

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

**Review report and interim financial information  
for the nine month period ended 30 September 2018**

## **Dar Al Takaful PJSC**

<b>Contents</b>	<b>Pages</b>
<b>Report on review of interim financial information</b>	<b>1</b>
<b>Condensed consolidated statement of financial position</b>	<b>2 - 3</b>
<b>Condensed consolidated statement of income (unaudited)</b>	<b>4 - 5</b>
<b>Condensed consolidated statement of comprehensive income (unaudited)</b>	<b>6</b>
<b>Condensed consolidated statement of changes in equity</b>	<b>7</b>
<b>Condensed consolidated statement of cash flows (unaudited)</b>	<b>8</b>
<b>Notes to the condensed consolidated financial statements</b>	<b>9 - 27</b>

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**The Board of Directors  
Dar Al Takaful PJSC  
Dubai  
United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of **Dar Al Takaful PJSC, Dubai, United Arab Emirates** together with its subsidiary (the "Group"), at 30 September 2018 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**Deloitte & Touche (M.E.)**




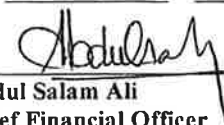
Akbar Ahmad  
Registration No.: 1141  
13 November 2018  
Dubai  
United Arab Emirates

**Condensed consolidated statement of financial position  
at 30 September 2018**

	Notes	30 September 2018 AED Unaudited	31 December 2017 AED Audited
<b>ASSETS</b>			
<b>Takaful operations' assets</b>			
Available-for-sale investments	4.1	9,146,070	345,067
Financial assets carried at fair value through profit or loss	4.2	5,036,141	5,146,055
Held to maturity	4.3	2,001,297	8,850,420
Investment properties		22,473,392	-
Deferred policy cost		14,408,477	17,205,993
Retakaful contract assets:			
- Unearned contribution	5	62,926,074	65,131,890
- Claims reported unsettled	5	35,850,757	33,257,709
- Claims incurred but not reported	5	20,345,239	34,968,902
- Contribution deficiency reserve	5	250,487	-
Due from shareholders		-	20,925,617
Takaful and other receivables		130,756,387	140,878,868
Wakala deposits		51,000,000	66,000,000
Cash and cash equivalents	6	20,320,967	13,668,562
<b>Total takaful operations' assets</b>		<b>374,515,288</b>	<b>406,379,083</b>
<b>Shareholders' assets</b>			
Property and equipment		12,917,989	13,138,864
Intangible assets		475,675	425,914
Investment properties		28,365,998	50,839,390
Available-for-sale investments	4.1	7,981,404	18,743,852
Financial assets carried at fair value through profit or loss	4.2	8,049,999	18,007,063
Held to maturity	4.3	10,499,498	3,675,000
Restricted deposit	7	6,000,000	6,000,000
Wakala deposits		38,846,200	26,765,363
Due from participants	11	2,926,020	-
Prepayments and other receivables		7,929,435	7,252,402
Cash and cash equivalents	6	11,125,524	4,437,112
<b>Total shareholders' assets</b>		<b>135,117,742</b>	<b>149,284,960</b>
<b>Total assets</b>		<b>509,633,030</b>	<b>555,664,043</b>

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position  
at 30 September 2018 (continued)

	Notes	30 September 2018 AED Unaudited	31 December 2017 AED Audited
<b>TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT</b>			
<b>Takaful operations' liabilities</b>			
Deferred discount		2,794,689	2,434,549
Takaful contract liabilities:			
Unearned contribution	5	145,164,143	157,785,522
Claims reported unsettled	5	58,929,741	63,421,861
Claims incurred but not reported	5	40,724,061	53,333,739
Unallocated loss adjustment expenses	5	1,637,914	1,592,989
Contribution deficiency reserve	5	412,648	395,213
Takaful payables		122,036,940	127,496,600
Due to shareholders	11	2,926,020	-
<b>Total takaful operations' liabilities</b>		<b>374,626,156</b>	<b>406,460,473</b>
<b>Takaful operations' deficit</b>			
Qard Hassan against deficit in participants' fund		(93,838,259)	(92,427,166)
Less: Provision against Qard Hassan to participants' fund		93,838,259	92,427,166
Available-for-sale investments reserve		(110,868)	(81,390)
<b>Total deficit from takaful operations</b>		<b>(110,868)</b>	<b>(81,390)</b>
<b>Total takaful operations' liabilities and deficit</b>		<b>374,515,288</b>	<b>406,379,083</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Other liabilities		10,907,073	12,267,141
Due to participants		-	20,925,617
<b>Total shareholders' liabilities</b>		<b>10,907,073</b>	<b>33,192,758</b>
<b>Shareholders' equity</b>			
Share capital	8	150,000,000	150,000,000
Statutory reserve		2,056,023	2,056,023
Accumulated losses		(27,894,977)	(35,979,284)
Available-for-sale investments reserve		49,623	15,463
<b>Total shareholders' equity</b>		<b>124,210,669</b>	<b>116,092,202</b>
<b>Total shareholders' liabilities and equity</b>		<b>135,117,742</b>	<b>149,284,960</b>
<b>Total takaful operations' liabilities and deficit, shareholders' liabilities and equity</b>		<b>509,633,030</b>	<b>555,664,043</b>
			
