

**Dar Al Takaful PJSC**  
**Dubai - United Arab Emirates**

Condensed interim consolidated financial statements  
(Unaudited)

For the period ended 31 March 2019

## **Review report of the independent auditor To the shareholders of Dar Al Takaful PJSC**

### **Introduction**

We have reviewed the accompanying condensed interim consolidated statement of financial position of Dar Al Takaful PJSC (the “Group”) as at 31 March 2019, the related condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the three months period then ended. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with the 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.

### **Other matter**

The condensed interim consolidated financial statements of the Group for the three months period ended 31 March 2018 and the consolidated financial statements for the year ended 31 December 2018 were reviewed and audited by another auditor whose review report dated 15 May 2018 and audit report dated 24 March 2019 expressed an unmodified conclusion and unqualified opinion respectively.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

  
**GRANT THORNTON**  
Farouk Mohamed



**Registration No: 86  
Dubai, 13 May 2019**

**Dar Al Takaful PJSC**  
**Condensed interim consolidated financial statements (Unaudited)**

**Condensed interim consolidated statement of financial position**  
**As at 31st March 2019**

	Notes	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED
<b>ASSETS</b>			
<b>Takaful operations' assets</b>			
Available-for-sale investments	4	3,357,572	3,732,941
Held to maturity	4	2,001,297	2,001,297
Deferred policy cost		12,912,733	12,508,753
Retakaful contract assets:			
Unearned contribution		63,293,641	44,279,489
Claims reported unsettled		26,996,538	27,444,310
Claims incurred but not reported		24,858,269	26,393,258
Takaful and other receivables	5	130,539,606	104,645,106
Prepayments and other receivables		2,772,952	2,362,308
Wakala deposits	6	81,081,778	70,000,000
Investment properties	7	21,526,800	21,526,800
Cash and cash equivalents	8	14,676,471	17,236,387
<b>Total takaful operations' assets</b>		<b>384,017,657</b>	<b>332,130,649</b>
<b>Shareholders' assets</b>			
Property and equipment		12,307,817	12,531,960
Intangible assets		438,923	472,725
Investment properties	7	27,309,425	27,309,425
Available-for-sale investments	4	7,981,406	7,981,406
Held to maturity	4	8,722,890	8,722,890
Restricted deposit	9	6,000,000	6,000,000
Wakala deposits	6	52,897,903	52,897,903
Due from policyholders	10	7,405,506	2,508,962
Prepayments and other receivables		5,906,605	6,248,216
Cash and cash equivalents	8	4,348,769	7,801,736
<b>Total shareholders' assets</b>		<b>133,319,244</b>	<b>132,475,223</b>
<b>Total assets</b>		<b>517,336,901</b>	<b>464,605,872</b>

The notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

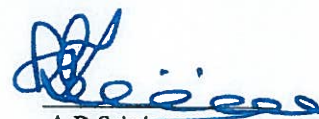
Dar Al Takaful PJSC  
Condensed interim consolidated financial statements (Unaudited)

Condensed interim consolidated statement of financial position  
As at 31 March 2019 (continued)

