

**Methaq Takaful Insurance
Company PSC**

REVIEW REPORT AND
INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2016 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF METHAQ TAKAFUL INSURANCE COMPANY PSC

Introduction

We have reviewed the accompanying interim condensed financial statements of Methaq Takaful Insurance Company PSC (the "Company") as at 30 September 2016, comprising of the interim statement of financial position as at 30 September 2016 and the related interim income statement and interim statement of comprehensive income for the three-month and nine-month periods then ended and interim statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

We draw attention to Note 2.1 to the interim condensed financial statements, which states that the Company accumulated losses amounted to AED 74,959,201 as of 30 September 2016. These interim condensed financial statements have been prepared under the going concern concept as the Directors and management consider these losses to be temporary and expect the Company to generate profits from future takaful operations. Our conclusion is not qualified in respect of this matter.



Signed by
Raed Ahmad
Partner
Ernst & Young
Registration No. 811

10 November 2016
Abu Dhabi

Methaq Takaful Insurance Company PSC

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

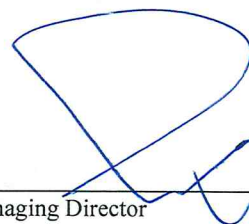
As at 30 September 2016

	Notes	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
ASSETS			
Cash and bank balances	3	11,407,965	11,823,654
Statutory deposit	4	6,000,000	6,000,000
Investments at fair value through other comprehensive income	5	17,720,000	17,720,000
Investments at fair value through profit or loss	5	2,525,440	2,218,499
Retakaful contract assets		23,488,305	15,794,323
Takaful and other receivables		160,377,020	135,357,218
Deferred acquisition costs		11,429,739	13,346,004
Furniture and equipment		2,071,770	2,741,715
Investment properties	6	<u>152,135,625</u>	<u>152,135,625</u>
TOTAL ASSETS		<u>387,155,864</u>	<u>357,137,038</u>
SHAREHOLDERS' EQUITY, POLICYHOLDERS' FUND AND LIABILITIES			
Shareholders' equity			
Share capital		150,000,000	150,000,000
Legal reserve		1,957,081	1,957,081
General reserve		1,700,807	1,700,807
Accumulated losses		<u>(74,959,201)</u>	<u>(73,627,964)</u>
Total shareholders' equity		<u>78,698,687</u>	<u>80,029,924</u>
Policyholders' fund			
Deficit of policyholders' fund	8	(153,247,053)	(140,714,742)
Loan from shareholders	8	<u>153,247,053</u>	<u>140,714,742</u>
Total policyholders' fund		<u>-</u>	<u>-</u>
Liabilities			
Provision for employees' end of service benefits		1,734,056	1,382,518
Takaful contract liabilities		208,676,014	189,069,460
Retakaful and other liabilities		74,921,586	69,348,889
Islamic financing arrangement		6,000,000	6,857,143
Unearned retakaful commission		5,311,202	1,876,554
Retakaful deposits retained		<u>11,814,319</u>	<u>8,572,550</u>
Total liabilities		<u>308,457,177</u>	<u>277,107,114</u>
TOTAL SHAREHOLDERS' EQUITY, POLICYHOLDERS' FUND AND LIABILITIES		<u>387,155,864</u>	<u>357,137,038</u>

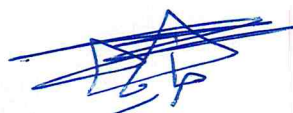
Chairman




Managing Director



The attached notes 1 to 13 form part of these interim condensed financial statements.




Methaq Takaful Insurance Company PSC

INTERIM INCOME STATEMENT (UNAUDITED)