Shahab Ahmed Lutfi Vice Chairman			
		Abdul Salam Ali Chief Financial Officer	

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of income (unaudited)  
for the nine month period ended 30 September 2018**

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	2018	2017
	AED	AED	AED	AED
<b>Attributable to participants</b>				
<b>Takaful income</b>				
Gross contribution written	80,634,475	90,970,005	236,239,641	312,856,931
Retakaful share of accepted business	(93,419)	(77,385)	(175,229)	(175,008)
Retakaful share of ceded business	(37,865,643)	(39,627,922)	(105,872,386)	(148,682,250)
<b>Net Takaful contributions</b>	<b>42,675,413</b>	<b>51,264,698</b>	<b>130,192,026</b>	<b>163,999,673</b>
Net transfer to unearned contributions reserve	1,297,222	(1,214,761)	10,415,563	(26,150,858)
<b>Net Takaful contributions earned</b>	<b>43,972,635</b>	<b>50,049,937</b>	<b>140,607,589</b>	<b>137,848,815</b>
Discount earned	1,545,727	1,531,386	4,652,735	5,787,583
Policy fee	49,687	93,052	87,406	709,615
<b>Total Takaful Income</b>	<b>45,568,049</b>	<b>51,674,375</b>	<b>145,347,730</b>	<b>144,346,013</b>
<b>Takaful expenses</b>				
Gross claims paid	(56,976,584)	(46,979,050)	(182,111,815)	(188,853,988)
Retakaful share of ceded business paid	30,694,825	28,839,932	101,308,727	101,914,157
<b>Net Takaful claims paid</b>	<b>(26,281,759)</b>	<b>(18,139,118)</b>	<b>(80,803,088)</b>	<b>(86,939,831)</b>
Change in provision for claims reported unsettled	(1,200,320)	(7,533,528)	4,492,120	30,083,421
Change in retakaful share of claims reported unsettled	4,185,149	2,692,235	2,593,048	(11,986,758)
Net change in incurred but not reported claims	(52,796)	(5,710,886)	(2,013,985)	(10,751,084)
Change in unallocated loss adjustment expenses reserve	33,357	(314,443)	(44,925)	(430,229)
Net changes in the provision for contribution deficiency reserve	48,722	247,177	233,052	(110,029)
<b>Net claims incurred</b>	<b>(23,267,647)</b>	<b>(28,758,563)</b>	<b>(75,543,778)</b>	<b>(80,134,510)</b>
Excess of loss of takaful contribution	(595,549)	(566,343)	(1,832,638)	(1,823,011)
<b>Total Takaful Income</b>	<b>21,704,853</b>	<b>22,349,469</b>	<b>67,971,314</b>	<b>62,388,492</b>
Wakala fees	(24,190,344)	(22,047,494)	(70,871,892)	(74,348,966)
Mudarib's fee	(649,243)	(363,050)	(1,451,358)	(371,798)
Investment and other income	1,386,011	593,029	2,940,843	1,408,166
<b>Net income/(loss) from takaful operation for the period</b>	<b>(1,748,723)</b>	<b>531,954</b>	<b>(1,411,093)</b>	<b>(10,924,106)</b>

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of income (unaudited)  
for the nine month period ended 30 September 2018 (continued)**

	Three month period ended		Nine month period ended	
	30 September		30 September	
	2018	2017	2018	2017
	AED	AED	AED	AED
<b>Attributable to Shareholders</b>				
<b>Income</b>				
Wakala fees from participants	24,190,344	22,047,494	70,871,892	74,348,966
Mudarib's fee	649,243	363,050	1,451,358	371,798
Investment (loss)/income	(738,093)	1,428,066	(1,473,805)	2,647,273
	<u>24,101,494</u>	<u>23,838,610</u>	<u>70,849,445</u>	<u>77,368,037</u>
<b>Expense</b>				
General and administrative expenses	(10,547,862)	(9,579,940)	(31,171,437)	(28,058,381)
Policy acquisition cost	(8,474,527)	(10,501,561)	(29,138,348)	(29,720,766)
Other underwriting expenses	(354,118)	(387,028)	(1,044,260)	(1,343,990)
	<u>(19,376,507)</u>	<u>(20,468,529)</u>	<u>(61,354,045)</u>	<u>(59,123,137)</u>
Profit for the period before Qard Hassan (Provision)/reversal of provision against Qard Hassan to participants	4,724,987	3,370,081	9,495,400	18,244,900
	<u>(1,748,724)</u>	<u>531,953</u>	<u>(1,411,093)</u>	<u>(10,924,106)</u>
<b>Profit for the period attributable to shareholders</b>	<u>2,976,263</u>	<u>3,902,034</u>	<u>8,084,307</u>	<u>7,320,794</u>
<b>Earnings per share (Note 9)</b>	<u>0.020</u>	<u>0.031</u>	<u>0.054</u>	<u>0.057</u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of comprehensive income (unaudited)  
for the nine month period ended 30 September 2018**

