is their purchase cost, together with any incidental expenses of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of income during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of property and equipment on a straight-line basis over their expected useful economic lives.

The principal annual rates used for this purpose are:

Building	3.33%
Furniture, fixtures and office equipment	20%
Computer equipment and accessories	25 - 33.33%
Motor vehicles	25%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Investment properties
Investment properties are held for the generation of income or capital appreciation and are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use.

Impairment of tangible assets
At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Employee benefits
An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

Provision is also made for end of service benefits due to non-UAE national employees in accordance with the Company's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period.

Pension contributions are made in respect of UAE national employees to the Abu Dhabi Pension Authority, calculated in accordance with Government regulations. Such contributions are charged to the statement of income during the employees' period of service.

Financial assets
The Company has the following financial assets: cash and cash equivalents, takaful and other receivables, investments at fair value through other comprehensive income and investments at fair value through profit or loss. The classification depends on the nature of the financial asset and is determined at the time of initial recognition.

Cash and cash equivalents
Cash and cash equivalent include cash on hand and deposits held at call with banks with original maturities of three months or less.

Takaful and other receivables
Takaful and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective rate or return method, less any impairment. Return income is recognised by applying the effective rate of return, except for short term receivables when the recognition of return income would be immaterial.

Investments at fair value through other comprehensive income
Investments at fair value through other comprehensive income are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in other comprehensive income and dividend income is credited to statement of income when the right to receive the dividend is established.

Investments at fair value through profit or loss
Investments at fair value through profit or loss are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in statement of income, profit from debt securities is recognized in statement of income and dividend income is credited to statement of income when the right to receive the dividend is established.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities and equity instruments
Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade payables and accruals
Trade payables and accruals are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective rate of return, with the expense recognised on an effective yield basis.

The effective rate of return is a method of calculating the amortised cost of a financial liability and of allocating the expense over the relevant period. The effective rate of return is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Deficit in policyholders' fund
Deficit in the policyholders' fund is financed by the shareholders through a profit free loan "Qard – Hasan". The Company maintains a full provision against such loans.

Dividends distribution
Dividends distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

While applying the accounting policies as stated in Note 3, management of the Company has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are:

Classification of investments
Management decides on acquisition of an equity investment whether it should be classified as carried at fair value through profit or loss or through other comprehensive income.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Fair value measurement

The Company measures financial instruments, such as investments carried at fair value through other comprehensive income and non-financial assets investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and investment properties is provided in note 29.

External valuers may be involved for valuation of significant assets, such as investment properties. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Company's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Fair valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments, net asset base of investee or other valuation models.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Impairment of takaful and other receivables
An estimate of the collectible amount of takaful and other receivables is made when collection of the full amount is no longer probable. This determination of whether the takaful and other receivables are impaired entails the Company in evaluating the credit and liquidity position of the policyholders and the takaful companies, historical recovery rates including detailed investigations carried out and feedback received from the legal department. Impairment of takaful and other receivables as at 31 December 2015 amounted to AED 1,600,000 (2014: AED 1,420,000).

The ultimate liability arising from claims made under takaful contracts
The estimation of ultimate liability arising from the claims made under takaful contracts is the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the end of the reporting period. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on past claims settlement trends for the claims incurred but not reported. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision. Gross provision for IBNR as at 31 December 2015 amounted to AED 28,298,218 (2014: AED 24,382,943) as detailed in note 8.

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

5 CASH AND CASH EQUIVALENTS

	2015 AED	*2014 AED*
Cash and bank accounts	**22,839,487**	45,603,325
Term deposits (note 9)	**229,802,647**	162,728,956
Cash and bank balances	**252,642,134**	208,332,281
Less: term deposits with original maturity of more than three months	**(183,952,476)**	(138,631,092)
Cash and cash equivalents	**68,689,658**	69,701,189

Term deposits represent deposits held with financial institutions in UAE, are denominated in UAE Dirhams and carry profit at the prevailing market rates ranging from 1.17% to 2.60% per annum (2014: 0.25% to 2.00%).

6 STATUTORY DEPOSIT

In accordance with the requirements of UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations, the Company maintains a bank deposit of AED 10,000,000 which cannot be utilised without the consent of the UAE Insurance Authority. The statutory deposit is held with a commercial bank in UAE, a related party (note 9).

7 INVESTMENTS

7(a) Investments at fair value through other comprehensive income

	2015 *AED*	*2014* *AED*
Quoted securities	**18,461,535**	26,621,668
Unquoted securities	**13,630,266**	12,946,374
	32,091,801	39,568,042

The geographical concentration of investments is as follows:

Within UAE	**23,974,001**	25,390,447
Outside UAE	**8,117,800**	14,177,595
	32,091,801	39,568,042

Unquoted equity securities are valued primarily based on net assets of the investees where there are no recent transactions that could provide evidence of the current fair value.

