

**ABU DHABI NATIONAL  
TAKAFUL COMPANY P.S.C.**

**Review report and interim  
financial information for the  
six month period ended  
30 June 2019**

**ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.**

**Review report and interim financial information  
for the six month period ended 30 June 2019**

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## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
Abu Dhabi National Takaful Company P.S.C.  
Abu Dhabi  
United Arab Emirates

### *Introduction*

We have reviewed the accompanying interim financial information of Abu Dhabi National Takaful Company P.S.C. (the "Company"), comprising the condensed statement of financial position as at 30 June 2019 and the related condensed statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" ("IAS 34"). Our responsibility is to express a conclusion on these interim financial information 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 financial information is not prepared, in all material respects, in accordance with IAS 34.

### *Other matters*

The Company's financial statements as at 31 December 2018 were audited by another auditor whose report dated 18 February 2019 expressed an unmodified opinion thereon. The interim financial information as at and for the six-months period ended 30 June 2018 was reviewed by another auditor who expressed an unmodified conclusion thereon on 9 August 2018.

Deloitte & Touche (M.E.)



Signed by:  
Mohammad Khamees Al Tah  
Registration No. 717  
6 August 2019  
Abu Dhabi  
United Arab Emirates

**Condensed statement of financial position  
As at 30 June 2019**

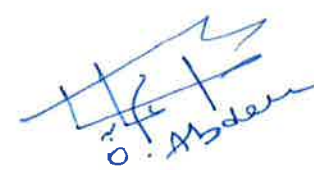
	Notes	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
<b>ASSETS</b>			
<b>Takaful operations assets</b>			
Financial assets measured at fair value through profit or loss	6	11,022,767	13,379,098
Financial assets measured at fair value through other comprehensive income	6	2,859,283	554,849
Retakaful share of unearned contributions		96,588,075	68,997,143
Prepaid expenses and other assets		19,007,261	16,824,490
Retakaful share of outstanding claims	9	134,843,495	121,536,904
Contributions and retakaful balances receivables		82,719,401	13,740,200
Term deposits	4	366,149,871	335,936,014
Cash and bank balances	4	46,413,893	50,159,035
		<hr/>	<hr/>
<b>Total takaful operations assets</b>		<b>759,604,046</b>	<b>621,127,733</b>
		<hr/>	<hr/>
<b>Shareholders' assets</b>			
Property and equipment		19,118,836	20,334,463
Statutory deposit	5	10,000,000	10,000,000
Financial assets measured at fair value through profit or loss	6	34,593,999	47,025,856
Financial assets measured at fair value through other comprehensive income	6	109,236,398	79,843,283
Investments properties	8	19,720,000	19,720,000
Deferred policy acquisition costs		54,232,682	31,925,356
Prepaid expenses and other assets		11,031,564	6,617,065
Term deposits	4	151,511,435	160,189,464
Cash and bank balances	4	4,260,926	18,433,368
		<hr/>	<hr/>
<b>Total shareholders' assets</b>		<b>413,705,840</b>	<b>394,088,855</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>1,173,309,886</b>	<b>1,015,216,588</b>
		<hr/>	<hr/>
<b>LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY</b>			
<b>Takaful operations liabilities</b>			
Takaful payables		13,811,152	11,798,816
Outstanding claims	9	176,678,258	161,370,383
Retakaful payables		123,572,812	78,996,407
Accrued expenses and other liabilities		9,247,772	7,190,480
Unearned retakaful commission income		7,193,697	3,625,435
Unearned contributions		416,829,795	364,920,889
		<hr/>	<hr/>
<b>Total takaful operations liabilities</b>		<b>747,333,486</b>	<b>627,902,410</b>
		<hr/>	<hr/>

The accompanying notes form an integral part of these interim financial information.

