

**Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)
Dubai - United Arab Emirates**

**Condensed consolidated interim financial information
for the three month period ended 31 March 2019**

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Table of contents	Pages
Review report on condensed consolidated interim financial information	1
Condensed consolidated statement of financial position	2 - 3
Condensed consolidated income statement (Un-audited)	4 - 5
Condensed consolidated statement of comprehensive income (Un-audited)	6
Condensed consolidated statement of changes in equity	7
Condensed consolidated statement of cash flows (Un-audited)	8
Notes to the condensed consolidated interim financial information	9 - 34



Review report on condensed consolidated interim financial information to the Board of Directors of Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Dubai Islamic Insurance & Reinsurance Co (Aman) P.J.S.C. (the Company) and its subsidiaries (the "Group") as at 31 March 2019 and the related condensed consolidated income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this 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 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".

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 22 of the condensed consolidated interim financial information. This note describes the uncertainty in relation to the recoverability of financial assets measured at fair value through other comprehensive income (FVOCI), with a total carrying value of AED 13 million which are held by the former Chief Executive Officer or entities controlled by him, and have not been transferred to the Group. The Group is undergoing litigation to recover these, and therefore, continues to recognise the carrying value of these financial assets measured at FVOCI in its consolidated statement of financial position.

PricewaterhouseCoopers
15 May 2019

Douglas O' Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

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


	Note	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
ASSETS			
Cash and bank balances	5	94,139,689	107,195,773
Furniture and equipment		343,615	404,920
Other financial assets measured at fair value through profit and loss (FVTPL)	8	716,594,691	653,782,327
Takaful receivables	9	78,201,388	76,511,391
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	8	61,455,771	69,113,735
Retakaful contract assets			
Unearned contribution reserves	7	134,755,506	172,512,604
Claims reported unsettled	7	70,442,549	89,080,787
Mathematical reserve	7	938,940	951,541
Claims incurred but not reported	7	30,667,159	33,791,245
Deferred policy acquisition costs		10,104,291	8,403,414
Prepayments and other receivables		12,522,634	8,112,614
Due from related parties	18	3,405,880	5,323,358
Statutory deposit	6	10,000,000	10,000,000
Investment property	10	60,672,000	60,672,000
Assets classified as held for sale		2,867,346	4,835,954
Total assets		1,287,111,459	1,300,691,663
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to bank		19,842,432	19,842,439
Trade and other payables		51,083,463	71,081,296
Takaful payables		89,000,795	95,283,321
Due to related parties	18	468,484	468,484
Unit linked liabilities		709,929,252	647,195,413
Murabaha payable		15,411,449	15,411,449
Takaful contract liabilities:			
Unearned contribution reserve	7	175,799,775	204,575,664
Claims reported unsettled	7	91,475,372	110,128,789
Mathematical reserve	7	1,276,400	1,422,554
Claims incurred but not reported	7	53,852,858	55,921,830
Unallocated loss adjustment expenses	7	3,011,416	2,968,748
Deferred discount		4,204,568	7,844,384
Amounts held under retakaful treaties		5,031,158	4,921,287
Liabilities directly associated with assets classified as held for sale		15,479,781	17,095,888
Total liabilities		1,235,867,203	1,254,161,546

**Condensed consolidated statement of financial position
as at 31 March 2019 (continued)**

	Note	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
SHAREHOLDERS' EQUITY			
Share capital	12	225,750,000	225,750,000
Legal reserve	13	2,321,799	2,321,799
General reserve	14	2,321,799	2,321,799
Investments revaluation reserve – FVTOCI		(75,283,602)	(104,336,230)
Accumulated losses		(102,458,427)	(78,189,737)
Equity attributable to shareholders of the parent		52,651,569	47,867,631
Non-controlling interest		(1,407,313)	(1,337,514)
Net equity		51,244,256	46,530,117
Total liabilities and shareholders' equity *		1,287,111,459	1,300,691,663

* The breakdown of the assets and liabilities belonging to the shareholders and the policyholders is shown in Note 23.

This condensed consolidated interim financial information was authorised for issue on 15 May 2019 by the Board of Directors and signed on its behalf by:



