TAKAFUL EMARAT - INSURANCE (PSC)

Condensed interim financial information for the nine month period ended 30 September 2016

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Review report on condensed interim financial information to the board of directors of Takaful Emarat - Insurance (PSC)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Takaful Emarat - Insurance (PSC) (the "Company") as at 30 September 2016 and the related condensed statement of comprehensive income for the three-month and nine-month periods then ended, and condensed statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34: "Interim Financial Reporting" issued by International Accounting Standard Board. Our responsibility is to express a conclusion on this condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
6 November 2016

Paul Suddaby
Registered Auditor Number 309
United Arab Emirates

Takaful Emarat - Insurance (PSC)

Condensed interim statement of financial position

	Notes	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
ASSETS			
Cash and bank balances	18	**114,118,636**	129,076,567
Investments at fair value through profit or loss	7	**120,185,256**	78,884,626
Takaful receivables and other assets	5	**219,570,360**	98,729,057
Retakaful contract assets	6	**73,449,831**	41,199,181
Investment properties	9	**39,676,256**	39,676,256
Deposit	10	**23,000,000**	-
Deferred policy acquisition costs	8	**33,480,209**	41,967,234
Statutory deposit	19	**4,000,000**	4,000,000
Held-to-maturity investments		**1,000,000**	1,000,000
Property and equipment		**2,670,000**	3,032,384
Intangible assets		**1,432,611**	1,697,179
Total assets		**632,583,159**	439,262,484
LIABILITIES AND EQUITY			
LIABILITIES			
Takaful contract liabilities	6	**325,203,068**	193,544,572
Takaful and other payables		**147,406,643**	98,345,510
Borrowings	12	**19,845,000**	11,025,000
Provision for employees' end of service benefits		**1,956,559**	1,395,084
Total liabilities		**494,411,270**	304,310,166
EQUITY			
Share capital	11	**150,000,000**	150,000,000
Statutory reserve		**1,739,597**	1,739,597
Accumulated losses		**(13,567,708)**	(16,787,279)
Net equity		**138,171,889**	134,952,318
Total liabilities and equity		**632,583,159**	439,262,484

This condensed interim financial information was approved by the Board of Directors on 6 November 2016 and signed on its behalf by:

Mohammad Alhawari Managing Director	Wael Al Sharif Chief Executive Officer	Adnan Sabaalaish Financial Controller

Takaful Emarat - Insurance (PSC)

Condensed interim statement of comprehensive income – (Unaudited)

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2016	2015	**2016**	2015
		AED	AED	**AED**	AED
Attributable to policyholders:					
Gross contribution written	13	**148,650,071**	119,368,470	**436,849,686**	336,860,129
Changes in unearned contributions	13	**(21,980,956)**	(13,680,919)	**(72,406,794)**	(66,627,954)
Takaful contributions earned		**126,669,111**	105,687,551	**364,442,892**	270,232,175
Retakaful contributions ceded	13	**(31,810,872)**	(17,081,004)	**(92,380,701)**	(40,725,218)
Net earned contributions		**94,858,239**	88,606,547	**272,062,191**	229,506,957
Gross claims incurred		**(86,980,830)**	(71,611,384)	**(249,198,770)**	(178,725,766)
Retakaful share of claims incurred		**23,958,063**	8,767,583	**63,318,819**	17,264,118
Net claims incurred		**(63,022,767)**	(62,843,801)	**(185,879,951)**	(161,461,648)
Commission incurred		**-**	(5,029,672)	**-**	(10,020,438)
Allocation charges on life takaful policies		**(5,999,947)**	(6,601,381)	**(19,619,950)**	(18,742,581)
Change in reserves	14	**(8,964,065)**	(5,698,663)	**(19,890,464)**	(13,070,577)
Net change in fair value of policyholders investment linked contracts		**1,700,785**	1,530,042	**1,542,275**	1,088,450
Net takaful income		**18,572,245**	9,963,072	**48,214,101**	27,300,163
Wakalah fees	15	**(20,628,608)**	(13,589,630)	**(57,087,421)**	(40,961,848)
Investment income		**222,104**	-	**387,190**	-
Net deficit from takaful operations		**(1,834,259)**	(3,626,558)	**(8,486,130)**	(13,661,685)
Attributable to shareholders:					
Wakalah fees from policyholders	15	**20,628,608**	13,589,630	**57,087,421**	40,961,848
Investment income/ (loss)		**4,921,535**	(2,486,809)	**16,588,398**	(9,992,746)
Allocation charges on life takaful policies		**5,999,947**	6,601,381	**19,619,950**	18,742,581
Change in fair value of investment properties		**-**	-	**-**	1,927,615
Other income		**456,445**	840,395	**1,551,966**	1,560,695
Commission incurred		**(10,866,709)**	(4,868,461)	**(32,032,673)**	(13,519,058)
General and administrative expenses	16	**(14,131,108)**	(10,030,156)	**(43,109,361)**	(24,715,502)
Provision for Qard Hassan to policyholders' fund		**(1,834,259)**	(3,626,558)	**(8,486,130)**	(13,661,685)
Profit for the period attributable to shareholders		**5,174,459**	19,422	**11,219,571**	1,303,748
Basic and diluted profit per share	17	**0.03**	0.00	**0.07**	0.01
Other comprehensive income		**-**	-	**-**	-
Total comprehensive profit for the period		**5,174,459**	19,422	**11,219,571**	1,303,748