**Condensed statement of financial position  
As at 30 June 2019 (continued)**

	Notes	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
<b>Shareholders' liabilities</b>			
Accrued expenses and other liabilities		6,980,083	18,364,142
Provision for end of service benefits		9,184,572	8,358,564
<b>Total shareholders' liabilities</b>		<b>16,164,655</b>	<b>26,722,706</b>
<b>Total liabilities</b>		<b>763,498,141</b>	<b>654,625,116</b>
<b>Policyholders' fund</b>			
Surplus of life policyholders takaful fund		41,164,379	17,577,087
Distribution payable to life takaful fund policyholders		-	3,250,205
Deficit of general policyholders takaful fund		(10,622,485)	(8,767,283)
Loan from shareholders	11	10,622,485	8,767,283
Investment revaluation reserve		87,944	3,026
<b>Total Policyholders' fund</b>		<b>41,252,323</b>	<b>20,830,318</b>
<b>Shareholders' equity</b>			
Share capital		100,000,000	100,000,000
Legal reserve		41,791,425	41,791,425
General reserve		42,500,000	42,500,000
Investment revaluation reserve		7,162,221	220,224
Retained earnings		177,105,776	155,249,505
<b>Total shareholders' equity</b>		<b>368,559,422</b>	<b>339,761,154</b>
<b>TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY</b>		<b>1,173,309,886</b>	<b>1,015,216,588</b>

  
Khamis Buharoon  
Chairman of the Board of Directors

  
Osama Abdeen  
Chief Executive Officer

**Condensed statement of profit or loss (Unaudited)  
for the six month period ended 30 June 2019**

	Notes	3 month ended 30 June		6 month ended 30 June	
		2019 AED	2018 AED	2019 AED	2018 AED
<b>Attributable to policyholders</b>					
Gross contributions written		133,713,975	87,645,618	247,206,348	171,251,818
Retakaful contributions accepted		972,901	768,379	2,779,058	1,054,378
Retakaful contributions ceded		(76,303,415)	(37,744,650)	(121,299,209)	(73,201,933)
<b>Net written contributions</b>		<b>58,383,461</b>	<b>50,669,347</b>	<b>128,686,197</b>	<b>99,104,263</b>
Change in net unearned contribution provision		(7,138,919)	(6,371,091)	(24,317,974)	(9,579,032)
<b>Net earned contributions</b>		<b>51,244,542</b>	<b>44,298,256</b>	<b>104,368,223</b>	<b>89,525,231</b>
Commissions earned		2,683,719	2,355,701	8,410,897	7,477,513
<b>Gross takaful income</b>		<b>53,928,261</b>	<b>46,653,957</b>	<b>112,779,120</b>	<b>97,002,744</b>
Gross claims paid		(38,966,978)	(30,350,563)	(80,490,761)	(69,258,148)
Retakaful share of accepted claims paid		(77,631)	(149,221)	(1,749,535)	(237,211)
Retakaful share of ceded claims paid		26,371,621	20,022,114	57,312,546	48,655,264
<b>Net paid claims</b>		<b>(12,672,988)</b>	<b>(10,477,670)</b>	<b>(24,927,750)</b>	<b>(20,840,095)</b>
Change in outstanding claim		(14,592,185)	(5,876,093)	(14,138,267)	2,224,985
Change in retakaful share of outstanding claims		12,869,444	2,814,924	12,448,437	(5,631,365)
Change in incurred but not reported claims reserve		(123,148)	(3,444,809)	(1,173,268)	2,264,567
Change in retakaful share of incurred but not reported claims reserve		(670,165)	3,119,649	858,154	(1,935,224)
Change in unallocated loss adjustment expense		(1,619,573)	(1,313,759)	(2,298,007)	(1,742,572)
<b>Net claims incurred</b>		<b>(16,808,615)</b>	<b>(15,177,758)</b>	<b>(29,230,701)</b>	<b>(25,659,704)</b>
<b>Takaful income</b>		<b>37,119,646</b>	<b>31,476,199</b>	<b>83,548,419</b>	<b>71,343,040</b>
Other income		292,933	602,082	709,563	1,716,025
<b>Takaful operating profit</b>		<b>37,412,579</b>	<b>32,078,281</b>	<b>84,257,982</b>	<b>73,059,065</b>
Policyholders' investment income		5,872,129	2,354,245	9,919,479	4,162,666
Mudareb share	12	(2,055,236)	(823,986)	(3,471,808)	(1,456,934)
Wakalah fees	12	(37,067,577)	(27,366,647)	(71,811,997)	(54,484,916)
<b>Surplus of takaful result for the period</b>		<b>4,161,895</b>	<b>6,241,893</b>	<b>18,893,656</b>	<b>21,279,881</b>
<b>Attributable to shareholders</b>					
Shareholders' investment and other income, net		4,886,081	5,358,086	9,189,609	6,937,461
Mudareb share from policyholders		2,055,236	1,935,305	3,471,808	2,568,253
Wakalah fees from policyholders		37,067,577	27,366,647	71,811,997	54,484,916
Takaful expense		(6,094,857)	(5,588,863)	(11,663,722)	(13,001,372)
General and administrative expenses		(13,386,827)	(13,641,958)	(26,275,399)	(23,698,451)
(Increase)/decrease in provision of loan from shareholders	11	(6,643,753)	(1,902,109)	(1,855,202)	9,408,387
<b>Profit for the period</b>	14	<b>17,883,457</b>	<b>13,527,108</b>	<b>44,679,091</b>	<b>36,699,194</b>
<b>Basic and diluted earnings per share</b>	13	<b>0.18</b>	<b>0.14</b>	<b>0.45</b>	<b>0.37</b>

