

**ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC  
AND ITS SUBSIDIARIES**

**Review report and condensed consolidated  
interim financial information  
for the three month period ended 31 March 2019**

# ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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## INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors of  
Islamic Arab Insurance Co. (Salama) PJSC and its Subsidiaries  
Dubai, United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of **Islamic Arab Insurance Co. (Salama) PJSC. (the "Company") and its Subsidiaries (together the "Group") – Dubai, United Arab Emirates** as at 31 March 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard 34: "*Interim Financial Reporting*" as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

### *Scope of review*

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

### *Conclusion*

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

### *Other Matter*

The condensed consolidated interim financial information of the Group for the three month ended 31 March 2018 and the annual consolidated financial statements for the year ended 31 December 2018 were reviewed and audited by other auditors, whose review report dated 15 May 2018 and audit report dated 27 March 2019 expressed an unmodified conclusion and opinion respectively.

Deloitte & Touche (M.E.)



Signed by:  
Akbar Ahmad  
Registration No. 1141  
15 May 2019  
Sharjah, United Arab Emirates

Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowitz (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

**Condensed consolidated statement of financial position  
at 31 March 2019**

	Notes	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
<b>Assets</b>			
Property and equipment		58,073	59,188
Goodwill and intangibles		126,723	126,870
Investment properties	6	142,425	140,807
Investments in associates	7	117,149	119,276
Deposits		180,402	179,970
Investments	8	396,567	324,291
Participants' investments in unit-linked contracts		1,636,838	1,461,414
Deposits with takaful and retakaful companies		4,289	4,578
Contributions and takaful balance receivables		267,238	246,999
Retakafuls' share of outstanding claims		140,683	138,173
Retakafuls' share of unearned contributions		135,097	130,372
Amounts due from related parties	9	13,837	13,875
Other assets and receivables		420,084	386,058
Bank balances and cash		219,080	274,626
Assets held-for-sale	10	-	400,537
<b>Total assets</b>		<b>3,858,485</b>	<b>4,007,034</b>
<b>Liabilities, policyholders' fund and equity</b>			
<b>Liabilities</b>			
Liabilities outstanding claims and family takaful reserve		478,644	469,112
Payable to participants for unit-linked contracts		1,627,254	1,451,395
Unearned contributions reserve		324,521	258,733
Takaful balances payable		120,446	130,376
Other payables and accruals		511,905	529,874
Amounts due to related parties	9	3	1
Liabilities against assets held-for-sale	10	-	380,352
<b>Total liabilities</b>		<b>3,062,773</b>	<b>3,219,843</b>
Policyholder's fund		-	-
<b>Total liabilities and policyholders' fund</b>		<b>3,062,773</b>	<b>3,219,843</b>
<b>Equity</b>			
Share capital	14	1,210,000	1,210,000
Treasury shares	15	(35,972)	(35,972)
Statutory reserve	16	76,816	76,816
Accumulated losses		(411,398)	(426,358)
Other reserves	17	(110,914)	(100,031)
<b>Equity attributable to Owners of the Company</b>		<b>728,532</b>	<b>724,455</b>
Non-controlling interests		67,180	62,736
<b>Total equity</b>		<b>795,712</b>	<b>787,191</b>
<b>Total liabilities, policyholders' fund and equity</b>		<b>3,858,485</b>	<b>4,007,034</b>

Sheikh Khaled Bin Zayed Al Nahayan  
Chairman

Mustafa Kheriba  
Managing Director

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

**Condensed consolidated statement of profit or loss (unaudited)  
for the three month period ended 31 March 2019**

	Notes	Three month period ended 31 March	
		2019 AED'000	2018 AED'000
<b>UNDERWRITING RESULTS</b>			
<b>Underwriting income</b>			
Gross written contributions	20	358,255	286,718
Less: reinsurance and retakaful contributions ceded		(83,743)	(75,830)
Net contributions		274,512	210,888
Net movement in unearned contributions		(60,007)	(43,031)
Contributions earned	20	214,505	167,857
Commission income on ceded reinsurance and retakaful	20	7,512	8,710
	20	222,017	176,567
<b>Underwriting expenses</b>			
Gross claims paid		105,589	69,235
Less: reinsurance and retakaful share of claims paid		(43,185)	(27,932)
Net claims paid		62,404	41,303
Net movement in outstanding claims and family takaful reserve		7,707	20,640
Claims incurred	20	70,111	61,943
Commission expense and other costs		108,705	76,222
		178,816	138,165
<b>Net underwriting income</b>	20	43,201	38,402
<b>Income from other sources</b>			
Income from investments		8,894	9,778
Other income		3,102	3,194
		55,197	51,374
<b>Expenses</b>			
General, administrative and other expenses		(31,357)	(30,473)
Financial expenses		(450)	(256)
<b>Net profit before tax for the period</b>		23,390	20,645
Taxation – current		(5,316)	(4,126)
<b>Net profit after tax for the period before distribution to policyholders</b>		18,074	16,519
Distribution to policyholders of company		-	-
<b>Net profit after tax and distribution to policyholders for the period</b>		18,074	16,519