7(b) Investments at fair value through profit or loss

	2015 *AED*	*2014* *AED*
Unquoted securities	**71,004,559**	59,661,813

The geographical concentration of investments is as follows:

Within UAE	**40,646,023**	38,908,013
Outside UAE	**30,358,536**	20,753,800
	71,004,559	59,661,813
Total investments	**103,096,360**	99,229,855

8 RETAKAFUL CONTRACT ASSETS AND TAKAFUL CONTRACT LIABILITIES

	2015 *AED*	*2014* *AED*
Gross		
Takaful contract liabilities		
Reported claims	**126,628,700**	135,032,310
Claims incurred but not reported	**28,298,218**	24,382,943
Unearned contributions	**189,517,656**	156,735,594
	344,444,574	316,150,847
Recoverable from retakaful		
Reported claims	**99,777,682**	108,300,493
Claims incurred but not reported	**20,346,287**	16,414,352
Unearned contributions	**129,479,212**	106,313,214
	249,603,181	231,028,059
Takaful liabilities - net		
Reported claims	**26,851,018**	26,731,817
Claims incurred but not reported	**7,951,931**	7,968,591
Unearned contributions	**60,038,444**	50,422,380
	94,841,393	85,122,788

The movement in the retakaful contract assets and takaful contract liabilities during the year is as follows:

	Year ended 31 December 2015			*Year ended 31 December 2014*		
	Gross AED	*Retakaful AED*	*Net AED*	*Gross AED*	*Retakaful AED*	*Net AED*
CLAIMS						
Reported claims	**135,032,310**	**108,300,493**	**26,731,817**	128,946,745	104,596,832	24,349,913
Incurred but not reported	**24,382,943**	**16,414,352**	**7,968,591**	17,216,633	10,659,470	6,557,163
Total at 1 January	**159,415,253**	**124,714,845**	**34,700,408**	146,163,378	115,256,302	30,907,076
Claims settled	**(108,922,812)**	**(75,047,287)**	**(33,875,525)**	(117,185,020)	(74,909,214)	(42,275,806)
Net claims incurred	**104,434,477**	**70,456,411**	**33,978,066**	130,436,895	84,367,757	46,069,138
Total at 31 December	**154,926,918**	**120,123,969**	**34,802,949**	159,415,253	124,714,845	34,700,408
Reported claims	**126,628,700**	**99,777,682**	**26,851,018**	135,032,310	108,300,493	26,731,817
Incurred but not reported	**28,298,218**	**20,346,287**	**7,951,931**	24,382,943	16,414,352	7,968,591
Total at 31 December	**154,926,918**	**120,123,969**	**34,802,949**	159,415,253	124,714,845	34,700,408
UNEARNED CONTRIBUTION						
Total at 1 January	**156,735,594**	**106,313,214**	**50,422,380**	127,026,342	82,841,160	44,185,182
Increase during the year	**189,517,656**	**129,479,212**	**60,038,444**	156,735,594	106,313,214	50,422,380
Release during the year	**(156,735,594)**	**(106,313,214)**	**(50,422,380)**	(127,026,342)	(82,841,160)	(44,185,182)
Net increase during the year	**32,782,062**	**23,165,998**	**9,616,064**	29,709,252	23,472,054	6,237,198
Total at 31 December	**189,517,656**	**129,479,212**	**60,038,444**	156,735,594	106,313,214	50,422,380

9 RELATED PARTIES

Related parties comprise the shareholders, Directors and key management personnel of the Company and those entities in which they have a significant interest and the ability to control or exercise significant influence in financial and operational decisions. Details of significant transactions with a related party in the normal course of business are as follows:

	2015 *AED*	*2014* *AED*
Gross contributions written	**53,461,977**	47,129,842
Takaful expenses	**14,809,752**	15,195,530
Profit on term deposits	**70,494**	110,361
Term deposits at 31 December	**-**	10,032,035
Statutory deposit at 31 December	**10,000,000**	10,000,000

As at 31 December 2015, there are no term deposits held with a related party. The term deposits held with a related party as at 31 December 2014, a commercial bank in UAE, were denominated in AED, with original maturity of 30 days and carried profit at 0.25% per annum.

Information on the statutory deposit is disclosed in note 6.

The remuneration of key management personnel during the year was as follows:

	2015 *AED*	*2014* *AED*
Short-term benefits	**5,360,775**	4,946,929
Long-term benefits	**171,137**	216,421

The remuneration of Directors is accrued and paid as an appropriation out of the net profits for the year in accordance with the Federal Law No. (2) of 2015 applicable to Commercial Companies operating in UAE.

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

Directors' remuneration in relation to the year ended 31 December 2015 of AED 3,200,000 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting, was proposed and reflected in other comprehensive income in the statement of comprehensive income.

