STAYING THE COURSE STEADFASTLY

AMĀNA TAKAFUL (MALDIVES) PLC
ANNUAL REPORT 2016

AMĀNA TAKAFUL (MALDIVES) PLC
3rd Floor, H. Mialani,
Sosun Magu, Malé,
Republic of Maldives.
Tel: +960 331 5262
Fax: +960 334 0729
E-mail: info@takaful.mv
Web: www.takaful.mv
THE TAKAFUL CONCEPT IS ABOUT PURITY, FAIRNESS AND MUTUAL TRUST. IT IS A COMMITMENT, TO PROVIDE FINANCIAL SECURITY THROUGH SOLIDARITY.
“OUR OPERATING ENVIRONMENT REMAINED CHALLENGING. YET WE HELD TRUE TO THE CAUSE, LEVERAGING THE COMPANY’S KEY STRENGTHS.

Strengths such as our financial stability, the dedication and commitment of our employees and the warm and genuine character we bring to the formation of strong relationships with our customers and the Maldivian people as a whole.”
VISION

“TO BE A WORLD-CLASS TAKAFUL SERVICE PROVIDER.”

We will benchmark our delivery of value, to that of world-class service providers in terms of products and services, whilst upholding the principles of Takaful. Our delivery will reach all our stakeholders, including customers, shareholders, suppliers, regulators, our staff and the community at large.

MISSION

“Providing total Takaful solutions within the guidelines of Shari’ah and serving all in an admirable manner.”

VALUES

“As a company and as individuals, we believe in doing what’s right – for what’s right is good. To uphold integrity, sincerity, honesty and mutual respect, whilst committing ourselves to all our stakeholders to consistently deliver exceptional value and to take on challenges that we relentlessly strive to see through.”
## FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th></th>
<th>2016 (MVR)</th>
<th>2015 (MVR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>108,681,139</td>
<td>91,102,933</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>3,299,106</td>
<td>4,992,806</td>
</tr>
<tr>
<td>Return on equity (%)</td>
<td>3.22</td>
<td>10.75</td>
</tr>
</tbody>
</table>

### General Takaful Fund

<table>
<thead>
<tr>
<th></th>
<th>2016 (MVR)</th>
<th>2015 (MVR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross written premium</td>
<td>101,908,240</td>
<td>85,845,318</td>
</tr>
<tr>
<td>Underwriting results</td>
<td>22,744,504</td>
<td>22,748,091</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>703,697</td>
<td>2,267,057</td>
</tr>
</tbody>
</table>

### Shareholders Fund

<table>
<thead>
<tr>
<th></th>
<th>2016 (MVR)</th>
<th>2015 (MVR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wakala fee (management fee)</td>
<td>21,943,544</td>
<td>20,173,004</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>2,595,408</td>
<td>2,725,748</td>
</tr>
<tr>
<td>Total assets</td>
<td>99,743,194</td>
<td>105,999,809</td>
</tr>
<tr>
<td>Issued share capital</td>
<td>26,314,583</td>
<td>26,314,583</td>
</tr>
<tr>
<td>Total revenue reserves</td>
<td>21,551,688</td>
<td>23,963,256</td>
</tr>
<tr>
<td>Net assets value per share</td>
<td>2.36</td>
<td>2.39</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>0.08</td>
<td>0.26</td>
</tr>
</tbody>
</table>
FINANCIAL HIGHLIGHTS

INVESTMENT INCOME
MVR

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2,444,081</td>
<td>3,314,484</td>
</tr>
</tbody>
</table>

GROWTH: 36%

GROSS WRITTEN PREMIUM
MVR

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>85,845,318</td>
<td>101,908,240</td>
</tr>
</tbody>
</table>

GROWTH: 19%

DIVIDEND PAID
MVR

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2,631,458</td>
<td>3,947,187</td>
</tr>
</tbody>
</table>

GROWTH: 50%
CHAIRMAN’S REVIEW
AMĀNA TAKAFUL MALDIVES HAS CONSISTENTLY RECORDED SIGNIFICANT GROWTH IN GROSS WRITTEN PREMIUM (GWP) YEAR ON YEAR, AND EQUALLY WITH ITS RESERVES, TRUE TO ITS PERSEVERANCE, THAT TOO IN A CHALLENGING ENVIRONMENT IN RECENT YEARS
In the name of the Allah, the Most Beneficent and the Most Merciful.

I am pleased to present the Annual Report and the Audited Financial Statements of Amãna Takaful (Maldives) PLC. In doing so, I welcome you all, on behalf of the Board, to the Sixth Annual General Meeting of your Company.

BUSINESS RESULTS

With a landmark achievement of surpassing the MVR 100 Mn threshold, Amãna Takaful records a total revenue of MVR 109 Mn, a growth of 20% over the previous year. Consolidated profit for the same period is MVR 3.3 Mn.

ATM has consistently recorded significant growth in Gross Written Premium (GWP) year on year, and equally with its reserves, true to its perseverance, that too in a challenging environment in recent years.

This GWP growth came through with commendable performance in all leading classes. Despite the continued negative impact on being deprived of underwriting Expatriate Medical covers, the Company steered the course, relentlessly strengthening its distributional channels, introduction of niche products and customised solutions.

In 2016, ATM met the highest number of claims ever. During the year under review, the General Takaful Fund extended its timely support to the participants who faced unexpected calamities. Such catastrophes were indemnified under the Fire and Engineering classes. Medical claims too took a high toll during the year. True to our promise, we honoured the distinguishing feature of Surplus Award to our clients, for the fifth year in succession. The Fund paid out a surplus of 13%. Additionally, the Board considered *ex gratia* payments to clients too.

Based on the business results, the Company has declared two interim dividends in August and December 2016. In total a 10% dividend on the face value of shares have been distributed to the shareholders. The Board is determined to continue this momentum of sharing gains with its shareholders on a sustainable basis.
CHAIRMAN’S REVIEW

ACKNOWLEDGEMENTS
I wish to place on record my appreciation to the Regulatory Authorities for their advice and look forward to work together in the years to come.

In fostering the noble concept of Takaful, I would like to express my thanks to my colleagues on the Board for their active participation in the affairs of our Company and their continued support.

The high demands on Service Quality and Customised Solutions from our loyal customers have been the driving force for innovations and technological improvements. I thank them all.

The Board joins me in salutation to all staff of Amãna Takaful (Maldives) PLC for their perseverance and high level of commitment for making 2016, a year with commendable performance.

Together, we reaffirm our commitment to all stakeholders, to deliver admirably in the up-coming years.

Tyeab Akbarally
Chairman
20th March 2017

INVESTMENT INCOME
The performance on investment assets, in total however, were impaired, particularly due to equity market fluctuations achieving a lower than expected net return of circa MVR 1.8 Mn. On a positive note, Long-term instruments have over-performed, yielding over 150% compared to the previous financial year. ATM continues to explore creative solutions within the Shari’ah complaint remit to boost its income returns in the coming years. We have also embarked on strategic steps in optimise investments which would create greater synergy and long-term benefit to the Company as well as for the Islamic Finance Industry in the Maldives.

INSURANCE INDUSTRY
The overall industry growth is at 21% in 2016. While we welcome the two new entrants into the fray, we anticipate a level playing field by the Regulator and fair competition and support of the players for the benefit of the insuring public. Low rates across all classes of products is a cause for concern. Amãna Takaful will continue to do its part to be a beacon of good corporate conduct and healthy business practices to widen insurance services. As the nation gears up for new infrastructural development and prospects of sustainable economic growth and social well-being, the industry's insurance penetration must add real value to the GDP.

FUTURE
In 2017, business potential has shown early signs of widening with mandatory covers imposed by the Authorities. We remain cautiously optimistic that exclusivity privileges given to one company over certain mandatory insurance covers, will now be open to all industry players in a spirit of openness and transparency. We see good opportunities in all aspects of business growth and are ready to take advantage of the opportunities it presents.

I also wish to remind and reassure our stakeholders and the insuring public that Amãna Takaful, being the only listed Insurance Company on the Maldives Stock Exchange, with the pioneering status of flag bearer to the Takaful Concept, will steadfastly aspire and ensure to hold aloft the highest levels of Corporate Governance, Ethics and Conduct.
IN LINE WITH THE THREE-YEAR STRATEGIC PLAN, THE SECOND OF WHICH IS NOW COMPLETE, GOALS SET FOR 2016 WERE REVISITED WITH CAUTIOUS APPROACH, UNDERSTANDING THE COMPELLING BUSINESS ENVIRONMENT
I am pleased to present our business performance and highlights in the Annual Review of Amãna Takaful (Maldives) PLC for the year 2016.

In line with the Three-year Strategic Plan, the second of which is now complete, goals set for 2016 were revisited with cautious approach, understanding the compelling business environment. Our core objective was to explore new business avenues to sustain our profit momentum and stay the course, despite the unfortunate deprivation of one prime product due to directives from the Authorities in the previous year. Action plans had to be reviewed periodically, to stay ahead of emerging insurance requirements. Our unrelenting focus in adding shareholder value, meeting stakeholder expectations is built on the bedrock of a business model of a well-balanced portfolio that leads to sustainable business growth and a robust fund position. Upfront, I wish to pay tribute to our loyal customers, whose demands, challenges our very core, in exceeding their expectations in performance and growth.

Modest growth in many aspects of the business is reported, the salient points of which, are enumerated as follows:

1. 19% growth in Gross Written Premium from all leading classes
2. MVR 33.2 Mn in claims settlement, the highest on record
3. Positive underwriting results consistently for the last six years
4. 13% Surplus Award for all non-claimant participants
5. 5% growth of the General Takaful Fund notwithstanding the high volume of claims
6. 10% Dividend distribution in two intervals
7. Strengthened and expanded new distribution channels to reach the untapped segments
8. MVR 5.0 Mn recorded returns in investment assets and other income segments
9. New strategic partnerships as part of service enhancement initiatives
10. Sustained our Market Share
INSURANCE INDUSTRY
Growth in the general insurance industry surged to 21% with Gross Written Premium (GWP) income reaching MVR 674 Mn in comparison to a 12% upside in 2015.

The dominant Fire Class grew by 13% to MVR 240 Mn taking 36% share of market, followed by the Medical Line with a 24% share, growing at 25% to MVR 159 Mn, the latter being propelled by fresh mandatory covers, that favoured exclusivity rights to a single company. Hull and Miscellaneous Classes registered a growth of 20% and 28% respectively.

Claims in the Hull Class soared to 69%, compared to the previous year. New mandatory compulsions in this segment are expected to rapidly drive the growth potential in GWP.

Overall, reinsurance cost of the Industry has heightened by 24%, corresponding with the growth of the GWP.

New development opportunities augur well for business growth in 2017.

BUSINESS DEVELOPMENT
The Company launched new products and revamped certain existing covers to suit the emerging needs and expectations of our customers, to stay ahead of the game. As part of our culture of continuous improvement and service extension initiatives, we embarked on strategic alliances with institutions and corporates to provide unmatched services and benefits thereby expanding the customer base. In 2016, technological initiatives to transform customer interface and transactional capability became a game changer in the way we do business.

We take pride in dedicating the prestigious Gold Accolade for the ‘Takaful Institution of the Year’ awarded to us at the Islamic Finance Forum of South Asia (IFFSA), to all our customers.

TALENT
An all pervading High Performance Culture ignites our people development and growth agenda. Nurturing and infusing new skill-sets, secondments, and developing the talent pipeline, drives the very ethos of our service offerings.

FUTURE
With more players, the development of the industry is already challenged by absurd pricing and trepidation by the reinsurance fraternity. Regulatory interventions and transfer of best demonstrated practices from other geographies need to be advocated and monitored within an agreed framework to safeguard this nascent industry, and the insuring public. A roadmap for such ethical conduct is strongly advocated. That said, on our part, we will bring a strong voice, staying true to the lofty ideals and ethics the Takaful way.

IN CONCLUSION
Together with my colleagues, I wish to acknowledge the advice, support and guidance of the Board of Directors. The inspiration of the Board, in discharging my duties, spurs us to achieve greater heights.

My sincere thanks to the Regulators for their advice and guidance. I also wish to express my gratitude to our business intermediaries such as Brokers, Agents, strategic partners, Re-Takaful operators and financial institutions for their close engagement and immense support in working together. The guidance and support of the Shar'i'ah Advisory Council is well recognised.

I pay tribute to all staff members of ATM for their unrelenting commitment and steadfastness to advance the cause of the ‘Takaful Spirit’.

Hareez Sulaiman
Managing Director/CEO
20th March 2017
BOARD OF DIRECTORS

Tyeab Akbarally  
Chairman

Tyeab Akbarally is the Chairman of the Company. He has been appointed to the Board since its inception. He is also a Director of Akbar Brothers Ltd., the largest tea exporter in Sri Lanka. Akbarally’s business interest extends to many sectors of the economy including Pharmaceutical Trade, Hydro, Wind and Solar Power and Commodity Trading. He is also on the Board of several companies in the Akbar Brothers Group and is the Deputy Chairman of Amâna Bank PLC.

