Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance

Review report and interim financial information for the three months period ended 31 March 2017

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance

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Report on review of interim financial information

The Board of Directors
Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed statement of financial position of **Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance** as at 31 March 2017 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the three months 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.)

Musa Ramahi
Partner
Registration No. 872
14 May 2017
Dubai, United Arab Emirates

Condensed statement of financial position
at 31 March 2017

	Notes	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
ASSETS			
Takaful operations' assets			
Cash and bank balances	4	**82,436**	66,925
Takaful and retakaful receivables	5	**30,105**	20,861
Retakaful contract assets	6	**61,012**	50,866
Prepayments and other receivables		**6,973**	3,115
Due from related parties	7	**11,647**	9,561
Other financial assets measured at fair value through profit and loss (FVTPL)	8	**5,148**	-
Deferred policy acquisition cost		**11,102**	7,371
Total takaful operations' assets		**208,423**	158,699
Shareholders' assets			
Cash and bank balances	4	**34,473**	39,070
Statutory deposits	9	**10,000**	10,000
Prepayments and other receivables		**3,045**	1,855
Due from policyholders	10	**27,416**	9,787
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	8	**2,306**	2,306
Other financial assets measured at fair value through profit and loss (FVTPL)	8	**35,199**	30,109
Investment properties	11	**281,947**	281,947
Property and equipment	12	**555**	655
Total shareholders' assets		**394,941**	375,729
Total assets		**603,364**	534,428

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

Condensed statement of financial position (continued)
at 31 March 2017

	Notes	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
LIABILITIES, POLICYHOLDERS' FUND AND EQUITY			
Takaful operations' liabilities and policyholders' fund			
Takaful operations' liabilities			
Takaful and retakaful payables		50,185	43,580
Takaful contract liabilities	6	193,495	147,048
Other liabilities		4,714	4,615
Due to related parties	7	-	11
Due to shareholders	10	27,416	9,787
Deferred discount		3,009	2,070
Total takaful operations' liabilities		278,819	207,111
Policyholders' fund			
Deficit in policyholders' fund		(70,396)	(48,410)
Qard Hassan from shareholders		70,396	48,410
Total policyholders' fund		-	-
Liabilities and policyholders' fund		278,819	207,111
Shareholders' liabilities and equity			
Shareholders' liabilities			
Provision for employees' end of service indemnity		2,055	2,000
Other liabilities		8,588	9,580
Due to related parties	7	3	3
Total shareholders' liabilities		10,646	11,583
Shareholders' equity			
Share capital	13	154,000	154,000
Statutory reserve	14	60,940	60,940
Voluntary reserve	15	50,064	50,064
Investments revaluation reserve - FVTOCI		(117)	(117)
Retained earnings		49,012	50,847
Total shareholders' equity		313,899	315,734
Total shareholders' liabilities and equity		324,545	327,317
Total liabilities, policyholders' fund and equity		603,364	534,428

Managing Director

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

Condensed statement of income (unaudited)
for the three months period ended 31 March 2017

	Notes	Three months period ended 31 March 2017 AED'000	2016 AED'000 (Restated)
Attributable to policyholders			
Takaful income			
Gross contribution written		**74,985**	41,951
Movement in unearned contributions and additional unexpired risk reserves		**(37,526)**	(17,606)
Takaful contributions revenue		**37,459**	24,345
Retakaful contributions ceded		**(16,611)**	(9,686)
Movement in retakaful share of unearned contributions and additional unexpired risk reserves		**8,750**	2,627
Retakaful share of contributions		**(7,861)**	(7,059)
Net takaful revenue		**29,598**	17,286
Discount received on retakaful contributions		**1,392**	2,138
Policy fees		**161**	119
Total takaful income		**31,151**	19,543
Takaful expenses			
Gross claims incurred		**(43,640)**	(27,139)
Retakaful share of claims incurred		**13,322**	6,878
Net claims incurred		**(30,318)**	(20,261)
Other underwriting expenses		**(733)**	(61)
Total takaful expenses		**(31,051)**	(20,322)
Net takaful income/(loss)		**100**	(779)
Investment and other income		**410**	41
Wakala fees	16	**(22,496)**	(12,585)
Deficit for the period attributable to policyholders		**(21,986)**	(13,323)

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

Condensed statement of income (unaudited)
for the three months period ended 31 March 2017 (continued)

