

**Islamic Arab Insurance Co.
(Salama) PJSC and its subsidiaries**
Condensed consolidated interim financial
statements
for the three-month period ended 31 March 2018

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Condensed consolidated interim financial statements

for the three-month period ended 31 March

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed consolidated interim financial statements	1
Condensed consolidated interim statement of profit or loss	3
Condensed consolidated interim statement of profit or loss and other comprehensive income	5
Condensed consolidated interim statement of financial position	6
Condensed consolidated interim statement of cash flows	7
Condensed consolidated interim statement of changes in shareholders' equity	8
Notes	10



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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders of Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Introduction

We have reviewed the accompanying 31 March 2018 condensed consolidated interim financial statements of Islamic Arab Insurance Co. (Salama) PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2018;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2018;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2018;
- the condensed consolidated interim statement of changes in shareholders' equity for the three-month period ended 31 March 2018;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2018; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial statements 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.



Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
*Independent Auditors' report on review of condensed
consolidated interim financial statements (continued)*
31 March 2018

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2018 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

A handwritten signature in blue ink, appearing to read 'Vijendra Nath Malhotra', written in a cursive style.

Vijendra Nath Malhotra
Registration No.: 48
Dubai, United Arab Emirates
Date: **15 MAY 2018**

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss

for the three-month period ended 31 March

	Three-month period ended 31 March 2018 AED'000 (Un-audited)	Three-month period ended 31 March 2017 AED'000 (Un-audited) (Restated)*
CONTINUING OPERATIONS		
UNDERWRITING RESULTS		
Underwriting income		
Gross written contributions	17 286,718	219,942
Less: reinsurance and retakaful contributions ceded	<u>(75,830)</u>	<u>(69,027)</u>
Net contributions	210,888	150,915
Net movement in unearned contributions	<u>(43,031)</u>	<u>(11,206)</u>
Contributions earned	17 167,857	139,709
Commission income on ceded reinsurance and retakaful	17 8,710	10,533
	17 <u>176,567</u>	150,242
Underwriting expenses		
Gross claims paid	69,235	85,547
Less: reinsurance and retakaful share of claims paid	<u>(27,932)</u>	<u>(28,093)</u>
Net claims paid	41,303	57,454
Net movement in outstanding claims and family takaful reserve	<u>20,640</u>	<u>(5,478)</u>
Claims incurred	17 61,943	51,976
Commission paid and other costs	17 76,222	62,193
	<u>138,165</u>	<u>114,169</u>
Net underwriting income	17 38,402	36,073
Income from other sources		
Income from investments	9,778	11,777
Other income	<u>3,194</u>	<u>2,246</u>
	51,374	50,096
Expenses		
General, administrative and other expenses	(30,473)	(29,135)
Financial expenses	<u>(256)</u>	<u>(277)</u>
Net profit before tax for the period	20,645	20,684
Taxation - current	<u>(4,126)</u>	<u>(3,129)</u>
Net profit after tax for the period before policyholders' distribution	16,519	17,555
Distribution to policyholders of Company	-	-
Net profit after tax and distribution to policyholders for the period from continuing operations	16,519	17,555
DISCONTINUED OPERATIONS		
Net loss from discontinued operations	13 <u>-</u>	<u>(10,912)</u>
Net profit after tax and distribution to policyholders for the period	<u>16,519</u>	<u>6,643</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
Condensed consolidated interim statement of profit or loss *(continued)*
for the three-month period ended 31 March

	Three-month period ended 31 March 2018 AED'000 (Un-audited)	Three-month period ended 31 March 2017 AED'000 (Un-audited) (Restated)*
Net profit after tax and distribution to policyholders for the period	16,519	6,643
Attributable to:		
Shareholders	15,559	4,167
Non-controlling interest	960	2,476
	16,519	6,643
Profit per share (AED) (Note 15)	0.013	0.004
Profit per share (AED) - continuing operations (Note 15)	0.013	0.013

The notes on pages 10 to 25 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial statements is set out on pages 1 - 2.

* for details of the restatement, please refer note 18.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss and other comprehensive income
for the three-month period ended 31 March

	Three-month period ended 31 March 2018 AED'000 (Un-audited)	Three-month period ended 31 March 2017 AED'000 (Un-audited)
Net profit after tax and distribution to policyholders for the period	16,519	6,643
Other comprehensive income net of income tax <i>Items that are or may be reclassified to profit or loss:</i>		
Net movement or change in foreign exchange translation reserve	<u>1,522</u>	<u>(628)</u>
Other comprehensive income / (loss) for the period	<u>1,522</u>	<u>(628)</u>
Total comprehensive income for the period	<u>18,041</u>	<u>6,015</u>
Attributable to:		
Shareholders	<u>16,652</u>	3,624
Non-controlling interest	<u>1,389</u>	<u>2,391</u>
	<u>18,041</u>	<u>6,015</u>

