

**Methaq Takaful Insurance  
Company PSC**

REVIEW REPORT AND INTERIM CONDENSED  
FINANCIAL STATEMENTS

31 MARCH 2016 (UNAUDITED)

## **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF METHAQ TAKAFUL INSURANCE COMPANY PSC**

### *Introduction*

We have reviewed the accompanying interim condensed financial statements of Methaq Takaful Insurance Company PSC (the "Company") as at 31 March 2016, comprising of the interim statement of financial position as at 31 March 2016 and the related interim statement of income and interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements 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 condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

### *Emphasis of matter*

We draw attention to Note 2.1 to the interim condensed financial statements, which states that the Company accumulated losses amounted to AED 71,847,980 as of 31 March 2016. These interim condensed financial statements have been prepared under the going concern concept as the Directors and management consider these losses to be temporary and expect the Company to generate profits from future takaful operations. Our conclusion is not qualified in respect of this matter.



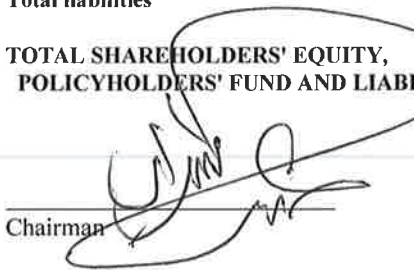
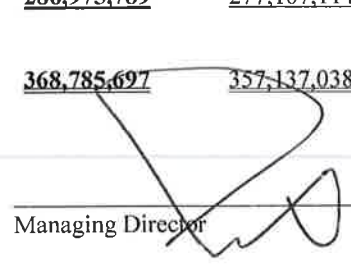
Signed by  
Raed Ahmad  
Partner  
Ernst & Young  
Registration No. 811

7 May 2016  
Abu Dhabi

# Methaq Takaful Insurance Company PSC

## INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2016

		<i>31 March 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
	<i>Notes</i>		
<b>ASSETS</b>			
Cash and bank balances	3	7,962,036	11,823,654
Statutory deposit	4	6,000,000	6,000,000
Investments at fair value through other comprehensive income	5	17,720,000	17,720,000
Investments at fair value through profit or loss	5	2,595,286	2,218,499
Retakaful contract assets		17,113,628	15,794,323
Takaful and other receivables		152,519,308	135,357,218
Deferred acquisition costs		10,245,375	13,346,004
Furniture and equipment		2,494,439	2,741,715
Investment properties	6	<u>152,135,625</u>	<u>152,135,625</u>
<b>TOTAL ASSETS</b>		<b><u>368,785,697</u></b>	<b><u>357,137,038</u></b>
<b>SHAREHOLDERS' EQUITY, POLICYHOLDERS' FUND AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		150,000,000	150,000,000
Legal reserve		1,957,081	1,957,081
General reserve		1,700,807	1,700,807
Accumulated losses		<u>(71,847,980)</u>	<u>(73,627,964)</u>
<b>Total shareholders' equity</b>		<b><u>81,809,908</u></b>	<b><u>80,029,924</u></b>
<b>Policyholders' fund</b>			
Deficit of policyholders' fund	8	(145,060,018)	(140,714,742)
Loan from shareholders	8	<u>145,060,018</u>	<u>140,714,742</u>
<b>Total policyholders' fund</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Liabilities</b>			
Provision for employees' end of service benefits		1,521,338	1,382,518
Takaful contract liabilities		202,464,767	189,069,460
Retakaful and other liabilities		64,946,744	69,348,889
Islamic financing arrangement		6,857,143	6,857,143
Unearned retakaful commission		2,003,187	1,876,554
Retakaful deposits retained		<u>9,182,610</u>	<u>8,572,550</u>
<b>Total liabilities</b>		<b><u>286,975,789</u></b>	<b><u>277,107,114</u></b>
<b>TOTAL SHAREHOLDERS' EQUITY, POLICYHOLDERS' FUND AND LIABILITIES</b>		<b><u>368,785,697</u></b>	<b><u>357,137,038</u></b>
 _____ Chairman		 _____ Managing Director	

The attached notes 1 to 13 form part of these interim condensed financial statements.