The accompanying notes form an integral part of these interim financial information.

**Condensed statement of comprehensive income (Unaudited)  
for the six month period ended 30 June 2019**

	<b>3 month ended 30 June</b>		<b>6 month ended 30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
<b>Profit for the period</b>	<b>17,883,457</b>	<b>13,527,108</b>	<b>44,679,091</b>	<b>36,699,194</b>
<b>Other comprehensive income:</b>				
<i><u>Items that will not be reclassified subsequently to profit or loss:</u></i>				
Change in fair value of equity investments measured at fair value through other comprehensive income	<b>495,110</b>	<b>(6,308,329)</b>	<b>3,345,101</b>	<b>(8,418,407)</b>
<i><u>Items that may be reclassified subsequently to profit or loss:</u></i>				
Change in fair value of sukuk investments measured at fair value through other comprehensive income	<b>487,739</b>	<b>-</b>	<b>774,076</b>	<b>-</b>
<b>Total other comprehensive income / (loss) for the period</b>	<b>982,849</b>	<b>(6,308,329)</b>	<b>4,119,177</b>	<b>(8,418,407)</b>
<b>Total comprehensive income for the period</b>	<b>18,866,306</b>	<b>7,218,779</b>	<b>48,798,268</b>	<b>28,280,787</b>

The accompanying notes form an integral part of these interim financial information.

**Condensed statement of changes in shareholders' equity  
for the six month period ended 30 June 2019**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2019 (audited)	100,000,000	41,791,425	42,500,000	220,224	155,249,505	339,761,154
Profit for the period	-	-	-	-	44,679,091	44,679,091
Other comprehensive income for the period	-	-	-	4,119,177	-	4,119,177
Total comprehensive income for the period	-	-	-	4,119,177	44,679,091	48,798,268
Loss on disposal of financial assets measured at fair value through other comprehensive income	-	-	-	2,822,820	(2,822,820)	-
Dividends paid (note 10)	-	-	-	-	(20,000,000)	(20,000,000)
<b>Balance at 30 June 2019 (unaudited)</b>	<b>100,000,000</b>	<b>41,791,425</b>	<b>42,500,000</b>	<b>7,162,221</b>	<b>177,105,776</b>	<b>368,559,422</b>

The accompanying notes form an integral part of these interim financial information.



**Condensed statement of changes in shareholders' equity  
for the six month period ended 30 June 2019 (continued)**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2018 (audited)	100,000,000	34,956,871	42,500,000	7,291,256	123,651,013	308,399,140
Profit for the period	-	-	-	-	36,699,194	36,699,194
Other comprehensive loss for the period	-	-	-	(8,418,407)	-	(8,418,407)
Total comprehensive income for the period	-	-	-	(8,418,407)	36,699,194	28,280,787
Loss on disposal of financial assets measured at fair value through other comprehensive income	-	-	-	2,402,097	(2,402,097)	-
Dividends paid (note 10)	-	-	-	-	(20,000,000)	(20,000,000)
Balance at 30 June 2018 (unaudited)	100,000,000	34,956,871	42,500,000	1,274,946	137,948,110	316,679,927

The accompanying notes form an integral part of these interim financial information.

