TAKAFUL EMARAT - INSURANCE (PSC)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017 (UNAUDITED)

TAKAFUL EMARAT - INSURANCE (PSC)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine month period ended 30 September 2017

Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TAKAFUL EMARAT - INSURANCE (PSC)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Takaful Emarat - Insurance (PSC) (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the interim consolidated statement of financial position as at 30 September 2017, and the related interim consolidated statement of comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated statement of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matters

The interim condensed financial statements of the Company as of 30 September 2016 were reviewed by another auditor whose report dated 6 November 2016 expressed an unqualified conclusion on those interim condensed financial statements. Also, the financial statements as of 31 December 2016 were audited by another auditor whose report dated 7 February 2017 expressed an unqualified opinion on those financial statements.

For Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner
Registeration No. 690

7 November 2017

Dubai, United Arab Emirates

TAKAFUL EMARAT - INSURANCE (PSC)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017 (Unaudited)

	Notes	***30 September 2017 AED***	*31 December 2016 AED (Audited)*
TAKAFUL OPERATIONS' ASSETS			
Cash and bank balances	3	**124,658,123**	176,811,393
Investments at fair value through profit or loss – individual life	5	**78,970,006**	55,969,153
Other investments at fair value through profit or loss	5	**20,728,311**	-
Takaful receivables and other assets		**234,001,849**	146,063,326
Retakaful contract assets	4	**194,228,886**	95,705,237
Investment properties		**38,638,245**	-
Deferred policy acquisition cost		**48,824,715**	43,499,624
TOTAL TAKAFUL OPERATIONS' ASSETS		**740,050,135**	518,048,733
SHAREHOLDERS' ASSETS			
Cash and bank balances	3	**23,035,049**	9,347,274
Investments at fair value through profit or loss	5	**83,020,607**	78,419,683
Takaful receivables and other assets		**55,300,136**	11,909,826
Deposit		**-**	23,000,000
Statutory deposit		**4,000,000**	4,000,000
Held to maturity investment		**-**	1,000,000
Investment properties		**-**	38,405,816
Property and equipment		**2,269,848**	2,471,395
Intangible assets		**2,182,975**	1,533,323
Receivable from policyholders		**98,046,013**	105,060,059
TOTAL SHAREHOLDERS' ASSETS		**267,854,628**	275,147,376
TOTAL ASSETS		**1,007,904,763**	793,196,109
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
Takaful operations liabilities			
Takaful and other payables		**270,929,774**	132,644,115
Takaful contract liabilities	4	**416,882,180**	337,539,349
Payable to shareholders		**98,046,013**	105,060,059
TOTAL TAKAFUL OPERATIONS' LIABILITIES		**785,857,967**	575,243,523
DEFICIT IN POLICYHOLDERS' FUND AND QARD HASSAN FROM SHAREHOLDERS			
Deficit in policyholders' fund	17	**(45,807,832)**	(56,950,837)
Qard Hassan from shareholders	17	**45,807,832**	56,950,837
NET DEFICIT IN POLICYHOLDERS' FUND AND QARD HASSAN FROM SHAREHOLDERS		**-**	-
TOTAL TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		**785,857,967**	575,243,523

The accompanying notes 1 to 17 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 September 2017 (Unaudited)

	Notes	***30 September 2017 AED***	*31 December 2016 AED (Audited)*
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Shareholders' liabilities			
Takaful and other payables		**64,399,359**	54,402,453
Borrowings	9	**23,520,000**	19,845,000
Provision for employees' end of service benefits		**2,689,655**	1,743,000
TOTAL SHAREHOLDERS' LIABILITIES		**90,609,014**	75,990,453
SHAREHOLDERS' EQUITY			
Share capital	6	**150,000,000**	150,000,000
Statutory reserve		**3,240,579**	3,240,579
Accumulated losses		**(21,802,797)**	(11,278,446)
TOTAL SHAREHOLDERS' EQUITY		**131,437,782**	141,962,133
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		**222,046,796**	217,952,586
TOTAL TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT AND SHAREHOLDERS' LIABILITIES AND EQUITY		**1,007,904,763**	793,196,109

