Orient UNB Takaful P.J.S.C.

Condensed interim financial information

for the six-month period ended 30 June 2019

Orient UNB Takaful P.J.S.C.

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Independent Auditors' Report on Review of Condensed Interim Financial Information

To the Shareholders of Orient UNB Takaful P.J.S.C.

Introduction

We have reviewed the accompanying 30 June 2019 condensed interim financial information of Orient UNB Takaful P.J.S.C. (the "Company"), which comprises:

- the condensed interim statement of financial position as at 30 June 2019;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2019;
- the condensed interim statement of changes in equity for the six-month period ended 30 June 2019;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2019; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2019 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited



Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates
Date: 06 AUG 2019

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Orient UNB Takaful P.J.S.C.

Condensed interim statement of financial position

as at

	Note	(Unaudited) 30 June 2019 AED	(Audited) 31 December 2018 AED
TAKAFUL OPERATIONS' ASSETS			
Cash and bank balances	8	**22,568,638**	9,171,139
Retakaful contract assets	9	**220,758,918**	156,169,404
Takaful and retakaful receivable	10	**49,835,985**	22,385,861
Due from related parties	20	**32,777,836**	59,262,239
Other receivables and prepayments	11	**4,964,259**	4,972,463
Receivable from shareholders	12	**50,499,287**	16,363,330
Total takaful operations' assets		**381,404,923**	268,324,436
SHAREHOLDERS' ASSETS			
Cash and bank balances	8	**859,961**	5,045,837
Other receivables and prepayments	13	**5,459,080**	1,403,971
Wakala deposit	14	**220,000,000**	195,000,000
Statutory deposit	15	**6,203,211**	6,203,211
Due from related parties	20	**1,388,027**	1,830,999
Property and equipment		**4,432,116**	1,188,034
Intangible assets		**623,896**	685,598
Total shareholders' assets		**238,966,291**	211,357,650
Total assets		**620,371,214**	479,682,086
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
TAKAFUL OPERATIONS' LIABILITIES			
Takaful contract liabilities	9	**281,219,278**	196,521,361
Payable to takaful, insurance, reinsurance and retakaful companies	16	**76,469,402**	59,641,353
Other takaful payables	17	**23,716,243**	12,161,722
Total takaful operations' liabilities		**381,404,923**	268,324,436
TAKAFUL OPERATIONS' DEFICIT			
Deficit in policyholders' fund	18	**(74,641,764)**	(41,060,854)
Provision against Qard Hassan	18	**74,641,764**	41,060,854
Total takaful operations' deficit		**-**	-
Total takaful operations' liabilities and deficit		**381,404,923**	268,324,436

Orient UNB Takaful P.J.S.C.

Condensed interim statement of financial position (continued)

as at

	Note	(Unaudited) 30 June 2019 AED	(Audited) 31 December 2018 AED
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Due to related parties	*20*	**228,719**	5,059,421
Accruals, provisions and other payables		**3,629,702**	3,524,757
Employees' end of service benefits		**604,991**	440,337
Payable to policyholders' - takaful operations	*12*	**50,499,287**	16,363,330
Lease liabilities		**2,544,010**	-
Total shareholders' liabilities		**57,506,709**	25,387,845
SHAREHOLDERS' EQUITY			
Share capital	*19*	**200,000,000**	200,000,000
Share premium	*19*	**1,198,390**	1,198,390
Accumulated losses		**(19,738,808)**	(15,228,585)
Total shareholders' equity		**181,459,582**	185,969,805
		238,966,291	211,357,650
Total takaful operations' liabilities, deficit, shareholders' liabilities and equity		**620,371,214**	479,682,086

These condensed interim financial information were approved and authorised for issue by the Board of Directors on 06 AUG 2019 and signed on their behalf by:

Chairman | Chief Executive Officer | Senior Vice President Finance

The notes on pages 8 to 18 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

Orient UNB Takaful P.J.S.C.