Jihad Faltrouni

Chief Executive Officer



Abdul Nazar Moopentakath

Exe. Director-Finance & Investment

**Condensed consolidated income statement (Un-audited)
for the period from 1 January 2019 to 31 March 2019**

	Note	Three month period ended 31 March	
		2019 AED	2018 AED
Attributable to policyholders			
Takaful income			
Gross takaful contributions		69,068,872	54,037,538
Retakaful share of accepted business		(25,436,452)	(15,845,800)
Retakaful share of ceded business		(16,439,904)	(15,428,005)
Net takaful contributions		27,192,516	22,763,733
Net transfer to unearned contributions reserve		(8,981,210)	3,179,457
Increase in mathematical reserve		133,554	30,291
Net takaful contributions earned		18,344,860	25,973,481
Discount received on ceded retakaful		9,530,629	4,437,000
Policy fees		3,190,247	3,515,557
		31,065,736	33,926,038
Takaful expenses			
Gross claims settled		(46,151,193)	(41,101,124)
Retakaful share of accepted business claims		26,125,911	14,942,566
Retakaful share of ceded business claims		9,323,481	13,225,168
Net Takaful claims		(10,701,801)	(12,933,390)
Provision for outstanding claims		18,653,417	19,844,195
Retakaful share of outstanding claims		(18,638,239)	(24,300,516)
Decrease/increase in incurred but not reported claims		(1,055,113)	(900,053)
Increase in unallocated loss adjustment expenses reserve		(42,668)	13,108
Net claims incurred		(11,784,404)	(18,276,656)
Excess of loss of takaful contribution		(702,380)	(1,349,951)
		(12,486,784)	(19,626,607)
Net Takaful income		18,578,952	14,299,431
Wakala fees	15	(19,760,647)	(16,482,586)
Investment income	16	409,255	546,754
Mudarib's share	15	(102,314)	(136,689)
Net loss from takaful operation for the period		(874,754)	(1,773,090)

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

**Condensed consolidated income statement (Un-audited)
for the period from 1 January 2019 to 31 March 2019 (continued)**

	Note	Three month period ended 31 March	
		2019 AED	2018 AED
Attributable to shareholders			
Income			
Investment income	16	1,627,521	2,567,031
Wakala fees from policyholders	15	19,760,647	16,482,586
Mudarib's share from policyholders	15	102,314	136,689
Other operating income		535,064	-
		<u>22,025,546</u>	<u>19,186,306</u>
Expenses			
Policy acquisition cost		(7,211,878)	(5,752,011)
General and administrative expenses		(9,532,542)	(8,172,004)
Contribution from Qard Hassan to policyholders' fund		-	(1,773,090)
Net operating loss of subsidiaries		(161,955)	-
		<u>(16,906,375)</u>	<u>(15,697,105)</u>
Profit for the period attributable to shareholders for continuing operations		5,119,171	3,489,201
Discontinued operations			
Losses for the period from discontinued operations	32	(697,988)	(2,047,775)
Profit for the period attributable to shareholders		4,421,183	1,441,426
Attributable to:			
Shareholders of the parent		4,490,982	1,546,088
Non-controlling interest		(69,799)	(104,662)
		<u>4,421,183</u>	<u>1,441,426</u>
Earnings per share	17	0.020	0.007

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

**Condensed consolidated statement of comprehensive income (Un-audited)
for the period from 1 January 2019 to 31 March 2019**

	Three month period ended	
	31 March	
	2019	2018
	AED	AED
Attributable to Policyholders:		
Loss for the period	(874,754)	(1,773,090)
<i>Items that will not be reclassified subsequently to income statement:</i>		
Changes in fair value of financial assets carried at fair value through other comprehensive income	229,013	(1,325,283)
Total loss for the period Attributable to Policyholders	(645,741)	(3,098,373)
Attributable to Shareholders:		
Profit for the period	4,421,183	1,441,426
Other comprehensive income		
<i>Items that will not be reclassified subsequently to income statement:</i>		
Changes in fair value of financial assets carried at fair value through other comprehensive income	938,697	(5,760,200)
Total comprehensive income (loss) for the period	5,359,880	(4,318,774)
Attributable to:		
Shareholders of the parent	5,429,679	(4,214,112)
Non-controlling interest	(69,799)	(104,662)
	5,359,880	(4,318,774)

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

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)

Condensed consolidated statement of changes in equity
for the period from 1 January 2019 to 31 March 2019

	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
Balance at 1 January 2018 (audited)	225,750,000	1,371,054	1,371,054	(67,567,235)	(76,547,190)	84,377,683	(801,589)	83,576,094
Adjustment on adoption of IFRS 9	-	-	-	-	(3,703,530)	(3,703,530)	-	(3,703,530)
Restated balances at 1 January 2018	225,750,000	1,371,054	1,371,054	(67,567,235)	(80,250,720)	80,674,153	(801,589)	79,872,564
Profit/(loss) for the period	-	-	-	-	1,546,088	1,546,088	(104,662)	1,441,426
Other comprehensive loss for the period	-	-	-	(5,760,200)	-	(5,760,200)	-	(5,760,200)
Total other comprehensive income/(loss) for the period	-	-	-	(5,760,200)	1,546,088	(4,214,112)	(104,662)	(4,318,774)
Balance at 31 March 2018 (unaudited)	225,750,000	1,371,054	1,371,054	(73,327,435)	(78,704,632)	76,460,041	(906,251)	75,553,790
Balance at 1 January 2019 (audited)	225,750,000	2,321,799	2,321,799	(104,336,230)	(78,189,737)	47,867,631	(1,337,514)	46,530,117
Profit / (loss) for the period	-	-	-	-	3,616,228	3,616,228	(69,799)	3,546,429
Other comprehensive loss for the period	-	-	-	29,052,628	(27,884,918)	1,167,710	-	1,167,710
Total other comprehensive income / (loss) for period	-	-	-	29,052,628	(24,268,690)	4,783,938	(69,799)	4,714,139
Balance at 31 March 2019 (unaudited)	225,750,000	2,321,799	2,321,799	(75,283,602)	(102,458,427)	52,651,569	(1,407,313)	51,244,256