Mohammad AlHawari
Managing Director

Adnan Sabaalaish
Financial Controller

The accompanying notes 1 to 17 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2017 (Unaudited)

	Notes	*Three months ended 30 September* **2017 AED**	*2016 AED*	*Nine months ended 30 September* **2017 AED**	*2016 AED*
Attributable to policyholders:					
Gross contribution written	10	**126,857,425**	148,650,071	**477,602,466**	436,849,686
Changes in unearned contributions	10	**29,145,732**	(21,980,960)	**(9,835,324)**	(72,406,794)
Takaful contributions earned		**156,003,157**	126,669,111	**467,767,142**	364,442,892
Retakaful contributions	10	**(70,351,793)**	(34,185,047)	**(256,950,630)**	(105,421,459)
Change in unearned contributions	10	**(4,579,075)**	2,374,175	**46,469,235**	13,040,758
Retakaful contributions ceded		**(74,930,868)**	(31,810,872)	**(210,481,395)**	(92,380,701)
Net earned contributions		**81,072,289**	94,858,239	**257,285,747**	272,062,191
Gross claims incurred		**(94,875,237)**	(86,980,830)	**(292,610,406)**	(249,198,770)
Retakaful share of claims incurred		**53,246,009**	23,958,063	**155,426,779**	63,318,819
Net claims incurred		**(41,629,228)**	(63,022,767)	**(137,183,627)**	(185,879,951)
Allocation charges on life takaful policies		**(4,549,982)**	(5,999,947)	**(14,959,937)**	(19,619,950)
Change in reserves	11	**(10,144,120)**	(8,964,065)	**(25,229,917)**	(19,890,464)
Net change in fair value of policyholders Investment linked contracts	11	**(215,016)**	1,700,785	**(2,010,517)**	1,542,275
Net takaful income		**24,533,943**	18,572,245	**77,901,749**	48,214,101
Wakalah fees	12	**(23,346,945)**	(20,628,608)	**(68,958,417)**	(57,087,421)
Investment Income, net		**1,161,076**	222,104	**2,199,673**	387,190
Net surplus/ (deficit) from takaful operations		**2,348,074**	(1,834,259)	**11,143,005**	(8,486,130)

The accompanying notes 1 to 17 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

For the period ended 30 September 2017 (Unaudited)

		Three months ended 30 September		*Nine months ended 30 September*	
	Notes	***2017 AED***	*2016 AED*	***2017 AED***	*2016 AED*
Attributable to shareholders:					
Wakalah fees from policyholders	12	**23,346,945**	20,628,608	**68,958,417**	57,087,421
Investment (loss) / income, net		**(2,482,722)**	4,921,535	**(3,257,376)**	16,588,398
Allocation charges on life takaful policies		**4,549,982**	5,999,947	**14,959,937**	19,619,950
Other income		**2,014,736**	456,445	**4,096,935**	1,551,966
Commission incurred		**(10,152,630)**	(10,866,709)	**(31,652,723)**	(32,032,673)
General and administrative expenses		**(19,127,216)**	(14,131,108)	**(62,806,358)**	(43,109,361)
Recovery of / (provision for) Qard Hassan to policyholders' fund		**2,348,074**	(1,834,259)	**11,143,005**	(8,486,130)
Profit for the period attributable to Shareholders		**497,169**	5,174,459	**1,441,837**	11,219,571
Basic and diluted profit per share	13	**0.003**	0.034	**0.010**	0.075
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD		**497,169**	5,174,459	**1,441,837**	11,219,571

The accompanying notes 1 to 17 form part of these interim condensed consolidated financial statements.