Condensed interim statement of profit or loss and other comprehensive income

for the six-months period ended 30 June (Un-audited)

	Note	For the three-month period ended		For the six-month period ended	
		30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
		AED	AED	**AED**	AED
Attributable to policyholders'					
Gross written contribution	*22*	**49,996,245**	36,276,224	**161,779,359**	90,923,303
Changes in unearned contribution reserve		**8,454,730**	(11,504,557)	**(46,857,233)**	(47,492,311)
Takaful contributions earned		**58,450,975**	24,771,667	**114,922,126**	43,430,992
Retakaful contributions		**37,106,764**	26,131,233	**120,360,319**	64,565,874
Changes in retakaful share of unearned contribution		**5,092,790**	(8,402,314)	**(37,596,393)**	(33,341,426)
Retakaful share of earned contributions		**42,199,554**	17,728,919	**82,763,926**	31,224,448
Net earned contributions		**16,251,421**	7,042,748	**32,158,200**	12,206,544
Commission earned		**9,001,377**	6,097,301	**14,862,877**	9,189,558
Gross takaful income		**25,252,798**	13,140,049	**47,021,077**	21,396,102
Gross claims paid		**(37,372,753)**	(16,604,120)	**(53,527,649)**	(18,230,483)
Retakaful share of claims paid		**29,367,546**	11,567,289	**40,395,989**	12,396,771
Net claims paid		**(8,005,207)**	(5,036,831)	**(13,131,660)**	(5,833,712)
Increase in reserve for outstanding claims and unallocated loss adjustment expense		**(1,942,128)**	(6,367,707)	**(26,276,660)**	(8,421,355)
Increase in reserve for retakaful share of outstanding claims		**1,306,082**	4,531,238	**21,406,308**	5,790,193
Increase in reserve for incurred but not reported claims		**(4,871,107)**	(1,716,035)	**(11,564,024)**	(8,355,115)
Increase in reserve for retakaful share of incurred but not reported claims		**1,699,547**	470,658	**5,586,813**	5,681,646
Net claims incurred		**(11,812,813)**	(8,118,677)	**(23,979,223)**	(11,138,343)
Takaful results before wakala fees		**13,439,985**	5,021,372	**23,041,854**	10,257,759
Wakala fees	*12.1*	**(17,498,667)**	(12,696,679)	**(56,622,764)**	(31,823,157)
Net deficit from takaful operations		**(4,058,682)**	(7,675,307)	**(33,580,910)**	(21,565,398)
Attributable to shareholders'					
Wakala fees income from policyholders		**17,498,667**	12,696,679	**56,622,764**	31,823,157
Income from deposits		**2,127,719**	1,611,719	**4,177,332**	3,205,428
Other income		**8**	91	**14**	172
General and administrative expenses		**(5,275,233)**	(3,893,520)	**(9,522,204)**	(7,850,846)
Commission expenses		**(9,999,510)**	(6,993,235)	**(19,403,452)**	(11,387,353)
Other takaful expenses		**40,723**	(679,655)	**(2,803,767)**	(1,781,394)
Profit for the period before Qard Hassan		**4,392,374**	2,742,079	**29,070,687**	14,009,164
Provision against Qard Hassan to policyholders	*18*	**(4,058,682)**	(7,675,307)	**(33,580,910)**	(21,565,398)
Profit / (loss) for the period attributable to shareholders'		**333,692**	(4,933,228)	**(4,510,223)**	(7,556,234)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income / (loss) for the period		**333,692**	(4,933,228)	**(4,510,223)**	(7,556,234)
Profit / (loss) per share	*23*	**0.17**	(2.47)	**(2.26)**	(3.78)

The notes on pages 8 to 18 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

Orient UNB Takaful P.J.S.C.