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

**Condensed consolidated statement of cash flows (Un-audited)
for the period from 1 January 2019 to 31 March 2019**

	Three month period ended	
	31 March	
	2019	2018
	AED	AED
Cash flows from operating activities		
Profit for the period	4,421,183	1,441,426
Adjustments for:		
Depreciation of furniture and equipment	61,305	76,483
Loss on sale of investments measured at FVTPL, net	(78,525)	586,906
Dividend income	(1,537,020)	(3,410,597)
Profit income	(269,304)	-
Provision for employees' end of service benefits	437,080	309,836
	<u>3,034,719</u>	<u>(995,946)</u>
Changes in operating assets and liabilities:		
Decrease in Retakaful contract assets	59,532,023	51,440,968
Increase in Takaful receivables	(1,689,997)	(18,138,879)
(Increase) / decrease in prepayments and other receivables	(4,410,019)	1,487,952
Decrease / (increase) in due from related parties	1,917,479	(499,304)
Increase in Takaful contract liabilities	(49,601,764)	(57,248,489)
Decrease / (increase) in amounts held under Retakaful treaties	109,871	(322,869)
(Increase) / decrease in Takaful and Retakaful payables	(6,282,527)	21,029,610
	<u>(19,997,833)</u>	<u>(9,016,544)</u>
Increase in trade and other payables	-	(1,361,214)
Increase in due to a related party	-	359,584
(Increase) / decrease in deferred discount	(3,639,816)	(1,062,882)
Decrease / (increase) in deferred policy acquisition costs	1,700,877	-
Increase in policyholders' fund	(874,754)	-
Increase in unit-linked liabilities	63,421,972	-
	<u>43,220,230</u>	<u>(14,328,013)</u>
Cash used in operations	(246,912)	(286,812)
Net cash used in operating activities	<u>42,973,318</u>	<u>(14,614,825)</u>
Cash flows from investing activities		
Proceeds from sale of furniture and equipment	-	171,767
Increase in Wakala deposits	-	(12,000,000)
Net decrease/(increase) in unit linked investments	(62,794,871)	7,941,040
Dividend income received	1,537,020	3,410,597
Income from sale of OCI investments	225,715	-
Assets classified as held for sale	3,584,715	-
Profit income received	269,304	-
	<u>(57,178,117)</u>	<u>(476,596)</u>
Net cash used in investing activities		
Cash flows generated from financing activity		
Increase in due to bank	(7)	750,000
	<u>(7)</u>	<u>750,000</u>
Net cash (used in) / generated from financing activity		
	<u>(14,204,806)</u>	<u>(14,341,421)</u>
Net decrease in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	60,368,699	39,232,695
Cash and cash equivalents at the end of the period (Note 5)	<u>46,163,893</u>	<u>24,891,274</u>

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

1. General information

Dubai Islamic Insurance & Reinsurance Company (Aman) (P.J.S.C.) (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. 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 three 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 31 March 2019, 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
TechnikAuto Service Centre Co. L.L.C (under liquidation)	United Arab Emirates	100.00	100.00	Vehicles' repair services
Amity Health L.L.C. (under liquidation)	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.

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 includes preparation of the financial statements and disclosures based on Appendix (1) of the Financial Regulations as well as compliance with the solvency ratio requirements.

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

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	1 January 2019
Amendments to IAS 19, “Employee benefits” on plan amendment, curtailment or settlement.	1 January 2019
IFRS 16 “Leases”	1 January 2019

This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting remains mainly unchanged. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

There was no material impact on the condensed interim financial information of the Group from the adoption of IFRS 16 on 1 January 2019 since all the Group’s leases are short-term or low-value leases which have been recognized on a straight-line basis as an expense.

3. Summary of significant accounting policies

3.1 Basis of preparation

The condensed consolidated financial information 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 condensed consolidated financial information has been prepared on the going concern basis applying the historical cost convention, except for certain financial instruments and investment property, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

The Group's condensed statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: Cash and cash equivalents, insurance and other receivables and insurance and other payables. The following balances would generally be classified as non-current: property and equipment, investment properties, intangible assets, statutory deposits, fixed deposits, provision for employees' end of service indemnity and bank borrowings. The following balances are of mixed nature (including both current and non-current portions): financial assets at FVTOCI, financial assets at FVTPL, reinsurance contract assets, deferred acquisition costs, insurance contract liabilities and deferred discount.

The accounting policies, presentation and methods in these condensed consolidated financial information are consistent with those used in the audited financial statements for the year ended 31 December 2018, except for the adoption of the new accounting standards in Note 2.

These condensed consolidated financial information do not include all the information required for full annual financial statements and should be read in conjunction with the Group's audited annual 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.

3.2 Basis of consolidation

This condensed consolidated financial information incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved where the Group has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The condensed consolidated financial information comprises the financial statements of the Company and of the subsidiaries as disclosed in Note 1 to these condensed consolidated financial information. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. All significant inter-group balances, income and expense items are eliminated on consolidation.

3.3 Accounting policies

The accounting policies in respect of investment properties, financial assets and property and equipment have been disclosed in this condensed interim financial information as required by Securities and Commodities Authority ("SCA") notification dated 12 October 2008.