	Notes	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED
<b>LIABILITIES, POLICYHOLDERS' FUND AND EQUITY</b>			
<b>Takaful operations' liabilities and policyholders' fund</b>			
<b>Takaful operations' liabilities</b>			
Deferred discount		2,474,244	2,076,443
Takaful contract liabilities:			
Unearned contribution		135,603,793	117,773,745
Claims reported unsettled		52,658,986	51,028,719
Claims incurred but not reported		39,289,859	44,308,033
Unallocated loss adjustment expenses		1,721,497	1,632,599
Contribution deficiency reserve		1,259,920	474,433
Takaful payables	11	143,694,846	112,469,795
Due to shareholders	10	7,405,506	2,508,962
<b>Total takaful operations' liabilities</b>		<b>384,108,651</b>	<b>332,272,729</b>
<b>Takaful operations' deficit</b>			
Qard Hassan against deficit in policyholders' fund		(33,136,973)	(21,019,209)
Less: Provision against Qard Hassan to policyholders' fund		33,136,973	21,019,209
Available-for-sale investments reserve		(90,993)	(142,080)
<b>Total deficit from takaful operations</b>		<b>(90,993)</b>	<b>(142,080)</b>
<b>Total takaful operations' liabilities and deficit</b>		<b>384,017,658</b>	<b>332,130,649</b>
<b>Shareholders' liabilities and equity</b>			
<b>Shareholders' liabilities</b>			
Other liabilities		8,348,173	9,634,362
<b>Total shareholders' liabilities</b>		<b>8,348,173</b>	<b>9,634,362</b>
<b>Shareholders' equity</b>			
Share capital	12	150,000,000	150,000,000
Statutory reserve	13	2,727,473	2,727,473
Accumulated losses		(27,806,026)	(29,936,235)
Available-for-sale investments reserve		49,623	49,623
<b>Total shareholders' equity</b>		<b>124,971,070</b>	<b>122,840,861</b>
<b>Total shareholders' liabilities and equity</b>		<b>133,319,243</b>	<b>132,475,223</b>
<b>Total liabilities, policyholders' fund and equity</b>		<b>517,336,901</b>	<b>464,605,872</b>

The condensed interim consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 13 May 2019.

Shahab Ahmed Lutfi  
Vice Chairman

  
A.R. Srinivasan  
Chief Executive Officer

The notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

**Dar Al Takaful PJSC**  
**Condensed interim consolidated financial statements (Unaudited)**

**Condensed interim consolidated income statement**  
**For the three month period ended 31 March 2019**

	Notes	(Unaudited) Three months period ended 31 March 2019 AED	(Unaudited) Three months period ended 31 March 2018 AED
<b>Attributable to policyholders</b>			
<b>Takaful income</b>			
Gross takaful contribution		88,477,650	70,469,055
Accepted business		75,622	2,193
Retakaful share of ceded business		(52,405,956)	(29,061,147)
Net takaful contribution		36,147,316	41,410,101
Net transfer to unearned contribution reserves		1,184,105	9,249,408
<b>Net takaful contribution earned</b>		<b>37,331,421</b>	<b>50,659,509</b>
Discount earned		1,535,304	1,462,307
Policy fees and other income		19,915	21,452
<b>Total underwriting income</b>		<b>38,886,640</b>	<b>52,143,268</b>
<b>Takaful expenses</b>			
Gross claims paid		(47,177,387)	(64,921,449)
Retakaful share of ceded business claims		25,528,088	37,204,174
<b>Net claims paid</b>		<b>(21,649,299)</b>	<b>(27,717,275)</b>
Change in provision for outstanding claims		(1,630,268)	2,030,421
Change in retakaful share of outstanding claims		(447,773)	(1,378,062)
Change in incurred but not reported claims		3,483,185	(1,084,818)
Change in unallocated loss adjustment expenses reserve		(88,897)	28,442
Changes in the provision for contribution deficiency reserve		(785,487)	395,213
<b>Net takaful claims incurred</b>		<b>(21,118,539)</b>	<b>(27,726,079)</b>
Excess of loss of takaful contribution		(547,207)	(619,800)
<b>Total Takaful income</b>		<b>17,220,894</b>	<b>23,797,389</b>
Wakala fees	16	(30,108,113)	(17,751,195)
Mudarib's fee	16	(353,311)	(312,243)
Investment and other income		1,122,766	610,294
<b>(Loss)/income for the period attributable to policyholders</b>		<b>(12,117,764)</b>	<b>6,344,245</b>

The notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

**Dar Al Takaful PJSC****Condensed interim consolidated financial statements (Unaudited)****Condensed interim consolidated income statement****For the period ended 31 March 2019 (continued)**

	Notes	(Unaudited) Three months period ended 31 March 2019 AED	(Unaudited) Three months period ended 31 March 2018 AED
<b>Attributable to shareholders</b>			
Wakala fees from policyholders	16	<b>30,108,113</b>	17,751,195
Mudarib's fee	16	<b>353,311</b>	312,243
Investment income/(loss)		<b>913,296</b>	(728,690)
General and administrative expenses		<b>(8,914,458)</b>	(9,118,131)
Policy acquisition cost		<b>(7,828,708)</b>	(11,178,468)
Other underwriting expenses		<b>(383,581)</b>	(314,081)
<b>Income/(loss) for the period before Qard Hassan</b>		<b>14,247,973</b>	(3,275,932)
(Provision against)/reversal of Qard Hassan to policyholders		<b>(12,117,764)</b>	6,344,245
<b>Profit for the period attributable to shareholders</b>		<b>2,130,209</b>	3,068,313
<b>Earnings per share (AED)</b>			
Basic and diluted	14	<b>0.014</b>	0.021

The notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

**Dar Al Takaful PJSC****Condensed interim consolidated financial statements (Unaudited)****Condensed interim consolidated statement of comprehensive income  
For the period ended 31 March 2019**

	(Unaudited) Three months period ended 31 March 2019 AED	(Unaudited) Three months period ended 31 March 2018 AED
<b>Attributable to policyholders</b>		
(Loss)/profit for the period	<u>(12,117,764)</u>	<u>6,344,245</u>
<b>Other comprehensive income</b>		
<i>Items that maybe reclassified subsequently to profit or loss</i>		
Reclassification adjustments relating to available for sale financial assets disposed of during the period	<b>142,080</b>	-
Unrealised loss on available-for-sale investments	<b>(90,993)</b>	(12,138)
<b>Other comprehensive income/(loss) for the period</b>	<u><b>51,087</b></u>	<u>(12,138)</u>
<b>Total comprehensive (loss)/income for the period attributable to policyholders</b>	<u><b>(12,066,677)</b></u>	<u><b>6,332,107</b></u>
<b>Attributable to shareholders</b>		
Profit for the period	<b>2,130,209</b>	3,068,313
<b>Other comprehensive income</b>		
<i>Items that maybe reclassified subsequently to profit or loss</i>		
Unrealised loss on available-for-sale investments	-	(271,930)
<b>Other comprehensive loss for the period</b>	<u>-</u>	<u>(271,930)</u>
<b>Total comprehensive income for the period attributable to shareholders</b>	<u><b>2,130,209</b></u>	<u><b>2,796,383</b></u>

The notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

**Dar Al Takaful PJSC**  
**Condensed interim consolidated financial statements (Unaudited)**

**Condensed interim consolidated statement of changes in equity**  
**For the period ended 31 March 2019**

	Share capital	Statutory reserve	Accumulated losses	Available-for-sale investments reserve	Total
	AED	AED	AED	AED	AED
As at 1 January 2018 (Audited)	150,000,000	2,056,023	(35,979,284)	15,463	116,092,202
Profit for the period	-	-	3,068,313	-	3,068,313
Other comprehensive loss for the period	-	-	-	(271,930)	(271,930)
Total comprehensive income for the period	-	-	3,068,313	(271,930)	2,796,383
As at 31st March 2018 (Unaudited)	<u>150,000,000</u>	<u>2,056,023</u>	<u>(32,910,971)</u>	<u>(256,467)</u>	<u>118,888,585</u>
As at 1 January 2019 (Audited)	150,000,000	2,727,473	(29,936,235)	49,623	122,840,861
Profit for the period	-	-	2,130,209	-	2,130,209
Total comprehensive income for the period	-	-	2,130,209	-	2,130,209
As at 31st March 2019 (Unaudited)	<u>150,000,000</u>	<u>2,727,473</u>	<u>(27,806,026)</u>	<u>49,623</u>	<u>124,971,070</u>

The notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

**Dar Al Takaful PJSC****Condensed interim consolidated financial statements (Unaudited)****Condensed interim consolidated statement of cash flows  
For the period ended 31 March 2019**