TAKAFUL EMARAT - INSURANCE (PSC)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2017 (Unaudited)

	Share capital AED	*Statutory reserve AED*	*Accumulated losses AED*	*Total AED*
Balance at 1 January 2017 (Audited)	150,000,000	3,240,579	(11,278,446)	141,962,133
Total comprehensive income for the period	-	-	1,441,837	1,441,837
Cash dividend (Note 7)	-	-	(10,500,000)	(10,500,000)
Zakat Paid (Note 8)	-	-	(1,466,188)	(1,466,188)
Balance at 30 September 2017	**150,000,000**	**3,240,579**	**(21,802,797)**	**131,437,782**
Balance at 1 January 2016	150,000,000	1,739,597	(16,787,279)	134,952,318
Total comprehensive income for the period	-	-	11,219,571	11,219,571
Cash dividend paid (Note 7)	-	-	(8,000,000)	(8,000,000)
Balance at 30 September 2016	150,000,000	1,739,597	(13,567,708)	138,171,889

The accompanying notes 1 to 17 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 September 2017 (Unaudited)

	Notes	*Nine months period ended 30 September* 2017 AED	2016 AED
OPERATING ACTIVITIES			
Profit for the period		**1,441,837**	11,219,571
Adjustments for:			
Depreciation and amortisation of property and equipment and intangible assets		**1,331,171**	1,451,155
Investment loss/ (income), net		**1,057,703**	(16,975,588)
Provision for employees' end of service benefits		**1,056,600**	704,654
Operating profit/ (loss) before working capital changes and payment of employee end of service benefits		**4,887,311**	(3,600,208)
Employees' end of service benefits paid		**(109,945)**	(143,179)
Operating profit/ (loss) before working capital changes		**4,777,366**	(3,743,387)
Changes in operating assets and liabilities:			
Changes in retakaful contract assets		**(98,523,649)**	(32,250,650)
Changes in takaful receivables and other assets		**(131,328,833)**	(120,841,302)
Changes in deferred policy acquisition cost		**(5,325,091)**	8,487,025
Changes in takaful contract liabilities		**79,342,831**	131,658,497
Changes in takaful and other payables		**148,282,565**	49,061,132
Net cash (used in)/ from operating activities		**(2,774,811)**	32,371,315
INVESTING ACTIVITIES			
Change in deposits with maturity of more than three months		**(83,168,000)**	(21,250,000)
Purchase of investments at fair value through profit or loss		**(123,985,660)**	(75,246,590)
Proceeds from sale of investments at fair value through profit or loss		**75,655,572**	33,945,960
Deposit		**23,000,000**	(23,000,000)
Held to maturity investment		**1,000,000**	-
Investment loss/ (income), net		**(1,057,703)**	16,975,588
Purchase of intangible assets		**(1,395,228)**	(585,242)
Purchase of property and equipment		**(384,048)**	(238,962)
Addition to investments properties		**(232,429)**	-
Net cash used in investing activities		**(110,567,496)**	(69,399,246)
FINANCING ACTIVITIES			
Dividend paid		**(10,500,000)**	(8,000,000)
Zakat payment		**(1,466,188)**	-
Borrowings		**3,675,000**	8,820,000
Net cash (used in)/ from financing activities		**(8,291,188)**	820,000
DECREASE IN CASH AND CASH EQUIVALENTS		**(121,633,495)**	(36,207,931)
Cash and cash equivalents at the beginning of the period	3	**159,908,667**	129,076,567
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	**38,275,172**	92,868,636

The accompanying notes 1 to 17 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Takaful Emarat - Insurance (PSC), Dubai, United Arab Emirates (the "Company") is a public joint stock company incorporated in the Emirate of Dubai – United Arab Emirates, pursuant to decree No. 62 for the year 2007 issued by the Ministry of Economy on 6 February, 2007, and is subject to the provisions of the UAE Federal Law No. 2 of 2015 ("Companies Law").

The Company carries out takaful insurance activities in Health Insurance, Life Insurance and Credit and Saving Insurance in accordance with the Islamic Sharia'a and within the provisions of the Articles of Association of the Company.

The registered address of the Company is P.O. Box 64341, Dubai, United Arab Emirates.

These interim condensed consolidated financial statements were authorised for issue on 07 November 2017.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34").

Interim reporting
The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2016.

Changes in accounting estimates
The accounting policies are consistent with those used in the previous year. The accounting estimates used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2016.

New standards, interpretations and amendments
The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these interim condensed consolidated financial statements. Annual Improvements 2012-2014 cycle which became effective from 1 January 2017 also did not have an impact on the financial position or performance of the Group during the period.