Takaful Emarat - Insurance (PSC)

Condensed interim statement of changes in equity

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Total AED
Balance at 1 January 2015 (Audited)	100,000,000	718,111	(25,980,650)	74,737,461
Total comprehensive profit for the period	-	-	1,303,748	1,303,748
Balance at 30 September 2015 (Unaudited)	100,000,000	718,111	(24,676,902)	76,041,209
Balance at 1 January 2016 (Audited)	**150,000,000**	**1,739,597**	**(16,787,279)**	**134,952,318**
Total comprehensive profit for the period	**-**	**-**	**11,219,571**	**11,219,571**
Cash dividend paid (note 11)	**-**	**-**	**(8,000,000)**	**(8,000,000)**
Balance at 30 September 2016 (Unaudited)	**150,000,000**	**1,739,597**	**(13,567,708)**	**138,171,889**

Takaful Emarat - Insurance (PSC)

Condensed interim statement of cash flows – (Unaudited)

	Notes	Nine month period ended 30 September 2016 AED	2015 AED
Cash flows from operating activities			
Profit for the period		**11,219,571**	1,303,748
Adjustments for:			
Depreciation and amortisation of property and equipment and intangible assets	16	**1,451,155**	1,701,069
Profit on held to maturity investments		**(16,890)**	(124,346)
Profit on bank deposits		**(794,994)**	-
Realised gain on sale of investments at fair value through profit or loss		**(1,444,528)**	(600,788)
Accrued profit on investments fair value at through profit or loss		**(1,777,623)**	(9,675)
(Gain)/loss on revaluation of investments at fair value through profit or loss		**(10,103,805)**	11,498,265
Provision for impairment		**660,844**	-
Provision for employees'end of service benefits		**704,654**	365,022
Gain on sale of property and equipment		**-**	(14,544)
Increase in fair value of investment property		**-**	(1,927,615)
Operating (loss) / profit before working capital changes and payment of employee end of service benefits		**(101,616)**	12,191,136
Employees' end of service benefits paid		**(143,179)**	(438,800)
Operating (loss) / profit before working capital changes		**(244,795)**	11,752,336
Working capital changes:			
Changes in retakaful contract assets		**(32,250,650)**	(27,325,869)
Changes in takaful receivables and other assets		**(109,654,015)**	(40,778,600)
Changes in takaful contract liabilities and borrowings		**140,478,496**	115,558,386
Changes in takaful and other payables		**49,061,133**	49,773,407
Change in deposits with original maturity more than 3 months		**(21,250,000)**	(2,500,000)
Net cash generated from operating activities		**26,140,169**	106,479,660
Cash flows from investing activities			
Purchase of investments at fair value through profit or loss		**(51,909,621)**	(108,857,108)
Purchase of property and equipment		**(824,203)**	(573,249)
Deposit held with an investment entity	10	**(23,000,000)**	-
Proceeds from sale of investments at fair value through profit or loss		**22,157,324**	72,659,940
Proceeds from sale of property and equipment		**-**	17,378
Net cash used in investing activities		**(53,576,500)**	(36,753,039)
Cash flows from financing activities			
Cash dividend paid	11	**(8,000,000)**	-
Zakat		**(771,600)**	-
Cash used in financing activities		**(8,771,600)**	-
Net (decrease) /increase in cash and cash equivalents		**(36,207,931)**	69,726,621
Cash and cash equivalents at the beginning of the period		**129,076,567**	23,871,231
Cash and cash equivalents at end of the period	18	**92,868,636**	93,597,852