	Notes	Three months period ended 31 March 2017 AED'000	31 March 2016 AED'000 (Restated)
Attributable to shareholders			
Investment income	17	**7,071**	14,677
Other income		**154**	88
Wakala fees from policyholders	16	**22,496**	12,585
Policy acquisition cost		**(4,268)**	(4,435)
General and administrative expenses		**(5,302)**	(4,820)
Income for the period before Qard Hassan		**20,151**	18,095
Provision against Qard Hassan to policyholders		**(21,986)**	(13,323)
(Loss)/profit for the period attributable to shareholders		**(1,835)**	4,772
(Loss)/earnings per share (AED)	18	**(0.01)**	0.03

Condensed statement of comprehensive income (unaudited)
for the three months period ended 31 March 2017

	Three months period ended 31 March	
	2017	2016
	AED'000	AED'000
Attributable to shareholders		
(Loss)/profit for the period	**(1,835)**	4,772
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain on investments at FVTOCI	-	20
Other comprehensive income for the period	-	20
Total comprehensive (loss)/income for the period attributable to shareholders	**(1,835)**	4,792

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

Condensed statement of changes in equity
for the three months period ended 31 March 2017

	Share capital AED'000	Statutory reserve AED'000	Voluntary reserve AED'000	Investment revaluation reserve – FVTOCI AED'000	Retained earnings AED'000	Total AED'000
Balance as at 31 December 2015 (Audited and as restated)	154,000	57,955	50,064	(444)	35,194	296,769
Profit for the period (Restated)	-	-	-	-	4,772	4,772
Other comprehensive income for the period	-	-	-	20	-	20
Total comprehensive income for the period	-	-	-	20	4,772	4,792
Dividend (Note 19)	-	-	-	-	(10,780)	(10,780)
Balance at 31 March 2016 (Unaudited and as restated)	154,000	57,955	50,064	(424)	29,186	290,781
Balance at 31 December 2016 (Audited)	154,000	60,940	50,064	(117)	50,847	315,734
Loss for the period	-	-	-	-	(1,835)	(1,835)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(1,835)	(1,835)
Balance at 31 March 2017 (Unaudited)	**154,000**	**60,940**	**50,064**	**(117)**	**49,012**	**313,899**

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

Condensed statement of cash flows (unaudited)
for the three months period ended 31 March 2017

	Three months period ended 31 March 2017 AED'000	2016 AED'000
Cash flows from operating activities		
(Loss)/profit for the period	**(1,835)**	4,772
Adjustments for:		
Depreciation of property and equipment	**55**	39
Unrealised loss/(gain) on financial assets at FVTPL	**210**	(7,017)
Realized gain on sale of other financial assets at FVTPL	**(625)**	(1,984)
Fair value loss on investment properties	**-**	687
Other investment income	**(6,651)**	(6,363)
Gain on disposal of property and equipment	**(75)**	-
Provision for employees' end of service benefits	**100**	95
Operating cash flows before changes in operating assets and liabilities	**(8,821)**	(9,771)
Increase in retakaful contract assets	**(10,146)**	(4,459)
Increase in deferred policy acquisition costs	**(3,731)**	(483)
Increase in takaful and retakaful receivables	**(9,244)**	(2,425)
Increase in due from related parties	**(2,086)**	(3,723)
Increase in prepayments and other receivables	**(5,048)**	(6,121)
Increase in takaful contract liabilities	**46,447**	27,319
(Increase)/decrease in deferred discount	**939**	(107)
Increase in takaful and retakaful payables	**6,605**	3,498
Increase/(decrease) in other liabilities	**122**	(406)
(Decrease)/increase in due to related parties	**(11)**	(5)
Cash generated from operations	**15,026**	3,317
Employee's end of service benefits paid	**(45)**	(44)
Zakat paid	**(1,015)**	-
Net cash generated from operating activities	**13,966**	3,273
Cash flows from investing activities		
Purchase of property and equipment	**(16)**	(78)
Purchase of investments in securities	**(17,411)**	(5,999)
Proceeds from sale of property and equipment	**136**	-
Proceeds from sale of investments in securities	**7,588**	13,654
Dividends received	**1,538**	1,495
Rental income received	**5,113**	4,868
Increase in wakala deposits with maturity over 3 months	**(10,000)**	(15,000)
Net cash used in from investing activities	**(13,052)**	(1,060)
Net increase in cash and cash equivalents	**914**	2,213
Cash and cash equivalents at the beginning of the period	**55,995**	40,290
Cash and cash equivalents at the end of the period (Note 20)	**56,909**	42,503

Non-cash transaction:
During the three months period ended 31 March 2016, the shareholders approved a cash dividend of 7% of share capital amounting to AED 10,780 thousands which were not paid and were transferred to other liabilities.