For the three month and nine month periods ended 30 September 2016

		<i>Three months ended 30 September 2016 (Unaudited) AED</i>	<i>Three months ended 30 September 2015 (Unaudited) AED</i>	<i>Nine months ended 30 September 2016 (Unaudited) AED</i>	<i>Nine months ended 30 September 2015 (Unaudited) AED</i>
	<i>Notes</i>				
Attributable to policyholders					
Gross takaful contributions revenue	9	56,095,190	58,202,427	169,328,554	160,762,421
Retakaful contributions ceded	9	<u>(8,351,657)</u>	<u>(5,803,579)</u>	<u>(22,858,619)</u>	<u>(14,429,577)</u>
Net earned contributions	9	47,743,533	52,398,848	146,469,935	146,332,844
Retakaful commission income		<u>1,544,511</u>	<u>800,988</u>	<u>3,678,230</u>	<u>2,089,665</u>
Total takaful income		<u>49,288,044</u>	<u>53,199,836</u>	<u>150,148,165</u>	<u>148,422,509</u>
Gross claims incurred		<u>(45,358,758)</u>	<u>(41,429,609)</u>	<u>(130,780,760)</u>	<u>(108,543,301)</u>
Retakaful share of claims incurred		<u>11,779,097</u>	<u>8,294,881</u>	<u>23,245,006</u>	<u>14,480,044</u>
Net claims incurred		<u>(33,579,661)</u>	<u>(33,134,728)</u>	<u>(107,535,754)</u>	<u>(94,063,257)</u>
Expenses for acquisition of takaful contracts		<u>(5,754,917)</u>	<u>(7,875,826)</u>	<u>(19,421,706)</u>	<u>(20,711,637)</u>
Total takaful expenses		<u>(39,334,578)</u>	<u>(41,010,554)</u>	<u>(126,957,460)</u>	<u>(114,774,894)</u>
Net takaful income		9,953,466	12,189,282	23,190,705	33,647,615
Wakala fees		<u>(12,001,989)</u>	<u>(12,484,192)</u>	<u>(35,723,016)</u>	<u>(38,938,864)</u>
Deficit of takaful results for the period		<u>(2,048,523)</u>	<u>(294,910)</u>	<u>(12,532,311)</u>	<u>(5,291,249)</u>
Attributable to shareholders					
Shareholders' investment income		118,637	151,715	307,546	418,637
Wakala fees from policyholders		12,001,989	12,484,192	35,723,016	38,938,864
Net rental income from investment property	6	223,338	289,899	739,172	772,106
(Loss) profit on sale of investments at fair value through profit or loss		-	(138,254)	-	4,083
Change in fair value of investments at fair value through profit or loss		102,357	(804,419)	306,941	(1,342,267)
Increase in allowance for loan to policyholders' fund		<u>(2,048,523)</u>	<u>(3,675,221)</u>	<u>(12,532,311)</u>	<u>(15,432,174)</u>
Profit expense on Islamic financing		<u>(130,333)</u>	<u>(167,571)</u>	<u>(413,464)</u>	<u>(522,345)</u>
General and administrative expenses		<u>(11,986,954)</u>	<u>(7,429,892)</u>	<u>(25,462,137)</u>	<u>(21,795,900)</u>
(Loss) profit for the period		<u>(1,719,489)</u>	<u>710,449</u>	<u>(1,331,237)</u>	<u>1,041,004</u>
Basic and diluted (loss) earnings per share	10	<u>(0.011)</u>	<u>0.005</u>	<u>(0.009)</u>	<u>0.007</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

Methaq Takaful Insurance Company PSC

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three month and nine month periods ended 30 September 2016

	<i>Three months ended 30 September 2016 (Unaudited) AED</i>	<i>Three months ended 30 September 2015 (Unaudited) AED</i>	<i>Nine months ended 30 September 2016 (Unaudited) AED</i>	<i>Nine months ended 30 September 2015 (Unaudited) AED</i>
(Loss) profit for the period	(1,719,489)	710,449	(1,331,237)	1,041,004
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(1,719,489)	710,449	(1,331,237)	1,041,004

The attached notes 1 to 13 form part of these interim condensed financial statements.

Methaq Takaful Insurance Company PSC

INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2016

	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>General reserve AED</i>	<i>Investment fair value reserve AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
Balance at 1 January 2015	150,000,000	1,957,081	1,700,807	8,080,000	(70,112,748)	91,625,140
Total comprehensive income for the period	-	-	-	-	1,041,004	1,041,004
Balance at 30 September 2015 (Unaudited)	<u>150,000,000</u>	<u>1,957,081</u>	<u>1,700,807</u>	<u>8,080,000</u>	<u>(69,071,744)</u>	<u>92,666,144</u>
Balance at 1 January 2016	150,000,000	1,957,081	1,700,807	-	(73,627,964)	80,029,924
Total comprehensive loss for the period	-	-	-	-	(1,331,237)	(1,331,237)
Balance at 30 September 2016 (Unaudited)	<u>150,000,000</u>	<u>1,957,081</u>	<u>1,700,807</u>	<u>-</u>	<u>(74,959,201)</u>	<u>78,698,687</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

