

**Abu Dhabi National Takaful  
Company PSC**

REVIEW REPORT AND INTERIM CONDENSED  
FINANCIAL STATEMENTS

PERIOD ENDED 30 JUNE 2018 (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 2018, comprising of the interim statement of financial position as at 30 June 2018 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  
Raed Ahmad  
Partner  
Ernst & Young  
Registration No. 811

9 August 2018  
Abu Dhabi

# Abu Dhabi National Takaful Company PSC

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2018 (Unaudited)

	Notes	30 June 2018 AED	31 December 2017 AED
<b>ASSETS</b>			
<b>Takaful Operations Assets</b>			
Financial assets designated at fair value through profit or loss	5	13,842,816	14,605,766
Retakaful share of unearned contributions		56,921,649	64,557,346
Prepaid expenses and other assets		6,744,960	8,384,439
Retakaful share of outstanding claims		138,075,820	145,642,410
Contributions and retakaful balances receivables		67,997,710	9,075,392
Bank deposits	3	273,732,962	204,982,242
Cash and bank accounts	3	<u>34,110,733</u>	<u>164,903,183</u>
<b>Total Takaful Operations Assets</b>		<b>591,426,650</b>	<b>612,150,778</b>
<b>Shareholders' assets</b>			
Property and equipment		20,814,123	21,989,084
Statutory deposits	4	10,000,000	10,000,000
Financial assets designated at fair value through profit or loss	5	58,406,617	59,115,084
Financial assets designated at fair value through other comprehensive income	5	82,672,133	40,709,624
Investments properties	7	19,600,000	19,600,000
Deferred policy acquisition costs		15,380,135	4,767,142
Prepaid expenses and other assets		7,461,920	4,454,743
Bank deposits	3	136,190,509	159,496,508
Cash and bank accounts	3	<u>7,409,521</u>	<u>7,600,391</u>
<b>Total shareholders' assets</b>		<b>357,934,958</b>	<b>327,732,576</b>
<b>TOTAL ASSETS</b>		<b>949,361,608</b>	<b>939,883,354</b>
<b>LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY</b>			
<b>Takaful Operations Liabilities</b>			
Takaful payables		8,578,496	6,696,415
Outstanding claims		180,081,651	184,471,805
Retakaful payables		69,092,993	76,719,705
Accrued expenses and other liabilities		16,760,422	11,826,506
Unearned retakaful commission income		5,820,877	3,868,896
Unearned contributions		<u>321,627,994</u>	<u>319,684,659</u>
<b>Total Takaful Operations Liabilities</b>		<b>601,962,433</b>	<b>603,267,986</b>
<b>Shareholders' liabilities</b>			
Accrued expenses and other liabilities		6,509,072	15,596,157
Provision for end of service benefits		<u>7,893,407</u>	<u>7,063,477</u>
<b>Total shareholders' liabilities</b>		<b>14,402,479</b>	<b>22,659,634</b>
<b>Total liabilities</b>		<b>616,364,912</b>	<b>625,927,620</b>
<b>Policyholders' fund</b>			
Surplus of Life policyholders takaful fund		11,871,494	5,556,594
Proposed Profit Distribution to Life Takaful Fund Policyholders		4,445,275	-
Deficit of General policyholders takaful fund		(8,076,158)	(17,484,545)
Loan from shareholders	9	<u>8,076,158</u>	<u>17,484,545</u>
<b>Total policyholders' fund</b>		<b>16,316,769</b>	<b>5,556,594</b>
<b>Shareholders' equity</b>			
Share capital		100,000,000	100,000,000
Legal reserve		34,956,871	34,956,871
General reserve		42,500,000	42,500,000
Investment revaluation reserve		1,274,946	7,291,256
Retained earnings		<u>137,948,110</u>	<u>123,651,013</u>
<b>Total shareholders' equity</b>		<b>316,679,927</b>	<b>308,399,140</b>
<b>TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY</b>		<b>949,361,608</b>	<b>939,883,354</b>

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

For the period ended 30 June 2018 (Unaudited)