Osman Kassim  
Director

Osman Kassim, the visionary and one of the main promoters of Amâna Group of Companies is the Chairman of Amâna Bank PLC. Kassim is renowned for his expertise in Islamic Banking & Financial Services and has participated in numerous international fora. He counts over 35 years of senior management experience. Kassim plays a dynamic role in determining and envisaging the strategic path of Amâna Bank and the Group as a whole. He has also served as the Chairman of Expolanka Holdings PLC, one of the largest conglomerates in the country.

Osman Kassim has an Honorary Doctorate from the Staffordshire University, UK.

Dato’ Mohd Fadzli Yusof  
Director

Dato’ Mohd Fadzli Yusof has been on the Board since its inception. He was the founder Chief Executive Officer of Syarikat Takaful Malaysia Berhad, the first Takaful Operator in Malaysia as well as in Asia, since its incorporation in 1984 until his retirement in 2005. He obtained the professional Diploma in Communication, Advertising and Marketing (CAM) from the CAM Foundation in the United Kingdom in 1976. He started his career in broadcasting, including six years with the BBC External Service in London. Currently he is an independent member of the Board of Amâna Takaful PLC, Sri Lanka and Hei Tech Padu Berhad, Malaysia. He is also a member of the Board of Motor Research Consortium Data Sdn. Bhd, a Subsidiary of Hei Tech Padu Berhad.

He has also been appointed as a member of the Board of State Economic Development Corporation of Kelantan, Malaysia. On the academic front he serves as the Fellow, University Islam Malaysia. He is also a member of the Board of Trustees Sultan Mizan Royal Foundation, an NGO institution.
Mohamed Haniffa Mohamed Rafiq  
*Director*  
M.H.M. Rafiq has been on the Board since its inception. He has been involved in the insurance industry for over four decades. His interests are extremely diverse and include Education, Healthcare and Real Estate, just to name a few. Rafiq, with his wealth of experience in the sphere of insurance, plays an active role in Amâna Takaful PLC, Sri Lanka.

Muhammad Ehsan Zaheed  
*Director*  
Ehsan Zaheed has been serving the Board of Amâna Takaful (Maldives) PLC since the inception. He also served as Chief Executive Officer of Amâna Takaful PLC, Sri Lanka for almost a decade and now serves as a Non-Executive Director. He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a member of the Institute of Public Accountants of Australia. Zaheed completed his articles at Ernst & Young. Having worked with several leading private sector financial bodies, Zaheed has had immense exposure in Sri Lanka and overseas.

Hareez Sulaiman  
*Managing Director/CEO*  
Hareez Sulaiman joined Amâna Takaful Ltd., Sri Lanka as the Internal Auditor in the year 2002. His extensive audit experience in international firms, backed by sound knowledge in finance, enabled him to make a remarkable career progression in the field of Takaful within a very short period of time.

Sulaiman has pursued his higher studies in the field of finance both academically and professionally. He holds an Honours Degree in Accountancy from the International Islamic University of Malaysia and is also an Associate Member of the Chartered Institute of Management Accountants in UK. He has further enhanced his knowledge in Islamic finance by completing the study programmes in Islamic Finance offered by CIMA (UK). With 15 years of Takaful experience to his credit, Hareez Sulaiman now leads Amâna Takaful (Maldives) as its Chief Executive Officer cum Managing Director.
Dr. Abdullah Shiham Hassan

Director

Dr. Abdullah Shiham Hassan has been serving the Board of ATM since 20th March 2012. Dr. Shiham is a founder member of the Fiqh Academy of Maldives at the Ministry of Islamic Affairs. He had also been serving the Maldives National University (MNU) as a Senior Lecturer and Head of Law Department of the Faculty of Shari’ah.

Additionally, he had been instrumental in establishing the Maldives Islamic Bank (MIB) while serving as Advisor for Islamic Finance of Maldives Monetary Authority (MMA) from 2008 to 2010. In 2009, he established the Institute of Islamic Finance Maldives (IIFM) and he is currently the Dean and a Lecturer of the Institute.

Dr. Shiham holds a PhD (Laws) specialising in Regulatory Framework for Islamic Banking and a Master of Comparative Laws (MCL) specialising in Islamic insurance (Takaful) from the International Islamic University, Malaysia (IIUM). His undergraduate studies leading to Bachelor of Law (Hons.) were undertaken in University of Tasmania, Australia and Ahamdu Bello University (ABU), Nigeria.

His diplomatic services were offered to the Ministry of Foreign Affairs of Maldives since 1978 in various capacities locally and internationally. Civil services for the Maldivian Government were delivered at the Ministry of Transport and Ministry of Trade and Industry in the capacity of Secretary and Assistant Under-Secretary.
GENERAL MANAGEMENT COMMITTEE

Asif Mohamed
Head of Human Resources

Asif Mohamed joined Amãna Takaful Maldives in 2006 and he has served more than a decade in the Industry. He has an extensive knowledge and experience acquired over the years of service in cross-functional areas of business and management. He holds a Postgraduate Diploma in Islamic Banking and Insurance from the Institute of Islamic Banking and Insurance (IIBI), UK and he is an Associate Fellow of IIBI.

Mohamed Siraj Nizam
Head of Finance

Siraj Nizam, joined Amãna Takaful Group in 2002 and was seconded to Maldives during 2013. He has over 14 years of experience in Accounting, Finance as well as Treasury and has progressed through various positions during this period. He holds a CIMA Advance Diploma in MA, UK and also holds an Award in Financial Planning with CII UK.

Mohamed Imran Ramzan
Head of Sales and Marketing

Mohamed Imran Ramzan joined Amãna Takaful Group in 2006 and has been serving Amãna Takaful (Maldives) PLC for over a decade with utmost dedication. He has a span of over seven years of experience in Client Relationship Management and Hospitality, prior to joining Takaful Industry, which awarded him the highest sales performance in multiple years.

He holds a Master’s degree in Business Administration (MBA) from University of Sunderland, UK and he also has an Extended Diploma in Strategic Management and Leadership from BTEC Edexcel, UK.

Shakir Mohamed
Head of Operations

Shakir Mohamed has been serving Amãna Takaful Group for over a decade and was seconded to Maldives in 2007 from Amãna Takaful PLC, Sri Lanka. He has served the Company in various positions during his career, which included being Head of Finance whilst presently serving as Head of Operations since 2013.

He holds a Postgraduate Diploma in Islamic Banking and Insurance from IIBI (UK), Diploma in Malaysian Insurance Institute (DMI) and is also a Life Member of the Association of Accounting Technicians of Sri Lanka.
HEADS OF OPERATIONS TEAM

Vajira Kasun
Manager – Underwriting

Hisham Nimal
Assistant Manager – Medical Takaful Operations

Rifaz Ahamed
Manager – General Claims

Ahmed Ajwadh
Senior Accountant
In a challenging macroeconomic environment, Amāna Takaful’s ability to consistently record significant growth in production, reserves and provide substantial returns to stakeholders stands as strong testimony to the stability of the Company.
PRODUCT PORTFOLIO

AMĀNA TAKAFUL TOTAL DRIVE

A motor cover that cares not only for your vehicle but also your loved ones. Supported by the online Portal – www.takaful.mv and the ATM Mobile Application, it provides you with fingertip access to processes, such as obtaining third party covers, verification of policies, notifying an accident and effecting policy endorsements. Whilst giving you the benefits of the world’s most rewarding concept, Takaful Total Drive makes sure that a part of your premiums are spent on initiatives making you a partner in the country’s efforts in building a better Maldives.

AMĀNA TAKAFUL TRAVEL PAL

Across the seven seas and beyond nation states, this comprehensive solution for risks associated with international travel is specially designed for the globetrotter in you. Takaful Travel Pal supports during unforeseen inconveniences of travel including loss of luggage, travel document and disrupted travel schedules. It further includes comprehensive covers for medical expenses, personal accident, hijacking & personal liability benefit and many more. Takaful Travel Pal will help you travel with absolute peace of mind with 24/7 medical assistance. Covers can be obtained through our online Portal – www.takaful.mv and the ATM Mobile Application.

AMĀNA TAKAFUL MY HOME

A home is more than a mere building. It is the showpiece of a lifetime decorated with memories of love, care and family. Takaful my Home provides comprehensive cover for an array of potential risks, making sure that heart and home abide peacefully in each other. Takaful my Home makes sure that your home is always in good hands.

AMĀNA TAKAFUL EASY MARINE

Maritime enterprise is fraught with all sorts of risks. From the point of origin to its final destination. Takaful Easy Marine commits to safeguard your imports and exports, enabling you to be at ease, whilst your goods are on the move. Takaful Easy Marine is offered to you with speed and efficiency, ensuring a smooth sail for your business at any stage.

AMĀNA TAKAFUL DHAHANAA

At a time where the cost of living is ever increasing and the less privileged in society distance themselves away from luxuries and are trying to meet their day’s end, we at Amāna Takaful developed Takaful Dhahanaa to lend a helping hand. Takaful Dhahanaa is our Micro Product which offers the participant an annually reviewable death and living benefit cover for a group of individuals. This was introduced to spread the concept of mutual assistance and financial stability to the masses, as financial planning and insurance are generally not available to this segment of the society.
AMĀNA TAKAFUL SAILOR

Marine Hull Takaful covers loss or damage to hull and machinery. Takaful Sailor is offered to you with two options Comprehensive and Total Loss cover, for all types of hull with additional feature of passenger liability cover to travel peacefully. Takaful Sailor also provides specialised Protection and Indemnity cover for foreign going vessels for ship owners and charterers.

AMĀNA TAKAFUL BUSINESS COVER

A good insurance coverage is an important part of business security. It secures your investments against specific forms of destruction or loss. Takaful Business Cover, paves the way for you and your enterprise to operate smoothly, despite unexpected calamities. It offers tailor-made solutions for a range of segments including hardware, groceries, supermarkets, pharmacies and many more.

AMĀNA TAKAFUL DHAHANAA SAFE DRIVE

Dhahanaa Safe Drive is the innovative 24 hour cover for Motor Takaful policyholders. More often than not, ‘Accidents’ are associated with traffic movements. Experience however, tells us that injuries and possibly death can happen in surroundings regarded as more ‘safe areas’ – like homes, offices etc. While a standard comprehensive Motor Takaful will have the option of extending cover to owner, as either a driver or passenger of the vehicle, the scope of cover will be limited to an accident whilst in the vehicle. Dhahanaa Safe Drive however, is a complete protection, whether one is at home, on the road, in office or even a public place like a restaurant.

AMĀNA TAKAFUL HALE & HEARTY – GROUP MEDICAL PLAN

An extended hospital stay is a distressing time for anyone. It can also be a surprisingly expensive one with costs escalating beyond foreseen limits. In addition to the physical stress of an illness, you are also forced to deal with the mental stress of hospital bills. Takaful Hale & Hearty as your comprehensive health plan, provides needed medical attention; we take care of all your hospitalisation, surgical and Outpatient expenses, be it ambulance charges or expenses related to sudden illness or accident.

AMĀNA TAKAFUL GUEST HOUSE COVER

Whether you have an established guest house business or you are just starting one for the first time, Takaful Guest House Cover can look after the insurance needs of the business and let you focus on the growth of your business. Our tailor-made solution will help you to be covered from losses arising from fire, flood, storm and natural disasters. This specialised policy is equipped to safeguard you against losses arising from burglary, public liability, malicious damage and many other unforeseen events. It also provides options to include Electrical Extra inclusion cover and Business Interruption cover due to natural perils.
SUSTAINABILITY REPORT

AMĀNA TAKAFUL CARES, ENGAGES WITH A BROAD SPECTRUM OF STAKEHOLDERS INTERNALLY AND EXTERNALLY, TRYING TO UNDERSTAND THEIR NEEDS AND WANTS FROM A COMMUNITY SERVICE PERSPECTIVE. HAVING IDENTIFIED SUCH NEEDS, VARIOUS PROJECTS ARE ORGANISED TO FULFIL THEM.

CORPORATE SERVICES RESPONSIBILITY
ROAD SAFETY CAMPAIGN

With increased traffic congestion in the capital city, and growing number of vehicles and accidents in the entire country, Road Safety has become an area of importance in Maldives more than ever before. Upholding its responsibility towards the community, ATM launched a Road Safety Campaign in collaboration with the Maldives Police Service in Malé. As a measure of creating awareness about the importance of safe behaviour on the roads, thoughtfully designed bumper stickers were pasted on motor vehicles.
Without limiting the effort to Malé alone, ATM extended the campaign to the adjoining island of Hulhumalé. During this event, the members of the Maldives Police Service (MPS) engaged with the motorists in explaining the importance of being cautious and preventing road accidents. The stickers were distributed widely in the island.

During the launch of this campaign, ATM’s mobile application and the motor certificate verification feature were endorsed by the MPS.