Methaq Takaful Insurance Company PSC

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2016

	<i>Nine months ended 30 September 2016 (Unaudited) AED</i>	<i>Nine months ended 30 September 2015 (Unaudited) AED</i>
<i>Notes</i>		
OPERATING ACTIVITIES		
(Loss) profit for the period	(1,331,237)	1,041,004
Deficit from policyholders' operations	(12,532,311)	(5,291,249)
Adjustments for:		
Depreciation of furniture and equipment	763,479	677,676
Profit on sale of investments		
at fair value through profit or loss	-	(4,083)
Fair value change on investments		
at fair value through profit or loss	(306,941)	1,342,267
Fixed deposits and dividend income	(307,546)	(418,637)
Allowance for loan to Policyholders' fund	12,532,311	15,432,174
Profit on Islamic financing	413,464	522,345
End of service benefits	<u>424,376</u>	<u>265,130</u>
	(344,405)	13,566,627
Movements in working capital:		
Takaful and other receivables	(25,019,802)	(18,283,497)
Deferred acquisition cost	1,916,265	(5,921,456)
Retakaful contract assets	(7,693,982)	(5,189,448)
Takaful contract liabilities	19,606,554	16,643,128
Retakaful and other liabilities	5,572,697	(9,373,681)
Unearned retakaful commission	3,434,648	1,142,821
Retakaful deposits retained	<u>3,241,769</u>	<u>3,903,017</u>
Cash from (used in) operations	713,744	(3,512,489)
End of service benefits paid	<u>(72,838)</u>	<u>(124,269)</u>
Net cash from (used in) operating activities	<u>640,906</u>	<u>(3,636,758)</u>
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(93,534)	(1,388,476)
Purchase of investments at fair value through profit or loss	-	(985,511)
Sales proceeds from investments at		
fair value through profit or loss	-	986,942
Shareholders' investment and other income	<u>307,546</u>	<u>418,637</u>
Net cash from (used in) investing activities	<u>214,012</u>	<u>(968,408)</u>
FINANCING ACTIVITIES		
Profit on Islamic financing paid	(413,464)	(522,345)
Islamic financing repayments	<u>(857,143)</u>	<u>(857,143)</u>
Cash used in financing activities	<u>(1,270,607)</u>	<u>(1,379,488)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(415,689)	(5,984,654)
Cash and cash equivalents at 1 January	<u>11,489,631</u>	<u>10,209,449</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 3	<u>11,073,942</u>	<u>4,224,795</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

1 CORPORATE INFORMATION

Methaq Takaful Insurance Company PSC (the "Company") is a public shareholding company registered with the Department of Planning and Economy, Abu Dhabi, United Arab Emirates ("UAE") on 24 March 2008 with a trade license number 1142419. The Company is registered in accordance with the UAE Federal Law No. (8) of 1984 (as amended). The Federal Law No. (2) of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. (8) of 1984. The Company is currently assessing the impact of the new law.

The Company carries out takaful and retakaful activities in accordance with the provisions of the UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations. The Company is domiciled and operates in the UAE and its registered address is P.O. Box 32774, Abu Dhabi, UAE. The Company is listed on the Abu Dhabi Securities Exchange.

The accompanying interim condensed financial statements of Methaq Takaful Insurance Company PSC for the period ended 30 September 2016 have been authorised for issue in accordance with a resolution of the Board of Directors on 10 November 2016.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

The Company accumulated losses amounted to AED 74,959,201 as of 30 September 2016. This factor indicates the existence of a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern. These interim condensed financial statements have been prepared under the going concern concept as the Directors and management consider these losses to be temporary and expect the Company to generate profits from future takaful operations.

2.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Company have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as at 31 December 2015. In addition, results for the period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

The interim condensed financial statements are presented in UAE Dirhams (AED) being the functional and presentation currency of the Company.

These interim condensed financial statements have been prepared on the historical cost convention as modified for re-measurement of investment securities and investment properties at fair value.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

2.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

Significant accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015, except for the adoption of the following new interpretation and amendments to standards effective as of 1 January 2016:

Amendments to standards and new standards effective 1 January 2016:

- IFRS 14 Regulatory Deferral Accounts;
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests;
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants;
- Amendments to IAS 27: Equity Method in Separate Financial Statements;
- Amendments to IAS 1 Disclosure Initiative;
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception; and
- Annual Improvements 2012-2014 Cycle.