Condensed interim statement of changes in equity

for the six-months period ended 30 June (Un-audited)

	Share capital AED	Share premium AED	Accumulated losses AED	Total AED
As at 1 January 2018 (Audited)	200,000,000	1,198,390	(6,006,939)	195,191,451
Total comprehensive loss for the period	-	-	(7,556,234)	(7,556,234)
As at 30 June 2018	**200,000,000**	**1,198,390**	**(13,563,173)**	**187,635,217**
As at 1 January 2019 (Audited)	200,000,000	1,198,390	(15,228,585)	185,969,805
Total comprehensive loss for the period	-	-	(4,510,223)	(4,510,223)
As at 30 June 2019	**200,000,000**	**1,198,390**	**(19,738,808)**	**181,459,582**

The notes on pages 8 to 18 form an integral part of these condensed interim financial information.

Orient UNB Takaful P.J.S.C.

Condensed interim statement of cash flows

for the six-months period ended 30 June (Un-audited)

	30 June 2019	30 June 2018
	AED	AED
Cash flows from operating activities		
Loss for the period	**(4,510,223)**	(7,556,234)
Adjustment for:		
Depreciation of property and equipment	**625,488**	120,685
Amortisation of intangible assets	**61,702**	61,702
Provision for employees' end of service benefits	**173,926**	139,398
Finance cost on lease liabilities	**70,577**	-
Operating cash flows before movements in working capital	**(3,578,530)**	(7,234,449)
Changes in:		
Retakaful contract assets	**(64,589,514)**	(44,813,265)
Takaful and retakaful receivable	**(27,450,124)**	(11,975,700)
Due from related parties (relating to takaful operations)	**26,484,403**	(45,242,607)
Other receivables and prepayments (relating to takaful operations)	**8,204**	(1,413,815)
Other receivables and prepayments (relating to shareholders')	**(4,582,242)**	(3,649,447)
Due from related parties (relating to shareholders')	**442,972**	-
Takaful contract liabilities	**84,697,917**	64,268,781
Payable to takaful, insurance, reinsurance and retakaful companies	**16,828,049**	28,306,902
Other takaful payables	**11,554,521**	16,266,242
Due to related parties	**(4,830,702)**	2,266,759
Accruals, provisions and other payables	**104,945**	1,264,808
Net cash generated from / (used in) operating activities	**35,089,899**	(1,955,791)
Employees' end of service benefits paid	**(9,272)**	-
Net cash generated from / (used in) operations	**35,080,627**	(1,955,791)
Cash flows from investing activities		
Purchase of property and equipment	**(223,669)**	(19,409)
Deposit with an Islamic bank	**(25,000,000)**	-
Net cash used in investing activities	**(25,223,669)**	(19,409)
Cash flows from financing activity		
Payment of lease liabilities	**(645,335)**	-
Net cash used in financing activity	**(645,335)**	-
Net increase / (decrease) in cash and cash equivalents	**9,211,623**	(1,975,200)
Cash and cash equivalents at 1 January	**14,216,976**	17,100,217
Cash and cash equivalents at 30 June (note 8)	**23,428,599**	15,125,017

The notes on pages 8 to 18 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

Orient UNB Takaful P.J.S.C.

Notes

(forming part of the condensed interim financial information)

1 Legal status and activities

Orient UNB Takaful P.J.S.C. (the “Company”) is a public joint stock company registered under UAE Federal Law No. (2) of 2015 relating to the incorporation of commercial companies in the UAE, and UAE Federal Law No. (6) of 2007 (as amended) relating to the establishment of insurance companies. The registered address of the Company is P.O. Box 183368, Dubai, United Arab Emirates.

The Company was incorporated on 8 November 2016, while the formalities of issuance and allotment of shares to the public were finalised on 28 December 2016. The shares of the Company are listed on the Dubai Financial Market. The Company obtained a commercial license on 23 January 2017 and a license from the Insurance Authority of the UAE on 16 July 2017.

The principal activity of the Company is issuance of short term takaful contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. The Company also invests its funds in wakala deposits.