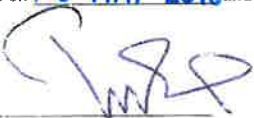
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Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
Condensed consolidated interim statement of financial position
as at

	Note	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
ASSETS			
Property and equipment		66,053	66,161
Goodwill and intangibles		127,303	127,458
Investment properties	8	140,761	139,676
Investments in associates	9	117,226	114,777
Statutory deposits		179,601	163,789
Investments	11	326,554	349,146
Participants' investments in unit-linked contracts	11.2	1,395,293	1,308,939
Deposits with takaful and retakaful companies		6,595	6,125
Contributions and takaful balance receivables		242,506	197,380
Retakafuls' share of outstanding claims		134,997	119,202
Retakafuls' share of unearned contributions		117,443	102,857
Amounts due from related parties	12	13,945	10,953
Other assets and receivables		379,675	371,757
Cash and bank balances		222,568	179,062
TOTAL ASSETS		3,470,520	3,257,282
LIABILITIES			
Outstanding claims and family takaful reserve		465,567	428,043
Payable to Participants for unit-linked contracts		1,384,919	1,301,249
Unearned contributions reserve		252,920	194,883
Takaful balances payable		158,147	158,122
Other payables and accruals		383,264	367,072
Amounts due to related parties	12	158	872
TOTAL LIABILITIES		2,644,975	2,450,241
NET ASSETS EMPLOYED		825,545	807,041
FINANCED BY:			
Shareholders' equity		757,166	740,514
Non-controlling interest		68,379	66,527
		825,545	807,041

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 15 MAY 2018 and signed on their behalf by:


Sheikh Khaled Bin Zayed Al Nahayan
Chairman


Dr. Saleh J. Malaikah
Vice Chairman & CEO

The notes on pages 10 to 25 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial statements is set out on pages 1 - 2.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
Condensed consolidated interim statement of cash flows
for the three-month period ended 31 March

	Three-month period ended 31 March 2018 AED'000 (Un-audited)	Three-month period ended 31-Mar 2017 AED'000 (Un-audited) (Restated)*
Cash flows from operating activities		
Net profit before non-controlling interest	16,519	6,643
<i>Adjustments for:</i>		
Depreciation	1,018	970
Net movement in unearned contributions reserve	43,451	11,593
Investment properties	(1,085)	123
Amortisation of intangible assets	168	107
Share of profit from associates	(2,449)	(5,351)
Dividend income	368	380
<i>Operating profit before changes in working capital</i>	<u>57,990</u>	<u>14,465</u>
Change in deposits with takaful and retakaful companies	(470)	29
Change in contributions and takaful balance receivable	(45,126)	(29,454)
Change in due from / to related parties	(3,706)	(263)
Change in other assets and receivables	(7,918)	(1,957)
Change in assets held-for-sale	-	11,486
Change in outstanding claims (net of retakaful)	21,729	(5,819)
Change in takaful payables and other payables	16,217	55,453
Change in liabilities held-for-sale	-	98
<i>Net cash generated from operating activities</i>	<u>38,716</u>	<u>44,038</u>
Cash flows from investing activities		
Property and equipment - net	(910)	(1,386)
Net movement in intangible assets	(13)	(187)
Statutory deposits	(15,812)	(1,234)
Dividend received	(368)	(380)
Investments-net	24,114	(9,604)
Net movement in Participants' investments in unit-linked contracts	(2,684)	(931)
<i>Net cash generated from / (used in) investing activities</i>	<u>4,327</u>	<u>(13,722)</u>
Cash flows from financing activities		
Bank finance	-	121
Net movement in non-controlling interest	463	453
<i>Net cash generated from financing activities</i>	<u>463</u>	<u>574</u>
Net increase in cash and cash equivalents	43,506	30,890
Cash and cash equivalents at 1 January	179,062	118,830
Cash and cash equivalents at 31 March	<u>222,568</u>	<u>149,720</u>

The notes on pages 10 to 25 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial statements is set out on pages 1 - 2.

* for details of the restatement, please refer note 18.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
Condensed consolidated interim statement of changes in shareholders' equity (Un-audited)
for the three-month period ended 31 March

	Attributable to the equity holders of the Company									
	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury stock AED'000	Accumulated losses AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
Balance at 1 January 2017	1,210,000	73,861	39,189	(107,613)	(3,407)	(35,972)	(465,474)	710,584	56,275	766,859
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	4,167	4,167	2,476	6,643
Other comprehensive (loss) / income										
Movement in foreign exchange translation reserve	-	-	-	(545)	-	-	-	(545)	(83)	(628)
Total other comprehensive loss	-	-	-	(545)	-	-	-	(545)	(83)	(628)
Total comprehensive (loss) / income for the period	-	-	-	(545)	-	-	4,167	3,622	2,393	6,015
Transaction with owners, recorded directly in equity										
Change in non-controlling interest due to capital increase	-	-	-	-	-	-	-	-	453	453
Balance at 31 March 2017	1,210,000	73,861	39,189	(108,158)	(3,407)	(35,972)	(461,307)	714,206	59,121	773,327