The amendments to standards and new standards listed above had no significant impact on the Company's financial position or performance or disclosures.

3 CASH AND CASH EQUIVALENTS

	<i>30 September 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
Cash on hand	45,000	45,000
Current bank accounts	11,028,942	11,444,631
Term deposits	<u>334,023</u>	<u>334,023</u>
Cash and bank balances	11,407,965	11,823,654
Less: term deposits with original maturity of more than three months	<u>(334,023)</u>	<u>(334,023)</u>
Cash and cash equivalents	<u>11,073,942</u>	<u>11,489,631</u>

Term deposits represent deposits held with financial institutions in the UAE, are denominated in UAE dirhams and carry profit at the prevailing market rates of 1.75% per annum (2015: 1.75%).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

4 STATUTORY DEPOSIT

In accordance with the requirements of the Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations, the Company maintains a bank deposit of AED 6,000,000 which cannot be utilised without the consent of the UAE Insurance Authority. The statutory deposit is held with a commercial bank in the UAE, and bears profit at commercial rates.

5 INVESTMENTS

	<i>30 September 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
Investments at fair value through other comprehensive income		
Unquoted UAE equity securities	<u>17,720,000</u>	<u>17,720,000</u>
Investments at fair value through profit or loss		
Quoted UAE equity securities	<u>2,525,440</u>	<u>2,218,499</u>

Unquoted UAE equity securities represent the following:

The Company has a participation in the private placement of Emirates Aqua Technologies Caviar Factory LLC (caviar farm) for 15,500,000 shares for a fair value of AED 17,720,000 (AED 1.14 per share) (2015: 15,500,000 shares for a fair value of AED 17,720,000 (AED 1.14 per share)).

	<i>30 September 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
Investments at fair value through other comprehensive income		
At the beginning of the period / year	17,720,000	25,800,000
Decrease in fair value	<u>-</u>	<u>(8,080,000)</u>
At the end of the period / year	<u>17,720,000</u>	<u>17,720,000</u>
Investments at fair value through profit or loss		
At the beginning of the period / year	2,218,499	7,236,641
Purchases during the period / year	-	985,511
Sales during the period / year	-	(3,982,859)
Increase (decrease) in fair value	<u>306,941</u>	<u>(2,020,794)</u>
At the end of the period / year	<u>2,525,440</u>	<u>2,218,499</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

6 INVESTMENT PROPERTIES

Investment properties is comprised of:

- A building, located in Abu Dhabi, purchased in 2010 and held for long term rental yields. As at year end, the investment property was registered and held in trust in the name of another party, for and on behalf of the Company and was not yet transferred to the Company. Management is still in the process of formalising the necessary registration procedures to transfer the title to the Company's name.
- A plot of land in Abu Dhabi that is held in the name of a related party, for and on behalf of the Company.

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The fair value of the investment properties at 31 December 2015 are determined by independent valuers using the income and comparable methods. Management believes that fair value has not changed significantly during the period.

The rental income for the period amounted to AED 865,247 (30 September 2015: AED 886,231) and building expenses amounted to AED 126,075 (30 September 2015: AED 114,125).

	<i>30 September 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
At the beginning of the period / year	152,135,625	144,150,000
Increase in fair value	<u>-</u>	<u>7,985,625</u>
At the end of the period / year	<u>152,135,625</u>	<u>152,135,625</u>

7 RELATED PARTIES

Related parties comprise shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. The Company maintains significant balances with these related parties as follows:

	<i>30 September 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
Takaful receivables due from related parties	<u>2,254,344</u>	<u>1,984,248</u>
Other receivables due from related parties	2,776,089	2,776,089
Less: allowance for doubtful balances due from related parties	<u>(1,551,122)</u>	<u>(1,551,122)</u>
	<u>1,224,967</u>	<u>1,224,967</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

7 RELATED PARTIES continued

The Company entered into the following significant transactions with related parties in the ordinary course of business at terms and conditions agreed upon between the parties:

