

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

Condensed consolidated interim financial statements

for the six-month period ended 30 June 2018

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

Condensed consolidated interim financial statements

for the six-month period ended 30 June

| <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

Introduction

We have reviewed the accompanying 30 June 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 30 June 2018;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month periods ended 30 June 2018;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2018;
- the condensed consolidated interim statement of changes in shareholders' equity for the six-month period ended 30 June 2018;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 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.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 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

Vijendra Nath Malhotra
Registration No.: 48
Dubai, United Arab Emirates
Date: **14 AUG 2018**

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

Condensed consolidated interim statement of profit or loss

for the six-month period ended 30 June

| | Six-month period ended | Six-month period ended | Three-month period ended | Three-month period ended | |
|---|-----------------------------------|---------------------------|-------------------------------------|-----------------------------|----------|
| | 30 June | 30 June | 30 June | 30 June | |
| | 2018 | 2017 | 2018 | 2017 | |
| <i>Note</i> | AED'000 | AED'000 | AED'000 | AED'000 | |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) | |
| | | (Restated)* | | (Restated)* | |
| CONTINUING OPERATIONS | | | | | |
| UNDERWRITING RESULTS | | | | | |
| Underwriting income | | | | | |
| Gross written contributions | 17 | 547,444 | 401,847 | 260,726 | 181,905 |
| Less: reinsurance and retakaful contributions ceded | | (146,561) | (127,431) | (70,731) | (58,404) |
| Net contributions | | 400,883 | 274,416 | 189,995 | 123,501 |
| Net movement in unearned contributions | | (61,960) | (8,853) | (18,929) | 2,353 |
| Contributions earned | 17 | 338,923 | 265,563 | 171,066 | 125,854 |
| Commission income on ceded reinsurance and retakaful | 17 | 21,720 | 15,302 | 13,010 | 4,769 |
| | 17 | 360,643 | 280,865 | 184,076 | 130,623 |
| Underwriting expenses | | | | | |
| Gross claims paid | | 156,943 | 150,395 | 87,708 | 64,848 |
| Less: reinsurance and retakaful share of claims paid | | (61,186) | (45,667) | (33,254) | (17,574) |
| Net claims paid | | 95,757 | 104,728 | 54,454 | 47,274 |
| Net movement in outstanding claims and family takaful reserve | | 8,407 | (12,776) | (12,233) | (7,298) |
| Claims incurred | 17 | 104,164 | 91,952 | 42,221 | 39,976 |
| Commission paid and other costs | 17 | 159,359 | 124,055 | 83,137 | 61,862 |
| | | 263,523 | 216,007 | 125,358 | 101,838 |
| Net underwriting income | 17 | 97,120 | 64,858 | 58,718 | 28,785 |
| Income from other sources | | | | | |
| Income from investments | | 13,787 | 22,690 | 4,009 | 10,913 |
| Other income | | 7,879 | 5,406 | 4,685 | 3,160 |
| | | 118,786 | 92,954 | 67,412 | 42,858 |
| Expenses | | | | | |
| General, administrative and other expenses | | (66,445) | (57,734) | (35,972) | (28,599) |
| Financial expenses | | (587) | (463) | (331) | (186) |
| Provision for charitable donations | | - | (892) | - | (892) |
| Net profit before tax for the period | | 51,754 | 33,865 | 31,109 | 13,181 |
| Taxation - current | | (7,890) | (4,023) | (3,764) | (894) |
| Net profit after tax for the period before policyholders' distribution | | 43,864 | 29,842 | 27,345 | 12,287 |
| Distribution to policyholders of Company | | (12,027) | - | (12,027) | - |
| Net profit after tax and distribution to policyholders for the period from continuing operations | | 31,837 | 29,842 | 15,318 | 12,287 |
| DISCONTINUED OPERATIONS | | | | | |
| Net loss from discontinued operations | 13 | - | (22,101) | - | (11,189) |
| Net profit after tax and distribution to policyholders for the period | | 31,837 | 7,741 | 15,318 | 1,098 |