Financial instruments

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. Summary of significant accounting policies (continued)

3.3 Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Debt instruments, including receivables related to Takaful contracts, are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortised cost and effective profit method

The effective profit method is a method of calculating the amortised cost of a debt instrument and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective profit basis for debt instruments (other than those financial assets designated as FVTPL) are measured subsequently at amortised cost. Profit income is recognised in the condensed consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, in banks and deposits in banks with original maturity not more than three months from the date of placement.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Takaful, Retakaful and other receivables

Takaful, Retakaful and other receivables that have fixed or determinable payments are measured at amortised cost using the effective profit rate method, less any impairment.

Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to consolidated income statement, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in the consolidated income statement when the Group's right to receive the dividends is established, it is probable that economic benefits associated with the dividend will flow to the Group and the amount of dividend can be measured reliably.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition (as described above).

Debt instruments that do not meet the amortised cost criteria (as described above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss (FVTPL) (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the consolidated income statement. The net gain or loss recognised in the consolidated income statement is included in the 'net investment income' line item in the consolidated income statement. Fair value is determined in the manner described in Note 22 to the consolidated financial statements.

Profit income on debt instruments as at FVTPL is included in the net gain or loss described above and is included in the 'net investment income' line item.

Dividend income on investments in equity instruments at FVTPL is recognised in the consolidated income statement when the Group's right to receive the dividends is established, it is probable that economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained profit in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised financing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated income statement.

On de-recognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the consolidated income statement, but is reclassified to retained earnings.

3. Significant accounting policies (continued)

Furniture and equipment

Furniture and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement when incurred.

Depreciation is charged so as to write off the cost, over their estimated useful lives, using the straight-line method, as follows:

Furniture and fixtures	4 years
Office equipment	4 years
Motor vehicles	4 years

The gain or loss arising on the disposal or retirement of an item of furniture and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated income statement.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the investment property is derecognised.

3.4 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 2018.

4. Judgements and estimates

The preparation of condensed consolidated financial statements 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 statements, 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 financial statements as at and for the year ended 31 December 2018.

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)
Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)

16

5. Cash and bank balances

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Cash on hand	821,868	29,500
Bank balances:		
Wakala deposits	50,000,000	50,000,000
Current accounts	43,321,754	57,202,868
	<u>94,143,622</u>	<u>107,232,368</u>
Less: Provision for impairment	(3,933)	(36,595)
	<u><u>94,139,689</u></u>	<u><u>107,195,773</u></u>

Details of provision for impairment as per IFRS 9 are as follows:

	Amount AED
Balance as at 31 December 2017	-
Add: Provision on initial application of IFRS 9 (Note 2.1)	<u>89,040</u>
Balance as at 1 January 2018	89,040
Released during the year	<u>(52,445)</u>
Balance as at 31 December 2018	36,595
Released during the Period	<u>(32,662)</u>
Balance as at 31 March 2019	<u><u>3,933</u></u>

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

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Un-audited)
Cash and bank balances	94,143,622	107,232,368
Cash and bank balances included in the assets held for sale	2,020,271	3,136,331
Deposits with original maturities of greater than three months	<u>(50,000,000)</u>	<u>(50,000,000)</u>
Cash and cash equivalents	<u><u>46,163,893</u></u>	<u><u>60,368,699</u></u>

The profit rates on Wakala deposits with Banks ranges from 1.7% to 3.0% (2018: 1.5% to 2.0%).

Wakala deposits amounting to AED 50 million (2018: AED 50 million) have maturity of more than three months from the date of placement.

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C.)
Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)

17

6. Statutory deposit

Wakala deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of U.A.E. and are not available to finance the day to day operations of the Group.

7. Retakaful contract assets and Takaful contract liabilities

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Gross		
Takaful contract liabilities:		
Unearned contribution reserve	175,799,775	204,575,664
Claims reported unsettled	91,475,372	110,128,789
Mathematical reserve	1,276,400	1,422,554
Claims incurred but not reported	53,852,858	55,921,830
Unallocated loss adjustment expenses	3,011,416	2,968,748
Unit linked liabilities	709,929,252	647,195,413
	<hr/>	<hr/>
Total takaful contract liabilities, gross	1,035,345,073	1,022,212,998
	<hr/>	<hr/>
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution reserve	134,755,506	172,512,604
Claims reported unsettled	70,442,549	89,080,787
Mathematical reserve	938,940	951,541
Claims incurred but not reported	30,667,159	33,791,245
	<hr/>	<hr/>
Total retakaful share of takaful liabilities	236,804,154	296,336,177
	<hr/>	<hr/>
Net		
Unearned contribution reserve	41,044,269	32,063,060
Claims reported unsettled	21,032,823	21,048,002
Mathematical Reserve	337,460	471,013
Claims incurred but not reported	23,185,699	22,130,585
Unallocated loss adjustment expenses	3,011,416	2,968,748
Unit linked liabilities	709,929,252	647,195,413
	<hr/>	<hr/>
	798,540,919	725,876,821
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)