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

**Condensed consolidated statement of profit or loss (unaudited)  
for the three month period ended 31 March 2019 (continued)**

	<b>Three month period ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Net profit after tax and distribution to policyholders for the period</b>	<b>18,074</b>	<b>16,519</b>
<b>Attributable to:</b>		
Shareholders	<b>14,960</b>	<b>15,559</b>
Non-controlling interest	<b>3,114</b>	<b>960</b>
	<b>18,074</b>	<b>16,519</b>
<b>Profit per share (AED) (Note 18)</b>	<b>0.013</b>	<b>0.013</b>

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

**Condensed consolidated statement of comprehensive income (unaudited)  
for the three month period ended 31 March 2019**

	<b>Three month period ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Net profit after tax and distribution to policyholders for the period</b>	<b>18,074</b>	<b>16,519</b>
<b>Other comprehensive (loss)/income net of income tax</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net movement or change in foreign exchange translation reserve	1,657	1,522
Net changes in fair value of available for sale investments	(10,187)	-
Share of other comprehensive loss of associates	(1,023)	-
<b>Total other comprehensive (loss)/ income for the period</b>	<b>(9,553)</b>	<b>1,522</b>
<b>Total comprehensive income for the period</b>	<b>8,521</b>	<b>18,041</b>
<b>Attributable to:</b>		
Shareholders	4,077	16,652
Non-controlling interest	4,444	1,389
	<b>8,521</b>	<b>18,041</b>

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

Condensed consolidated statement of changes in equity  
for the three month period ended 31 March 2019

	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 shares 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
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	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	1,556	-	-	-	-	(1,556)	-	-	-
Change in non-controlling interest due to capital increase	-	-	-	-	-	-	-	-	463	463
	-	1,556	-	-	-	-	(1,556)	-	463	463
Balance at 31 March 2018 (unaudited)	1,210,000	78,168	31,930	(109,906)	(2,864)	(35,972)	(414,190)	757,166	68,379	825,545

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



Condensed consolidated statement of changes in equity  
for the three month period ended 31 March 2019

	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 shares AED'000	Accumulated losses AED'000	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
Balance at 1 January 2019	1,210,000	76,816	31,930	(115,546)	(16,415)	(35,972)	(426,358)	724,455	62,736	787,191
Profit for the period	-	-	-	-	-	-	14,960	14,960	3,114	18,074
Other comprehensive income										
Movement in foreign exchange translation reserve	-	-	-	327	-	-	-	327	1,330	1,657
Movement in net change in fair value of available for sale investment reserve	-	-	-	-	(11,210)	-	-	(11,210)	-	(11,210)
Total other comprehensive income	-	-	-	327	(11,210)	-	-	(10,883)	1,330	(9,553)
Total comprehensive income for the period	-	-	-	327	(11,210)	-	14,960	4,077	4,444	8,521
<b>Balance at 31 March 2019 (unaudited)</b>	<b>1,210,000</b>	<b>76,816</b>	<b>31,930</b>	<b>(115,219)</b>	<b>(27,625)</b>	<b>(35,972)</b>	<b>(411,398)</b>	<b>728,532</b>	<b>67,180</b>	<b>795,712</b>

