

**Dubai Islamic Insurance &  
Reinsurance Co. (Aman) (PSC)  
Dubai - United Arab Emirates**

**Review report and interim  
financial information  
for the period from 1 January 2016  
to 30 June 2016**

## **Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)**

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## Report on Review of Interim Financial Information

**The Board of Directors**  
**Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)**  
**Dubai**  
**United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of **Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)** (the “Company”) **and its Subsidiaries** (collectively the “Group”) as of 30 June 2016 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2016 to 30 June 2016. Management of the Group is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, ‘*Interim Financial Reporting*’ (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of review*

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

### *Conclusion*

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

## Report on Review of Interim Financial Information (continued)

### *Emphasis of matters*

- 1) We draw attention to Note 18(b) to the interim financial information, which describes the uncertainty related to the outcome of exceptional litigation matters.
- 2) We draw attention to Note 20 to the interim financial information which explains that the Company entered into an agreement with the former Chief Executive Officer (CEO) on 9 July 2013 for the payment for and/or transfer of certain assets and investments that were held by him on trust and for the benefit of the Group. As of the date of this report, assets with a total carrying value of AED 13.6 million (31 December 2015: AED 13.7 million) which are still in his name or owing from him, have not been yet transferred or paid to the Group. The Board of Directors is still confident with respect to the realization of a minimum of the carrying value of assets and therefore no adjustments to the carrying value of the assets are required.

Our conclusion is not qualified in respect of the above matters.

**Deloitte & Touche (M.E.)**



Musa Ramahi  
Registration Number 872  
9 August 2016

**Condensed consolidated statement of financial position  
as at 30 June 2016**

	Note	30 June 2016 AED (Un-audited)	31 December 2015 AED (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	4	25,172,254	31,217,405
Investment deposits		35,000,000	35,000,000
Retakaful contract assets	5	234,279,488	227,805,673
Takaful receivables		128,440,075	92,853,387
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	6	91,846,013	88,675,112
Other financial assets measured at fair value through profit and loss (FVTPL)	6	606,070,526	573,082,036
Prepayments and other receivables		21,232,199	19,272,935
Due from related parties	15	1,364,504	5,355,039
Investment property	7	70,000,000	70,000,000
Furniture and equipment		4,412,950	4,260,283
<b>Total Assets</b>		<b>1,217,818,009</b>	<b>1,147,521,870</b>
<b>LIABILITIES, POLICY HOLDERS' FUND AND EQUITY</b>			
<b>Liabilities</b>			
Due to Bank		26,607,138	20,001,125
Trade and other payables		98,574,190	88,308,495
Takaful and Retakaful payables		54,327,514	57,730,041
Due to a related party	15	906,677	1,259,677
Takaful contract liabilities	5	938,233,241	875,438,945
Murabaha and Ijara payables		11,888,795	14,295,181
Amounts held under Retakaful treaties		3,727,752	3,888,905
<b>Total Liabilities</b>		<b>1,134,265,307</b>	<b>1,060,922,369</b>
<b>Policyholders' Fund</b>			
Deficit in policyholders' fund		(187,814,687)	(161,805,510)
Qard Hassan from shareholders		187,814,687	161,805,510
Policyholders' investments revaluation reserve	8	(48,094,961)	(48,583,895)
<b>Total deficit in Policyholders' Fund</b>		<b>(48,094,961)</b>	<b>(48,583,895)</b>
<b>Total Policyholders' Fund and Liabilities</b>		<b>1,086,170,346</b>	<b>1,012,338,474</b>
<b>Equity</b>			
Share capital	9	225,750,000	225,750,000
Legal reserve	10	18,950,175	18,950,175
General reserve	11	18,950,175	18,950,175
Investments revaluation reserve - FVTOCI		(50,149,101)	(50,371,164)
Accumulated losses		(80,474,893)	(69,654,460)
<b>Equity attributable to shareholders of the Parent</b>		<b>133,026,356</b>	<b>143,624,726</b>
Non-controlling interest	21	(1,378,693)	(8,441,330)
<b>Total Equity</b>		<b>131,647,663</b>	<b>135,183,396</b>
<b>Total Liabilities, Policyholders' Fund and Equity</b>		<b>1,217,818,009</b>	<b>1,147,521,870</b>