	<i>Three months ended 30 September 2016 (Unaudited) AED</i>	<i>Three months ended 30 September 2015 (Unaudited) AED</i>	<i>Nine months ended 30 September 2016 (Unaudited) AED</i>	<i>Nine months ended 30 September 2015 (Unaudited) AED</i>
Related party transactions				
Gross takaful contributions	<u>68,302</u>	<u>70,959</u>	<u>1,384,632</u>	<u>1,562,660</u>
Claims paid	<u>326,166</u>	<u>276,287</u>	<u>1,074,596</u>	<u>2,106,149</u>
Directors fees	<u>-</u>	<u>-</u>	<u>87,000</u>	<u>84,000</u>

The remuneration of key management personnel during the period was as follows:

	<i>Three months ended 30 September 2016 (Unaudited) AED</i>	<i>Three months ended 30 September 2015 (Unaudited) AED</i>	<i>Nine months ended 30 September 2016 (Unaudited) AED</i>	<i>Nine months ended 30 September 2015 (Unaudited) AED</i>
Short-term benefits	<u>1,218,000</u>	<u>1,038,000</u>	<u>3,614,000</u>	<u>3,114,000</u>
Long-term benefits	<u>24,238</u>	<u>213,842</u>	<u>88,214</u>	<u>361,139</u>

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

8 POLICYHOLDERS' FUND

	<i>30 September 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
Policyholders' fund		
Opening balance	<u>(140,714,742)</u>	<u>(124,851,120)</u>
Deficit for the period / year	<u>(12,532,311)</u>	<u>(15,863,622)</u>
Closing balance	<u>(153,247,053)</u>	<u>(140,714,742)</u>
Loan from shareholders to policyholders		
At 1 January	<u>140,714,742</u>	<u>124,851,120</u>
Net movement during the period / year	<u>12,532,311</u>	<u>15,863,622</u>
Loan from shareholders	<u>153,247,053</u>	<u>140,714,742</u>
Less: allowance for loan to policyholders	<u>(153,247,053)</u>	<u>(140,714,742)</u>
Loan to policyholders, net	<u>-</u>	<u>-</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

8 POLICYHOLDERS' FUND continued

The deficit in the policyholders' fund is financed by the Shareholders through a Qard Hasan loan.

The Shareholders have funded the deficit in the policyholders' fund in accordance with the Company's policy through a Qard Hassan (free of finance charge) of AED 153,247,053 as of 30 September 2016 (2015: AED 140,714,742) with no repayment terms. During the period, Qard Hassan with a nominal value of AED 12,532,311 (for the year ended 31 December 2015: AED 15,863,622) was impaired and the allowance of the same amount was charged to the statement of income attributable to shareholders.

9 NET EARNED CONTRIBUTIONS

	<i>Three months ended 30 September 2016 (Unaudited) AED</i>	<i>Three months ended 30 September 2015 (Unaudited) AED</i>	<i>Nine months ended 30 September 2016 (Unaudited) AED</i>	<i>Nine months ended 30 September 2015 (Unaudited) AED</i>
Gross takaful contributions revenue				
Gross contributions written	61,475,025	61,034,009	184,773,653	198,140,801
Change in unearned contributions provision	<u>(5,379,835)</u>	<u>(2,831,582)</u>	<u>(15,445,099)</u>	<u>(37,378,380)</u>
	56,095,190	58,202,427	169,328,554	160,762,421
Retakaful contributions ceded				
Retakaful contributions	(10,646,569)	(8,261,723)	(29,704,360)	(21,196,136)
Change in contributions ceded provision	<u>2,294,912</u>	<u>2,458,144</u>	<u>6,845,741</u>	<u>6,766,559</u>
	(8,351,657)	(5,803,579)	(22,858,619)	(14,429,577)
Net earned contributions	<u>47,743,533</u>	<u>52,398,848</u>	<u>146,469,935</u>	<u>146,332,844</u>

10 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

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

	<i>Three months ended 30 September 2016 (Unaudited)</i>	<i>Three months ended 30 September 2015 (Unaudited)</i>	<i>Nine months ended 30 September 2016 (Unaudited)</i>	<i>Nine months ended 30 September 2015 (Unaudited)</i>
(Loss) profit for the period (AED)	<u>(1,719,489)</u>	<u>710,449</u>	<u>(1,331,237)</u>	<u>1,041,004</u>
Ordinary shares in issue throughout the period	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Basic and diluted earnings (loss) earnings per share (AED)	<u>(0.011)</u>	<u>0.005</u>	<u>(0.009)</u>	<u>0.007</u>

The Company has not issued any instruments which would have a dilutive impact on earnings per share when converted or exercised.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

11 SEASONALITY OF RESULTS

No income of a seasonal nature was recorded in the interim income statement for the nine-month periods ended 30 September 2016 and 2015.