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
Condensed consolidated interim statement of profit or loss (*continued*)
for the six-month period ended 30 June

| | Six-month period ended 30 June 2018 AED'000 (Un-audited) | Six-month period ended 30 June 2017 AED'000 (Un-audited) (Restated)* | Three-month period ended 30 June 2018 AED'000 (Un-audited) | Three-month period ended 30 June 2017 AED'000 (Un-audited) (Restated)* |
|--|---|--|---|--|
| Net profit after tax and distribution to policyholders for the period | 31,837 | 7,741 | 15,318 | 1,098 |
| Attributable to: | | | | |
| Shareholders | 32,654 | 5,220 | 17,095 | 1,053 |
| Non-controlling interest | (817) | 2,521 | (1,777) | 45 |
| | 31,837 | 7,741 | 15,318 | 1,098 |
| Earnings per share (AED) (Note 15) | 0.027 | 0.004 | 0.014 | 0.001 |
| Earnings per share (AED) - continuing operations (Note 15) | 0.027 | 0.023 | 0.014 | 0.010 |

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 six-month period ended 30 June

| | Six-month period ended 30 June 2018 AED'000 (Un-audited) | Six-month period ended 30 June 2017 AED'000 (Un-audited) (Restated)* | Three-month period ended 30 June 2018 AED'000 (Un-audited) | Three-month period ended 30 June 2017 AED'000 (Un-audited) (Restated)* |
|--|---|--|---|--|
| Net profit after tax and distribution to policyholders for the period | 31,837 | 7,741 | 15,318 | 1,098 |
| 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 | (3,938) | 2,645 | (5,460) | 3,273 |
| Other comprehensive (loss) / income for the period | (3,938) | 2,645 | (5,460) | 3,273 |
| Total comprehensive income for the period | 27,899 | 10,386 | 9,858 | 4,371 |
| Attributable to: | | | | |
| Shareholders | 29,160 | 7,458 | 12,508 | 3,834 |
| Non-controlling interest | (1,261) | 2,928 | (2,650) | 537 |
| | 27,899 | 10,386 | 9,858 | 4,371 |

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 financial position

as at

| | Note | 30 June 2018 AED'000 (Un-audited) | 31 December 2017 AED'000 (Audited) |
|--|------|---|--|
| ASSETS | | | |
| Property and equipment | | 63,379 | 66,161 |
| Goodwill and intangibles | | 126,997 | 127,458 |
| Investment properties | 8 | 139,620 | 139,676 |
| Investments in associates | 9 | 118,529 | 114,777 |
| Statutory deposits | | 171,733 | 163,789 |
| Investments | 11 | 349,223 | 349,146 |
| Participants' investments in unit-linked contracts | 11.2 | 1,455,191 | 1,308,939 |
| Deposits with takaful and retakaful companies | | 6,210 | 6,125 |
| Contributions and takaful balance receivables | | 260,099 | 197,380 |
| Retakafuls' share of outstanding claims | | 156,295 | 119,202 |
| Retakafuls' share of unearned contributions | | 128,021 | 102,857 |
| Amounts due from related parties | 12 | 16,153 | 10,953 |
| Other assets and receivables | | 387,192 | 371,757 |
| Cash and bank balances | | 254,649 | 179,062 |
| TOTAL ASSETS | | 3,633,291 | 3,257,282 |
| LIABILITIES | | | |
| Outstanding claims and family takaful reserve | | 471,780 | 428,043 |
| Payable to Participants for unit-linked contracts | | 1,444,324 | 1,301,249 |
| Unearned contributions reserve | | 281,014 | 194,883 |
| Takaful balances payable | | 159,091 | 158,122 |
| Other payables and accruals | | 441,619 | 367,072 |
| Amounts due to related parties | 12 | 342 | 872 |
| TOTAL LIABILITIES | | 2,798,170 | 2,450,241 |
| NET ASSETS EMPLOYED | | 835,121 | 807,041 |
| FINANCED BY: | | | |
| Shareholders' equity | | 769,675 | 740,514 |
| Non-controlling interest | | 65,446 | 66,527 |
| | | 835,121 | 807,041 |

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 14 AUG 2018 and signed on their behalf by:



Sheikh Khaled Bin Zayed Al Nehayan
Chairman



Dr. Saleh J. Malaikah
Vice Chairman & Managing Director

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 six-month period ended 30 June