Basel Al Kufairy  
Executive Director Finance

Jihad Faitrouni  
Chief Executive Officer

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

**Condensed consolidated income statement (Un-audited)**  
**for the period from 1 January 2016 to 30 June 2016**

		Six months period ended 30 June		Three months period ended 30 June	
	Note	2016 AED	2015 AED	2016 AED	2015 AED
<b>Attributable to policyholders:</b>					
<b>Takaful income</b>					
Takaful contributions		166,232,794	163,879,453	74,134,407	89,545,937
Retakaful contributions ceded		(94,368,972)	(79,903,475)	(43,846,446)	(43,561,467)
<b>Net Takaful contributions</b>		<b>71,863,822</b>	<b>83,975,978</b>	<b>30,287,961</b>	<b>45,984,470</b>
Commission received on ceded retakaful		9,009,059	7,758,771	5,877,354	5,034,222
Policy and survey fees		9,170,490	8,103,938	4,114,773	3,333,674
		<b>90,043,371</b>	<b>99,838,687</b>	<b>40,280,088</b>	<b>54,352,366</b>
<b>Takaful expenses</b>					
Gross claims incurred		(117,074,109)	(97,478,025)	(63,481,597)	(59,970,595)
Retakaful share of claims		58,287,452	35,253,622	36,600,057	26,192,211
<b>Net claims incurred</b>		<b>(58,786,657)</b>	<b>(62,224,403)</b>	<b>(26,881,540)</b>	<b>(33,778,384)</b>
Commissions paid		(15,786,615)	(11,868,289)	(7,389,048)	(7,262,006)
Excess of loss of Takaful contributions		(3,645,283)	(5,932,182)	(2,108,814)	(4,560,015)
		<b>(78,218,555)</b>	<b>(80,024,874)</b>	<b>(36,379,402)</b>	<b>(45,600,405)</b>
<b>Net Takaful income</b>		<b>11,824,816</b>	<b>19,813,813</b>	<b>3,900,686</b>	<b>8,751,961</b>
Wakala fees	12	(39,198,147)	(43,684,440)	(18,132,437)	(17,682,246)
<b>Net loss from Takaful operations</b>		<b>(27,373,331)</b>	<b>(23,870,627)</b>	<b>(14,231,751)</b>	<b>(8,930,285)</b>
Investment income/(loss)	13	1,818,872	625,367	(320,119)	1,021,198
Mudarib's share	12	(454,718)	(156,342)	80,030	(156,342)
<b>Loss for the period</b>		<b>(26,009,177)</b>	<b>(23,401,602)</b>	<b>(14,471,840)</b>	<b>(8,065,429)</b>
<b>Attributable to shareholders</b>					
<b>Income</b>					
Investment income/(loss)	13	1,989,167	2,811,215	(292,376)	4,532,648
Wakala fees from policyholders	12	39,198,147	43,684,440	18,132,437	17,682,246
Mudarib's share from policyholders	12	454,718	156,342	(80,030)	156,342
Other income		10,057,756	11,052,973	4,948,021	6,401,787
		<b>51,699,788</b>	<b>57,704,970</b>	<b>22,708,052</b>	<b>28,773,023</b>
<b>Expenses</b>					
General and administrative expenses		(29,801,407)	(27,250,034)	(15,217,276)	(13,892,710)
Contribution of Qard Hasan to policyholders' fund		(26,009,177)	(23,401,602)	(14,471,840)	(8,065,429)
<b>(Loss)/profit for the period</b>		<b>(4,110,796)</b>	<b>7,053,334</b>	<b>(6,981,064)</b>	<b>6,814,884</b>
<b>Attributable to:</b>					
Shareholders of the parent		(3,824,083)	6,574,911	(6,896,305)	6,438,243
Non-controlling interest		(286,713)	478,423	(84,759)	376,641
		<b>(4,110,796)</b>	<b>7,053,334</b>	<b>(6,981,064)</b>	<b>6,814,884</b>
<b>(Loss)/earnings per share</b>	14	<b>(0.017)</b>	<b>0.029</b>	<b>(0.031)</b>	<b>0.028</b>

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

**Condensed consolidated statement of comprehensive income (Un-audited)**  
**for the period from 1 January 2016 to 30 June 2016**