Directors' remuneration for the year ended 31 December 2014 amounted to AED 2,600,000 and was reflected in other comprehensive income in the statement of comprehensive income for the year ended 31 December 2014. This remuneration was approved by the shareholders at the Annual General Meeting held on 22 March 2015 and was paid later in March 2015.

10 TAKAFUL AND OTHER RECEIVABLES

	2015 *AED*	*2014* *AED*
Due from policyholders, net of provision	**21,077,048**	25,932,780
Due from insurance and reinsurance companies, net of provision	**8,030,769**	8,169,702
Notes receivable - post dated cheques	**1,637,100**	1,106,909
Accrued income	**853,844**	456,603
Other receivables	**3,382,346**	3,853,871
	34,981,107	39,519,865

Amounts due from policyholders and insurance and reinsurance companies balances consist of a large number of policyholders and insurance and reinsurance companies. The Company's terms of business require amounts to be paid in accordance with arrangements reached with the policyholders and insurance and reinsurance companies and no interest is charged on takaful and other receivables.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. In determining the recoverability of a takaful receivable, the Company considers any change in the credit quality of the takaful receivable from the date credit was initially granted up to the reporting date.

As at 31 December 2015, balances due from policyholders, insurance and reinsurance companies at a nominal value of AED 1,600,000 (2014: AED 1,420,000) were impaired and fully provided for.

Movement in provisions for doubtful debts is as follows:

	2015 *AED*	*2014* *AED*
At 1 January	**1,420,000**	1,420,000
Additions	**1,288,563**	954,528
Reversals	**(1,108,563)**	(954,528)
At 31 December	**1,600,000**	1,420,000

As at 31 December, the ageing of unimpaired takaful receivables is as follows:

		Past due but not impaired			
	Not past due AED	*91 - 180 days AED*	*181 - 360 days AED*	*More than 360 days AED*	*Total AED*
2015	**21,090,416**	**6,486,187**	**1,531,214**	**-**	**29,107,817**
2014	22,668,418	8,223,582	3,210,482	-	34,102,482

11 PROPERTY AND EQUIPMENT

	Building AED	Furniture, fixtures and office equipment AED	Computer equipment and accessories AED	Motor vehicles AED	Total AED
2015					
Cost:					
At 1 January 2015	18,982,731	5,040,729	3,651,422	943,950	28,618,832
Additions	-	5,854,455	713,615	-	6,568,070
Disposals	-	(2,854,948)	(352,848)	(50,000)	(3,257,796)
At 31 December 2015	**18,982,731**	**8,040,236**	**4,012,189**	**893,950**	**31,929,106**
Depreciation:					
At 1 January 2015	951,129	4,544,932	2,860,390	654,169	9,010,620
Charge for the year	632,353	1,067,996	555,273	126,538	2,382,160
Relating to disposals	-	(2,850,514)	(352,391)	(49,999)	(3,252,904)
At 31 December 2015	**1,583,482**	**2,762,414**	**3,063,272**	**730,708**	**8,139,876**
Net carrying amount:					
31 December 2015	**17,399,249**	**5,277,822**	**948,917**	**163,242**	**23,789,230**
2014					
Cost:					
At 1 January 2014	18,982,731	5,035,946	3,602,717	943,950	28,565,344
Additions	-	4,783	48,705	-	53,488
At 31 December 2014	18,982,731	5,040,729	3,651,422	943,950	28,618,832
Depreciation:					
At 1 January 2014	318,776	4,331,326	2,426,336	514,926	7,591,364
Charge for the year	632,353	213,606	434,054	139,243	1,419,256
At 31 December 2014	951,129	4,544,932	2,860,390	654,169	9,010,620
Net carrying amount:					
31 December 2014	18,031,602	495,797	791,032	289,781	19,608,212

12 INVESTMENT PROPERTIES

	2015 ***AED***	*2014* *AED*
At 1 January	**20,704,286**	3,582,810
Transfer from advances	-	10,314,993
Additional payments	-	3,481,850
(Decrease) increase in fair value	**(444,258)**	3,324,633
At 31 December	**20,260,028**	20,704,286

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The investment properties were valued as at 31 December 2015 by an independent valuer which valued the properties at AED 20,260,028 (2014: AED 20,704,286) using the sales comparison method utilizing the evidence of transactions and/or current asking prices of similar sites and applying some adjustments based on market research.

13 SHARE CAPITAL

	2015 AED	2014 AED
Authorized, issued and fully paid		
100,000,000 shares of AED 1 each	**100,000,000**	100,000,000

At 31 December 2015, 41,664,219 shares or 41.66% of total share capital (2014: 41,664,219 shares or 41.66% of total share capital) were held by Abu Dhabi Islamic Bank PJSC and 58,335,781 shares or 58.34% of total share capital (2014: 58,335,781 shares or 58.34% of total share capital) were held by UAE nationals and other institutions.