# Methaq Takaful Insurance Company PSC

## INTERIM STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2016

	<i>Notes</i>	<i>Three months ended 31 March 2016 (Unaudited) AED</i>	<i>Three months ended 31 March 2015 (Unaudited) AED</i>
<b>Attributable to policyholders</b>			
Gross takaful contributions revenue	9	<b>56,806,275</b>	51,500,611
Retakaful contributions ceded	9	<b><u>(6,876,175)</u></b>	<u>(4,146,833)</u>
<b>Net earned contributions</b>	9	<b>49,930,100</b>	47,353,778
Retakaful commission income		<b><u>1,008,403</u></b>	<u>555,256</u>
<b>Total takaful income</b>		<b><u>50,938,503</u></b>	<u>47,909,034</u>
Gross claims incurred		<b><u>(41,736,158)</u></b>	<u>(36,219,726)</u>
Retakaful share of claims incurred		<b><u>5,914,995</u></b>	<u>4,113,399</u>
<b>Net claims incurred</b>		<b><u>(35,821,163)</u></b>	<u>(32,106,327)</u>
Expenses for acquisition of takaful contracts		<b><u>(7,308,956)</u></b>	<u>(6,344,025)</u>
<b>Total takaful expenses</b>		<b><u>(43,130,119)</u></b>	<u>(38,450,352)</u>
<b>Net takaful income</b>		<b>7,808,384</b>	9,458,682
Wakala fees		<b><u>(12,153,660)</u></b>	<u>(13,614,282)</u>
<b>Deficit of takaful result for the period</b>		<b><u>(4,345,276)</u></b>	<u>(4,155,600)</u>
<b>Attributable to shareholders</b>			
Shareholders' investment income		<b>82,894</b>	123,322
Wakala fees from policyholders		<b>12,153,660</b>	13,614,282
Net rental income from investment property		<b>270,031</b>	220,787
Change in fair value of investments at fair value through profit and loss		<b>376,787</b>	(875,913)
Increase in allowance for loan to policyholders' fund		<b><u>(4,345,276)</u></b>	<u>(7,535,910)</u>
Profit expense on Islamic financing		<b><u>(147,334)</u></b>	<u>(182,143)</u>
General and administrative expenses		<b><u>(6,610,778)</u></b>	<u>(7,111,919)</u>
<b>Profit (loss) for the period</b>		<b><u>1,779,984</u></b>	<u>(1,747,494)</u>
<b>Basic and diluted earnings (loss) per share</b>	10	<b><u>0.01</u></b>	<u>(0.01)</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

# Methaq Takaful Insurance Company PSC

## INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2016

	<i>Three months ended 31 March 2016 (Unaudited) AED</i>	<i>Three months ended 31 March 2015 (Unaudited) AED</i>
<b>Profit (loss) for the period</b>	<b>1,779,984</b>	<b>(1,747,494)</b>
Other comprehensive income for the period	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b><u>1,779,984</u></b>	<b><u>(1,747,494)</u></b>

The attached notes 1 to 13 form part of these interim condensed financial statements.