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Condensed consolidated interim statement of changes in shareholders' equity (Un-audited) (continued)
for the three-month period ended 31 March

	Attributable to the equity holders of the Company									
	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury stock AED'000	Accumulated losses AED'000	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
Balance at 1 January 2018	1,210,000	76,612	31,930	(110,999)	(2,864)	(35,972)	(428,193)	740,514	66,527	807,041
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	15,559	15,559	960	16,519
Other comprehensive income										
Movement in foreign exchange translation reserve	-	-	-	1,093	-	-	-	1,093	429	1,522
Total other comprehensive income	-	-	-	1,093	-	-	-	1,093	429	1,522
Total comprehensive income for the period	-	-	-	1,093	-	-	15,559	16,652	1,389	18,041
Transaction with owners, recorded directly in equity										
Surplus revaluation reserve transferred on disposal of property	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	1,556	-	-	-	-	(1,556)	-	-	-
Change in non-controlling interest due to capital increase	-	-	-	-	-	-	-	-	463	463
Balance at 31 March 2018	1,210,000	78,168	31,930	(109,906)	(2,864)	(35,972)	(414,190)	757,166	68,379	825,545

The notes on pages 10 to 25 form an integral part of these condensed consolidated interim financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes

(forming part of the condensed consolidated interim financial statements)

1 Legal status and activities

Islamic Arab Insurance Co. (Salama) PJSC ("the Company") is a public shareholding company, registered in the Emirate of Dubai, United Arab Emirates (UAE) and operates through various branches in the UAE. The registered office of the Company is P.O. Box 10214, Dubai, United Arab Emirates. The principal activity of the Company is the writing of all classes of general takaful and family takaful business, in accordance with Islamic Shari'ah principles and in accordance with the relevant Articles of the Company, UAE Federal Law No. (2) of 2015 for commercial companies and U.A.E. Federal Law No. (6) of 2007, concerning regulations of insurance operations.

The Company and its subsidiaries are referred to as "the Group". Tariic Holding B.S.C (Tariic), a subsidiary of the Company, is an intermediate holding company in Bahrain and no commercial activities are carried out in the Kingdom of Bahrain. The Group has the following principal subsidiaries which are engaged in insurance and reinsurance under Islamic Shari'ah principles:

Subsidiaries	Group's Ownership		Country of incorporation
	31 March 2018	31 December 2017	
<i>Directly owned</i>			
Tariic Holding Company B.S.C	99.40%	99.40%	Kingdom of Bahrain
Misr Emirates Takaful Life Insurance Co.	85.00%	85.00%	Egypt
Salama Immobilier	84.25%	84.25%	Senegal
<i>Through Tariic</i>			
Salama Assurances Senegal	58.45%	58.45%	Senegal
Salama Assurances Algerie	96.98%	96.98%	Algeria
Egyptian Saudi Insurance Home	51.15%	51.15%	Egypt
Best Re Holding Company	100%	100%	Malaysia

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for the annual audited consolidated financial statements, and should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company has complied with the applicable provisions of U.A.E. Federal Law No. (2) of 2015 as at 31 March 2018.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes *(continued)*

2 Basis of preparation *(continued)*

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following:

- i) financial instruments at fair value through profit and loss ("FVTPL") and unit-linked contracts are measured at fair value;
- ii) available-for-sale ("AFS") financial assets are measured at fair value; and
- iii) investment properties are measured at fair value.

c) Functional and reporting currency

These condensed consolidated interim financial statements are presented in UAE Dirham (AED), which is the functional currency of the Company. Except as otherwise indicated, financial information presented in UAE Dirham has been rounded to the nearest thousand.

d) Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual audited consolidated financial statements for the year ended 31 December 2017.

3 Financial risk management

The Group's financial risk management objectives, policies and accounting policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2017.

4 Estimates

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

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were significantly the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2017.