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

**Condensed consolidated statement of cash flows (unaudited)  
for the three month period ended 31 March 2019**

	<b>Three month period ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Cash flows from operating activities</b>		
Profit for the period	18,074	16,519
Adjustments for:		
Depreciation of property and equipment	965	1,018
Net movement in unearned contributions reserve	61,063	43,451
Unrealised gain on investments	(2,370)	-
Amortisation of intangible assets	242	168
Share of (loss)/profit from associates	1,104	(2,449)
Provision and impairment of receivables	470	-
Dividend income	(94)	(368)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>79,454</b>	<b>58,339</b>
Decrease/(increase) in deposits with takaful and retakaful companies	289	(470)
Increase in contributions and takaful balance receivable	(20,709)	(45,126)
Decrease/(increase) in due from / to related parties	40	(3,706)
Increase in other assets and receivables	(34,026)	(7,918)
Increase in outstanding claims (net of retakaful)	7,022	21,729
(Decrease)/increase in takaful payables and other payables	(27,899)	16,217
Decrease in assets held-for-sale	400,537	-
Decrease in liabilities against assets held-for-sale	(380,352)	-
<b>Net cash generated from operating activities</b>	<b>24,356</b>	<b>39,065</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	150	(910)
Purchase of intangible assets	(95)	(13)
Statutory deposits	-	(15,812)
Increase in short term deposit	(432)	-
Dividend received	94	368
Investments-net	(78,436)	24,114
Purchase of investment property	(1,618)	(1,085)
Net movement in participants' investments in unit-linked Contracts	435	(2,684)
<b>Net cash (used in)/generated from investing activities</b>	<b>(79,902)</b>	<b>3,978</b>
<b>Cash flows from financing activities</b>		
Net movement in non-controlling interest	-	463
<b>Cash generated from financing activities</b>	<b>-</b>	<b>463</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(55,546)</b>	<b>43,506</b>
Cash and cash equivalents at the beginning of the period	274,626	179,062
<b>Cash and cash equivalents at the end of the period</b>	<b>219,080</b>	<b>222,568</b>

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

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019**

**1. General information**

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 2019	31 December 2018	
<i>Directly owned</i>			Kingdom of
Tariic Holding Company B.S.C	99.40%	99.40%	Bahrain
Misr Emirates Takaful Life Insurance Co.	85.00%	85.00%	Egypt
Salama Immobilier	84.25%	84.25%	Senegal
Best Re Holding Limited – Note 10	-	-	Malaysia
<i>Through Tariic</i>			
Salama Assurances Senegal	58.45%	58.45%	Senegal
Salama Assurances Algeria	96.98%	96.98%	Algeria
Egyptian Saudi Insurance Home	51.15%	51.15%	Egypt

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

**2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information effective for annual periods beginning on or after 1 January 2019**

- Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures.
- Annual Improvements to IFRSs 2015-2017 Cycle *Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23 *Uncertainty over Income Tax Treatments*

The Group has adopted IFRS 16 ‘Leases’ the standard which replaces the existing guidance on leases, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC 15 ‘Operating Leases – Incentives’ and SIC 27 ‘Evaluating the Substance of Transactions in the Legal Form of a Lease’ in the current reporting period.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

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

**2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim  
financial information effective for annual periods beginning on or after 1 January 2019  
(continue)**

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's consolidated financial position, unless the term of the lease is less than or equal to 12 month or the lease is for a low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and the balance is amortized over the lease term.

The Group has opted for the modified retrospective application permitted by IFRS 16 on its first time adoption and therefore the comparative information has not been restated. The Group assessed that the impact of IFRS 16 is not material on retained earnings as at the reporting date and has presented right of use assets within property and equipment and lease liabilities with in other liabilities in the condensed interim financial information.

**2.2 New and revised IFRS standards and interpretations but not yet effective for annual periods  
beginning after 1 January 2020 and beyond**

- IFRS 17: *Insurance Contracts* relating to providing a more uniform measurement and presentation approach for all insurance contracts.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

**2.3 Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts***

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional.

IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective.

The Group has performed an assessment of the amendment and concluded that its activities are predominantly connected with insurance. Management has applied the temporary exemption in its reporting period starting on 1 January 2018. The Group has decided to opt for the options to defer application of IFRS 9 given in said amendments to IFRS 4 "Insurance contracts" and concluded to apply IFRS 9 w.e.f. from 1 January 2022.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**3. Summary of significant accounting policies**

**3.1 Basis of preparation**

These condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard (IAS) No. 34, "*Interim Financial Reporting*" and also comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial information are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated and all value are rounded to the nearest thousand (AED 1000) except when otherwise indicated.

These condensed consolidated interim financial information have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies, presentation and methods in this condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2018, except for adoption of IFRS 16 as stated in Note 2.1.

