

**Dubai Islamic Insurance &
Reinsurance Co. (Aman) (PSC)
Dubai - United Arab Emirates**

**Review report and interim
financial information
for the period from 1 January 2015
to 30 September 2015**

Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)

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Report on Review of Interim Financial Information

The Board of Directors
Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)** (the "Company") and its **Subsidiaries** (collectively the "Group") as of 30 September 2015 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2015 to 30 September 2015. Management of the Group 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.

Emphasis of matter

We draw attention to note 21 to the condensed consolidated financial statements which explains that the Company entered into an agreement with the former Chief Executive Officer (CEO) on 9 July 2013 for the payment for and/or transfer of certain assets and investments that were held by him on trust and for the benefit of the Group. As of the date of this report, assets with a total carrying value of AED 19.92 million which are still in his name or owing from him, have not been yet transferred or paid to the Group. The Board of Directors is confident that this agreement will result in the realisation of a minimum of the carrying value of assets and therefore no adjustments to the carrying value of the assets are required.

Our conclusion is not qualified in respect of the above matter.

Deloitte & Touche (M.E.)



Musa Ramahi
Registration Number 872

12 NOV 2015

Anis Sadek (521), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem Dajani (726), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

**Condensed consolidated statement of financial position
as at 30 September 2015**

	Note	30 September 2015 (Un-audited) AED	31 December 2014 (Audited) AED
ASSETS			
Cash and bank balances	4	64,948,082	69,531,926
Retakaful contract assets	5	235,355,971	215,450,357
Takaful receivables		104,821,723	68,370,485
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	6	108,268,263	114,506,374
Other financial assets measured at fair value through profit and loss (FVTPL)	6	18,707,306	21,795,800
Prepayments and other receivables		21,868,246	13,575,082
Due from related parties	15	8,612,263	7,441,904
Investment property	7	70,000,000	70,000,000
Furniture and equipment		3,936,205	3,605,335
Total Assets		636,518,059	584,277,263
LIABILITIES, POLICY HOLDERS' FUND AND EQUITY			
Liabilities			
Due to Bank		19,959,185	20,001,463
Trade and other payables		83,793,274	68,776,126
Takaful and Retakaful payables		66,279,664	57,683,516
Due to a related party	15	1,259,677	1,259,677
Takaful contract liabilities	5	335,231,682	303,872,373
Murabaha and Ijara payables		15,156,408	17,568,101
Amounts held under Retakaful treaties		3,778,471	3,760,605
Total Liabilities		525,458,361	472,921,861
Policyholders' Fund			
Deficit in Policyholders' Fund		(153,396,936)	(125,473,562)
Qard Hassan from shareholders		153,396,936	125,473,562
Policyholders' investments revaluation reserve	8	(14,658,418)	(13,510,863)
Total deficit in Policyholders' Fund		(14,658,418)	(13,510,863)
Total Policyholders' Fund and Liabilities		510,799,943	459,410,998
Equity			
Share capital	9	225,750,000	225,750,000
Statutory reserve	10	18,729,615	18,729,615
General reserve	11	18,729,615	18,729,615
Investments revaluation reserve - FVTOCI		(64,703,377)	(59,637,987)
Accumulated losses		(64,759,120)	(69,926,025)
Equity attributable to shareholders of the Parent		133,746,733	133,645,218
Non-controlling interest		(8,028,617)	(8,778,953)
Total Equity		125,718,116	124,866,265
Total Liabilities, Policyholders' Fund and Equity		636,518,059	584,277,263

Basel Al Kufairy
Executive Director - Finance

Jihad Fairouni
Chief Executive Officer

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

Condensed consolidated income statement (Un-audited)
for the period from 1 January 2015 to 30 September 2015