12 CONTINGENT LIABILITIES

	<i>30 September 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
Bank guarantees	<u>6,300,000</u>	<u>6,300,000</u>

13 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

The Company is organised into two business segments, shareholders and policyholders. Shareholders' segment comprises investment and cash management for the Company's own account in addition to management of the policyholders' fund. The policyholders' segment comprises the takaful business undertaken by the Company. These segments are the basis on which the Company reports its primary segment information.

The Company's underwriting business is based entirely within the United Arab Emirates. Retakaful treaties are arranged with companies based primarily in the GCC or in Europe and USA. The investments of the Company are held in the United Arab Emirates.

The policyholders' segment is further organised into three main product lines consistent with the reports used by the Board. These include:

- Motor: Covers damage to motor cars and related property and injuries or deaths of persons
- Medical: Covers groups of individuals for medical treatment
- Others: Covers insurance of engineering, property, marine and personal, general and third party accidents

Details of the three takaful product lines of the policyholders' segment are shown in Note 13.2.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS 30 September 2016 (Unaudited)

13 SEGMENT INFORMATION continued

13.1 Business segments

	Three months ended		Three months ended		Three months ended		Nine months ended		Nine months ended		Total AED
	30 September 2016 (Unaudited)		30 September 2015 (Unaudited)		30 September 2016 (Unaudited)		30 September 2015 (Unaudited)		30 September 2015 (Unaudited)		
	Policyholders AED	Shareholders AED	Policyholders AED	Shareholders AED	Policyholders AED	Shareholders AED	Policyholders AED	Shareholders AED	Policyholders AED	Shareholders AED	
Net takaful income for the period	9,953,466	-	12,189,282	12,189,282	23,190,705	-	33,647,615	-	38,938,864	-	33,647,615
Wakala fees	(12,001,989)	12,001,989	(12,484,192)	12,484,192	(35,723,016)	35,723,016	(38,938,864)	38,938,864	-	-	-
Investment and other income	(2,048,523)	12,001,989	(294,910)	12,484,192	(12,532,311)	35,723,016	(5,291,249)	38,938,864	38,938,864	33,647,615	33,647,615
Rental income from investment property	-	118,637	-	151,715	-	307,546	-	418,637	418,637	418,637	418,637
(Loss) profit on sale of investments	-	223,338	-	289,899	-	739,172	-	772,106	772,106	772,106	772,106
Change in fair value of investments at fair value through profit or loss	-	-	-	(138,254)	-	-	-	-	-	-	-
Change in fair value of investments at FVTPL	-	102,357	-	(804,419)	-	306,941	-	(1,342,267)	(1,342,267)	(1,342,267)	(1,342,267)
Increase in allowance for loan to Policyholders' fund	-	(2,048,523)	-	(3,675,221)	-	(12,532,311)	-	(15,432,174)	(15,432,174)	(15,432,174)	(15,432,174)
Profit expense on Islamic financing	-	(130,333)	-	(167,571)	-	(413,464)	-	(522,345)	(522,345)	(522,345)	(522,345)
General and administrative expenses	-	(11,986,954)	-	(7,429,892)	-	(25,462,137)	-	(21,795,900)	(21,795,900)	(21,795,900)	(21,795,900)
(Loss) profit for the period	(2,048,523)	(1,719,489)	(294,910)	710,449	(12,532,311)	(1,331,237)	(5,291,249)	1,041,004	(4,250,445)	(4,250,445)	(4,250,445)

	30 September 2016 (Unaudited)		31 December 2015 (Audited)		Total AED
	Policyholders AED	Shareholders AED	Policyholders AED	Shareholders AED	
Total assets	190,482,904	196,672,960	162,854,752	194,282,286	357,137,038

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the three-month and nine-month periods ended 30 September 2016 (30 September 2015: AED nil). The accounting policies of the reportable segments are the same as the Company's accounting policies as described in the annual financial statements for the year ended 31 December 2015.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS 30 September 2016 (Unaudited)