## Methaq Takaful Insurance Company PSC

### INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2016

	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>General reserve AED</i>	<i>Investment fair value reserve AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
Balance at 1 January 2015	150,000,000	1,957,081	1,700,807	8,080,000	(70,112,748)	91,625,140
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,747,494)</u>	<u>(1,747,494)</u>
Balance at 31 March 2015 (Unaudited)	<u>150,000,000</u>	<u>1,957,081</u>	<u>1,700,807</u>	<u>8,080,000</u>	<u>(71,860,242)</u>	<u>89,877,646</u>
Balance at 1 January 2016	150,000,000	1,957,081	1,700,807	-	(73,627,964)	80,029,924
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,779,984</u>	<u>1,779,984</u>
Balance at 31 March 2016 (Unaudited)	<u>150,000,000</u>	<u>1,957,081</u>	<u>1,700,807</u>	<u>-</u>	<u>(71,847,980)</u>	<u>81,809,908</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

# Methaq Takaful Insurance Company PSC

## INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2016

	<i>Three months ended 31 March 2016 (Unaudited) AED</i>	<i>Three months ended 31 March 2015 (Unaudited) AED</i>
	<i>Notes</i>	
<b>OPERATING ACTIVITIES</b>		
Profit (loss) for the period	1,779,984	(1,747,494)
Deficit of takaful result for the period	<b>(4,345,276)</b>	<b>(4,155,600)</b>
Adjustments for:		
Depreciation of furniture and equipment	258,106	195,264
Change in fair value of investments at fair value through profit or loss	<b>(376,787)</b>	875,913
Fixed deposits, sukuk and dividend income	<b>(82,894)</b>	(123,322)
Allowance for loan to policyholders fund	4,345,276	7,535,910
Profit expense on Islamic financing	147,334	182,143
Employees' end of service benefit	<u>169,912</u>	<u>67,992</u>
	<b>1,895,655</b>	2,830,806
Movements in working capital:		
Takaful and other receivables	<b>(17,162,090)</b>	(18,332,386)
Deferred acquisition cost	3,100,629	(1,449,887)
Retakaful contract assets	<b>(1,319,305)</b>	(2,734,794)
Takaful contract liabilities	13,395,307	15,693,895
Retakaful and other liabilities	<b>(4,402,145)</b>	682,700
Unearned retakaful commission	126,633	185,299
Retakaful deposits retained	<u>610,060</u>	<u>(564,905)</u>
Cash used in operations	<b>(3,755,256)</b>	(3,689,272)
End of service benefits paid	<u>(31,092)</u>	<u>(8,279)</u>
Net cash used in operating activities	<u><b>(3,786,348)</b></u>	<u><b>(3,697,551)</b></u>
<b>INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	<b>(10,830)</b>	(61,194)
Fixed deposits, sukuk and dividend income received	<u>82,894</u>	<u>123,322</u>
Net cash from investing activities	<u>72,064</u>	<u>62,128</u>
<b>FINANCING ACTIVITY</b>		
Profit expense on Islamic financing	<u><b>(147,334)</b></u>	<u>(182,143)</u>
Net cash used in financing activity	<u><b>(147,334)</b></u>	<u>(182,143)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,861,618)</b>	(3,817,566)
Cash and cash equivalents at 1 January	<u>11,489,631</u>	<u>10,209,449</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>7,628,013</b></u>	<u>6,391,883</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

### 1 CORPORATE INFORMATION

Methaq Takaful Insurance Company PSC (the “Company”) is a public shareholding company registered with the Department of Planning and Economy, Abu Dhabi, United Arab Emirates (“UAE”) on 24 March 2008 with a trade license number 1142419. The Company is registered in accordance with the UAE Federal Law No. (8) of 1984 (as amended). The Federal Law No. (2) of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. (8) of 1984. The Company is currently assessing the impact of the new law and expects to be fully compliant on or before the end of grace period on 30 June 2016.

The Company carries out takaful and retakaful activities in accordance with the provisions of the UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations. The Company is domiciled and operates in the UAE and its registered address is P.O. Box 32774, Abu Dhabi, UAE. The Company is listed on the Abu Dhabi Securities Exchange.

The accompanying interim condensed financial statements of Methaq Takaful Insurance Company PSC for the period ended 31 March 2016 have been authorised for issue in accordance with a resolution of the Board of Directors on 7 May 2016.