		Nine months period ended 30 September		Three months period ended 30 September	
	Note	2015 AED	2014 AED	2015 AED	2014 AED
Attributable to policyholders					
Takaful income					
Takaful contributions		254,337,827	214,708,435	90,458,374	81,187,799
Takaful contributions ceded to reinsurers		(129,876,152)	(104,986,373)	(49,972,677)	(44,757,609)
Net Takaful contributions		124,461,675	109,722,062	40,485,697	36,430,190
Commission received on ceded reinsurance		11,192,994	10,992,602	3,434,223	3,861,070
Policy and survey fees		11,011,658	9,818,630	2,907,720	3,114,893
		146,666,327	130,533,294	46,827,640	43,406,153
Takaful expenses					
Gross claims incurred		(149,229,033)	(148,083,588)	(51,751,008)	(54,154,908)
Retakaful's share of claims		60,338,152	63,114,851	25,084,530	20,916,278
		(88,890,881)	(84,968,737)	(26,666,478)	(33,238,630)
Commissions paid		(20,241,497)	(19,550,211)	(8,373,208)	(6,436,362)
Excess of loss of Takaful contributions		(7,269,768)	(6,774,846)	(1,337,586)	(3,024,000)
		(116,402,146)	(111,293,794)	(36,377,272)	(42,698,992)
Net Takaful income		30,264,181	19,239,500	10,450,368	707,161
Wakala fees	12	(58,108,457)	(48,286,211)	(14,424,017)	(15,642,004)
Net loss from Takaful operations		(27,844,276)	(29,046,711)	(3,973,649)	(14,934,843)
Investment (loss)/income	13	(79,098)	2,119,739	(704,465)	2,211,869
Mudarib's fees	12	-	(529,935)	156,342	(529,935)
		(27,923,374)	(27,456,907)	(4,521,772)	(13,252,909)
Loss for the period					
Attributable to shareholders					
Income					
Investment (loss)/income	13	(273,349)	8,889,675	(3,084,564)	9,209,253
Other income		16,651,631	5,044,543	5,598,658	1,916,854
Wakala fees from policyholders	12	58,108,457	48,286,211	14,424,017	15,642,004
Mudarib's fees from policyholders	12	-	529,935	(156,342)	529,935
		74,486,739	62,750,364	16,781,769	27,298,046
Expenses					
General and administrative expenses		(40,646,124)	(35,431,298)	(13,396,090)	(12,508,475)
Qard Hasan written off to policyholders' fund		(27,923,374)	(27,456,907)	(4,521,772)	(13,252,909)
Profit/(loss) for the period		5,917,241	(137,841)	(1,136,093)	1,536,662
Attributable to:					
Shareholders of the parent		5,166,905	1,146,618	(1,408,006)	1,904,081
Non-controlling interests		750,336	(1,284,459)	271,913	(367,419)
		5,917,241	(137,841)	(1,136,093)	1,536,662
Earnings/(loss) per share	14	0.023	0.005	(0.006)	0.008

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

Condensed consolidated statement of comprehensive income (Un-audited)
for the period from 1 January 2015 to 30 September 2015

	Nine months period ended 30 September		Three months period ended 30 September	
	2015	2014	2015	2014
	AED	AED	AED	AED
Profit/(loss) for the period	5,917,241	(137,841)	(1,136,093)	1,536,662
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets carried at fair value through other comprehensive income	(5,065,390)	28,174,162	(7,624,506)	17,123,264
Total comprehensive income for the period	851,851	28,036,321	(8,760,599)	18,659,926
Attributable to:				
Shareholders of the parent	101,515	29,320,780	(9,032,512)	19,027,345
Non-controlling interests	750,336	(1,284,459)	271,913	(367,419)
	851,851	28,036,321	(8,760,599)	18,659,926