This condensed consolidated interim financial information does not include all the information required for full audited annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2018. In addition, results for the three month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

**4. Changes in judgements and estimation uncertainty**

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

In preparing these condensed consolidated financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the year ended 31 December 2018 except for adoption of IFRS 16 as stated in Note 2.1.

**5. Takaful and financial risk management**

The Group's activities expose it to a variety of takaful and financial risks: underwriting risk, market risk (which includes foreign currency risk, profit rate risk and price risk), credit risk and liquidity risk.

The condensed interim consolidated financial information does not include all takaful and financial risk management information and disclosures required in the annual consolidated financial statements; therefore, they should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2018.

There have been no changes in the risk management department or in any risk management policies since the year end.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**6. Investment properties**

The geographic dispersion of investment properties is as follows.

	<b>31 March 2019 (unaudited) AED</b>	31 December 2018 (audited) AED
Within UAE	<b>12,000</b>	12,000
Outside UAE	<b>130,425</b>	128,807
	<u><b>142,425</b></u>	<u>140,807</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.

**7. Investment in associates**

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

<b>Associates</b>	<b>Ownership</b>		<b>Country of incorporation</b>	<b>31 March 2019 (unaudited) AED</b>	31 December 2018 (audited) AED
	<b>2019</b>	<b>2018</b>			
Salama Cooperative Insurance Company	<b>30.00%</b>	30.00%	KSA	<b>84,876</b>	87,020
Islamic Insurance Jordan	<b>20.00%</b>	20.00%	Jordan	<b>32,273</b>	32,256
				<u><b>117,149</b></u>	<u>119,276</u>

Movements during the period/year

	<b>31 March 2019 (unaudited) AED</b>	31 December 2018 (audited) AED
Balance at the beginning of period/year	<b>119,276</b>	114,777
Share of (loss)/profit from associates	<b>(1,104)</b>	5,740
Share of other comprehensive loss of associates	<b>(1,023)</b>	-
Dividend received	-	(1,241)
	<u><b>117,149</b></u>	<u>119,276</u>

Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)

8. Investments

31 March 2019 (unaudited)

	Domestic investments AED'000	International investments AED'000	Total AED'000
<b>Financial assets at fair value through profit or loss</b>			
Mutual fund and externally managed portfolios	-	42,266	42,266
Shares and securities	3,972	31,213	35,185
	<u>3,972</u>	<u>73,479</u>	<u>77,451</u>
<b>Available-for-sale investments</b>			
Mutual fund and externally managed portfolios	-	61,919	61,919
Shares and securities	-	2,140	2,140
	<u>-</u>	<u>64,059</u>	<u>64,059</u>
<b>Islamic placements*</b>	<u>-</u>	<u>152,758</u>	<u>152,758</u>
<b>Held to maturity</b>			
Sukuk and Government bonds	-	9,739	9,739
Other investments	-	92,560	92,560
	<u>-</u>	<u>102,299</u>	<u>102,299</u>
<b>Total investments</b>	<u>3,972</u>	<u>392,595</u>	<u>396,567</u>
<b>31 December 2018 (audited)</b>			
	Domestic investments AED'000	International investments AED'000	Total AED'000
<b>Financial assets at fair value through profit or loss</b>			
Mutual fund and externally managed portfolios	-	23,355	23,355
Shares and securities	3,574	28,987	32,561
	<u>3,574</u>	<u>52,342</u>	<u>55,916</u>
<b>Available-for-sale investments</b>			
Mutual fund and externally managed portfolios	-	72,107	72,107
Shares and securities	-	2,067	2,067
	<u>-</u>	<u>74,174</u>	<u>74,174</u>
<b>Islamic placements*</b>	<u>-</u>	<u>151,912</u>	<u>151,912</u>
<b>Held to maturity</b>			
Sukuk and Government bonds	-	15,467	15,467
Other investments	-	26,822	26,822
	<u>-</u>	<u>42,289</u>	<u>42,289</u>
<b>Total investments</b>	<u>3,574</u>	<u>320,717</u>	<u>324,291</u>

\*Represent Shari'ah compliant placements with different financial institutions having profit rates of 0.22% to 5% (2018: 0.22% to 5%) and maturing in more than three month when acquired.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**8. 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 2019 (Unaudited)**