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 AED	2017 AED	2018 AED	2017 AED
<b>Attributable to participants</b>				
(Loss)/income for the period	<u>(1,748,723)</u>	<u>531,953</u>	<u>(1,411,093)</u>	<u>(10,924,106)</u>
<b>Other comprehensive (loss)/income</b>				
<i>Items that maybe reclassified subsequently to profit or loss</i>				
Unrealised loss on available-for-sale investments	<u>(29,478)</u>	<u>(67,626)</u>	<u>(29,478)</u>	<u>(109,232)</u>
<b>Other comprehensive loss for the period</b>	<u>(29,478)</u>	<u>(67,626)</u>	<u>(29,478)</u>	<u>(109,232)</u>
<b>Total comprehensive income/(loss) for the period attributable to participants</b>	<u><u>(1,778,201)</u></u>	<u><u>464,327</u></u>	<u><u>(1,440,571)</u></u>	<u><u>(11,033,338)</u></u>
<b>Attributable to Shareholders</b>				
Profit for the period	<u>2,976,263</u>	<u>3,902,034</u>	<u>8,084,307</u>	<u>7,320,794</u>
<b>Other comprehensive income</b>				
<i>Items that maybe reclassified subsequently to profit or loss</i>				
Unrealised gain on available-for-sale investments	<u>464,479</u>	<u>102,717</u>	<u>34,160</u>	<u>328,823</u>
<b>Other comprehensive income for the period</b>	<u>464,479</u>	<u>102,717</u>	<u>34,160</u>	<u>328,823</u>
<b>Total comprehensive income for the period attributable to shareholders</b>	<u><u>3,440,742</u></u>	<u><u>4,004,751</u></u>	<u><u>8,118,467</u></u>	<u><u>7,649,617</u></u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity  
for the nine month period ended 30 September 2018**

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Available -for-sale investments reserve AED	Total AED
<b>Balance at 31 December 2016 (Audited)</b>	100,000,000	1,042,700	(45,099,191)	(166,249)	55,777,260
Profit for the period	-	-	7,320,794	-	7,320,794
Other comprehensive income for the period	-	-	-	328,823	328,823
Total comprehensive income for the period	-	-	7,320,794	328,823	7,649,617
Issuance of share capital ( Note 8)	50,000,000	-	-	-	50,000,000
<b>Balance at 30 September 2017 (Unaudited)</b>	150,000,000	1,042,700	(37,778,397)	162,574	113,426,877
<b>Balance at 31 December 2017 (Audited)</b>	150,000,000	2,056,023	(35,979,284)	15,463	116,092,202
Profit for the period	-	-	8,084,307	-	8,084,307
Other comprehensive income for the period	-	-	-	34,160	34,160
Total comprehensive income for the period	-	-	8,084,307	34,160	8,118,467
<b>Balance at 30 September 2018 (Unaudited)</b>	150,000,000	2,056,023	(27,894,977)	49,623	124,210,669

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of cash flows (unaudited)  
for the nine month period ended 30 September 2018**

	Nine month period ended 30 September	
	2018 AED	2017 AED
<b>Cash flows from operating activities</b>		
Profit for the period	8,084,307	7,320,794
Adjustments for:		
Depreciation of property and equipment	1,425,319	1,145,712
Amortisation of intangible assets	160,125	217,066
Changes in the fair value of financial assets carried at FVTPL	24,479	1,164,078
Realised loss/(gain) on sale of financial assets carried at FVTPL	3,738,202	(381,632)
Income from investment in sukuk	(834,918)	(513,807)
Income from wakala deposits	(2,241,408)	(1,425,287)
Rental income	(1,691,339)	(2,096,080)
Provision for doubtful debt	1,821,352	1,173,798
Provision for employees' end of service benefits	617,427	539,060
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>11,103,546</b>	<b>7,143,702</b>
Decrease/(increase) in takaful and other receivables	8,301,129	(18,463,461)
Decrease/(increase) in retakaful assets	13,985,944	(33,014,340)
Increase in prepayments and other receivables	(677,033)	(1,444,864)
(Decrease)/increase in takaful contract liabilities	(29,660,817)	52,359,877
(Decrease)/increase in takaful payables	(5,459,660)	29,820,770
(Decrease)/increase in other liabilities	(1,836,805)	16,655
Decrease/(increase) in deferred policy cost	2,797,516	(6,367,903)
Increase/(decrease) in deferred discount	360,140	(717,465)
<b>Cash (used in)/generated from operations</b>	<b>(1,086,040)</b>	<b>29,332,971</b>
Employee's end of service benefits paid	(140,690)	(78,366)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,226,730)</b>	<b>29,254,605</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,304,809)	(789,204)
Purchase of intangible assets	(109,521)	(29,340)
Additions of investment in securities	(14,132,144)	(19,320,002)
Proceeds from sale of investment securities	22,427,193	2,694,860
Profit received from investment in sukuk	834,918	513,807
Income received on wakala deposits	2,241,408	1,425,287
Rental income received	1,691,339	2,096,080
Decrease/(increase) in wakala deposits	2,919,163	(78,011,200)
<b>Net cash generated from/(used in) investing activities</b>	<b>14,567,547</b>	<b>(91,419,712)</b>
<b>Cash flows from financing activities</b>		
Issuance of share capital	-	50,000,000
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>50,000,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,340,817</b>	<b>(12,165,107)</b>
Cash and cash equivalents at the beginning of the period	18,105,674	40,275,945
<b>Cash and cash equivalents at the end of the period (Note 6)</b>	<b>31,446,491</b>	<b>28,110,838</b>