### 2.1 FUNDAMENTAL ACCOUNTING CONCEPT

the Company accumulated losses amounted to AED 71,847,980 as of 31 March 2016. This factor indicates the existence of a material uncertainty that may cast a significant doubt about the Company’s ability to continue as a going concern. These interim condensed financial statements have been prepared under the going concern concept as the Directors and management consider these losses to be temporary and expect the Company to generate profits from future takaful operations.

### 2.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### *Basis of preparation*

The interim condensed financial statements of the Company have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2015. In addition, results for the period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

The interim condensed financial statements are presented in UAE Dirhams (AED) being the functional and presentation currency of the Company.

These interim condensed financial statements have been prepared on the historical cost convention as modified for re-measurement of investment securities and investment properties at fair value.



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

**2.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES** continued

**Significant accounting policies**

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015, except for the adoption of the following new interpretations and amendments to standards effective as of 1 January 2016:

*Amendments to standards and new standards effective 1 January 2016:*

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangement: Accounting for Acquisitions of interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27: Equity Method in Separate Financial Statements
  
- Annual Improvement 2012 – 2014 cycle.

The amendments to standards and new standards listed above had no significant impact on the Company's financial position or performance or disclosures.

Apart from IFRS 9 Financial Instruments, the Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

**3 CASH AND CASH EQUIVALENTS**

	<i>31 March 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
Cash on hand	45,000	45,000
Current bank accounts	7,583,013	11,444,631
Term deposits	<u>334,023</u>	<u>334,023</u>
Cash and bank balances	7,962,036	11,823,654
Less: term deposits with original maturity of more than three months	<u>(334,023)</u>	<u>(334,023)</u>
Cash and cash equivalents	<u>7,628,013</u>	<u>11,489,631</u>

Term deposits represent deposits held with financial institutions in the UAE, are denominated in UAE dirhams and carry profit at the prevailing market rates of 1.75% per annum (2015: 1.75%).

**4 STATUTORY DEPOSIT**

In accordance with the requirements of the Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations, the Company maintains a bank deposit of AED 6,000,000 which cannot be utilised without the consent of the UAE Insurance Authority. The statutory deposit is held with a commercial bank in the UAE and bears interest at commercial rates.

# Methaq Takaful Insurance Company PSC

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

### 5 INVESTMENTS

	<i>31 March 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
<b>Investments at fair value through other comprehensive income</b>		
Unquoted UAE equity securities	<u>17,720,000</u>	<u>17,720,000</u>
<b>Investments at fair value through profit or loss</b>		
Quoted UAE equity securities	<u>2,595,286</u>	<u>2,218,499</u>

*Unquoted UAE equity securities represent the following:*

The Company has a participation in the private placement of Emirates Aqua Technologies Caviar Factory LLC (caviar farm) for 15,500,000 shares for a fair value of AED 17,720,000 (AED 1.14 per share) (2015: 15,500,000 shares for a fair value of AED 17,720,000 (AED 1.14 per share)).

	<i>31 March 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
<b>Investments at fair value through other comprehensive income</b>		
At the beginning of the period / year	17,720,000	25,800,000
Decrease in fair value	<u>-</u>	<u>(8,080,000)</u>
<b>At the end of the period / year</b>	<u>17,720,000</u>	<u>17,720,000</u>
<b>Investments at fair value through profit or loss</b>		
At the beginning of the period / year	2,218,499	7,236,641
Purchases during the period / year	-	985,511
Sales during the period / year	-	(3,982,859)
Increase (decrease) in fair value	<u>376,787</u>	<u>(2,020,794)</u>
<b>At the end of the period / year</b>	<u>2,595,286</u>	<u>2,218,499</u>

### 6 INVESTMENT PROPERTIES

Investment properties is comprised of:

- A building, located in Abu Dhabi, purchased in 2010 and held for long term rental yields. As at year end, the investment property was registered and held in trust in the name of another party, for and on behalf of the Company and was not yet transferred to the Company. Management is still in the process of formalising the necessary registration procedures to transfer the title to the Company's name.
- A plot of land in Abu Dhabi that is held in the name of a related party, for and on behalf of the Company.