2 Basis of preparation

a) Statement of compliance

These condensed interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting", applicable provisions of UAE Federal Law No. (2) of 2015 and UAE Federal Law No. (6) of 2007. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

These condensed interim financial information have been prepared on the historical cost basis.

c) Functional and presentation currency

These condensed interim financial information are presented in UAE Dirham (AED), which is the functional currency. Except as otherwise indicated, financial information are presented in AED.

d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

In preparing these condensed interim financial information, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 31 December 2018.

3 Changes in accounting policies, estimates and judgements

The Company has consistently applied the accounting policies as applied by the Company in the annual financial statements for the year ended 31 December 2018, except the following accounting policies which are applicable from 1 January 2019:

3 Changes in accounting policies, estimates and judgements (continued)

IFRS 16 Leases

The Company has adopted IFRS 16 ‘Leases’, issued in January 2016, with the date of initial application of 1 January 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

Lessee accounting

The Company initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Company initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Company has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee’s benefits, similar to the current accounting for operating leases.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The Company has assessed that the impact of IFRS 16 is not material on opening retained earnings and has presented right of use assets within ‘Property and equipment’ and 'Lease liabilities' in the condensed interim statement of financial position.

Impacts on condensed interim financial information

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company has recognised AED 3.15 million of right-of-use assets (included in property and equipment) and AED 2.54 million of lease liabilities as at 30 June 2019.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and finance costs, instead of operating lease expense. During the six-month period ended 30 June 2019, the Company recognised AED 0.49 million of depreciation charges and AED 0.071 million of finance costs from these leases.

4 Financial risk management

Aspects of the Company’s financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 31 December 2018.

5 Interim measurement

The nature of the Company’s business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These condensed interim financial information were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the period. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

6 Classes and categories of financials assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities along with their fair values. For financial assets and liabilities carried at amortised cost, management believes that the amortised cost of those instruments approximates to their fair values.

At 30 June 2019 (Un-audited)

Financial assets	**Amortised cost**	**Total**
	AED	**AED**
Cash and bank balances	**23,428,599**	**23,428,599**
Takaful and retakaful receivable	**49,835,985**	**49,835,985**
Due from related parties (relating to takaful operations)	**32,777,836**	**32,777,836**
Other receivables (relating to takaful operations)	**4,964,259**	**4,964,259**
Receivable from shareholders	**50,499,287**	**50,499,287**
Other receivables (relating to shareholders')	**4,460,739**	**4,460,739**
Wakala deposit	**220,000,000**	**220,000,000**
Statutory deposit	**6,203,211**	**6,203,211**
Due from related parties (relating to shareholders')	**1,388,027**	**1,388,027**
	393,557,943	**393,557,943**

Financial liabilities	**Amortised cost**	**Total**
	AED	**AED**
Payable to takaful, insurance, reinsurance and retakaful companies	**76,469,402**	**76,469,402**
Other takaful payables	**23,716,243**	**23,716,243**
Due to related parties	**228,719**	**228,719**
Accruals, provisions and other payables	**3,629,702**	**3,629,702**
Payable to policyholders - takaful operations	**50,499,287**	**50,499,287**
Lease liabilities	**2,544,010**	**2,544,010**
	157,087,363	**157,087,363**

At 31 December 2018 (Audited)

Financial assets	Amortised cost	Total
	AED	AED
Cash and bank balances	14,216,976	14,216,976
Takaful and retakaful receivable	22,385,861	22,385,861
Due from related parties (relating to takaful operations)	59,262,239	59,262,239
Other receivables (relating to takaful operations)	4,972,463	4,972,463
Receivable from shareholders	16,363,330	16,363,330
Other receivables (relating to shareholders')	265,846	265,846
Wakala deposit	195,000,000	195,000,000
Statutory deposit	6,203,211	6,203,211
Due from related parties (relating to shareholders')	1,830,999	1,830,999
	320,500,925	320,500,925