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>Financial assets</b>				
<b>Fair value through profit or loss</b>				
Mutual fund	42,266	-	-	42,266
Participants' investments in unit-linked contracts	-	1,636,838	-	1,636,838
Shares and securities	35,185	-	-	35,185
	<u>77,451</u>	<u>1,636,838</u>	<u>-</u>	<u>1,714,289</u>
<b>Available-for-sale</b>				
Mutual fund	-	61,919	-	61,919
Shares and securities	610	1,530	-	2,140
	<u>610</u>	<u>63,449</u>	<u>-</u>	<u>64,059</u>
<b>Non-financial assets</b>				
Investment properties	-	-	142,425	142,425
<b>Financial liabilities</b>				
Payable to participants for unit-linked contracts	-	1,627,254	-	1,627,254
<b>31 December 2018 (audited)</b>				
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>Financial assets</b>				
<b>Fair value through profit or loss</b>				
Mutual fund	23,355	-	-	23,355
Participants' investments in unit-linked contracts	-	1,461,414	-	1,461,414
Shares and securities	32,561	-	-	32,561
	<u>55,916</u>	<u>1,461,414</u>	<u>-</u>	<u>1,517,330</u>
<b>Available-for-sale</b>				
Mutual fund	-	72,107	-	72,107
Shares and securities	616	1,451	-	2,067
	<u>616</u>	<u>73,558</u>	<u>-</u>	<u>74,174</u>
<b>Non-financial assets</b>				
Investment properties	-	-	140,807	140,807
<b>Financial liabilities</b>				
Payable to participants for unit-linked contracts	-	1,451,395	-	1,451,395



**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**9. Related party transactions**

The Group, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 (Revised). The Group's 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.

	<b>Three month period ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>AED'000</b>	<b>AED'000</b>
General and administrative expenses	545	457
	<hr/>	<hr/>
<b>Compensation of key management personnel</b>		
Short term benefits	1,729	1,589
Employees end of service benefits	136	167
	<hr/>	<hr/>
	<b>1,865</b>	<b>1,756</b>
	<hr/>	<hr/>
<b>Amounts due from related parties</b>		
	<b>31 March</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>AED'000</b>	<b>AED'000</b>
Bin Zayed Group (funds advanced for investment)	13,837	13,863
Other entities under common management with the Group	-	12
	<hr/>	<hr/>
	<b>13,837</b>	<b>13,875</b>
	<hr/>	<hr/>
<b>Amounts due to related parties</b>		
	<b>31 March</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>AED'000</b>	<b>AED'000</b>
Other entities under common management with the Group	3	1
	<hr/>	<hr/>

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**9. Related party transactions (continued)**

	<b>31 March 2019 (unaudited) AED'000</b>	<b>31 December 2018 (audited) AED'000</b>
<b>Investments</b>		
<b>Available-for-sale investments</b>		
Mutual fund and externally managed portfolio	58,244	68,432
Rusd Capital Ltd.	3,675	3,675
	<u>61,919</u>	<u>72,107</u>
<b>Islamic Placement</b>		
Rusd Investment Bank	45,889	45,467
Rusd Capital Ltd.	1,163	1,200
	<u>47,052</u>	<u>46,667</u>
<b>Cash and bank balances</b>		
Rusd Investment Bank	-	65,765
Rusd Capital Ltd.	5,000	5,000
	<u>5,000</u>	<u>70,765</u>

**10. Discontinued operations**

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, this was re-classified as held-for-use because the investment no longer met the criteria to be classified as held-for sale. The regulatory authority of Best Re (L) Limited imposed restrictions on all financial and banking transactions without taking prior approval from the authority. In addition, it 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. In light of these developments the net investment in Best Re (L) Limited was reclassified as available-for-sale. The Board of Directors also decided to provide full impairment amounting to AED 43,893 thousand against Best Re (L) Limited, as the Group is not expecting any positive cash flow from this unit due to negative operational results.

In 2018, the Board of Directors has resolved to dispose of the Group's investment in Best Re Holding Limited ("Best Re"). Pursuant to Board resolution, management has entered into a sale and purchase agreement ("SPA") with Bernheim Corporation Limited to sell the Group's entire shareholding in Best Re. As per the terms of SPA, USD 0.1 million (equivalent AED 0.37 million) will be paid in cash by the buyer and remaining USD 5.4 million (equivalent to AED 19.85 million) is contingent upon the future recoveries from portfolio of Best Re to be paid in two years' time from the date of signing of SPA, i.e. 11 November 2018. The sale has been concluded in 2019.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**10. Discontinued operations (continued)**

Consequently, in 2018, the Group's investment in Best Re Holding Limited was classified as investment held-for-sale in the annual consolidated financial statements. An impairment loss of AED 22.26 million was charged to profit or loss being a difference between expected realisation of cash from disposal of investment classified as held-for-sale and its carrying value.