The task of distributing stickers were diligently carried out by the members of MPS in all other islands too. The ultimate objective of this project is to bring down the number of road accidents in the Republic of Maldives – which is worldwide known for its serenity.

CELEBRATING DOWN SYNDROME DAY
For the 3rd consecutive year, the staff of ATM joined hands with other corporate staff and members of the public in the Walk organised by the Beautiful Eyes Association to mark the Down Syndrome Day on 21st March. The purpose of this annual event held on World Down Syndrome Day, is not just to create awareness and acceptance of children with special needs but also to create a community bonding among people of different walks of life.
AWARENESS ON TAKAFUL
CONNECTING WITH PUBLIC

LIVING EXPO
Public exhibitions provide an excellent platform for ATM to meet and greet both existing and potential customers. In March 2016, ATM took part in the increasingly popular exhibition, ‘Living Expo Maldives’ held at the National Art Gallery. A significant number of visitors were attracted to the ATM stall where they were provided with information about Takaful products and services.

RADIO AND TV SHOW
Connecting through the media has been another way of reaching out to the public. Radio shows lead by the Marketing and Underwriting team helped create awareness on Marine Hull Takaful. This live talk also provided the opportunity for the listeners to call and clarify any misconceptions or queries they had about Takaful in general.

The TV show, headed by the Sales and Finance team, focused on Motor Takaful while providing general information about other products and services. Both the Radio and TV show helped ATM clarify all areas of Takaful to a wider audience.

‘ENLIGHTEN’
The role of women in Islam has been a topic under much discussion in many parts of the world. Considering the misconceptions surrounding the status held by women in the religion of Islam, the Mahaldheeb Foundation took an appropriate and timely action when it pioneered the conference ‘Enlighten’. The objective of this three-day conference was to address the challenges faced by Muslim women in society and convey a message of empowerment. The conference was addressed by local and international scholars along with other professionals. ATM was proud to be part of ‘Enlighten’ as a sponsor.
TAKAFUL CONFERENCES

ATM once again made a global presence by becoming one of the sponsors of ‘The World Takaful Conference 2016’, held in Dubai, UAE.

MARINE HULL AWARENESS SESSION

As part of value addition and client interaction initiative, ATM organised an awareness programme for the owners and operators of marine hull/boats in association with Liveaboard Association of Maldives. This thoughtfully devised technical session provided insight to the participants on risks related to hull, marine hull insurance coverage, risk mitigating measures and international best practices. The usefulness of this programme was much acknowledged by the participants.
BUSINESS PROMOTION

STATE TRADING ORGANIZATION (STO) PHARMACY TIE-UP

In November 2016, Amãna Takaful (Maldives) PLC signed an MOU with the State Trading Organization PLC (STO) to provide cashless services to its customers throughout Maldives. With STO’s network of pharmacies located in various atolls in the Maldives, this step has helped ATM expand its cashless services further.

TIE-UP WITH LIVEABOARD ASSOCIATION

An MOU was signed between ATM and Liveaboard Association of Maldives (LAM) in May 2016, offering a customised comprehensive Hull Takaful Solution to the members of the LAM. This cover provides unmatched terms and exclusive benefits to the policyholders.

MALDIVES ISLAND BANKING AND FINANCE INDUSTRY (MIBFI) 2016

Our local presence was strengthened further when ATM became the ‘Official Takaful Partner’ of the ‘MIBFI Conference 2016’. This event was held in the Maldives for the third successive year.
GUESTHOUSE COVER AND BUSINESS COVER RELAUNCHING
Responding to the needs of a rapidly growing sector, once again ATM pioneered a unique product through its launch of Takaful Guest House Cover. This policy has been designed to indemnify small, medium or large units of guest houses from perils such as fire, burglary and public liability. Understanding the importance of business continuity, the features have been built-in to the very core of this all encompassed product.

Furthermore, the Takaful Business Cover was revamped with additional covers that would benefit businesses, employees and customers during the period under review.

SURPLUS DISTRIBUTION
Upholding one of the noble tenet of Takaful, Amãna Takaful Maldives has been continuing to delight its customers by paying the SURPLUS to non-claimant customers. Over hundred customers, who obtained policies during the year 2015, received SURPLUS last year.

3RD PARTY MOTOR PROMOTION
As a means of expanding the customer base, a special promotion was carried out among existing agents and previously untapped touchpoints of ATM. This proved to be an immense success with leading garages and Taxi Centres in promoting ATM’s third party and comprehensive Motor Takaful covers. The promotion was also extended to customers who purchase our certificates through the mobile application and web portal.

The highest contributors under each of the said category were rewarded in February this year, for their continuous effort in making the promotion a success.
RECOGNITIONS

IFFSA AWARD
Amāna Takaful (Maldives) PLC was the proud recipient of the Gold Award in the ‘Takaful Institution of the Year’ category, presented by the Islamic Finance Forum of South Asia (IFFSA). This prestigious award was bestowed in recognition of ATM’s outstanding achievements, significant growth and spearheading the noble concept of Takaful in Maldives.

APPRECIATION BY THE LIVEBOARD ASSOCIATION
ATM was honoured to have received an accolade from the Liveboard Association of Maldives, in recognition of the support and assistance provided by ATM to the members of the Association. This presentation was made at the 9th Anniversary Celebration of the Association.

OUR PEOPLE

Amāna Takaful Maldives (ATM): 13 years in the making. Having commenced operations in 2003, listed on the Maldives Stock Exchange in 2011, despite unforeseen challenges – today the Company has 32 full-time employees and a market share of 15%. ATM is viewed as a much sought after employer and there is no doubt, the driving force behind the growth and success of the Organisation has been its human capital.

People form the foundation and nucleus of our Organisation upon which all else is built. In ensuring that we go beyond the call of duty and delight our customers beyond expectations, we have been persistent in developing our internal capability and capacity, as that is where the competitive edge lies.

We continuously aim towards aligning the aspirations of our employees with that of the Company’s goals and objectives. We ensure that our people are engaged, empowered and provided with the requisite tools to be successful both at the workplace and be contributors to the society at large.

HIGH PERFORMANCE CULTURE

In driving towards a performance-driven culture thus ensuring that our people are highly engaged and motivated, we embarked on the following initiatives and projects:

i. New Grading Structure – A comprehensive realignment exercise was rolled out, in order to rehash job grades and job categories, designations and entitlements thereby giving greater clarity to employees as to their role and responsibilities in the Organisation, vis-à-vis comparators.

ii. Performance Management System – The Performance Appraisal Review process in the Company was revisited. The Performance Appraisals for Senior Management was refashioned to be compelling towards our drive for a high-performance culture. Stretch – KRA’s (Key Result Areas) and KPI’s (Key Performance Indicators) within line of sight were implemented.
Performance Appraisal Review Form (PARFORM) –
The PARFORM is an all inclusive, simplified Performance Management System focusing on the delivery of pre-agreed Key Performance Indicators (KPIs) set at the beginning of the year. This caters to the Executive and Middle Management Staff cadre.

iii. Managerial Development Programme (MDP) –
In remaining competitive and ensuring our staff are equipped to face the growing challenges ahead, experienced and highly sought after professionals were sourced to conduct the programme. A tailor-made programme was crafted for the management team and selected staff. It involved a gamut of self-reflection and realisation exercises in addition to those that bridge skills gaps.

iv. Employee Exchange Programme – A cross-fertilisation exercise has now been set in motion between staff of Amãna Takaful Maldives (ATM) and our Parent Company in Colombo.

We believe that markets beyond our own territory will enrich our people to totally new, different and exciting experiences that would enhance knowledge and skills in their respective areas of expertise. Under this initiative staff in key divisions of the companies were swapped over a period of two months. This programme has facilitated staff to:

- Learn about the daily operations, business activities/relevant functions in context to the environment, thereby aiding in the generation of new ideas.
- Gain new skills and experience thereby enhancing co-operation.

BUILDING CAPABILITY AND RECOGNISING TALENT

General Management Committee (GMC) – In our quest towards building capability and capacity within the Company and nurturing the next line of succession in the Company, the General Management Committee (GMC) was constituted, comprising the direct reports of the Chief Executive. The mandate of the GMC includes: leading and driving the strategic plan, taking ownership to deliver on agreed business results and advance the development of people at all levels.

Additionally, in further developing our human capital and ensuring they possess and acquire the required skills and competence, tailor-made learning and development initiatives were rolled out, which included both local and overseas exposures.

Annual Awards Day – Rewarding and Recognising Performers, is a crucial component in motivating staff and ensuring that they are geared to add value to the Organisation. ATM staff partake in the much-awaited Annual Awards Day celebrations of the parent company (ATL) in Colombo.
The CEO’s Award essentially recognises and appreciates the contribution of operations staff who go beyond the normal call of duty. The 10-Years Service Award recognises the dedicated services of staff completing 10 years of service in the Company.

TECHNICAL KNOWLEDGE
Specialised Hull Training Sessions were conducted for our technical staff in 2016. These trainings assist staff in gaining in-depth knowledge and necessary skills in conducting marine hull surveys independently. These sessions also provide risk assessment methods and proven techniques in prudent underwriting.

During the period under review, we had the privilege of visiting consultants who shared their expertise and experience in risk management, encapsulating a variety of insurance classes.
CULTURE BUILDING IN THE FORM OF VALUES AND BELIEFS

Integrity, Sincerity, Honesty and Mutual Respect are the core values we strive to uphold as a Company. We endeavour to consistently deliver exceptional value to all our stakeholders and take-on challenges that we relentlessly strive to see through. The Mission Meetings conducted on a weekly basis serve as a constant reminder and reinforcement of our purpose as an Organisation.

Since the Company’s inception, emphasis has been given in building a culture, based on Islamic values and principles. We ensure that our staff are provided with relevant Shari’ah knowledge related to our form of business. The Shari’ah Advisory Council too delivers certain inspiring programmes to our staff throughout the year.

AMÂNA TAKAFUL WELFARE ASSOCIATION (ATWA)

Whilst ATM strives in satisfying its much-valued customers and other external stakeholders, ATWA strives in satisfying ATM’s internal customers by organising recreational events and activities throughout the year.

An extra flavour was added to the annual staff outing this year when the invitation was extended to the spouses and children of staff members to join in the fun. This thoughtful action on the part of the ATWA, provided the opportunity to establish a bond between families of staff and create a bigger Takaful Family Spirit. After a delightful day of splashing in the sea, the evening was spent enjoying the delicious delicacies of the barbecue. Once again, some of the ATM staff members proved their culinary expertise much to the envy of their fairer counterpart.

ATWA also ensured that physical strength and stamina of the staff was put into test when they organised several sport events during the year. Apart from burning the extra calories, the fun-filled football and vibrant volley ball matches helped relieve stress, boost employee engagement and teamwork.

With over ten years of ‘event management’ experience under their belts, team ATWA exploits all avenues of unleashing the adventurous spirit among the staff. Whether it is cruising around in Safari boats and vigorously taking part in team building activities when the boat moors for the night; embarking on a daring fishing expedition that ends with a twilight barbecue and sing-song session or exploring the underwater beauty snorkeling in a neighbouring island, the element of thrill and excitement created among the staff is ever unmatched.
Through the rejuvenating picnics and pre-Ramadan tradition of ‘Maa Hefun’ and the staff of ATM continue to experience the real rhythm of Maldives and realign that balance between work and life.
Our adherence to a regime of empowerment and advancement of our employees in turn breeds an ethos of commitment and service to the customer that is a singular characteristic of Amãna Takaful.
CORPORATE GOVERNANCE

BOARD SIZE AND COMPOSITION

AMĀNA TAKAFUL (MALDIVES) PLC

Chairman: Tyeab Akbarally
Principle Objective: Leading the Board to ensure effectiveness in all aspects of its role.

Principle Objective: Collectively to ensure the long-term success of the Company.

BOARD OF AMĀNA TAKAFUL (MALDIVES) PLC

AUDIT AND COMPLIANCE COMMITTEE
Two Independent Non-Executive Directors and One Independent Director.
Principle Objective:
To ensure that the interests of shareholders are properly protected in relation to financial reporting and internal controls.
Audit and Compliance Committee Report on page 52.

RISK MANAGEMENT COMMITTEE
Two Independent Non-Executive Directors and One Independent Director.
Principle Objective:
Review and realign the risk appetite of the Company at strategic and various functional levels.
Risk Management Committee Report on page 43.

INVESTMENT COMMITTEE
Four Members including three Directors.
Principle Objective:
To ensure that a healthy investment portfolio is maintained within the investment guidelines of Shari’ah Advisory Council.

REMUNERATION COMMITTEE
Three Independent Non-Executive Directors.
Principle Objective:
To develop policy on executive remuneration and set the remuneration of the Chairman of the Board, the Managing Director and Senior Managers of the Company.
Remuneration Committee Report on page 38.

EXECUTIVE COMMITTEE
Four members including three Directors.
Principle Objective:
To monitor the implementation of the business strategies of the Company.