14 LEGAL RESERVE

In accordance with the provisions of the UAE Federal Commercial Companies Law No. (2) of 2015, and the Company's articles of association, the Company is required to transfer annually to a legal reserve account an amount equivalent to 10% of its annual net profit, until such reserve reaches 50% of the paid up capital of the Company. This reserve is not available for distribution.

15 GENERAL RESERVE

Transfers to and from the general reserve are made at the discretion of the Board of Directors and are subject to the shareholders' approval. This reserve may be used for such purposes as they deem fit.

16 DIVIDENDS

For the year ended 31 December 2015, the Board of Directors proposed a cash dividend of AED 16,000,000 at a rate of AED 0.16 per share. The 2015 proposed cash dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting.

For the year ended 31 December 2014, cash dividend of AED 16,000,000 at a rate of AED 0.16 per share was approved by shareholders on 22 March 2015 and it was paid in April 2015.

For the year ended 31 December 2013, cash dividend of AED 16,000,000 at a rate of AED 0.16 per share was approved by shareholders on 30 March 2014 and it was paid in April 2014.

17 POLICYHOLDERS' FUND

	2015 AED	2014 AED
At 1 January	**(21,013,736)**	(24,253,434)
Net surplus for the year	**5,979,916**	3,239,698
At 31 December	**(15,033,820)**	(21,013,736)

18 PROVISION FOR END OF SERVICE BENEFITS

	2015 *AED*	*2014* *AED*
At 1 January	**5,208,315**	4,510,392
Charged during the year	**918,562**	951,863
Paid during the year	**(175,238)**	(253,940)
At 31 December	**5,951,639**	5,208,315

19 RETAKAFUL AND OTHER LIABILITIES

	2015 *AED*	*2014* *AED*
Due to policy-holders	**2,713,455**	798,113
Due to takaful companies	**1,658,925**	1,994,872
Due to retakaful companies	**52,114,681**	49,574,077
Accrued liabilities	**4,570,243**	4,688,861
Other payables	**16,723,761**	17,296,128
	77,781,065	74,352,051

The average credit period is 60 to 90 days terms. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

20 NET EARNED CONTRIBUTIONS

	2015 *AED*	*2014* *AED*
Gross takaful contributions revenue		
Gross contributions written	**296,841,747**	295,385,711
Change in unearned contributions provision	**(32,782,062)**	(29,709,252)
	264,059,685	265,676,459
Retakaful contributions		
Retakaful contributions	**166,419,770**	168,145,496
Change in unearned contributions provision	**(23,165,998)**	(23,472,054)
	143,253,772	144,673,442
Net earned contributions	**120,805,913**	121,003,017

21 POLICYHOLDERS' INVESTMENT INCOME

	2015 AED	*2014 AED*
Return on short-term investment accounts and deposits	**1,676,646**	1,812,683
Dividend income and profit on investments. net	**302,385**	-
Gain on disposal of investments	**64,854**	-
Decrease in fair value of investments at fair value through profit or loss	**(307,377)**	(88,796)
	1,736,508	1,723,887

22 MUDAREB SHARE AND WAKALAH FEES

The shareholders manage the policyholder's investment fund and charge 30% (2014: 30%) of investment income earned by policyholders' investment fund as mudareb share.

The shareholders manage the takaful operations for the policyholders and charge the following percentage of gross takaful contributions as wakalah fees.

- Marine hull, aviation and energy 10% (2014: 10%)
- All other takaful classes 20% (2014: 15%)

23 SHAREHOLDERS' INVESTMENT AND OTHER INCOME, NET

	2015 AED	*2014 AED*
Return on short-term investment accounts and deposits	**1,342,924**	954,425
Dividend income and profit on investments. net	**3,252,479**	5,515,527
Gain on disposal of investments	**251,919**	-
Decrease in fair value of investments at fair value through profit or loss	**(760,858)**	-
(Decrease) Increase in fair value of investment properties (note 12)	**(444,258)**	3,324,633
Rental income	**1,003,711**	146,110
Gain on disposal of furniture and equipment	**54,308**	-
	4,700,225	9,940,695

24 GENERAL AND ADMINISTRATIVE EXPENSES

	2015 AED	*2014 AED*
Staff costs	**27,665,092**	24,676,090
Rental expenses	**1,673,272**	2,856,617
Depreciation of property and equipment (note 11)	**2,382,160**	1,419,256
Other expenses	**4,175,792**	3,562,072
	35,896,316	32,514,035

25 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year as follows:

	2015 *AED*	*2014* *AED*
Net profit for year (AED)	**41,589,800**	35,755,627
Ordinary shares in issue throughout the year	**100,000,000**	100,000,000
Basic and diluted earnings per share (AED)	**0.42**	0.36

26 SEGMENT INFORMATION

Primary segment information

For operating purposes, the Company is organised into two main business segments:

- Underwriting of takaful business incorporating all classes of takaful including fire, marine, motor, general accident, engineering, energy and family takaful. This business is conducted fully within the UAE.
- Investments incorporating investments in UAE marketable equity securities, short-term investments with banks and other securities.