5 Interim measurement

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

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

6 Allocation of the net profit (Un-audited)

	For the three-month period ended 31 March 2018			For the three-month period ended 31 March 2017 (Restated)			
	Shareholders AED'000	Policyholders AED'000	Non- controlling interest AED'000	Shareholders AED'000	Policyholders AED'000	Non- controlling interest AED'000	Total AED'000
Net underwriting income	-	38,402	-	-	36,073	-	36,073
Income							
Wakalah share (Note 7)	45,051	(45,051)	-	23,686	(23,686)	-	-
Mudarib share (Note 7)	9	(9)	-	4	(4)	-	-
Net technical charges from policyholders to shareholders	12,664	(12,664)	-	1,730	(1,730)	-	-
Net underwriting income from subsidiaries	16,790	(16,790)	-	13,407	(13,407)	-	-
Income from investments	9,684	94	-	11,732	45	-	11,777
Other income	3,194	-	-	2,246	-	-	2,246
	87,392	(36,018)	-	51,374	(2,709)	-	50,096
Expenses							
General, administrative and other expenses	(30,473)	-	-	(29,135)	-	-	(29,135)
Financial expenses	(256)	-	-	(277)	-	-	(277)
Commission paid and other costs	(6,938)	6,938	-	-	-	-	-
Charitable donations	-	-	-	-	-	-	-
Net profit / (loss) before tax for the period	49,725	(29,080)	-	23,393	(2,709)	-	20,684
Tax – current	(4,126)	-	-	(3,129)	-	-	(3,129)
Net profit / (loss) after tax for the period	45,599	(29,080)	-	20,264	(2,709)	-	17,555
Loss from discontinued operations	-	-	-	(10,912)	-	-	(10,912)
Share of non-controlling interest	(960)	-	960	(2,476)	-	2,476	-
Distribution to policyholders of the Company	-	-	-	-	-	-	-
Policyholders' loss financed by shareholders / recovery of loss from policyholders' fund (Note 14)	(29,080)	29,080	-	(2,709)	2,709	-	-
Net profit for the period	15,559	-	960	4,167	2,476	-	6,643

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

6 Allocation of the net profit (Un-audited) (continued)

Consolidated statement of financial position

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
ASSETS		
<i>Participants' assets</i>		
Participants' investments in unit-linked contracts	1,395,293	1,308,939
Contributions and takaful balance receivables	148,985	108,276
Retakafuls' share of outstanding claims	111,831	96,952
Retakafuls' share of unearned contributions	71,305	66,060
Other assets and receivables	2,190	3,366
Cash and bank balances	34,700	42,026
Total participants' assets	1,764,304	1,625,619
Total shareholders' assets *	1,706,216	1,631,663
Total assets	3,470,520	3,257,282
LIABILITIES		
<i>Participants' liabilities</i>		
Outstanding claims and family takaful reserve	218,715	194,274
Payable to Participants for unit-linked contracts	1,384,919	1,301,249
Unearned contributions reserve	160,026	109,480
Takaful balances payable	84,850	97,542
Other payables and accruals	33,595	30,887
Total participants' liabilities	1,882,105	1,733,432
Total shareholders' liabilities *	762,870	716,809
Total liabilities	2,644,975	2,450,241
NET ASSETS EMPLOYED	825,545	807,041
FINANCED BY:		
Shareholders' equity	757,166	740,514
Non-controlling interest	68,379	66,527
	825,545	807,041

* Shareholders' assets and liabilities represents affairs of the subsidiaries as shareholder funds are used for the investments thereon.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

7 Wakalah Share

The shareholders manage the takaful operations of the Group for the policyholders and charge 35% (2017: 35%) of gross written contributions and participant investment revenues of non family takaful business (excluding subsidiaries) as wakalah share. For family takaful business, sharing ratio is 15% (2017: 15%) of mortality costs.

8 Investment properties

The geographic dispersion of investment properties is as follows:

	31 March 2018	31 December 2017
	AED'000	AED'000
	(Un-audited)	(Audited)
Within UAE	14,500	14,500
Outside UAE	126,261	125,176
	<u>140,761</u>	<u>139,676</u>

The variations in the value of investment properties are due to purchase and foreign exchange translation of investment properties held in foreign operations.

The Group investment properties portfolio is being managed and maintained by a third party; administrative costs and the rental income received from these properties are being set off with the administrative fees.

9 Investments in associates

The principal significant associates of the Group, all of which have 31 December as their year end are as follows:

Associates	Ownership		Country of incorporation	31 March 2018	31 December 2017
	2018	2017		AED'000	AED'000
				(Un-audited)	(Audited)
Salama Cooperative Insurance Company (formerly Saudi IAIC)	30.00%	30.00%	KSA	83,539	82,433
Islamic Insurance Jordan	20.00%	20.00%	Jordan	33,687	32,344
				<u>117,226</u>	<u>114,777</u>
Movements during the period/year				31 March 2018	31 December 2017
				AED'000	AED'000
				(Un-audited)	(Audited)
Balance at the beginning of period/year				114,777	94,736
Share of profit from associates				2,449	20,041
Balance at the end of period/year				<u>117,226</u>	<u>114,777</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

10 Classes and categories of financial assets and financial liabilities

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

At 31 March 2018 (Un-audited)

