



Board of Directors Report
For the period ended 30 June 2017

Peace be upon you,

It gives us great pleasure to present our report on the activities of the company for the period ended 30 June 2017, and interim condensed financial statements for the period.

The following are the highlights of the company activities for the 2nd quarter 2017.

- Total assets of the company amount of AED 833.4 million comparing to AED 811.7 million for the end of last year.
- Total cash and bank balances amount of AED 290.5 million comparing to AED 307.9 million for the end of last year, all of which are deposited with UAE banks.
- Company investments include AED 50 million invested in securities outside UAE.
- Shareholder's equity by the end of 2nd quarter 2017 reached AED 289 million after considering AED 16 million as cash dividend paid for year 2016 comparing to AED 270.9 million for the end of last year.
- The total gross takaful contributions written during the reported period reached AED 181.6 million comparing to AED 168.5 million for the same period last year.
- Technical results for the period reached to AED 79.2 million comparing to AED 42.3 million for the same period last year, achieving 87% increase.
- Net investment and other income reached AED 6.8 million comparing to AED 7.5 million for the same period last year.
- The combined net profit (for policyholders and shareholders before release of Qard Hasan provision) for the reported period is AED 40.9 million. Shareholders Net profit is 34.2 million comparing to AED 30.3 million for the same period last year, achieving 13% increase.
- Basic and diluted earnings per share for the reported period is AED 0.34 comparing to AED 0.30 for the same period last year.

With regards,

Chairman of the Board

**Abu Dhabi National Takaful
Company PSC**

REVIEW REPORT AND INTERIM CONDENSED
FINANCIAL STATEMENTS

PERIOD ENDED 30 JUNE 2017 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ABU DHABI NATIONAL TAKAFUL COMPANY PSC

Introduction


We have reviewed the accompanying interim condensed financial statements of Abu Dhabi National Takaful Company PSC (the “Company”) as at 30 June 2017, comprising of the interim statement of financial position as at 30 June 2017 and the related interim income statement and interim statement of comprehensive income for the three-month and six-month periods then ended and interim statements of changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by
Andre Kasparian
Partner
Ernst & Young
Registration No. 365

10 August 2017
Abu Dhabi

Abu Dhabi National Takaful Company PSC

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2017

	Notes	30 June 2017 AED	31 December 2016 AED
ASSETS			
Takaful Operations Assets			
Financial assets designated at fair value through income	5	14,000,354	14,374,873
Reinsurers' share of unearned contributions		186,478,648	165,634,015
Prepaid expenses and other assets		4,070,575	5,776,711
Reinsurers' share of outstanding claims		125,797,492	151,972,269
Contributions and Re-Takaful balances receivables		57,570,011	12,597,789
Bank deposits	3	116,679,738	141,433,052
Cash and bank accounts	3	27,036,861	38,474,407
Total Takaful Operations Assets		531,633,679	530,263,116
Shareholders' assets			
Property and equipment		22,874,846	24,034,410
Statutory deposits	4	10,000,000	10,000,000
Financial assets designated at fair value through income	5	59,207,598	61,437,628
Financial assets designated at fair value through other comprehensive income	5	32,705,082	31,810,316
Investments properties	7	19,222,725	19,222,725
Deferred policy acquisition costs		5,184,024	3,173,665
Prepaid expenses and other assets		5,846,236	3,731,298
Bank deposits	3	141,671,525	124,533,849
Cash and bank accounts	3	5,152,822	3,550,011
Total shareholders' assets		301,864,858	281,493,902
TOTAL ASSETS		833,498,537	811,757,018
Takaful Operations Liabilities			
Takaful payables		9,242,710	5,572,754
Outstanding claims		163,855,781	194,616,480
Retakaful payables		75,754,877	65,806,242
Accrued expenses and other liabilities		5,777,680	10,315,788
Unearned Re-Takaful commission income		4,938,439	4,115,763
Unearned contributions		265,595,160	242,244,752
Total Takaful Operations Liabilities		525,164,647	522,671,779
Shareholders' liabilities			
Accrued expenses and other liabilities		5,731,354	11,808,380
Provision for end of service benefits		6,822,980	6,354,357
Total shareholders' liabilities		12,554,334	18,162,737
Total liabilities		537,718,981	540,834,516
Policyholders' fund			
Surplus (deficit) of Life policyholders takaful fund		6,776,943	(4,118,605)
Deficit of General policyholders takaful fund		(989,456)	(7,456,652)
Loan from shareholders	9	989,456	11,575,257
Total policyholders' fund		6,776,943	-
Shareholders' equity			
Share capital		100,000,000	100,000,000
Legal reserve		29,049,798	29,049,798
General reserve		42,500,000	42,500,000
Investment revaluation reserve		9,890,218	10,147,998
Retained earnings		107,562,597	89,224,706
Total shareholders' equity		289,002,613	270,922,502
TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY		833,498,537	811,757,018