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

**Condensed consolidated statement of changes in equity
for the period from 1 January 2015 to 30 September 2015**

	Share capital AED	Statutory reserve AED	General reserve AED	Investments revaluation reserve - FVTOCI AED	Accumulated losses AED	Equity attributable to shareholders of the Parent AED	Non- controlling interests AED	Total AED
Balance at 1 January 2014 (Audited)	225,750,000	18,004,919	18,004,919	(63,768,809)	(69,254,375)	128,736,654	(7,030,069)	121,706,585
Profit/(loss) for the period	-	-	-	-	1,146,618	1,146,618	(1,284,459)	(137,841)
Other comprehensive income for the period	-	-	-	28,174,162	-	28,174,162	-	28,174,162
Realized gain on sale of financial assets carried at fair value through other comprehensive income	-	-	-	(1,592,914)	1,592,914	-	-	-
Total other comprehensive income/(loss) for the period	-	-	-	26,581,248	2,739,532	29,320,780	(1,284,459)	28,036,321
Balance at 30 September 2014 (Un-audited)	225,750,000	18,004,919	18,004,919	(37,187,561)	(66,514,843)	158,057,434	(8,314,528)	149,742,906
Balance at 1 January 2015 (Audited)	225,750,000	18,729,615	18,729,615	(59,637,987)	(69,926,025)	133,645,218	(8,778,953)	124,866,265
Profit for the period	-	-	-	-	5,166,905	5,166,905	750,336	5,917,241
Other comprehensive loss for the period	-	-	-	(5,065,390)	-	(5,065,390)	-	(5,065,390)
Total other comprehensive income/(loss) for the period	-	-	-	(5,065,390)	5,166,905	101,515	750,336	851,851
Balance at 30 September 2015 (Un-audited)	225,750,000	18,729,615	18,729,615	(64,703,377)	(64,759,120)	133,746,733	(8,028,617)	125,718,116

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

**Condensed consolidated statement of cash flows (Un-audited)
for the period from 1 January 2015 to 30 September 2015**

	Nine months period ended 30 September	
	2015	2014
	AED	AED
Cash flows from operating activities		
Profit/(loss) for the period	5,917,241	(137,841)
Adjustments for:		
Depreciation of property and equipment	1,039,037	1,184,185
Loss/(gain) on investments measured at FVTPL, net	3,216,071	(8,686,051)
Provision for employees' end of service benefits	1,113,279	898,151
Dividend income	(2,084,675)	(1,635,935)
Profit income	(331,287)	(264,260)
	8,869,666	(8,641,751)
Changes in operating assets and liabilities:		
Increase in retakaful assets	(19,905,614)	(26,858,033)
(Increase)/decrease in takaful contract receivables	(36,451,238)	5,840,829
Increase in prepayments and other receivables	(8,293,164)	(47,987)
Increase in takaful contract liabilities	31,359,309	26,451,642
Increase in amounts held under retakaful treaties	17,866	422,556
Increase/(decrease) in takaful payables	8,596,148	(4,317,990)
Increase in trade and other payables	14,372,348	1,883,253
Increase in due from related parties	(1,170,359)	(6,324,617)
Increase in due to a related party	-	225,000
	(2,605,038)	(11,367,098)
Cash used in operations	(468,479)	(134,991)
Employees' end of service benefits paid		
Net cash used in operating activities	(3,073,517)	(11,502,089)
Investing activities		
Purchase of property and equipment	(1,369,907)	(784,707)
Purchase of other financial assets measured at FVTPL	(6,845,114)	(26,677,702)
Proceeds from sale of other financial assets measured at FVTPL	6,717,537	19,874,761
Proceeds from redemption/sale of other financial assets measured at FVTOCI	25,166	8,155,431
Dividend received	2,084,675	1,635,935
Profit income received	331,287	334,053
Net cash from investing activities	943,644	2,537,771
Financing activities		
Repayment of Ijara payables	(2,411,693)	(2,460,000)
(Decrease)/increase in due to a bank	(42,278)	548,999
Net cash used in financing activities	(2,453,971)	(1,911,001)
Net decrease in cash and cash equivalents	(4,583,844)	(10,875,319)
Cash and cash equivalents at the beginning of the period	34,531,926	41,500,203
Cash and cash equivalents at the end of the period (Note 4)	29,948,082	30,624,884

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

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015**

1. General information

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC) (the “Company”) is a public shareholding Company and is registered under the Commercial Companies Law of 1984 (as amended). The Company carries out general Takaful (insurance) business in accordance with the teachings of Islamic Sharia'a. The Company is also licensed to engage in reinsurance and life Takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates.