		<i>Three months ended 30 June 2018 (Unaudited) AED</i>	<i>Three months ended 30 June 2017 (Unaudited) AED</i>	<i>Six months ended 30 June 2018 (Unaudited) AED</i>	<i>Six months ended 30 June 2017 (Unaudited) AED</i>
	<i>Notes</i>				
<b>Attributable to policyholders</b>					
Gross contributions written		87,645,618	91,481,286	171,251,818	181,583,066
Retakaful contributions accepted		768,379	87,069	1,054,378	87,069
Retakaful contributions ceded		(37,744,650)	(46,088,670)	(73,201,933)	(93,172,991)
Net written contributions		50,669,347	45,479,685	99,104,263	88,497,144
Change in net unearned contribution provision		(6,371,091)	2,239,003	(9,579,032)	(2,505,775)
Net earned contributions		44,298,256	47,718,688	89,525,231	85,991,369
Commissions earned		2,355,701	3,373,380	7,477,513	7,132,464
<b>Gross Takaful Income</b>		<b>46,653,957</b>	<b>51,092,068</b>	<b>97,002,744</b>	<b>93,123,833</b>
Gross claims paid		(30,350,563)	(29,344,309)	(69,258,148)	(70,117,347)
Retakaful share of accepted claims paid		(149,221)	(452,771)	(237,211)	(891,902)
Retakaful share of ceded claims paid		20,022,114	20,136,735	48,655,264	52,346,696
<b>Net paid Claims</b>		<b>(10,477,670)</b>	<b>(9,660,345)</b>	<b>(20,840,095)</b>	<b>(18,662,553)</b>
Change in outstanding claim		(5,876,093)	8,769,617	2,224,985	24,834,643
Change in retakaful share of outstanding claims		2,814,924	(8,886,266)	(5,631,365)	(23,010,154)
Change in incurred but not reported claims reserve		(3,444,809)	(1,311,130)	2,264,567	5,374,185
Change in retakaful share of incurred but not reported claims reserve		3,119,649	928,350	(1,935,224)	(3,164,624)
Change in unallocated loss adjustment expense		(1,313,759)	(182,361)	(1,742,572)	(248,877)
<b>Net claims incurred</b>		<b>(15,177,758)</b>	<b>(10,342,135)</b>	<b>(25,659,704)</b>	<b>(14,877,380)</b>
<b>Takaful income</b>		<b>31,476,199</b>	<b>40,749,933</b>	<b>71,343,040</b>	<b>78,246,453</b>
Takaful expenses		-	10,813,189	-	-
Other income		602,082	735,827	1,716,025	1,023,837
<b>Takaful Operating Profit</b>		<b>32,078,281</b>	<b>52,298,949</b>	<b>73,059,065</b>	<b>79,270,290</b>
Policyholders' investment income		2,354,245	1,200,524	4,162,666	2,334,453
Mudareb share	10	(823,986)	(360,157)	(1,456,934)	(700,336)
Wakalah fees	10	(27,366,647)	(40,258,080)	(54,484,916)	(63,541,663)
<b>Surplus of takaful result for the period</b>		<b>6,241,893</b>	<b>12,881,236</b>	<b>21,279,881</b>	<b>17,362,744</b>
<b>Attributable to shareholders</b>					
Shareholders' investment and other income, net		5,358,086	2,364,925	6,937,461	4,474,745
Mudareb share from policyholders	10	1,935,305	360,157	2,568,253	700,336
Wakalah fees from policyholders	10	27,366,647	40,258,080	54,484,916	63,541,663
Takaful expense		(5,588,863)	(24,059,276)	(13,001,372)	(24,059,276)
General and administrative expenses		(13,641,958)	(11,017,181)	(23,698,451)	(21,033,919)
(Increase) decrease in provision of loan from shareholders	9	(1,902,109)	6,104,293	9,408,387	10,585,801
<b>Net profit for the period</b>		<b>13,527,108</b>	<b>14,010,998</b>	<b>36,699,194</b>	<b>34,209,350</b>
<b>Basic and diluted earnings per share</b>	11	<b>0.14</b>	<b>0.14</b>	<b>0.37</b>	<b>0.34</b>

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2018 (Unaudited)

	<i>Three months ended 30 June 2018 (Unaudited) AED</i>	<i>Three months ended 30 June 2017 (Unaudited) AED</i>	<i>Six months ended 30 June 2018 (Unaudited) AED</i>	<i>Six months ended 30 June 2017 (Unaudited) AED</i>
Net profit for the period	13,527,108	14,010,998	36,699,194	34,209,350
Other comprehensive (loss) income				
Items that will not be reclassified subsequently to income statement:				
(Decrease) increase in fair value of investments at fair value through other comprehensive income, net	<u>(6,308,329)</u>	<u>93,992</u>	<u>(8,418,407)</u>	<u>(129,239)</u>
Other comprehensive (loss) income for the period	<u>(6,308,329)</u>	<u>93,992</u>	<u>(8,418,407)</u>	<u>(129,239)</u>
Total comprehensive income for the period	<u>7,218,779</u>	<u>14,104,990</u>	<u>28,280,787</u>	<u>34,080,111</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