| | Six-month period ended 30 June 2018 AED'000 (Un-audited) | Six-month period ended 30 June 2017 AED'000 (Un-audited) (Restated)* |
|--|---|--|
| Cash flows from operating activities | | |
| Net profit before non-controlling interest | 31,837 | 7,741 |
| <i>Adjustments for:</i> | | |
| Depreciation | 2,009 | 1,929 |
| Net movement in unearned contributions reserve | 60,967 | 10,252 |
| Amortisation of intangible assets | 419 | 196 |
| Share of profit from associates | (4,993) | (10,423) |
| Dividend income | (2,271) | (2,536) |
| <i>Operating profit before changes in working capital</i> | <u>87,968</u> | <u>7,159</u> |
| Change in deposits with takaful and retakaful companies | (85) | 16 |
| Change in contributions and takaful balance receivable | (62,719) | (12,548) |
| Change in due from / to related parties | (5,730) | 110 |
| Change in other assets and receivables | (15,435) | (7,345) |
| Change in assets held-for-sale | - | 26,137 |
| Change in outstanding claims (net of retakaful) | 6,644 | (9,441) |
| Change in takaful payables and other payables | 75,516 | 60,183 |
| Change in liabilities held-for-sale | - | (4,101) |
| <i>Net cash generated from operating activities</i> | <u>86,159</u> | <u>60,170</u> |
| Cash flows from investing activities | | |
| Property and equipment - net | 773 | (3,965) |
| Net movement in intangible assets | 42 | (294) |
| Investment properties | 56 | (482) |
| Statutory deposits | (7,944) | (1,314) |
| Dividend received | 2,271 | 2,536 |
| Investments-net | (4,015) | (16,162) |
| Dividend income from associate | 1,241 | - |
| Net movement in Participants' investments in unit-linked contracts | (3,177) | (1,450) |
| <i>Net cash used in investing activities</i> | <u>(10,753)</u> | <u>(21,131)</u> |
| Cash flows from financing activities | | |
| Bank finance | - | 116 |
| Net movement in non-controlling interest | 181 | 298 |
| <i>Net cash generated from financing activities</i> | <u>181</u> | <u>414</u> |
| Net increase in cash and cash equivalents | 75,587 | 39,453 |
| Cash and cash equivalents at 1 January | 179,062 | 118,830 |
| Cash and cash equivalents at 30 June | <u>254,649</u> | <u>158,283</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 six-month period ended 30 June

| | Attributable to the equity holders of the Company | | | | | | | Non-controlling interest | Total equity | |
|---|---|-------------------|---------------------|--------------------------------------|-------------------------------|----------------|--------------------|--------------------------|--------------|---------|
| | Share capital | Statutory reserve | Revaluation reserve | Foreign exchange translation reserve | Investment fair value reserve | Treasury stock | Accumulated losses | | | |
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | 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 | - | - | - | - | - | - | 5,220 | 5,220 | 2,521 | 7,741 |
| Other comprehensive income | | | | | | | | | | |
| Movement in foreign exchange translation reserve | - | - | - | 2,238 | - | - | - | 2,238 | 407 | 2,645 |
| Total other comprehensive loss | - | - | - | 2,238 | - | - | - | 2,238 | 407 | 2,645 |
| Total comprehensive income for the period | - | - | - | 2,238 | - | - | 5,220 | 7,458 | 2,928 | 10,386 |
| Transaction with owners, recorded directly in equity | | | | | | | | | | |
| Dividend paid | | | | | | | | | (155) | (155) |
| Change in non-controlling interest due to capital increase | - | - | - | - | - | - | - | - | 453 | 453 |
| Balance at 30 June 2017 | 1,210,000 | 73,861 | 39,189 | (105,375) | (3,407) | (35,972) | (460,254) | 718,042 | 59,501 | 777,543 |

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

Condensed consolidated interim statement of changes in shareholders' equity (Un-audited) (continued)

for the six-month period ended 30 June

| | 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 / (loss) for the period | - | - | - | - | - | - | 32,654 | 32,654 | (817) | 31,837 |
| Other comprehensive income | | | | | | | | | | |
| Movement in net change in fair value of available-for-sale investments | - | - | - | - | - | - | - | - | - | - |
| Movement in foreign exchange translation reserve | - | - | - | (3,493) | - | - | - | (3,493) | (445) | (3,938) |
| Total other comprehensive loss | - | - | - | (3,493) | - | - | - | (3,493) | (445) | (3,938) |
| Total comprehensive (loss) / income for the period | - | - | - | (3,493) | - | - | 32,654 | 29,161 | (1,262) | 27,899 |
| Transaction with owners, recorded directly in equity | | | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | - | - | (272) | (272) |
| Change in non-controlling interest due to capital increase | - | - | - | - | - | - | - | - | 453 | 453 |
| Balance at 30 June 2018 | 1,210,000 | 76,612 | 31,930 | (114,492) | (2,864) | (35,972) | (395,539) | 769,675 | 65,446 | 835,121 |

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 |
|--|-------------------|------------------|--------------------------|
| | 30 June 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").

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.