6 Classes and categories of financials assets and financial liabilities (continued)

At 31 December 2018 (Audited)

Financial liabilities	Amortised cost	Total
	AED	AED
Payable to takaful, insurance, reinsurance and retakaful companies	59,641,353	59,641,353
Other takaful payables	12,161,722	12,161,722
Due to related parties	5,059,421	5,059,421
Accruals, provisions and other payables	3,524,757	3,524,757
Payable to policyholders - takaful operations	16,363,330	16,363,330
	96,750,583	96,750,583

7 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 30 June 2019 and 31 December 2018, all financial assets and liabilities are stated at amortised cost and are classified as Level 3 within the fair value hierarchy. The fair values of the financial assets and liabilities at amortised cost are not materially different from their carrying value at the reporting date.

8 Cash and cash equivalent

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	30 June 2019 (Un-audited)		
	Takaful Operations AED	**Shareholders' Operations AED**	**Total AED**
Cash in hand	**-**	**2,704**	**2,704**
Current accounts with banks and Islamic financial institutions	**22,568,638**	**857,257**	**23,425,895**
	22,568,638	**859,961**	**23,428,599**

	31 December 2018 (Audited)		
	Takaful Operations AED	Shareholders' Operations AED	Total AED
Cash in hand	-	5,545	5,545
Current accounts with banks and Islamic financial institutions	9,171,139	5,040,292	14,211,431
	9,171,139	5,045,837	14,216,976

9 Takaful contract liabilities and retakaful contract assets - (relating to takaful operations)

	(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
Gross takaful contract liabilities		
Reserve for outstanding claims	**100,886,782**	75,040,009
Reserve for unallocated loss adjustment expense	**858,812**	428,925
Reserve for incurred but not reported claims (IBNR)	**32,120,726**	20,556,702
Reserve for outstanding claims (including IBNR)	**133,866,320**	96,025,636
Unearned contribution reserve	**147,352,958**	100,495,725
Total takaful contract liabilities (gross)	**281,219,278**	196,521,361
Less: Retakaful contract assets		
Reserve for retakaful share of outstanding claims	**(89,093,965)**	(67,687,657)
Reserve for retakaful share of incurred but not reported claims (IBNR)	**(21,640,693)**	(16,053,880)
Reserve for retakaful share of outstanding claims (including IBNR)	**(110,734,658)**	(83,741,537)
Retakaful share of unearned contribution	**(110,024,260)**	(72,427,867)
Total retakaful contract assets	**(220,758,918)**	(156,169,404)
Net takaful contract liabilities	**60,460,360**	40,351,957

10 Takaful and retakaful receivable (relating to takaful operations)

	(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
Inside U.A.E.:		
Due from policyholders	**1,857,996**	566,891
Due from takaful and retakaful companies	**8,042,704**	2,903,160
Due from brokers and agents	**36,073,268**	18,057,319
	45,973,968	21,527,370
Outside U.A.E.:		
Due from takaful and retakaful companies	**3,862,017**	858,491
	3,862,017	858,491
Total takaful and retakaful receivable	**49,835,985**	22,385,861

11 Other receivables and prepayments - (relating to takaful operations)

	(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
Deposit	**10,000**	10,000
Receivable from third party administrators	**925,000**	425,000
VAT input receivable - net	**3,359,467**	2,026,796
Other receivable	**669,792**	2,510,667
	4,964,259	4,972,463

12 Receivable from shareholders and payable to policyholders - takaful operations

		(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
As at 1 January		**16,363,330**	(316,001)
Wakala fees for the period / year	*12.1*	**(56,622,764)**	(66,644,689)
Other movement in account during the period / year		**90,758,721**	83,324,020
		50,499,287	16,363,330

12.1 For all takaful policies, wakala fees were charged at 35% of gross takaful contributions. Wakala fees are approved by the Sharia'a Supervisory Board and are charged to the statement of profit or loss and comprehensive income when incurred.