	Six months period ended 30 June		Three months period ended 30 June	
	2016	2015	2016	2015
	AED	AED	AED	AED
<b>Attributable to Policyholders:</b>				
<b>Loss for the period</b>	<b>(26,009,177)</b>	<b>(23,401,602)</b>	<b>(14,471,840)</b>	<b>(8,065,429)</b>
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets carried at fair value through other comprehensive income	488,934	579,762	(197,554)	2,258,499
<b>Total loss for the period attributable to policyholders</b>	<b>(25,520,243)</b>	<b>(22,821,840)</b>	<b>(14,669,394)</b>	<b>(5,806,930)</b>
<b>Attributable to Shareholders:</b>				
<b>(Loss)/profit for the period</b>	<b>(4,110,796)</b>	<b>7,053,334</b>	<b>(6,981,064)</b>	<b>6,814,884</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets carried at fair value through other comprehensive income	222,063	2,559,116	(510,176)	9,969,189
<b>Other comprehensive income for the period</b>	<b>222,063</b>	<b>2,559,116</b>	<b>(510,176)</b>	<b>9,969,189</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(3,888,733)</b>	<b>9,612,450</b>	<b>(7,491,240)</b>	<b>16,784,073</b>
<b>Attributable to:</b>				
Shareholders of the parent	(3,602,020)	9,134,027	(7,406,481)	16,407,432
Non-controlling interest	(286,713)	478,423	(84,759)	376,641
	<b>(3,888,733)</b>	<b>9,612,450</b>	<b>(7,491,240)</b>	<b>16,784,073</b>

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

# Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)

## Condensed consolidated statement of changes in equity for the period from 1 January 2016 to 30 June 2016

	Share capital AED	Legal reserve AED	General reserve AED	Investments revaluation reserve - FVTOCI AED	Accumulated losses AED	Equity attributable to shareholders of the Parent AED	Non- controlling interest AED	Total AED
<b>Balance at 1 January 2015 (Audited)</b>	225,750,000	18,729,615	18,729,615	(59,637,987)	(69,926,025)	133,645,218	(8,778,953)	124,866,265
Profit for the period	-	-	-	-	6,574,911	6,574,911	478,423	7,053,334
Other comprehensive income for the period	-	-	-	2,559,116	-	2,559,116	-	2,559,116
Total other comprehensive income for the period	-	-	-	2,559,116	6,574,911	9,134,027	478,423	9,612,450
<b>Balance at 30 June 2015 (Un-audited)</b>	225,750,000	18,729,615	18,729,615	(57,078,871)	(63,351,114)	142,779,245	(8,300,530)	134,478,715
<b>Balance at 1 January 2016 (Audited)</b>	225,750,000	18,950,175	18,950,175	(50,371,164)	(69,654,460)	143,624,726	(8,441,330)	135,183,396
Loss for the period	-	-	-	-	(3,824,083)	(3,824,083)	(286,713)	(4,110,796)
Other comprehensive income for the period	-	-	-	222,063	-	222,063	-	222,063
Total other comprehensive income/(loss) for the period	-	-	-	222,063	(3,824,083)	(3,602,020)	(286,713)	(3,888,733)
Introduction of new share capital in non- controlling interest	-	-	-	-	-	-	353,000	353,000
Net change in non-controlling interest due to change in ownership percentage	-	-	-	-	(6,996,350)	(6,996,350)	6,996,350	-
<b>Balance at 30 June 2016 (Un-audited)</b>	225,750,000	18,950,175	18,950,175	(50,149,101)	(80,474,893)	133,026,356	(1,378,693)	131,647,663