The Group has adopted all new and revised IFRS interpretations applicable for accounting period beginning on or after 1 January 2018 except IFRS 9 Financial Instruments, for which the Group has applied the temporary exemption available under IFRS 4 Insurance Contracts. Accordingly, the Group will apply this standard for annual period beginning 1 January 2021.

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 six-month period ended 30 June 2018 | | | | For the six-month period ended 30 June 2017 (Restated) | | | |
|--|---|--------------------------|--|------------------|--|--------------------------|---|------------------|
| | Shareholders AED'000 | Policyholders AED'000 | Non- controlling interest AED'000 | Total AED'000 | Shareholders AED'000 | Policyholders AED'000 | Non - controlling interest AED'000 | Total AED'000 |
| Net underwriting income | - | 97,120 | - | 97,120 | - | 64,858 | - | 64,858 |
| Income | | | | | | | | |
| Wakalah share (Note 7) | 84,545 | (84,545) | - | - | 44,646 | (44,646) | - | - |
| Mudarib share (Note 7) | 18 | (18) | - | - | 7 | (7) | - | - |
| Net technical charges from policyholders to shareholders | 29,337 | (29,337) | - | - | (463) | 463 | - | - |
| Net underwriting income from subsidiaries | 34,762 | (34,762) | - | - | 17,963 | (17,963) | - | - |
| Income from investments | 13,584 | 203 | - | 13,787 | 22,594 | 96 | - | 22,690 |
| Other income | 7,879 | - | - | 7,879 | 5,406 | - | - | 5,406 |
| | 170,125 | (51,339) | - | 118,786 | 90,153 | 2,801 | - | 92,954 |
| Expenses | | | | | | | | |
| General, administrative and other expenses | (66,445) | - | - | (66,445) | (57,734) | - | - | (57,734) |
| Financial expenses | (587) | - | - | (587) | (463) | - | - | (463) |
| Commission paid and other costs | (15,243) | 15,243 | - | - | - | - | - | - |
| Charitable donations | - | - | - | - | (892) | - | - | (892) |
| Net profit / (loss) before tax for the period | 87,850 | (36,096) | - | 51,754 | 31,064 | 2,801 | - | 33,865 |
| Tax – current | (7,890) | - | - | (7,890) | (4,023) | - | - | (4,023) |
| Net profit / (loss) after tax for the period | 79,960 | (36,096) | - | 43,864 | 27,041 | 2,801 | - | 29,842 |
| Loss from discontinued operations | - | - | - | - | (22,101) | - | - | (22,101) |
| Share of non-controlling interest | 817 | - | (817) | - | (2,521) | - | 2,521 | - |
| Distribution to policyholders of the Company | - | (12,027) | - | (12,027) | - | - | - | - |
| Policyholders' loss financed by shareholders / recovery of loss from policyholders' fund (Note 14) | (48,123) | 48,123 | - | - | 2,801 | (2,801) | - | - |
| Net profit / (loss) for the period | 32,654 | - | (817) | 31,837 | 5,220 | - | 2,521 | 7,741 |

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

Notes (continued)

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

Condensed consolidated interim statement of financial position

| | 30 June 2018 AED'000 (Un-audited) | 31 December 2017 AED'000 (Audited) |
|--|--|---|
| ASSETS | | |
| <i>Participants' assets</i> | | |
| Participants' investments in unit-linked contracts | 1,455,191 | 1,308,939 |
| Contributions and takaful balance receivables | 176,712 | 108,276 |
| Retakafuls' share of outstanding claims | 122,794 | 96,952 |
| Retakafuls' share of unearned contributions | 78,943 | 66,060 |
| Other assets and receivables | 1,459 | 3,366 |
| Cash and bank balances | 73,936 | 42,026 |
| Total participants' assets | <u>1,909,035</u> | <u>1,625,619</u> |
| Total shareholders' assets * | <u>1,724,256</u> | <u>1,631,663</u> |
| Total assets | <u>3,633,291</u> | <u>3,257,282</u> |
| LIABILITIES | | |
| <i>Participants' liabilities</i> | | |
| Outstanding claims and family takaful reserve | 221,867 | 194,274 |
| Payable to Participants for unit-linked contracts | 1,444,324 | 1,301,249 |
| Unearned contributions reserve | 187,064 | 109,480 |
| Takaful balances payable | 83,686 | 97,542 |
| Other payables and accruals | 36,186 | 30,887 |
| Total participants' liabilities | <u>1,973,127</u> | <u>1,733,432</u> |
| Total shareholders' liabilities * | <u>825,043</u> | <u>716,809</u> |
| Total liabilities | <u>2,798,170</u> | <u>2,450,241</u> |
| NET ASSETS EMPLOYED | <u>835,121</u> | <u>807,041</u> |
| FINANCED BY: | | |
| Shareholders' equity | 769,675 | 740,514 |
| Non-controlling interest | 65,446 | 66,527 |
| | <u>835,121</u> | <u>807,041</u> |