These interim condensed consolidated financial statements do not include all disclosures and should be read in conjunction with the financial statements for the year ended 31 December 2016. In addition, results for the nine months ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

2.2 BASIS OF CONSOLIDATION

The Group comprises of the Company and the under-mentioned subsidiary company.

Subsidiary	*Principal activity*	*Country of incorporation*	*Ownership*	
			2017	2016
Modern Tech Investment	Investment	United Arab Emirates	**100%**	-

Modern Tech Investment was establishment during the period ended 30 September 2017 for the purpose of holding investments.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

The interim condensed consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 September 2017.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3 CASH AND CASH EQUIVALENTS

	30 September 2017		*31 December 2016 (Audited)*	
	Retakaful Operations AED	***Shareholders' Operations AED***	*Retakaful Operations AED*	*Shareholders' Operations AED*
Cash and bank balances	**25,408,123**	**12,867,049**	83,061,393	9,347,274
Deposits	**99,250,000**	**168,000**	93,750,000	-
Restricted deposit – Employee pension	**-**	**10,000,000**	-	-
	124,658,123	**23,035,049**	176,811,393	9,347,274
Less: Deposits maturing in more than - three months	**(99,250,000)**	**(168,000)**	(26,250,000)	-
Restricted deposit - Employee pension	**-**	**(10,000,000)**	-	-
Total	**25,408,123**	**12,867,049**	150,561,393	9,347,274

The deposits carry profit rates ranging from 1.75% to 2.62% per annum with maturity dates ranging from 10 October 2017 to 16 September 2018.

4 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS

	30 September 2017 AED	*31 December 2016 AED (Audited)*
Gross takaful contract liabilities		
Claims reported	**89,753,016**	63,477,889
Claims incurred but not reported	**43,397,667**	24,701,304
Unearned contributions	**198,995,634**	189,160,310
Mathematical reserves	**5,765,857**	4,230,693
Policyholders' investment linked contracts at fair value	**78,970,006**	55,969,153
	416,882,180	337,539,349
Retakaful contract assets		
Retakaful share of claims reported	**61,637,816**	21,088,996
Retakaful share of claims incurred but not reported	**23,484,331**	11,646,104
Retakaful share of unearned contributions	**108,032,454**	61,563,219
Retakaful share of mathematical reserve	**1,074,285**	1,406,918
	194,228,886	95,705,237
Net takaful contract liabilities		
Claims reported	**28,115,200**	42,388,893
Claims incurred but not reported	**19,913,336**	13,055,200
Unearned contributions	**90,963,180**	127,597,091
Mathematical reserves	**4,691,572**	2,823,775
Fair value of policy holders investment linked contracts	**78,970,006**	55,969,153
	222,653,294	241,834,112
Movement in payable to policyholders of investment linked contracts		
Opening balance	**55,969,153**	29,315,439
Gross contribution	**45,684,829**	58,308,413
Allocation charges	**(14,959,937)**	(25,346,020)
Redemptions during the period / year	**(9,734,556)**	(7,275,405)
Change in fair value	**2,010,517**	966,726
Closing balance	**78,970,006**	55,969,153

5 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2017			
	Attributable to individual life policyholders AED	***Attributable to shareholders AED***	***Attributable to takaful operation AED***	***Total AED***
Mutual funds	**65,722,984**	**4,941,796**	**-**	**70,664,780**
Sukuk investments	**13,247,022**	**26,873,726**	**20,728,311**	**60,849,059**
Equity investments – quoted	**-**	**41,146,703**	**-**	**41,146,703**
Equity investments – unquoted	**-**	**10,058,382**	**-**	**10,058,382**
Total	**78,970,006**	**83,020,607**	**20,728,311**	**182,718,924**

The borrowing of AED 23.52 million is from First Gulf Bank and is utilised to purchase Sukuks of an equivalent amount, which is pledged against the borrowing. The borrowing carries a profit rate of 1.25% above the 3 month LIBOR.

