

**Abu Dhabi National Takaful
Company PSC**

REVIEW REPORT AND INTERIM CONDENSED
FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 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 September 2018, comprising of the interim statement of financial position as at 30 September 2018 and the related interim income statement and interim statement of comprehensive income for the three-month and nine-month periods then ended and interim statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and fair 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

8 November 2018
Abu Dhabi

Abu Dhabi National Takaful Company PSC

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2018

	Notes	30 September 2018 (Unaudited) AED	31 December 2017 (Audited) AED
ASSETS			
Takaful Operations Assets			
Financial assets designated at fair value through profit or loss	5	13,664,362	14,605,766
Retakaful share of unearned contributions		73,735,229	64,557,346
Prepaid expenses and other assets		13,744,525	8,384,439
Retakaful share of outstanding claims		132,141,103	145,642,410
Contributions and retakaful balances receivables		25,319,348	9,075,392
Bank deposits	3	337,616,832	204,982,242
Cash and bank accounts	3	40,026,047	164,903,183
Total Takaful Operations Assets		636,247,446	612,150,778
Shareholders' assets			
Property and equipment		20,157,811	21,989,084
Statutory deposits	4	10,000,000	10,000,000
Financial assets designated at fair value through profit or loss	5	55,749,633	59,115,084
Financial assets designated at fair value through other comprehensive income	5	80,281,767	40,709,624
Investments properties	7	19,600,000	19,600,000
Deferred policy acquisition costs		23,342,831	4,767,142
Prepaid expenses and other assets		8,320,981	4,454,743
Bank deposits	3	157,295,112	159,496,508
Cash and bank accounts	3	7,993,352	7,600,391
Total shareholders' assets		382,741,487	327,732,576
TOTAL ASSETS		1,018,988,933	939,883,354
LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY			
Takaful Operations Liabilities			
Takaful payables		10,630,650	6,696,415
Outstanding claims		171,476,298	184,471,805
Retakaful payables		93,300,716	76,719,705
Accrued expenses and other liabilities		7,664,201	11,826,506
Unearned retakaful commission income		4,649,063	3,868,896
Unearned contributions		368,331,624	319,684,659
Total Takaful Operations Liabilities		656,052,552	603,267,986
Shareholders' liabilities			
Accrued expenses and other liabilities		7,089,658	15,596,157
Provision for end of service benefits		8,082,176	7,063,477
Total shareholders' liabilities		15,171,834	22,659,634
Total liabilities		671,224,386	625,927,620
Policyholders' fund			
Surplus of Life policyholders takaful fund		11,417,310	5,556,594
Proposed Distribution to Life Takaful Fund Policyholders		4,445,275	-
Deficit of General policyholders takaful fund		(14,741,190)	(17,484,545)
Loan from shareholders	9	14,741,190	17,484,545
Total policyholders' fund		15,862,585	5,556,594
Shareholders' equity			
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		494,981	7,291,256
Retained earnings		153,950,110	123,651,013
Total shareholders' equity		331,901,962	308,399,140
TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY		1,018,988,933	939,883,354

P.P.