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

Notes to the condensed financial statements
for the three months period ended 31 March 2017

1. General information

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance - Dubai (the "Company") is a public shareholding company and was registered in 1992. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E under registration number 6. The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

The Shareholders Extraordinary General Assembly Meeting held on 19 March 2014 approved conversion of the Company's business from conventional insurance to Takaful insurance. The Board of Directors appointed a Fatwa and Sharia'a Supervisory Board for overseeing the compliance with Sharia'a.

The Company started issuing short term takaful contracts from 1 February 2015 in connection with life and non-life takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful) and the name of the Company was changed to Arabian Scandinavian Insurance Company P.L.C. - Takaful ASCANA Insurance. The Company only operates in U.A.E., through its Dubai and Abu Dhabi offices.

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

2.1 New and revised IFRSs applied with no material effect on the condensed financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these condensed financial statements. The application of these revised IFRSs 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.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses.

- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12 *Disclosure of Interests in Other Entities*.

Notes to the condensed financial statements
for the three months period ended 31 March 2017

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

2.2 New and revised IFRS in issue but not yet effective and not early adopted

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

New and revised IFRS	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28.	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017
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.	1 January 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
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.	1 January 2018

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

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

2.2 New and revised IFRS in issue but not yet effective and not early adopted

<u>New and revised IFRSs</u>	**Effective for annual periods beginning on or after**
Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for 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
Amendments to IFRS 4: Insurance Contracts which introduces the overlay approach and deferral approach towards implementing IFRS 9 before implementing the replacement standard that the IASB Board is developing for IFRS 4.	When IFRS 9 is first applied or 1 January 2021 under deferral approach.
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018

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.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (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 and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
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.	1 January 2018
IFRS 16 *Leases* 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.	1 January 2019

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 (Revised), may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 9 (Revised) will be adopted in the Company's financial statements for the annual period beginning 1 January 2018. The application of the finalised version of IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application until the Company performs a detailed review.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed 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 condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated. All values are rounded to the nearest thousands dirham, except when otherwise indicated.

These condensed 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.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

The accounting policies, critical accounting judgements and key sources of estimation used in the preparation of these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2016.

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2016. In addition, results for the three months period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

The Company's takaful and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2016.

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

As per the requirement of Securities and Commodities Authority notification dated 12 October 2008, below are the significant accounting policies.

3.1.1 Change in accounting policy

On 1 October 2016, the Company has changed basis of recognizing technical reserves based on external independent valuers report. Consequently, the Company has changed the basis for recognition of unearned contribution reserve ("UCR"), Incurred but Not Reported Claims ("IBNR"), Unallocated loss adjustment expense reserve ("ULAE"), Unexpired risk reserve ("URR"), deferred policy acquisition cost and unearned discounts. Prior to the above adoption, the Company had accounted for technical reserves for takaful contracts using internal statistical model.

Prior to the change, the Company's UCR was calculated using an internal statistical model. The change in the basis of recognition has resulted in recognizing UCR using the 1/365 except for marine cargo and engineering. The UCR for marine cargo is recognized as fixed proportion of written premium and UCR for engineering is recognized on a daily increasing basis over the term of the policy period.

Prior to the change, the Company's IBNR was calculated using an internal statistical model based on historical data. The change in the basis of recognition has resulted in recognizing IBNR using a range of standard actuarial claim projection techniques.

Prior to the change, the Company did not account for ULAE which is a new technical reserve now calculated in accordance with the financial regulation requirements.

Prior to the change, the Company used to perform an internal assessment of the need for UCR using a high level calculation based on the loss ratios by line of business to comply with the liability adequacy test. The change in the basis of recognition URR has resulted in Company's actuary assessing extent to which the UCR is insufficient to meet the future claims liabilities and expenses that will be incurred on unexpired business.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

3.1.1 Change in accounting policy (continued)

Prior to the change, the Company has recognized commissions and other acquisition cost related to securing new contracts and renewing existing contracts as expense when incurred. The change in accounting policy resulted in commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts being recognized as deferred acquisition cost.