* 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:

| | 30 June 2018 AED'000 (Un-audited) | 31 December 2017 AED'000 (Audited) |
|-------------|--|---|
| Within UAE | 14,500 | 14,500 |
| Outside UAE | 125,120 | 125,176 |
| | <u>139,620</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 offset 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 | <u>Ownership</u> | | Country of incorporation | 30 June 2018 AED'000 (Un-audited) | 31 December 2017 AED'000 (Audited) |
|---|------------------|--------|-----------------------------|--|---|
| | 2018 | 2017 | | | |
| Salama Cooperative Insurance Company (formerly Saudi IAIC) | 30.00% | 30.00% | KSA | 85,750 | 82,433 |
| Islamic Insurance Jordan | 20.00% | 20.00% | Jordan | 32,779 | 32,344 |
| | | | | <u>118,529</u> | <u>114,777</u> |
| | | | | 30 June 2018 AED'000 (Un-audited) | 31 December 2017 AED'000 (Audited) |
| Movements during the period/year | | | | | |
| Balance at the beginning of period/year | | | | 114,777 | 94,736 |
| Share of profit from associates | | | | 4,993 | 20,041 |
| Dividend received | | | | (1,241) | - |
| Balance at the end of period/year | | | | <u>118,529</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 30 June 2018 (Un-audited)

Financial assets

| | <u>FVTPL</u> | <u>AFS</u> | <u>Amortised</u> | <u>Total</u> |
|--|------------------|----------------|------------------|------------------|
| | <u>AED'000</u> | <u>AED'000</u> | <u>cost</u> | <u>AED'000</u> |
| | <u>AED'000</u> | <u>AED'000</u> | <u>AED'000</u> | <u>AED'000</u> |
| Investments | 56,332 | 84,154 | 208,737 | 349,223 |
| Statutory deposits | - | - | 171,733 | 171,733 |
| Participants' investments in unit-linked contracts | 1,455,191 | - | - | 1,455,191 |
| Deposits with takaful and retakaful companies | - | - | 6,210 | 6,210 |
| Contributions and takaful balance receivables | - | - | 260,099 | 260,099 |
| Amounts due from related parties | - | - | 16,153 | 16,153 |
| Other assets and receivables | - | - | 98,973 | 98,973 |
| Cash and bank balances | - | - | 254,649 | 254,649 |
| | <u>1,511,523</u> | <u>84,154</u> | <u>1,016,554</u> | <u>2,612,231</u> |

Financial liabilities

| | | | | |
|---|------------------|----------|----------------|------------------|
| Payable to Participants for unit-linked contracts | 1,444,324 | - | - | 1,444,324 |
| Takaful balances payable | - | - | 159,091 | 159,091 |
| Other payables and accruals | - | - | 413,971 | 413,971 |
| Amounts due to related parties | - | - | 342 | 342 |
| | <u>1,444,324</u> | <u>-</u> | <u>573,404</u> | <u>2,017,728</u> |

At 31 December 2017 (Audited)

Financial assets

| | <u>FVTPL</u> | <u>AFS</u> | <u>Amortised</u> | <u>Total</u> |
|--|------------------|----------------|------------------|------------------|
| | <u>AED'000</u> | <u>AED'000</u> | <u>cost</u> | <u>AED'000</u> |
| | <u>AED'000</u> | <u>AED'000</u> | <u>AED'000</u> | <u>AED'000</u> |
| 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> |

Financial liabilities

| | | | | |
|---|------------------|----------|----------------|------------------|
| 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

| | 30 June 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 | - | 26,134 | 26,134 | - | 46,485 | 46,485 |
| Shares and securities | 3,764 | 26,434 | 30,198 | 4,702 | 18,697 | 23,399 |
| | 3,764 | 52,568 | 56,332 | 4,702 | 65,182 | 69,884 |
| Available-for-sale investments | | | | | | |
| Mutual fund and externally managed portfolios | - | 82,396 | 82,396 | - | 82,396 | 82,396 |
| Shares and securities | - | 1,758 | 1,758 | - | 1,798 | 1,798 |
| | - | 84,154 | 84,154 | - | 84,194 | 84,194 |
| Islamic placements (refer 11.1) | - | 180,855 | 180,855 | - | 167,038 | 167,038 |
| Held to maturity | | | | | | |
| Sukuk and Government bonds | - | - | - | - | 1,207 | 1,207 |
| Other investments | - | 27,882 | 27,882 | - | 26,823 | 26,823 |
| Total investments | 3,764 | 345,459 | 349,223 | 4,702 | 344,444 | 349,146 |