8. Other financial assets measured at fair value

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	37,152,641	44,810,605
- Unlisted	24,303,130	24,303,130
	<u>61,455,771</u>	<u>69,113,735</u>
Financial assets measured at fair value through profit and loss (FVTPL) (B)		
- Listed	6,665,439	6,586,914
- Unit linked investments	709,929,252	647,195,413
	<u>716,594,691</u>	<u>653,782,327</u>
Total other financial assets measured at fair value (A+B)	<u><u>778,050,462</u></u>	<u><u>722,896,062</u></u>

Investments by geographical concentration are as follows:

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
- Within U.A.E.	38,224,757	45,384,537
- Outside U.A.E.	739,825,705	677,511,525
	<u>778,050,462</u>	<u>722,896,062</u>

- i. FVTOCI listed and unlisted securities are carried at a value of AED 61,455,771 (2018: AED 69,113,735), with a decline in their fair value from original acquisition cost amounting to AED 75,283,603 (2018: AED 104,336,230). Of this amount, AED 55,851,862 (2018: AED 84,675,477) is deducted from shareholders' equity and AED 19,431,740 (2018: AED 19,660,753) 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 24,303,130 (2018: AED 24,303,130) mainly represent the Group's investments in shares of companies registered in Dubai, Algeria, and certain other international markets.
- iii. The Group owns shares of Al Salam Bank - Bahrain and Al Salam Bank - Algeria which are held by the former CEO (who resigned during 2013) on behalf and for the benefit of the Group (Note 22).

**Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)**

9. Takaful receivables

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Due from policyholders	31,108,960	25,993,419
Less: Allowance for impairment	(3,243,766)	(3,853,268)
	27,865,194	22,140,151
Due from takaful /retakaful companies	34,237,714	48,795,456
Due form brokers/ agents	21,056,122	21,572,516
Less: Allowance for impairment	(4,957,642)	(15,996,732)
	78,201,388	76,511,391

Movements in provision for impairment are as follows:

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Balance at the beginning of the period/year	19,850,000	17,500,000
Initial application of IFRS 9 (Note 2.1)	-	1,563,044
Balance at 1 January	19,850,000	19,063,044
Impairment allowance for the period/year	400,000	2,189,820
Write-off during the period/year	(9,986,995)	(650,000)
Released provision	(2,061,597)	(752,864)
Balance at the end of the period/year	8,201,408	19,850,000

10. Investment property

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Balance at beginning of the period /year	65,090,000	65,090,000
Loss on revaluation of investment property	(4,418,000)	(4,418,000)
Balance at end of the period /year	60,672,000	60,672,000
Attributable to:		
Policyholders	11,348,462	11,348,462
Shareholders	49,323,538	49,323,538
	60,672,000	60,672,000

The Group's management reassessed the valuation internally during the three month period ended 31 March 2019 and no material differences were noted. The fair value of the Group's investment property is based on unobservable inputs i.e. Level 3

11. 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 three month period ended 31 March 2019 is identical to that used for the year ended 31 December 2018 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.

12. Share capital

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
Issued and fully paid: 225,750,000 ordinary shares of AED 1 each (2018: 225,750,000 ordinary shares)	225,750,000	225,750,000
	=====	=====

13. 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.

14. 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.

15. Wakala fees and Mudarib's share

The Group manages the Takaful operations for the policyholders and charges 33% of the gross Takaful contributions net of fronting contribution as Wakala fees (31 March 2018: 30%). In addition, the Group charges (2%) on fronting contribution as Wakala fees and 100% on FWU Administration fees. These Wakala fees rates were approved by the Group's Fatwa and Sharia'a Supervisory Board.

The Group also manages the Policyholders' investment funds and is entitled to 25% (31 March 2018: 25%) of net investment income earned by the Policyholders' investment funds as the Mudarib's share. The Mudarib's share was AED 102,314 (31 March 2018: AED 136,689).

16. Investment income

	Three month period ended 31 March	
	2019 AED (Un-audited)	2018 AED (Un-audited)
Profit / (loss) on investments measured at FVTPL, net	78,525	(586,906)
<i>Other investment income</i>		
Income from investment deposits	269,304	108,094
Dividend income	1,537,020	3,410,597
Rental income	151,927	182,000
	<u>2,036,776</u>	<u>3,113,785</u>
	=====	=====
<i>Allocated to:</i>		
Policyholders	409,255	546,754
Shareholders	1,627,521	2,567,031
	<u>2,036,776</u>	<u>3,113,785</u>
	=====	=====

Investment income and losses are allocated amongst the shareholders and the policyholders on a pro rata basis. This allocation to policyholders is approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.

17. 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:

	Three month period ended 31 March	
	2019 (Un-audited)	2018 (Un-audited)
Profit for the period attributable to shareholders of the parent (in AED)	4,490,982	1,546,088
	<u>4,490,982</u>	<u>1,546,088</u>
Weighted average number of shares outstanding during the period	225,750,000	225,750,000
	<u>225,750,000</u>	<u>225,750,000</u>
Earnings per share (AED)	0.020	0.007
	=====	=====

18. 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:

	31 March 2019 (Un-audited)			31 December 2018 (Audited)		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Carrying value of investments in ordinary shares [Note 18(a)]	-	28,892,890	28,892,890	-	29,317,521	29,317,521
Due from related parties [Note 18(b)]	5,368,357	2,980,151	8,348,509	5,184,017	2,987,111	8,171,128
Due to related parties [Note 18(c)]	468,484	-	468,484	468,484	-	468,484

- (a) A major shareholder, who is a member of the Board of Directors, is also a Board Member of Al Salam Bank – Algeria, The Group has equity investments in Al Salam Bank - Algeria amounting to AED 23.5 million (31 December 2018: AED 23.5 million).