For the period ended 30 June 2018 (Unaudited)

	<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 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>
Balance at 1 January 2018	100,000,000	34,956,871	42,500,000	7,291,256	123,651,013	308,399,140
Loss on disposal of investments at fair value through other comprehensive income	-	-	-	2,402,097	(2,402,097)	-
Net profit for the period	-	-	-	-	36,699,194	36,699,194
Other comprehensive loss	-	-	-	(8,418,407)	-	(8,418,407)
Total comprehensive income for the period	-	-	-	(8,418,407)	36,699,194	28,280,787
Dividends paid (notes 8)	-	-	-	-	(20,000,000)	(20,000,000)
Balance at 30 June 2018	<u>100,000,000</u>	<u>34,956,871</u>	<u>42,500,000</u>	<u>1,274,946</u>	<u>137,948,110</u>	<u>316,679,927</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

For the period ended 30 June 2018 (Unaudited)

		<i>Six months ended 30 June 2018 (Unaudited) AED</i>	<i>Six months ended 30 June 2017 (Unaudited) AED</i>
	<i>Note</i>		
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		36,699,194	34,209,350
Adjustments for:			
Depreciation of property and equipment		1,628,106	1,616,584
Movement of unearned contributions, net		9,579,032	2,505,775
Investment and other income		(11,100,127)	(6,809,198)
Net movement in provision for end of service benefits		829,930	468,623
Movement in provision for doubtful debts		(1,000,000)	-
Movement in provision of loan from shareholders		(9,408,387)	(10,585,801)
Surplus of life policyholders takaful fund		11,871,494	6,776,943
Mudareb share from proposed distribution to Life Takaful Fund Policyholders	10	(1,111,319)	-
Operating profit before movements in working capital:		37,987,923	28,182,276
Prepaid and other assets		(1,367,698)	(408,802)
Contributions and retakaful balances receivables		(57,922,318)	(44,972,222)
Deferred policy acquisition costs		(10,612,993)	(2,010,359)
Movement of outstanding claims, net		3,176,436	(4,585,922)
Movement in provision of loan from shareholders		9,408,387	10,585,801
Takaful payables		1,882,081	3,669,956
Retakaful payables		(7,626,712)	9,948,635
Accrued expenses and other liabilities		957,882	(6,737,625)
Unearned re-takaful commission income		1,951,981	822,676
Cash used in operations		(22,165,031)	(5,505,586)
Directors' remuneration paid		(5,111,051)	(3,877,509)
Net cash used in operating activities		(27,276,082)	(9,383,095)
<b>INVESTING ACTIVITIES</b>			
Movement in investments		(48,909,499)	1,580,544
Purchase of property and equipment		(453,145)	(457,020)
Investment and other income received		11,100,127	6,809,198
Movements in term deposits		(62,662,764)	(19,755,882)
Net cash used in investing activities		(100,925,281)	(11,823,160)
<b>FINANCING ACTIVITY</b>			
Dividends paid		(20,000,000)	(16,000,000)
Net cash used in financing activity		(20,000,000)	(16,000,000)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		(148,201,363)	(37,206,255)
Cash and cash equivalents at 1 January		200,191,718	103,079,960
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	3	51,990,355	65,873,705

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2018 (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 2018 have been authorised for issue in accordance with a resolution of the Board of Directors on 9 August 2018.

**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 2017. In addition, results for the period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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.

***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 2017, except for the adoption of the following new interpretation and amendments to standards effective as of 1 January 2018:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions; and
- Amendments to IAS 40: Transfers of Investment Property.

***Annual Improvements Cycle - 2014-2016:***

- IFRS 1 First-time adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first time adopters; and
- IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

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



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2018 (Unaudited)

**3 CASH AND CASH EQUIVALENTS**

	<i>30 June 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
Cash and bank accounts	<b>41,520,254</b>	172,503,574
Term deposits	<b><u>409,923,471</u></b>	<u>364,478,750</u>
Cash and bank balances	<b>451,443,725</b>	536,982,324
Less: term deposits with original maturity of more than three months	<b><u>(399,453,370)</u></b>	<u>(336,790,606)</u>
Cash and cash equivalents	<b><u>51,990,355</u></b>	<u>200,191,718</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 1.75% to 4% per annum (31 December 2017: 1.75% to 3.15%).