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



**Condensed consolidated statement of cash flows (Un-audited)  
for the period from 1 January 2016 to 30 June 2016**

	<b>Six months period ended 30 June</b>	
	<b>2016 (Un-audited) AED</b>	<b>2015 (Un-audited) AED</b>
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period	(4,110,796)	7,053,334
Adjustments for:		
Depreciation of furniture and equipment	780,594	704,138
Gain on investments measured at FVTPL, net	(971,079)	(823,809)
Provision for employees' end of service benefits	724,314	678,270
Dividend income	(2,458,065)	(2,054,675)
Profit income	(92,528)	(271,912)
	<b>(6,127,560)</b>	<b>5,285,346</b>
<b>Changes in operating assets and liabilities:</b>		
Increase in retakaful contract assets	(6,473,815)	(11,733,932)
Increase in takaful receivables	(35,586,688)	(30,388,416)
Increase in prepayments and other receivables	(1,959,264)	(6,737,395)
Increase in takaful contract liabilities	62,794,296	76,629,956
Decrease in amounts held under retakaful treaties	(161,153)	(201,371)
(Decrease)/increase in Takaful and retakaful payables	(3,402,527)	13,204,018
Increase in trade and other payables	9,901,732	2,950,244
Decrease/(increase) in due from related parties	3,990,535	(3,441,761)
	<b>22,975,556</b>	<b>45,566,689</b>
<b>Cash generated from operations</b>	<b>(360,351)</b>	<b>(373,463)</b>
Employees' end of service benefits paid		
<b>Net cash from operating activities</b>	<b>22,615,205</b>	<b>45,193,226</b>
<b>Cash flows from investing activities</b>		
Purchase of furniture and equipment	(933,261)	(158,641)
Purchase of other financial assets measured at FVTOCI	(2,459,904)	-
Purchase of other financial assets measured at FVTPL	(3,195,321)	(701,561)
Proceeds from sale of other financial assets measured at FVTPL	4,016,508	1,713,475
Net increase in unit linked investments	(32,838,598)	(42,961,300)
Dividend income received	2,458,065	2,054,675
Profit income received	92,528	271,912
	<b>(32,859,983)</b>	<b>(37,173,700)</b>
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Repayment of Ijara payable	(2,406,386)	(2,411,692)
Increase/(decrease) in due to a bank	6,606,013	(13,709)
	<b>4,199,627</b>	<b>(2,425,401)</b>
<b>Net cash from/(used in) financing activities</b>		
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,045,151)</b>	<b>5,594,125</b>
Cash and cash equivalents at the beginning of the period	31,217,405	34,531,926
<b>Cash and cash equivalents at the end of the period (Note 4)</b>	<b>25,172,254</b>	<b>40,126,051</b>
<b>Non-cash transactions</b>		
Introduction of new share capital in non-controlling interest	353,000	-

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

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016**

**1. General information**

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

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

The Company mainly issues short term Takaful contracts in connection with motor, marine, fire and engineering, general accident risks and Company life and medical risks (collectively known as general Takaful). The Company also invests in investment securities and properties.

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

The Company with its subsidiaries are together referred to as the "Group" in these condensed consolidated financial statements. At 30 June 2016, the Company had the following subsidiaries:

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

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

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

**2.1 New and revised IFRS applied with no material effect on the condensed consolidated financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these condensed consolidated financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 *Regulatory Deferral Accounts*
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interest in joint operations.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortization.

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

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

**2.1 New and revised IFRS applied with no material effect on the condensed consolidated financial statements (continued)**

- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* relating to bearer plants.
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7 and IAS 9 and IAS 34.
- Amendments to IAS 1 *Presentation of Financial Statements* relating to disclosure initiative.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities.

**2.2 New and revised IFRS in issue but not yet effective**

The Group has not yet applied the following new and revised IFRS that have been issued but are not yet effective:

<b><u>New and revised IFRS</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
Amendments to IAS 7 <i>Statement of cash flow</i> clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
Amendments to IAS 12 relating to recognition of deferred tax assets for unrealised losses.	1 January 2017
IFRS 16 <i>Leases</i> provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.	1 January 2019
Finalised version of IFRS 9 [IFRS 9 Financial Instruments (2014)] was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model.	1 January 2018
A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets.	
A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 15 <i>Revenue from Contracts with Customers</i> : IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2018
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

The application of the finalised version of IFRS 9 may have significant impact on amounts reported and disclosures made in the Group's condensed consolidated financial statements in respect of Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application until the Group performs a detailed review.

**3. Accounting policies**

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group is in the process of implementing the related requirements to comply fully with the Financial Regulations and Circular No. (4) and (9) of 2016 concerning the report requirements for insurance companies operating in the UAE. This mainly include preparation of the financial statements and disclosures based on Appendix (1) of the Financial Regulations and calculation disclosures in respect of the technical provisions. The current technical provisions calculations are based on the management estimates.

The condensed consolidated financial statements of the Group is prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standard Board and also complies with the applicable requirements of the laws in the U.A.E. The accounting policies applied in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended 31 December 2015.

The condensed consolidated financial statements do not include all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's consolidated financial statements as of 31 December 2015. In addition, results for the six months ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**3. Accounting policies (continued)**

*Significant judgments and key sources of estimation uncertainty*

The preparation of condensed consolidated 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 expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2015.

