Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)
Dubai - United Arab Emirates

Condensed consolidated interim financial information
for the period from 1 January 2019 to 30 June 2019

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Table of contents

Review report on condensed consolidated interim financial information to the board of directors of Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Dubai Islamic Insurance & Reinsurance Co (Aman) P.J.S.C. (the "Company") and its subsidiaries (the "Group") as at 30 June 2019 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income for the three month and six month periods then ended, and condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter

We draw attention to Note 22 of the condensed consolidated interim financial information, which describes the uncertainty in relation to the recoverability of financial assets measured at fair value through other comprehensive income (FVOCI), with a total carrying value of AED 13 million at 30 June 2019, which are legally held by the former Chief Executive Officer ("CEO") of the Company and entities controlled by the CEO, for the beneficial interest of the Company. Our conclusion is not qualified in respect of this matter.

PricewaterhouseCoopers
7 August 2019

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)
Condensed consolidated statement of financial position
as at 30 June 2019

	Note	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
ASSETS			
Cash and bank balances	5	**92,340,235**	107,195,773
Takaful receivables	9	**84,724,429**	76,511,391
Due from related parties	18	**4,300,771**	5,323,358
Retakaful contract assets			
Unearned contribution reserves	7	**104,780,120**	172,512,604
Claims reported unsettled	7	**74,808,364**	89,080,787
Mathematical reserve	7	**830,523**	951,541
Claims incurred but not reported	7	**34,289,953**	33,791,245
Deferred policy acquisition costs		**9,539,242**	8,403,414
Financial assets measured at fair value through other comprehensive income (FVTOCI)	8	**61,014,171**	69,113,735
Financial assets measured at fair value through profit and loss (FVTPL)	8	**722,915,769**	653,782,327
Prepayments and other receivables		**9,248,100**	8,112,614
Statutory deposit	6	**10,000,000**	10,000,000
Investment properties	10	**60,672,000**	60,672,000
Furniture and equipment		**342,858**	404,920
Assets classified as held for sale		**3,202,546**	4,835,954
Total assets		**1,273,009,081**	1,300,691,663
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to banks		**19,588,432**	19,842,439
Trade and other payables		**47,355,052**	71,081,296
Takaful payables		**92,572,849**	95,283,321
Due to related parties	18	**487,324**	468,484
Murabaha payable		**15,411,449**	15,411,449
Takaful contract liabilities:			
Unearned contribution reserve	7	**147,064,412**	204,575,664
Claims reported unsettled	7	**93,772,965**	110,128,789
Mathematical reserve	7	**1,121,584**	1,422,554
Claims incurred but not reported	7	**54,395,044**	55,921,830
Unallocated loss adjustment expenses	7	**2,693,746**	2,968,748
Unit linked liabilities	7	**716,813,089**	647,195,413
Deferred discount		**4,502,973**	7,844,384
Amounts held under retakaful treaties		**5,384,834**	4,921,287
Liabilities directly associated with assets classified as held for sale		**15,150,593**	17,095,888
Total liabilities		**1,216,314,346**	1,254,161,546

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	Note	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
SHAREHOLDERS' EQUITY			
Share capital	12	**225,750,000**	225,750,000
Legal reserve	13	**2,321,799**	2,321,799
General reserve	14	**2,321,799**	2,321,799
Investments revaluation reserve – FVTOCI		**(75,725,202)**	(104,336,230)
Accumulated losses		**(96,603,217)**	(78,189,737)
Equity attributable to shareholders of the parent		**58,065,179**	47,867,631
Non-controlling interest		**(1,370,444)**	(1,337,514)
Net equity		**56,694,735**	46,530,117
Total liabilities and shareholders' equity*		**1,273,009,081**	1,300,691,663

*The breakdown of the assets and liabilities belonging to the shareholders and the policyholders is shown in Note 23.

This condensed consolidated interim financial information was authorised for issue on 1 August 2019 by the Board of Directors and signed on its behalf by:

Jihad Faitrouni
Chief Executive Officer

Abdul Nazar Moopentakath
Executive Director- Finance & Investments

Condensed consolidated income statement (Un-audited)
for the period from 1 January 2019 to 30 June 2019

	Note	Six month period ended 30 June 2019 AED	Six month period ended 30 June 2018 AED	Three month period ended 30 June 2019 AED	Three month period ended 30 June 2018 AED
Attributable to policyholders					
Takaful income					
Gross takaful contribution	19	**137,621,062**	129,821,147	**68,552,190**	75,783,609
Retakaful share of accepted business	19	**(53,952,167)**	(55,064,474)	**(28,515,715)**	(39,218,674)
Retakaful share of ceded business	19	**(37,285,590)**	(26,237,576)	**(20,845,686)**	(10,809,571)
Net takaful contributions		**46,383,305**	48,519,097	**19,190,789**	25,755,364
Net transfer to unearned contribution reserve		**(10,221,233)**	(96,041)	**(1,240,023)**	(3,275,498)
Net decrease in mathematical reserve		**179,952**	238,585	**46,398**	208,294
Net takaful contributions earned		**36,342,024**	48,661,641	**17,997,164**	22,688,160
Discount received on ceded Retakaful		**17,468,723**	9,439,785	**7,938,094**	5,002,785
Policy fees		**5,647,132**	5,995,327	**2,456,885**	2,479,770
		59,457,879	64,096,753	**28,392,143**	30,170,715
Takaful expenses					
Gross claims settled	19	**(72,322,277)**	(64,922,303)	**(26,171,084)**	(23,821,179)
Retakaful share of accepted business claims	19	**33,047,224**	21,381,243	**6,921,313**	6,438,677
Retakaful share of ceded business claims	19	**19,213,225**	19,864,380	**9,889,744**	6,639,212
Net takaful claims		**(20,061,828)**	(23,676,680)	**(9,360,027)**	(10,743,290)
Release of provision for claims reported unsettled		**16,355,824**	36,246,482	**(2,297,593)**	16,402,287
Retakaful share of claims reported unsettled		**(14,272,424)**	(35,872,597)	**4,365,815**	(11,572,081)
Net (increase)/decrease in claims incurred but not reported		**2,025,495**	(1,256,130)	**3,080,608**	(356,077)
Net decrease in unallocated loss adjustment expenses		**275,002**	227,672	**317,670**	214,564
Net claims incurred		**(15,677,931)**	(24,331,253)	**(3,893,527)**	(6,054,597)
Excess of loss of takaful contribution		**(2,016,596)**	(1,678,615)	**(1,314,216)**	(328,664)
		(17,694,527)	(26,009,868)	**(5,207,743)**	(6,383,261)
Net takaful income		**41,763,352**	38,086,885	**23,184,400**	23,787,454
Wakala fees	15	**(40,569,438)**	(34,749,587)	**(20,808,791)**	(18,267,001)
Investment income	16	**1,046,171**	1,150,524	**636,916**	603,770
Mudarib's share	15	**(261,543)**	(287,631)	**(159,229)**	(150,942)
Net profit from takaful operation for the period		**1,978,542**	4,200,191	**2,853,296**	5,973,281