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2018

### 1. General information

Dar Al Takaful PJSC 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 condensed consolidated financial statements. At 30 September 2018, the Company had the following subsidiary:

Name of subsidiary	Proportion of ownership interest		Country of incorporation	Principal activities
	30 September 2018	31 December 2017		
Ararat Auto Repairing Workshop LLC	100%	100%	UAE	Auto mechanical repairing workshop

### 2. Application of new and revised International Financial Reporting Standards ("IFRS")

#### 2.1 New and revised IFRS applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2018, have been adopted in these condensed consolidated financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendment to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts: In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from different effective dates of IFRS 9 and the new insurance contracts standard (IFRS 17). The amendments introduce two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if: (i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL; and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The overlay approach allow entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for certain designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets. An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies IFRS 9 for the first time.

The Group has not early adopted any version of IFRS 9 and the activities of the Group are predominantly connected with insurance on 31 December 2015 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 2020.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)**

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

- Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 28 *Investments in Associates and Joint Ventures* (2011).

- *IFRIC 22 Foreign Currency Transactions and Advance Consideration*

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

- Amendments to IFRS 2 *Share-Based Payment* regarding classification and measurement of share based payment transactions.

- Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

- *IFRS 15 Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

- Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)**

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

The Group have not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

<b>New and revised IFRS</b>	<b>Effective for annual periods beginning on or after</b>
Annual Improvements to IFRS Standards 2015 - 2017 Cycle amending IFRS 3 <i>Business Combinations</i> , IFRS 11 <i>Joint Arrangements</i> , IAS 12 <i>Income Taxes</i> and IAS 23 <i>Borrowing Costs</i> .	1 January 2019
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: <ul style="list-style-type: none"> <li>• Whether tax treatments should be considered collectively;</li> <li>• Assumptions for taxation authorities' examinations;</li> <li>• The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and</li> <li>• The effect of changes in facts and circumstances.</li> </ul>	1 January 2019
IFRS 16 <i>Leases</i>	1 January 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	
Amendments to IFRS 9 <i>Financial Instruments</i> : Relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	1 January 2019
Amendments to IAS 28 <i>Investment in Associates and Joint Ventures</i> : Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 <i>Financial Instruments</i> to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019
IFRS 17 <i>Insurance Contracts</i>	1 January 2021
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 <i>Insurance Contracts</i> as of 1 January 2021.	

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)**

**2.2 New and revised IFRS in issue but not yet effective (continued)**

<b>New and revised IFRS</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’ condensed consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 17, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application. However, it is not practicable to provide a reasonable estimate of effects of the application of these standard as the Group is in the process of performing a detailed review.

**3. Summary of significant accounting policies**

**Basis of preparation**

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, ‘*Interim Financial Reporting*’ and also comply with the applicable requirements of the laws in the U.A.E.

The Group is in the process of complying with the requirements of the Financial Regulations for Insurance Companies issued by the Insurance Authority especially pertaining to Article (1) of Section (7) and Appendix (1) relating to presentation of financial statements and disclosures and calculation disclosure in respect of the solvency margin as well as compliance with the solvency margin requirements.

The condensed consolidated financial statements are presented in Arab Emirates Dirhams (AED) since this is the currency in which the majority of the Group’s transactions are denominated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties which are stated at fair value.

The accounting policies, critical accounting judgements and key sources of estimation used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2017.

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as at and for the year ended 31 December 2017. In addition, results for the nine month period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**3. Summary of significant accounting policies (continued)**

**Basis of preparation (continued)**

The Group's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2017.

The articles of association of the Company require that separate accounts be maintained for takaful operations on behalf of the participants.