NOMINATION COMMITTEE
Three Independent Non-Executive Directors.
Principle Objective:
To recommend new appointments to review the mix and skills of the Board.
Nomination Committee Report on page 39.
The Board is responsible for the corporate governance of Amãna Takaful (Maldives) PLC as a whole. It is also responsible with the task of ensuring that reasonable care is exercised in managing the Company’s resources and always mindful of the best interests of the shareholders. For this reason, the Company strongly believes that it is vital to adopt the highest standard of corporate governance in order to nurture a culture of transparency, accountability and integrity as well as ensuring the proper conduct of business which are essential prerequisites in emboldening the Company’s survival and growth in a competitive market. As an Islamic financial institution, the very basic foundation of Amãna Takaful (Maldives) PLC is structured on all these values and attributes.

Corporate governance is described as a management process in which a corporate body, business entity or an organisation is directed, managed and controlled. As the shareholders have placed the reins of power in the hands of the Board, it naturally follows that the Board will be accountable to the shareholders so that the affairs and dealings of the Company are conducted with professionalism, accountability, integrity and above all in compliance with rules and practices of Shari‘ah, which are paramount in protecting and enhancing the shareholders’ value. To ensure that the trust placed in the Board is secure, the Company must adhere to the best corporate governance practices which embody integrity, accountability and transparency. Nevertheless, the success of any good governance practice initiative depends on how the people are led and the policies as well as the processes are implemented.

In order to create and increase the shareholders’ value and gain market confidence, Amãna Takaful (Maldives) PLC is committed to adopt best practices. It is also committed to maintain the smooth functioning of the Company’s operations.

CAPITAL STRUCTURE AND SHAREHOLDING
Amãna Takaful (Maldives) PLC has at its foundation a capital structure consisting of an issued share capital of MVR 26,314,583/-.

The Company has 818 shareholders as at 31st December 2016, while over 90% of the shares are held by corporate entities. Details of the main shareholders are given on page 87.

BOARD OF DIRECTORS AND BOARD COMMITTEES
There are seven members on the Board of Amãna Takaful (Maldives) PLC, of whom six are Non-Executive Independent Directors. The Directors have been drawn from a cross-section of industries. Their expertise and experience in various fields as well as insights have contributed immensely to making effective and informed Board decisions. The selection of the appropriate and suitable candidates with the right skills, attributes and experiences is crucial in order to ensure its efficiency and effectiveness. For it is believed that a healthy Board culture will help to encourage and safeguard good governance practices which in turn will ensure shareholders’ interests are always protected. The names of the Board of Directors are given on page 41.

CORPORATE GOVERNANCE FRAMEWORK
Amãna Takaful (Maldives) PLC and the Group operate within a clear governance framework, which is outlined in the diagram at the beginning of Corporate Governance Report.

BOARD SIZE AND COMPOSITION
Overall the Board is responsible in ensuring that operations of Amãna Takaful (Maldives) PLC are as set out and intended in the declared goals of the Company. Therefore, the Board is empowered to make decisions on all matters relating to the Company’s business operations in accordance with the various rules and regulations. The size and composition of the Board and its committees are regularly reviewed by the Board and, in particular, by the Nomination Committee to ensure that there is an appropriate balance and diverse mix of skills, experience, independence and knowledge of the Group. More details of our Board members can be found on pages 14 to 16.

The Board is collectively responsible for the long-term success of the Company. The Managing Director/CEO is responsible for the day-to-day management in running the business and ensuring that the necessary financial and human resources are in place in order to achieve the Company’s strategic aims. He is answerable to the Board in ensuring that the Company is conducting and operating its business properly and effectively.

The Non-Executive Independent Directors are responsible for constructively challenging and helping develop proposals on strategy; scrutinising the performance of management; satisfying themselves that financial controls and systems of risk management are robust; determining levels of remuneration; satisfying themselves on the integrity of financial information; and succession planning for the Managing Director.

The Board reviews strategic issues on a regular basis and exercises control over the performance of the Company by agreeing budgetary targets and monitoring performance against those targets. Certain matters are reserved for approval by the Board and the Board has overall responsibility for the Company’s system of internal controls and risk management, as described on pages 40 and 43.

A formal schedule of matters reserved for approval of the Board is maintained which covers items that are significant to the Company as a whole due to its strategic, financial or reputational implications. A summary of these matters includes:
1. STRATEGIC
   - Approval and monitoring of strategic annual business plans
   - Review of business performance
   - Approve significant acquisitions, mergers or disposals

2. SUCCESSION PLANNING AND REWARD
   - Ensure adequate succession plans are in place
   - Board and Board Committee appointments and removals
   - Appointment or removal of the Company Secretary
   - Appointment or removal of the Auditors and determination of the audit fee

3. FINANCE, GOVERNANCE AND CONTROLS
   - Internal controls and risk management system
   - Approval of policies, major projects and contracts
   - Oversight of Directors’ Conflicts of Interest
   - Rules and procedures for dealing in the Company’s shares
   - Corporate governance and compliance in accordance to regulations and Code of Conduct

4. REPORTING
   - Approval of the Annual Reports and Accounts to be put before the Company
   - Approval of Financial Statements
   - Matters for business reviews

5. REGULATORY
   - Approval of Company’s interim dividend and recommendation of final dividend
   - Compliance with all the regulations and legislations
The main functions of the Board of Directors are as follows:

- to formulate, review and monitor implementation of competitive business strategies including long-term business plans.
- to approve new investments, divestments or acquisitions.
- to ensure appointment of a competent Chief Executive Officer and an effective management team including an evaluation of their performances, as well as to review the Company’s succession plans including fixing their compensation package.
- to secure a sound and an adequate risk management system.
- to review the integrity and effective information, control and audit systems.
- to ensure all facets of the operations are in conformity with rules and practices of Shari’ah.
- to approve policies of corporate conduct that continue to promote, maintain and sustain the integrity of the Company.
- to ensure compliance with legal/ethical standards.

BOARD’S ROLES AND RESPONSIBILITIES

THE ROLE OF THE CHAIRMAN (OR CHAIR) IS TO:

- Lead the Board to ensure effectiveness in all aspects of its role;
- Plan agendas and timings for Board meetings;
- Ensure the membership of the Board is appropriate to meet the needs of the business;
- Oversee that the Board Committees carry out their duties including reporting to the Board;
- Establish appropriate personal objectives for the Chief Executive;
- Ensure Directors are up to date with training and development;
- Provide necessary information for Directors to take a full and constructive part in Board discussions;
- Promote an open culture of debate; and
- Develop and maintain effective communication with shareholders.

THE ROLE OF THE CHIEF EXECUTIVE OFFICER (OR CHIEF EXECUTIVE OR CEO) IS TO:

- Run the day-to-day business and operations of the Company;
- Lead the development and delivery of strategy to enable the Company to meet the requirements of its shareholders;
- Lead and oversee the executive management of the Company;
- Meet the Company’s budget and strategic plans; and
- Provide the appropriate environment to recruit, engage, retain and develop the personnel needed to deliver the strategy.
The responsibilities of the Chairman and Managing Director have been clearly established, adhering to best corporate governance practices. The responsibility and task of the Chairman and the Managing Director are separated in order to facilitate better workings of the Company.

New Directors are nominated to bridge identified knowledge gaps. Such Directors are elected to the Board by shareholders at the Annual General Meeting. The Board meets quarterly and the agenda is circulated to the members well ahead of the scheduled date. The Chairman of the Board as well as the members chairing the various committees of the Board will outline the agendas for the Board and various committee meetings respectively. Each member is free to suggest items for the agenda or raises issues and concerns at these meetings.

Amãna Takaful (Maldives) PLC has outsourced its secretarial functions to a qualified company of secretaries.

The following Committees of the Board have been formed with the objective of improving governance, viz:

i. Audit and Compliance Committee
ii. Risk Management Committee
iii. Investment Committee
iv. Remuneration Committee
v. Nomination Committee
vi. Executive Committee

Each committee has a defined Terms of Reference approved by the Board, outlining the respective committees’ authorities and responsibilities. The Board may, from time to time, establish and maintain additional committees. All members of these committees are expected to attend all meetings.

i. The Audit and Compliance Committee

The Audit and Compliance Committee comprises three Independent Non-Executive Directors. It is chaired by Dato’ Mohd Fadzli Yusof who is an Independent Non-Executive Director of the Company. The Chief Executive Officer, Manager Finance, other Senior Managers and Internal Auditors are invited to be present at the meetings, as and when invited. Exit meetings are held after each internal audit assignment with all relevant managers present where rectification actions reported in the audit findings are discussed. Particulars of the Audit Committee and its composition are provided in the Report of the Board Audit and Compliance Committee on page 52.

ii. The Risk Management Committee

The Risk Management Committee of the Board comprises three Independent Non-Executive Directors.

It is chaired by Dato’ Mohd Fadzli Yusof. The main function of this Committee is to manage risks relating to Takaful in line with the risk appetite of Amãna Takaful (Maldives) PLC. The Committee also looks into risks associated with the operations, investments and business risks in general under the Enterprise Risk Management Framework. The details of the Risk Management Committee are provided on page 47.

iii. The Investment Committee

The Executive Committee (EXCOM) of the Company acts as the Investment Committee. The Committee recommends investment strategies including long-term and maintains an investment portfolio that ensures not only in conformity with regulatory and “Shari’ah” requirements but also endeavouring to match assets of the Company against its liabilities. The Committee convenes its meetings once a quarter.

iv. The Remuneration Committee

The Remuneration Committee is composed of three Independent Non-Executive Directors of the Board. This Committee is entrusted with the responsibility of maintaining a reasonable and competitive remuneration package in line with the financial performance of the Company. The Committee reviewed and compared the overall executive compensation programme, benchmarking against the industry, for the determination of the Board. It also recommended the package for the Executive Directors/the Chief Executive Officer and other Senior Officers of the management staff taking into cognisance the practice of the industry and corporate goals of the Company. In relation to this, the Remuneration Committee takes into consideration key result areas linked to the performance of the individual officer concerned relative to the target sets and periodical assessments.

With the exception of the Managing Director, all other Directors are entitled to an annual retainer fee as per the Remuneration Committee’s decision. Directors are also entitled for an attendance fee for Board/Committee meetings.

Independent Directors may not receive, directly or indirectly, any incentives, consulting, advisory or other compensatory fees from the Company. Further, no Directors are entitled for any stock options from the Company. Details of the composition of the Committee are set out on page 41.
Directors’ and the members of the senior management’s salary and emoluments are categorised under remuneration. Details of total aggregate remuneration of Directors/Top Management for the financial year under review are as follow:

<table>
<thead>
<tr>
<th>Category</th>
<th>Below MVR 100,000/-</th>
<th>MVR 100,000/- to 200,000/-</th>
<th>MVR 200,000/- to 400,000/-</th>
<th>MVR 400,000/- and above</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Non-Executive Directors</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Tyeab Akbarally</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Osman Kassim</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Dato’ Mohd Fadzli Yusof</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>M.H.M. Rafiq</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Ehsan Zaheed</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

The Nomination Committee is responsible to identify the most suitable and competent candidate to be nominated to the Board. As per the detailed Terms of Reference, the Nomination Committee will carry out its duties to select the director candidates.

Amãna Takaful (Maldives) PLC has not developed a gender diversity policy at the Board level. With the amendment to the CMDA’s CG Code in the year 2014, the Board has had in-depth discussions on the subject and considered the merits of including such policy in the Company. However, the Directors concluded not to formalise gender diversity in the Company having considered its practical aspects, since it has already fulfilled the positions of the Directors as per the Articles of Association of the Company. For the composition of the Board, Nomination Committee shall continue to pursue on selecting competent candidates who would contribute in achieving the Board’s objectives.

Detailed composition of the Committee is set out in table shown at the end of the Corporate Governance.

vi. The Executive Committee

The Executive Committee or (EXCOM) is composed four members and is chaired by Ehsan Zaheed. The Committee is entrusted with the responsibility of monitoring the implementation of the business strategies of the Company. The members of the Committee are as follows:

Ehsan Zaheed – Chairman
Dr. Abdullah Shiham Hassan
Fazal Ghafloor
Hareez Sulaiman

ETHICAL STANDARDS

Amãna Takaful (Maldives) PLC aspires to adopt the highest ethical standards which contain the following elements:

- Honesty and fairness
- Compliance with regulatory requirements
- Accountability – provision of accurate, timely and essential information to stakeholders
- Avoiding conflict of interest
- Professional judgment
- Maintaining privacy and confidentiality of customer-related information
- Corporate and social responsibility
- Maintaining best practices in marketing and advertising

The management encourages employees to adopt ethical practices during the weekly Mission Meetings.
EXECUTIVE MANAGEMENT
The Managing Director deliberates strategic issues with the General Management Committee (GMC) at regular meetings, in order to obtain feedback on the effective implementation of strategies. Corporate governance and compliance is a key function of the GMC. The Company's performance dashboard is a key evaluation and measurement tool in this process. The entire executive staff is subjected to a performance evaluation biannually/annually.