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)
Condensed consolidated income statement (Un-audited)
for the period from 1 January 2019 to 30 June 2019 (continued)

	Note	Six month period ended 30 June 2019 AED	Six month period ended 30 June 2018 AED	Three month period ended 30 June 2019 AED	Three month period ended 30 June 2018 AED
Attributable to shareholders					
Income					
Investment income	16	**3,095,824**	4,314,093	**1,468,303**	1,747,062
Wakala fees from policyholders	15	**40,569,438**	34,749,587	**20,808,792**	18,267,001
Mudarib's share from policyholders	15	**261,543**	287,631	**159,229**	150,942
Other operating income		**535,064**	3,401	-	3,401
		44,461,869	39,354,712	**22,436,324**	20,168,406
Expenses					
Policy acquisition cost		**(16,540,367)**	(14,198,216)	**(9,328,489)**	(8,446,205)
General and administrative expenses		**(19,959,022)**	(18,722,974)	**(10,426,480)**	(10,550,970)
Reversal of /(provision for) Qard Hassan to policyholders' fund		-	4,200,191	-	5,973,281
Net operating loss of subsidiaries		**(173,184)**	-	**(11,230)**	-
		(36,672,573)	(28,720,999)	**(19,766,199)**	(13,023,894)
Profit for the period attributable to shareholders for continuing operations		**7,789,296**	10,633,713	**2,670,125**	7,144,512
Discontinued operations					
Profits/(losses) from discontinued Operations		**(329,335)**	(3,889,856)	**368,653**	(1,842,081)
Profit for the period attributable to shareholders		**7,459,961**	6,743,857	**3,038,778**	5,302,431
Attributable to:					
Shareholders of the parent		**7,492,891**	6,982,086	**3,001,909**	5,435,998
Non-controlling interests		**(32,930)**	(238,229)	**36,869**	(133,567)
		7,459,961	6,743,857	**3,038,778**	5,302,431
Earnings per share	17	**0.042**	**0.030**	**0.026**	**0.050**

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income (Un-audited)
for the period from 1 January 2019 to 30 June 2019

	Six month period ended 30 June		Three month period ended 30 June	
	2019	2018	**2019**	2018
	AED	AED	**AED**	AED
Attributable to policyholders:				
Profit for the period	**1,978,542**	4,200,191	**2,853,290**	5,973,281
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss:				
Changes in fair value of financial assets carried at fair value through other comprehensive income	**99,686**	(2,007,503)	**(129,327)**	(682,220)
Total comprehensive income for the period attributable to policyholders	**2,078,228**	2,192,688	**2,723,969**	5,291,061
Attributable to shareholders:				
Profit for the period	**7,459,961**	6,743,857	**3,038,778**	5,302,431
Other comprehensive (loss)/income				
Items that will not be reclassified subsequently to profit or loss:				
Changes in fair value of financial assets carried at fair value through other comprehensive income	**626,429**	(8,725,301)	**(312,268)**	(2,965,101)
Total comprehensive income/(loss) for the period attributable to shareholders	**8,086,390**	(1,981,444)	**2,726,510**	2,337,330
Attributable to:				
Shareholders of the parent	**8,119,320**	(1,743,215)	**2,689,641**	2,470,897
Non-controlling interests	**(32,930)**	(238,229)	**36,869**	(133,567)
	8,086,390	(1,981,444)	**2,726,510**	2,337,330

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)
Condensed consolidated statement of changes in equity
for the period from 1 January 2019 to 30 June 2019

	Share capital	Legal reserve	General reserve	Investments revaluation reserve - FVTOCI	Accumulated losses	Equity attributable to shareholders of the Parent	Non-controlling interest	Total
	AED	AED	AED	AED	AED	AED	AED	AED
Balance at 1 January 2018 (audited)	225,750,000	1,371,054	1,371,054	(67,567,235)	(76,547,190)	84,377,683	(801,589)	83,576,094
Adjustment on adoption of IFRS 9	-	-	-	-	(3,703,530)	(3,703,530)	-	(3,703,530)
Restated balances at 1 January 2018	225,750,000	1,371,054	1,371,054	(67,567,235)	(80,250,720)	80,674,153	(801,589)	79,872,564
Profit/(loss) for the period	-	-	-	-	6,982,086	6,982,086	(238,229)	6,743,857
Other comprehensive loss for the period	-	-	-	(8,725,301)	-	(8,725,301)	-	(8,725,301)
Total other comprehensive loss for the period	-	-	-	(8,725,301)	6,982,086	(1,743,215)	(238,229)	(1,981,444)
Directors' remuneration	-	-	-	-	(500,000)	(500,000)	-	(500,000)
Balance at 30 June 2018 (unaudited)	**225,750,000**	**1,371,054**	**1,371,054**	**(76,292,536)**	**(73,768,634)**	**78,430,938**	**(1,039,818)**	**77,391,120**
Balance at 1 January 2019 (audited)	**225,750,000**	**2,321,799**	**2,321,799**	**(104,336,230)**	**(78,189,737)**	**47,867,631**	**(1,337,514)**	**46,530,117**
Profit / (loss) for the period	-	-	-	-	**9,471,433**	**9,471,433**	**(32,930)**	**9,438,503**
Other comprehensive loss for the period	-	-	-	**28,611,028**	**(27,884,913)**	**726,115**	-	**726,115**
Total other comprehensive income /(loss) for the period	-	-	-	**28,611,028**	**(18,413,480)**	**10,197,548**	**(32,930)**	**10,164,618**
Balance at 30 June 2019 (unaudited)	**225,750,000**	**2,321,799**	**2,321,799**	**(75,725,202)**	**(96,603,217)**	**58,065,179**	**(1,370,444)**	**56,694,735**