As at reporting date, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.

	<b>31 March 2019 (unaudited) AED'000</b>	31 December 2018 (audited) AED'000
Assets held for sale	-	400,537
Liabilities against assets held for sale	-	(380,352)
<b>Net assets</b>	<b>-</b>	<b>20,185</b>



**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**11. Allocation between participant's and shareholders (continued)**

**Consolidated statement of financial position**

	<b>31 March 2019 (unaudited) AED'000</b>	<b>31 December 2018 (audited) AED'000</b>
<b>ASSETS</b>		
<i>Participants' assets</i>		
Participants' investments in unit-linked contracts	1,636,838	1,461,414
Contributions and takaful balance receivables	180,584	168,174
Retakafuls' share of outstanding claims	109,299	111,866
Retakafuls' share of unearned contributions	81,003	76,622
Other assets and receivables	121	91
Cash and bank balances	44,999	67,777
<b>Total participants' assets</b>	<b>2,052,844</b>	<b>1,885,944</b>
<b>Total shareholders' assets *</b>	<b>1,805,641</b>	<b>2,121,090</b>
<b>Total assets</b>	<b>3,858,485</b>	<b>4,007,034</b>
<b>Liabilities</b>		
<i>Participants' liabilities</i>		
Outstanding claims and family takaful reserve	206,077	208,719
Payable to participants for unit-linked contracts	1,627,254	1,451,395
Unearned contributions reserve	206,191	152,352
Takaful balances payable	69,423	78,964
Other payables and accruals	31,894	31,028
<b>Total participants' liabilities</b>	<b>2,140,839</b>	<b>1,922,458</b>
<b>Total shareholders' liabilities *</b>	<b>921,934</b>	<b>1,297,385</b>
<b>Total liabilities</b>	<b>3,062,773</b>	<b>3,219,843</b>
<b>Net assets employed</b>	<b>795,712</b>	<b>787,191</b>
<b>Financed by:</b>		
Shareholders' equity	728,532	724,455
Non-controlling interest	67,180	62,736
	<b>795,712</b>	<b>787,191</b>

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

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**12. Wakalah share**

The shareholders manage the takaful operations of the Group for the policyholders and charge 35% (2018: 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% (2018: 15%) of mortality costs.

**13. Policyholders' fund**

	<b>31 March 2019 (unaudited) AED'000</b>	31 December 2018 (audited) AED'000	31 March 2018 (unaudited) AED'000
Balance at 1 January	(545,099)	(475,132)	(475,132)
Net deficit attributable to policyholders for the period/year (Note 11)	(34,450)	(57,933)	(29,080)
Surplus distribution to policyholders of family takaful	-	(12,034)	-
Financed by shareholders'	<u>(579,549)</u>	<u>(545,099)</u>	<u>(504,212)</u>

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

**14. Share capital**

	<b>31 March 2019 (unaudited) AED'000</b>	31 December 2018 (audited) AED'000
Issued and fully paid (1,210 million ordinary shares of AED 1 each)	<u>1,210,000</u>	<u>1,210,000</u>

**15. Treasury shares**

In 2008, the Company bought back 21,667,377 shares amounting to AED 35.97 million. The treasury shares are debited as a separate category of shareholders' equity at cost. The buyback of shares was duly approved by the Board of Directors. The Board of Directors on 27 March 2019 approved a capital reduction of the Group by utilising the treasury shares which were bought back in 2008 amounting to AED 35.97 million. The process for capital reduction has been initiated by the Company.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**16. Statutory reserve**

In accordance with U.A.E. Federal Law Number (2) of 2015, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law.