**Condensed statement of cash flows (Unaudited)  
for the six month period ended 30 June 2019**

	Notes	<u>6 month ended 30 June</u>	
		2019 AED	2018 AED
<b>OPERATING ACTIVITIES</b>			
Profit for the period		44,679,091	36,699,194
<b>Adjustments for:</b>			
Depreciation of property and equipment		1,797,906	1,628,106
Movement of unearned contributions, net		24,317,974	9,579,032
Investment and other income		(19,109,088)	(11,100,127)
Net movement in provision for end of service benefits		826,008	829,930
Movement in provision for doubtful debts		-	(1,000,000)
Movement in provision of loan from shareholders		1,855,202	(9,408,387)
Surplus of life policy holders takaful fund		20,748,858	11,871,494
Loss on disposal of property and equipment		174	-
Mudareb share from proposed distribution to life takaful fund		-	(1,111,319)
<b>Operating profit before movements in working capital:</b>		<b>75,116,125</b>	<b>37,987,923</b>
Increase in prepaid and other assets		(6,597,270)	(1,367,698)
Increase in contributions and retakaful balances receivables		(68,979,201)	(57,922,318)
Increase in deferred policy acquisition costs		(22,307,326)	(10,612,993)
Increase in outstanding claims, net		2,001,284	3,176,436
Decrease in distribution payable to takaful fund policyholders		(411,771)	-
(Decrease) / Increase in provision of loan from shareholders		(1,855,202)	9,408,387
Increase in takaful payables		2,012,336	1,882,081
Increase / (decrease) in retakaful payables		44,576,405	(7,626,712)
(Decrease) / increase in accrued expenses and other liabilities		(4,459,099)	957,882
Increase in unearned retakaful commission income		3,568,262	1,951,981
Directors' remuneration paid		(4,867,668)	(5,111,051)
<b>Net cash generated / (used in) operating activities</b>		<b>17,796,875</b>	<b>(27,276,082)</b>
<b>INVESTING ACTIVITIES</b>			
Net movement in investments		(12,705,266)	(48,909,499)
Purchase of property and equipment		(582,453)	(453,145)
Investment and other income received		19,109,088	11,100,127
Movement in term deposits		(33,102,123)	(62,662,764)
<b>Net cash used in investing activities</b>		<b>(27,280,754)</b>	<b>(100,925,281)</b>
<b>FINANCING ACTIVITY</b>			
Dividends paid		(20,000,000)	(20,000,000)
<b>Net cash used in financing activity</b>		<b>(20,000,000)</b>	<b>(20,000,000)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(29,483,879)</b>	<b>(148,201,363)</b>
Cash and cash equivalents at the beginning of the period		87,158,698	200,191,718
<b>Cash and cash equivalents at the end of the period</b>	4	<b>57,674,819</b>	<b>51,990,355</b>

The accompanying notes form an integral part of these interim financial information.

**Notes to the interim financial information  
for the six month period ended 30 June 2019**

**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 Federal Law No. (2) of 2015.

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 interim financial information of the Company for the period ended 30 June 2019 has been authorised for issue in accordance with a resolution of the Board of Directors on 6 August 2019.

**2 Basis of preparation and accounting policies**

***Basis of preparation***

The interim financial information for the six month period ended 30 June 2019 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

The interim financial information does not contain all information and disclosures required in the annual financial statements prepared in accordance with the International Financial Reporting Standards, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2018. In addition, results for the six month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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

The interim financial information has been prepared on the historical cost convention as modified for re-measurement of investment securities and investment properties at fair value.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

**2.1 New and revised IFRSs applied with no material effect on the interim financial information**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these interim financial information

The Company applies, for the first time, IFRS 16 *Leases*. As required by IAS 34, the nature and effect of these changes does not have a material impact on the interim financial information.