Information regarding the Company's reportable segments is presented below:

Segment revenue and results

	2015			*2014*		
	Underwriting AED	*Investments AED*	*Total AED*	*Underwriting AED*	*Investments AED*	*Total AED*
Direct revenue	**275,858,441**	**6,436,733**	**282,295,174**	276,398,474	13,426,904	289,825,378
Direct costs	**(177,231,838)**	**-**	**(177,231,838)**	(190,742,580)	-	(190,742,580)
Takaful expenses	**(27,577,220)**	**-**	**(27,577,220)**	(30,813,136)	-	(30,813,136)
Segment results	**71,049,383**	**6,436,733**	**77,486,116**	54,842,758	13,426,904	68,269,662
Unallocated costs			**(35,896,316)**			(32,514,035)
Net profit for the year			**41,589,800**			35,755,627

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the year (2014: AED nil).

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3.

26 SEGMENT INFORMATION continued

Segment assets and liabilities

	2015			2014		
	Underwriting AED	*Investments AED*	*Total AED*	*Underwriting AED*	*Investments AED*	*Total AED*
Segment assets	**440,622,522**	**229,330,692**	**669,953,214**	415,162,293	193,111,364	608,273,657
Unallocated assets			**27,162,312**			24,095,649
Total assets			**697,115,526**			632,369,306
Segment liabilities	**437,944,967**	**-**	**437,944,967**	398,936,345	-	398,936,345
Unallocated liabilities			**18,223,287**			20,969,870
Total liabilities			**456,168,254**			419,906,215
Capital expenditure		**6,568,070**	**6,568,070**		53,488	53,488

Gross takaful contributions revenue from underwriting departments
The following is an analysis of the Company's revenues classified by major underwriting departments.

	2015 AED	*2014 AED*
Motor	**36,046,992**	69,502,886
Medical	**85,774,518**	68,364,125
Energy	**11,545,202**	11,312,049
Workmen's compensation and miscellaneous accidents	**31,193,575**	28,894,463
Fire	**22,681,335**	21,261,680
Engineering	**7,550,507**	6,838,839
Marine and aviation	**1,593,800**	1,843,136
Family takaful	**67,673,756**	57,659,281
	264,059,685	265,676,459

27 TAKAFUL RISK

The risk under any one takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of a takaful contract, this risk is random and therefore unpredictable.

For a portfolio of takaful contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its takaful contracts is that the actual claims and benefit payments exceed the estimated amount of the takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Takaful events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar takaful contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company manages risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

27 TAKAFUL RISK continued

Frequency and severity of claims
The Company has the right not to renew individual policies, re-price the risk, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Takaful contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

Property takaful contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. Property takaful contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The takaful risk arising from these contracts is not concentrated in any one of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured properties.

The retakaful arrangements include excess and catastrophe coverage. The effect of such retakaful arrangements is that the Company should not suffer net takaful losses of a set limit of AED 250,000 in any one motor policy and AED 1,000,000 for any one non-motor policy. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlement of claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments
Claims on takaful contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and an element of the claims provision includes incurred but not reported claims. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some takaful contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions; it is likely that the final outcome will prove to be different from the original liability established.

The amount of takaful claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Takaful contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projection given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

27 TAKAFUL RISK continued

Sources of uncertainty in the estimation of future claim payments continued
In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss - ratio estimate is an important assumption in the estimation technique and is based on previous years experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

Process used to decide on assumptions
The risks associated with the takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual takaful contracts carried out at the end of the reporting period to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The choice of selected results for each accident year of each class of business depends on an assessment of the techniques that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

Claims development process
The following schedules reflect the actual claims (based on year end estimates including IBNR) compared to the previous estimates for the last four years on an accident year basis for motor and an underwriting year basis for non motor:

Motor - Gross
Accident year

	2011 and earlier AED'000	*2012 AED'000*	*2013 AED'000*	*2014 AED'000*	***2015 AED'000***	*Total AED'000*
At the end of the accident year	23,824	17,341	38,148	75,875	**42,633**	-
One year later	17,581	13,495	26,688	52,625	-	-
Two years later	17,398	12,201	25,719	-	-	-
Three years later	16,451	12,367	-	-	-	-
Four years later	16,375	-	-	-	-	-
Current estimate of cumulative claims	16,375	12,367	25,719	52,625	**42,633**	149,719
Cumulative payments to date	(16,363)	(12,290)	(23,786)	(43,198)	**(17,512)**	(113,149)
Liability recognised in the statement of financial position	12	77	1,933	9,427	**25,121**	36,570
Non Motor - Gross						
Underwriting year						
At the end of the underwriting year	115,098	118,567	129,233	142,193	**93,916**	-
One year later	91,126	63,393	66,406	136,274	-	-
Two years later	83,137	50,715	67,550	-	-	-
Three years later	87,292	47,888	-	-	-	-
Four years later	86,638	-	-	-	-	-
Current estimate of cumulative claims	86,638	47,888	67,550	136,274	**93,916**	432,266
Cumulative payments to date	(86,378)	(47,555)	(57,822)	(74,907)	**(47,247)**	(313,909)
Liability recognised in the statement of financial position	260	333	9,728	61,367	**46,669**	118,357

27 TAKAFUL RISK continued

Concentration of takaful risk
Substantially all of the Company's underwriting activities are carried out in the UAE.