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)
Condensed consolidated statement of cash flows (Un-audited)
for the period from 1 January 2019 to 30 June 2019

	Six month period ended 30 June	
	2019	2018
	AED	AED
Cash flows from operating activities		
Profit for the period	**9,438,503**	10,944,049
Adjustments for:		
Reversal of provision for Qard Hasan	**-**	4,200,191
Depreciation of furniture and equipment	**62,060**	553,151
Loss on sale of investments measured at FVTPL, net	**484,234**	1,163,896
Dividend income	**(3,667,192)**	(6,050,381)
Profit income	**(637,110)**	-
Provision for employees' end of service benefits	**658,200**	731,031
Impairment allowance provision	**1,098,486**	799,545
	7,437,181	3,941,100
Changes in operating assets and liabilities:		
Decrease in retakaful contract assets	**81,693,037**	74,137,444
Increase in takaful receivables	**(6,936,570)**	(7,619,365)
Increase in prepayments and other receivables	**(1,135,486)**	(316,513)
Decrease in takaful contract liability	**(75,969,834)**	(63,561,128)
Decrease / (Increase) in amounts held under retakaful treaties	**463,548**	(842,532)
(Decrease)/ Increase in takaful and retakaful payable	**(2,710,472)**	11,444,682
Decrease in trade and other payable	**(23,726,245)**	(1,894,082)
Decrease/ (Increase) in due from related parties	**(1,384,896)**	(3,025,076)
(Decrease)/ Increase in due to related parties	**18,840**	(1,489,361)
(Decrease)/ Increase in differed discount	**(3,341,411)**	1,391,728
(Increase)/ Decrease in deferred policy acquisition cost	**(1,135,828)**	(860,276)
Decrease in assets as held for sale	**(808,089)**	-
Cash used in operations	**(27,536,225)**	11,306,621
Employees' end of service benefits paid	**(246,912)**	(804,225)
Net cash (used in) / generated from operating activities	**(27,783,137)**	10,502,396
Cash flows from investing activities		
Purchase of furniture and equipment	-	(94,708)
Increase in Wakala deposits	**(20,000,000)**	(7,000,000)
Proceeds from sale of other financial assets	-	2,323,504
Net decrease/(increase) in unit linked investments	-	(10,064,287)
Dividend income received	**2,071,006**	6,050,381
Proceeds from sale of OCI Investments	**8,825,674**	-
Rental Income and other investment income	**896,787**	-
Profit income received	**637,110**	-
Net cash used in investing activities	**(7,569,423)**	(8,785,110)
Cash flows from financing activities		
Increase in Murabaha Financing	**-**	15,387,006
Increase in due to bank	**(254,007)**	(10,033,627)
Director remuneration paid	-	(500,000)
Net cash (used in) / generated from financing activities	**(254,007)**	4,853,379
Net (decrease) / increase in cash and cash equivalents	**(35,606,567)**	6,570,665
Cash and cash equivalents at the beginning of the period	60,368,699	39,232695
Cash and cash equivalents at the end of the period (Note 5)	**24,762,132**	45,803,360

The accompanying notes form an integral part of this condensed consolidated financial information.

1. General information

Dubai Islamic Insurance & Reinsurance Company (Aman) (P.J.S.C.) (the "Company") is registered as a public shareholding company in Dubai, United Arab Emirates. The Company carries out general takaful (insurance), retakaful and life takaful business in accordance with the teachings of Islamic Sharia'a. The Company is also licensed to engage in retakaful and life Takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates (UAE).

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

The Company issues short term takaful contracts in connection with motor, marine, fire and engineering, general accident and medical risks and life takaful risks. The Company also invests in investment securities and properties.

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

The Company with its subsidiaries are together referred to as the "Group" in these condensed consolidated financial statements. At 30 June 2019 and 2018, the Company had the following subsidiaries:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership profit %	Proportion of voting power held %	Principal activity	Status
Nawat Investments L.L.C.	United Arab Emirates	100.00	100.00	Investment in commercial, industrial and agricultural enterprises and management	Active
TechnikAuto Service Centre Co. L.L.C	United Arab Emirates	100.00	100.00	Vehicles' repair services	Under Liquidation
Amity Health L.L.C.	United Arab Emirates	90.00	90.00	Medical billing services	Under Liquidation

The Chairman of the Group holds 1% of Nawat Investments L.L.C. and 1% of Technik Auto Service Centre Co. L.L.C on behalf and for the benefit of the Group.

The Group is in the process of implementing the related requirements to comply fully with the Financial Regulations and Circular No. (4) and (9) of 2016 concerning the report requirements for insurance companies operating in the UAE. This mainly includes preparation of the financial statements and disclosures based on Appendix (1) of the Financial Regulations as well as compliance with the solvency ratio requirements.

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

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	1 January 2019
Amendments to IAS 19, "Employee benefits" on plan amendment, curtailment or settlement.	1 January 2019
IFRS 16 "Leases"	1 January 2019

This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting remains mainly unchanged. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

There was no impact on the condensed interim financial information of the Group from the adoption of IFRS 16 on 1 January 2019 since all the Group's leases are short-term or low-value leases which have been recognized on a straight-line basis as an expense.