	(Unaudited) Three months period ended 31 March 2019 AED	(Unaudited) Three months period ended 31 March 2018 AED
<b>Cash flows from operating activities</b>		
Profit for the period	2,130,209	3,068,313
Adjustments for:		
Depreciation of property and equipment	495,558	530,371
Changes in the fair value of financial assets	(39,906)	1,468,726
Realised gain on sale of financial assets at FVTPL	-	14,210
Realised loss on sale of financial assets at FVTOCI	201,132	-
Income from wakala deposits	(1,332,026)	(713,860)
Income from sukuk investments	(205,256)	(283,068)
Rental income	(549,114)	(602,957)
Provision for doubtful receivables	247,631	256,084
Provision for employees' end of service benefits	71,149	158,869
<b>Operating cash flows before changes in working capital</b>	<b>1,019,377</b>	<b>3,896,688</b>
(Increase)/decrease in takaful and other receivables	(23,779,824)	39,722
(Increase)/decrease in retakaful assets	(17,031,391)	27,401,622
Increase in prepayments and other receivables	(2,431,341)	(3,900,701)
Increase/(decrease) in takaful contract liabilities	15,316,526	(36,642,226)
Increase/(decrease) in takaful payables	31,225,051	(3,105,227)
(Decrease)/increase in other liabilities	(1,348,545)	276,691
(Increase)/decrease in deferred policy cost	(403,980)	3,510,534
Increase in deferred discount	397,801	262,834
<b>Cash generated from/(used in) operations</b>	<b>2,963,674</b>	<b>(8,260,063)</b>
Employee's end of service benefits paid	(8,793)	(4,358)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,954,881</b>	<b>(8,264,421)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(237,612)	(908,480)
Additions of investments in securities	-	(3,503,383)
Proceeds from sale of investment securities	265,230	3,701,314
Income received on wakala deposits	1,332,026	713,860
Rental income received	549,114	602,957
Income received from sukuk	205,256	283,068
Wakala deposits (made)/encashed	(11,081,778)	4,754,163
<b>Net cash (used in)/generated from investing activities</b>	<b>(8,967,764)</b>	<b>5,643,499</b>
<b>Net change in cash and cash equivalents</b>	<b>(6,012,883)</b>	<b>(2,620,922)</b>
Cash and cash equivalents, beginning of period	25,038,123	18,105,674
<b>Cash and cash equivalents, end of period (note 8)</b>	<b>19,025,240</b>	<b>15,484,752</b>

The notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

**Dar Al Takaful PJSC**  
**Condensed interim consolidated financial statements (Unaudited)**  
**Notes to the condensed interim consolidated financial statements**  
**For the period ended 31 March 2019**

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**1 Legal status and activities**

Dar Al Takaful PJSC (the “Company”) was incorporated as a public joint stock company. The Company carries out general takaful (insurance), retakaful (reinsurance) and investments in accordance with the teachings of Islamic Shari’a and within the provisions of U.A.E. Federal Law no. 6 of 2007 relating to takaful companies and takaful agents and the Memorandum and Articles of Association of the Company. The address of the Company is P.O. Box 235353, Dubai, United Arab Emirates.

The Company obtained its commercial license on 23 July 2008 and commenced operations on 1 September 2008.

The Company mainly issues short term takaful contracts in connection with non-life takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful). The Company also invests its funds in investment securities.

The Company with its subsidiary are together referred to as the “Group” in these consolidated financial statements. At 31 March 2019, the Company had the following subsidiary:

Name of subsidiary	Proportion of ownership interest		Country of incorporation	Principal activities
	31 March 2019	31 December 2018		
Auto Crew Workshop LLC	100%	100%	UAE	Auto mechanical repairing workshop

**2 Basis of preparation**

The condensed interim consolidated financial statements are for the three months period ended 31 March 2019 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

The Group has not early adopted any version of IFRS 9 and the activities of the Group are predominantly connected with insurance on 31 March 2019 therefore the Group have opted for the temporary exemption from the application of IFRS 9 and defer the implementation date of IFRS 9 until 31 December 2021.

**Basis of consolidation**

The condensed interim consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 March 2019.

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; and
- the ability to use its power over the investee to affect its returns

**Dar Al Takaful PJSC**  
**Condensed interim consolidated financial statements (Unaudited)**  
**Notes to the condensed interim consolidated financial statements**  
**For the period ended 31 March 2019**

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**2 Basis of preparation (continued)**

**Basis of consolidation (continued)**

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 Significant accounting policies**

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2018. Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual financial statements for the year ended 31 December 2018, are applicable on the Company but do not have any material impact on these condensed interim consolidated financial statements.