13 SEGMENT INFORMATION continued

13.2 Product lines

	Three months ended 30 September 2016 (Unaudited)			Three months ended 30 September 2015 (Unaudited)			Nine months ended 30 September 2016 (Unaudited)			Nine months ended 30 September 2015 (Unaudited)			
	Motor AED	Medical AED	Others AED	Motor AED	Medical AED	Others AED	Motor AED	Medical AED	Others AED	Motor AED	Medical AED	Others AED	Total AED
Gross takaful contributions revenue	47,316,857	8,075,288	703,045	50,053,735	7,338,634	810,058	146,842,763	20,421,908	2,063,883	135,038,068	22,602,286	3,102,067	160,762,211
Re-takaful contributions ceded	(7,586,552)	(281,923)	(483,182)	(4,428,036)	(855,807)	(519,736)	(20,430,226)	(1,016,419)	(1,411,974)	(8,995,199)	(3,193,843)	(2,240,535)	(14,429,777)
Net earned contributions	39,730,305	7,793,365	219,863	45,625,699	6,482,827	290,322	126,412,537	19,405,489	651,909	126,062,869	19,408,443	861,532	146,332,444
Re-takaful commission income	1,450,261	94,250	94,250	703,958	-	97,030	3,404,075	-	274,155	1,714,928	-	374,737	2,089,665
Total takaful income	41,180,566	7,793,365	314,113	46,329,657	6,482,827	387,352	129,816,612	19,405,489	926,064	127,777,797	19,408,443	1,236,269	148,422,109
Gross claims incurred	(37,560,229)	(7,783,418)	(15,111)	(33,302,774)	(8,086,929)	(39,906)	(107,642,473)	(22,838,055)	(310,232)	(88,058,056)	(20,434,440)	(50,805)	(108,543,011)
Re-takaful share of claims incurred	10,796,986	898,452	83,659	4,987,694	3,014,977	292,210	20,014,291	3,230,684	31	10,660,196	3,047,268	772,580	14,480,144
Net claims incurred	(26,763,243)	(6,884,966)	(68,548)	(28,315,080)	(5,071,952)	(252,304)	(87,628,182)	(19,597,371)	(310,201)	(77,397,860)	(17,387,172)	(721,775)	(94,062,867)
Expenses for acquisition of takaful contracts	(5,507,612)	(163,051)	(84,254)	(7,711,959)	(78,822)	(85,045)	(18,940,375)	(246,720)	(234,611)	(20,253,971)	(181,689)	(275,977)	(20,711,877)
Total takaful expenses	(32,270,855)	(7,048,017)	(15,706)	(36,027,039)	(5,150,774)	(167,259)	(106,568,557)	(19,844,091)	(544,812)	(97,651,831)	(17,568,861)	(445,798)	(114,774,944)
Net takaful income (loss)	8,909,711	745,348	298,407	10,302,618	1,332,053	554,611	23,248,055	(381,252)	381,252	30,125,966	1,839,582	1,682,067	33,647,155

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

13 SEGMENT INFORMATION continued

13.3 Primary segment information

For operating purposes, the Company is organised into two main business segments:

- Underwriting of takaful business incorporating all classes of takaful including fire, marine, motor, general accident, engineering, energy and family takaful. This business is conducted fully within the UAE.
- Investments incorporating investments in UAE marketable equity securities, short-term investments with banks and other securities.

Gross Takaful contributions revenue from underwriting departments

The following is an analysis of the Company's gross contributions written by major underwriting departments:

	<i>Three months ended 30 September 2016 (Unaudited) AED</i>	<i>Three months ended 30 September 2015 (Unaudited) AED</i>	<i>Nine months ended 30 September 2016 (Unaudited) AED</i>	<i>Nine months ended 30 September 2015 (Unaudited) AED</i>
Motor	55,512,950	59,731,430	148,668,184	168,642,869
Medical	5,344,771	772,413	34,002,976	27,531,859
Workmen's compensation and miscellaneous accidents	13,040	128,841	130,929	236,647
Fire	223,118	185,644	770,870	813,720
Engineering	248,819	86,719	547,958	302,783
Marine and aviation	4,957	7,102	34,018	128,451
Liability	127,370	121,860	618,718	484,472
	<u>61,475,025</u>	<u>61,034,009</u>	<u>184,773,653</u>	<u>198,140,801</u>