	31 December 2016 (Audited)			
	Attributable to individual life policyholders AED	*Attributable to shareholders AED*	*Attributable to takaful operation AED*	*Total AED*
Mutual funds	53,449,500	664,806	-	54,114,306
Sukuk investments	2,519,653	49,052,225	-	51,571,878
Equity investments– quoted	-	28,702,652	-	28,702,652
Equity investments – unquoted	-	-	-	-
Total	55,969,153	78,419,683	-	134,388,836

Movements during the period attributable to policyholders were as follows:

	30 September 2017 AED	*31 December 2016 AED (Audited)*
At beginning of the period	**55,969,153**	29,315,439
Purchases during the period	**30,724,892**	32,962,393
Disposals during the period	**(9,734,556)**	(7,275,405)
Change in fair value during the period	**2,010,517**	966,726
At end of the period	**78,970,006**	55,969,153

6 SHARE CAPITAL

	30 September 2017 AED	*31 December 2016 AED (Audited)*
Issued and fully paid:		
150,000,000 ordinary shares of AED 1 each	**150,000,000**	150,000,000
	150,000,000	150,000,000

7 PROPOSED AND PAID DIVIDENDS

	30 September 2017 AED	*31 December 2016 AED (Audited)*
Cash dividend for 2016 of AED 0.07 per share (declared and paid)	**10,500,000**	-
Cash dividend for 2015 of AED 0.053 per share (declared and paid)	-	8,000,000
	10,500,000	8,000,000
Proposed for approval at Annual General Meeting: (2016: Cash dividend of AED 0.07 per share)	-	10,500,000
	-	10,500,000

8 ZAKAT

Zakat is payable by the shareholders. Management has informed the shareholders the amount of Zakat payable by each shareholder. Zakat paid in current period amounted to AED 694,588 for 2016 and amounted to AED 771,600 for 2015.

9 BORROWINGS

The borrowing of AED 23.52 million is from First Gulf Bank and is utilised to purchase Sukuks of an equivalent amount, which is pledged against the borrowing. The borrowing carries a profit rate of 1.25% above the 3 month LIBOR.

10 NET EARNED CONTRIBUTIONS

	Three month period ended 30 September 2017			*Three month period ended 30 September 2016*		
	Medical AED	***Life and savings AED***	***Total AED***	*Medical AED*	*Life and savings AED*	*Total AED*
Gross contributions written	**110,017,795**	**16,839,630**	**126,857,425**	129,597,810	19,052,261	148,650,071
Change in unearned contributions	**28,545,950**	**599,782**	**29,145,732**	(19,273,018)	(2,707,942)	(21,980,960)
Takaful contributions earned	**138,563,745**	**17,439,412**	**156,003,157**	110,324,792	16,344,319	126,669,111
Retakaful contributions	**67,947,802**	**2,403,991**	**70,351,793**	31,081,057	3,103,990	34,185,047
Change in unearned contributions	**4,241,454**	**337,621**	**4,579,075**	(1,082,290)	(1,291,885)	(2,374,175)
Retakaful contributions ceded	**72,189,256**	**2,741,612**	**74,930,868**	29,998,767	1,812,105	31,810,872
Net earned contributions	**66,374,489**	**14,697,800**	**81,072,289**	80,326,025	14,532,214	94,858,239

	Nine month period ended 30 September 2017			*Nine month period ended 30 September 2016*		
	Medical AED	***Life and savings AED***	***Total AED***	*Medical AED*	*Life and savings AED*	*Total AED*
Gross contributions written	**425,538,932**	**52,063,534**	**477,602,466**	387,581,637	49,268,049	436,849,686
Change in unearned contributions	**(8,970,611)**	**(864,713)**	**(9,835,324)**	(70,725,191)	(1,681,603)	(72,406,794)
Takaful contributions earned	**416,568,321**	**51,198,821**	**467,767,142**	316,856,446	47,586,446	364,442,892
Retakaful contributions	**248,776,626**	**8,174,004**	**256,950,630**	98,139,372	7,282,087	105,421,459
Change in unearned contributions	**(45,579,526)**	**(889,709)**	**(46,469,235)**	(12,494,361)	(546,397)	(13,040,758)
Retakaful contributions ceded	**203,197,100**	**7,284,295**	**210,481,395**	85,645,011	6,735,690	92,380,701
Net earned contributions	**213,371,221**	**43,914,526**	**257,285,747**	231,211,435	40,850,756	272,062,191