**Interim reporting**

The accounting policies used in the preparation of the condensed interim consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2018 except for the changes in the accounting policies implemented by management from 1 January 2019.

**Critical accounting estimates and judgments in applying accounting policies**

The Company makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may substantially be different.

*Classification of properties*

In the process of classifying properties, management has made various judgments. Judgments are needed to determine whether a property qualifies as an investment property, property and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property. In making its judgment, management has considered the detailed criteria and related guidance set out in IAS 40 - Investment Property, with regards to the intended use of the property.

*Outstanding claims and technical provisions*

The estimation of ultimate liability arising from the claims made under takaful contracts is the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the end of each reporting period.

**Dar Al Takaful PJSC**  
**Condensed interim consolidated financial statements (Unaudited)**  
**Notes to the condensed interim consolidated financial statements**  
**For the period ended 31 March 2019**

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**3 Significant accounting policies (continued)**

**Critical accounting estimates and judgments in applying accounting policies (continued)**

*Outstanding claims and technical provisions (continued)*

Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on internal and external actuarial assessment, taking into account the historical data of the claims reported and settlement pattern. Such method takes into account the best estimates of the future contractual cash flows estimated based on the historical data. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

*Impairment losses on Takaful receivables*

The Company reviews its Takaful receivables on a regular basis to assess whether a provision for impairment should be recorded in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security, and realisation costs.

In addition to specific provisions against individually significant Takaful receivables, the Company also makes a collective impairment provision against Takaful receivables which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for Takaful receivables within each grade and is adjusted to reflect current economic changes.

*Liability adequacy test*

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of Takaful contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the statement of income.

*Valuation of unquoted equity instruments*

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. In the absence of an active market for these investments or any recent transactions that could provide evidence of the current fair value, management estimates the fair value of these instruments using expected cash flows discounted at current rates for similar instruments or other valuation models.

**Dar Al Takaful PJSC**  
**Condensed interim consolidated financial statements (Unaudited)**  
**Notes to the condensed interim consolidated financial statements**  
**For the period ended 31 March 2019**

**4 Investment in securities**

4.1 *Available-for-sale investments*

Available-for-sale investments comprise the following:

	<b>31 March 2019 (Unaudited) AED</b>	31 December 2018 (Audited) AED
Quoted equity securities in U.A.E.	215,155	499,531
Quoted debt securities in U.A.E.	2,357,572	2,448,565
Unquoted equity securities in U.A.E.	7,766,251	7,766,251
Unquoted debt securities in U.A.E.	1,000,000	1,000,000
	<b>11,338,978</b>	<b>11,714,347</b>
Attributable to:		
Policyholders	3,357,572	3,732,941
Shareholders	7,981,406	7,981,406
	<b>11,338,978</b>	<b>11,714,347</b>

4.2 *Held to maturity*

Financial assets held to maturity comprises the following:

	<b>31 March 2019 (Unaudited) AED</b>	31 December 2018 (Audited) AED
Quoted debt securities inside U.A.E.	1,998,174	1,998,174
Quoted debt securities outside U.A.E.	5,051,013	5,051,013
Unquoted debt securities outside U.A.E.	3,675,000	3,675,000
	<b>10,724,187</b>	<b>10,724,187</b>
Attributable to:		
Policyholders	2,001,297	2,001,297
Shareholders	8,722,890	8,722,890
	<b>10,724,187</b>	<b>10,724,187</b>

**5 Takaful and other receivables**

	<b>31 March 2019 (Unaudited) AED</b>	31 December 2018 (Audited) AED
Contributions receivable	130,706,575	103,308,078
Receivable from retakaful and other takaful companies	4,941,396	5,377,797
Other receivables	5,568,978	6,388,943
	<b>141,216,949</b>	<b>115,074,818</b>
Less: Provisions for doubtful receivables	<b>(10,677,343)</b>	<b>(10,429,712)</b>
	<b>130,539,606</b>	<b>104,645,106</b>

**Dar Al Takaful PJSC**  
**Condensed interim consolidated financial statements (Unaudited)**  
**Notes to the condensed interim consolidated financial statements**  
**For the period ended 31 March 2019**

**6 Wakala deposits**

Statutory deposit represents a Wakala deposit under lien against the guarantees issued in favour of Insurance Authority of U.A.E. in accordance with Article 42 of United Arab Emirates (U.A.E.) Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its Operations.