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003.

The Company mainly issues short term Takaful contracts in connection with motor, marine, fire and engineering, general accident risks and Company life and medical risks (collectively known as general Takaful). The Company also invests in investment securities and properties.

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

The Company with its subsidiaries are together referred to as the “Group” in these condensed consolidated financial statements. At 30 September 2015, the Company had the following subsidiaries:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership profit %	Proportion of voting power held %	Principal activity
Nawat Investments L.L.C.	United Arab Emirates	100.00	100.00	Investment in commercial, industrial and agricultural enterprises and management
Technik Auto Service Centre Co. L.L.C	United Arab Emirates	100.00	100.00	Vehicles' repair services
Amity Health L.L.C.	United Arab Emirates	51.00	51.00	Medical billing services

The former CEO (who resigned during 2013 - see Note 21) holds 1% of Nawat Investments L.L.C and a related party holds 1% of Technik Auto Service Centre Co. L.L.C on behalf and for the benefit of the Group.

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 revised IFRS, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these condensed consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current period and prior year but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 19 *Employee Benefits* clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

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

2.2 New and revised standards and interpretation are in issue but not yet effective

The Group has not applied the following new and revised standards and interpretation that have been issued but are not yet effective:

<u><i>New and revised IFRS</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
Finalised version of IFRS 9 (IFRS 9 <i>Financial Instruments (2014)</i>) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model. A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	1 January 2018
IFRS 15 <i>Revenue from Contracts with Customers</i>: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2018
Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7 and IAS 19.	1 July 2016
Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation.	1 January 2016
Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

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

2.2 New and revised standards and interpretation are in issue but not yet effective (continued)

<u><i>New and revised IFRS</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

The application of the finalised version of IFRS 9 may have significant impact on amounts reported and disclosures made in the Group’s condensed consolidated financial statements in respect of Group’s financial assets and financial liabilities. However, it is not practical to provide a reasonable estimate of effects of the application until the Group performs a detailed review.

3. Accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The condensed consolidated financial statements of the Group is prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standard Board and also complies with the applicable requirements of the laws in the U.A.E. The accounting policies applied in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended 31 December 2014.

The condensed consolidated financial statements do not include all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s consolidated financial statements as of 31 December 2014. In addition, results for the nine months ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

3. Accounting policies (continued)

Significant judgments and key sources of estimation uncertainty

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

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2014.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

4. Cash and bank balances

	30 September 2015 AED (Un-audited)	31 December 2014 AED (Audited)
Cash on hand	432,725	1,113,467
Bank balances:		
Current accounts	29,515,357	33,418,459
Fixed deposits	35,000,000	35,000,000
	<u>64,948,082</u>	<u>69,531,926</u>
	=====	=====

For cash flow purposes, the cash and cash equivalents was analysed as follows:

	30 September 2015 AED (Un-audited)	30 September 2014 AED (Un-audited)
Bank balances and cash	64,948,082	65,624,884
Less: Fixed deposits under lien and original maturity over three months from the date of deposit	<u>(35,000,000)</u>	<u>(35,000,000)</u>
Cash and cash equivalents	<u>29,948,082</u>	<u>30,624,884</u>
	=====	=====