In common with other takaful companies, in order to minimise financial exposure arising from large takaful claims, the Company, in the normal course of business, enters into arrangement with other parties for retakaful purposes.

To minimise its exposure to significant losses from retakaful insolvencies, the Company evaluates the financial condition of its retakaful and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of the retakaful companies. The Company remains liable to its policyholders for the portion covered by retakaful to the extent that any retakaful does not meet the obligations assumed under the retakaful agreements.

Sensitivity of underwriting profit and losses
The contribution by the takaful operations to the profit of the Company for the year ended 31 December 2015 amounts to AED 35.6 million (2014: AED 24.1 million). The Company does not foresee any adverse change in the contribution of takaful profit due to the following reasons:

The Company has an overall risk retention level of 43.9% (2014: 43.1%). Because of low risk retention of 90.3% (2014: 81%), volume of the business and limited exposure in high retention areas like Motor, the Company is comfortable to maintain a net loss ratio in the region of 45% to 75% and does not foresee any serious financial impact in the takaful net profit.

The Company has net commission earning of 16.6% (2014: 19.6%) of the takaful operating profit predominantly from retakaful placement which remains as a comfortable source of income.

28 FINANCIAL INSTRUMENTS

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful assets and takaful liabilities. In particular, the key financial risk is that in the long-term, its investment proceeds are not sufficient to fund the obligations arising from its takaful and investment contracts. The risks that the Company primarily faces due to the nature of its investments and underwriting business are market price risk, credit risk and liquidity risk.

Fair value of financial instruments
Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

An analysis of financial instruments that are measured subsequent to initial recognition at fair value into levels 1 to 3 is provided in note 29.

28 FINANCIAL INSTRUMENTS continued

Capital risk management
The Company has established the following capital management objectives, policies and approach to manage the risks that affect its capital position.

The Company's objectives when managing capital are:

- to comply with the capital requirements required by the UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

In UAE, the local takaful regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its takaful liabilities. The minimum required capital (presented below) must be maintained at all times throughout the year. The Company is subject to local takaful solvency regulations with which it has complied during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

The below summarises the minimum regulatory capital of the Company and the total capital held.

	2015 ***AED***	*2014* *AED*
Total shareholders' equity	**240,947,272**	212,463,091
Minimum regulatory capital	**100,000,000**	100,000,000

The UAE Insurance Authority has issued resolution No. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing an insurance firm and AED 250 million for a reinsurance firm. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or Gulf Cooperation Council national individuals or corporate bodies. The Company is complying with the above requirements.

Significant accounting policies
Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

28 FINANCIAL INSTRUMENTS continued

Categories of financial instruments

	2015 *AED*	*2014* *AED*
Financial assets		
Statutory deposit	**10,000,000**	10,000,000
Investments	**103,096,360**	99,229,855
Retakaful contract assets	**249,603,181**	231,028,059
Takaful and other receivables	**34,981,107**	39,519,865
Cash and bank balances	**252,642,134**	208,332,281
Total	**650,322,782**	588,110,060
Takaful		
Takaful contract liabilities	**344,444,574**	316,150,847
Retakaful and other liabilities	**77,781,065**	74,352,051
Retakaful deposits retained	**27,990,976**	24,195,002
Total	**450,216,615**	414,697,900

Profit return rate risk management
The Company is not exposed to significant profit return rate risks as its profit return-sensitivity assets are repriced frequently.

The Company's rate of return risk is mainly attributable to its bank deposits.

The Company generally tries to minimise the rate of return risk by closely monitoring the market rates and investing in those financial assets in which such risk is expected to be minimal.

Foreign currency risk
The Company is not exposed to significant foreign currency risk as substantially all financial assets and financial liabilities are denominated in AED or US Dollars to which the AED is pegged.

Market price risk
Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to market price risk with respect to its quoted investments. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market; in addition, the Company actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

28 FINANCIAL INSTRUMENTS continued

Credit risk management
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

Key areas where the Company is exposed to credit risk are:

- Retakafuls' share of takaful liabilities;
- Amounts due from retakaful in respects of claims already paid;
- Amounts due from takaful contract holders;
- Amounts due from takaful intermediaries; and
- Amounts due from banks for its bank balances and fixed deposits.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Retakaful is used to manage takaful risk. This does not, however, discharge the Company's liability as primary insurer. If retakaful company fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of a retakaful company is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company.