**7 Investment properties**

Investment properties comprise of buildings which are located in United Arab Emirates.

Management estimates that there has been no change in the fair value of investment properties during the three months period ended 31 March 2019. The carrying value of the investment properties as at 31 March 2019 is AED 48.8 million. (31 December 2018: AED 48.8 million).

Investment properties are classified as Level 3 in the fair value hierarchy as at 31 March 2019 (31 December 2018: Level 3).

**8 Cash and cash equivalents**

	<b>31 March 2019 (Unaudited) AED</b>	<b>31 December 2018 (Audited) AED</b>
Cash on hand	42,140	155,632
Bank balances:		
Current accounts	17,514,367	21,537,900
Call accounts	1,468,733	3,344,591
	<u>19,025,240</u>	<u>25,038,123</u>
Attributable to:		
Policyholders	14,676,471	17,236,387
Shareholders	4,348,769	7,801,736
	<u>19,025,240</u>	<u>25,038,123</u>

**9 Restricted deposit**

Deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of U.A.E. and are not available to finance the day to day operations of the Group.

**10 Due from/to shareholder and policyholders**

The balance consists of the net of Wakala fees balances that is due to the shareholders from the policyholders amounting to AED 7.4 million (31 December 2018: AED 2.5 million).

**11 Takaful payables**

	<b>31 March 2019 (Unaudited) AED</b>	<b>31 December 2018 (Audited) AED</b>
Due to takaful companies, garages and other third parties	79,615,870	81,691,112
Due to retakaful companies	61,826,283	28,715,454
Other payables	2,252,693	2,063,229
	<u>143,694,846</u>	<u>112,469,795</u>

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**12 Share capital**

	<b>31 March 2019 (Unaudited) AED</b>	31 December 2018 (Audited) AED
Issued and fully paid:		
150,000,000 ordinary shares of AED 1 each (31 December 2018: 150,000,000 ordinary shares)	<b>150,000,000</b>	150,000,000

**13 Statutory reserve**

In accordance with U.A.E. Law No. (2) of 2015, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. No transfer to the statutory reserve have been made during the three months period ended 31 March 2019 (three months period ended 31 March 2018: Nil), as this will be based on the audited results for the year.

**14 Earnings per share**

Earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<b>Three month period ended 31 March</b>	
	<b>2019 (Unaudited)</b>	2018 (Unaudited)
Profit for the period attributable to shareholders (in AED)	<b>2,130,209</b>	3,068,313
Number of ordinary shares outstanding (shares)	<b>150,000,000</b>	150,000,000
Basic and diluted earnings per share (in AED)	<b>0.014</b>	0.021

Diluted earnings per share as of 31 March 2019 and 31 March 2018 are equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

**15 Related party transactions**

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

**a) Balances with related parties**

Balances with related parties included in the condensed consolidated statement of financial position are as follows:

	<b>31 March 2019 (Unaudited) AED</b>	31 December 2018 (Audited) AED
<b><i>Takaful and other receivables</i></b>		
Major shareholders	<b>56,955</b>	572,498
<b><i>Takaful and other payables</i></b>		
Major shareholders	<b>454,835</b>	282,656

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**15 Related party transactions (continued)**

**b) Transactions with related parties**

Transactions with related parties included in the condensed consolidated statement of income are as follows:

	<b>Three month period ended</b>	
	<b>31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>AED</b>	<b>AED</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><i>Contributions earned</i></b>		
Major shareholders	1,022,755	1,686,536
Other related parties	3,282,733	476,858
	<u>4,305,488</u>	<u>2,163,394</u>
<b><i>Management charges paid</i></b>		
Major shareholders	66,000	66,000

**c) Compensation of key management personnel**

	<b>Three month period ended</b>	
	<b>31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>AED</b>	<b>AED</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Short-term benefits	803,880	1,132,180
Employees' end of service benefits	28,425	73,746
	<u>832,305</u>	<u>1,205,926</u>

**16 Wakala and Mudarib's fees**

*Wakala fees*

Wakala fees for the period ended 31 March 2019 amounted to AED 30.1 million (31 March 2018: AED 17.8 million). The fees are calculated at maximum rate of 34% of gross takaful contributions. Wakala fee is charged to the statement of income when incurred.