Khamis Buharoon
Chairman of the Board of Directors

Osama Abdeen
Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed financial statements.

Abu Dhabi National Takaful Company PSC

INTERIM INCOME STATEMENT (UNAUDITED)

For the period ended 30 June 2017

		<i>Three months ended 30 June 2017 (Unaudited) AED</i>	<i>Three months ended 30 June 2016 (Unaudited) AED</i>	<i>Six months ended 30 June 2017 (Unaudited) AED</i>	<i>Six months ended 30 June 2016 (Unaudited) AED</i>
	<i>Notes</i>				
Attributable to policyholders					
Gross contributions written		91,481,286	74,872,025	181,583,066	168,311,655
Retakaful contributions accepted		87,069	143,527	87,069	143,527
Retakaful contributions ceded		(46,088,669)	(36,292,715)	(93,172,991)	(90,944,770)
Net written contributions		45,479,686	38,722,837	88,497,144	77,510,412
Change in net unearned contribution provision		2,239,005	(2,059,834)	(2,505,775)	(4,371,184)
Net earned contributions		47,718,691	36,663,003	85,991,369	73,139,228
Commissions earned		3,373,379	2,441,790	7,132,464	10,651,851
Gross Takaful Income		51,092,070	39,104,793	93,123,833	83,791,079
Gross claims paid		(29,344,307)	(21,050,505)	(70,117,347)	(54,673,974)
Retakaful share of accepted claims paid		(452,771)	(291,279)	(891,902)	(627,641)
Retakaful share of ceded claims paid		20,136,731	12,685,352	52,346,696	36,802,616
Net paid Claims		(9,660,347)	(8,656,432)	(18,662,553)	(18,498,999)
Change in outstanding claim		8,769,617	(21,708,133)	24,834,643	(14,684,284)
Change in retakaful share of outstanding claims		(8,886,268)	18,075,618	(23,010,154)	9,142,995
Change in incurred but not reported claims reserve		(1,311,130)	(3,786,008)	5,374,185	(6,379,296)
Change in retakaful share of incurred but not reported claims reserve		928,352	2,613,750	(3,164,624)	4,800,239
Change in unallocated loss adjustment expense		(182,362)	(192,108)	(248,877)	(1,308,049)
Net claims incurred		(10,342,138)	(13,653,313)	(14,877,380)	(26,927,394)
Takaful income		40,749,932	25,451,480	78,246,453	56,863,685
Takaful expenses		10,813,189	(7,860,153)	-	(14,683,234)
Other income		735,828	127,403	1,023,837	148,253
Takaful Operating Profit		52,298,949	17,718,730	79,270,290	42,328,704
Policyholders' investment income		1,200,524	934,164	2,334,453	1,916,705
Mudareb share	10	(360,157)	(280,249)	(700,336)	(575,013)
Wakalah fees	10	(40,258,080)	(20,442,311)	(63,541,663)	(43,623,450)
Surplus (deficit) of takaful result for the period		12,881,236	(2,069,666)	17,362,744	46,946
Attributable to shareholders					
Shareholders' investment and other income, net		2,364,925	3,808,113	4,474,745	5,547,304
Mudareb share from policyholders	10	360,157	280,249	700,336	575,013
Takaful expense		(24,059,276)	-	(24,059,276)	-
Wakalah fees from policyholders	10	40,258,080	20,442,311	63,541,663	43,623,450
General and administrative expenses		(11,017,181)	(10,246,720)	(21,033,919)	(19,475,855)
Decrease (increase) in provision of loan from shareholders	9	6,104,293	(2,069,666)	10,585,801	46,946
Net profit for the period		14,010,998	12,214,287	34,209,350	30,316,858
Basic and diluted earnings per share	11	0.14	0.12	0.34	0.30

The attached notes 1 to 13 form part of these interim condensed financial statements.