*Financial risk management*

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2015.

**4. Cash and cash equivalents**

	<b>30 June 2016 AED (Un-audited)</b>	<b>31 December 2015 AED (Audited)</b>
Cash on hand	<b>1,772,223</b>	167,615
Bank balances in current accounts	<b>23,400,031</b>	31,049,790
	<b>25,172,254</b>	<b>31,217,405</b>

For cash flow purposes, the cash and cash equivalents was analysed as follows:

	<b>30 June 2016 AED (Un-audited)</b>	<b>30 June 2015 AED (Un-audited)</b>
Cash and cash equivalents	<b>25,172,254</b>	40,126,051

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**5. Retakaful contract assets and Takaful contract liabilities**

	<b>Contract Liabilities</b>		<b>Contract Assets</b>		<b>Net</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
Unearned contributions	153,842,774	144,372,372	90,919,463	90,134,695	62,923,311	54,237,677
Additional reserve	34,361,129	20,275,984	-	-	34,361,129	20,275,984
Outstanding claims	160,408,504	154,008,353	143,360,025	137,670,978	17,048,479	16,337,375
Unit linked liabilities	589,620,834	556,782,236	-	-	589,620,834	556,782,236
	<u>938,233,241</u>	<u>875,438,945</u>	<u>234,279,488</u>	<u>227,805,673</u>	<u>703,953,753</u>	<u>647,633,272</u>

**6. Other financial assets measured at fair value**

	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>AED</b>	<b>AED</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
<b>Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)</b>		
- Listed	56,087,941	52,917,040
- Unlisted	35,758,072	35,758,072
	<u>91,846,013</u>	<u>88,675,112</u>
<b>Financial assets measured at fair value through profit and loss (FVTPL) (B)</b>		
- Listed	16,449,692	16,299,800
- Unit linked investments	589,620,834	556,782,236
	<u>606,070,526</u>	<u>573,082,036</u>
<b>Total other financial assets measured at fair value (A+B)</b>	<u>697,916,539</u>	<u>661,757,148</u>

*Investments by geographical area are as follows:*

	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>AED</b>	<b>AED</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
- Within U.A.E.	63,631,436	60,558,921
- Outside U.A.E.	634,285,103	601,198,227
	<u>697,916,539</u>	<u>661,757,148</u>



**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**6. Other financial assets measured at fair value (continued)**

- i. FVTOCI listed and unlisted securities are carried at a value of AED 91,846,013 (31 December 2015: AED 88,675,112), with a decline in their fair value from original acquisition cost amounting to AED 98,244,062 (31 December 2015: AED 98,955,059). Of this amount, AED 50,149,101 (31 December 2015: AED 50,371,164) is deducted from shareholders' equity and AED 48,094,961 (31 December 2015: AED 48,583,895) is deducted from policyholders' fund in accordance with the allocation of investment losses to the shareholders and policyholders as approved by the Group's Fatwa and Sharia'a Supervisory Board.
- ii. Unlisted securities carried at a fair value of AED 35,758,072 (31 December 2015: AED 35,758,072) mainly represent the Group's investments in shares of companies registered in Dubai, Algeria, Kuwait and certain other international markets.
- iii. The Group holds shares of Al Salam Bank - Bahrain and Al Salam Bank - Algeria which are held by the former CEO (who resigned during 2013 - see Note 20) on behalf and for the benefit of the Group [Note 15(a)].

**7. Investment property**

	<b>30 June 2016 AED (Un-audited)</b>	<b>31 December 2015 AED (Audited)</b>
Balance at beginning of the period/year	<b>70,000,000</b>	70,000,000
Balance at end of the period/year	<b>70,000,000</b>	70,000,000

The investment property comprises a plot of land purchased in 2007. The Group used the fair value model permitted under IAS 40 for determining the carrying value of the investment property. The property is subject to a facility from a local Islamic bank and is mortgaged as security against an Ijara payable. The valuation was based on management assessment derived from third party offers received. The Group's management reassessed this valuation internally during the six months period ended 30 June 2016 and no material differences were noted.

The fair value of the Group's investment property is based on unobservable inputs i.e. level 3.