The accounting policies disclosed in the annual audited financial statements for the year ended 31 December 2017 are stated below as required by Securities and Commodities Authority notification dated 12 October 2008.

**Basis of consolidation**

These condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power over 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 the amount of the investor's returns.

The condensed consolidated financial statements comprise the financial statements of the Company and of the subsidiaries as disclosed in Note 1 to these condensed consolidated financial statements. The condensed consolidated financial statements of the subsidiary are prepared for the same reporting period as that of the Group, using consistent accounting policies.

All significant inter-group balances, income and expense items are eliminated on consolidation.

**Property and equipment**

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Capital work-in-progress (CWIP) is not depreciated.

Depreciation is provided on a straight line basis over the useful lives of the following classes of assets:

	<u>Years</u>
Building	40
Furniture and fixtures	4
Office equipment	3
Vehicles	5

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate at each financial year end.

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognised.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenditure is recognised in the statement of income as the expense is incurred.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**3. Summary of significant accounting policies (continued)**

**Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is stated at its fair value at the end of each reporting period. Gains or losses arising from changes in the fair value of investment property are included in the condensed consolidated statement of income.

**Financial assets**

The effective profit method is a method of calculating the amortised cost of a financial asset and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

'Other financial assets' comprise of: cash and cash equivalents, takaful and other receivables.

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and deposits held with banks (excluding deposits held under lien) with original maturities of three months or less.

*Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or profit earned on the financial asset and is included in the condensed consolidated statement of comprehensive income.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**3. Significant accounting policies (continued)**

**Financial assets (continued)**

*Available-for-sale (AFS) financial assets*

The Group has investments that are not traded in an active market and are classified as AFS financial assets and stated at fair value because management considers that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative change in fair values with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative change in fair values is reclassified to profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

*Held-to-maturity (HTM)*

Held-to-maturity (HTM) assets are non-derivative financial assets with fixed or determinable payments and fixed maturities, where the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost using the effective profit method less any impairment.

*Other financial assets*

Other financial assets are measured at amortised costs using the effective profit method, less any impairment. Profit income is recognised by applying the effective profit rate, except for short-term receivables when the recognition of profit would be immaterial.

*Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in profit or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial assets, such as takaful receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**3. Significant accounting policies (continued)**

**Financial assets (continued)**

*Impairment of financial assets (continued)*

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective profit rate. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of takaful receivables, where the carrying amount is reduced through the use of an allowance account. When a takaful receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in condensed consolidated statement of income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to condensed consolidated statement of income in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been, had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained profit in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**4. Investment in securities**

*4.1 Available-for-sale investments*

Available-for-sale investments comprise the following:

	<b>30 September 2018 AED Unaudited</b>	31 December 2017 AED Audited
Quoted equity securities in U.A.E.	530,798	2,285,314
Quoted debt securities in U.A.E.	2,448,565	6,134,248
Unquoted equity securities in U.A.E.	7,766,251	4,461,429
Unquoted debt securities in U.A.E.	6,381,860	6,207,928
	<u>17,127,474</u>	<u>19,088,919</u>
Attributable to:		
Participants	9,146,070	345,067
Shareholders	7,981,404	18,743,852
	<u>17,127,474</u>	<u>19,088,919</u>

Available-for-sale investments with fair value of AED 5.4 million (31 December 2017: AED 5.3 million) are registered in the name of a related party on trust and for the benefit of the Group.

*4.2 Financial assets carried at fair value through profit or loss*

Financial assets carried at fair value through profit or loss comprises the following:

	<b>30 September 2018 AED Unaudited</b>	31 December 2017 AED Audited
Quoted equity securities in U.A.E.	8,049,999	12,244,055
Mutual and other funds	5,036,141	10,909,063
	<u>13,086,140</u>	<u>23,153,118</u>
Attributable to:		
- Participants	5,036,141	5,146,055
- Shareholders	8,049,999	18,007,063
	<u>13,086,140</u>	<u>23,153,118</u>

Financial assets carried at fair value through profit or loss with fair value of AED nil (31 December 2017: AED 2 million) are registered in the name of a related party on trust and for the benefit of the Group.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**4. Investment in securities (continued)**

*4.3 Held to maturity*

Financial assets held to maturity comprises the following:

	<b>30 September 2018 AED Unaudited</b>	<b>31 December 2017 AED Audited</b>
Quoted debt securities inside U.A.E.	3,782,905	3,771,579
Quoted debt securities outside U.A.E.	5,042,890	5,078,841
Unquoted debt securities outside U.A.E.	3,675,000	3,675,000
	<u>12,500,795</u>	<u>12,525,420</u>
Attributable to:		
Participants	2,001,297	8,850,420
Shareholders	10,499,498	3,675,000
	<u>12,500,795</u>	<u>12,525,420</u>

*4.4 Exposure to Abraaj Holding*

As at 30 September 2018, the Group has no exposure to Abraaj Holding or any of its subsidiaries, or any of its funds.