Abu Dhabi National Takaful Company PSC

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2017

	<i>Three months ended 30 June 2017 (Unaudited) AED</i>	<i>Three months ended 30 June 2016 (Unaudited) AED</i>	<i>Six months ended 30 June 2017 (Unaudited) AED</i>	<i>Six months ended 30 June 2016 (Unaudited) AED</i>
Net profit for the period	14,010,998	12,214,287	34,209,350	30,316,858
Other comprehensive income				
Items that will not be reclassified subsequently to statement of income:				
Increase (decrease) in fair value of investments at fair value through other comprehensive income, net	<u>93,992</u>	<u>(255,368)</u>	<u>(129,239)</u>	<u>971,950</u>
Other comprehensive income (loss) for the period	<u>93,992</u>	<u>(255,368)</u>	<u>(129,239)</u>	<u>971,950</u>
Total comprehensive income for the period	<u>14,104,990</u>	<u>11,958,919</u>	<u>34,080,111</u>	<u>31,288,808</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

Abu Dhabi National Takaful Company PSC

INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2017

	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>General reserve AED</i>	<i>Investment revaluation reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance at 1 January 2016	100,000,000	24,209,407	42,500,000	7,842,492	66,395,373	240,947,272
Loss on disposal of investments at fair value through other comprehensive income	-	-	-	452,037	(452,037)	-
Net profit for the period	-	-	-	-	30,316,858	30,316,858
Other comprehensive income	-	-	-	971,950	-	971,950
Total comprehensive income for the period	-	-	-	971,950	30,316,858	31,288,808
Dividends paid (notes 8)	-	-	-	-	(16,000,000)	(16,000,000)
Balance at 30 June 2016	<u>100,000,000</u>	<u>24,209,407</u>	<u>42,500,000</u>	<u>9,266,479</u>	<u>80,260,194</u>	<u>256,236,080</u>
Balance at 1 January 2017	100,000,000	29,049,798	42,500,000	10,147,998	89,224,706	270,922,502
Gain on disposal of investments at fair value through other comprehensive income	-	-	-	(128,541)	128,541	-
Net profit for the period	-	-	-	-	34,209,350	34,209,350
Other comprehensive loss	-	-	-	(129,239)	-	(129,239)
Total comprehensive income for the period	-	-	-	(129,239)	34,209,350	34,080,111
Dividends paid (notes 8)	-	-	-	-	(16,000,000)	(16,000,000)
Balance at 30 June 2017	<u>100,000,000</u>	<u>29,049,798</u>	<u>42,500,000</u>	<u>9,890,218</u>	<u>107,562,597</u>	<u>289,002,613</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