Takaful Emarat - Insurance (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2016

1 General information

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

UAE Federal Law No. 2 of 2015 ("Companies Law") which is applicable to the Company has come into effect on 1 July 2015. The Company has assessed and evaluated the provisions of the Companies Law and is in the process of ensuring compliance within the transitional period of this Law which has been extended till 30 June 2017.

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

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

2 Basis of preparation

The condensed interim financial information for the nine month period ended 30 September 2016 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial information is presented in U.A.E. Dirhams (AED). The condensed interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties. This condensed interim financial information also includes the assets, liabilities, income and expenses relating to the participants' fund since the Company is constructively liable for any deficits arising in the participants' fund.

3 Summary of significant accounting policies

The accounting policies, presentation and methods, critical accounting judgements and estimates in the condensed interim financial information are consistent with those used in the audited financial information for the year ended 31 December 2015. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards.

Amendments to IFRSs effective for the financial year ending 31 December 2016 are not expected to have a material impact on the Company.

4 Related party transactions and balances

Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The parties mutually agree the terms and conditions of the transactions.

Compensation of key management personnel

	Nine month period ended 30 September	
	2016 (Unaudited) AED	2015 (Unaudited) AED
Short and long term benefits	**6,780,541**	4,564,944
Transactions with other related parties during the period		
Realised gain on sale of investments at fair value through profit or loss	**1,444,528**	-
Gross claims incurred	**591,900**	-
Gross written contributions	**464,612**	-
Balances with other related parties		
Quoted equity investments	**20,501,894**	10,556,422
Claims reported	**591,900**	200,548

5 Takaful receivables and other assets

Takaful receivables and other assets – Inside UAE

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Takaful receivables	**148,993,710**	61,838,603
Provision for impairment	**(2,243,206)**	(1,582,362)
	146,750,504	60,256,241
Receivable from retakaful companies	**1,839,598**	335,800
Prepaid expenses	**755,410**	1,198,171
Other receivables	**25,643,095**	20,974,708
	174,988,607	82,764,920

Takaful receivables and other assets – Outside UAE

Receivable from retakaful companies	**44,581,753**	15,964,137
Total takaful receivables and other assets	**219,570,360**	98,729,057

6 Takaful contract liabilities and retakaful contract assets

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Gross takaful contract liabilities		
Claims reported	**68,170,453**	34,071,485
Claims incurred but not reported	**22,549,979**	14,354,358
Unearned contributions	**186,859,762**	114,452,968
Mathematical reserves	**2,137,459**	1,350,322
Policyholders' investment linked contracts at fair value	**45,485,415**	29,315,439
	325,203,068	193,544,572
Retakaful contract assets		
Claims reported	**21,843,671**	6,284,596
Claims incurred but not reported	**7,546,709**	3,895,892
Unearned contributions	**44,059,451**	31,018,693
	73,449,831	41,199,181
Net takaful contract liabilities		
Claims reported	**46,326,782**	27,786,889
Claims incurred but not reported	**15,003,270**	10,458,466
Unearned contributions	**142,800,311**	83,434,275
Mathematical reserves	**2,137,459**	1,350,322
Fair value of policyholders investment linked contracts	**45,485,415**	29,315,439
	251,753,237	152,345,391