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

5. Retakaful contract assets and Takaful contract liabilities

	Contract Liabilities		Contract Assets		Net	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014
	AED	AED	AED	AED	AED	AED
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
Unearned contributions	154,808,086	125,662,875	97,675,862	80,837,417	57,132,224	44,825,458
Additional reserve	23,105,404	23,280,586	-	-	23,105,404	23,280,586
Outstanding claims	157,318,192	154,928,912	137,680,109	134,612,940	19,638,083	20,315,972
	<u>335,231,682</u>	<u>303,872,373</u>	<u>235,355,971</u>	<u>215,450,357</u>	<u>99,875,711</u>	<u>88,422,016</u>

6. Other financial assets measured at fair value

	30 September 2015	31 December 2014
	(Un-audited)	(Audited)
	AED	AED
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	60,695,300	66,908,249
- Unlisted	47,572,963	47,598,125
	<u>108,268,263</u>	<u>114,506,374</u>
Financial assets measured at fair value through profit and loss (FVTPL) (B)		
Financial assets measured at FVTPL	18,707,306	21,795,800
Total other financial assets measured at fair value (A+B)	<u>126,975,569</u>	<u>136,302,174</u>

Investments by geographical area are as follows:

	30 September 2015	31 December 2014
	(Un-audited)	(Audited)
	AED	AED
- Within U.A.E.	68,001,402	69,785,105
- Outside U.A.E.	58,974,167	66,517,069
	<u>126,975,569</u>	<u>136,302,174</u>

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

6. Other financial assets measured at fair value (continued)

- i. FVTOCI listed and unlisted securities are carried at a value of AED 108,268,263 (2014: AED 114,506,374), with a decline in their fair value from original acquisition cost amounting to AED 79,361,795 (2014: AED 73,148,850). Of this amount, AED 64,703,377 (2014: AED 59,637,987) is deducted from shareholders' equity and AED 14,658,418 (2014: AED 13,510,863) is deducted from policyholders' fund in accordance with the allocation of investment losses to the shareholders and policyholders as approved by the Group's Fatwa and Sharia'a Supervisory Board at 31 December 2014.
- ii. Unlisted securities are carried at fair value at a value of AED 47,572,963 (2014: AED 47,598,125) mainly represent the Group's investments in shares of companies registered in Dubai, Algeria, Kuwait and certain other international markets.
- iii. The Group holds shares of Al Salam Bank - Bahrain and Al Salam Bank - Algeria which are held by the former CEO (who resigned during 2013 - see Note 21) on behalf and for the benefit of the Group [Note 15(a)].

7. Investment property

	30 September 2015 AED (Un-audited)	31 December 2014 AED (Audited)
Balance at beginning of the period/year	70,000,000	62,352,585
Gain on revaluation of investment property	-	7,647,415
Balance at end of the period/year	70,000,000 =====	70,000,000 =====

The investment property comprises a plot of land purchased in 2007. The Group used the fair value model permitted under IAS 40 for determining the carrying value of the investment property. The property is subject to a facility from a local Islamic bank and is mortgaged as security against an Ijara payable. The valuation as of 31 December 2014, which conforms to international valuation standards, was arrived at by reference to market evidence of transaction prices for comparable properties, and was determined by the land department in Dubai. The Group's management reassessed this valuation internally during the nine months period ended 30 September 2015 and no material differences were noted.

The fair value of the Group's investment property is based on unobservable inputs i.e. level 3.

8. Policyholders' investment revaluation reserve

The Group transfers to the policyholders their share of investment revaluation reserve FVTOCI from the shareholders' equity on pro-rata basis. The percentage of such allocation for the nine months period ended 30 September 2015 is identical to that used for the year ended 31 December 2014 and approved by the Company's Fatwa and Sharia'a Supervisory Board. This allocation will be revised and finalised by year end once the Board approval is obtained.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

9. Share capital

	30 September 2015 (Un-audited) AED	31 December 2014 (Audited) AED
Issued and fully paid:		
225,750,000 (2014: 225,750,000) ordinary shares of AED 1 each	225,750,000	225,750,000

10. Statutory reserve

In accordance with the UAE Federal Commercial Companies Law No. 8 of 1984 and the Company's Articles of Association, 10% of the net profit for the year is required to be transferred to statutory reserve. No transfers have been made during the nine months period ended 30 September 2015, as this will be based on the results for the year. The reserve is not available for distribution except in the circumstances stipulated by the law.