The Company has recognized discount received from retakaful contribution ceded as discount earned in the period in which contribution was ceded to the retakaful companies, in the prior years. The change in accounting policy resulted in deferring these amounts as deferred discount.

The change has been applied by the Company retrospectively as management believes that the change in basis provides more relevant and reliable information of the Company's financial performance and its financial position to the financial statement users.

Impact of change in accounting policies on the condensed statement of income for the three months period ended 31 March 2016 is as follows:

	31 March 2016 as previously reported (Unaudited) AED'000	**Restatement (Unaudited) AED'000**	31 March 2016 (Unaudited) AED'000
Movement in unearned contributions and additional unexpired risk reserves	(7,977)	(9,629)	(17,606)
Movement in retakaful share of unearned contributions and additional unexpired risk reserves	210	2,417	2,627
Discount received on retakaful contributions	2,031	107	2,138
Gross claims incurred	(26,960)	(179)	(27,139)
Retakaful share of claims incurred	5,046	1,832	6,878
Policy acquisition cost	(4,918)	483	(4,435)

3.2 Product classification

Takaful contracts are those contracts where a group of participants (the "policyholders") mutually guarantee one another against prescribed uncertain future events of loss or damage, where the Company acts as a Wakil (agent) on their behalf in managing the Islamic insurance operations in consideration for a Wakala fee. The contribution amounts (premiums) paid net of the Wakala fee are considered as funds available for Mudarba, where the Company acts as Mudarib, investing some of these funds in consideration of a pre-agreed share of the realised profit or loss, (Mudarib fee) if any. The policyholders further donate their contribution to those other policyholders who suffer a prescribed event of loss or damage, payable per the policies of the Company, in its capacity as an agent. As a general guideline, the Company determines whether there is significant takaful risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Notes to the condensed financial statements for the three months period ended 31 March 2017 (continued)

3. Summary of significant accounting policies (continued)

3.2 Product classification (continued)

In case of deficit in policyholders operation, such deficit is funded by the Shareholders as a Qard Hassan loan.

The Company does not have any investment contracts or any takaful contracts with Discretionary Participation Features (DPF).

3.3 Surplus/deficit in policyholders' fund

If the surplus in the policyholders' fund at the end of a year is sufficiently large, a percentage of the surplus shall be distributed between policyholders that have not made a claim, in proportion to their risk contributions to the fund after accounting for reserves. The distributions will be approved by the Company's Shari'a Supervisory Board. Any remaining surplus after the distribution will remain in the policyholders ' fund.

A deficiency in policyholders' fund is made good by a profit free loan (Qard Hassan) from the Shareholders' fund. This loan is to be repaid from future surpluses arising from takaful operations on a priority basis. This loan is tested for impairment annually and the portion of the loan that is considered impaired is charged to the statement of income.

On liquidation of the fund, the accumulated surplus in the policyholders' fund, if any, after meeting all obligations (including repayment of the outstanding amount of profit free loan), will be dealt with after consulting with the Company's Shari'a Supervisory Board. In case of an accumulated deficit, any profit free loan outstanding at the time of liquidation will not be repayable by the policyholders' fund and the Shareholders' fund will forego such outstanding amount.

Any deficit in the policyholders' fund, except for deficits arising from a decline in the fair value of securities, is financed by the Shareholders through a Qard Hassan (a finance cost free loan with no repayment terms). The Company maintains a full provision against the Qard Hassan.

3.4 Wakala fees

The Company manages the takaful operations on behalf of the policyholders for a wakala fee which is recognised on an accrual basis. A similar amount is shown as expense in the statement of income attributable to policyholders.

3.5 Financial assets

All financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

Financial assets of the Company are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), at fair value through other comprehensive income (FVTOCI) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

3. Summary of significant accounting policies (continued)

3.5 Financial assets (continued)

The effective profit rate 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.

3.5.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.5.2 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified at FVTPL, unless the Company designates an investment that is not held for trading at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of income.

Dividend income on investments in equity instruments at FVTPL is recognised in statement of income when the Company's right to receive the dividends is established in accordance with IAS 18 *Revenue*.

3.5.3 Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is 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 Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss will not be reclassified to statement of income on disposal of the investments, but reclassified to retained earnings.