*Mudarib's fee*

The shareholders also manage the policyholders' investment funds and charge Mudarib's fee. Mudarib's fee is charged at 35% of realised investment income. Mudarib's fees for the period ended 31 March 2019 amounted to AED 0.353 million (31 March 2018: AED 0.312 million).

**17 Commitments and guarantees**

**Commitments**

The Group has the following commitments at the reporting date:

	<b>31 March</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>AED</b>	<b>AED</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Software development	<u>183,500</u>	<u>330,480</u>

**Guarantees**

As at 31 March 2019, the Group has outstanding bank guarantees amounting AED 425,020 (31 December 2018: AED 425,020).

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**18 Segment information**

For management purposes the Group is organised into three business segments, general takaful, employee benefits and investments. The general takaful segment comprises the takaful business undertaken by the Group on behalf of the policyholders. Investments comprise investment and cash management for the Group'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 Wakala fees, Mudarib's share and Qard Hassan, no other inter-segment transactions occurred during the period. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation as shown on the next page.

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**18 Segment information (continued)**

Three month period ended 31 March 2019 (Unaudited)

	General Takaful AED	Employee benefits AED	Investments AED	Total AED
<b>Attributable to policyholders</b>				
<b>Takaful income</b>				
Gross contribution written	84,522,266	3,955,384	-	88,477,650
Retakaful share of accepted business	75,622	-	-	75,622
Retakaful share of ceded business	(48,600,347)	(3,805,609)	-	(52,405,956)
<b>Net Takaful contributions</b>	<b>35,997,541</b>	<b>149,775</b>	<b>-</b>	<b>36,147,316</b>
Net transfer to unearned contributions reserve	1,096,942	87,163	-	1,184,105
<b>Net Takaful contributions earned</b>	<b>37,094,483</b>	<b>236,938</b>	<b>-</b>	<b>37,331,421</b>
Discount earned	1,472,732	62,572	-	1,535,304
Policy fee	19,915	-	-	19,915
<b>Total Takaful Income</b>	<b>38,587,130</b>	<b>299,510</b>	<b>-</b>	<b>38,886,640</b>
<b>Takaful expenses</b>				
Gross claims paid	(45,651,484)	(1,525,903)	-	(47,177,387)
Retakaful share of ceded business paid	24,110,953	1,417,135	-	25,528,088
<b>Net Takaful claims paid</b>	<b>(21,540,531)</b>	<b>(108,768)</b>	<b>-</b>	<b>(21,649,299)</b>
Provision for outstanding claims	631,860	(2,262,128)	-	(1,630,268)
Retakaful share of outstanding claims	(2,660,649)	2,212,876	-	(447,773)
Change in incurred but not reported claims	3,483,185	-	-	3,483,185
Change in unallocated loss adjustment expenses reserve	(88,897)	-	-	(88,897)
Changes in the provision for contribution deficiency reserve	(785,487)	-	-	(785,487)
<b>Net claims incurred</b>	<b>(20,960,519)</b>	<b>(158,020)</b>	<b>-</b>	<b>(21,118,539)</b>
Excess of loss of takaful contribution	(547,207)	-	-	(547,207)
<b>Total Takaful income</b>	<b>17,079,404</b>	<b>141,490</b>	<b>-</b>	<b>17,220,894</b>
Wakala (fees)/income	(28,763,282)	(1,344,831)	30,108,113	-
Mudarib's (fee)/income	(353,311)	-	353,311	-
Policy acquisition cost	-	-	(7,828,708)	(7,828,708)
Other underwriting expenses	-	-	(383,581)	(383,581)
General and administrative expenses	-	-	(8,914,458)	(8,914,458)
Investment and other income	1,122,766	-	913,296	2,036,062
<b>(Loss)/profit for the period</b>	<b>(10,914,423)</b>	<b>(1,203,341)</b>	<b>14,247,973</b>	<b>2,130,209</b>