Abu Dhabi National Takaful Company PSC

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2017

	<i>Six months ended 30 June 2017 (Unaudited) AED</i>	<i>Six months ended 30 June 2016 (Unaudited) AED</i>
<i>Note</i>		
OPERATING ACTIVITIES		
Net profit for the period	34,209,350	30,316,858
Adjustments for:		
Depreciation of property and equipment	1,616,584	1,403,448
Movement of unearned contributions, net	2,505,775	4,371,184
Investment and other income	(6,809,198)	(7,454,510)
Net movement in provision for end of service benefits	468,623	517,095
Movement in provision of loan from shareholders	(10,585,801)	(46,946)
Surplus of life policyholders takaful fund	6,776,943	-
Gain on disposal of property and equipment	-	(9,499)
Operating profit before movements in working capital:	28,182,276	29,097,630
Prepaid and other assets	(408,802)	(4,319,056)
Contributions and re-takaful balances receivables	(44,972,222)	(13,397,624)
Deferred policy acquisition costs	(2,010,359)	(2,663,303)
Movement of outstanding claims, net	(4,585,922)	8,428,395
Movement in provision of loan from shareholders	10,585,801	46,946
Takaful payables	3,669,956	3,518,785
Retakaful payables	9,948,635	1,165,585
Accrued expenses and other liabilities	(6,737,625)	(2,501,005)
Unearned re-takaful commission income	822,676	2,408,633
Cash (used in) from operations	(5,505,586)	21,784,986
Directors' remuneration paid	(3,877,509)	(3,200,000)
Net cash (used in) from operating activities	(9,383,095)	18,584,986
INVESTING ACTIVITIES		
Movement in investments	1,580,544	1,068,343
Purchase of property and equipment	(457,020)	(566,403)
Proceeds from disposal of property and equipment	-	9,500
Investment and other income received	6,809,198	7,454,510
Movements in term deposits	(19,755,882)	(17,846,869)
Net cash used in investing activities	(11,823,160)	(9,880,919)
FINANCING ACTIVITY		
Dividends paid	(16,000,000)	(16,000,000)
Net cash used in financing activity	(16,000,000)	(16,000,000)
DECREASE IN CASH AND CASH EQUIVALENTS	(37,206,255)	(7,295,933)
Cash and cash equivalents at 1 January	103,079,960	68,689,658
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 3	<u>65,873,705</u>	<u>61,393,725</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2017 (Unaudited)

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 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 accompanying interim condensed financial statements of the Company for the period ended 30 June 2017 have been authorised for issue in accordance with a resolution of the Board of Directors on 10 August 2017.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Company have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2016. In addition, results for the period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

The interim condensed financial statements are presented in UAE Dirhams (AED) being the functional and presentation currency of the Company.

These interim condensed financial statements have been prepared on the historical cost convention as modified for re-measurement of investment securities and investment properties at fair value.

Effective 2017, the Company revised the presentation of its financial statements in accordance with Appendix 1 of the Financial Regulations for Takaful Insurance Companies issued by the Insurance Authority. The 2016 comparative figures were reclassified to conform to the current presentation.

Significant accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016, except for the revised presentation of financial statements (note 2 – basis of preparation) and the adoption of the following new interpretation and amendments to standards effective as of 1 January 2017:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

Annual Improvements Cycle - 2014-2016:

- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The new standards and amendments to standards listed above had no significant impact on the Company’s financial position or performance or disclosures.

Apart from IFRS 9 Financial Instruments, the Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2017 (Unaudited)

3 CASH AND CASH EQUIVALENTS

	<i>30 June 2017 (Unaudited) AED</i>	<i>31 December 2016 (Audited) AED</i>
Cash and bank accounts	32,189,683	42,024,418
Term deposits	<u>258,351,263</u>	<u>265,966,901</u>
Cash and bank balances	290,540,946	307,991,319
Less: term deposits with original maturity of more than three months	<u>(224,667,241)</u>	<u>(204,911,359)</u>
Cash and cash equivalents	<u>65,873,705</u>	<u>103,079,960</u>

Term deposits represent deposits held with financial institutions in the UAE, are denominated in UAE Dirhams and carry profit at the prevailing market rates ranging from 1.69% to 3.05% per annum (31 December 2016: 0.8% to 3%).

4 STATUTORY DEPOSIT

In accordance with the requirements of the 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 the UAE, a related party (note 6).

5 INVESTMENTS

5(a) Financial assets designated at fair value through other comprehensive income

	<i>30 June 2017 (Unaudited) AED</i>	<i>31 December 2016 (Audited) AED</i>
Quoted securities	21,244,983	21,100,198
Unquoted securities	<u>11,460,099</u>	<u>10,710,118</u>
	<u>32,705,082</u>	<u>31,810,316</u>

The geographical concentration of investments is as follows:

Within UAE	25,055,785	26,300,356
Outside UAE	<u>7,649,297</u>	<u>5,509,960</u>
	<u>32,705,082</u>	<u>31,810,316</u>

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2017 (Unaudited)