The Company has designated all investments in equity instruments that are not held for trading as FVTOCI.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

3. Summary of significant accounting policies (continued)

3.5 Financial assets (continued)

3.5.3 Financial assets at fair value through other comprehensive income (FVTOCI) (continued)

Dividends on these investments in equity instruments are recognised in statement of income when the Company's right to receive the dividends is established in accordance with IAS 18 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment.

3.5.4 Takaful and other receivables

Takaful receivables, other receivables and statutory deposits are measured at amortised cost 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.

3.5.5 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where 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 asset have been affected.

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 Company'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.

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 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 the statement of income.

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 statement of income to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

3. Summary of significant accounting policies (continued)

3.5 Financial assets (continued)

3.5.6 Derecognition of financial assets

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

3.6 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of income in the period of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

3.7 Property and equipment

Property and equipment are carried at cost less any accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income.

The useful life considered in the calculation of depreciation of all the assets is 4 years.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

4. Cash and bank balances

	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
Cash on hand	**249**	141
Bank balances:		
Wakala deposits	**60,000**	55,000
Current accounts	**56,660**	50,854
	116.909	105,995
Attributable to:		
Policyholders	**82,436**	66,925
Shareholders	**34,473**	39,070
	116,909	105,995

5. Takaful and retakaful receivables

	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
Takaful receivable	**29,915**	20,730
Receivables from takaful companies	**1,624**	1,543
Receivables from retakaful companies	**2**	24
	31,541	22,297
Less: Provisions for doubtful receivables	**(1,436)**	(1,436)
	30,105	20,861

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

6. Takaful contract liabilities and retakaful contract assets

	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
Gross		
Takaful contract liabilities:		
Unearned contribution	**102,917**	72,115
Claims reported unsettled	**35,987**	31,503
Claims incurred but not reported	**36,993**	32,784
Unallocated loss adjustments expense reserve	**1,475**	1,247
Additional unexpired risk reserve	**16,123**	9,399
Total takaful/insurance contract liabilities, gross	**193,495**	147,048
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution	**14,425**	9,800
Claims reported unsettled	**21,405**	20,691
Claims incurred but not reported	**13,241**	12,559
Additional unexpired risk reserve	**11,941**	7,816
Total retakaful share of takaful liabilities	**61,012**	50,866
Net		
Unearned contribution	**88,492**	62,315
Claims reported unsettled	**14,582**	10,812
Claims incurred but not reported	**23,752**	20,225
Unallocated loss adjustments expense reserve	**1,475**	1,247
Additional unexpired risk reserve	**4,182**	1,583
	132,483	96,182

7. Related party transactions

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24. 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

Related parties represent directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

7. Related party transactions (continued)

a) At the reporting date, amounts due from/to related parties were as follows:

	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
Due from related parties:		
Al Redah Insurance Brokers (LLC), Dubai	**11,626**	9,552
Other	**21**	9
	11,647	9,561
Due to related parties:		
Other	**3**	14

All due from related parties are attributable to policy holders.

Due to related parties are attributable as follows:

	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
Shareholders	**3**	3
Policyholders	**-**	11
	3	14

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the year for bad or doubtful debts in respect of the amounts owed by related parties.

b) Transactions with related parties

During the period, the Company entered into following transactions with related parties:

	Three months period ended	
	31 March 2017 (Unaudited) AED'000	31 March 2016 (Unaudited) AED'000 (Restated)
Gross contribution written for related parties	**544**	389
Management expenses (net)	**510**	504
Contribution written through a related party broker	**7,268**	6,638
Policy acquisition costs	**997**	912
Claims paid – net	**15**	17
Claims paid through related party broker	**2**	8
Office rent	**185**	187

Transactions with related parties were carried out on terms agreed with the management.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

7. Related party transactions (continued)

c) Compensation of Board of Directors and key management personnel

	Three months period ended	
	31 March 2017 (Unaudited) AED'000	31 March 2016 (Unaudited) AED'000
Short-term benefits	372	300
Long-term benefits	68	338
Board of Directors' remuneration	-	800

8. Other financial assets

The Company's other financial assets at the end of reporting period/year are detailed below:

	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
Other financial assets measured at fair value through other comprehensive income (FVTOCI)		
Unquoted U.A.E. equity securities	2,306	2,306
Other financial assets measured at fair value through profit and loss (FVTPL)		
Quoted U.A.E. equity securities	39,832	29,594
Unquoted U.A.E. equity securities	515	515
	40,347	30,109