**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 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
Quoted securities	<b>60,900,492</b>	19,603,105
Unquoted securities	<b><u>21,771,641</u></b>	<u>21,106,519</u>
	<b><u>82,672,133</u></b>	<u>40,709,624</u>

The geographical concentration of investments is as follows:

Within UAE	<b>43,930,025</b>	25,783,442
Outside UAE	<b><u>38,742,108</u></b>	<u>14,926,182</u>
	<b><u>82,672,133</u></b>	<u>40,709,624</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 2018 (Unaudited)

**5 INVESTMENTS continued**

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

	<i>30 June 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
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Unquoted securities	<u>72,249,433</u>	<u>73,720,850</u>
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The geographical concentration of investments is as follows:

Within UAE	<u>31,387,917</u>	30,468,686
Outside UAE	<u>40,861,516</u>	<u>43,252,164</u>

72,249,433      73,720,850

Total investments	<u>154,921,566</u>	<u>114,430,474</u>
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Investments held by the Company as at 30 June 2018 and 31 December 2017 are sharia's compliant.

The Company has no transactions during the period or investments with Abraj Group outstanding as at 30 June 2018.

**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 2018 (Unaudited) AED</i>	<i>Three months ended 30 June 2017 (Unaudited) AED</i>	<i>Six months ended 30 June 2018 (Unaudited) AED</i>	<i>Six months ended 30 June 2017 (Unaudited) AED</i>
Gross contributions written	<u>5,788,774</u>	<u>254,864</u>	<u>8,383,460</u>	<u>7,825,723</u>
Takaful expenses	<u>(2,258)</u>	<u>3,046,339</u>	<u>2,685,721</u>	<u>10,525,227</u>
			<i>30 June 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
Statutory deposit at period / year end			<u>10,000,000</u>	<u>10,000,000</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 June 2018 (Unaudited)

**6 RELATED PARTIES** continued

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

	<i>Three months ended 30 June 2018 (Unaudited) AED</i>	<i>Three months ended 30 June 2017 (Unaudited) AED</i>	<i>Six months ended 30 June 2018 (Unaudited) AED</i>	<i>Six months ended 30 June 2017 (Unaudited) AED</i>
Short-term benefits	<u>1,759,814</u>	<u>1,786,829</u>	<u>3,031,495</u>	<u>2,743,014</u>
Long-term benefits	<u>52,664</u>	<u>52,665</u>	<u>104,750</u>	<u>108,831</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 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
At 1 January	19,600,000	19,222,725
Increase in fair value	<u>-</u>	<u>377,275</u>
At 30 June	<u>19,600,000</u>	<u>19,600,000</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 2017 by an independent valuer which valued the properties at AED 19,600,000 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 2018.

**8 DIVIDENDS**

For the year ended 31 December 2017, cash dividend of AED 20,000,000 at a rate of AED 0.2 per share was approved by shareholders on 9 April 2018 and it was paid in May 2018.

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2018 (Unaudited)

**9 LOAN FROM SHAREHOLDERS**

	<i>30 June 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
At 1 January	<b>(17,484,545)</b>	(11,575,257)
Net surplus (deficit) allocated to shareholders' loan	<u><b>9,408,387</b></u>	<u>(5,909,288)</u>
At end of the period / year	<u><b>(8,076,158)</b></u>	<u>(17,484,545)</u>

**10 MUDAREB SHARE, WAKALAH FEES AND TAKAFUL EXPENSES**

The shareholders manage the policyholders' investment fund and charge 35% (2017: 30%) of investment income earned by policyholders' investment fund as Mudareb share.

During the period, the shareholders charged 20% Mudarab share on the proposed distribution to life takaful fund policyholders of the surplus recognised in the life policyholders takaful fund as of 31 December 2017 of AED 5,556,594. This charge was approved by the Shari'a Committee and the Insurance Authority and is in accordance with the financial regulations for Takaful Companies.

The shareholders manage the takaful operations for the policyholders and charge the following percentage of gross takaful contributions as Wakalah fees, as follows:

- Marine hull, aviation and energy 35% (2017: 15%)
- Family Takaful 35% (2017: 30%)
- Motor 25% (2017: 25%)
- Medical 22.5% (2017: 22.5%)
- All other takaful classes 35% (2017: 25%)

**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 2018 (Unaudited)</i>	<i>Three months ended 30 June 2017 (Unaudited)</i>	<i>Six months ended 30 June 2018 (Unaudited)</i>	<i>Six months ended 30 June 2017 (Unaudited)</i>
Net profit for the period (AED)	<u><b>13,527,108</b></u>	<u>14,010,998</u>	<u><b>36,699,194</b></u>	<u>34,209,350</u>
Ordinary shares in issue throughout the period	<u><b>100,000,000</b></u>	<u>100,000,000</u>	<u><b>100,000,000</b></u>	<u>100,000,000</u>
Basic and diluted earnings per share (AED)	<u><b>0.14</b></u>	<u>0.14</u>	<u><b>0.37</b></u>	<u>0.34</u>

The Company has not issued any instruments which would have a dilutive impact on earnings per share when converted or exercised.