Out of the total shareholding at the reporting date, 106,530 shares amounting AED 8.1 million (31 December 2018: AED 9.7 million) of Al Salam Bank - Algeria were held by the former CEO (who resigned during 2013 and no longer qualifies as a related party) on trust and for the benefit of the Group and the total shares of Al Salam Bank - Bahrain (5,476,149 shares amounting AED 4.5 million (31 December 2018: AED 5.6 million)) are held by a company controlled by the former CEO (who resigned during 2013 and no longer qualifies as a related party), in trust and for the benefit of the Group. Refer to note 22 for further details.

18. Related party transactions (continued)

(b) Due from related parties represents the following:

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
<i>Entities owned by the Chairman of the Board of Directors</i>		
Nation Hospital - UAE	4,701,394	4,335,649
Bin Omeir Education Foundation - UAE	1,202,397	1,505,456
Bin Omeir Holding Group - UAE	1,299,670	1,194,430
Bin Omeir Auto Motive Group - UAE	879,361	879,320
Chocolatier - UAE	105,751	105,751
International Market Group For General Services - UAE	71,821	63,005
Yas Mineral Water Bottling - UAE	50,751	50,751
National Consultants - UAE	35,125	35,125
Al Massa Art Products - UAE	1,279	1,041
Fast Rent A Car L.L.C. - UAE	600	600
Emirates Taxi	360	-
	8,348,509	8,171,128
Less: Provision for impairment	(4,942,629)	(2,847,770)
Total	3,405,880	5,323,358

Details of provision for impairment as per IFRS 9 are as follows:

	Amount (Un-audited) AED
Balance as at 31 December 2017	-
Add: Provision on initial application of IFRS 9 (Note 2.1)	2,037,584
Balance as at 1 January 2018 and 31 March 2018	2,037,584
Impairment allowance for the year	810,186
Balance as at 31 December 2018	2,847,770
Impairment allowance for the period	2,094,859
Balance as at 31 March 2019	4,942,629

18. Related party transactions (continued)

(c) Due to related parties represents the following:

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
<i>Entities owned by the Chairman of the Board of Directors</i>		
Fast Service Centre - UAE	468,484	468,484
Total	468,484	468,484

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

	31 March 2019 (Un-audited)			31 March 2018 (Un-audited)		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Gross contributions	642,035	(7,200)	634,835	496,285	55,137	551,422
Gross claims (paid)	22,753	124,590	147,343	8,170	621,482	629,652

Compensation of key management personnel was as follows:

	Three month period ended 31 March	
	2019 AED (Un-audited)	2018 AED (Un-audited)
Short term employee benefits	474,084	467,333
End of service benefits	31,418	13,981
Total compensation paid to key management personnel	505,502	481,314

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C)

Notes to the condensed consolidated interim financial information for the period from 1 January 2019 to 31 March 2019 (continued)

19. Segmental information

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's management in order to allocate resources to the segment and to assess its performance. Information reported to the Group'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.
- **Others** represent income and expense activities conducted by the subsidiaries and included in this consolidated financial report.

The following table presents segment information for the three months' period ended 31 March 2019 and the three months' period ended 31 March 2018.

	Three month period ended 31 March 2019 (Un-audited)			Three month period ended 31 March 2018 (Un-audited)				
	Takaful AED	Investments AED	Other AED	Total AED	Takaful AED	Investments AED	Other AED	Total AED
Takaful								
Takaful income	31,065,736	-	-	31,065,736	33,926,038	-	-	33,926,038
Takaful expenses	(12,486,778)	-	-	(12,486,778)	(19,626,607)	-	-	(19,626,607)
Net Takaful income	18,578,958	-	-	18,578,958	14,299,431	-	-	14,299,431
Wakala fees	(19,760,647)	19,760,647	-	-	(16,482,586)	16,482,586	-	-
Mudarib fees	(102,314)	102,314	-	-	(136,689)	136,689	-	-
Commission paid	-	(7,211,878)	-	(7,211,878)	-	(5,752,011)	-	(5,752,011)
Investment income	(19,862,961)	12,651,083	-	(7,211,878)	(16,619,275)	10,867,264	-	(5,752,011)
Unallocated expenses	409,255	1,627,521	-	2,036,776	546,754	2,567,031	-	3,113,785
Other operating income	-	(9,532,551)	-	(9,532,551)	-	(8,172,004)	-	(8,172,004)
Net operating loss of subsidiaries	-	535,064	(161,955)	(161,955)	-	-	(2,047,775)	(2,047,775)
Net profit for the period	(874,748)	5,281,117	(712,802)	4,244,414	(1,773,090)	5,262,291	(2,047,775)	1,441,426

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C)
Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)