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

| | 30 June 2018 AED'000 (Un-audited) | 31 December 2017 AED'000 (Audited) |
|---|--|---|
| Financial assets at fair value through profit or loss | 1,455,191 | 1,308,939 |

11.3 As at June 30 2018, the Group has no exposure to Abraaj Holdings, or any of its subsidiaries, or any of its funds.

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:

| 30 June 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 | 26,134 | - | - | 26,134 |
| Participants' investments in unit-linked contracts | - | 1,455,191 | - | 1,455,191 |
| Shares and securities | 30,198 | - | - | 30,198 |
| | <u>56,332</u> | <u>1,455,191</u> | <u>-</u> | <u>1,511,523</u> |
| Available-for-sale | | | | |
| Mutual fund | - | 82,396 | - | 82,396 |
| Shares and securities | 639 | 1,119 | - | 1,758 |
| | <u>639</u> | <u>83,515</u> | <u>-</u> | <u>84,154</u> |
| <u>Non-financial assets</u> | | | | |
| Investment properties | - | - | 139,620 | 139,620 |
| <u>Financial liabilities</u> | | | | |
| Payable to Participants for unit-linked contracts | - | 1,444,324 | - | 1,444,324 |
| 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.

| | Six-month period ended 31 June 2018 AED'000 (Un-audited) | Six-month period ended 30 June 2017 AED'000 (Un-audited) |
|---|---|---|
| General and administrative expenses | 1,066 | 1,439 |
| Compensation of key management personnel | | |
| Short term benefits | 3,268 | 3,696 |
| Employees end of service benefits | 301 | 324 |
| | 3,569 | 4,020 |
| Amounts due from related parties | | |
| | 30 June 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 | 2,488 | 25 |
| | 16,153 | 10,953 |
| Amounts due to related parties | | |
| Other entities under common management with the Group | 342 | 872 |
| | 342 | 872 |

13 Discontinued operation

During 2015, the Board of Directors of the Group 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

| | six-month period ended 30 June 2018 AED'000 (Un-audited) | six-month period ended 30 June 2017 AED'000 (Un-audited) (Restated) |
|-----------------------------------|---|---|
| Revenue | - | 1,356 |
| Expenses | - | (23,457) |
| Results from operating activities | <u>-</u> | <u>(22,101)</u> |
| Loss per share | - | (0.019) |

Cash flows used in discontinued operations

| | 30 June 2018 AED'000 (Un-audited) | 30 June 2017 AED'000 (Un-audited) (Restated) |
|--|--|--|
| Net cash flows used in operating activities | - | (21,429) |
| Net cash flows from investing activities | - | 4,936 |
| Net cash flows from financing activities | - | 6,224 |
| Net cash used in the period from discontinued operations | <u><u>-</u></u> | <u><u>(10,269)</u></u> |

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

Notes (continued)

14 Policyholders' fund

| | 30 June 2018 AED'000 (Un-audited) | 31 December 2017 AED'000 (Audited) | 30 June 2017 AED'000 (Un-audited) |
|---|--|---|--|
| Balance at 1 January | (475,132) | (454,144) | (454,144) |
| Net deficit attributable to policyholders for the period/year | (36,096) | (20,988) | 2,803 |
| Surplus distribution to policyholders of family takaful | (12,027) | - | - |
| | <u>(523,255)</u> | <u>(475,132)</u> | <u>(451,341)</u> |

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

15 Earnings per share

The calculation of earnings per share for the period ended 30 June 2018 is based on the profit attributable to shareholders of AED 32.6 million (30 June 2017: AED 5.2 million, continuing profit of AED 29.8 million) divided by the weighted average number of shares of 1,188 million (30 June 2017: 1,188 million) outstanding during the period. There is no dilutive effect on basic earnings per share.

16 Contingent liabilities and capital commitments

| | 30 June 2018 AED'000 (Un-audited) | 31 December 2017 AED'000 (Audited) |
|----------------------|--|---|
| Letters of guarantee | <u>14,197</u> | <u>13,045</u> |

Statutory deposits of AED 14.23 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 30 June 2018 (31 December 2017: nil).