There are no other applicable new standards, amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the financial statements of the Group.

3. Summary of significant accounting policies

3.1 Basis of preparation

The condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standard Board and also complies with the applicable requirements of the laws in the UAE.

The condensed consolidated financial information has been prepared on the going concern basis applying the historical cost convention, except for financial assets measured at fair value through profit or loss and investment property, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

The Group's condensed consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: Cash and cash equivalents, insurance and other receivables, and insurance and other payables. The following balances would generally be classified as non-current: furniture and equipment, investment properties, intangible assets, statutory deposits, fixed deposits, provision for employees' end of service indemnity and bank borrowings. The following balances are of mixed nature (including both current and non-current portions): financial assets at FVTOCI, financial assets at FVTPL, reinsurance contract assets, deferred acquisition costs, insurance contract liabilities and deferred discount.

The accounting policies, presentation and methods in these condensed consolidated financial information are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new accounting standards in Note 2.

These condensed consolidated financial information do not include all the information required for full annual financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2018.

In addition, results for the three and six month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

3.2 Basis of consolidation

This condensed consolidated financial information incorporates the financial statements of the Company and entities controlled by the Group. Control is achieved where the Group has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The condensed consolidated financial information comprises the financial statements of the Company and of the subsidiaries as disclosed in Note 1 to these condensed consolidated financial information. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. All significant inter-group balances, income and expense items are eliminated on consolidation.

3.3 Accounting policies

The accounting policies in respect of investment properties, financial assets and property and equipment have been disclosed in this condensed interim financial information as required by Securities and Commodities Authority ("SCA") notification dated 12 October 2008.

Financial instruments

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. Summary of significant accounting policies (continued)

3.3 Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Debt instruments, including receivables related to Takaful contracts, are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortised cost and effective profit method

The effective profit method is a method of calculating the amortised cost of a debt instrument and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective profit basis for debt instruments (other than those financial assets designated as FVTPL) are measured subsequently at amortised cost. Profit income is recognised in the condensed consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, in banks and deposits in banks with original maturity not more than three months from the date of placement.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Takaful, retakaful and other receivables

Takaful, retakaful and other receivables that have fixed or determinable payments are measured at amortised cost using the effective profit rate method, less any impairment.

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

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as 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;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking.

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 investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to consolidated income statement, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in the consolidated income statement when the Group's right to receive the dividends is established, it is probable that economic benefits associated with the dividend will flow to the Group and the amount of dividend can be measured reliably.

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

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

Debt instruments that do not meet the amortised cost criteria (as described above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the consolidated income statement. The net gain or loss recognised in the consolidated income statement is included in the 'net investment income' line item in the consolidated income statement. Fair value is determined in the manner described in Note 22 to the consolidated financial statements.

Profit income on debt instruments as at FVTPL is included in the net gain or loss described above and is included in the 'net investment income' line item.

Dividend income on investments in equity instruments at FVTPL is recognised in the consolidated income statement when the Group's right to receive the dividends is established, it is probable that economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

De-recognition of financial assets

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

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated income statement.

On de-recognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the consolidated income statement, but is reclassified to retained earnings.

3. Significant accounting policies (continued)

Furniture and equipment

Furniture and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement when incurred.

Depreciation is charged so as to write off the cost, over their estimated useful lives, using the straight-line method, as follows:

Furniture and fixtures	4 years
Office equipment	4 years
Motor vehicles	4 years

The gain or loss arising on the disposal or retirement of an item of furniture and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated income statement.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the investment property is derecognised.

3.4 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

4. Judgements and estimates

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

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

5. Cash and bank balances

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Cash on hand	**211,754**	29,500
Bank balances:		
Wakala deposits	**70,000,000**	50,000,000
Current accounts	**22,344,035**	57,202,868
	92,344,035	107,232,368
Less: Provision for impairment	**(3,800)**	(36,595)
	92,340,235	107,195,773

Details of provision for impairment as per IFRS 9 are as follows:

	Amount AED
Balance as at 31 December 2017	-
Add: Provision on initial application of IFRS 9	**89,040**
Balance as at 1 January 2018	**89,040**
Released during the year	**(52,445)**
Balance as at 31 December 2018	**36,595**
Released during the Period	**(32,529)**
Balance as at 30 June 2019	**3,800**

For cash flow purposes, the cash and cash equivalents are as follows:

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Un-audited)
Cash and bank balances	**92,344,035**	107,232,368
Cash and bank balances included in the assets held for sale	**2,418,097**	3,136,331
Deposits with original maturities of greater than three months	**(70,000,000)**	(50,000,000)
Cash and cash equivalents	**24,762,132**	60,368,699

The profit rates on Wakala deposits with banks ranges from 1.7% to 3.7% (2018: 1.5% to 2.0%).

6. Statutory deposit

Wakala deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of U.A.E. and are not available to finance the day to day operations of the Group.

7. Retakaful contract assets and Takaful contract liabilities

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Gross		
Takaful contract liabilities:		
Unearned contribution reserve	**147,064,412**	204,575,664
Claims reported unsettled	**93,772,965**	110,128,789
Mathematical Reserve	**1,121,584**	1,422,554
Claims incurred but not reported	**54,395,044**	55,921,830
Unallocated loss adjustment expenses	**2,693,746**	2,968,748
Unit linked liabilities	**716,813,089**	647,195,413
Total takaful contract liabilities, gross	**1,015,860,840**	1,022,212,998
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution reserve	**104,780,120**	172,512,604
Claims reported unsettled	**74,808,364**	89,080,787
Mathematical reserve	**830,523**	951,541
Claims incurred but not reported	**34,289,953**	33,791,245
Total retakaful share of takaful liabilities	**214,708,960**	296,336,177
Net		
Unearned contribution reserve	**42,284,292**	32,063,060
Claims reported unsettled	**18,964,601**	21,048,002
Mathematical Reserve	**291,061**	471,013
Claims incurred but not reported	**20,105,091**	22,130,585
Unallocated loss adjustment expenses	**2,693,746**	2,968,748
Unit linked liabilities	**716,813,089**	647,195,413
	801,151,880	725,876,821

The gross and net insurance contracts recorded by the Company are in line with the those calculated by the Company's external actuary SHMA Consulting DMCC.