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 September 2018

		<i>Three months ended 30 September 2018 (Unaudited) AED</i>	<i>Three months ended 30 September 2017 (Unaudited) AED</i>	<i>Nine months ended 30 September 2018 (Unaudited) AED</i>	<i>Nine months ended 30 September 2017 (Unaudited) AED</i>
	<i>Notes</i>				
Attributable to policyholders					
Gross contributions written		127,105,608	127,625,818	298,357,426	309,208,884
Retakaful contributions accepted		12,257	32,858	1,066,635	119,927
Retakaful contributions ceded		<u>(61,527,946)</u>	<u>(66,660,691)</u>	<u>(134,729,879)</u>	<u>(159,833,682)</u>
Net written contributions		65,589,919	60,997,985	164,694,182	149,495,129
Change in net unearned contribution provision		<u>(29,890,052)</u>	<u>(29,258,196)</u>	<u>(39,469,084)</u>	<u>(31,763,971)</u>
Net earned contributions		35,699,867	31,739,789	125,225,098	117,731,158
Commissions earned		<u>2,481,253</u>	<u>2,805,441</u>	<u>9,958,766</u>	<u>9,937,905</u>
Gross Takaful Income		<u>38,181,120</u>	<u>34,545,230</u>	<u>135,183,864</u>	<u>127,669,063</u>
Gross claims paid		(41,158,303)	(27,164,658)	(110,416,451)	(97,282,005)
Retakaful share of accepted claims paid		(71,776)	(255,498)	(308,987)	(1,147,400)
Retakaful share of ceded claims paid		<u>29,159,027</u>	<u>16,794,226</u>	<u>77,814,291</u>	<u>69,140,922</u>
Net paid Claims		<u>(12,071,052)</u>	<u>(10,625,930)</u>	<u>(32,911,147)</u>	<u>(29,288,483)</u>
Change in outstanding claims		14,597,881	(7,892,528)	16,822,866	16,942,115
Change in retakaful share of outstanding claims		(8,947,580)	9,439,663	(14,578,945)	(13,570,491)
Change in incurred but not reported claims reserve		(5,979,601)	176,757	(3,715,034)	5,550,942
Change in retakaful share of incurred but not reported claims reserve		3,012,865	(128,142)	1,077,641	(3,292,766)
Change in unallocated loss adjustment expense		<u>(1,936,693)</u>	<u>(1,956,840)</u>	<u>(3,679,265)</u>	<u>(2,205,717)</u>
Net claims incurred		<u>(11,324,180)</u>	<u>(10,987,020)</u>	<u>(36,983,884)</u>	<u>(25,864,400)</u>
Takaful income		26,856,940	23,558,210	98,199,980	101,804,663
Other income, net		<u>(826,603)</u>	<u>(173,485)</u>	<u>889,422</u>	<u>850,352</u>
Takaful Operating Profit		26,030,337	23,384,725	99,089,402	102,655,015
Policyholders' investment income		2,854,678	1,091,402	7,017,344	3,425,855
Mudareb share	10	(999,137)	(327,427)	(2,456,071)	(1,027,763)
Wakalah fees	10	<u>(35,005,094)</u>	<u>(43,586,129)</u>	<u>(89,490,010)</u>	<u>(107,127,792)</u>
(Deficit) surplus of takaful result for the period		<u>(7,119,216)</u>	<u>(19,437,429)</u>	<u>14,160,665</u>	<u>(2,074,685)</u>
Attributable to shareholders					
Shareholders' investment and other income, net		3,192,870	2,532,406	10,130,331	7,007,151
Mudareb share from policyholders	10	999,137	327,427	3,567,390	1,027,763
Takaful expense		(4,594,853)	(5,602,274)	(17,596,225)	(29,661,550)
Wakalah fees from policyholders	10	35,005,094	43,586,129	89,490,010	107,127,792
General and administrative expenses		(11,843,746)	(10,465,546)	(35,542,197)	(31,499,465)
(Increase) decrease in provision of loan from shareholders	9	<u>(6,665,032)</u>	<u>(17,295,379)</u>	<u>2,743,355</u>	<u>(6,709,578)</u>
Net profit for the period		<u>16,093,470</u>	<u>13,082,763</u>	<u>52,792,664</u>	<u>47,292,113</u>
Basic and diluted earnings per share	11	<u>0.16</u>	<u>0.13</u>	<u>0.53</u>	<u>0.47</u>