<u>Financial assets</u>	FVTPL	AFS	Amortised	Total
	AED'000	AED'000	cost AED'000	AED'000
Investments	40,707	84,226	201,621	326,554
Statutory deposits	-	-	179,601	179,601
Participants' investments in unit-linked contracts	1,395,293	-	-	1,395,293
Deposits with takaful and retakaful companies	-	-	6,595	6,595
Contributions and takaful balance receivables	-	-	242,506	242,506
Amounts due from related parties	-	-	13,945	13,945
Other assets and receivables	-	-	90,658	90,658
Cash and bank balances	-	-	222,568	222,568
	<u>1,436,000</u>	<u>84,226</u>	<u>957,494</u>	<u>2,477,720</u>
<u>Financial liabilities</u>				
Payable to Participants for unit-linked contracts	1,384,919	-	-	1,384,919
Takaful balances payable	-	-	158,147	158,147
Other payables and accruals	-	-	363,882	363,882
Amounts due to related parties	-	-	158	158
	<u>1,384,919</u>	<u>-</u>	<u>522,187</u>	<u>1,907,106</u>

At 31 December 2017 (Audited)

<u>Financial assets</u>	FVTPL	AFS	Amortised	Total
	AED'000	AED'000	cost AED'000	AED'000
Investments	69,884	84,194	195,068	349,146
Investment in associates	-	-	114,777	114,777
Statutory deposits	-	-	163,789	163,789
Participants' investments in unit-linked contracts	1,308,939	-	-	1,308,939
Deposits with takaful and retakaful companies	-	-	6,125	6,125
Contributions and takaful balance receivables	-	-	197,380	197,380
Amounts due from related parties	-	-	10,953	10,953
Other assets and receivables	-	-	15,140	15,140
Cash and bank balances	-	-	179,062	179,062
	<u>1,378,823</u>	<u>84,194</u>	<u>882,294</u>	<u>2,345,311</u>
<u>Financial liabilities</u>				
Bank finance	-	-	-	-
Payable to Participants for unit-linked contracts	1,301,249	-	-	1,301,249
Takaful balances payable	-	-	158,122	158,122
Other payables	-	-	367,072	367,072
Amounts due to related parties	-	-	872	872
	<u>1,301,249</u>	<u>-</u>	<u>526,066</u>	<u>1,827,315</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

11 Investments

	31 March 2018 (Un-audited)			31 December 2017 (Audited)		
	Domestic investments AED'000	International investments AED'000	Total AED'000	Domestic investments AED'000	International investments AED'000	Total AED'000
Financial assets at fair value through profit or loss						
Mutual fund and externally managed portfolios	-	25,025	25,025	-	46,485	46,485
Shares and securities	4,302	11,380	15,682	4,702	18,697	23,399
	<u>4,302</u>	<u>36,405</u>	<u>40,707</u>	<u>4,702</u>	<u>65,182</u>	<u>69,884</u>
Available-for-sale investments						
Mutual fund and externally managed portfolios	-	82,396	82,396	-	82,396	82,396
Shares and securities	-	1,830	1,830	-	1,798	1,798
	<u>-</u>	<u>84,226</u>	<u>84,226</u>	<u>-</u>	<u>84,194</u>	<u>84,194</u>
Islamic placements (refer 11.1)	-	174,797	174,797	-	167,038	167,038
Held to maturity						
Sukuk and Government bonds	-	-	-	-	1,207	1,207
Other investments	-	26,824	26,824	-	26,823	26,823
Total investments	<u>4,302</u>	<u>322,252</u>	<u>326,554</u>	<u>4,702</u>	<u>344,444</u>	<u>349,146</u>

11.1 Represent Shari'ah compliant placements with different financial institutions having profit rates of 1.37% to 1.77% (2017: 0.22% to 5.00%) and maturing in more than three months when acquired.

11.2 Participants' investments in unit-linked contracts

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Financial assets at fair value through profit or loss	<u>1,395,293</u>	<u>1,308,939</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

11 Investments (continued)

Determining fair values

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 March 2018 (Un-audited)	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<u>Financial assets</u>				
Fair value through profit or loss				
Mutual fund	25,025	-	-	25,025
Participants' investments in unit-linked contracts	-	1,395,293	-	1,395,293
Shares and securities	15,682	-	-	15,682
	<u>40,707</u>	<u>1,395,293</u>	<u>-</u>	<u>1,436,000</u>
Available-for-sale				
Mutual fund	-	82,396	-	82,396
Shares and securities	639	1,191	-	1,830
	<u>639</u>	<u>83,587</u>	<u>-</u>	<u>84,226</u>
<u>Non-financial assets</u>				
Investment properties	-	-	140,761	140,761
<u>Financial liabilities</u>				
Payable to Participants for unit-linked contracts	-	1,384,919	-	1,384,919
31 December 2017 (Audited)				
<u>Financial assets</u>				
Fair value through profit or loss				
Mutual fund	46,485	-	-	46,485
Participants' investments in unit-linked contracts	-	1,308,939	-	1,308,939
Shares and securities	23,399	-	-	23,399
	<u>69,884</u>	<u>1,308,939</u>	<u>-</u>	<u>1,378,823</u>
Available-for-sale				
Mutual fund	-	82,396	-	82,396
Shares and securities	635	1,163	-	1,798
	<u>635</u>	<u>83,559</u>	<u>-</u>	<u>84,194</u>
<u>Non-financial assets</u>				
Investment properties	-	-	139,676	139,676
<u>Financial liabilities</u>				
Payable to Participants for unit-linked contracts	-	1,301,249	-	1,301,249