17 Operating segment

By business

(for the six-month period ended 30 June 2018)

| | General takaful AED'000 | Family takaful AED'000 | Total AED'000 |
|---|----------------------------|---------------------------|----------------------|
| Gross written contributions | <u>355,695</u> | <u>191,749</u> | <u>547,444</u> |
| Net contributions earned | <u>175,237</u> | <u>163,686</u> | <u>338,923</u> |
| Commissions income on ceded reinsurance and retakaful | <u>11,681</u> | <u>10,039</u> | <u>21,720</u> |
| | <u>186,918</u> | <u>173,725</u> | <u>360,643</u> |
| Net claims incurred | <u>(95,428)</u> | <u>(8,736)</u> | <u>(104,164)</u> |
| Commissions expense and other costs | <u>(46,656)</u> | <u>(112,703)</u> | <u>(159,359)</u> |
| Net underwriting income | <u>44,834</u> | <u>52,286</u> | <u>97,120</u> |
| Investment and other income | | | <u>21,666</u> |
| Unallocated expenses and tax | | | <u>(74,922)</u> |
| Distribution to policyholders of Company | | | <u>(12,027)</u> |
| Net profit after tax | | | <u><u>31,837</u></u> |

(for the six-month period ended 30 June 2017) (Restated)

| | General takaful AED'000 | Family takaful AED'000 | Total AED'000 |
|---|----------------------------|---------------------------|---------------------|
| Gross written contributions | <u>243,955</u> | <u>157,892</u> | <u>401,847</u> |
| Net contributions earned | <u>130,767</u> | <u>134,796</u> | <u>265,563</u> |
| Commissions income on ceded reinsurance and retakaful | <u>15,302</u> | <u>-</u> | <u>15,302</u> |
| | <u>146,069</u> | <u>134,796</u> | <u>280,865</u> |
| Net claims incurred | <u>(75,417)</u> | <u>(16,535)</u> | <u>(91,952)</u> |
| Commissions expense and other costs | <u>(33,823)</u> | <u>(90,232)</u> | <u>(124,055)</u> |
| Net underwriting income | <u>36,829</u> | <u>28,029</u> | <u>64,858</u> |
| Investment and other income | | | <u>28,096</u> |
| Unallocated expenses and tax | | | <u>(63,112)</u> |
| Loss from discontinued operations | | | <u>(22,101)</u> |
| Net profit after tax | | | <u><u>7,741</u></u> |

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

Notes (continued)

17 Operating segment (continued)

By geography

(for the six-month period ended 30 June 2018)

| | Africa AED'000 | Asia AED'000 | Total AED'000 |
|---|-------------------|------------------|----------------------|
| Gross written contributions | <u>134,325</u> | <u>413,119</u> | <u>547,444</u> |
| Net contributions earned | <u>96,016</u> | <u>242,907</u> | <u>338,923</u> |
| Commissions income on ceded reinsurance and retakaful | <u>5,411</u> | <u>16,309</u> | <u>21,720</u> |
| | <u>101,427</u> | <u>259,216</u> | <u>360,643</u> |
| Net claims incurred | <u>(40,762)</u> | <u>(63,402)</u> | <u>(104,164)</u> |
| Commissions expense and other cost | <u>(25,904)</u> | <u>(133,455)</u> | <u>(159,359)</u> |
| Net underwriting income | <u>34,761</u> | <u>62,359</u> | <u>97,120</u> |
| Investment and other income | | | <u>21,666</u> |
| Unallocated expenses and tax | | | <u>(74,922)</u> |
| Distribution to policyholders of Company | | | <u>(12,027)</u> |
| Net profit after tax | | | <u><u>31,837</u></u> |

(for the six-month period ended 30 June 2017) (Restated)

| | Africa AED'000 | Asia AED'000 | Total AED'000 |
|---|-------------------|------------------|---------------------|
| Gross written contributions | <u>120,000</u> | <u>281,847</u> | <u>401,847</u> |
| Net contributions earned | <u>91,663</u> | <u>173,900</u> | <u>265,563</u> |
| Commissions income on ceded reinsurance and retakaful | <u>3,876</u> | <u>11,426</u> | <u>15,302</u> |
| | <u>95,539</u> | <u>185,326</u> | <u>280,865</u> |
| Net claims incurred | <u>(54,925)</u> | <u>(37,027)</u> | <u>(91,952)</u> |
| Commissions expense and other cost | <u>(22,652)</u> | <u>(101,403)</u> | <u>(124,055)</u> |
| Net underwriting income | <u>17,962</u> | <u>46,896</u> | <u>64,858</u> |
| Investment and other income | | | <u>28,096</u> |
| Unallocated expenses and tax | | | <u>(63,112)</u> |
| Loss from discontinued operations | | | <u>(22,101)</u> |
| Net profit after tax | | | <u><u>7,741</u></u> |