INTERNAL CONTROLS
The Board of Directors acknowledges the imperative of a sound and strong internal control environment for the purpose of attaining good governance. The internal control system, among others, covers risk management and organisational, operational, financial, compliance and business development controls. Towards this end, the Board has entrusted the responsibility of establishing an effective internal control system to the Audit and Compliance Committee, which is also responsible for the regular monitoring of such controls. In addition to the routine audits carried out by in-house audit team of the Parent Company, Amãna Takaful PLC, Sri Lanka, the Company conducts internal audit on the systems and various aspects of the operations in accordance with the risk-based principle. The findings are conveyed to the Audit Committee, which, in turn, briefs the Board on areas of concern.

COMPLIANCE WITH "SHARI'AH" REQUIREMENTS
Amãna Takaful (Maldives) PLC takes the utmost care in adhering to Shari’ah principles and practices. Shari’ah Unit, set up by Parent Company, Amãna Takaful PLC, Sri Lanka internally to carry out quarterly reviews on the policies and operations of Amãna Takaful (Maldives) PLC. Findings are tabled and deliberated at the Shari’ah Advisory Council (SAC) meetings and the management is given guidance and counsel on the areas concerned. The Unit also conducts regular training programmes to members of staff in order to disseminate the knowledge of Shari’ah, in particular that relates to the operations of Takaful and Islamic finance in general. The Statement of Compliance is a part of the Annual Report and is provided on page 54.

REGULATORY COMPLIANCE
The Audit Committee is responsible for regulatory compliance. In addition, a Compliance Unit has been set up to monitor and investigate into all compliance-related matters across the Organisation. It keeps a close track of all new legislative requirements, regulations and directives; and notifies and guides the respective departments accordingly.

Amãna Takaful (Maldives) PLC is committed to the highest standard of compliance due standards of disclosure, transparency, accountability and integrity requirements and any legislation relating thereto. The Company has established a Whistle-Blowing Policy with the main objective of providing an avenue for employees to raise concerns and define a way to handle any concerns of integrity and misconduct.

RELATIONSHIP WITH STAKEHOLDERS
The Board of Directors discloses policy decisions and operations affecting shareholders through its quarterly disclosures and/or Annual Reports. The Board entertains questions from shareholders at Annual General Meetings ensuring shareholders' participation and interaction.

The management holds weekly Mission Meetings at which employees are briefed of the policies, goals and the shared values of Amãna Takaful (Maldives) PLC and their views and suggestions are sought and evaluated accordingly.

Amãna Takaful (Maldives) PLC believes in delighting its customers through an exemplary service credo. An interactive website provides access to the general public on the Company's activities.
Corporate Governance Disclosures in Relation to Directors of the Company:

<table>
<thead>
<tr>
<th>Areas of Compliance</th>
<th>Current Status</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Directors</strong></td>
<td><strong>Independent Non-Executive Directors</strong></td>
<td>All the Independent Non-Executive Directors have submitted the annual declaration of their independence to the Board of Directors.</td>
</tr>
<tr>
<td></td>
<td>Tyeab Akbarally – <em>Chairman</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Osman Kassim</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dato’ Mohd Fadzli Yusof</td>
<td></td>
</tr>
<tr>
<td></td>
<td>M.H.M. Rafiq</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ehsan Zaheed</td>
<td></td>
</tr>
<tr>
<td><strong>Independent Director/s</strong></td>
<td>Dr. Abdullah Shiham Hassan</td>
<td>Submitted the annual declaration of independence to the Board of Directors.</td>
</tr>
<tr>
<td><strong>Executive Director/s</strong></td>
<td>Hareez Sulaiman</td>
<td>Does not serve as Non-Executive Director in any other company.</td>
</tr>
<tr>
<td><strong>Remuneration Committee</strong></td>
<td>Dato’ Mohd Fadzli Yusof – <em>Chairman</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M.H.M. Rafiq</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Osman Kassim</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Alternate member – Fazal Ghaffoor)</td>
<td></td>
</tr>
<tr>
<td><strong>Nomination Committee</strong></td>
<td>Dato’ Mohd Fadzli Yusof – <em>Chairman</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M.H.M. Rafiq</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Osman Kassim</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Alternate member – Fazal Ghaffoor)</td>
<td></td>
</tr>
<tr>
<td><strong>Audit Committee</strong></td>
<td>Dato’ Mohd Fadzli Yusof – <em>Chairman</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M.H.M. Rafiq</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dr. Abdullah Shiham Hassan</td>
<td></td>
</tr>
</tbody>
</table>
Our personal characteristics and traits – mutual trust, fairness, transparency and more – have facilitated the formation of strong relationships with a loyal customer base and society as a whole. We are privileged to be recognised as a responsible corporate citizen.
As the pioneer Takaful company, risk management is at the heart of what we do and is the source of value creation as well as a vital form of control. It is an integral part of maintaining financial stability for our customers, shareholders and other stakeholders. Our sustainability and financial strengths are underpinned by effective risk management, which allows us to prepare for future challenges, move speedily and facilitate better decisions for our customers, giving them peace of mind.

The Company’s Risk management Strategy is to operate within the risk appetite guidelines set by the Board Risk Committee and approved by the Board of Directors, which are then reviewed on a quarterly basis, with an eye on the changing corporate risk environment. Given the increased level of assertiveness required in a forthcoming regulation on prudential requirements for insurance undertakings and the connected risk involvements, the Company revisited the current Risk Management Model and widened its scope to an Enterprise Risk Management (ERM) Framework.

Though the risk elements are managed on a daily basis at operational levels, the RISCO formally monitors the Key Risk Indicators through Enterprise Risk Register for the key segments of the operation. This section elaborates the Company’s ERM Framework and the Key Risk Management activities.

DEFINITIONS OF RISK AND RISK MANAGEMENT
Risk in general could be defined as ‘The combination of the probability of an event and its negative consequences’, in other words, the barriers in meeting the corporate objectives.

Risk management can be defined as ‘An efficient and effective process of minimising risks in meeting stakeholder requirements’. However, ERM is not strictly a serial process, where one component affects only the next. It is a multidirectional, interactive process in which almost any component can and does influence another.

RISKS FACED BY INSURANCE COMPANIES
It appears that many organisations are experiencing pressure and recognising that change in the Organisation’s overall approach to risk oversight is warranted, with the status quo no longer acceptable. Insurance companies whose business model is based on risk management require special attention with regard to its management. As an insurance company, we identified the following risk categories as illustrated in the diagram below. The risk management professionals refer to this as the ‘Risk Wheel’.
1. INSURANCE RISK

Being an insurance company, risks related to the insurance business i.e., insurance risk, becomes primary in the list. Insurance is all about managing risks on behalf of the customers. In that context, we have identified the following three major risk areas under this category:

<table>
<thead>
<tr>
<th>Insurance Risks</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting Risk – At the time of underwriting of a risk (business/asset) it is our duty towards the customer to analyse and evaluate the risk that we are willing to undertake. Therefore the Company is bound to charge the right premium as all such premiums are pooled up with other participants. At the time of claims, it is shared by all the participants in the pool.</td>
<td>A robust underwriting regime is in place with well-experienced and qualified professionals in the team. A well-scrutinised set of SOP’s are formulated and implemented.</td>
</tr>
<tr>
<td>Product Design – Designing the product offers and benefits with the right pricing is very critical to the Insurance Business.</td>
<td>The Company has appointed a Product Development Team with a set of hand-picked members from sales, underwriting, Operation, and Claims. They meet periodically and review existing product features while researching for new product requirements.</td>
</tr>
<tr>
<td>Actuarial calculations and provisions carry claims risks General Insurance business.</td>
<td>A qualified and well-experienced professional firm has been contracted to carry out the actuarial function.</td>
</tr>
</tbody>
</table>

A. CLAIMS RISK

<table>
<thead>
<tr>
<th>Claims Risk</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential loss of values is the primary risk that the Insurance businesses undertake to manage in the business model.</td>
<td>At the time of planning for the years ahead, the management along with the underwriting and sales teams, decide the product mix targets taking the claims experiences pertaining to the specific classes. It also assesses the future potential on agreed assumption.</td>
</tr>
<tr>
<td>The risk of overpayment or underpayment of claims arises from the claims assessment process and the level of decision-making competency of the staff involved.</td>
<td>Continuous training and development programmes are in place with supervision of well-experienced senior staff to mitigate such risks.</td>
</tr>
</tbody>
</table>

B. RETAKAFUL RISK

<table>
<thead>
<tr>
<th>Retakaful Risk</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk can also be a factor with respect to Retakaful. Should a reinsurer be slow to pay its claims/contributions or unable to make such payments, the effects on insurance company performance (and hence value) could be significant.</td>
<td>Retakaful placements are done with reinsurers having good credit ratings. The services of professional Retakaful brokers are also obtained in reinsurance placements.</td>
</tr>
<tr>
<td>Accepting risks beyond the Company’s retention limits.</td>
<td>System controls are in place to avoid such instances. However, to further enhance the control measure, certain critical processes are being automated. Additionally, all cases are handled through an evaluation process.</td>
</tr>
</tbody>
</table>

2. MARKET RISKS

Market risks are wider risks that any company is exposed to in terms of demand and supply for any types of goods and services, and cost. The increased competition from the industry players in terms of rates, products, marketing etc., are continuous risks. Entry of new players and changes to the regulations in the industry are also considered as market risks.

Furthermore, for insurance companies which are heavily dependent on investment income, healthy market conditions underpinned by solid economic conditions are deemed vital. Therefore, in addition to the overall economic growth conditions, key economic variables such as interest rates, inflation, stock market performance and exchange rates expose enormous speculative risks to the Company.

3. STRATEGIC AND REPUTATIONAL RISK

Achievement of overall business goals is the top most priority for any company and justifies the purpose and existence of organisations in the long run. However, companies need to achieve their corporate goals consistently in the short run in order to achieve long-term success. Thus, achieving annual targets in terms of revenue and profitability along with other operational targets become critical to the Organisation. Even though, the overall ERM Framework embraces this objective, specific strategies and action plans to support and ensure achievements of annual targets are vital.

Due to internal and external reasons the Company could be exposed to serious risks to the reputation of the Company and its Brand Image, which could in turn affect the performance and achievement of corporate goals.
The Company via its Marketing Department maintains a watching brief and monitors all news items related to the Company in the public domain.

4. OPERATIONAL RISKS
Operational risks result from inadequate or failed internal processes, people and systems which cover a wider area of operational aspects:

<table>
<thead>
<tr>
<th>Operational Risks</th>
<th>Controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sudden Disasters/Calamities</td>
<td>A detail DRP is in force to recover the data.</td>
</tr>
<tr>
<td>BCP/DRP Failures</td>
<td>Tested periodically.</td>
</tr>
<tr>
<td>Not having the right people at the right place</td>
<td>A semi-annual performance appraisal system is in place to scrutinise the performance of key staff members including the top management personnel.</td>
</tr>
<tr>
<td>Process failures – SOPs do not capture important controls</td>
<td>The Risk Committee reviews the SOPs periodically along with internal audit and makes modifications when required.</td>
</tr>
<tr>
<td>Potential fraud and errors</td>
<td>Strict implementation of the SOPs will minimise the risks involved in this area in addition to the supervisory controls.</td>
</tr>
<tr>
<td>Liquidity crunch</td>
<td>The finance team prepares a cash forecast on a weekly basis.</td>
</tr>
<tr>
<td>Technology failure</td>
<td>The Disaster Recovery Plan covers such risks.</td>
</tr>
</tbody>
</table>

5. COMPLIANCE RISK
Compliance risk results from failure to comply with the regulatory requirements. Changes to relevant laws and regulations are updated to the HODs regularly.

The key compliance risks and the control measures are listed below:

<table>
<thead>
<tr>
<th>Compliance Risk</th>
<th>Controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unable to comply with the applicable regulatory requirements</td>
<td>The first item of the agenda for the regular Executive Committee is set on compliance matters to prioritise the discussion on the subject. Any significant issues is escalated to the Audit/Risk Committees and the Board.</td>
</tr>
<tr>
<td></td>
<td>All Heads of Departments are made aware of the applicable laws and regulations. Further, the regulatory requirements are cascaded down to relevant staff members.</td>
</tr>
<tr>
<td></td>
<td>A monthly sign-off is obtained on a compliance checklist covering applicable laws and regulations. This checklist is tabled at the Executive Committee meetings.</td>
</tr>
<tr>
<td></td>
<td>A periodic internal audit exercise is carried out on the compliance function and a report is tabled at the Audit Committee meetings.</td>
</tr>
</tbody>
</table>

6. CREDIT RISK
With the deteriorating market practices on credit due to competitive pressures, the Company heightened its credit arrangement process through strict control measures and improved the credit policy.