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The fair value of the investment properties at 31 December 2015 are determined by independent valuers using the income and comparable methods. Management believes that fair value has not changed significantly during the period.

# Methaq Takaful Insurance Company PSC

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

### 6 INVESTMENT PROPERTIES continued

The rental income for the period amounted to AED 317,079 (31 March 2015: AED 262,111) and building expenses amounted to AED 47,048 (31 March 2015: AED 41,324).

	<i>31 March 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
At the beginning of the period / year	<b>152,135,625</b>	144,150,000
Increase in fair value	<u>-</u>	<u>7,985,625</u>
At the end of the period / year	<b><u>152,135,625</u></b>	<b><u>152,135,625</u></b>

### 7 RELATED PARTIES

Related parties comprise shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. The Company maintains significant balances with these related parties as follows:

	<i>31 March 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
Takaful receivables due from related parties	<u><b>2,235,168</b></u>	<u>1,984,248</u>
Other receivables due from related parties	<u><b>2,776,089</b></u>	<u>2,776,089</u>
Less: allowance for doubtful balances due from related parties	<u><b>(1,551,122)</b></u>	<u>(1,551,122)</u>
	<u><b>1,224,967</b></u>	<u>1,224,967</u>

The Company entered into the following significant transactions with related parties in the ordinary course of business at terms and conditions agreed upon between the parties.

	<i>Three months ended 31 March 2016 (Unaudited) AED</i>	<i>Three months ended 31 March 2015 (Unaudited) AED</i>
<b>Related party transactions</b>		
Gross takaful contributions	<u><b>1,301,475</b></u>	<u>1,362,258</u>
Claims paid	<u><b>366,359</b></u>	<u>1,640,757</u>
Directors fees	<u><b>45,000</b></u>	<u>82,000</u>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

## 7 RELATED PARTIES continued

The remuneration of key management personnel during the period was as follows:

	<i>Three months ended 31 March 2016 (Unaudited) AED</i>	<i>Three months ended 31 March 2015 (Unaudited) AED</i>
Short-term benefits	<u>1,198,000</u>	<u>1,161,000</u>
Long-term benefits	<u>40,000</u>	<u>19,884</u>

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

## 8 POLICYHOLDERS' FUND

	<i>31 March 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
<b>Policyholders' fund</b>		
Opening balance	(140,714,742)	(124,851,120)
Deficit for the period / year	<u>(4,345,276)</u>	<u>(15,863,622)</u>
Closing balance	<u>(145,060,018)</u>	<u>(140,714,742)</u>
<b>Loan from shareholders to policyholders</b>		
At 1 January	140,714,742	124,851,120
Net movement during the period / year	<u>4,345,276</u>	<u>15,863,622</u>
Loan from shareholders	145,060,018	140,714,742
Less: allowance for loan to policyholders	<u>(145,060,018)</u>	<u>(140,714,742)</u>
Loan to policyholders, net	<u>—</u>	<u>—</u>

The deficit in the policyholders' fund is financed by the shareholders through a Qard Hasan loan.

The Shareholders have funded the deficit in the policyholders' fund in accordance with the Company's policy through a Qard Hassan (free of finance charge) of AED 145,060,018 as of 31 March 2016 (year ended 31 December 2015: AED 140,714,742) with no repayment terms. During the period, Qard Hassan with a nominal value of AED 4,345,276 (31 March 2015: AED 7,535,910) was impaired and the allowance of the same amount was charged to the statement of income attributable to shareholders.