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2018

	<i>Three months ended 30 September 2018 AED</i>	<i>Three months ended 30 September 2017 AED</i>	<i>Nine months ended 30 September 2018 AED</i>	<i>Nine months ended 30 September 2017 AED</i>
Net profit for the period	16,093,470	13,082,763	52,792,664	47,292,113
Other comprehensive loss				
Items that will not be reclassified subsequently to statement of income:				
Decrease in fair value of investments at fair value through other comprehensive income, net	<u>(871,435)</u>	<u>(362,109)</u>	<u>(9,289,842)</u>	<u>(491,348)</u>
Other comprehensive loss for the period	<u>(871,435)</u>	<u>(362,109)</u>	<u>(9,289,842)</u>	<u>(491,348)</u>
Total comprehensive income for the period	<u>15,222,035</u>	<u>12,720,654</u>	<u>43,502,822</u>	<u>46,800,765</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 September 2018

	<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
Loss on disposal of investments at fair value through other comprehensive income	-	-	-	84,291	(84,291)	-
Net profit for the period	-	-	-	-	47,292,113	47,292,113
Other comprehensive loss	-	-	-	(491,348)	-	(491,348)
Total comprehensive income for the period	-	-	-	(491,348)	47,292,113	46,800,765
Dividends paid (notes 8)	-	-	-	-	(16,000,000)	(16,000,000)
Balance at 30 September 2017	<u>100,000,000</u>	<u>29,049,798</u>	<u>42,500,000</u>	<u>9,740,941</u>	<u>120,432,528</u>	<u>301,723,267</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	-	-	-	2,493,567	(2,493,567)	-
Net profit for the period	-	-	-	-	52,792,664	52,792,664
Other comprehensive loss	-	-	-	(9,289,842)	-	(9,289,842)
Total comprehensive income for the period	-	-	-	(9,289,842)	52,792,664	43,502,822
Dividends paid (notes 8)	-	-	-	-	(20,000,000)	(20,000,000)
Balance at 30 September 2018	<u>100,000,000</u>	<u>34,956,871</u>	<u>42,500,000</u>	<u>494,981</u>	<u>153,950,110</u>	<u>331,901,962</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 September 2018

		<i>Nine months ended 30 September 2018 (Unaudited) AED</i>	<i>Nine months ended 30 September 2017 (Unaudited) AED</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Net profit for the period		52,792,664	47,292,113
Adjustments for:			
Depreciation of property and equipment		2,482,010	2,393,155
Movement of unearned contributions, net		39,469,082	31,763,973
Investment and other income		(17,147,675)	(10,433,006)
Net movement in provision for end of service benefits		1,018,699	458,870
Movement in provision of loan from shareholders		(2,743,355)	6,709,578
Surplus of life policyholders takaful fund		11,417,310	4,634,893
Mudareb share from proposed distribution to Life takaful fund policyholders	10	<u>(1,111,319)</u>	-
Operating profit before movements in working capital:		86,177,416	82,819,576
Prepaid and other assets		(9,226,324)	(4,088,624)
Contributions and re-takaful balances receivables		(16,243,956)	(5,539,065)
Deferred policy acquisition costs		(18,575,689)	(3,039,308)
Movement of outstanding claims, net		505,800	(6,399,152)
Movement in provision of loan from shareholders		2,743,355	(6,709,578)
Takaful payables		3,934,235	1,640,698
Retakaful payables		16,581,011	36,820,303
Accrued expenses and other liabilities		(7,557,753)	(2,801,183)
Unearned re-takaful commission income		<u>780,167</u>	<u>185,216</u>
Cash from operations		59,118,262	92,888,883
Directors' remuneration paid		<u>(5,111,051)</u>	<u>(3,200,000)</u>
Net cash from operating activities		<u>54,007,211</u>	<u>89,688,883</u>
INVESTING ACTIVITIES			
Movement in investments		(44,555,130)	(9,606,304)
Purchase of property and equipment		(650,737)	(554,383)
Investment and other income received		17,147,675	10,433,006
Increase in term deposits		<u>(151,607,834)</u>	<u>(82,149,388)</u>
Net cash used in investing activities		<u>(179,666,026)</u>	<u>(81,877,069)</u>
FINANCING ACTIVITY			
Dividends paid	8	<u>(20,000,000)</u>	<u>(16,000,000)</u>
Net cash used in financing activity		<u>(20,000,000)</u>	<u>(16,000,000)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(145,658,815)	(8,188,186)
Cash and cash equivalents at 1 January		<u>200,191,718</u>	<u>103,079,960</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	<u>54,532,903</u>	<u>94,891,774</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 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 September 2018 have been authorised for issue in accordance with a resolution of the Board of Directors on 8 November 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 September 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 September 2018 (Unaudited)