<table>
<thead>
<tr>
<th>Credit Risk</th>
<th>Controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unable to recover premiums given on credit</td>
<td>SOP on credit approval which covers authorisation and approvals controls Credit policy is linked to the Sales Commission and Incentive scheme. Weekly Credit Review.</td>
</tr>
<tr>
<td>Risk in recovering Retakaful</td>
<td>Rated Retakaful Companies.</td>
</tr>
<tr>
<td>Unable to recover capital value of investments</td>
<td>Close monitoring by the Board Investment Committee.</td>
</tr>
</tbody>
</table>
ATM ENTERPRISE RISK MANAGEMENT FRAMEWORK

In the ERM Framework of ATM, the entire Company (Enterprise) has been structured into a four stage cascade viz; Practices, Personnel, Procedures and Publicise from a risk management perspective, as illustrated below:

1. FIRST LINE OF DEFENCE

Publicise – Educating the staff at shop floor level with the appropriate level of authority will help them take the right decision at the right time. We recognise that staff in the front line are exposed to the market and most often encounter various challenges. Cognisant of the challenge in communicating the entire ERM Framework and strategies to manage risks, the Risk Management Unit has adopted a simplified cascade process to the wider audience to mobilise support and upscale knowledge at all levels in the Company.

2. SECOND LINE OF DEFENCE

Policies and Procedures – Policies and Procedures play a vital role through proper internal control mechanisms in mitigating several risk factors. Further, the Company also has restructured the Management Review Process through the General Management Committee (GMC), widening the participation of Key Management Personnel with specific roles in each of the groups.
3. THIRD LINE OF DEFENCE
Key personnel being appointed at key positions in any organisation will mitigate a major part of the risk. We believe in our people, especially people who are occupying key positions, that they will take prudent business decisions in pursuit of corporate objectives.

4. FINAL LINE OF DEFENCE
Governance Practices are activities that take place at Board level in order to ensure delivery of promises made to the stakeholders. In addition to the scheduled Board meetings and deliberations, there are Subcommittees at Board level such as the Investment, Board Audit, Risk Management and Executive Committees. These committees independently meet with the Key Management Personnel and review performance, challenges and opportunities under the respective areas and report to the Board periodically.

RISK MANAGEMENT PROCESS
In the process of managing the risks of the Organisation the Company has identified the following Key Risk Indicators. These indices are monitored through a dashboard which is reviewed at GMC. Corrective actions will be taken as and when significant deviations are observed in the relevant areas.

<table>
<thead>
<tr>
<th>Risk Area</th>
<th>Key Risk Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance Risk</td>
<td>Average Rates by Sub-Classes</td>
</tr>
<tr>
<td></td>
<td>Claims Ratios by Sales Teams and Sub-Classes</td>
</tr>
<tr>
<td></td>
<td>Product Profitability</td>
</tr>
<tr>
<td></td>
<td>RI Covers Vs Risk Accumulation</td>
</tr>
<tr>
<td>Strategic and Reputational Risk</td>
<td>Variance Analysis</td>
</tr>
<tr>
<td>Market Risk</td>
<td>Equity Market Movement</td>
</tr>
<tr>
<td></td>
<td>Economic Indicators</td>
</tr>
<tr>
<td></td>
<td>Changes in Tax Regulations</td>
</tr>
<tr>
<td></td>
<td>Changes in Government Policies</td>
</tr>
<tr>
<td>Operational Risk</td>
<td>Staff Turnover Ratio</td>
</tr>
<tr>
<td></td>
<td>Internal/External Audit Findings</td>
</tr>
<tr>
<td></td>
<td>Current and Liquidity Ratios</td>
</tr>
<tr>
<td>Credit Risk</td>
<td>Debtors Turnover Ratio (Days)</td>
</tr>
<tr>
<td>Compliance Risk</td>
<td>Queries Raised by Regulator</td>
</tr>
<tr>
<td></td>
<td>Pending Legal Matters</td>
</tr>
<tr>
<td></td>
<td>Unresolved Audit Queries</td>
</tr>
<tr>
<td></td>
<td>Items in the Management Letter</td>
</tr>
<tr>
<td></td>
<td>Investment Portfolio Mix</td>
</tr>
</tbody>
</table>

KEY RISK MANAGEMENT ACTIVITIES DURING 2016
RISCO, the Board Risk Committee, reviewed the Risk Registers on a quarterly basis and monitored the Key Risk Indicators covering all aspects of the business.

The Executive Committee reviewed and monitored the quarterly performance of the Company especially with regard to increased claims cost and deteriorating pricing on a quarterly basis and made several steps to mitigate further damages.

The staff was educated through training programmes to elevate their knowledge on risk management and the significance in adhering to the set systems and procedures.

MEETING
The mandate for the RISCO is to undertake regular meetings, at least once in every quarter and the reporting should be directed to the Board. All reports pertaining to the risks and findings are tabled at and deliberated by the latter.

In relation to the above, during the year under review, the Committee convened its meeting four (4) times, at quarterly intervals.

<table>
<thead>
<tr>
<th>Members</th>
<th>No. of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dato' Mohd Fadzi Yusof (Chairman)</td>
<td>4 out of 4</td>
</tr>
<tr>
<td>Mohamed Haniffa Mohamed Rafiq</td>
<td>3 out of 4</td>
</tr>
<tr>
<td>Dr. Abdullah Shiham Hassan</td>
<td>4 out of 4</td>
</tr>
</tbody>
</table>

CHAIRMAN’S REMARK
RISCO expresses its satisfaction that effective measures have been in place to deal with an appropriate risk management process of Amâna Takaful (Maldives) PLC. It was able to identify the risk profiles properly recorded, and in line with this developed a Risk Management Manual and a Register, taking into account of all possible risks associated with the business activities. The RISCO and the Board believe that Amâna Takaful (Maldives) PLC is in the right direction in terms of developing a sound system and process to manage and mitigate these risk profiles accordingly.

Dato’ Mohd Fadzli Yusof
Chairman
Risk Management Committee
20th March 2017
The Directors are pleased to submit their report, together with the audited accounts for the Company, for the year ended 31st December 2016, to be presented at the Annual General Meeting of the Company.

**REVIEW OF THE YEAR**

The Chairman’s review on page 6 describes the Company’s affairs and mentions important events that occurred during the year and up to the date this Report. The CEO’s Review on page 10 elaborates the financial results of the Company. These reports together with the audited Financial Statements, reflect the state of the affairs of the Company.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is General Takaful Business.

**FINANCIAL STATEMENTS**

The Financial Statements are prepared in conformity with the International Financial Reporting Standards and comply with the requirements of Section 65 of the Companies Act No. 10/96.

**INDEPENDENT AUDITORS’ REPORT**

The Auditors’ Report on the Financial Statements is given on page 58 of this Report.

**ACCOUNTING POLICIES**

The Accounting Policies adopted in preparation of the Financial Statements are given on page 66.

**FINANCIAL RESULTS AND APPROPRIATIONS**

The Profit after Taxation of the Company for the year was MVR 1.53 Mn and Total Comprehensive Income of the General Takaful Fund for the year was MVR 0.70 Mn.

Total Comprehensive Income of the Shareholders’ Funds for the year was MVR 2.59 Mn.

**PROPERTY, PLANT & EQUIPMENT**

During the year under review, the capital expenditure on Property, Plant & Equipment for the Company amounted to MVR 0.03 Mn.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 9 to the Financial Statements on page 76.

**INVESTMENTS**

Details of Investments held by the Company are given in Note 10 to the Financial Statements on page 77.

**RESERVES**

Total revenue reserves as at 31st December 2016 for the Company amounted to MVR 21.55 Mn. The break up and the movement are shown in the Statement of Changes in Equity in the Financial Statements.

**SHARE CAPITAL**

The share capital of the Company as at 31st December 2016, was MVR 26,314,583/- represented by 20,241,987 ordinary shares. The details of the share capital are given in Note 16 to the Financial Statements on page 79.

**CONTINGENT LIABILITIES**

There were no material contingent liabilities outstanding as at 31st December 2016.

**POSTBALANCE SHEET EVENTS**

There were no material events occurring after the Reporting date that require adjustments or disclosure in the Financial Statements.

**DIRECTORS’ RESPONSIBILITIES**

The Statement of the Directors’ Responsibilities is given on page 56 of the Annual Report.

**CORPORATE GOVERNANCE**

The Company has complied with the Corporate Governance Rules laid down by the Capital Market Development Authority of Maldives. The report on Corporate Governance is given on page 34.

**STATUTORY PAYMENTS**

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities have been paid within the stipulated period.
MATERIAL CONTRACTS

1. A Memorandum of Understanding has been entered into between Amāna Takaful (Maldives) PLC and Amāna Global Ltd., Sri Lanka for the provision of technical assistance and support services.

The following Directors of Amāna Takaful (Maldives) PLC are Directors of Amāna Global Ltd.

M.H.M. Rafiq
Ehsan Zaheed

2. A Memorandum of Understanding has been entered into between Amāna Takaful (Maldives) PLC and Amāna Wealth Management Ltd., Sri Lanka for the provision of investment fund management and advisory services.

The following Director of Amāna Takaful (Maldives) PLC is also a Director of Amāna Wealth Management Ltd.

Ehsan Zaheed

INTERESTS REGISTER

Directors, interest in contracts of the Company, both direct and indirect during the year under review, are included in Note 21 in the Related Party Disclosures to the Financial Statements.

There were no unexpired service contracts within one year, without payment of compensation of any Directors proposed for election.

Directors or the Chief Executive Officer do not have any specific rights to subscribe for equity or debt securities of the Company nor any other contracts or dealings with the Company, other than what is disclosed in this Report.

Directors of the Company, who were also Directors of related entities as at 31st December 2016:

<table>
<thead>
<tr>
<th>Company</th>
<th>Name of Director</th>
<th>Position</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amāna Takaful PLC, Sri Lanka</td>
<td>Tyeab Akbarally</td>
<td>Chairman</td>
<td>Parent Company</td>
</tr>
<tr>
<td></td>
<td>Osman Kassim</td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dato' Mohd Fadzli Yusof</td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td>M.H.M. Rafiq</td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ehsan Zaheed</td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td>Amāna Global Ltd., Sri Lanka</td>
<td>M.H.M. Rafiq</td>
<td>Director</td>
<td>Related Company</td>
</tr>
<tr>
<td></td>
<td>Ehsan Zaheed</td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td>Amāna Asset Management Ltd., Sri Lanka</td>
<td>Ehsan Zaheed</td>
<td>Director</td>
<td>Related Company</td>
</tr>
<tr>
<td>Amāna Wealth Management Ltd., Sri Lanka</td>
<td>Ehsan Zaheed</td>
<td>Director</td>
<td>Related Company</td>
</tr>
<tr>
<td>AG Capital (Private) Ltd., Maldives</td>
<td>Tyeab Akbarally</td>
<td>Chairman</td>
<td>Related Company</td>
</tr>
<tr>
<td></td>
<td>Ehsan Zaheed</td>
<td>Director</td>
<td>Related Company</td>
</tr>
</tbody>
</table>

BOARD COMMITTEES

AUDIT COMMITTEE

Following are the names of the Directors comprising the Audit Committee of the Board;

1. Dato’ Mohd Fadzli Yusof – Chairman
2. M.H.M. Rafiq
3. Dr. Abdullah Shiham Hassan

The Report of the Audit Committee on page 52 set out the manner of compliance by the Company.

REMUNERATION COMMITTEE

Following are the names of the members comprising the Remuneration Committee;

1. Dato’ Mohd Fadzli Yusof – Chairman
2. Osman Kassim (Alternate member – Fazal Ghaffoor)
3. M.H.M. Rafiq

The particulars of the Remuneration Committee are mentioned in the Corporate Governance Report on page 38.

NOMINATION COMMITTEE

Following are the names of the members comprising the Nomination Committee;

1. Dato’ Mohd Fadzli Yusof – Chairman
2. Osman Kassim (Alternate member – Fazal Ghaffoor)
3. M.H.M. Rafiq

The particulars of the Nomination Committee are mentioned in the Corporate Governance Report on page 39.
SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDINGS
The substantial shareholdings and market value of shares are given on page 87.

The earnings per share, dividends per share and net assets per share are given on page 87.

Directors
The Directors of the Company during the year are as follows:

<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>Date of Appointment/ Reappointment</th>
<th>Date of Resignation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyeab Akbarally</td>
<td>18.05.2005</td>
<td>–</td>
</tr>
<tr>
<td>Osman Kassim</td>
<td>18.05.2005</td>
<td>–</td>
</tr>
<tr>
<td>Dato’ Mohd Fadzli Yusof</td>
<td>18.05.2005</td>
<td>–</td>
</tr>
<tr>
<td>M.H.M. Rafiq</td>
<td>18.05.2005</td>
<td>–</td>
</tr>
<tr>
<td>M. Ehsan Zaheed</td>
<td>18.05.2005</td>
<td>–</td>
</tr>
<tr>
<td>Dr. Abdullah Shiham Hassan</td>
<td>15.05.2016</td>
<td>–</td>
</tr>
<tr>
<td>Hareez Sulaiman</td>
<td>20.05.2012</td>
<td>–</td>
</tr>
</tbody>
</table>

A brief profile of the Directors are given on pages 14 to 16 of this Annual Report.