All other financial assets measured at fair value through other comprehensive income (FVTOCI) are attributable to Shareholders.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

8. Other financial assets (continued)

Other financial assets measured at fair value through profit and loss (FVTPL) are attributable as follows:

	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
Shareholders	35,199	30,109
Policyholders	5,148	-
	40,347	30,109

The movement in other financial assets are as follows:

	At fair value through other comprehensive income (FVTOCI)		At fair value through profit or loss (FVTPL)	
	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
Fair value, at the beginning of the period/year	2,306	2,729	30,109	43,203
Purchased during the period/year	-	-	17,411	35,078
Sold during the period/year	-	(306)	(6,963)	(48,579)
Change in fair value	-	(117)	(210)	407
Fair value, at the end of the period/year	2,306	2,306	40,347	30,109

9. Statutory deposits

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

10. Due from policyholders/due to shareholders

The balance consists of the net of Wakala fees balances that is due to the shareholders from the policyholders amounting to AED 27.4 million (31 December 2016: AED 9.8 million).

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

11. Investment properties

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

Management estimates that there has been no change in the fair value of investment properties during the three months period ended 31 March 2017.

Investment properties are classified as Level 3 in the fair value hierarchy as at 31 March 2017 (31 December 2016: Level 3).

Investment property amounting to AED 7.1 million (31 December 2016: AED 7.1 million) is registered in the name of related parties on trust and for the benefit of the Company.

12. Property and equipment

All property and equipment are located in U.A.E.

13. Share capital

At 31 March 2017, authorised, issued and fully paid share capital comprised 154,000,000 shares of AED 1 each (31 December 2016: 154,000,000 shares of AED 1 each).

14. Statutory reserve

In accordance with U.A.E. Law No. (2) of 2015, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. No transfer to the statutory reserve have been made during the three months period ended 31 March 2017 (three months period ended 31 March 2016: Nil), as this will be based on the audited results for the year.

15. Voluntary reserve

The Company had set up the voluntary reserve by transferring 10% of annual profit as per the clause in the earlier Articles of Association which required at least 10% of the Company's annual profit must be transferred to voluntary reserve until it is suspended by an Ordinary General Meeting upon recommendations of the Board of Directors or when the reserve reaches 50% of the paid up capital of Company and this reserve can be utilized for purposes determined by the Ordinarily General meeting up on recommendation of the Board of Directors.

During 2016, the Company had amended its Articles of Association and the clause related to voluntary reserve states that a voluntary purpose reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilized for any other purpose unless approved by the Ordinarily General meeting.

As per the above amendment, no transfer to voluntary reserve is made for the period ended 31 March 2017 and 31 December 2016.

Notes to the condensed financial statements for the three months period ended 31 March 2017 (continued)

16. Wakala and Mudarib's fees

Wakala fees

Wakala fee for the period ended 31 March 2017 amounted to AED 22.5 million (31 March 2016: AED 12.6 million). The fee is calculated at maximum of 30% of gross takaful contributions. Wakala fee is charged to the statement of income when incurred.

Mudarib's fee

The shareholders also manage the policyholders' investment funds and charge Mudarib's fee. Mudarib's fee is charged at 30% of realised investment income. No Mudarib's fee was charged during the period as there was no realised investment income pertaining to policyholders.

17. Investment income

	Three months period ended	
	31 March 2017 (Unaudited) AED'000	31 March 2016 (Unaudited) AED'000
Profit on disposal of financial investments at FVTPL	**625**	1,984
Unrealised (loss)/gain on financial investments at FVTPL	**(205)**	7,017
Dividends from financial investments at FVTPL	**1,538**	1,495
Fair value loss on investment properties	**-**	(687)
Income from investment properties	**5,113**	4,868
	7,071	14,677

18. (Loss)/earnings per share

(Loss)/earnings per share are calculated by dividing the (loss)/profit for the period attributable to shareholders by the number of ordinary shares outstanding as of the end of the period as follows:

	Three months period ended	
	31 March 2017 (Unaudited)	31 March 2016 (Unaudited) (Restated)
(Loss)/profit for the period attributable to shareholders (in AED'000)	**(1,835)**	4,772
Number of ordinary shares outstanding (share)	**154,000,000**	154,000,000
Basic and diluted (loss)/earnings per share (in AED)	**(0.01)**	0.03

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

18. Earnings per share (continued)

Diluted earnings per share as of 31 March 2017 and 31 March 2016 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

19. Dividends

At the Annual General Meeting held on 11 April 2017, the shareholders approved a cash dividend of 17% of share capital, AED 17 fils per share, amounting to AED 26.180 million for the year 2016. (2016: cash dividend of 7% of share capital, AED 7 fils per share, amounting to AED 10.780 million for the year 2015). The shareholders also approved the Board of Directors' remuneration for 2016 of AED 2.4 million (2015: AED 0.8 million).