Management information reported to the Company includes details of provisions for impairment on takaful receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for retakaful is carried out by the Company. Details on concentration of amounts due from policyholders is disclosed in note 10. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its policy holders.

The credit risk on liquid funds maintained with banks is limited because the counterparties are reputable local banks closely monitored by the regulatory body.

At 31 December 2015, all of the deposits were placed with 7 banks (2014: 6 banks). Management is confident that this concentration at year end does not result in any credit risk to the Company as these banks are major banks operating in the UAE and are highly regulated by the Central Bank.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk for such receivable and liquid funds.

Liquidity risk management
Liquidity risk is the risk that the Company will be unable to meet its funding requirements. Bank facilities, the policy holders and the retakaful, are the major sources of funding for the Company and the liquidity risk for the Company is assessed to be low.

The table below summarises the maturity profile of the Company's financial liabilities with maturities determined on the basis of the remaining period from the end of the reporting period to the contractual maturity / repayment date.

28 FINANCIAL INSTRUMENTS continued

Liquidity risk management continued
The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	Carrying amount AED	*0 - 180 days AED*	*181 - 365 days AED*
Financial liabilities at 31 December 2015			
Takaful contract liabilities	**344,444,574**	**-**	**344,444,574**
Retakaful and other liabilities	**77,781,065**	**64,200,975**	**13,580,090**
Retakaful deposits retained	**27,990,976**	**-**	**27,990,976**
Total	**450,216,615**	**64,200,975**	**386,015,640**
Financial liabilities at 31 December 2014			
Takaful contract liabilities	316,150,847	-	316,150,847
Retakaful and other liabilities	74,352,051	59,457,726	14,894,325
Retakaful deposits retained	24,195,002	-	24,195,002
Total	414,697,900	59,457,726	355,240,174

Fair value of financial assets and liabilities
Management considers that the fair values of financial assets and financial liabilities in the financial statements approximate their carrying amounts.

29 FAIR VALUE MEASUREMENTS

The following table provides fair value hierarchy of the Company's assets measured at fair value.

	Level 1 AED	*Level 2 AED*	*Level 3 AED*	*Total AED*
31 December 2015				
Investments at fair value through other comprehensive income				
Equities	**18,461,535**	**-**	**13,630,266**	**32,091,801**
Investments at fair value through profit or loss	**-**	**71,004,559**	**-**	**71,004,559**
Investment properties	**-**	**-**	**20,260,028**	**20,260,028**
Total	**18,461,535**	**71,004,559**	**33,890,294**	**123,356,388**
31 December 2014				
Investments at fair value through other comprehensive income				
Equities	26,621,668	-	12,946,374	39,568,042
Investments at fair value through profit or loss	-	59,661,813	-	59,661,813
Investment properties	-	-	20,704,286	20,704,286
Total	26,621,668	59,661,813	33,650,660	119,934,141

There were no transfers between levels 1, 2 and 3 in 2015 and 2014.

30 CONTINGENT LIABILITIES AND COMMITMENTS

	2015	*2014*
	AED	*AED*
Bank guarantees	**3,810,479**	110,479

Bank guarantees were issued in the normal course of business.

شركة أبوظبي الوطنية للتكافل ش.م.ع تكافل

Takaful Abu Dhabi National Takaful Co. P.S.C

Abu Dhabi National Takaful Co. p.s.c (Takaful)

P.O. Box: 35335, Abu Dhabi- UAE

Sharia Supervisory Committee's Report of Abu Dhabi National Takaful Co. (Takaful) To General Assembly of Takaful Shareholders For the Fiscal Year Ending on December 31, 2015

In the name of Allah, the Most Gracious, the Most Merciful

All praise is due to Allah and peace be upon His Messenger Muhammad, the family and companions of Muhammad

To: Shareholder of Abu Dhabi National Takaful Co. (Takaful)
Peace be upon with all of you,

Pursuant to the Article 69 of Takaful's Articles of Association, we should provide the following report:

We have reviewed the foundations whereupon the Takaful's activities were built, their financial outcome, the investments entered into by Takaful Company and other forms of Takaful (insurance) policies concluded by the company during the fiscal year ending on December 31, 2015 and other activities and practices of the Company with a view to expressing the opinion whether or not the Company works in compliance with the rules and principles of Islamic Sharia; including stated fatwas, decisions and directives issued by us.

The responsibility to verify that the Company is working in compliance with the rules and principles of Islamic Sharia lies with the Company's management since it is responsible for the activities and practices of the Company and carrying them out according to the foundation upon which activities and practices of the Company relied as stated in the Articles of Association of the Company. This foundation is the strict compliance with the rules and principles of Islamic Sharia. As to our responsibility, it is limited to expressing an independent Sharia opinion in light of our auditing of what we perused and create a report for you in this regard.