**5. Takaful contract liabilities and retakaful contract assets**

	<b>30 September 2018 AED Unaudited</b>	<b>31 December 2017 AED Audited</b>
<b>Gross</b>		
<i>Takaful contract liabilities:</i>		
- Unearned contribution	145,164,143	157,785,522
- Claims reported unsettled	58,929,741	63,421,861
- Claims incurred but not reported	40,724,061	53,333,739
- Unallocated loss adjustment expenses	1,637,914	1,592,989
- Contribution deficiency reserve	412,648	395,213
	<u>246,868,507</u>	<u>276,529,324</u>
<b>Total takaful contract liabilities, gross</b>		
<b>Recoverable from retakaful</b>		
<i>Retakaful contract assets:</i>		
- Unearned contribution	62,926,074	65,131,890
- Claims reported unsettled	35,850,757	33,257,709
- Claims incurred but not reported	20,345,239	34,968,902
- Contribution deficiency reserve	250,487	-
	<u>119,372,557</u>	<u>133,358,501</u>
<b>Total retakaful share of takaful liabilities</b>		

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**5. Takaful contract liabilities and retakaful contract assets (continued)**

	<b>30 September 2018 AED Unaudited</b>	<b>31 December 2017 AED Audited</b>
<b>Net</b>		
- Unearned contribution	<b>82,238,069</b>	92,653,632
- Claims reported unsettled	<b>23,078,984</b>	30,164,152
- Claims incurred but not reported	<b>20,378,822</b>	18,364,837
- Unallocated loss adjustment expenses	<b>1,637,914</b>	1,592,989
- Contribution deficiency reserve	<b>162,161</b>	395,213
	<b><u>127,495,950</u></b>	<u>143,170,823</u>

**6. Cash and cash equivalents**

	<b>30 September 2018 AED Unaudited</b>	<b>31 December 2017 AED Audited</b>	<b>30 September 2017 AED Unaudited</b>
Cash on hand	<b>167,581</b>	157,967	68,533
<i>Bank balances:</i>			
- Current accounts	<b>29,470,730</b>	15,938,705	24,823,869
- Call accounts	<b>1,808,180</b>	2,009,002	3,218,436
	<b><u>31,446,491</u></b>	<u>18,105,674</u>	<u>28,110,838</u>
<i>Attributable to:</i>			
- Participants	<b>20,320,967</b>	13,668,562	24,047,554
- Shareholders	<b>11,125,524</b>	4,437,112	4,063,284
	<b><u>31,446,491</u></b>	<u>18,105,674</u>	<u>28,110,838</u>

**7. 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.

**8. Share capital**

At 30 June 2016, at the Extra-Ordinary General Meeting the shareholders approved the increase in the Company's issued share capital from AED 100,000,000 to AED 150,000,000 by way of a rights issue of 50,000,000 shares at an issue price of AED 1 per new share, reflecting the nominal value of AED 1 per new share.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**9. 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 30 September</b>		<b>Nine month period ended 30 September</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>Unaudited</b>	Unaudited	<b>Unaudited</b>	Unaudited
Profit for the period attributable to shareholders (in AED)	<b>2,976,263</b>	3,902,034	<b>8,084,307</b>	7,320,794
Weighted average numbers of ordinary shares outstanding at 1 January	<b>150,000,000</b>	100,000,000	<b>150,000,000</b>	100,000,000
Effect of right issue of shares New shares issued	-	26,571,174	-	26,571,174
Weighted average number of shares outstanding at 30 September	<b>150,000,000</b>	126,571,174	<b>150,000,000</b>	126,571,174
Basic and diluted earnings per share (in AED)	<b>0.020</b>	0.031	<b>0.054</b>	0.057

Diluted earnings per share as of 30 September 2018 and 30 September 2017 are equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

**10. Commitments and guarantees**

**Commitments**

The Group has the following commitments at the reporting date:

	<b>30 September 2018 AED Unaudited</b>	31 December 2017 AED Audited
Software development	<b>921,527</b>	718,317

**Guarantees**

As at 30 September 2018, the Group has outstanding bank guarantees amounting AED 425,020 (31 December 2017: AED 407,020).