**17. Other reserves**

Other reserves includes following:

	<b>31 March 2019 (unaudited) AED'000</b>	31 December 2018 (audited) AED'000
Revaluation reserve	31,930	31,930
Foreign exchange translation reserve	(115,219)	(115,546)
Investment fair value reserve	(27,625)	(16,415)
	<u>(110,914)</u>	<u>(100,031)</u>

**18. Basic and diluted earnings per share**

	<b>Three month period ended 31 March</b>	
	<b>2019 (unaudited)</b>	2018 (unaudited)
Profit for the period attributable to shareholders (AED'000)	14,960	15,559
Number of shares (in thousands)	1,188,333	1,188,333
Basic and diluted earnings per share (AED)	<u>0.013</u>	<u>0.013</u>

Basic earnings per share are calculated by dividing the profit for the year by the number of weighted average shares outstanding at the end of the reporting period after taking into account the treasury shares held. Diluted earnings per share is equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

**19. Contingent liabilities**

	<b>31 March 2019 (unaudited) AED'000</b>	31 December 2018 (audited) AED'000
Letters of guarantee	14,695	16,440

Statutory deposits of AED 14.96 million (2018: AED 16.71 million) are held as lien by the bank against the above guarantee.

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Group's financial performance or financial position.

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**20. Operating segment**

*By business*

**31 March 2019 (Unaudited)**

	<b>General takaful AED'000</b>	<b>Family takaful AED'000</b>	<b>Total AED'000</b>
Gross written contributions	230,984	127,271	358,255
Net contributions earned	103,952	110,553	214,505
Commissions income on ceded reinsurance and retakaful	7,512	-	7,512
	111,464	110,553	222,017
Net claims incurred	(63,392)	(6,719)	(70,111)
Commissions expense and other costs	(23,283)	(85,422)	(108,705)
Net underwriting income	24,789	18,412	43,201
Investment and other income			11,996
Unallocated expenses and tax			(37,123)
<b>Net profit after tax</b>			<b>18,074</b>

**31 March 2018 (Unaudited)**

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



**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**20. Operating segment (continued)**

*By geography*

**31 March 2019 (Unaudited)**

	Africa AED'000	Asia AED'000	Total AED'000
Gross written contributions	85,445	272,810	358,255
Net contributions earned	54,136	160,369	214,505
Commissions income on ceded reinsurance and retakaful	4,044	3,468	7,512
	58,180	163,837	222,017
Net claims incurred	(25,746)	(44,365)	(70,111)
Commissions expense and other costs	(14,085)	(94,620)	(108,705)
Net underwriting income	18,349	24,852	43,201
Investment and other income			11,996
Unallocated expenses and tax			(37,123)
Net profit after tax			18,074

**31 March 2018 (Unaudited)**

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

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**20. Operating segment (continued)**

*By business*

**31 March 2019 (Unaudited)**

	General takaful AED'000	Family takaful AED'000	Total AED'000
<b>ASSETS</b>			
Property and equipment	54,840	3,233	58,073
Goodwill and intangibles	126,218	505	126,723
Investment properties	142,425	-	142,425
Investments in associates	117,149	-	117,149
Statutory deposits	165,308	15,094	180,402
Investments	382,024	14,543	396,567
Participants' investments in unit-linked contracts	-	1,636,838	1,636,838
Deposits with takaful and retakaful companies	4,289	-	4,289
Contributions and takaful balance receivables	256,154	11,084	267,238
Retakafuls' share of outstanding claims	97,834	42,849	140,683
Retakafuls' share of unearned contributions	132,612	2,485	135,097
Amounts due from related parties	13,837	-	13,837
Other assets and receivables	47,360	372,724	420,084
Cash and bank balances	55,022	164,058	219,080
<b>Total assets</b>	<b>1,595,072</b>	<b>2,263,413</b>	<b>3,858,485</b>
<b>LIABILITIES</b>			
Outstanding claims and family takaful reserve	293,789	184,855	478,644
Payable to Participants for unit-linked contracts	-	1,627,254	1,627,254
Unearned contributions reserve	306,619	17,902	324,521
Takaful balances payable	106,944	13,502	120,446
Other payables and accruals	139,620	372,285	511,905
Amounts due to related parties	3	-	3
<b>Total liabilities</b>	<b>846,975</b>	<b>2,215,798</b>	<b>3,062,773</b>
<b>Net assets employed</b>	<b>748,097</b>	<b>47,615</b>	<b>795,712</b>
<b>Financed by:</b>			
Shareholders' equity			728,532
Non-controlling interest			67,180
			<b>795,712</b>

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**20. Operating segment (continued)**