**8. Policyholders' investments revaluation reserve**

The Group transfers to the policyholders their share of investment revaluation reserve FVTOCI from the shareholders' equity on pro-rata basis. The percentage of such allocation for the six months period ended 30 June 2016 is identical to that used for the year ended 31 December 2015 and approved by the Group's Fatwa and Sharia'a Supervisory Board. This allocation will be revised and finalised by year end once the Board approval is obtained.

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**9. Share capital**

	<b>30 June 2016 AED (Un-audited)</b>	<b>31 December 2015 AED (Audited)</b>
Issued and fully paid: 225,750,000 (31 December 2015: 225,750,000) ordinary shares of AED 1 each	<b>225,750,000</b>	225,750,000

**10. Legal reserve**

In accordance with United Arab Emirates Federal Law No. (2) of 2015, the Group has established a legal reserve by appropriation of 10% of the profit of the Parent Company for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law.

**11. General reserve**

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

**12. Wakala fees and Mudarib's share**

The Group manages the Takaful operations for the policyholders and charges 25% of the gross Takaful contributions net of gross unearned contribution as Wakala fees (30 June 2015: 25%). During the period, no Wakala fee was charged on gross Takaful contributions amounting to AED 32,995,751 (30 June 2015: AED 22,389,965) as the Group retained insignificant risk on such contributions and commission income from such business was significantly lower than the normal commission. Management, therefore, decided not to charge Wakala fee on these Takaful contributions. The Wakala fee was charged on a total gross contribution of AED 156,792,589 (30 June 2015: AED 174,737,758).

Wakala fee was calculated as follows:

	<b>Six months period ended 30 June 2016 AED (Un-audited)</b>	<b>2015 AED (Un-audited)</b>
Takaful contributions	<b>189,788,341</b>	197,127,723
Less: Takaful contributions not subject to Wakala fee	<b>(32,995,751)</b>	(22,389,965)
	<b>156,792,590</b>	174,737,758
Percentage	<b>25%</b>	25%
Wakala fee for the period	<b>39,198,147</b>	43,684,440

The Group also manages the policyholders' investment funds and is entitled to 25% of net investment income earned by the policyholders' investment funds as the Mudarib's share. The Mudarib's share was AED 454,718 for the period (30 June 2015: AED 156,342).



**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**13. Investment income/(loss)**

	<b>Six months period ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>AED</b>	<b>AED</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
Gain on investments measured at FVTPL, net	971,079	823,809
<i>Other investment income</i>		
Income from investment deposits	92,528	271,912
Dividend income	2,458,065	2,054,675
Rental income	286,367	250,000
Other income	-	36,186
	<u>3,808,039</u>	<u>3,436,582</u>
<i>Allocated to:</i>		
Policyholders	1,818,872	625,367
Shareholders	1,989,167	2,811,215
	<u>3,808,039</u>	<u>3,436,582</u>

Investment income is allocated amongst the shareholders and the policyholders on a pro rata basis. The percentage of allocation for 30 June 2016 is identical to that used for 31 December 2015 (percentage of allocation for 30 June 2015 is identical to that used for 31 December 2014) and approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.

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

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

	<b>Six months period ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
(Loss)/profit for the period (AED)	(3,824,083)	6,574,911
Weighted average number of shares outstanding during the period	225,750,000	225,750,000
(Loss)/earnings per share (AED)	(0.017)	0.029

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**15. Related party transactions**

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

The significant balances outstanding at reporting date in respect of related parties included in the condensed consolidated financial statements were as follows:

	30 June 2016 (Un-audited)			31 December 2015 (Audited)		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Investment deposits	-	5,000,000	5,000,000	-	5,000,000	5,000,000
Carrying value of investments in ordinary shares [Note 15(a)]	-	28,505,993	28,505,993	-	27,374,659	27,374,659
Contributions receivable	2,576,775	-	2,576,775	2,523,643	-	2,523,643
Cash and cash equivalents	-	221,924	221,924	-	122,006	122,006
Due from related parties [Note 15(b)]	-	1,364,504	1,364,504	-	5,355,039	5,355,039
Due to a related party	-	906,677	906,677	-	1,259,677	1,259,677

- (a) A major shareholder, who is a member of the Board of Directors, is also a Board Member of Al Salam Bank - Algeria and Al Salam Bank - Bahrain. The Group has equity investments in Al Salam Bank - Algeria and Al Salam Bank - Bahrain amounting AED 27.2 million (31 December 2015: AED 27.3 million). The acquisition price of these transactions was approved by the Board of Directors at the time of the transactions.