13 Other receivables and prepayments - (relating to shareholders')

	(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
Accrued profit on Wakala deposits	**4,337,626**	160,294
Prepayments	**998,341**	1,138,125
Other receivables	**123,113**	105,552
	5,459,080	1,403,971

14 Wakala deposit

This consists of term deposits with an Islamic bank, an Islamic division of a commercial banks and an Islamic financial institution in UAE, at profit rates ranging from 2.75% to 4.15% per annum *(31 December 2018: 4.15% per annum)* amounting to AED 220 million *(31 December 2018: AED 195 million)* , which matures in August 2019 December 2019.

15 Statutory deposit

This consists of a fixed deposit under lien with an Islamic bank in UAE, at a profit rate of 3.40% per annum *(31 December 2018: 3.40% per annum),* which matures in December 2019 for the purpose of license renewal from the Insurance Authority.

16 Payable to takaful, insurance, reinsurance and retakaful companies - (relating to takaful operations)

	(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
Payables – Inside UAE	**16,534,188**	10,253,806
Payables – Outside UAE	**59,935,214**	49,387,547
	76,469,402	59,641,353
Inside UAE:		
Payable to insurance and takaful companies	**14,110,080**	9,272,289
Payable to reinsurers and retakaful companies	**2,424,108**	981,517
	16,534,188	10,253,806
Outside UAE:		
Payable to insurance and takaful companies	**14,742,970**	8,710,746
Payable to reinsurers and retakaful companies	**45,192,244**	40,676,801
	59,935,214	49,387,547

17 Other takaful payables (relating to takaful operations)

	(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
Payable to policyholders for claims	**9,284,515**	866,190
Payable to third party administrators	**13,186,634**	10,113,855
Other payables	**1,245,094**	1,181,677
	23,716,243	12,161,722

18 Qard Hassan

	(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
Deficit in policyholders' fund		
As at 1 January	**(41,060,854)**	(5,586,661)
Deficit during the period / year	**(33,580,910)**	(35,474,193)
	(74,641,764)	(41,060,854)
Provision against Qard Hassan		
As at 1 January	**41,060,854**	5,586,661
Provision during the period / year	**33,580,910**	35,474,193
	74,641,764	41,060,854

19 Share capital and share premium

	(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
Issued and paid up capital		
Issued and fully paid 2,000,000 shares of AED 100 each	**200,000,000**	200,000,000
Share premium reserve	**1,198,390**	1,198,390
	201,198,390	201,198,390

20 Related party transactions

Related parties comprise of shareholders, associate companies, and directors and key management personnel of the Company, together with entities controlled, jointly controlled or significantly influenced by those parties. Pricing policies and terms of these transactions are approved by the Company's shareholders.

Significant transactions with related parties included in the condensed interim statement of profit or loss and other comprehensive income are as follows:

	Six-month period ended 30 June 2019 (Un-Audited)		
	Shareholders AED	**Associated companies of the shareholders AED**	**Total AED**
Gross written contribution	**9,785,642**	**21,567,581**	**31,353,223**
Retakaful contribution	**(5,066,697)**	**-**	**-5,066,697**
General and administrative expenses	**1,059,879**	**17,820,072**	**18,879,951**
Claims reported	**21,345,918**	**465,708**	**21,811,626**
Profit on Wakala deposits	**2,035,120**	**-**	**2,035,120**
	29,159,862	**39,853,361**	**69,013,223**

	Six-month period ended 30 June 2018 (Un-Audited)		
	Shareholders AED	Associated companies of the shareholders AED	Total AED
Gross written contribution	40,812,062	18,113,422	58,925,484
Retakaful contribution	(20,067,488)	-	(20,067,488)
General and administrative expenses	73,996	3,120,712	3,194,708
Claims reported	229,182	3,519,393	3,748,575
Profit on Wakala deposits	3,135,122	-	3,135,122
	24,182,874	24,753,527	48,936,401