# Abu Dhabi National Takaful Company PSC

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2018 (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 2018 (Unaudited)			Three months ended 30 June 2017 (Unaudited)			Six months ended 30 June 2018 (Unaudited)			Six months ended 30 June 2017 (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	86,796,150	7,712,331	94,508,481	86,451,651	3,565,449	90,017,100	179,556,398	11,100,127	190,656,525	166,476,026	6,809,198	173,285,224
Direct costs	(54,717,869)	-	(54,717,869)	(44,965,895)	-	(44,965,895)	(106,497,333)	-	(106,497,333)	(87,205,740)	-	(87,205,740)
Takaful expenses	<u>(5,588,863)</u>	<u>-</u>	<u>(5,588,863)</u>	<u>(13,246,087)</u>	<u>-</u>	<u>(13,246,087)</u>	<u>(13,001,372)</u>	<u>-</u>	<u>(13,001,372)</u>	<u>(24,059,276)</u>	<u>-</u>	<u>(24,059,276)</u>
<b>Segment results</b>	26,489,418	7,712,331	34,201,749	28,239,669	3,565,449	31,805,118	60,057,693	11,100,127	71,157,820	55,211,010	6,809,198	62,020,208
Unallocated costs			<u>(20,674,641)</u>			<u>(17,794,120)</u>			<u>(34,458,626)</u>			<u>(27,810,858)</u>
<b>Net profit for the period</b>			<b>13,527,108</b>			<b>14,010,998</b>			<b>36,699,194</b>			<b>34,209,350</b>

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the period (30 June 2017: AED nil).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2018 (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 2017.

**Segment assets and liabilities**

	<i>30 June 2018 (Unaudited)</i>			<i>31 December 2017 (Audited)</i>		
	<i>Underwriting AED</i>	<i>Investments AED</i>	<i>Total AED</i>	<i>Underwriting AED</i>	<i>Investments AED</i>	<i>Total AED</i>
<b>Segment assets</b>	<b>314,583,733</b>	<b>592,664,244</b>	<b>907,247,977</b>	395,442,049	501,910,766	897,352,815
Unallocated assets			<u>42,113,631</u>			<u>42,530,539</u>
Total assets			<u>949,361,608</u>			<u>939,883,354</u>
<b>Segment liabilities</b>	<b>601,407,059</b>	<b>555,374</b>	<b>601,962,433</b>	602,763,776	504,210	603,267,986
Unallocated liabilities			<u>14,402,479</u>			<u>22,659,634</u>
Total liabilities			<u>616,364,912</u>			<u>625,927,620</u>
<b>Capital expenditure</b>	<b>-</b>	<b>453,145</b>	<b><u>453,145</u></b>	<b>-</b>	<b>1,127,758</b>	<b><u>1,127,758</u></b>

**Gross takaful contributions revenue from underwriting departments**

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

	<i>Three months ended 30 June 2018 (Unaudited)</i>	<i>Three months ended 30 June 2017 (Unaudited)</i>	<i>Six months ended 30 June 2018 (Unaudited)</i>	<i>Six months ended 30 June 2017 (Unaudited)</i>
Motor	9,836,292	8,684,408	21,148,036	17,109,463
Medical	23,853,865	18,601,045	32,756,481	30,052,305
Energy	-	5,241,403	-	9,026,654
Workmen's compensation and miscellaneous accidents	12,557,120	9,626,080	20,846,505	25,876,964
Fire	7,608,422	7,648,860	24,300,238	21,034,193
Engineering	1,550,443	650,968	3,325,324	3,355,442
Marine and aviation	(434,456)	647,015	785,602	1,457,258
Family takaful	<u>33,442,311</u>	<u>40,468,576</u>	<u>69,144,010</u>	<u>73,757,856</u>
	<u>88,413,997</u>	<u>91,568,355</u>	<u>172,306,196</u>	<u>181,670,135</u>

**13 CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>30 June 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
Bank guarantees	<u>29,688</u>	<u>1,381,515</u>

Bank guarantees were issued in the normal course of business.