*By business*

31 December 2018 (Audited)

	General takaful AED'000	Family takaful AED'000	Total AED'000
<b>ASSETS</b>			
Property and equipment	56,473	2,715	59,188
Goodwill and intangibles	126,465	405	126,870
Investment properties	140,807	-	140,807
Investments in associates	119,276	-	119,276
Deposits	167,055	12,915	179,970
Investments	309,727	14,564	324,291
Participants' investments in unit-linked contracts	-	1,461,414	1,461,414
Deposits with takaful and retakaful companies	4,292	286	4,578
Contributions and takaful balance receivables	187,366	59,633	246,999
Retakafuls' share of outstanding claims	86,996	51,177	138,173
Retakafuls' share of unearned contributions	128,674	1,698	130,372
Amounts due from related parties	13,875	-	13,875
Other assets and receivables	23,494	362,564	386,058
Cash and bank balances	142,225	132,401	274,626
Assets held-for-sale	380,033	20,504	400,537
<b>Total assets</b>	<b>1,886,758</b>	<b>2,120,276</b>	<b>4,007,034</b>
<b>LIABILITIES</b>			
Outstanding claims and family takaful reserve	281,494	187,618	469,112
Payable to Participants for unit-linked contracts	-	1,451,395	1,451,395
Unearned contributions reserve	244,174	14,559	258,733
Takaful balances payable	120,503	9,873	130,376
Other payables and accruals	136,762	393,112	529,874
Amounts due to related parties	1	-	1
Liabilities against assets held-for-sale	380,033	319	380,352
<b>Total liabilities</b>	<b>1,162,967</b>	<b>2,056,876</b>	<b>3,219,843</b>
<b>Net assets employed</b>	<b>723,791</b>	<b>63,400</b>	<b>787,191</b>
<b>Financed by:</b>			
Shareholders' equity			724,455
Non-controlling interest			62,736
			<b>787,191</b>

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**21. 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.

31 March 2019 (Unaudited)

	FVTPL AED'000	Available for sale investments AED'000	Amortised cost AED'000	Total AED'000
<b>Financial assets</b>				
Investments	77,451	64,059	255,057	396,567
Investment in associates	-	-	117,149	117,149
Deposits	-	-	180,402	180,402
Participants' investments in unit-linked contracts	1,636,838	-	-	1,636,838
Deposits with takaful and retakaful companies	-	-	4,289	4,289
Contributions and takaful balance receivables	-	-	267,238	267,238
Amounts due from related parties	-	-	13,837	13,837
Other assets and receivables	-	-	39,621	39,621
Cash and bank balances	-	-	219,080	219,080
	<u>1,714,289</u>	<u>64,059</u>	<u>1,096,673</u>	<u>2,875,021</u>
<b>Financial liabilities</b>				
Payable to Participants for unit-linked contracts	1,627,254	-	-	1,627,254
Takaful balances payable	-	-	120,446	120,446
Other payables and accruals	-	-	478,180	478,180
Amounts due to related parties	-	-	3	3
	<u>1,627,254</u>	<u>-</u>	<u>598,629</u>	<u>2,225,883</u>

**Notes to the condensed consolidated interim financial information  
for the three month period ended 31 March 2019 (continued)**

**21. Classes and categories of financial assets and financial liabilities (continued)**

31 December 2018 (audited)

	FVTPL AED'000	Available for sale investments AED'000	Amortised cost AED'000	Total AED'000
<b>Financial assets</b>				
Investments	55,916	74,174	194,201	324,291
Investment in associates	-	-	119,276	119,276
Deposits	-	-	179,970	179,970
Participants' investments in unit-linked contracts	1,461,414	-	-	1,461,414
Deposits with takaful and retakaful companies	-	-	4,578	4,578
Contributions and takaful balance receivables	-	-	246,999	246,999
Amounts due from related parties	-	-	13,875	13,875
Other assets and receivables	-	-	18,196	18,196
Cash and bank balances	-	-	274,626	274,626
	<u>1,517,330</u>	<u>74,174</u>	<u>1,051,721</u>	<u>2,643,225</u>
<b>Financial liabilities</b>				
Payable to Participants for unit-linked contracts	1,451,395	-	-	1,451,395
Takaful balances payable	-	-	130,376	130,376
Other payables	-	-	496,242	496,242
Amounts due to related parties	-	-	1	1
	<u>1,451,395</u>	<u>-</u>	<u>626,619</u>	<u>2,078,014</u>

**22. Approval of the condensed consolidated financial information**

The condensed consolidated financial information were approved by the Board of Directors and authorised for issue on 15 May 2019.