Notes to the condensed consolidated financial information for the period from 1 January 2019 to 30 June 2019 (continued)

8. Financial assets measured at fair value

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	**36,711,041**	44,810,605
- Unlisted	**24,303,130**	24,303,130
	61,014,171	69,113,735
Financial assets measured at fair value through profit and loss (FVTPL) (B)		
- Listed	**6,102,680**	6,586,914
- Unit linked investments	**716,813,089**	647,195,413
	722,915,769	653,782,327
Total financial assets measured at fair value (A+B)	**783,929,940**	722,896,062

Investments by geographical concentration are as follows:

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
- Within U.A.E.	**37,296,836**	45,384,537
- Outside U.A.E.	**746,633,104**	677,511,525
	783,929,940	722,896,062

Notes to the condensed consolidated financial information for the period from 1 January 2019 to 30 June 2019 (continued)

9. Takaful receivables

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Due from policyholders	**42,157,037**	25,993,419
Less: Allowance for impairment	**(4,170,704)**	(3,853,268)
	37,986,333	22,140,151
Due from takaful /retakaful companies	**33,435,572**	48,795,456
Due form brokers/ agents	**17,718,357**	21,572,516
Less: Allowance for impairment	**(4,415,833)**	(15,996,732)
	84,724,429	76,511,391

Movements in provision for impairment are as follows:

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Balance at the beginning of the period/year	**19,850,000**	17,500,000
Initial application of IFRS 9	**-**	1,563,044
Balance at 1 January	**19,850,000**	19,063,044
Impairment allowance for the period/year	**600,000**	2,189,820
Write-off during the period/year	**(9,986,995)**	(650,000)
Released provision	**(1,876,468)**	(752,864)
Balance at the end of the period/year	**8,586,537**	19,850,000

10. Investment property

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Balance at beginning of the period /year	**60,672,000**	65,090,000
Loss on revaluation of investment property	**-**	(4,418,000)
Balance at end of the period /year	**60,672,000**	60,672,000
Attributable to:		
Policyholders	**11,348,462**	11,348,462
Shareholders	**49,323,538**	49,323,538
	60,672,000	60,672,000

The carrying value of investment properties represent their fair value as determined by an independent valuation expert as at 31 December 2018. The Group's management reassessed the valuation internally during the six month period ended 30 June 2019 and no material differences were noted. The fair value of the Group's investment property is based on unobservable inputs i.e. Level 3.

11. Policyholders' investments revaluation reserve

The Group transfers to the policyholders their share of investment revaluation reserve FVTOCI from the shareholders' equity on pro-rata basis. The percentage of such allocation for the six month period ended 30 June 2019 is identical to that used for the year ended 31 December 2018 and approved by the Group's Fatwa and Sharia'a Supervisory Board.

12. Share capital

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Issued and fully paid:		
225,750,000 ordinary shares of AED 1 each (2018: 225,750,000 ordinary shares)	**225,750,000**	225,750,000

13. Legal reserve

In accordance with United Arab Emirates Federal Law No. (2) of 2015, the Group has established a legal reserve by appropriation of 10% of the profit of the Parent Company 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.

14. General reserve

The Group is required to transfer 10% of the profit of the Parent Company for the year to a general reserve in accordance with its Articles of Association. The reserve is available for distribution by a resolution of the shareholders of the Group at an ordinary general meeting, on the recommendation of the Board of Directors.

15. Wakala fees and Mudarib's share

The Group manages the Takaful operations for the policyholders and charges 33% of the gross Takaful contributions net of fronting contribution as Wakala fees (30 June 2018: 30%). In addition, the Group charges (2%) on fronting contribution as Wakala fees and 100% on FWU Administrate fees. These Wakala fees rates were approved by the Group's Fatwa and Sharia'a Supervisory Board.

The Group also manages the Policyholders' investment funds and is entitled to 25% (30 June 2018: 25%) of net investment income earned by the Policyholders' investment funds as the Mudarib's share. The Mudarib's share was AED 261,543 (30 June 2018: AED 287,631).

16. Investment income

	Six month period ended 30 June 2019 AED (Un-audited)	2018 AED (Un-audited)
Loss on investments measured at FVTPL, net	**(484,234)**	(1,163,896)
Other investment income		
Income from investment deposits	**637,109**	216,237
Dividend income	**3,667,192**	6,050,381
Rental income	**321,927**	361,895
	4,141,995	5,464,617
Allocated to:		
Policyholders	**1,046,171**	1,150,524
Shareholders	**3,095,824**	4,314,093
	4,141,995	5,464,617

Investment income and losses are allocated amongst the shareholders and the policyholders on a pro rata basis. This allocation to policyholders is approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.

17. Basic and diluted earnings per share

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

	Six month period ended 30 June 2019 (Un-audited)	2018 (Un-audited)
Profit for the period attributable (AED)	**9,438,503**	6,743,857
Weighted average number of shares outstanding during the period	**225,750,000**	225,750,000
Earnings per share (AED)	**0.042**	0.030

Earnings per share above is calculated on the aggregate profit of the policyholders and shareholders for the period. The final earnings attributable to shareholders are dependent on approval by the Group's Fatwa and Sharia'a Supervisory Board.

18. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

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

	30 June 2019 (Un-audited)			30 June 2018 (Un-audited)		
	Major shareholders AED	**Other related parties AED**	**Total AED**	Major shareholders AED	Other related parties AED	Total AED
Gross contributions	**1,980,559**	**6,410**	**1,986,969**	496,285	55,137	551,422
Gross claims (paid)	**71,255**	**167,308**	**238,563**	8,170	621,482	629,652

Compensation of key management personnel was as follows:

	Six month period ended 30 June	
	2019 AED (Un-audited)	2018 AED (Un-audited)
Short term employee benefits	**958,167**	934,667
End of service benefits	**52,360**	28,117
Total compensation paid to key management personnel	**1,010,527**	962,784

Due from related parties

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Entities owned by the Chairman of the Board of Directors		
Nation Hospital - UAE	5,013,112	4,335,649
Bin Omeir Education Foundation - UAE	2,018,415	1,505,456
Bin Omeir Holding Group - UAE	1,364,644	1,194,430
Bin Omeir Auto Motive Group - UAE	879,361	879,320
Chocolatier – UAE	105,752	105,751
Others		
	9,556,024	8,171,128
Less: Provision for impairment	**(5,255,253)**	(2,847,770)
Total	**4,300,771**	5,323,358

18. Related party transactions (continued)

Details of provision for impairment as per IFRS 9 are as follows:

	Amount (Un-audited) AED
Balance as at 31 December 2017	-
Add: Provision on initial application of IFRS 9	2,037,584
Balance as at 1 January 2018 and 30 June 2018	2,037,584
Impairment allowance for the year	810,186
Balance as at 31 December 2018	2,847,770
Impairment allowance for the period	2,407,483
Balance as at 30 June 2019	**5,255,253**

Due to related parties

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Entities owned by the Chairman of the Board of Directors		
Fast Service Centre - UAE	**468,484**	468,484
Emirates Taxi	**18,840**	-
Total	**487,324**	468,484

Notes to the condensed consolidated financial statements for the period from 1 January 2019 to 30 June 2019 (continued)

19. Segmental information

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

- **Takaful activities** include the general, life and medical insurance business undertaken by the Group.
- **Investment activities** represent investment and cash management for the Group's own account.
- **Others** represent income and expense activities conducted by the subsidiaries and included in this consolidated financial report.

The following table presents segment information for the six month period ended 30 June 2019 and the six month period ended 30 June 2018.

	Six month period ended 30 June 2019 (Un-audited)				Six month period ended 30 June 2018 (Un-audited)			
	Takaful AED	**Investments AED**	**Other AED**	**Total AED**	Takaful AED	Investments AED	Other AED	Total AED
Takaful								
Takaful income	**59,457,879**	**-**	**-**	**59,457,879**	64,096,753	-	-	64,096,753
Takaful expenses	**(17,694,527)**	**-**	**-**	**(17,694,527)**	(26,009,868)	-	-	(26,009,868)
Net Takaful income	**41,763,352**	**-**	**-**	**41,763,352**	38,086,885	-	-	38,086,885
Wakala fees	**(40,569,438)**	**40,569,438**		**-**	(34,749,587)	34,749,587	-	-
Mudarib's share from policyholders	**(261,543)**	**261,543**		**-**	(287,631)	287,631	-	-
Policy acquisition cost	**-**	**(16,540,367)**		**(16,540,367)**	-	(14,198,216)	-	(14,198,216)
	(40,830,981)	**24,290,614**	**-**	**(16,540,367)**	(35,037,218)	20,839,002	-	(14,198,216)
Investment income	**1,046,171**	**3,095,824**	**-**	**4,141,995**	1,150,524	4,314,093	-	5,464,617
Unallocated expenses	**-**	**-**	**(19,959,022)**	**(19,959,022)**	-	-	(18,722,974)	(18,722,974)
Other operating income	**-**	**535,064**	**-**	**535,064**	-	3,401	(3,889,856)	(3,886,455)
Net operating loss of subsidiaries	**-**	**-**	**(469,589)**	**(469,589)**	-	-	-	-
Net profit for the period	**1,978,542**	**27,921,502**	**(20,428,611)**	**9,471,433**	4,200,191	25,156,496	(22,612,830)	6,743,857

19. Segmental information (continued)

Other information

	Takaful		**Investment**		**Total**	
	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)	**30 June 2019 AED (Un-audited)**	31 December 2018 AED (Audited)	**30 June 2019 AED (Un-audited)**	31 December 2018 AED (Audited)
Segment assets	**1,116,854,773**	1,166,608,186	**207,788,852**	196,372,649	**1,324,643,625**	1,362,980,835
Segment liabilities	**1,267,948,890**	1,316,360,218	**-**	-	**1,267,948,890**	1,316,360,218

19. Segmental information (continued)

Net Takaful contributions

	Six month period ended 30 June				Three month period ended 30 June			
	Gross takaful contribution	Retakaful share of accepted business	Retakaful share of ceded business	Net takaful contribution	Gross takaful contribution	Retakaful share of accepted business	Retakaful share of ceded business	Net takaful contribution
	AED	AED	AED	AED	AED	AED	AED	AED
2019								
Motor	**41,249,799**	**26,633**	**10,554,324**	**30,668,842**	**24,182,469**	**12,668**	**10,774,098**	**13,395,702**
Engineering	**1,023,093**	**71,707**	**834,046**	**117,340**	**628,438**	**43,400**	**509,961**	**75,077**
Marine & aviation	**7,207,438**	**5,232,774**	**1,240,903**	**733,761**	**1,583,298**	**588,706**	**698,294**	**296,299**
Fire	**10,552,441**	**4,081,792**	**5,693,224**	**777,425**	**4,580,083**	**1,637,924**	**2,582,199**	**359,960**
General insurance & liabilities	**34,679,922**	**29,418,364**	**333,278**	**4,928,280**	**22,561,764**	**20,276,222**	**147,524**	**2,138,018**
Medical	**20,031,360**	**1,164,435**	**12,823,045**	**6,043,880**	**5,186,702**	**91,961**	**3,413,529**	**1,681,212**
Life	**22,877,009**	**13,956,462**	**5,806,770**	**3,113,777**	**9,829,436**	**5,864,834**	**2,720,081**	**1,244,521**
Total	**137,621,062**	**53,952,167**	**37,285,590**	**46,383,305**	**68,552,190**	**28,515,715**	**20,845,686**	**19,190,789**
2018								
Motor	32,222,633	1,637,076	30,465	30,555,092	17,807,688	723,779	(2,858)	17,086,766
Engineering	792,963	90,847	581,435	120,681	454,752	41,603	342,670	70,480
Marine & aviation	2,955,025	1,380,519	1,044,063	530,443	1,386,364	696,433	437,885	252,047
Fire	21,556,501	15,824,513	4,968,228	763,760	16,118,941	13,696,002	2,095,870	327,069
General insurance & liabilities	27,496,811	20,650,543	277,036	6,569,232	22,097,078	17,387,683	73,581	4,635,814
Medical	21,594,089	490,817	14,233,787	6,869,485	7,985,741	366,716	5,268,340	2,350,684
Life	23,203,125	14,990,159	5,102,562	3,110,404	9,933,045	6,306,458	2,594,083	1,032,504
Total	129,821,147	55,064,474	26,237,576	48,519,097	75,783,609	39,218,674	10,809,571	25,755,364