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

12 Related party transactions

The Group, in the normal course of business, collects contributions, settles claims and enters into other transactions with other businesses that fall within the definition of related parties contained in the IAS 24 Related Party Disclosures (Revised). The management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. Following are the details of significant transactions with related parties.

	three-month period ended 31 March 2018 AED'000 (Un-audited)	three-month period ended 31 March 2017 AED'000 (Un-audited)
General and administrative expenses	<u>457</u>	<u>540</u>
Compensation of key management personnel		
Short term benefits	1,589	1,759
Employees end of service benefits	<u>167</u>	<u>142</u>
	<u>1,756</u>	<u>1,901</u>
Amounts due from related parties		
	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Bin Zayed Group (funds advanced for investment)	13,665	10,928
Other entities under common management with the Group	<u>280</u>	<u>25</u>
	<u>13,945</u>	<u>10,953</u>
Amounts due to related parties		
Other entities under common management with the Group	<u>158</u>	<u>872</u>
	<u>158</u>	<u>872</u>

13 Discontinued operation

During 2015, the Board of Directors of the Group had approved to sell its investment in its subsidiary Best Re Holding Limited. The subsidiary was not previously classified as held-for-sale or discontinued operations.

During 2017, because the investment no longer met the criteria to be classified as held-for-sale, this was reclassified as held-for-use. The regulatory authority of Best Re (L) Limited had imposed restrictions on all financial and banking transactions without taking prior approval from the authority. In addition, it had also requested all overseas assets be transferred back to country of incorporation upon maturity or disposals. This in the Board's view was considered to be a loss of control over the operations of the subsidiary. Furthermore, in light of these developments the net investment in Best Re (L) Limited was reclassified as available-for-sale in 2017.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

13 Discontinued operations (continued)

Results from discontinued operations

	three-month period ended 31 March 2018 AED'000 (Un-audited)	three-month period ended 31 March 2017 AED'000 (Un-audited) (Restated)
Revenue	-	1,177
Expenses	-	(12,089)
Results from operating activities	-	(10,912)
Loss per share	-	(0.009)

Cash flows used in discontinued operations

	31 March 2018 AED'000 (Un-audited)	31 March 2017 AED'000 (Un-audited)
Net cash flows used in operating activities	-	(8,523)
Net cash flows from investing activities	-	(4)
Net cash flows from financing activities	-	1,985
Net cash used in the period from discontinued operations	-	(6,542)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

14 Policyholders' fund

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)	31 March 2017 AED'000 (Un-audited)
Balance at 1 January	(475,132)	(454,144)	(454,144)
Net deficit attributable to policyholders for the period/year	(29,080)	(20,988)	(2,709)
Surplus distribution to policyholders of family takaful	-	-	-
	<u>(504,212)</u>	<u>(475,132)</u>	<u>(456,853)</u>

The shareholders of the Company financed the policyholders' deficit in accordance with the takaful contracts between the Company and its policyholders.

15 Profit per share

The calculation of profit per share for the period ended 31 March 2018 is based on the profit attributable to shareholders of AED 15.6 million (31 March 2017: AED 4.2 million, continuing profit of AED 17.6 million) divided by the weighted average number of shares of 1,188 million (31 March 2017: 1,188 million) outstanding during the period. There is no dilutive effect on basic earnings per share.

16 Contingent liabilities and capital commitments

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Letters of guarantee	<u>12,976</u>	<u>13,045</u>

Statutory deposits of AED 13 million (31 December 2017: AED 13 million) are held as lien by the bank against the above guarantees.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

16 Contingent liabilities and capital commitments (continued)

The Group is exposed to certain claims and litigations, these are subject to legal cases filed by the policyholders, cedants and retakaful operators in connection with the policies issued. The management believes, based on independent legal counsel opinions, that the ascertainment of liabilities and its timing is highly subjective and dependent on outcomes of court's decisions. Furthermore, as per the independent legal counsel, the Group has strong grounds to defend the suits successfully. Accordingly, no additional provision for these claims has been made in the condensed consolidated interim financial statements. However 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.

There are no significant capital commitments at 31 March 2018 (31 December 2017: nil).