شركة خاضعة لأحكام القانون الاتحادي رقم (٦) لسنة ٢٠٠٧، رقم القيد (٧١) تاريخه ٢٠٠٢/١١/٢٢ رأس المال المدفوع ١٠٠،٠٠٠،٠٠٠ درهم
ص.ب: ٣٥٣٣٥، الإمارات العربية المتحدة، أبوظبي، هاتف: ٧٧٠٠ ٤١٠ ٢ ٩٧١+، فاكس: ٧٨٠٠ ٤١٠ ٢ ٩٧١+
P.O.Box: 35335, Abu Dhabi, United Arab Emirates Tel: +971 2 4107700 Fax: +971 2 4107800

We have performed our auditing which included the auditing of the Company's financial outcomes, financial structure guided by our auditing of its balance sheet, statement of income, and statement of revenues and expenses. We have also audited the investment activities that the Company entered into, the payable rate of zakat in relation to the shares of the Company, revenues of charity account and its expenditures including the audit of forms of insurance policies concluded in various types of takaful insurance and review of what is carried out concerning reinsurance and re-takaful and the status of facultative reinsurance activities with traditional insurance companies. We have also audited the Sharia auditing reports developed and submitted by the Sharia supervisor to the Company.

We have had access to the information and interpretations we deemed necessary for providing us with evidences sufficient enough to give a reasonable confirmation that the Company has not acted in breach to rules and principles of Islamic Sharia, within the scope of the activities we have reviewed.

In our opinion;

- In relation to its financial structure, the Company managed to apply separation between policyholders account and shareholders account; which is foundation for takaful insurance. The Company has prepared its balance sheet for the fiscal year ending on December 31, 2015 according to the Sharia form, under which, the Company's balance sheet shall be prepared. This form expresses and reflects the truth and nature of activities and financial structure of a takaful company.

- The Company has not deducted any amounts from policyholders account except for the stated wakala fees or less and the common share of profits of this account in its capacity as a *mudarib*.

- The investments entered into by the Company are acceptable in light of what we reviewed. We assured the necessity to purify the revenues of shares of companies in which the Company invests in its shares (through its investment portfolio) and have a prohibited (*haram*) income since rate of this income shall be calculated, retained (regardless how trivial it would be), and spend it in charitable activities.

شركة خاضعة لأحكام القانون الاتحادي رقم (٦) لسنة ٢٠٠٧، رقم القيد (٧١) تاريخه ٢٣/١١/٢٠٠٢ رأس المال المدفوع ١٠٠،٠٠٠،٠٠٠ درهم
ص.ب: ٣٥٣٣٥، الإمارات العربية المتحدة، أبوظبي، هاتف: ٧٧٠٠ ٤١٠ ٢ ٩٧١+، فاكس: ٧٨٠٠ ٤١٠ ٢ ٩٧١+
P.O.Box: 35335, Abu Dhabi, United Arab Emirates Tel: +971 2 4107700 Fax: +971 2 4107800

- The Company confirmed that it concluded reinsurance agreements (in relation to treaty reinsurance) according to the principles we approved in this regard. Facultative reinsurance activities have been entered into by the Company with ordinary and other Islamic companies. We recommended the decrease of facultative reinsurance activities in or with ordinary companies as far as possible. Treaty and facultative reinsurance activities should be clearly carried out with Islamic companies in light of Islamic insurance foundations using the typical provisions fulfilling the same.

- The policies used by the Company, and forms of which were revised, are lawfully acceptable in light of what we reviewed, and they represent the policies approved by us.

- Whereas the Company's management is not entitled to give zakat on behalf of shareholders, then shareholders shall be liable to give it in fulfillment of the third pillar of Islam. The amount that should assigned to zakat, from each share for the year ending December 31, 2015, is approximately (0.0517) fils.

We ask Allah to lead the Company's officers to goodness and guidance.

Yours sincerely

Sharia Supervisory Committee of Abu Dhabi National Takaful Co. (Takaful)

Prof. Abdul Sattar Abu Ghoddah – Chairman
Prof. Nizam Yaquobi – Member
Prof. Osaid Al Kilani – Member
[Seal: Takaful – Sharia Supervisory Committee]

شركة خاضعة لأحكام القانون الاتحادي رقم (٦) لسنة ٢٠٠٧، رقم القيد (٧١) تاريخه ٢٢/١١/٢٠٠٢ رأس المال المدفوع ١٠٠،٠٠٠،٠٠٠ درهم
ص.ب: ٣٥٣٣٥، الإمارات العربية المتحدة، أبوظبي، هاتف: ٠٠ ٧٧ ١٠ ٤ ٢ ٩٧١+، فاكس: ٠٠ ٧٨ ١٠ ٤ ٢ ٩٧١+
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