3 CASH AND CASH EQUIVALENTS

	<i>30 September 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
Cash and bank accounts	48,019,399	172,503,574
Term deposits	<u>494,911,944</u>	<u>364,478,750</u>
Cash and bank balances	542,931,343	536,982,324
Less: term deposits with original maturity of more than three months	<u>(488,398,440)</u>	<u>(336,790,606)</u>
Cash and cash equivalents	<u>54,532,903</u>	<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 2.95% to 5% 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) Investments at fair value through other comprehensive income

	<i>30 September 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
Quoted securities	59,592,872	19,603,105
Unquoted securities	<u>20,688,895</u>	<u>21,106,519</u>
	<u>80,281,767</u>	<u>40,709,624</u>

The geographical concentration of investments is as follows:

Within UAE	44,856,897	25,783,442
Outside UAE	<u>35,424,870</u>	<u>14,926,182</u>
	<u>80,281,767</u>	<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 September 2018 (Unaudited)

5 INVESTMENTS continued

5(b) Investments at fair value through income

	<i>30 September 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
Unquoted securities	<u>69,413,995</u>	<u>73,720,850</u>
The geographical concentration of investments is as follows:		
Within UAE	30,189,705	30,468,686
Outside UAE	<u>39,224,290</u>	<u>43,252,164</u>
	<u>69,413,995</u>	<u>73,720,850</u>
Total investments	<u>149,695,762</u>	<u>114,430,474</u>

Investments held by the Company as at 30 September 2018 and 31 December 2017 are sharia's compliant.

Abu Dhabi National Takaful company has no transactions during the period or investments with Abraj Group outstanding as at 30 September 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 September 2018 (Unaudited) AED</i>	<i>Three months ended 30 September 2017 (Unaudited) AED</i>	<i>Nine months ended 30 September 2018 (Unaudited) AED</i>	<i>Nine months ended 30 September 2017 (Unaudited) AED</i>
Gross contributions written	<u>62,704,175</u>	57,410,148	<u>71,087,635</u>	<u>65,235,871</u>
Takaful expenses	<u>60,141</u>	-	<u>2,745,862</u>	<u>10,525,227</u>
Profit on term deposits	<u>70,702</u>	68,528	<u>70,702</u>	<u>68,528</u>
			<i>30 September 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 September 2018 (Unaudited)

6 RELATED PARTIES continued

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

	<i>Three months ended 30 September 2018 (Unaudited) AED</i>	<i>Three months ended 30 September 2017 (Unaudited) AED</i>	<i>Nine months ended 30 September 2018 (Unaudited) AED</i>	<i>Nine months ended 30 September 2017 (Unaudited) AED</i>
Short-term benefits	<u>1,569,401</u>	<u>1,383,139</u>	<u>4,600,896</u>	<u>4,126,153</u>
Long-term benefits	<u>53,244</u>	<u>53,242</u>	<u>157,994</u>	<u>162,073</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 September 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
At 1 January	<u>19,600,000</u>	<u>19,222,725</u>
Increase in fair value	<u>-</u>	<u>377,275</u>
At period / year end	<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 September 2018.