Movement in payable to policyholders of investment linked contracts

At beginning of the period/year	**29,315,439**	14,040,477
Gross contributions	**42,382,842**	46,984,144
Allocation charges	**(19,619,950)**	(25,629,351)
Redemptions and other expenses	**(5,050,641)**	(4,886,734)
Change in fair value	**(1,542,275)**	(1,193,097)
At the end of the period/year	**45,485,415**	29,315,439

7 Investments at fair value through profit or loss

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Mutual funds	**47,223,736**	34,833,433
Quoted sukuk investments	**52,459,626**	33,493,094
Quoted equity investments	**20,501,894**	10,558,099
	120,185,256	78,884,626

8 Deferred policy acquisition costs

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
At beginning of the period/year	**41,967,234**	27,599,349
Commission paid during the period/year	**6,345,194**	32,059,737
Amortisation for the period/year	**(14,832,219)**	(17,691,852)
At the end of the period/year	**33,480,209**	41,967,234

As per Article (3) of Section 7 of the Financial Regulations for Takaful Insurance Companies, the shareholders account should bear all operational, administrative and general expenses for takaful insurance business. Accordingly, effective from 1 January 2016, the commission incurred related to medical business has been classified in the statement of comprehensive income as attributable to shareholders.

9 Investment properties

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Plot of land	**16,927,615**	16,927,615
Residential apartments	**22,748,641**	22,748,641
	39,676,256	39,676,256

10 Deposit

This represents deposit held with an investment entity with an expected profit rate of 15% per annum.

11 Share capital

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Issued and fully paid:		
150,000,000 ordinary shares of AED 1 each	**150,000,000**	150,000,000

Dividend of 5.33% (AED 8 million) for the year ended 31 December 2015 approved in the Annual General Meeting was paid on 15 May 2016.

12 Borrowings

The borrowings of AED 19.845 million (31 December 2015: 11.025 million) is from First Gulf Bank and have been utilised to purchase Tier 1 Sukuk of an equivalent amount, which is pledged against the borrowings. The borrowings carry a profit rate of 1.25% per annum above the 3 month LIBOR and have a maturity period of three months.

13 Contributions

	Three month period ended 30 September 2016			Three month period ended 30 September 2015		
	Medical (Unaudited) AED	**Life and savings (Unaudited) AED**	**Total (Unaudited) AED**	Medical (Unaudited) AED	Life and savings (Unaudited) AED	Total (Unaudited) AED
Gross contributions written	**129,597,808**	**19,052,261**	**148,650,069**	103,038,530	16,329,940	119,368,470
Change in unearned contributions	**(19,273,016)**	**(2,707,942)**	**(21,980,958)**	(11,023,915)	(2,657,004)	(13,680,919)
Takaful contributions earned	**110,324,792**	**16,344,319**	**126,669,111**	92,014,615	13,672,936	105,687,551
Retakaful contributions	**31,081,057**	**3,103,990**	**34,185,047**	20,948,856	3,170,532	24,119,388
Change in unearned contributions	**(1,082,290)**	**(1,291,885)**	**(2,374,175)**	(5,370,825)	(1,667,559)	(7,038,384)
Retakaful contributions ceded	**29,998,767**	**1,812,105**	**31,810,872**	15,578,031	1,502,973	17,081,004
Net earned contributions	**80,326,025**	**14,532,214**	**94,858,239**	76,436,584	12,169,963	88,606,547