19. Segmental information (continued)

Other information

	Takaful		Investment		Total	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	AED	AED	AED	AED	AED	AED
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
Segment assets	1,150,519,371	1,166,608,186	188,793,211	196,372,649	1,339,312,582	1,362,980,835
Segment liabilities	1,288,068,326	1,316,450,718	-	-	1,288,068,326	1,316,450,718

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C)
Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)

19. Segmental information (continued)

Net Takaful contributions	Gross takaful contribution	Retakaful share of accepted business	Retakaful share of ceded business	Net takaful contribution
	AED	AED	AED	AED
Q1.2019				
Motor	17,067,331	13,966	(219,775)	17,273,140
Engineering	394,654	28,307	324,085	42,263
Marine & aviation	5,624,140	4,644,068	542,610	437,462
Fire	5,972,358	2,443,868	3,111,025	417,465
General insurance & liabilities	12,118,158	9,142,142	185,754	2,790,262
Medical	14,844,658	1,072,474	9,409,516	4,362,668
Life	13,047,573	8,091,627	3,086,689	1,869,256
Total	69,068,872	25,436,452	16,439,904	27,192,516
Q1.2018				
Motor	14,414,947	913,300	33,322	13,468,326
Engineering	338,210	49,244	238,765	50,201
Marine & aviation	1,568,660	684,086	606,178	278,396
Fire	5,437,561	2,128,511	2,872,359	436,691
General insurance & liabilities	5,399,732	3,262,859	203,455	1,933,418
Medical	13,608,348	124,100	8,965,447	4,518,801
Life	13,270,080	8,683,700	2,508,479	2,077,900
Total	54,037,538	15,845,800	15,428,005	22,763,733

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C)
Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)

19. Segmental information (continued)

Net takaful claims	Gross claims settled		Retakaful share of accepted business claim		Retakaful share of ceded business claims		Net claims settled	
	AED	AED	AED	AED	AED	AED	AED	AED
Q1.2019								
Motor	8,869,953	63,910	1,836,884	6,969,161				
Engineering	136,643	30,337	99,329	6,977				
Marine & aviation	521,356	184,027	228,720	108,608				
Fire	413,949	5,722	375,694	32,533				
General insurance & liabilities	22,191,258	21,651,248	26,000	514,009				
Medical	9,007,133	-	6,756,854	2,250,279				
Life	5,010,901	4,190,667	-	820,234				
Total	46,151,193	26,125,911	9,323,481	10,701,801				
Q1.2018								
Motor	8,746,983	1,639,912	222,156	6,884,914				
Engineering	255,690	70,776	173,007	11,908				
Marine & aviation	148,748	132,820	9,931	5,997				
Fire	17,038,531	8,166,756	7,406,156	1,465,619				
General insurance & liabilities	4,360,081	4,081,648	10,060	268,372				
Medical	9,455,924	-	5,403,858	4,052,067				
Life	1,095,167	850,654	-	244,513				
Total	41,101,124	14,942,566	13,225,168	12,933,390				

Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C)
Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)

19. Segmental information (continued)

Segmental Statement Life and Non-Life

Life and non-life segments (Balance Sheet)

	Non-life 31-March 2019 AED (Un-audited)	Non-life 31-December 2018 AED (Un-audited)	Life 31-March 2019 AED (Un-audited)	Life 31-December 2018 AED (Un-audited)	Total 31-March 2019 AED (Un-audited)	Total 31-December 2018 AED (Un-audited)
--	----------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------

Segment assets

509,873,252

Segment liabilities

526,228,744

Life and non-life segments (Income Statement)

	Non-life 31-March 2019 AED (Un-audited)	Non-life 31-March 2018 AED (Un-audited)	Life 31-March 2019 AED (Un-audited)	Life 31-March 2018 AED (Un-audited)	Total 31-March 2019 AED (Un-audited)	Total 31-March 2018 AED (Un-audited)
--	----------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------	------------------------------------------------------------------------------------	------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------

Segment takaful income

33,926,038

Segment takaful expenses

(19,626,607)

Segment other expenses

(16,072,521)

Segment net income from takaful operations

(1,773,090)

**Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)****20. 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 0.7 million (31 December 2018: AED 1.2 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 policyholders. 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.

21. 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 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 are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value of the financial assets that are measured at fair value on a recurring basis

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 interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)**

21. Fair value of financial instruments (continued)

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

Fair value of the financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 March 2019 AED'000 (Un-audited)	31 December 2018 AED'000 (Audited)				
Financial assets at FVTOCI						
Quoted equity securities	37,153	44,810	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	24,303	24,303	Level 3	Net assets valuation method and comparable, multiples approach	Net assets value	Higher the net assets value of the investees, higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	6,665	6,586	Level 1	Quoted bid prices in an active market.	None	N/A
Unit linked investments	709,929	647,195	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:

	31 March 2019 AED'000 (Un-audited)	31 December 2018 AED'000 (Audited)
At 1 January	24,303	28,907
Disposals during the period/year	-	-
Transferred out of Level 3	-	-
Changes in fair value	-	(4,604)
At end of the period/year	24,303	24,303

**Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)**

21. Fair value of financial instruments (continued)

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

	31 March 2019 AED'000 (Un-audited)	31 December 2018 AED'000 (Audited)
At 1 January	647,195	639,149
Net change during the period/year (change in fair value and net investment/withdrawal)	62,734	8,046
At end of the period/year	709,929	647,195

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.