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**18 Segment information (continued)**

Three month period ended 31 March 2018 (Unaudited)

	General Takaful AED	Employee benefits AED	Investments AED	Total AED
Attributable to policyholders				
Takaful income				
Gross contribution written	69,712,493	758,755	-	70,471,248
Retakaful share of accepted business	(1,902)	-	-	(1,902)
Retakaful share of ceded business	(28,458,922)	(600,323)	-	(29,059,245)
Net Takaful contributions	41,251,669	158,432	-	41,410,101
Net transfer to unearned contributions reserve	9,346,713	(97,305)	-	9,249,408
Net Takaful contributions earned	50,598,382	61,127	-	50,659,509
Discount earned	1,462,307	-	-	1,462,307
Policy fee	21,452	-	-	21,452
Total Takaful Income	52,082,141	61,127	-	52,143,268
Takaful expenses				
Gross claims paid	(64,842,579)	(78,870)	-	(64,921,449)
Retakaful share of ceded business paid	37,133,196	70,978	-	37,204,174
Net Takaful claims paid	(27,709,383)	(7,892)	-	(27,717,275)
Provision for outstanding claims	2,423,043	(392,622)	-	2,030,421
Retakaful share of outstanding claims	(1,731,425)	353,363	-	(1,378,062)
Change in incurred but not reported claims	(1,084,818)	-	-	(1,084,818)
Change in unallocated loss adjustment expenses reserve	28,442	-	-	28,442
Changes in the provision for contribution deficiency reserve	395,213	-	-	395,213
Net claims incurred	(27,678,928)	(47,151)	-	(27,726,079)
Excess of loss of takaful contribution	(619,800)	-	-	(619,800)
Total Takaful income	23,783,413	13,976	-	23,797,389
Wakala (fees)/income	(17,676,184)	(75,011)	17,751,195	-
Mudarib's (fee)/income	(312,243)	-	312,243	-
Policy acquisition cost	-	-	(11,178,468)	(11,178,468)
Other underwriting expenses	-	-	(314,081)	(314,081)
General and administrative expenses	-	-	(9,118,131)	(9,118,131)
Investment and other income/(loss)	610,294	-	(728,690)	(118,396)
Profit/(loss) for the period	6,405,280	(61,035)	(3,275,932)	3,068,313

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**18 Segment information (continued)**

The following tables demonstrate other information related to each business segments:

**31 March 2019 (Unaudited)**

	Takaful AED	Investment AED	Total AED
<b>Total assets</b>	<b>384,017,657</b>	<b>133,319,244</b>	<b>517,336,901</b>
<b>Total liabilities</b>	<b>384,108,651</b>	<b>8,348,173</b>	<b>392,456,824</b>

**31 December 2018 (Audited)**

	Takaful AED	Investment AED	Total AED
<b>Total assets</b>	<b>332,130,649</b>	<b>132,475,223</b>	<b>464,605,872</b>
<b>Total liabilities</b>	<b>332,272,729</b>	<b>9,634,362</b>	<b>341,907,091</b>

**19 Fair value measurements**

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets;
- Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>31 March 2019 (Unaudited)</b>				
Available-for-sale investments	2,572,727	-	8,766,251	11,338,978
<b>31 December 2018 (Audited)</b>				
Available-for-sale investments	2,948,096	-	8,766,251	11,714,347

**20 Fatwa and Shari'a Supervisory Board**

The Group's business activities are subject to the supervision of its Fatwa and Sharia'a Supervisory Board consisting of three members appointed by the Shareholders. The Fatwa and Sharia'a Supervisory Board perform a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia'a rules and principles.

According to the Group's Fatwa and Sharia'a Supervisory Board, the Group is required to identify any income deemed to be derived from transactions not acceptable under Islamic Sharia'a principles, as interpreted by Fatwa and Sharia'a Supervisory Board, and to set aside such amount in a separate account for Shareholders who may resolve to pay the same for local charitable causes and activities.

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**21 Comparatives**

Comparative figures have been reclassified in order to conform to current period's presentation and improve the quality of information presented. However, there is no effect on previously reported total assets, total equity, total liabilities and profit for the year.