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

	(Un-audited) 30 June 2019 AED	(Audited) 31 December 2018 AED
Due from related parties (relating to takaful operations)		
Takaful and retakaful receivable from related parties	**32,777,836**	59,262,239
Due from related parties (relating to shareholder operation)		
Orient Insurance P.J.S.C.	**-**	48,644
Al Futtaim Motor Auto Centre	**63,152**	1,352,713
Other related parties	**1,324,875**	429,642
	1,388,027	1,830,999

20 Related party transactions (continued)

Cash and cash equivalent

Cash and cash equivalent includes current accounts with banks and Islamic financial institutions of AED 1.7 million *(31 December 2018: AED 5.3 million)* which are the shareholders of the Company.

Wakala deposit (relating to shareholders')

The Wakala deposit of AED 100 million *(31 December 2018: AED 100 million)* is invested in an Islamic financial institution, Al Wifaq Finance Company which is a shareholder of the Company.

Due to related parties (relating to shareholders')

	(Un-audited)	(Audited)
	30 June	31 December
	2019	2018
	AED	AED
Orient Insurance P.J.S.C.	**6,675**	-
Al Futtaim Motor Auto Centre	-	4,615,988
Other related parties	**222,044**	443,433
	228,719	5,059,421

21 Segment information

Operating segment information

For management purposes, the Company is organised into four business segments; motor, marine, medical and miscellaneous lines of business. These segments are the basis on which the Company reports its primary segment information.

	Six-month period ended 30 June 2019 (Un-audited)				
	Motor	**Marine**	**Medical**	**Miscellaneous**	**Total**
	AED	**AED**	**AED**	**AED**	**AED**
Gross written contribution	**21,379,125**	**8,007,008**	**77,985,948**	**54,407,278**	**161,779,359**
Gross takaful income					**47,021,077**
Net underwriting expenses					**(23,979,223)**
Takaful results before wakala fees					**23,041,854**
Wakala fees					**(56,622,764)**
Net deficit from takaful operations					**(33,580,910)**

	Six-month period ended 30 June 2018 (Un-audited)				
	Motor	Marine	Medical	Miscellaneous	Total
	AED	AED	AED	AED	AED
Gross written contribution	19,330,342	1,575,430	39,942,263	30,075,268	90,923,303
Gross takaful income					21,396,102
Net underwriting expenses					(11,138,343)
Takaful results before wakala fees					10,257,759
Wakala fees					(31,823,157)
Net deficit from takaful operations					(21,565,398)

21 Segment information (continued)

The segmental information of assets and liabilities as per above lines of business is not available. The geographical segmental information is not presented as all the operations of the Company are based locally.

22 Gross written contribution

	(Un-audited) For the three-month period ended		(Un-audited) For the six-month period ended	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
Marine	**4,766,446**	1,113,204	**8,007,008**	1,575,430
Motor	**11,019,363**	12,383,845	**21,379,125**	19,330,342
Medical	**1,129,178**	2,432,501	**77,985,948**	39,942,263
Fire	**12,041,844**	7,471,233	**21,948,566**	12,082,573
Engineering	**5,145,564**	3,072,843	**7,528,374**	3,594,167
Others	**15,893,850**	9,802,598	**24,930,338**	14,398,528
	49,996,245	36,276,224	**161,779,359**	90,923,303

23 Profit / (loss) per share

Basic profit / (loss) per share is calculated by dividing the profit / (loss) for the period by the weighted average number of shares outstanding during the period as follows:

	(Un-audited) For the three-month period ended		(Un-audited) For the six-month period ended	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
Profit / (loss) for the period attributable to shareholders' (AED)	**333,692**	(4,933,228)	**(4,510,223)**	(7,556,234)
Weighted average number of shares outstanding during the period	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Profit / (loss) per share (AED)	**0.17**	(2.47)	**(2.26)**	(3.78)

There is no dilution impact on basic earnings per share.