11 CHANGE IN RESERVES

	Three months ended 30 September		*Nine months ended 30 September*	
	2017 AED	*2016 AED*	***2017 AED***	*2016 AED*
Changes in mathematical reserve – takaful life	**1,239,093**	395,000	**1,867,795**	787,137
Change in reserve relating to takaful life products	**9,120,043**	6,868,280	**25,372,639**	17,561,052
Change in fair value-individual life policyholders	**(215,016)**	1,700,785	**(2,010,517)**	1,542,275
	10,144,120	8,964,065	**25,229,917**	19,890,464

12 WAKALAH FEES

Wakalah fees for the period ended 30 September 2017 amounted to AED 68,958,417 (30 September 2016: AED 57,087,421).

For group life and group medical policies, wakalah fees were charged up to 20% to 25% of gross takaful contributions. For life takaful policies, wakalah fees were charged at a maximum of 50% of takaful risk contributions. Wakalah fees are approved by the Sharia'a Supervisory Board and is charged to the statement of comprehensive income when incurred.

13 BASIC AND DILUTED PROFIT PER SHARE

	Three months ended 30 September		*Nine months ended 30 September*	
	2017 AED	*2016 AED*	***2017 AED***	*2016 AED*
Profit for the period attributable to shareholders (in AED)	**497,169**	5,174,459	**1,441,837**	11,219,571
Weighted average number of shares outstanding during the period	**150,000,000**	150,000,000	**150,000,000**	150,000,000
Profit per share (AED)	**0.003**	0.034	**0.010**	0.075

No figures for diluted earnings per share are presented as the Group has not issued any instruments which would have an impact on earnings per share when exercised.

14 RELATED PARTY TRANSACTIONS AND BALANCES

	Nine month period ended 30 September	
	2017 AED	*2016 AED*
Compensation of key management personnel:		
Short and long term benefits	**3,936,635**	4,241,698
Transactions with related parties during the period		
Realised gain on sale of investments at fair value through profit or loss	**2,740,545**	1,444,528
Gross written contribution	**4,459,596**	464,612
Gross claim incurred	**925,307**	591,900

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	30 September 2017 AED	*31 December 2016 AED (Audited)*
Balances with related party		
Equity Investments – quoted	**27,146,580**	28,702,652
Claims reported	**432,025**	817,765

15 SEGMENT INFORMATION

For management purposes, the Company is organised into two business segments; takaful and investment operations. The takaful operations comprise the takaful business undertaken by the Company on behalf of policyholders. Investment operations comprise investments and cash management for the Company's own account. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the financial statements.

Except for Wakalah fees, allocation charges and Qard Hassan, no other inter-segment transactions occurred during the period. Segment income, expenses and results include transactions between business segments which will then be eliminated on consolidation shown below.

	30 September 2017					
	Underwriting			*Shareholders*		
	Medical AED	*Life AED*	*Total AED*	*Investments AED*	*Others AED*	*Total AED*
Segment revenue	**416,568,321**	**51,198,821**	**467,767,142**	**(3,257,376)**	**88,015,289**	**84,757,913**
Segment result	**78,368,986**	**1,732,436**	**80,101,422**	**(3,257,376)**	**88,015,289**	**84,757,913**
Wakala fees	**(66,000,213)**	**(2,958,204)**	**(68,958,417)**	**-**	**-**	**-**
Commission incurred	-	-	-	-	**(31,652,723)**	**(31,652,723)**
General and administrative expenses	-	-	-	-	**(62,806,358)**	**(62,806,358)**
Recovery of Qard Hassan to policyholders' fund.	-	-	-	-	**11,143,005**	**11,143,005**
Profit / (loss) attributable to policyholders / shareholders	**12,368,773**	**(1,225,768)**	**11,143,005**	**(3,257,376)**	**4,699,213**	**1,441,837**