In the current period, the Company has also applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2019. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may effect the accounting for the Company’s future transactions or arrangements.

**Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)**

**2 Basis of preparation and accounting policies (continued)**

**2.1 New and revised IFRSs applied with no material effect on the condensed financial statements (continued)**

- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures.
- Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23 Uncertainty over Income Tax Treatments

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2019.

**2.2 New and revised IFRS in issue but not yet effective and not early adopted**

The Company has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business
- IFRS 17: Insurance Contracts
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the interim financial information of the Company in the period of initial application.

**3 Critical accounting judgments and key sources of estimation uncertainty**

The preparation of these interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, the significant judgments made by management in applying the Company's accounting policies, and the key sources of estimates uncertainty were same as those applied to the financial statements as at and for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective 1 January 2019.

**Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)**

**4 Cash and cash equivalents**

	<b>30 June 2019 (unaudited) AED</b>	31 December 2018 (audited) AED
Cash and bank balances	<b>50,674,819</b>	68,592,403
Term deposits	<b>517,661,306</b>	496,125,478
	<hr/>	<hr/>
Cash and bank balances	<b>568,336,125</b>	564,717,881
Less: term deposits with original maturity of more than three month	<b>(510,661,306)</b>	(477,559,183)
	<hr/>	<hr/>
Cash and cash equivalents	<b>57,674,819</b>	87,158,698
	<hr/> <hr/>	<hr/> <hr/>
Takaful operations assets	<b>53,413,893</b>	68,725,330
Shareholders' assets	<b>4,260,926</b>	18,433,368
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	<b>57,674,819</b>	87,158,698
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Term deposits represent deposits held with islamic financial institutions in the UAE, are denominated in UAE dirhams and carry profit at the expected prevailing market rates ranging from 3% to 5% per annum (31 December 2018: 3.15% to 5%).

**5 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 7).

**Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)**

**6 Investments**

**6 (a) Financial assets measured at fair value through profit or loss**

	<b>30 June 2019 (unaudited) AED</b>	31 December 2018 (audited) AED
<b><u>Takaful operations assets</u></b>		
Unquoted securities		
- <i>Sukuks</i>	<b>11,022,767</b>	13,379,098
	<hr/> <hr/>	<hr/> <hr/>
<b><u>Shareholders assets</u></b>		
Unquoted securities		
- <i>Sukuks</i>	<b>34,593,999</b>	47,025,856
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The geographical concentration of investments is as follows:

	<b>30 June 2019 (unaudited) AED</b>	31 December 2018 (audited) AED
Within UAE	<b>21,219,711</b>	26,488,236
Outside UAE	<b>24,397,055</b>	33,916,718
	<hr/> <hr/>	<hr/> <hr/>
	<b>45,616,766</b>	60,404,954

Investments held by the Company are sharia'a compliant as at 30 June 2019.

Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)

6 Investments (continued)

6 (b) Financial assets measured at fair value through other comprehensive income

	30 June 2019 (unaudited) AED	31 December 2018 (audited) AED
<u><i>Takaful operations assets</i></u>		
Unquoted securities		
- <i>Sukuks</i>	2,859,283	554,849
	<hr/>	<hr/>
<u><i>Shareholders' assets</i></u>		
Quoted securities		
- <i>Equity securities</i>	61,970,000	50,306,756
	<hr/>	<hr/>
Unquoted securities		
- <i>Sukuks</i>	26,634,951	8,764,216
- <i>Equity securities</i>	20,631,447	20,772,311
	<hr/>	<hr/>
	47,266,398	29,536,527
	<hr/>	<hr/>
	109,236,398	79,843,283
	<hr/>	<hr/>

The geographical concentration of investments is as follows:

	30 June 2019 (unaudited) AED	31 December 2018 (audited) AED
Within UAE	50,861,582	39,975,411
Outside UAE	61,234,099	40,422,721
	<hr/>	<hr/>
	112,095,681	80,398,132
	<hr/>	<hr/>

Unquoted equity securities are valued primarily based on net assets of the investees unless recent transactions provide evidence of the current fair value.

**Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)**

**7 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:

	<u>3 month ended 30 June</u>		<u>6 month ended 30 June</u>	
	<b>2019</b> <b>(unaudited)</b> <b>AED</b>	2018 <b>(unaudited)</b> <b>AED</b>	<b>2019</b> <b>(unaudited)</b> <b>AED</b>	2018 <b>(unaudited)</b> <b>AED</b>
Gross contributions written	<b>5,896,833</b>	5,788,774	<b>7,471,216</b>	8,383,460
Takaful expenses	<b>725</b>	(2,258)	<b>5,000</b>	2,685,721
			<b>30 June</b> <b>2019</b> <b>(unaudited)</b> <b>AED</b>	31 December 2018 <b>(audited)</b> <b>AED</b>
Statutory deposit		<b>10,000,000</b>	<b>10,000,000</b>	10,000,000

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

	<u>3 month ended 30 June</u>		<u>6 month ended 30 June</u>	
	<b>2019</b> <b>(unaudited)</b> <b>AED</b>	2018 <b>(unaudited)</b> <b>AED</b>	<b>2019</b> <b>(unaudited)</b> <b>AED</b>	2018 <b>(unaudited)</b> <b>AED</b>
Short term benefits	<b>1,662,760</b>	1,759,814	<b>3,211,470</b>	3,031,495
Long-term benefits	<b>77,363</b>	52,664	<b>137,904</b>	104,750

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



**Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)**

**8 Investment properties**

	<b>30 June 2019 (unaudited) AED</b>	31 December 2018 (audited) AED
At 1 January	19,720,000	19,600,000
Increase in fair value	-	120,000
	<u>19,720,000</u>	<u>19,720,000</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 2018 by an independent valuer which valued the properties at AED 19,720,000 using the sales comparison method utilising the evidence of transactions of similar sites. Management believes that there have been no significant changes during the period ended 30 June 2019.

**9 Takaful contract liabilities and re-takaful contract assets**

	<b>30 June 2019 (unaudited) AED</b>	31 December 2018 (audited) AED
<b>Gross outstanding claims</b>		
- Outstanding claims	133,394,746	119,256,479
- Incurred but not reported reserve	42,496,128	41,322,860
- Unallocated Loss adjustment expense reserve	787,384	791,044
	<u>176,678,258</u>	<u>161,370,383</u>
<b>Retakaful share of outstanding claims</b>		
- Outstanding claims	104,424,894	91,976,457
- Incurred but not reported reserve	30,418,601	29,560,447
	<u>134,843,495</u>	<u>121,536,904</u>

**10 Dividends**

For the year ended 31 December 2018, cash dividend of AED 20,000,000 at a rate of AED 0.2 per share was approved by the shareholders on 19 March 2019 and paid in March 2019.

**Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)**

**11 Loan from shareholders**

	<b>30 June 2019 (unaudited) AED</b>	31 December 2018 (audited) AED
At 1 January	<b>8,767,283</b>	17,484,545
Net deficit / (surplus) for the period / year	<b>1,855,202</b>	(8,717,262)
	<hr/>	<hr/>
At end of the period / year	<b>10,622,485</b>	8,767,283
	<hr/> <hr/>	<hr/> <hr/>

**12 Mudareb share and wakalah fees**

The shareholders manage the policyholders' investment fund and charge 35% (2018: 35%) 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.

	<b>30 June 2019 (%)</b>	31 December 2018 (%)
Energy	<b>10</b>	10
Motor	<b>25</b>	25
Medical	<b>22.5</b>	22.5
All other takaful classes	<b>35</b>	35

**13 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:

	<u>3 month ended 30 June</u>		<u>6 month ended 30 June</u>	
	<b>2019 (unaudited)</b>	2018 (unaudited)	<b>2019 (unaudited)</b>	2018 (unaudited)
Profit for the period	<b>17,883,457</b>	13,527,108	<b>44,679,091</b>	36,699,194
	<hr/>	<hr/>	<hr/>	<hr/>
Ordinary shares in issue throughout the period	<b>100,000,000</b>	100,000,000	<b>100,000,000</b>	100,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
Basic and diluted earnings per share (AED)	<b>0.18</b>	0.14	<b>0.45</b>	0.37
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)**