13 Contributions (continued)

	Nine month period ended 30 September 2016			Nine month period ended 30 September 2015		
	Medical (Unaudited) AED	**Life and savings (Unaudited) AED**	**Total (Unaudited) AED**	Medical (Unaudited) AED	Life and savings (Unaudited) AED	Total (Unaudited) AED
Gross contributions written	**387,581,637**	**49,268,049**	**436,849,686**	298,620,605	38,239,524	336,860,129
Change in unearned contributions	**(70,725,191)**	**(1,681,603)**	**(72,406,794)**	(64,207,921)	(2,420,033)	(66,627,954)
Takaful contributions earned	**316,856,446**	**47,586,446**	**364,442,892**	234,412,684	35,819,491	270,232,175
Retakaful contributions	**98,139,372**	**7,282,087**	**105,421,459**	57,726,860	4,238,000	61,964,860
Change in unearned contributions	**(12,494,361)**	**(546,397)**	**(13,040,758)**	(19,755,633)	(1,484,009)	(21,239,642)
Retakaful contributions ceded	**85,645,011**	**6,735,690**	**92,380,701**	37,971,227	2,753,991	40,725,218
Net earned contributions	**231,211,435**	**40,850,756**	**272,062,191**	196,441,457	33,065,500	229,506,957

14 Change in reserves

	Nine month period ended 30 September	
	2016 (Unaudited) AED	2015 (Unaudited) AED
Technical reserve – Individual life	**787,137**	222,500
Change in reserve relating to takaful life products	**17,561,052**	11,759,627
Less : change in fair value	**1,542,275**	1,088,450
	19,890,464	13,070,577

15 Wakalah fees

Wakalah fees for the nine month period ended 30 September 2016 amounted to AED **57,087,421** (30 September 2015: AED 40,961,848).

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

16 General and administrative expenses

	Nine month period ended 30 September	
	2016 (Unaudited) AED	2015 (Unaudited) AED
Salaries and other benefits	**19,354,630**	13,222,855
Third party administration expenses	**9,944,024**	1,965,000
Depreciation and amortization	**1,451,155**	1,701,069
License fees and levies	**276,504**	475,597
Authority fees	**1,810,532**	1,454,204
Rent and related expenses	**1,396,701**	1,323,514
Provision for impairment	**660,844**	-
Legal and professional fees	**194,400**	78,549
Remuneration of Sharia advisory board	**138,000**	126,000
Other expenses	**7,882,571**	4,368,714
	43,109,361	24,715,502

17 Basic and diluted profit per share

	Three month period ended 30 September		Nine month period ended 30 September	
	2016 (Unaudited)	2015 (Unaudited)	**2016 (Unaudited)**	2015 (Unaudited)
Profit for the period attributable to shareholders (in AED)	**5,174,459**	19,422	**11,219,571**	1,303,748
Weighted average number of share outstanding during the period	**150,000,000**	100,000,000	**150,000,000**	100,000,000
Profit per share (AED)	**0.03**	0.00	**0.07**	0.01

Diluted earnings per share has not been presented since the Company has not issued any instruments which would have an impact on the profit per share.

18 Cash and bank balances

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Cash on hand	**49,037**	47,037
Bank balances		
Current accounts	**51,819,599**	78,029,530
Deposits	**62,250,000**	51,000,000
	114,118,636	129,076,567

The deposits carry profit rates ranging from 1.5% to 2.25% per annum (31 December 2015: 1.5% to 1.25% per annum) with maturity dates ranging from 7 October 2016 to 20 September 2017.

For the purpose of the statement of cash flows, cash and cash equivalents comprise of:

	30 September 2016 (Unaudited) AED	30 September 2015 (Unaudited) AED
Cash and bank balances	**114,118,636**	96,097,852
Less: Deposits with original maturities more than three months	**(21,250,000)**	(2,500,000)
Cash and cash equivalents	**92,868,636**	93,597,852

19 Statutory deposit

Statutory deposit is maintained in accordance with the requirements of the U.A.E. Federal Law No. 6 of 2007 and is not available to finance the day-to-day operations of the Company. This deposit carry profit rate of 0.8% (31 December 2015: 0.8%).