15 SEGMENT INFORMATION (continued)

30 September 2016

	Underwriting			*Shareholders*		
	Medical AED	*Life AED*	*Total AED*	*Investments AED*	*Others AED*	*Total AED*
Segment revenue	316,856,446	47,586,446	364,442,892	16,588,398	78,259,337	94,847,735
Segment result	46,173,574	2,427,717	48,601,291	16,588,398	78,259,337	94,847,735
Wakala fees	(54,137,570)	(2,949,851)	(57,087,421)	-	-	-
Commission incurred	-	-	-	-	(32,032,673)	(32,032,673)
General and administrative expenses	-	-	-	-	(43,109,361)	(43,109,361)
Provision for Qard Hassan to policyholders' fund.	-	-	-	-	(8,486,130)	(8,486,130)
Profit / (loss) attributable to policyholders / shareholders	(7,963,996)	(522,134)	(8,486,130)	16,588,398	(5,368,827)	11,219,571

30 September 2017

	Medical AED	***Life and savings AED***	***Underwriting total AED***	***Shareholders' investments AED***	***Unallocated Others AED***	***Total AED***	***Total AED***
Segment assets	**596,106,104**	**143,944,030**	**740,050,134**	**87,188,607**	**82,620,009**	**169,808,616**	**909,858,750**
Segment liabilities	**587,266,869**	**100,545,084**	**687,811,953**	**23,520,000**	**67,089,015**	**90,609,015**	**778,420,968**

As at 31 December 2016 (Audited)

	Medical AED	*Life and savings AED*	*Underwriting Total AED*	*Shareholders' investments AED*	*Unallocated Others AED*	*Total AED*	*Total AED*
Segment assets	419,617,106	98,431,625	518,048,731	145,026,421	25,060,899	170,087,320	688,136,051
Segment liabilities	397,221,935	72,961,530	470,183,465	19,845,000	56,145,453	75,990,453	546,173,918

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost
Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the interim condensed consolidated financial statements approximate their fair values.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of assets and liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 30 September 2016.

Fair value measurements recognised in the statement of financial position
The following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	30 September 2017			
	Level 1 AED	***Level 2 AED***	***Level 3 AED***	***Total AED***
Assets				
Investments at fair value through profit or loss				
Equity investments - quoted	**41,146,703**	-	-	**41,146,703**
Equity investments - unquoted	-	-	**10,058,382**	**10,058,382**
Mutual funds	-	**70,664,780**	-	**70,664,780**
Sukuk investments	**60,849,059**	-	-	**60,849,059**
Investment property	-	**38,638,245**	-	**38,638,245**
	101,995,762	**109,303,025**	**10,058,382**	**221,357,169**
Liabilities				
Investment linked contracts	-	**78,970,006**	-	**78,970,006**

	31 December 2016 (Audited)			
	Level 1 AED	*Level 2 AED*	*Level 3 AED*	*Total AED*
Assets				
Investments at fair value through profit or loss				
Equity investments - quoted	28,702,652	-	-	28,702,652
Equity investments - unquoted	-	-	-	-
Mutual funds	-	54,114,306	-	54,114,306
Sukuk investments	51,571,878	-	-	51,571,878
Investment property	-	38,405,816	-	38,405,816
	80,274,530	92,520,122	-	172,794,652
Liabilities				
Investment linked contracts	-	55,969,153	-	55,969,153

17 POLICY HOLDERS' FUND

	30 September 2017 AED	*31 December 2016 AED (Audited)*
Deficit in policy holders' fund		
Balance at the beginning of the period / year	**(56,950,837)**	(58,134,488)
Profit for the period/ year recovered	**11,143,005**	1,183,651
Balance at the end of the period /year	**(45,807,832)**	(56,950,837)
Qard Hassan from shareholders		
Balance at beginning of period / year	**56,950,837**	58,134,488
Deficit recovered during the period / year	**(11,143,005)**	(1,183,651)
Balance at the end of the period / year	**45,807,832**	56,950,837
Total deficit in policyholders' fund	-	-