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

Notes (continued)

17 Operating segment (continued)

By business

(as at 30 June 2018)

| ASSETS | General takaful | Family takaful | Total |
|--|------------------|------------------|------------------|
| | AED'000 | AED'000 | AED'000 |
| Property and equipment | 57,912 | 5,467 | 63,379 |
| Goodwill and intangibles | 126,801 | 196 | 126,997 |
| Investment properties | 139,620 | - | 139,620 |
| Investments in associates | 118,529 | - | 118,529 |
| Statutory deposits | 163,098 | 8,635 | 171,733 |
| Investments | 317,764 | 31,459 | 349,223 |
| Participants' investments in unit-linked contracts | - | 1,455,191 | 1,455,191 |
| Deposits with takaful and retakaful companies | 4,464 | 1,746 | 6,210 |
| Contributions and takaful balance receivables | 232,222 | 27,877 | 260,099 |
| Retakafuls' share of outstanding claims | 108,539 | 47,756 | 156,295 |
| Retakafuls' share of unearned contributions | 126,517 | 1,504 | 128,021 |
| Amounts due from related parties | 13,926 | 2,227 | 16,153 |
| Other assets and receivables | 26,312 | 360,880 | 387,192 |
| Cash and bank balances | 148,269 | 106,380 | 254,649 |
| TOTAL ASSETS | 1,583,973 | 2,049,318 | 3,633,291 |
| LIABILITIES | | | |
| | General takaful | Family takaful | Total |
| | AED'000 | AED'000 | AED'000 |
| Outstanding claims and family takaful reserve | 298,486 | 173,294 | 471,780 |
| Payable to Participants for unit-linked contracts | - | 1,444,324 | 1,444,324 |
| Unearned contributions reserve | 269,838 | 11,176 | 281,014 |
| Takaful balances payable | 151,383 | 7,708 | 159,091 |
| Other payables and accruals | 107,369 | 334,250 | 441,619 |
| Amounts due to related parties | 342 | - | 342 |
| Liabilities against assets held-for-sale | - | - | - |
| TOTAL LIABILITIES | 827,418 | 1,970,752 | 2,798,170 |
| NET ASSETS EMPLOYED | 756,555 | 78,566 | 835,121 |
| FINANCED BY: | | | |
| Shareholders' equity | | | 769,675 |
| Non-controlling interest | | | 65,446 |
| | | | 835,121 |

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 AED'000 | Family takaful AED'000 | Total 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 AED'000 | Family takaful AED'000 | Total 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 six-month period ended 30 June 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 30 June 2017)

| | Impact of re-statement | | |
|--|--------------------------------|-------------------------|------------------------|
| | Previously reported AED'000 | Re-statement AED'000 | As restated AED'000 |
| UNDERWRITING RESULTS | | | |
| Underwriting income | 279,972 | 893 | 280,865 |
| Underwriting expenses | 215,566 | 441 | 216,007 |
| Net underwriting profit | 64,406 | 452 | 64,858 |
| Income from other sources | 27,340 | 756 | 28,096 |
| Expenses | (57,657) | (1,432) | (59,089) |
| Net profit before tax | 34,089 | (224) | 33,865 |
| Taxation - current | (4,023) | - | (4,023) |
| Net profit after tax before policyholders' distribution | 30,066 | (224) | 29,842 |
| Distribution to policyholders of Company | - | - | - |
| Net profit after tax and distribution to policyholders from continuing operations | 30,066 | (224) | 29,842 |
| DISCONTINUED OPERATIONS | | | |
| Loss from discontinued operations | (22,325) | 224 | (22,101) |
| Net profit after tax and distribution to policyholders | 7,741 | - | 7,741 |
| Attributable to: | | | |
| Shareholders | 5,220 | - | 5,220 |
| Non-controlling interest | 2,521 | - | 2,521 |
| | 7,741 | - | 7,741 |
| Earnings per share (AED) | 0.004 | - | 0.004 |
| Earnings per share (AED) - continuing operations | 0.023 | - | 0.023 |

There is no impact on Group's net profit and retained earnings for the six-month period ended 30 June 2017.