20 Segment information

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

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

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

20 Segment information (continued)

	Nine month period ended 30 September 2016 (Unaudited)					
	Underwriting			Shareholders		
	Medical AED	Life AED	Total AED	Investments AED	Others AED	Total AED
Segment revenue	**316,856,446**	**47,586,446**	**364,442,892**	**16,588,398**	**(10,860,757)**	**5,727,641**
Segment result	**46,173,574**	**2,427,717**	**48,601,291**	**16,588,398**	**(10,860,757)**	**5,727,641**
Wakala fees	**(54,137,570)**	**(2,949,851)**	**(57,087,421)**	**-**	**57,087,421**	**57,087,421**
General and administrative expenses	**-**	**-**	**-**	**-**	**(43,109,361)**	**(43,109,361)**
Provision for Qard Hassan to policyholders' fund	**-**	**-**	**-**	**-**	**(8,486,130)**	**(8,486,130)**
Profit / (loss) attributable to policyholders/ shareholders	**(7,963,996)**	**(522,134)**	**(8,486,130)**	**16,588,398**	**(5,368,827)**	**11,219,571**

	Nine month period ended 30 September 2015 (Unaudited)					
	Underwriting			Shareholders		
	Medical AED	Life AED	Total AED	Investments AED	Others AED	Total AED
Segment revenue	234,412,684	35,819,491	270,232,175	(9,992,746)	8,711,833	(1,280,913)
Segment result	25,290,348	2,009,815	27,300,163	(9,992,746)	8,711,833	(1,280,913)
Wakala fees	(39,420,264)	(1,541,584)	(40,961,848)	-	40,961,848	40,961,848
General and administrative expenses	-	-	-	-	(24,715,502)	(24,715,502)
Provision for Qard Hassan to policyholders' fund	-	-	-	-	(13,661,685)	(13,661,685)
Profit / (loss) attributable to policyholders/ shareholders	(14,129,916)	468,231	(13,661,685)	(9,992,746)	11,296,494	1,303,748

Notes to the condensed interim financial information for the nine month period ended 30 September 2016 (continued)

20 Segment information (continued)

	As at 30 September 2016 (Unaudited)						
	Medical	**Life and savings**	**Underwriting Total**	**Shareholders' investments**	**Unallocated Others**	**Total**	**Total**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**
Segment assets	**381,202,477**	**78,316,855**	**459,519,332**	**142,576,894**	**30,486,933**	**173,063,827**	**632,583,159**
Segment liabilities	**355,249,163**	**61,209,630**	**416,458,793**	**-**	**77,952,477**	**77,952,477**	**494,411,270**

	As at 31 December 2015 (Audited)						
	Medical	Life and Savings	Underwriting Total	Shareholders' Investments	Unallocated Others	Total	Total
	AED	AED	AED	AED	AED	AED	AED
Segment assets	197,260,228	36,333,823	233,594,051	115,246,037	90,422,396	205,668,433	439,262,484
Segment liabilities	208,360,356	38,379,052	246,739,408	-	57,570,758	57,570,758	304,310,166

21 Fair value of financial instruments

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

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed interim financial information approximate their fair values.

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

The fair values of assets and liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2015.

Fair value measurements recognised in the statement of financial position

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

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

30 September 2016 (Unaudited)	**Level 1 AED**	**Level 2 AED**	**Total AED**
Assets			
Investments at fair value through profit or loss			
Quoted equity and sukuk investments	**72,961,520**	**-**	**72,961,520**
Mutual funds	**-**	**47,223,736**	**47,223,736**
Investment properties	**-**	**39,676,256**	**39,676,256**
	72,961,520	**86,899,992**	**159,861,512**
Liabilities			
Investment linked contracts	**-**	**45,485,415**	**45,485,415**

Notes to the condensed interim financial information for the nine month period ended 30 September 2016 (continued)

21 Fair value of financial instruments (continued)

31 December 2015 (Audited)	Level 1 AED	Level 2 AED	Total AED
Assets			
Investments at fair value through profit or loss			
Quoted equity and sukuk investments	44,051,193	-	44,051,193
Mutual funds	-	34,833,433	34,833,433
Investment properties	-	39,676,256	39,676,256
	44,051,193	74,509,689	118,560,882
Liabilities			
Investment linked contracts	-	29,315,439	29,315,439

There were no transfers between levels during the period/year.