**11. Due from/to shareholder and participants**

During the period, the Group has transferred the amount of AED 7,492,544 to Takaful Operation and offset the Wakala fee receivables as of 30 September 2018 which resulted in a balance due from participants /due to shareholders amounted to AED 2,926,020 such transaction was performed due to the separation of assets and liability of the shareholder and policyholder as required by the Insurance Authority.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**12. 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 statement of financial position are as follows:

	30 September 2018 AED Unaudited	31 December 2017 AED Audited
<b><i>Takaful and other receivables</i></b>		
Major Shareholders	1,132,958	512,227
<b><i>Takaful and other payables</i></b>		
Major Shareholders	56,955	161,727

**b) Transactions with related parties**

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 AED Unaudited	2017 AED Unaudited	2018 AED Unaudited	2017 AED Unaudited
<b><i>Contributions earned</i></b>				
Major Shareholders	469,653	283,260	2,289,518	1,285,734
Other	73,853	775,550	706,342	2,052,811
	543,506	1,058,810	2,995,860	3,338,545
<b><i>Management charges paid</i></b>				
Shareholders	66,000	188,000	198,000	300,500

**c) Compensation of key management personnel**

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 AED Unaudited	2017 AED Unaudited	2018 AED Unaudited	2017 AED Unaudited
Short-term benefits	1,447,977	1,389,480	4,035,057	3,947,520
Employees' end of service benefits	74,968	74,968	223,071	223,071
	1,522,945	1,464,448	4,258,128	4,170,591

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**13. 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 participants. 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 below.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**13. Segment information (continued)**

**Nine month period ended 30 September 2018 (Unaudited)**

	General Takaful AED	Employee benefits AED	Investments AED	Total AED
<b>Attributable to participants</b>				
<b>Takaful income</b>				
Gross contribution written	225,605,198	10,634,443	-	236,239,641
Retakaful share of accepted business	(175,229)	-	-	(175,229)
Retakaful share of ceded business	(95,946,122)	(9,926,264)	-	(105,872,386)
<b>Net Takaful contributions</b>	<b>129,483,847</b>	<b>708,179</b>	<b>-</b>	<b>130,192,026</b>
Net transfer to unearned contributions reserve	10,529,797	(114,234)	-	10,415,563
<b>Net Takaful contributions earned</b>	<b>140,013,644</b>	<b>593,945</b>	<b>-</b>	<b>140,607,589</b>
Discount earned	4,652,735	-	-	4,652,735
Policy fee	87,406	-	-	87,406
<b>Total Takaful Income</b>	<b>144,753,785</b>	<b>593,945</b>	<b>-</b>	<b>145,347,730</b>
<b>Takaful expenses</b>				
Gross claims paid	(178,096,949)	(4,014,866)	-	(182,111,815)
Retakaful share of ceded business paid	97,432,300	3,876,427	-	101,308,727
<b>Net Takaful claims paid</b>	<b>(80,664,649)</b>	<b>(138,439)</b>	<b>-</b>	<b>(80,803,088)</b>
Provision for outstanding claims	11,212,708	(6,720,588)	-	4,492,120
Retakaful share of outstanding claims	(3,919,315)	6,512,363	-	2,593,048
Change in net incurred but not reported claims	(2,013,985)	-	-	(2,013,985)
Changes in the provision for contribution deficiency reserve	233,052	-	-	233,052
Change in unallocated loss adjustment expenses reserve	(44,925)	-	-	(44,925)
<b>Net claims incurred</b>	<b>(75,197,114)</b>	<b>(346,664)</b>	<b>-</b>	<b>(75,543,778)</b>
Excess of loss of takaful contribution	(1,832,638)	-	-	(1,832,638)
<b>Total Takaful income</b>	<b>67,724,033</b>	<b>247,281</b>	<b>-</b>	<b>67,971,314</b>
Wakala (fees)/income	(67,681,558)	(3,190,334)	70,871,892	-
Mudarib's (fee)/income	(1,451,358)	-	1,451,358	-
Policy acquisition cost	-	-	(29,138,348)	(29,138,348)
Other underwriting expenses	-	-	(1,044,260)	(1,044,260)
General and administrative expenses	-	-	(31,171,437)	(31,171,437)
Investment and other income/(loss)	2,940,843	-	(1,473,805)	1,467,038
<b>Profit/(loss) for the period</b>	<b>1,531,960</b>	<b>(2,943,053)</b>	<b>9,495,400</b>	<b>8,084,307</b>

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**13. Segment information (continued)**

Nine month period ended 30 September 2017 (Unaudited)