Although recoverability of the remaining loan balance is uncertain, management expects to recover it from future profits from takaful operations.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

**9 NET EARNED CONTRIBUTIONS**

	<i>Three months ended 31 March 2016 (Unaudited) AED</i>	<i>Three months ended 31 March 2015 (Unaudited) AED</i>
<b>Gross takaful contributions revenue</b>		
Gross contributions written	66,236,421	72,943,128
Change in unearned contributions provision	<u>(9,430,146)</u>	<u>(21,442,517)</u>
	<u>56,806,275</u>	<u>51,500,611</u>
<b>Retakaful contributions ceded</b>		
Retakaful contributions	(8,167,453)	(5,163,638)
Change in contributions ceded provision	<u>1,291,278</u>	<u>1,016,805</u>
	<u>(6,876,175)</u>	<u>(4,146,833)</u>
<b>Net contributions earned</b>	<u>49,930,100</u>	<u>47,353,778</u>

**10 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the period by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended 31 March 2016 (Unaudited)</i>	<i>Three months ended 31 March 2015 (Unaudited)</i>
Profit (loss) for the period (AED)	<u>1,779,984</u>	<u>(1,747,494)</u>
Ordinary shares in issue throughout the period	<u>150,000,000</u>	<u>150,000,000</u>
Basic and diluted earnings (loss) per share (AED)	<u>0.01</u>	<u>(0.01)</u>

The Company has not issued any instruments which would have a dilutive impact on earnings (loss) per share when converted or exercised.

**11 SEASONALITY OF RESULTS**

No income of a seasonal nature was recorded in the interim statement of income for the three-month periods ended 31 March 2016 and 2015.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

**12 CONTINGENT LIABILITIES**

	<i>31 March 2016 (Unaudited) AED</i>	<i>31 December 2015 (Audited) AED</i>
Bank guarantees	<u>6,300,000</u>	<u>6,300,000</u>

Bank guarantees were issued in the normal course of business.

**13 SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

The Company is organised into two business segments, shareholders and policyholders. Shareholders' segment comprises investment and cash management for the Company's own account in addition to management of the policyholders' fund. The policyholders' segment comprises the takaful business undertaken by the Company. These segments are the basis on which the Company reports its primary segment information.

The Company's underwriting business is based entirely within the United Arab Emirates. Retakaful treaties are arranged with companies based primarily in the GCC or in Europe and USA. The investments of the Company are held in the United Arab Emirates.

The policyholders' segment is further organised into three main product lines consistent with the reports used by the Board. These include:

- Motor: Covers damage to motor cars and related property and injuries or deaths of persons
- Medical: Covers groups of individuals for medical treatment
- Others: Covers insurance of engineering, property, marine and personal, general and third party accidents

Details of the three takaful product lines of the policyholders' segment are shown in Note 13.2.

# Methaq Takaful Insurance Company PSC

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

### 13 SEGMENT INFORMATION continued

#### 13.1 Business segments

	31 March 2016 (Unaudited)		31 March 2015 (Unaudited)		Total AED
	Policy holders AED	Shareholders AED	Policy holders AED	Shareholders AED	
Net underwriting income	7,808,384	-	9,458,682	-	9,458,682
Wakala fees	(12,153,660)	12,153,660	(13,614,282)	13,614,282	-
	(4,345,276)	12,153,660	(4,155,600)	13,614,282	9,458,682
Investment income	-	82,894	-	123,322	123,322
Net rental income from investment property	-	270,031	-	220,787	220,787
Increase (decrease) in fair value of investments at FVTPL	-	376,787	-	(875,913)	(875,913)
Increase in allowance for loan to policyholder's fund	-	(4,345,276)	-	(7,535,910)	(7,535,910)
Profit expense on Islamic financing	-	(147,334)	-	(182,143)	(182,143)
General and administrative expenses	-	(6,610,778)	-	(7,111,919)	(7,111,919)
Net loss for the period	(4,345,276)	1,779,984	(4,155,600)	(1,747,494)	(5,903,094)

	31 March 2016 (Unaudited)		31 December 2015 (Audited)		Total AED
	Policy holders AED	Shareholders AED	Policy holders AED	Shareholders AED	
Total assets	171,797,694	196,988,003	162,854,752	194,282,286	357,137,038

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the three month period ended 31 March 2016 (31 March 2015: AED mil). The accounting policies of the reportable segments are the same as the Company's accounting policies as described in the annual financial statements for the year ended 31 December 2015.