**13 Basic and diluted earnings per share (continued)**

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

**14 Profit for the period**

The Company's combined net profit for the period, before Qard Hasan provision is AED 65,427,949 (30 June 2018: AED 48,570,688)

**15 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, medical 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:

Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)

15 Segment information (continued)

Segment revenue and results

	Six month ended 30 June 2019 (unaudited)			Six month ended 30 June 2018 (unaudited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	207,196,960	19,109,088	226,306,048	179,556,399	11,100,127	190,656,526
Direct costs	(122,938,979)	-	(122,938,979)	(106,497,334)	-	(106,497,334)
Takaful expenses	(11,663,722)	-	(11,663,722)	(13,001,372)	-	(13,001,372)
<b>Segment results</b>	<b>72,594,259</b>	<b>19,109,088</b>	<b>91,703,347</b>	<b>60,057,693</b>	<b>11,100,127</b>	<b>71,157,820</b>
Unallocated costs			(47,024,256)			(30,013,351)
<b>Profit for the period</b>			<b>44,679,091</b>			<b>41,144,469</b>

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the period (30 June 2018: AED Nil).

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 2018, except for adoption of new and amended standards as set out in note 2.

Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)

15 Segment information (continued)

Segment assets and liabilities

	As at 30 June 2018 (unaudited)			As at 31 December 2018 (audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	433,804,807	695,093,753	1,128,898,560	303,183,128	656,648,564	959,831,692
Unallocated assets	-	-	44,411,326	-	-	55,384,896
<b>Total assets</b>	<b>433,804,807</b>	<b>695,093,753</b>	<b>1,173,309,886</b>	<b>303,183,128</b>	<b>656,648,564</b>	<b>1,015,216,588</b>
Segment liabilities	747,333,486	-	747,333,486	627,380,431	521,979	627,902,410
Unallocated liabilities	-	-	16,164,655	-	-	26,722,706
<b>Total liabilities</b>	<b>747,333,486</b>	<b>-</b>	<b>763,498,141</b>	<b>627,380,431</b>	<b>521,979</b>	<b>654,625,116</b>
<b>Capital expenditure</b>	<b>-</b>	<b>582,453</b>	<b>582,453</b>	<b>-</b>	<b>1,701,201</b>	<b>1,701,201</b>

**Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)**

**15 Segment information (continued)**

**Gross takaful contributions revenue from underwriting departments**

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

	<b>6 month ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>AED</b>	<b>AED</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
General takaful	<b>150,525,422</b>	103,162,186
Family takaful	<b>99,459,984</b>	69,144,010
	<b>249,985,406</b>	172,306,196

**16 Seasonality of results**

No income of seasonal nature was recorded in the condensed statement of profit or loss for the six month period ended 30 June 2019 and 2018.

**17 Contingent liabilities and commitments**

	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>AED</b>	<b>AED</b>
Bank guarantees	<b>795,688</b>	572,453

Bank guarantees were issued in the normal course of business.

**Notes to the interim financial information  
for the six month period ended 30 June 2019 (continued)**

**18 Fair value of financial instruments**

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

	<b>Level 1 AED</b>	<b>Level 2 AED</b>	<b>Level 3 AED</b>	<b>Total AED</b>
<b><u>30 June 2019 (unaudited)</u></b>				
Financial assets measured at fair value through profit and loss	-	45,616,766	-	45,616,766
Financial assets measured at fair value through other comprehensive income	61,970,000	29,494,234	20,631,447	112,095,681
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>61,970,000</b>	<b>75,111,000</b>	<b>20,631,447</b>	<b>157,721,447</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>31 December 2018 (audited)</u></b>				
Financial assets measured at fair value through profit and loss	-	60,404,954	-	60,404,954
Financial assets measured at fair value through other comprehensive income	50,306,756	9,319,065	20,772,311	80,398,132
	<hr/>	<hr/>	<hr/>	<hr/>
	50,306,756	69,724,019	20,772,311	140,803,086
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.