Directors’ Shareholding
The interest of the Directors in the shares of the Company as at 31st December 2016, were as follows:

<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>No. of Ordinary Shares as at 31.12.2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyeab Akbarally</td>
<td>NIL</td>
</tr>
<tr>
<td>Osman Kassim</td>
<td>NIL</td>
</tr>
<tr>
<td>Dato’ Mohd Fadzli Yusof</td>
<td>NIL</td>
</tr>
<tr>
<td>M.H.M. Rafiq</td>
<td>NIL</td>
</tr>
<tr>
<td>M. Ehsan Zaheed</td>
<td>400</td>
</tr>
<tr>
<td>Dr. Abdullah Shiham Hassan</td>
<td>100</td>
</tr>
<tr>
<td>Hareez Sulaiman</td>
<td>1,380</td>
</tr>
</tbody>
</table>

INDEPENDENCE OF DIRECTORS
Particulars of Independent Directors are mentioned under Corporate Governance Report on page 41.

BOARD MEETINGS
The composition of the Board, together with details of attendance of each member at meetings during the period under review, are as follows:

<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>Board Meetings</th>
<th>Remuneration Committee/ Nomination Committee Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Held</td>
<td>Attended</td>
</tr>
<tr>
<td>Tyeab Akbarally – Chairman</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Osman Kassim</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Dato’ Mohd Fadzli Yusof</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mohamed Hanifa</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Mohamed Rafiq</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Muhammad Ehsan Zaheed</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Dr. Abdullah Shiham Hassan</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Hareez Sulaiman</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

GOING CONCERN
The Directors, after making necessary inquiries and review of the financial position and future prospects of the Company, have a reasonable expectation that the Company has adequate resources to continue to be in operational existence for the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

AUDITORS
The resolutions to appoint the present Auditors, Messrs Ernst & Young Chartered Accountants, who have expressed their willingness to continue in office, will be proposed at the Annual General Meeting.

The audit and non-audit fee paid to the Auditors is disclosed in the Note 4.2 on page 74. The proposed external audit fee for the year 2017 is to be a maximum of USD 6,700.

As far as the Directors are aware, the Auditors are free of any conflict of interest and fully independent.
In order to adhere and promote good governance highlighted in the Corporate Governance Code, the engaging audit partner of Messrs Ernst & Young has been replaced after the completion of five consecutive external audits.

The Audit Committee reviews the appointment of the Auditors, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

**NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on 14th May 2017 at 2.00 p.m. at Mookai Suites, Malé, Maldives.

The Notice of the Annual General Meeting appears on page 90.

For and on behalf of the Board.


Hareez Sulaiman  
Managing Director/CEO

Ehsan Zaheed  
Director

Mohamed Hilmy  
Managing Partner  
For and on behalf of  
Vakeelu Chambers LLP  
Secretaries  
Amãna Takaful (Maldives) PLC  
27th April 2017  
Malé
COMPOSITION
The main objective of the Audit Committee is to present an independent oversight of Amãna Takaful (Maldives) PLC’s financial reporting and internal control system as well as providing checks and balances within the establishment. Membership of the Committee, appointed by and answerable to the Board of Directors, presently comprises three members, all of whom are Independent Non-Executive Directors. Bringing along with the experience of both Takaful and insurance sectors coupled with varied expertise and knowledge in finance and law, the Committee has the right mix to effectively carry out their duties and responsibilities. The Committee meets at least four (4) times a year, usually at quarterly intervals, to review and approve the annual external and internal audit plans; ensure the independence and objectivity of the External Auditors review the internal audit process, adequacy of internal controls and assess various transactions of related parties. In addition, the Committee also plays the role of a platform for the Management to raise concerns on possible irregularities for investigation.

The composition of the Committee and details of attendance of each member at meetings of the Committee during the period under review are as follows:

<table>
<thead>
<tr>
<th>Members</th>
<th>No. of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dato’ Mohd Fadzli Yusof (Chairman)</td>
<td>4 out of 4</td>
</tr>
<tr>
<td>M.H.M. Rafiq</td>
<td>3 out of 4</td>
</tr>
<tr>
<td>Dr. Abdullah Shiham Hassan</td>
<td>4 out of 4</td>
</tr>
</tbody>
</table>

Agendas and reports to be tabled and deliberated at the meetings were prepared and distributed sufficiently in advance to members, along with the appropriate briefing materials.

The Managing Director attended all the meetings of the Committee during the period under review. The Manager, Internal Audit Department also attended all meetings in the capacity of Secretary to the Audit Committee. Other members of the Management were also invited to attend the meeting when required. The Committee is given direct communication channel with Internal and External Auditors, and personnel at all levels, including with External Auditors. The Board also authorises the Committee to investigate any matter within its terms of reference.

OBJECTIVES, DUTIES AND RESPONSIBILITIES
The key objectives of the Audit Committee are:

- To satisfy themselves that the good financial reporting system is in place in order to present accurate and timely financial information to the Board of Directors, regulators and shareholders and to make sure that these are prepared in accordance with International Financial Reporting Standards and other relevant laws and regulations.
- To satisfy themselves of the effectiveness of the Company’s risk management process in order to identify and mitigate risks.
- To review the design and implementation of the internal control system and take steps to strengthen them as necessary.
- To ensure that the contact of the business is in compliance with the applicable laws and regulations of the country and the policies and procedures of the Company, including its conformity with the requirements and practices of Shari’ah.
- To assess the independence of the External Auditors and monitor the performance of Internal and External Auditors.
- To assess the Company’s ability to continue as a going concern in the foreseeable future.

The primary duties and responsibilities of the Committee are as follows:

1. Review the adequacy of the internal audit programme and plan, internal audit findings and recommend actions to be taken by the Management of deficiencies in controls, processes and procedures.
3. Review the Management Letter and follow-up on its recommendations.
4. Ensure preparation and presentation of financial reports in line with accounting standards and ensuring the adequacy of disclosure in such report.
5. Review the effectiveness of internal controls and risk management processes.
6. Ensure compliance with Regulatory Affairs and Corporate Governance.
INTERNAL AUDIT
The internal audit functions of the Company are undertaken by the Internal Audit Department, Amãna Takaful PLC, Sri Lanka, as the Parent Company. The Department is independent of the activities and operations of other departments and units. It reports directly to the Committee and presented to the Committee the Comprehensive Audit Plan for the financial year under review and instructed the Internal Auditors on the approach to be adopted in their auditing processes. Apart from the Audit Plan, the Committee also instructed the Auditors to carry out investigation, inspection and auditing on certain issues deemed necessary to maintain and ensure the adequacy and effectiveness of internal controls and principles of best practice.

The Committee deliberated and reviewed a number of internal audit reports on a multitude of operational areas such as Reinsurance (Retakaful), various types of reserve including technical reserve, claims and underwriting as well as Treasury matters. To ensure key decisions and recommendations of the Committee are efficiently implemented a process of follow-up programmes have been put in place. Where necessary, Auditors were directed to conduct follow-up audits and inspections.

EXTERNAL AUDIT
The Committee reviewed the Management Letter and other recommendations submitted by the External Auditors, Ernst & Young, and noted the issues raised during the financial year under review.

The Committee further made recommendations in relation to the remuneration, functions and terms of engagement of the External Auditors, particularly in relation to their auditing work.

PROVISION OF NON-AUDIT SERVICE
The Committee is responsible for reviewing the nature of non-audit services that the External Auditors may undertake in order to ensure that the Auditor’s independence is not impaired in such circumstances.

CONCLUSION
The Committee is satisfied that effective measures, in respect of internal control of the Company, are in place. The accounting standards are duly followed and the activities and the functions of the Company are in compliant with regulatory and statutory provisions. The Committee is also comfortable that the assets of the Company have been adequately safeguarded, and the requirements of independence of Internal and External Auditors are met. With the transparent and appropriate relationship established with the External Auditors, the latter have an obligation to raise and highlight any significant defects or weaknesses in the Company’s system of internal control and compliance to the attention of the Management, the Committee and the Board. On the whole, the Committee strongly believes that the Company is in the right direction in terms of Corporate Governance and best practices.

Dato' Mohd Fadzli Yusof
Chairman
Audit and Compliance Committee of the Board
REPORT OF THE SHARI’AH ADVISORY COUNCIL

We have examined the operations of Amãna Takaful (Maldives) PLC (the ‘Company’) for the year ending 31st December 2016. We have also conducted our review to form an opinion as to whether the Company has complied with Shari’ah rules and principles and also with the specific fatwas, regulations and guidelines issued by the Shari’ah Advisory Council.

RESPONSIBILITIES

It is our responsibility, as Shari’ah Advisory Council, to ensure that the Takaful operations, contracts and investments entered into by the Company with its clients and stakeholders are in compliance with Shari’ah rules and principles. It is the responsibility of the Company’s management to ensure that all rules, principles and guidelines set by the Shari’ah Advisory Council are complied with, and that all policies and services being offered are duly approved by the Shari’ah Advisory Council.

SCOPE OF AUDIT

The scope of our audit primarily involved reviewing either directly or indirectly through a Scholar representing the Shari’ah Advisory Council, the Company’s compliance with the Shari’ah Regulations and Guidelines. Our review also included interviewing staff, examining different activities conducted by the Company based on samples/documents. This included reviewing:

1. Audited Financial Statements
2. Underwriting of different types of policies
3. Claims
4. Co-insurance operations
5. Review of Related Documentation
6. Retakaful and Reinsurance
7. Investments
8. Charity and Welfare Account (Inflows and Outflows)
9. Mandatory placement of funds with the MMA

FINDINGS:

Based on our findings we drew attention of the Management to the following:

An amount of money credited to the Waqf fund from mandatory interest based placement with the MMA has been designated to be paid to charity. Management has been advised to continue to canvass the MMA in an effort to convert this placement to a Shari’ah Compliant placement.

OPINION

In our opinion and to the best of our information and belief and according to the explanations given to us:

i. The Takaful Operations, Financial Transactions and General Operations undertaken by the Company during the year under review were generally in accordance with the guidelines prescribed by the Shari’ah Advisory Council.

ii. Muslim shareholders are advised to disburse Zakaah on their shares as per the Islamic Laws of Zakaah. Management has been asked to calculate, in consultation with the Shari’ah Advisory Council, the Zakaah per share that is due by shareholders.

We seek Allah the Almighty to grant us all success and straightforwardness.

Mufti M.I.M. Rizwe
Chairman – Shari’ah Advisory Council

Mufti Shafique A. Jakhura
Member – Shari’ah Advisory Council

Sheikh Ali Zahir Bin Saeed Gasim
Member – Shari’ah Advisory Council
STATEMENT OF DIRECTORS’ RESPONSIBILITIES

This statement sets out the responsibilities of the Directors in relation to Financial Statements of the Company. The Directors confirm that the Financial Statements for the year 2016, prepared and presented in this Annual Report, are consistent with the requirements of the Companies Act No. 10 of 1996.

In preparing the Financial Statements, the Directors have adopted appropriate accounting, principles and policies and where relevant, disclosed and explained material departures, if any. The Directors ensure that applicable accounting standards have been followed and that the judgments and estimates provided are reasonable and prudent and provide a true and fair view of the state of affairs as well as the profitability of the Company. The Directors also state that the Financial Statements are prepared on a going concern basis and a review of the Company’s performance indicates that the Company has adequate resources to continue in operation.

The Directors have taken proper and sufficient care to ensure the maintenance of adequate accounting records in conformity with the applicable provisions and any other legislation including the Companies Act No. 10 of 1996 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Company possesses an effective internal audit system, commensurate with the size and nature of its business. Steps have also been taken to ensure that proper records are maintained and the information generated is reliable.

It is the responsibility of the Directors to provide the Auditors every opportunity to carry out necessary audit work to enable them to present their audit report. The Directors are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company as at the Reporting date have been paid or where relevant provided for.

The Directors are of the view that they have, to the best of their knowledge, discharged their responsibilities as set out in this statement.

For and on behalf of the Board,

Tyeab Akbarally
Chairman

Malé, Republic of Maldives
20th March 2017
I hereby certify that the undiscounted Central Estimate of IBNR provision of MVR 796,406/- inclusive of claim handling expenses is adequate in relation to the Claim Liability of Amãna Takaful PLC as at 31st December 2016, net of Retakaful. This IBNR provision, together with the Case Reserves held by the operator, is expected to be adequate to meet the future liabilities in respect of the operator’s reported claims obligations as at 31st December 2016, in many, but not all, scenarios of future experience.