5 INVESTMENTS continued

5(b) Financial assets designated at fair value through income

	<i>30 June 2017 (Unaudited) AED</i>	<i>31 December 2016 (Audited) AED</i>
Unquoted securities	<u>73,207,952</u>	<u>75,812,501</u>
The geographical concentration of investments is as follows:		
Within UAE	30,778,746	35,016,290
Outside UAE	<u>42,429,206</u>	<u>40,796,211</u>
	<u>73,207,952</u>	<u>75,812,501</u>
Total investments	<u>105,913,034</u>	<u>107,622,817</u>

6 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 related parties in the normal course of business are as follows:

	<i>Three months ended 30 June 2017 (Unaudited) AED</i>	<i>Three months ended 30 June 2016 (Unaudited) AED</i>	<i>Six months ended 30 June 2017 (Unaudited) AED</i>	<i>Six months ended 30 June 2016 (Unaudited) AED</i>
Gross contributions written	<u>254,864</u>	<u>1,269,577</u>	<u>7,825,723</u>	<u>6,565,487</u>
Takaful expenses	<u>3,046,339</u>	<u>3,701,761</u>	<u>10,525,227</u>	<u>9,517,164</u>
			<i>30 June 2017 (Unaudited) AED</i>	<i>31 December 2016 (Audited) AED</i>
Statutory deposit at period / year end (note 4)			<u>10,000,000</u>	<u>10,000,000</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2017 (Unaudited)

6 RELATED PARTIES continued

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

	<i>Three months ended 30 June 2017 (Unaudited) AED</i>	<i>Three months ended 30 June 2016 (Unaudited) AED</i>	<i>Six months ended 30 June 2017 (Unaudited) AED</i>	<i>Six months ended 30 June 2016 (Unaudited) AED</i>
Short-term benefits	<u>1,786,829</u>	<u>1,277,348</u>	<u>2,743,014</u>	<u>2,523,426</u>
Long-term benefits	<u>52,665</u>	<u>54,862</u>	<u>108,831</u>	<u>196,208</u>

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

7 INVESTMENT PROPERTIES

	<i>30 June 2017 (Unaudited) AED</i>	<i>31 December 2016 (Audited) AED</i>
At end of period / year	<u>19,222,725</u>	<u>19,222,725</u>

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 2016 by an independent valuer which valued the properties at AED 19,222,725 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. Management believes that there have been no significant changes during the period ended 30 June 2017.

8 DIVIDENDS

For the year ended 31 December 2016, cash dividend of AED 16,000,000 at a rate of AED 0.16 per share was approved by shareholders on 10 April 2017 and it was paid in May 2017.

For the year ended 31 December 2015, cash dividend of AED 16,000,000 at a rate of AED 0.16 per share was approved by shareholders on 19 April 2016 and it was paid in May 2016.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2017 (Unaudited)

9 LOAN FROM SHAREHOLDERS

	<i>30 June 2017 (Unaudited) AED</i>	<i>31 December 2016 (Audited) AED</i>
At beginning of the period / year	(11,575,257)	(15,033,820)
Net surplus allocated to settle shareholders' loan	<u>10,585,801</u>	<u>3,458,563</u>
At end of the period / year	<u>(989,456)</u>	<u>(11,575,257)</u>

10 MUDAREB SHARE, WAKALAH FEES AND TAKAFUL EXPENSES

The shareholders manage the policyholders' investment fund and charge 30% (2016: 30%) of investment income earned by policyholders' investment fund as Mudareb share.

The shareholders manage the takaful operations for the policyholders and charge 35% of gross takaful contributions as Wakalah fees, as follows;

- Marine hull, aviation and energy 35% (2016: 10%)
- Family Takaful 35% (2016: 30%)
- All other takaful classes 35% (2016: 20%)

Takaful expenses are charged in the income statement attributable to shareholders effective from 1 January 2017. Accordingly, Takaful expenses in the interim income statement attributable to shareholders for the three months ended 30 June 2017 include an amount of AED 10,813,189 and a corresponding credit has been recorded in the income statement attributable to policyholders representing Takaful expenses charged in the three months ended 31 March 2017. Wakalah fees have been revised to cover Takaful expenses and have been recognised in the current period on a cumulative basis from 1 January 2017.