8 DIVIDENDS

For the year ended 31 December 2017, cash dividend of AED 20,000,000 at a rate of AED 0.20 per share was approved by shareholders on 09 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 September 2018 (Unaudited)

9 LOAN FROM SHAREHOLDERS

	<i>30 September 2018 (Unaudited) AED</i>	<i>31 December 2017 (Audited) AED</i>
At 1 January	(17,484,545)	(11,575,257)
Net surplus (deficit) allocated to shareholders' loan	<u>2,743,355</u>	<u>(5,909,288)</u>
At end of the period / year	<u>(14,741,190)</u>	<u>(17,484,545)</u>

10 MUDAREB SHARE AND WAKALAH FEES

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: 35%)
- Family Takaful 35% (2017: 35%)
- Motor 25% (2017: 35%)
- Medical 22.5% (2017: 35%)
- All other takaful classes 35% (2017: 35%)

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 September 2018 (Unaudited) AED</i>	<i>Three months ended 30 September 2017 (Unaudited) AED</i>	<i>Nine months ended 30 September 2018 (Unaudited) AED</i>	<i>Nine months ended 30 September 2017 (Unaudited) AED</i>
Net profit for the period (AED)	<u>16,093,470</u>	<u>13,082,763</u>	<u>52,792,664</u>	<u>47,292,113</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>0.16</u>	<u>0.13</u>	<u>0.53</u>	<u>0.47</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 September 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 September 2018 (Unaudited)			Three months ended 30 September 2017 (Unaudited)			Nine months ended 30 September 2018 (Unaudited)			Nine months ended 30 September 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	82,068,884	6,047,548	88,116,432	74,443,340	3,623,808	78,067,148	261,625,282	17,147,675	278,772,957	240,919,367	10,433,006	251,352,373
Direct costs	(56,038,547)	-	(56,038,547)	(51,058,615)	-	(51,058,615)	(162,535,880)	-	(162,535,880)	(138,264,352)	-	(138,264,352)
Takaful expenses	(4,594,853)	-	(4,594,853)	(5,602,274)	-	(5,602,274)	(17,596,225)	-	(17,596,225)	(29,661,550)	-	(29,661,550)
Segment results	21,435,484	6,047,548	27,483,032	17,782,451	3,623,808	21,406,259	81,493,177	17,147,675	98,640,852	72,993,465	10,433,006	83,426,471
Unallocated costs			(11,389,562)			(8,323,496)			(45,848,188)			(36,134,358)
Net profit for the period			16,093,470			13,082,763			52,792,664			47,292,113

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 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 September 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>
Segment assets	303,764,523	672,756,873	976,521,396	395,442,049	501,910,766	897,352,815
Unallocated assets			<u>42,467,537</u>			<u>42,530,539</u>
Total assets			<u>1,018,988,933</u>			<u>939,883,354</u>
Segment liabilities	655,366,956	685,596	656,052,552	602,763,776	504,210	603,267,986
Unallocated liabilities			<u>15,171,834</u>			<u>22,659,634</u>
Total liabilities			<u>671,224,386</u>			<u>625,927,620</u>
Capital expenditure		650,736	<u>650,736</u>	-	1,127,758	<u>1,127,758</u>

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 September 2018 (Unaudited)</i>	<i>Three months ended 30 September 2017 (Unaudited)</i>	<i>Nine months ended 30 September 2018 (Unaudited)</i>	<i>Nine months ended 30 September 2017 (Unaudited)</i>
Motor	6,999,599	7,655,754	28,147,635	24,765,217
Medical	66,709,589	72,291,080	99,466,070	102,343,385
Energy	-	(3,693,026)	-	5,333,628
Workmen's compensation and miscellaneous accidents	4,260,871	5,541,150	25,107,376	31,418,114
Fire	6,670,499	7,233,613	30,970,737	28,267,806
Engineering	4,525,185	1,334,382	7,850,509	4,689,824
Marine	(6,828)	4,106,740	778,774	5,563,998
Family takaful	<u>37,958,950</u>	<u>33,188,983</u>	<u>107,102,960</u>	<u>106,946,839</u>
	<u>127,117,865</u>	<u>127,658,676</u>	<u>299,424,061</u>	<u>309,328,811</u>

13 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30 September 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.