17 Operating segment

By business

(for the three-month period ended 31 March 2018)

	General takaful AED'000	Family takaful AED'000	Total AED'000
Gross written contributions	<u>193,278</u>	<u>93,440</u>	<u>286,718</u>
Net contributions earned	<u>88,385</u>	<u>79,472</u>	<u>167,857</u>
Commissions income on ceded reinsurance and retakaful	<u>5,560</u>	<u>3,150</u>	<u>8,710</u>
	<u>93,945</u>	<u>82,622</u>	<u>176,567</u>
Net claims incurred	<u>(51,029)</u>	<u>(10,914)</u>	<u>(61,943)</u>
Commissions expense and other costs	<u>(21,758)</u>	<u>(54,464)</u>	<u>(76,222)</u>
Net underwriting income	<u>21,158</u>	<u>17,244</u>	<u>38,402</u>
Investment and other income			<u>12,972</u>
Unallocated expenses and tax			<u>(34,855)</u>
Net profit after tax			<u><u>16,519</u></u>

(for the three-month period ended 31 March 2017) (Restated)

	General takaful AED'000	Family takaful AED'000	Total AED'000
Gross written contributions	<u>139,776</u>	<u>80,166</u>	<u>219,942</u>
Net contributions earned	<u>71,010</u>	<u>68,699</u>	<u>139,709</u>
Commissions income on ceded reinsurance and retakaful	<u>10,533</u>	<u>-</u>	<u>10,533</u>
	<u>81,543</u>	<u>68,699</u>	<u>150,242</u>
Net claims incurred	<u>(42,735)</u>	<u>(9,241)</u>	<u>(51,976)</u>
Commissions expense and other costs	<u>(17,791)</u>	<u>(44,402)</u>	<u>(62,193)</u>
Net underwriting income	<u>21,017</u>	<u>15,056</u>	<u>36,073</u>
Investment and other income			<u>14,023</u>
Unallocated expenses and tax			<u>(32,541)</u>
Loss from discontinued operations			<u>(10,912)</u>
Net profit after tax			<u><u>6,643</u></u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

17 Operating segment (continued)

By geography

(for the three-month period ended 31 March 2018)

	Africa AED'000	Asia AED'000	Total AED'000
Gross written contributions	<u>74,631</u>	<u>212,087</u>	<u>286,718</u>
Net contributions earned	<u>53,404</u>	<u>114,453</u>	<u>167,857</u>
Commissions income on ceded reinsurance and retakaful	<u>2,954</u>	<u>5,756</u>	<u>8,710</u>
	<u>56,358</u>	<u>120,209</u>	<u>176,567</u>
Net claims incurred	<u>(28,148)</u>	<u>(33,795)</u>	<u>(61,943)</u>
Commissions expense and other cost	<u>(13,240)</u>	<u>(62,982)</u>	<u>(76,222)</u>
Net underwriting income	<u>14,970</u>	<u>23,432</u>	<u>38,402</u>
Investment and other income			<u>12,972</u>
Unallocated expenses and tax			<u>(34,855)</u>
Net profit after tax			<u><u>16,519</u></u>

(for the three-month period ended 31 March 2017) (Restated)

	Africa AED'000	Asia AED'000	Total AED'000
Gross written contributions	<u>65,946</u>	<u>153,996</u>	<u>219,942</u>
Net contributions earned	<u>49,857</u>	<u>89,852</u>	<u>139,709</u>
Commissions income on ceded reinsurance and retakaful	<u>1,988</u>	<u>8,545</u>	<u>10,533</u>
	<u>51,845</u>	<u>98,397</u>	<u>150,242</u>
Net claims incurred	<u>(27,097)</u>	<u>(24,879)</u>	<u>(51,976)</u>
Commissions expense and other cost	<u>(10,907)</u>	<u>(51,286)</u>	<u>(62,193)</u>
Net underwriting income	<u>13,841</u>	<u>22,232</u>	<u>36,073</u>
Investment and other income			<u>14,023</u>
Unallocated expenses and tax			<u>(32,541)</u>
Loss from discontinued operations			<u>(10,912)</u>
Net profit after tax			<u><u>6,643</u></u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

17 Operating segment (continued)

By business

(as at 31 March 2018)