19. Segmental information (continued)

Net takaful claims

	Six month period ended 30 June				Three month period ended 30 June			
	Gross claims settled	Retakaful share of accepted business claims	Retakaful share of ceded business claims	Net takaful claims	Gross claims settled	Retakaful share of accepted business claims	Retakaful share of ceded business claims	Net takaful claims
	AED	AED	AED	AED	AED	AED	AED	AED
2019								
Motor	**15,612,407**	**83,151**	**4,430,785**	**11,098,471**	**6,742,453**	**19,239**	**2,593,902**	**4,129,310**
Engineering	**478,971**	**31,778**	**425,169**	**22,024**	**342,328**	**1,441**	**325,840**	**15,047**
Marine & aviation	**3,308,327**	**1,645,894**	**1,080,512**	**581,921**	**2,786,971**	**1,461,867**	**851,791**	**473,313**
Fire	**556,653**	**59,163**	**449,590**	**47,900**	**142,705**	**53,442**	**73,896**	**15,367**
General insurance & liabilities	**24,027,048**	**22,075,111**	**46,755**	**1,905,182**	**1,835,790**	**423,863**	**20,755**	**1,391,173**
Medical	**16,992,091**	**-**	**12,780,414**	**4,211,677**	**7,984,958**	**-**	**6,023,560**	**1,961,398**
Life	**11,346,780**	**9,152,127**	**-**	**2,194,653**	**6,335,879**	**4,961,461**	**-**	**1,374,419**
Total	**72,322,277**	**33,047,224**	**19,213,225**	**20,061,828**	**26,171,084**	**6,921,313**	**9,889,744**	**9,360,027**
2018								
Motor	19,842,899	3,202,873	1,585,329	15,054,697	11,095,919	1,562,962	1,363,174	8,169,784
Engineering	686,594	346,625	313,912	26,057	430,904	275,849	140,905	14,149
Marine & aviation	245,604	219,324	18,730	7,550	96,854	86,503	8,798	1,553
Fire	17,677,591	8,255,642	7,919,077	1,502,872	639,060	88,886	512,921	37,253
General insurance & liabilities	6,405,657	5,494,451	212,567	698,639	2,045,576	1,412,803	202,507	430,266
Medical	15,109,041	-	9,643,354	5,465,687	5,653,116	-	4,239,496	1,413,620
Life	4,954,917	3,862,328	171,411	921,178	3,859,750	3,011,674	171,411	676,665
Total	64,922,303	21,381,243	19,864,380	23,676,680	23,821,179	6,438,677	6,639,212	10,743,290

19. Segmental information (continued)

Segmental Statement Life and Non-Life

Life and non-life segments (Balance Sheet)	Non-life	Non-life	Life	Life	Total	Total
	30-June 2019 AED (Un-audited)	31-December 2018 AED (Un-audited)	**30-June 2019 AED (Un-audited)**	31-December 2018 AED (Un-audited)	**30-June 2019 AED (Un-audited)**	31-December 2018 AED (Un-audited)
Segment assets	**389,179,612**	473,693,095	**27,819,480**	36,180,157	**416,999,092**	509,873,252
Segment liabilities	**403,456,883**	490,048,587	**27,819,480**	36,180,157	**431,276,363**	526,228,744

Life and non-life segments (Income Statement)	Non-life	Non-life	Life	Life	Total	Total
	30-June 2019 AED (Un-audited)	30-June 2018 AED (Un-audited)	**30-June 2019 AED (Un-audited)**	30-June 2018 AED (Un-audited)	**30-June 2019 AED (Un-audited)**	30-June 2018 AED (Un-audited)
Segment takaful income	**50,755,878**	54,942,075	**8,702,001**	9,154,678	**59,457,879**	64,096,753
Segment takaful expenses	**(15,468,397)**	(25,147,913)	**(2,226,130)**	(861,955)	**(17,694,527)**	(26,009,868)
Segment other expenses	**(34,083,426)**	(28,521,227)	**(5,701,384)**	(5,365,467)	**(39,784,810)**	(33,886,694)
Segment net income from takaful operations	**1,204,055**	1,272,935	**774,487**	2,927,256	**1,978,542**	4,200,191

Notes to the condensed consolidated financial statements for the period from 1 January 2019 to 30 June 2019 (continued)

20. Contingencies

(a) At reporting date, the Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business amounting AED 0.7 million (31 December 2018: AED 1.2 million).

(b) The Group, is involved as a defendant in a number of legal cases with other insurance, reinsurance and policyholders. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Group in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made. The expected outcome of the cases is dependent on future legal proceedings.

21. Fair value of financial instruments

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

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

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

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

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

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value of the financial assets that are measured at fair value on a recurring basis

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

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

Notes to the condensed consolidated financial statements for the period from 1 January 2019 to 30 June 2019 (continued)

21. Fair value of financial instruments (continued)

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

Fair value of the financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at 30 June 2019 AED'000 (Un-audited)	31 December 2018 AED'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets at FVTOCI						
Quoted equity securities	**36,711**	44,810	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	**24,303**	24,303	Level 3	Net assets valuation method and comparable, multiples approach	Net assets value	Higher the net assets value of the investees, higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	**6,103**	6,586	Level 1	Quoted bid prices in an active market.	None	N/A
Unit linked investments	**716,813**	647,195	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 each of the levels during the period.