11. General reserve

The Company is required to transfer 10% of the profit for the year to a general reserve in accordance with its Articles of Association. No transfer has been made to the general reserve during the nine months period ended 30 September 2015, as this will be based on the results for the year.

12. Wakala fees and Mudarib's share

The Group manages the Takaful operations for the policyholders and charges 25% of the gross Takaful contributions net of gross unearned contribution as Wakala fees (2014: 25%). During the period, no Wakala fee was charged on gross Takaful contributions amounting to AED 50,874,031 (2014: AED 27,295,698) as the Group retained insignificant risk on such contributions and commission income from such business was significantly lower than the normal commission. Management, therefore, decided not to charge Wakala fee on these Takaful contributions. The Wakala fee was charged on a total gross contribution of AED 232,433,827 (2014: AED 193,144,844).

Wakala fee was calculated as follows:

	Nine months period ended 30 September 2015 (Un-audited) AED	2014 (Un-audited) AED
Gross Takaful contributions	438,115,944	342,825,030
Less: Unearned contribution	(154,808,086)	(122,384,488)
Net Takaful contributions	283,307,858	220,440,542
Less: Takaful contributions not subject to Wakala fee	(50,874,031)	(27,295,698)
	232,433,827	193,144,844
Percentage	25%	25%
Wakala fee for the period	58,108,457	48,286,211

The Group also manages the policyholders' investment funds and is entitled to 25% of net investment income earned by the policyholders' investment funds as the Mudarib's share. The Mudarib's share was nil for the period as policyholders incurred losses on their investment funds (2014: AED 529,935).

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

13. Investment (loss)/income

	Nine months period ended 30 September	
	2015	2014
	(Un-audited)	(Un-audited)
	AED	AED
(Loss)/gain on investments measured at FVTPL, net	(3,216,071)	8,686,051
<i>Other investment income</i>		
Income from investment deposits	331,287	264,260
Dividend income	2,084,675	1,635,935
Rental income	375,000	357,145
Other income	72,662	66,023
	(352,447)	11,009,414
<i>Allocated to:</i>		
Policyholders	(79,098)	2,119,739
Shareholders	(273,349)	8,889,675
	(352,447)	11,009,414

Investment (loss)/income is allocated amongst the shareholders and the policyholders on a pro rata basis. The percentage of allocation for 30 September 2015 is identical to that used for 31 December 2014 and approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.

14. Basic and diluted earnings per share

Earnings per share are calculated by dividing profit attributable to the shareholders of the parent for the period by the weighted average number of shares outstanding during the period as follows:

	Nine months period ended 30 September	
	2015	2014
	(Un-audited)	(Un-audited)
Profit for the period (AED)	5,166,905	1,146,618
Weighted average number of shares outstanding during the period	225,750,000	225,750,000
Earnings per share (AED)	0.023	0.005

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

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. The management decides on the terms and conditions of the transactions with related parties. At the reporting date, amounts due from/to related parties were included in the following accounts:

The significant balances outstanding at reporting date in respect of related parties included in the condensed consolidated financial statements were as follows:

	30 September 2015 (Un-audited)			31 December 2014 (Audited)		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Investment deposits	-	5,000,000	5,000,000	-	5,000,000	5,000,000
Carrying value of investments in ordinary shares [Note 15(a)]	-	39,784,284	39,784,284	-	40,715,230	40,715,230
Contributions receivable	2,242,750	-	2,242,750	897,189	-	897,189
Cash and bank balances	-	803,811	803,811	-	4,570,312	4,570,312
Due from related parties [Note 15(b)]	-	8,612,263	8,612,263	-	7,441,904	7,441,904
Due to a related party	-	1,259,677	1,259,677	-	1,259,677	1,259,677

- (a) A major shareholder, who is a member of the Board of Directors, is also a Board Member of Al Salam Bank - Algeria and Al Salam Bank - Bahrain. The Group has equity investments in Al Salam Bank - Algeria and Al Salam Bank - Bahrain amounting AED 39.78 million (31 December 2014: AED 40.7 million). The acquisition price of these transactions was approved by the Board of Directors at the time of the transactions.