	General Takaful AED	Employee benefits AED	Investments AED	Total AED
<b>Attributable to participants</b>				
<b>Takaful income</b>				
Gross contribution written	312,041,233	815,698	-	312,856,931
Retakaful share of accepted business	(175,008)	-	-	(175,008)
Retakaful share of ceded business	(148,083,077)	(599,173)	-	(148,682,250)
<b>Net Takaful contributions</b>	<b>163,783,148</b>	<b>216,525</b>	<b>-</b>	<b>163,999,673</b>
Net transfer to unearned contributions reserve	(26,115,649)	(35,209)	-	(26,150,858)
Net Takaful contributions earned	137,667,499	181,316	-	137,848,815
Discount earned	5,787,583	-	-	5,787,583
Policy fee	709,615	-	-	709,615
<b>Total Takaful Income</b>	<b>144,164,697</b>	<b>181,316</b>	<b>-</b>	<b>144,346,013</b>
<b>Takaful expenses</b>				
Gross claims paid	(188,283,189)	(570,799)	-	(188,853,988)
Retakaful share of ceded business paid	101,399,241	514,916	-	101,914,157
<b>Net Takaful claims paid</b>	<b>(86,883,948)</b>	<b>(55,883)</b>	<b>-</b>	<b>(86,939,831)</b>
Provision for outstanding claims	30,083,421	-	-	30,083,421
Retakaful share of outstanding claims	(11,986,758)	-	-	(11,986,758)
Change in incurred but not reported claims	(10,751,084)	-	-	(10,751,084)
Change in unallocated loss adjustment expenses reserve	(430,229)	-	-	(430,229)
Changes in the provision for contribution deficiency reserve	(110,029)	-	-	(110,029)
<b>Net claims incurred</b>	<b>(80,078,627)</b>	<b>(55,883)</b>	<b>-</b>	<b>(80,134,510)</b>
Excess of loss of takaful contribution	(1,823,011)	-	-	(1,823,011)
<b>Total Takaful Income</b>	<b>62,263,059</b>	<b>125,433</b>	<b>-</b>	<b>62,388,492</b>
Wakala (fees)/income	(74,295,169)	(53,797)	74,348,966	-
Mudarib's (fee)/income	(371,798)	-	371,798	-
Policy acquisition cost	-	-	(29,720,766)	(29,720,766)
Other underwriting expenses	-	-	(1,343,990)	(1,343,990)
General and administrative expenses	-	-	(28,058,381)	(28,058,381)
Investment and other income	1,408,166	-	2,647,273	4,055,439
<b>(Loss)/profit for the period</b>	<b>(10,995,742)</b>	<b>71,636</b>	<b>18,244,900</b>	<b>7,320,794</b>

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**13. Segment information (continued)**

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

	<b>Takaful AED</b>	<b>Investment AED</b>	<b>Total AED</b>
<i>30 September 2018 (Unaudited)</i>			
<b>Total assets</b>	<b>374,515,288</b>	<b>135,117,742</b>	<b>509,633,030</b>
<b>Total liabilities</b>	<b>374,626,156</b>	<b>10,907,073</b>	<b>385,533,229</b>
<i>31 December 2017 (Audited)</i>			
Total assets	406,379,083	149,284,960	555,664,043
Total liabilities	406,460,473	33,192,758	439,653,231

**14. Seasonality of results**

No income of seasonal nature was recorded in the condensed statement of income for the nine month period ended 30 September 2018 and 2017.

**15. Fair value measurements**

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 Group is a going concern without any intention or requirement to materially curtail the scale of its operation 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 financial statements approximate their fair values.

*Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2017.

*Fair value of the Group's financial assets that are measured at fair value on recurring basis*

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)**

**15. Fair value measurements (continued)**

*Fair value of the Group's financial assets that are measured at fair value on recurring basis (continued)*

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 September 2018 AED	31 December 2017 AED				
<i>Available for sale</i>						
Quoted equity securities	530,798	2,285,314	Level 1	Quoted bid prices in an active market.	None	N/A
Quoted debt Securities	2,448,565	6,134,248	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	7,766,251	4,461,429	Level 3	Discounted cash flow method and Net assets valuation method.	Estimated future cash flow and Net assets value	Higher the Discounted cash flow and net assets value of the investees, lower the fair value.
Unquoted debt securities	6,381,860	6,207,928	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value
<i>Financial assets at FVTPL</i>						
Quoted equity securities	8,049,999	12,244,055	Level 1	Quoted bid prices in an active market.	None	N/A
Mutual and other funds	5,036,141	10,909,063	Level 2	Net assets valuation method	Net assets value	Higher the net assets value of the investees, higher the fair value

The movement in Level 3 represents a fair value gain recognised in the condensed consolidated statement of income and additions during the period.

*Fair value of the Group's financial assets that are not measured at fair value:*

	As at 30 September 2018		As at 31 December 2017	
	Carrying value	Fair value	Carrying value	Fair value
Quoted debt securities inside U.A.E.	3,782,905	3,777,905	3,771,579	3,705,485
Quoted debt securities outside U.A.E.	5,042,890	5,042,890	5,078,841	5,022,605
Unquoted debt securities outside U.A.E.	3,675,000	3,675,000	3,675,000	3,675,000

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2018 (continued)****15. Fair value measurements (continued)***Fair value measurements recognised in the condensed statement of financial position*

The above table provides an analysis of financial instruments 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).

**16. Fatwa and Shari'a Supervisory Board**

The Group's business activities are subject to the supervision of its Fatwa and Shari'a Supervisory Board ("FSSB") consisting of six members appointed by the shareholders. FSSB performs a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Shari'a rules and principles.

**17. Approval of condensed consolidated financial statements**

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 13 November 2018.