20. Cash and cash equivalents

	Three months period ended	
	31 March 2017 (Unaudited) AED'000	31 March 2016 (Unaudited) AED'000
Cash and bank balances	**116,909**	67,503
Wakala deposit with maturity over 3 months	**(60,000)**	(25,000)
	56,909	42,503

21. Commitments and contingent liabilities

	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
Letters of guarantee	**10,356**	10,341

22. Segment information

For management purposes, the Company is organised into two business segments; takaful management and investment. The takaful segment comprises the takaful business undertaken by the Company on behalf of policyholders. Investment comprises investment and cash management for the Company's own account.

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

Except for Wakala fees 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.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

22. Segment information (continued)

These segments are the basis on which the Company reports its primary segment information. Segmental information is presented below:

	31 March 2017 (Unaudited)			31 March 2016 (Unaudited)		
	Attributable to policyholders AED'000	Attributable to Shareholders AED'000	Total AED'000	Attributable to policyholders AED'000 (Restated)	Attributable to Shareholders AED'000 (Restated)	Total AED'000 (Restated)
Takaful						
Total takaful income	31,151	-	31,151	19,543	-	19,543
Total takaful expenses	(31,051)	-	(31,051)	(20,322)	-	(20,322)
Net takaful income	100	-	100	(779)	-	(779)
Wakala fees	(22,496)	22,496	-	(12,585)	12,585	-
Other income	410	-	410	41	-	41
	(21,986)	22,496	510	(13,323)	12,585	(738)
Investment						
Investment income	-	7,071	7,071	-	14,677	14,677
Other income	-	154	154	-	88	88
Policy acquisition cost	-	(4,268)	(4,268)	-	(4,435)	(4,435)
General and administration expenses	-	(5,302)	(5,302)	-	(4,820)	(4,820)
(Loss)/profit for the period	(21,986)	20,151	(1,835)	(13,323)	18,095	4,772

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

22. Segment information (continued)

Other information

	Takaful		Investment		Total	
	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000	**31 March 2017 (Unaudited) AED'000**	31 December 2016 (Audited) AED'000	**31 March 2017 (Unaudited) AED'000**	31 December 2016 (Audited) AED'000
Segment assets	**208,423**	158,699	**394,941**	375,729	**603,364**	534,428
Segment liabilities	**278,819**	207,111	**10,646**	11,583	**289,465**	218,694

	Takaful For the three months period ended 31 March		Investment For the three months period ended 31 March		Total For the three months period ended 31 March	
	2017 (Unaudited) AED'000	2016 (Unaudited) AED'000	**2017 (Unaudited) AED'000**	2016 (Unaudited) AED'000	**2017 (Unaudited) AED'000**	2016 (Unaudited) AED'000
Capital expenditure	**-**	-	**16**	78	**16**	78
Depreciation and amortisation	**-**	-	**55**	39	**55**	39

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

23. Seasonality of results

Investment and other income for the current period includes dividends income of AED 1.5 million (Three months period ended 31 March 2016: AED 1.5 million), which is of a seasonal nature.

24. 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 Company 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 condensed 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 2016.

Fair value measurements recognised in the condensed statement of financial position

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); 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).

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

24. Fair value measurements (continued)

Financial assets	Fair value as at 31 March 2017 (Unaudited) AED'000	Fair value as at 31 December 2016 (Audited) AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets at FVTOCI						
Unquoted equity securities	**2,306**	2,306	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	**39,832**	29,594	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	**515**	515	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.

There were no transfers between 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.

25. Fatwa and Shari'a Supervisory Board

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

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

26. Reclassification

Certain comparative figures have been reclassified in order to conform to the presentation for the current period. These changes have been made to improve the quality and comparability of information presented. Such reclassification does not affect previously reported net profit or equity.

27. Approval of condensed financial statements

The condensed financial statements were approved by the Board of Directors and authorised for issue on 14 May 2017.