Out of the total shareholding at the reporting date, 106,530 shares amounting AED 7.7 million of Al Salam Bank - Algeria are held by the former CEO (who resigned during 2013 and no longer qualifies as a related party - see Note 20) on trust and for the benefit of the Group and the total shares of Al Salam Bank - Bahrain (5,476,149 shares amounting AED 4.9 million) are held by a company controlled by the former CEO (who resigned during 2013 and no longer qualifies as a related party - see Note 20), in trust and for the benefit of the Group. Refer to note 20 for further details.

- (b) Due from related parties represented the following:

	2016 AED (Un-audited)	2015 AED (Audited)
<i>Entities owned by the Chairman of the Board of Directors</i>		
Fast Rent A Car LLC, United Arab Emirates	283,209	1,430,645
Emirates Cab LLC, United Arab Emirates	2,642	764,452
Emirates Taxi LLC, United Arab Emirates	977,303	3,022,772
Fast Service Centre LLC, United Arab Emirates	-	10,603
Fast Passenger Transport LLC, United Arab Emirates	4,350	29,567
<i>Shareholder of a subsidiary</i>	97,000	97,000
<b>Total</b>	<b>1,364,504</b>	<b>5,355,039</b>

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

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

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

	30 June 2016 (Un-audited)			30 June 2015 (Un-audited)		
	Major shareholders	Other related parties	Total	Major shareholders	Other related parties	Total
	AED	AED	AED	AED	AED	AED
Gross contributions	596,250	311,793	908,043	1,484,525	12,735,980	14,220,505
Gross claims	54,690	13,436,543	13,491,233	49,350	18,246,238	18,295,588
Profit share on investment deposits	-	-	-	-	221,117	221,117

*Compensation of key management personnel was as follows:*

	30 June 2016 AED (Un-audited)	30 June 2015 AED (Un-audited)
Short term employee benefits	847,307	854,873
End of service benefits	28,272	45,976
Total compensation paid to key management personnel	<u>875,579</u>	<u>900,849</u>

**16. Segmental information**

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

- **Takaful activities** include the general, life and medical insurance business undertaken by the Group.
- **Investment activities** represent investment and cash management for the Group's own account.

Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)

16. Segmental information (continued)

The following table presents segment information for the six months period ended 30 June 2016 and the six months period ended 30 June 2015.  
Period from 1 January 2015  
to 30 June 2015

	Period from 1 January 2016 to 30 June 2016		Period from 1 January 2015 to 30 June 2015		Total
	Attributable to		Attributable to		
	Policyholders	Shareholders	Policyholders	Shareholders	
	AED	AED	AED	AED	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
<b>Takaful</b>					
Takaful income	90,043,371	-	99,838,687	-	99,838,687
Takaful expenses	(78,218,555)	-	(80,024,874)	-	(80,024,874)
<b>Net Takaful income</b>	<b>11,824,816</b>	<b>-</b>	<b>19,813,813</b>	<b>-</b>	<b>19,813,813</b>
Wakala fees	(39,198,147)	39,198,147	(43,684,440)	43,684,440	-
Mudarib fees	(454,718)	454,718	(156,342)	156,342	-
<b>Investment</b>	<b>(27,828,049)</b>	<b>39,652,865</b>	<b>(24,026,969)</b>	<b>43,840,782</b>	<b>19,813,813</b>
Investment income	1,818,872	1,989,167	625,367	2,811,215	3,436,582
Unallocated expenses	-	(29,801,407)	-	(27,250,034)	(27,250,034)
Other income	-	10,057,756	-	11,052,973	11,052,973
<b>Loss attributable to policyholders</b>	<b>(26,009,177)</b>		<b>(23,401,602)</b>		
Write off of Qard Hasan to policyholders' fund		(26,009,177)		(23,401,602)	
<b>(Loss)/profit for the period</b>		<b>(4,110,796)</b>		<b>7,053,334</b>	<b>7,053,334</b>

Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)

16. Segmental information (continued)

Other information

	Takaful		Investment		Total	
	30 June 2016 AED (Un-audited)	31 December 2015 AED (Audited)	30 June 2016 AED (Un-audited)	31 December 2015 AED (Audited)	30 June 2016 AED (Un-audited)	31 December 2015 AED (Audited)
Segment assets	1,003,522,304	936,546,958	214,295,705	210,974,912	1,217,818,009	1,147,521,870
Segment liabilities	1,122,376,512	1,046,627,188	11,888,795	14,295,181	1,134,265,307	1,060,922,369

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**17. Seasonality of results**

No income of seasonal nature was recorded in the condensed consolidated income statement for the six months period ended 30 June 2016 and for the six months period ended 30 June 2015.