11 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended 30 June 2017 (Unaudited)</i>	<i>Three months ended 30 June 2016 (Unaudited)</i>	<i>Six months ended 30 June 2017 (Unaudited)</i>	<i>Six months ended 30 June 2016 (Unaudited)</i>
Net profit for the period (AED)	<u>14,010,998</u>	<u>12,214,287</u>	<u>34,209,350</u>	<u>30,316,858</u>
Ordinary shares in issue throughout the period	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.14</u>	<u>0.12</u>	<u>0.34</u>	<u>0.30</u>

Abu Dhabi National Takaful Company PSC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS For the period ended 30 June 2017 (Unaudited)

12 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

	Three months ended 30 June 2017 (Unaudited)			Three months ended 30 June 2016 (Unaudited)			Six months ended 30 June 2017 (Unaudited)			Six months ended 30 June 2016 (Unaudited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenue	86,451,651	3,565,449	90,017,100	69,918,005	4,742,277	74,660,282	166,476,026	6,809,198	173,285,224	148,241,119	7,464,009	155,705,128
Direct costs	(44,965,895)	-	(44,965,895)	(44,339,122)	-	(44,339,122)	(87,205,740)	-	(87,205,740)	(91,229,181)	-	(91,229,181)
Takaful expenses	(13,246,087)	-	(13,246,087)	(7,860,153)	-	(7,860,153)	(24,059,276)	-	(24,059,276)	(14,683,234)	-	(14,683,234)
Segment results	28,239,669	3,565,449	31,805,118	17,718,730	4,742,277	22,461,007	55,211,010	6,809,198	62,020,208	42,328,704	7,464,009	49,792,713
Unallocated costs			(17,794,120)			(10,246,720)			(27,810,858)			(19,475,855)
Net profit for the period			14,010,998			12,214,287			34,209,350			30,316,858

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the period (30 June 2016: AED nil).

Abu Dhabi National Takaful Company PSC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2017 (Unaudited)

12 SEGMENT INFORMATION continued

The accounting policies of the reportable segments are the same as the Company's accounting policies used in the annual audited financial statements for the year ended 31 December 2016.

Segment assets and liabilities

	30 June 2017 (Unaudited)			31 December 2016 (Audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	404,340,827	397,407,816	801,748,643	533,436,784	250,554,528	783,991,312
Unallocated assets			<u>31,749,894</u>			<u>27,765,706</u>
Total assets			<u>833,498,537</u>			<u>811,757,018</u>
Segment liabilities	525,164,647	-	525,164,647	516,179,892	-	516,179,892
Unallocated liabilities			<u>12,554,334</u>			<u>24,654,624</u>
Total liabilities			<u>537,718,981</u>			<u>540,834,516</u>
Capital expenditure		457,020	<u>457,020</u>		3,036,630	<u>3,036,630</u>

Gross takaful contributions revenue from underwriting departments

The following is an analysis of the Company's revenues classified by major underwriting departments.

	Three months ended 30 June 2017 (Unaudited)	Three months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Motor	6,606,210	6,081,919	13,035,601	12,353,143
Medical	24,223,530	23,220,643	48,204,263	46,375,301
Energy	995,383	2,582,244	6,445,694	6,106,189
Workmen's compensation and miscellaneous accidents	8,683,766	9,468,132	19,565,191	18,444,424
Fire	7,675,998	6,114,007	14,631,242	12,401,331
Engineering	1,746,893	2,127,522	3,705,277	4,257,786
Marine and aviation	2,274,206	407,619	4,082,294	1,003,152
Family takaful	<u>30,136,152</u>	<u>17,346,726</u>	<u>48,650,165</u>	<u>36,499,689</u>
	<u>82,342,138</u>	<u>67,348,812</u>	<u>158,319,727</u>	<u>137,441,015</u>

13 CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2017 (Unaudited) AED	31 December 2016 (Audited) AED
Bank guarantees	<u>132,960</u>	<u>2,083,320</u>

Bank guarantees were issued in the normal course of business.