22 Policy holders' fund

	30 September 2016 AED (Unaudited)	31 December 2015 AED (Audited)
Deficit in policy holders' fund		
Balance at the beginning of the period / year	**(58,134,488)**	(43,894,560)
Deficit for the period / year	**(8,486,130)**	(14,239,928)
Balance at the end of the period / year	**(66,620,618)**	(58,134,488)
Qard Hassan from shareholders		
Balance at beginning of period / year	**58,134,488**	43,894,560
Provided during the period / year	**8,486,130**	14,239,928
Balance at the end of the period / year	**66,620,618**	58,134,488
Total deficit in policyholders' fund	**-**	-

23 Approval of condensed interim financial information

The condensed interim financial information were approved and authorised for issue on 6 November 2016.

24 Assets and liabilities belonging to the shareholders and participants

As required by Financial Regulations for Takaful Insurance Companies issued by the Insurance Authority, the assets and liabilities belonging to the shareholders and participants are provided below:

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
PARTICIPANTS' ASSETS		
Cash and bank balances	**109,346,293**	21,571,247
Takaful receivables and other assets	**197,757,586**	91,413,275
Retakaful contract assets	**73,449,831**	41,199,181
Deferred policy acquisition costs	**33,480,209**	-
Investments at fair value through profit or loss	**45,485,415**	29,315,439
Receivable from shareholders	**-**	5,010,383
Total takaful operations' assets	**459,519,334**	188,509,525
SHAREHOLDERS' ASSETS		
Cash and bank balances	**4,772,343**	107,505,320
Deposit	**23,000,000**	-
Statutory deposit	**4,000,000**	4,000,000
Takaful receivables and other assets	**21,812,774**	7,315,782
Deferred policy acquisition cost	**-**	41,967,234
Held to maturity investments	**1,000,000**	1,000,000
Investments at fair value through profit or loss	**74,699,841**	49,569,187
Investment properties	**39,676,256**	39,676,256
Property and equipment	**2,670,000**	3,032,384
Intangible assets	**1,432,611**	1,697,179
Receivable from policyholders	**109,685,013**	-
Total shareholders' assets	**282,748,838**	255,763,342
Total assets	**742,268,172**	444,272,867

24 Assets and liabilities belonging to the shareholders and participants (continued)

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
PARTICIPANTS' LIABILITIES		
Liabilities		
Takaful and other payables	**91,255,726**	53,194,839
Takaful contract liabilities	**325,203,068**	193,544,570
Payable to shareholders	**109,685,013**	3,575
Total participants' liabilities	**526,143,807**	246,742,984
SHAREHOLDERS' LIABILITIES AND EQUITY		
Liabilities		
Takaful and other payables	**56,150,917**	45,150,671
Borrowings	**19,845,000**	11,025,000
Provision for employees' end of service benefits	**1,956,559**	1,395,084
Payable to policyholders	**-**	5,006,808
Total shareholders' liabilities	**77,952,476**	62,577,563
DEFICIT IN POLICYHOLDERS' FUND AND QARD HASSAN FROM SHAREHOLDERS		
Deficit in Policyholders' fund	**(66,620,618)**	(58,134,488)
Qard Hassan from Shareholders	**66,620,618**	58,134,488
Net deficit in policyholders' fund and Qard Hassan from shareholders	**-**	**-**
EQUITY		
Share capital	**150,000,000**	150,000,000
Statutory reserve	**1,739,597**	1,739,597
Accumulated losses	**(13,567,708)**	(16,787,279)
Net equity	**138,171,889**	134,952,318
Total shareholders' liabilities and equity	**216,124,365**	197,529,881
Total liabilities and equity	**742,268,172**	444,272,867