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTOCI:

	30 June 2019 AED'000 (Un-audited)	31 December 2018 AED'000 (Audited)
At 1 January	**24,303**	28,907
Disposals during the period/year	-	-
Transferred out of Level 3	-	-
Changes in fair value	-	(4,604)
At end of the period/year	**24,303**	24,303

Notes to the condensed consolidated financial statements
for the period from 1 January 2019 to 30 June 2019 (continued)

21. Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTPL:

	30 June 2019 AED'000 (Un-audited)	31 December 2018 AED'000 (Audited)
At 1 January	**647,195**	639,149
Net change during the period/year (change in fair value and net investment/withdrawal)	**69,618**	8,046
At end of the period/year	**716,813**	647,195

The investments classified under Level 3 category have been fair-valued based on information available for each investment. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

22. Significant matters

The former CEO of the Group resigned on 10 July 2013. The Company entered into an agreement with the former CEO on 9 July 2013 for the payment and/or transfer of certain assets and investments that were held by the CEO and by entities controlled by him in trust for the beneficial interest of the Group. As of 30 June 2019, assets with a total carrying value of AED 13 million, which are still in the name of the former CEO, have not as yet been transferred or paid to the Company. The Company initiated a number of legal proceedings to transfer these assets. The Court declared the case to be in the favour of the Company, based on its decision dated 30 June 2014. An appeal against the decision was filed by the former CEO dated 27 November 2014 but was rejected by the Dubai Courts of Cassation on 10 March 2016, and the CEO was ordered to settle the claims raised against him. The Board of Directors is confident about the realization of atleast the carrying value of the assets due from the CEO and, therefore no adjustments to the carrying value of the assets are required.

Notes to the condensed consolidated financial statements
for the period from 1 January 2019 to 30 June 2019 (continued)

23. Condensed consolidated statement of financial position - Shareholders and policyholders' assets and liabilities

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
ASSETS		
Takaful operations' assets		
Cash and bank balances	**40,546,630**	49,454,401
Retakaful contract assets		
Unearned contribution reserve	**104,780,120**	172,512,604
Claims reported unsettled	**74,808,364**	89,080,787
Mathematical reserve	**830,523**	951,541
Claims incurred but not reported	**34,289,953**	33,791,245
Takaful receivables	**84,724,429**	76,511,391
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	**13,026,473**	12,926,788
Other financial assets measured at fair value through profit and loss (FVTPL)	**1,009,594**	1,097,361
Investment property	**11,348,462**	11,348,462
Due from Shareholders'	**51,634,544**	62,198,672
Total takaful operations' assets	**416,999,092**	509,873,252
Shareholders' assets		
Cash and bank balances	**51,793,605**	57,741,372
Statuary deposit	**10,000,000**	10,000,000
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	**47,987,698**	56,186,947
Other financial assets measured at fair value through profit and loss (FVTPL)	**721,906,175**	652,684,966
Prepayments and other receivables	**9,248,100**	8,112,614
Deferred policy acquisition costs	**9,539,242**	8,403,414
Investment property	**49,323,538**	49,323,538
Furniture and equipment	**342,858**	404,920
Assets classified as held for sale	**3,202,546**	4,835,954
Due from related parties	**4,300,771**	5,323,358
Total shareholders' assets	**907,644,533**	853,017,083
Total assets	**1,324,643,625**	1,362,890,335

Notes to the condensed consolidated financial statements for the period from 1 January 2019 to 30 June 2019 (continued)

23. Condensed consolidated statement of financial position - Shareholders and policyholders' assets and liabilities (continued)

	30 June 2019 AED (Un-audited)	31 December 2018 AED (Audited)
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		
Takaful operations' liabilities		
Trade and other payables	**29,767,956**	47,007,308
Takaful payables	**92,572,849**	91,438,180
Takaful contract liabilities:		
Unearned contribution reserve	**147,064,412**	204,575,664
Claims reported unsettled	**93,772,965**	110,128,789
Mathematical reserve	**1,121,584**	1,422,554
Claims incurred but not reported	**54,395,044**	55,921,830
Unallocated loss adjustment expenses	**2,693,746**	2,968,748
Deferred discount	**4,502,973**	7,844,384
Amounts held under retakaful treaties	**5,384,834**	4,921,287
Total takaful operations' liabilities	**431,276,363**	526,228,744
Takaful operations' deficit		
Surplus in policyholders' fund	**5,283,796**	3,305,261
Policyholders' investments revaluation reserve	**(19,561,067)**	(19,660,753)
Total deficit from takaful operations	**(14,277,271)**	(16,355,492)
Total takaful operations' liabilities and deficit	**416,999,092**	509,873,252
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Due to bank	**19,588,432**	19,842,439
Trade and other payables	**17,587,096**	24,073,988
Takaful payables	**-**	3,845,141
Due to related parties	**487,324**	468,484
Unit linked liabilities	**716,813,089**	647,195,413
Murabaha payable	**15,411,449**	15,411,449
Due to policyholder	**51,634,544**	62,198,672
Liabilities directly associated with assets classified as held for sale	**15,150,593**	17,095,888
Total shareholders' liabilities	**836,672,527**	790,131,474
Shareholders' equity		
Share capital	**225,750,000**	225,750,000
Legal reserve	**2,321,799**	2,321,799
General reserve	**2,321,799**	2,321,799
Investments revaluation reserve – FVTOCI	**(56,164,135)**	(84,675,477)
Accumulated losses	**(101,887,013)**	(81,494,998)
Equity attributable to shareholders of the Parent	**72,342,450**	64,223,123
Non-controlling interest	**(1,370,444)**	(1,337,514)
Net Equity	**70,972,006**	62,885,609
Total shareholders' liabilities and equity	**907,644,533**	853,017,083
Total takaful operations' liabilities and deficit, shareholders' liabilities and equity	**1,324,643,625**	1,362,890,335