## Methaq Takaful Insurance Company PSC

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

#### 13 SEGMENT INFORMATION continued

##### 13.2 Product lines

	Three month period ended 31 March 2016 (Unaudited)				Three month period ended 31 March 2015 (Unaudited)			
	Motor AED	Medical AED	Others AED	Total AED	Motor AED	Medical AED	Others AED	Total AED
Gross takaful contributions revenue	50,941,310	5,196,043	668,922	56,806,275	42,885,283	7,397,382	1,217,946	51,500,611
Retakaful contributions ceded	(6,002,073)	(421,166)	(452,936)	(6,876,175)	(1,909,952)	(1,309,532)	(927,349)	(4,146,833)
Net earned contributions	44,939,237	4,774,877	215,986	49,930,100	40,975,331	6,087,850	290,597	47,353,778
Retakaful commission income	921,798	-	86,605	1,008,403	407,176	-	148,080	555,256
<b>Total takaful income</b>	<b>45,861,035</b>	<b>4,774,877</b>	<b>302,591</b>	<b>50,938,503</b>	<b>41,382,507</b>	<b>6,087,850</b>	<b>438,677</b>	<b>47,909,034</b>
Gross claims incurred	(34,458,719)	(7,163,320)	(114,119)	(41,736,158)	(29,292,323)	(6,916,504)	(10,899)	(36,219,726)
Retakaful share of claims incurred	4,285,491	1,554,639	74,865	5,914,995	3,942,417	32,291	138,691	4,113,399
Net claims incurred	(30,173,228)	(5,608,681)	(39,254)	(35,821,163)	(25,349,906)	(6,884,213)	127,792	(32,106,327)
Expenses for acquisition of takaful contracts	(7,164,282)	(70,073)	(74,601)	(7,308,956)	(6,221,083)	(23,975)	(98,967)	(6,344,025)
<b>Total takaful expenses</b>	<b>(37,337,510)</b>	<b>(5,678,754)</b>	<b>(113,855)</b>	<b>(43,130,119)</b>	<b>(31,570,989)</b>	<b>(6,908,188)</b>	<b>28,825</b>	<b>(38,450,352)</b>
<b>Net takaful income for the period</b>	<b>8,523,525</b>	<b>(903,877)</b>	<b>188,736</b>	<b>7,808,384</b>	<b>9,811,518</b>	<b>(820,338)</b>	<b>467,502</b>	<b>9,458,682</b>



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2016 (Unaudited)

13 SEGMENT INFORMATION continued

13.3 Primary segment information

For operating purposes, the Company is organised into two main business segments:

- Underwriting of takaful business incorporating all classes of takaful including fire, marine, motor, general accident, engineering, energy and family takaful. This business is conducted fully within the UAE.
- Investments incorporating investments in UAE marketable equity securities, short-term investments with banks and other securities.

**Gross Takaful contributions revenue from underwriting departments**

The following is an analysis of the Company's gross contributions written by major underwriting departments.

	<i>Three months ended 31 March 2016 (Unaudited) AED</i>	<i>Three months ended 31 March 2015 (Unaudited) AED</i>
Motor	40,565,146	48,673,930
Medical	24,752,565	23,267,905
Miscellaneous accidents	77,652	66,515
Fire	414,710	561,931
Engineering	172,627	145,396
Marine and aviation	29,061	-
Liability	<u>224,660</u>	<u>227,451</u>
	<b><u>66,236,421</u></b>	<b><u>72,943,128</u></b>