**18. Contingencies**

- (a) At reporting date, the Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business amounting AED 0.74 million (31 December 2015: AED 0.64 million).
- (b) The Group, in common with other insurance companies, is involved as a defendant in a number of legal cases with other insurance, reinsurance and customers. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Group in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made. The expected outcome of the cases is dependent on future legal proceedings. The disputed amounts involved are AED 18.83 million excluding reinsurance impact for which no contingency provision has been made as of the reporting date due to the uncertainty of possible outcome of the legal cases.

**19. Fair value of financial instruments**

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

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

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

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

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

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on the present value calculation of the expected future cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**19. Fair value of financial instruments (continued)**

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000				
<b>Financial assets at FVTOCI</b>						
Quoted equity securities	56,088	52,917	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	35,758	35,758	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
<b>Financial assets at FVTPL</b>						
Quoted equity securities	16,450	16,300	Level 1	Quoted bid prices in an active market.	None	N/A
Unit linked investments	589,621	556,782	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of the levels during the period.

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

	30 June 2016 AED'000 (Un-audited)	31 December 2015 AED'000 (Audited)
At beginning of the period/year	35,758	47,598
Redemptions/disposals during the period/year	-	(25)
Changes in fair value	-	(11,815)
<b>At end of the period/year</b>	<b>35,758</b>	<b>35,758</b>



**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**19. Fair value of financial instruments (continued)**

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

	<b>30 June 2016 AED'000 (Un-audited)</b>	<b>31 December 2015 AED'000 (Audited)</b>
At beginning of the period/year	<b>556,782</b>	447,365
Net change during the period/year	<b>32,839</b>	109,417
<b>At end of the period/year</b>	<b>589,621</b>	<b>556,782</b>

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

**20. Significant events**

The former CEO of the Group resigned on 10 July 2013. The Group entered into an agreement with the former CEO on 9 July 2013 for the payment and/or transfer of certain assets and investments that were held by him or by entities controlled by him on trust and for the benefit of the Group. Given the delay in settlement and the level of uncertainty involved is considered as an exceptional outstanding matter, for which the chances of favourable outcome cannot be fully guaranteed. However, the Board of Directors is confident in the realization of a minimum of the carrying value of assets due from him and therefore no adjustments to the carrying value of the assets are required.

The settlement agreement referred to above contains the following three clauses:

- (a) The advance of AED 5,358,581 to invest in a real estate project in the emirate of Ajman will be returned to the Company.
- (b) Transfer of shares of Al Salam Bank - Bahrain (currently held under the name of Leader Capital L.L.C) together with the payment of any associated dividends due, to the Company's name.
- (c) Transfer of legal ownership of Al Salam Bank - Algeria shares held by the former CEO to the Company's name.

The Company has received an amount of AED 2.3 million during the previous years against the advance mentioned in clause (a) above, in addition to receiving dividends of Al Salam Bank - Bahrain pertaining to previous years amounting to AED 0.46 million.



**Notes to the condensed consolidated financial statements  
for the period from 1 January 2016 to 30 June 2016 (continued)**

**21. Non-controlling interest**

During the period ended 30 June 2016, the ownership structure of Amity Health L.L.C. changed to being 90% owned by Nawat Investments L.L.C (subsidiary) (31 December 2015: 51%) and 10% owned by CEO of Amity Health L.L.C through capitalization of shareholders' funds. This resulted in a decrease in the non-controlling interest in the subsidiary by AED 6,996,350.

The movement on the non-controlling interest during the period is as follows:

	<b>30 June 2016 AED (Un-audited)</b>
At beginning of the period	(8,441,330)
Loss for the period attributable to non-controlling interest	(286,713)
Introduction of new share capital in non-controlling interest	353,000
Net change in non-controlling interest due to change in ownership percentage	6,996,350
<b>At end of the period</b>	<b><u>(1,378,693)</u></b>

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

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 August 2016.