ASSETS	General takaful	Family takaful	Total
	AED'000	AED'000	AED'000
Property and equipment	60,236	5,817	66,053
Goodwill and intangibles	127,074	229	127,303
Investment properties	140,761	-	140,761
Investments in associates	117,226	-	117,226
Statutory deposits	173,007	6,594	179,601
Investments	296,089	30,465	326,554
Participants' investments in unit-linked contracts	-	1,395,293	1,395,293
Deposits with takaful and retakaful companies	4,561	2,034	6,595
Contributions and takaful balance receivables	214,604	27,902	242,506
Retakafuls' share of outstanding claims	94,448	40,549	134,997
Retakafuls' share of unearned contributions	114,835	2,608	117,443
Amounts due from related parties	13,945	-	13,945
Other assets and receivables	20,394	359,281	379,675
Cash and bank balances	156,087	66,481	222,568
TOTAL ASSETS	1,533,267	1,937,253	3,470,520
LIABILITIES			
	General takaful	Family takaful	Total
	AED'000	AED'000	AED'000
Outstanding claims and family takaful reserve	294,837	170,730	465,567
Payable to Participants for unit-linked contracts	-	1,384,919	1,384,919
Unearned contributions reserve	243,124	9,796	252,920
Takaful balances payable	142,639	15,508	158,147
Other payables and accruals	100,794	282,470	383,264
Amounts due to related parties	158	-	158
Liabilities against assets held-for-sale	-	-	-
TOTAL LIABILITIES	781,552	1,863,423	2,644,975
NET ASSETS EMPLOYED	751,715	73,830	825,545
FINANCED BY:			
Shareholders' equity			757,166
Non-controlling interest			68,379
			825,545

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

17 Operating segment (continued)

By business

(As at 31 December 2017)

ASSETS	General takaful	Family takaful	Total
	AED'000	AED'000	AED'000
Property and equipment	60,379	5,782	66,161
Goodwill and intangibles	127,189	269	127,458
Investment properties	139,676	-	139,676
Investments in associates	114,777	-	114,777
Statutory deposits	157,338	6,451	163,789
Investments	321,672	27,474	349,146
Participants' investments in unit-linked contracts	-	1,308,939	1,308,939
Deposits with takaful and retakaful companies	4,309	1,816	6,125
Contributions and takaful balance receivables	172,006	25,374	197,380
Retakafuls' share of outstanding claims	92,323	26,879	119,202
Retakafuls' share of unearned contributions	101,474	1,383	102,857
Amounts due from related parties	10,908	45	10,953
Other assets and receivables	19,262	352,495	371,757
Cash and bank balances	122,992	56,070	179,062
TOTAL ASSETS	1,444,305	1,812,977	3,257,282
LIABILITIES			
	General takaful	Family takaful	Total
	AED'000	AED'000	AED'000
Outstanding claims and family takaful reserve	282,904	145,139	428,043
Payable to Participants for unit-linked contracts	-	1,301,249	1,301,249
Unearned contributions reserve	187,884	6,999	194,883
Takaful balances payable	142,108	16,014	158,122
Other payables and accruals	98,555	268,517	367,072
Amounts due to related parties	563	309	872
TOTAL LIABILITIES	712,014	1,738,227	2,450,241
NET ASSETS EMPLOYED	732,291	74,750	807,041
FINANCED BY:			
Shareholders' equity			740,514
Non-controlling interest			66,527
			807,041

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

Notes (continued)

18 Re-statements

In 2015, the Group had re-classified its investments in a subsidiary, Best Re Holding Limited, as assets held-for-sale. Best Re Holding Limited consists of Best Re Holding, Best Re Family and Best Re (L) Limited. During 2017, because the investments in Best Re Holding and Best Re Family no longer meet the criteria to be classified as held-for-sale, these were re-classified as held-for-use. In accordance with IFRS 5 *non-current assets held-for-sale and discontinued operations*, upon reclassification as held-for-use, the subsidiary was consolidated on a line by line basis including earlier periods resulting in a restatement of the three-month period ended 31 March 2017 as if the subsidiary had always been consolidated. The following table summarises the impact of re-statement:

Impact on condensed consolidated interim statement of profit or loss

(As at 31 March 2017)

	Impact of re-statement		
	Previously reported AED'000	Re-statement AED'000	As restated AED'000
UNDERWRITING RESULTS			
Underwriting income	149,608	634	150,242
Underwriting expenses	113,101	1,068	114,169
Net underwriting profit	36,507	(434)	36,073
Income from other sources	13,969	54	14,023
Expenses	(29,038)	(374)	(29,412)
Net profit before tax	21,438	(754)	20,684
Taxation - current	(3,129)	-	(3,129)
Net profit after tax before policyholders' distribution	18,309	(754)	17,555
Distribution to policyholders of Company	-	-	-
Net profit after tax and distribution to policyholders from continuing operations	18,309	(754)	17,555
DISCONTINUED OPERATIONS			
Loss from discontinued operations	(11,666)	754	(10,912)
Net profit after tax and distribution to policyholders	6,643	-	6,643
Attributable to:			
Shareholders	4,167	-	4,167
Non-controlling interest	2,476	-	2,476
	6,643	-	6,643
Profit per share (AED)	0.004	-	0.004
Profit per share (AED) - continuing operations	0.013	-	0.013

There is no impact on Group's net profit and retained earnings for the three-month period ended 31 March 2017.