Out of the total shareholding at the reporting date, 106,530 shares amounting AED 11 million of Al Salam Bank - Algeria are held by the former CEO (who resigned during 2013 and no longer qualifies as a related party - see Note 21) on trust and for the benefit of the Group and the total shares of Al Salam Bank - Bahrain (5,476,149 shares amounting AED 5.86 million) are held by a company controlled by the former CEO (who resigned during 2013 and no longer qualifies as a related party - see Note 21), in trust and for the benefit of the Group. Refer to note 21 for further details.

- (b) Due from related parties represented the following:

	2015 AED (Un-audited)	2014 AED (Audited)
<i>Entities owned by the Chairman of the Board of Directors</i>		
Fast Rent A Car LLC, United Arab Emirates	6,246,614	2,860,844
Emirates Cab LLC, United Arab Emirates	2,068,339	770,045
Emirates Taxi LLC, United Arab Emirates	189,608	3,713,081
Fast Service Centre LLC, United Arab Emirates	10,702	934
<i>Shareholder of a subsidiary</i>		
Agility Global Health Solutions (Pty) Ltd, UAE	97,000	97,000
Total	8,612,263	7,441,904

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

15. Related party transactions (continued)

The income and expenses in respect of related parties included in the condensed consolidated financial statements were as follows:

	30 September 2015 (Un-audited)			30 September 2014 (Un-audited)		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Gross contributions	1,771,480	12,927,102	14,698,582	1,319,755	11,684,003	13,003,758
Gross claims	90,140	27,809,120	27,899,260	762,386	11,026,931	11,789,317
Profit share on investment deposits	-	255,492	255,492	-	106,250	106,250

Compensation of key management personnel was as follows:

	30 September 2015 AED (Un-audited)	30 September 2014 AED (Un-audited)
Short term employee benefits	1,266,893	861,581
End of service benefits	60,422	29,843
Total compensation paid to key management personnel	1,327,315	891,424

16. Segmental information

Operating Segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Company's management in order to allocate resources to the segment and to assess its performance. Information reported to the Company's Board of Directors for the purpose of resource allocation and assessment of performance is based on following strategic business activities:

- **Takaful activities** include the general, life and medical insurance business undertaken by the Group.
- **Investment activities** represent investment and cash management for the Group's own account.

Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)

16. Segmental information (continued)

The following table presents segment information for the nine months period ended 30 September 2015 and the nine months period ended 30 September 2015.

	Period from 1 January 2015 to 30 September 2015		Period from 1 January 2014 to 30 September 2014		Total	
	Attributable to		Attributable to		2015	
	Policyholders	Shareholders	Policyholders	Shareholders	Un-audited	2014
	Un-audited	Un-audited	Un-audited	Un-audited	AED	Un-audited
	AED	AED	AED	AED		AED
Takaful						
Takaful income	146,666,327	-	130,533,294	-	146,666,327	130,533,294
Takaful expenses	(116,402,146)	-	(111,293,794)	-	(116,402,146)	(111,293,794)
Net Takaful income	30,264,181		19,239,500		30,264,181	19,239,500
Wakala fees	(58,108,457)	58,108,457	(48,286,211)	48,286,211	-	-
Mudarib fees	-	-	(529,935)	529,935	-	-
Investment						
Investment (loss)/income	(27,844,276)	58,108,457	(29,576,646)	48,816,146	30,264,181	19,239,500
	(79,098)	(273,349)	2,119,739	8,889,675	(352,447)	11,009,414
Unallocated expenses	(79,098)	(273,349)	2,119,739	8,889,675	(352,447)	11,009,414
	-	(23,994,493)	-	(30,386,755)	(23,994,493)	(30,386,755)
Loss attributable to policyholders	(27,923,374)		(27,456,907)			
Write off of Qard Hasan to policyholders' fund		(27,923,374)		(27,456,907)		
Profit/(loss) for the period		5,917,241		(137,841)	5,917,241	(137,841)

Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)

16. Segmental information (continued)

Other information

	Takaful		Investment		Total	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014
	(Un-audited) AED	(Audited) AED	(Un-audited) AED	(Audited) AED	(Un-audited) AED	(Audited) AED
Segment assets	403,542,490	341,975,089	232,975,569	242,302,174	636,518,059	584,277,263
	=====	=====	=====	=====	=====	=====
Segment liabilities	495,643,535	441,842,897	15,156,408	17,568,101	510,799,943	459,410,998
	=====	=====	=====	=====	=====	=====

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

17. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated income statement for the nine months period ended 30 September 2015 and for the nine months period ended 30 September 2014.

18. Contingencies

At 30 September 2015, the Group had contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business amounting AED 0.64 million (31 December 2014: 0.64 million).

19. Fiduciary/Wakeel activities

Financial assets held by the Group in Wakala (trust), where the Group is acting in a Wakeel (agent/trustee) capacity on behalf of its customers relating to unit-linked life takaful products which are not recorded on the condensed consolidated income statement of the Group. Such financial assets held in a fiduciary capacity under Wakala arrangements as a Wakeel amounted to AED 519.24 million (2014: AED 466.69 million). The life takaful components of the unit-linked takaful products to which the Group has an insurance risk, has been unbundled and recorded as takaful contracts in the Group's interim financial information in accordance with International Financial Reporting Standard 4 (IFRS 4: *Insurance Contracts*).

20. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between book value under historical cost method and fair value estimates.

(a) Fair value of financial instruments measured at amortised cost

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

(b) Valuation techniques and assumptions applied for the purposes of measuring fair value

Valuation of financial instruments recorded at fair value, is based on quoted market prices and other valuation techniques.

The fair values of financial assets and financial liabilities were determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on the present value calculation of the expected future cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)**

20. Fair value of financial instruments (continued)

(b) Valuation techniques and assumptions applied for the purposes of measuring fair value (continued)

The following 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).

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).

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 2015 (Unaudited) AED'000	31 December 2014 (Audited) AED'000				
Financial assets at FVTOCI						
Quoted equity securities	60,695	66,908	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	47,573	47,598	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	18,707	21,796	Level 1	Quoted bid prices in an active market.	None	N/A

There were no transfers between each of the levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 30 September 2015 (continued)****21. Significant transactions**

The former CEO of the Group resigned on 10 July 2013. The Company entered into an agreement with the former CEO on 9 July 2013 for the payment/transfer of certain assets and investments that were held by him or by entities controlled by him on trust and for the benefit of the Group. The Board of Directors is confident that this arrangement agreed will result in the realisation of a minimum of the carrying value of assets due from him or held by him on trust and for the benefit of the Group and therefore no adjustments to the carrying value of the assets are required.

The settlement agreement referred to above contains the following three clauses:

- (a) The advance of AED 5,358,581 to invest in a real estate project in the emirate of Ajman will be returned to the Company.
- (b) Transfer of shares of Al Salam Bank - Bahrain (currently held under the name of Leader Capital) together with the payment of any associated dividends due, to the Company's name.
- (c) Transfer of legal ownership of Al Salam Bank - Algeria shares held by the former CEO to the Company's name.

The Company has received an amount of AED 2.3 million during the previous year against the advance mentioned in clause (a) above, in addition to receiving dividends of Al Salam Bank - Bahrain pertaining to previous years amounting to AED 0.46 million.

22. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 November 2015.