22. Significant matters

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 financial assets measured at FVOCI that were held by him or by entities controlled by him on trust and for the benefit of the Group. As of 31 December 2018, assets with a total carrying value of AED 13 million which are still in his name or owing from him, have not been yet transferred or paid to the Group. The Group underwent several legal litigations in regards to the transfer of these assets. The Court declared the case to be in the favour of the Company on its decision for the case dated 27 November 2014. An appeal against the decision was filed by the CEO on 18 November 2015 which was rejected by the Dubai Courts of Cassation on 10 March 2016, and he was ordered to settle the outstanding claims. The Board of Directors is confident in the realization of the carrying value of assets due from him and therefore no adjustments to the carrying value of the assets are required.

Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)

23. Shareholders' and policyholders' assets and liabilities

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
ASSETS		
Takaful operations' assets		
Cash and bank balances	46,293,297	49,454,401
Retakaful contract assets		
Unearned contribution reserve	134,755,506	172,512,604
Claims reported unsettled	70,442,549	89,080,787
Mathematical reserve	938,940	951,541
Claims incurred but not reported	30,667,159	33,791,245
Takaful receivables	78,201,388	76,511,391
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	13,155,800	12,926,788
Other financial assets measured at fair value through profit and loss (FVTPL)	1,114,854	1,097,361
Investment property	11,348,462	11,348,462
Due from Shareholders'	52,201,123	62,198,672
Total takaful operations' assets	439,119,078	509,873,252
Shareholders' assets		
Cash and bank balances	47,846,392	57,741,372
Statutory deposit	10,000,000	10,000,000
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	48,299,971	56,186,947
Other financial assets measured at fair value through profit and loss (FVTPL)	715,479,837	652,684,966
Prepayments and other receivables	12,522,634	8,112,614
Deferred policy acquisition costs	10,104,291	8,403,414
Investment property	49,323,538	49,323,538
Furniture and equipment	343,615	404,920
Assets classified as held for sale	2,867,346	4,835,954
Due from related parties	3,405,880	5,323,358
Total shareholders' assets	900,193,504	853,017,083
Total assets	1,339,312,582	1,362,890,335

Notes to the condensed consolidated interim financial information
for the period from 1 January 2019 to 31 March 2019 (continued)

	31 March 2019 AED (Un-audited)	31 December 2018 AED (Audited)
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		
Takaful operations' liabilities		
Trade and other payables	32,894,050	47,007,308
Takaful payables	88,574,714	91,438,180
Takaful contract liabilities:		
Unearned contribution reserve	175,799,775	204,575,664
Claims reported unsettled	91,475,372	110,128,789
Mathematical reserve	1,276,400	1,422,554
Claims incurred but not reported	53,852,858	55,921,830
Unallocated loss adjustment expenses	3,011,416	2,968,748
Deferred discount	4,204,568	7,844,384
Amounts held under retakaful treaties	5,031,158	4,921,287
	<u>456,120,311</u>	<u>526,228,744</u>
Total takaful operations' liabilities		
Takaful operations' deficit		
Deficit in policyholders' fund	2,430,507	3,305,261
Policyholders' investments revaluation reserve	(19,431,740)	(19,660,753)
	<u>(17,001,233)</u>	<u>(16,355,492)</u>
Total deficit from takaful operations		
	<u>439,119,078</u>	<u>509,873,252</u>
Total takaful operations' liabilities and surplus		
	<u>439,119,078</u>	<u>509,873,252</u>
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Due to bank	19,842,432	19,842,439
Trade and other payables	18,189,413	24,073,988
Takaful payables	426,081	3,845,141
Due to related parties	468,484	468,484
Unit linked liabilities	709,929,252	647,195,413
Murabaha payable	15,411,449	15,411,449
Due to policyholder	52,201,123	62,198,672
Liabilities directly associated with assets classified as held for sale	15,479,781	17,095,888
	<u>831,948,015</u>	<u>790,131,474</u>
Total shareholders' liabilities		
	<u>831,948,015</u>	<u>790,131,474</u>
Shareholders' equity		
Share capital	225,750,000	225,750,000
Legal reserve	2,321,799	2,321,799
General reserve	2,321,799	2,321,799
Investments revaluation reserve - FVTOCI	(55,851,862)	(84,675,477)
Accumulated losses	(104,888,934)	(81,494,998)
	<u>69,652,802</u>	<u>64,223,123</u>
Equity attributable to shareholders of the Parent		
Non-controlling interest	(1,407,313)	(1,337,514)
	<u>68,245,489</u>	<u>62,885,609</u>
Net Equity		
	<u>68,245,489</u>	<u>62,885,609</u>
Total shareholders' liabilities and equity		
	<u>900,193,504</u>	<u>853,017,083</u>
Total takaful operations' liabilities and deficit, shareholders' liabilities and equity		
	<u>1,339,312,582</u>	<u>1,362,890,335</u>