At the end of each Reporting period, companies are required to carry out a Liability Adequacy Test (LAT). The LAT is performed to assess the adequacy of the carrying amount of the Unearned Contribution Reserve (UCR). I hereby certify that the UCR provision of MVR 11,223,487/- set by the Operator, net of retakaful is adequate in relation to the unexpired risks of Amãna Takaful PLC as at 31st December 2016, in many, but not all, scenarios of future experience.

The results have been determined in accordance with internationally-accepted actuarial principles.

I have relied upon information and data provided by the management of the above operator and I have not independently verified the data supplied, beyond applying checks to satisfy myself as to the reasonability of the data.

Phan Ngoc Hung
Fellow of the Institute of Actuaries of France
For and on behalf of NMG Consulting

28th February 2017
INDEPENDENT AUDITORS’ REPORT

INDEPENDENT AUDITORS’ REPORT TO THE SHAREHOLDERS OF AMÃNA TAKAFUL (MALDIVES) PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the Financial Statements of Amãna Takaful (Maldives) PLC (‘the Company’), which comprise the Statement of Financial Position as at 31st December 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors’ responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

FAIR VALUE OF FINANCIAL ASSETS

As stated in Note 10 to the Financial Statements, financial assets include investment in equity shares and unit trusts which have been classified as fair value through profit or loss and available-for-sale. As per IAS 39 – Recognition and measurement, the subsequent measurement of the said assets should be at fair value. We checked the quoted price of the Maldives Stock Exchange and Colombo Stock Exchange for the quoted equity shares. For the fair value of unquoted shares, we assessed the reasonableness of the valuation method used to arrive the fair value.

ESTIMATES USED IN CALCULATION OF INSURANCE CONTRACT LIABILITIES AND LIABILITY ADEQUACY TEST

As stated in Note 17 to the Financial Statements, the Company has insurance contract liabilities of Rf. 27.5 Mn, representing 53% of its total liabilities. This is an area that involves management judgement over uncertain future outcomes, including the future claim experience of the Company and therefore, we considered it a key audit matter for our audit. In this regard, our work involved in verifying the data used for the computation and continuity of the basis of the computation. Further, we checked the professional competence of the management expert hired by the Company to perform the computation.

OTHER INFORMATION INCLUDED IN THE COMPANY’S 2016 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the Financial Statements and our Auditors’ Report thereon. Management is responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
• Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent Auditors’ Report is Krishna Rengaraj.

15th March 2017
Malé
## STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>Year ended 31st December</th>
<th>Notes</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MVR</td>
<td>MVR</td>
</tr>
<tr>
<td>Gross written contribution (premium)</td>
<td>3</td>
<td>101,908,240</td>
<td>85,845,318</td>
</tr>
<tr>
<td>Less: Contribution (premium) ceded to retakaful (net of retakaful commission income)</td>
<td>3</td>
<td>(51,651,287)</td>
<td>(43,473,030)</td>
</tr>
<tr>
<td><strong>Net Written Contribution (Premium)</strong></td>
<td></td>
<td>50,256,953</td>
<td>42,372,288</td>
</tr>
<tr>
<td>Net change in reserve for unearned contribution (premium)</td>
<td>3</td>
<td>(2,094,129)</td>
<td>(1,152,029)</td>
</tr>
<tr>
<td><strong>Net Earned Contribution (Premium)</strong></td>
<td></td>
<td>48,162,824</td>
<td>41,220,259</td>
</tr>
<tr>
<td>Benefits, Losses and Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takaful (insurance) claims and benefits (net of retakaful recoveries)</td>
<td>3</td>
<td>(25,418,319)</td>
<td>(18,472,168)</td>
</tr>
<tr>
<td>Acquisition cost</td>
<td>3</td>
<td>(5,057,309)</td>
<td>(5,134,400)</td>
</tr>
<tr>
<td><strong>Underwriting Results</strong></td>
<td></td>
<td>17,687,196</td>
<td>17,613,691</td>
</tr>
<tr>
<td>Other Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>3.1</td>
<td>3,314,484</td>
<td>2,444,081</td>
</tr>
<tr>
<td>Fair value gains</td>
<td></td>
<td>43,189</td>
<td>25,316</td>
</tr>
<tr>
<td>Other income</td>
<td>3.2</td>
<td>3,415,226</td>
<td>2,788,219</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value loss</td>
<td>10.4.2.1</td>
<td>(3,841,135)</td>
<td>–</td>
</tr>
<tr>
<td>Other operating, investment related and administrative expenses</td>
<td>4</td>
<td>(17,661,595)</td>
<td>(15,889,303)</td>
</tr>
<tr>
<td>Amortisation</td>
<td>5</td>
<td>(375,972)</td>
<td>(326,348)</td>
</tr>
<tr>
<td>Marketing expenses</td>
<td></td>
<td>(527,920)</td>
<td>(415,666)</td>
</tr>
<tr>
<td><strong>Profit before Taxation</strong></td>
<td></td>
<td>2,053,473</td>
<td>6,239,790</td>
</tr>
<tr>
<td>Business profit tax</td>
<td>6</td>
<td>(517,855)</td>
<td>(1,046,816)</td>
</tr>
<tr>
<td><strong>Profit for the Year</strong></td>
<td></td>
<td>1,535,618</td>
<td>5,192,974</td>
</tr>
<tr>
<td>Basic, Diluted Earnings per Share</td>
<td>7</td>
<td>0.08</td>
<td>0.26</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td>1,535,618</td>
<td>5,192,974</td>
</tr>
<tr>
<td>Net change in fair value of available-for-sale financial assets</td>
<td></td>
<td>(39,581)</td>
<td>(200,168)</td>
</tr>
<tr>
<td>Net change in fair value of available-for-sale financial assets reclassified to profit or loss</td>
<td></td>
<td>1,803,070</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income for the Year</strong></td>
<td></td>
<td>3,299,106</td>
<td>4,992,806</td>
</tr>
</tbody>
</table>

The accounting policies and notes on pages 66 through 86 form an integral part of the Financial Statements.
## STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>As at 31st December</th>
<th>Notes</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MVR</td>
<td>MVR</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>8</td>
<td>1,129,410</td>
<td>1,110,291</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>9</td>
<td>237,803</td>
<td>381,382</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>6.2</td>
<td>693,430</td>
<td>223,900</td>
</tr>
<tr>
<td>Financial assets</td>
<td>10</td>
<td>42,423,377</td>
<td>68,091,766</td>
</tr>
<tr>
<td>Deposit with Maldives Monetary Authority</td>
<td></td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Retakaful (reinsurance) receivables</td>
<td>11</td>
<td>17,198,957</td>
<td>13,656,400</td>
</tr>
<tr>
<td>Contribution (premium) receivables</td>
<td>12</td>
<td>7,016,178</td>
<td>16,086,966</td>
</tr>
<tr>
<td>Amounts due from related parties</td>
<td>13</td>
<td>15,577</td>
<td>–</td>
</tr>
<tr>
<td>Other assets</td>
<td>14</td>
<td>2,730,175</td>
<td>971,940</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>15</td>
<td>26,298,287</td>
<td>3,477,165</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>99,743,194</td>
<td>105,999,809</td>
</tr>
<tr>
<td><strong>Equity and Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued share capital</td>
<td>16</td>
<td>26,314,583</td>
<td>26,314,583</td>
</tr>
<tr>
<td>Available-for-sale reserve</td>
<td></td>
<td>(186,218)</td>
<td>(1,949,706)</td>
</tr>
<tr>
<td>Revenue reserves</td>
<td></td>
<td>21,551,688</td>
<td>23,963,256</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>47,680,053</td>
<td>48,328,133</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takaful (insurance) contract liabilities</td>
<td>17</td>
<td>27,504,184</td>
<td>28,744,930</td>
</tr>
<tr>
<td>Retakaful (reinsurance) payables</td>
<td></td>
<td>9,198,764</td>
<td>13,404,317</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>18</td>
<td>1,073,768</td>
<td>677,728</td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td>19</td>
<td>75,391</td>
<td>74,133</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>20</td>
<td>14,211,034</td>
<td>14,770,568</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>52,063,141</td>
<td>57,671,676</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td></td>
<td>99,743,194</td>
<td>105,999,809</td>
</tr>
</tbody>
</table>

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by,

Tyeab Akbarally  
Chairman

Hareez Sulaiman  
Managing Director

Siraj Nizam  
Head of Finance

The accounting policies and notes on pages 66 through 86 form an integral part of the Financial Statements.

15th March 2017  
Malé
## STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Year ended 31st December 2016</th>
<th>Share Capital MVR</th>
<th>Available-for-Sale Reserve MVR</th>
<th>WAQF Fund MVR</th>
<th>Retained Earnings MVR</th>
<th>Total Equity MVR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as at 1st January 2015</strong></td>
<td>26,314,583</td>
<td>(1,749,538)</td>
<td>1,542</td>
<td>21,400,197</td>
<td>45,966,786</td>
</tr>
<tr>
<td>Final dividend – 2014</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,315,729)</td>
<td>(1,315,729)</td>
</tr>
<tr>
<td>Interim dividend – 2015</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,315,729)</td>
<td>(1,315,729)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>5,192,974</td>
<td>5,192,974</td>
</tr>
<tr>
<td>Net change in fair value of available-for-sale financial assets</td>
<td>–</td>
<td>(200,168)</td>
<td>–</td>
<td>–</td>
<td>(200,168)</td>
</tr>
<tr>
<td><strong>Balance as at 31st December 2015</strong></td>
<td>26,314,583</td>
<td>(1,949,706)</td>
<td>1,542</td>
<td>23,961,714</td>
<td>48,328,133</td>
</tr>
<tr>
<td>Final dividend – 2015</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,315,729)</td>
<td>(1,315,729)</td>
</tr>
<tr>
<td>1st Interim dividend – 2016</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,315,729)</td>
<td>(1,315,729)</td>
</tr>
<tr>
<td>2nd Interim dividend – 2016</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,315,729)</td>
<td>(1,315,729)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,535,618</td>
<td>1,535,618</td>
</tr>
<tr>
<td>Net change in fair value of available-for-sale financial assets transferred to profit or loss</td>
<td>–</td>
<td>1,803,070</td>
<td>–</td>
<td>–</td>
<td>1,803,070</td>
</tr>
<tr>
<td>Net change in fair value of available-for-sale financial assets net of deferred tax</td>
<td>–</td>
<td>(39,581)</td>
<td>–</td>
<td>–</td>
<td>(39,581)</td>
</tr>
<tr>
<td><strong>Balance as at 31st December 2016</strong></td>
<td>26,314,583</td>
<td>(186,218)</td>
<td>1,542</td>
<td>21,550,146</td>
<td>47,680,053</td>
</tr>
</tbody>
</table>

The accounting policies and notes on pages 66 through 86 form an integral part of the Financial Statements.
## STATEMENT OF CASH FLOW

### Year ended 31st December

<table>
<thead>
<tr>
<th>Notes</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MVR</td>
<td>MVR</td>
</tr>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>2,053,473</td>
<td>6,239,790</td>
</tr>
<tr>
<td><strong>Non-Cash Adjustment to Reconcile Profit to Net Cash Flows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of intangible assets – software</td>
<td>8</td>
<td>375,972</td>
</tr>
<tr>
<td>Depreciation</td>
<td>9</td>
<td>171,648</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>6.4</td>
<td>(1,080,471)</td>
</tr>
<tr>
<td>Investment income</td>
<td>3.1</td>
<td>(3,314,484)</td>
</tr>
<tr>
<td>Fair value gains</td>
<td>(43,189)</td>
<td>–</td>
</tr>
<tr>
<td>Fair value loss</td>
<td>10.4.2.1</td>
<td>3,841,135</td>
</tr>
<tr>
<td><strong>Working Capital Adjustments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease/(increase) in retakaful (reinsurance) assets</td>
<td>(3,542,558)</td>
<td>597,182</td>
</tr>
<tr>
<td>Increase in contribution (premium) receivables</td>
<td>9,070,788</td>
<td>(2,090,602)</td>
</tr>
<tr>
<td>(Increase)/decrease in other assets</td>
<td>(1,758,235)</td>
<td>(380,021)</td>
</tr>
<tr>
<td>Decrease/(increase) in amounts due from related parties</td>
<td>(15,577)</td>
<td>87,007</td>
</tr>
<tr>
<td>Increase/(decrease) in takaful contract liabilities</td>
<td>(1,240,746)</td>
<td>4,054,096</td>
</tr>
<tr>
<td>Increase in retakaful (reinsurance) payable</td>
<td>(4,205,553)</td>
<td>1,710,230</td>
</tr>
<tr>
<td>Increase in other liabilities</td>
<td>(777,651)</td>
<td>3,567,320</td>
</tr>
<tr>
<td>Increase in employee benefits</td>
<td>396,040</td>
<td>224,958</td>
</tr>
<tr>
<td>Increase/(decrease) in amounts due to related parties</td>
<td>1,257</td>
<td>40,049</td>
</tr>
<tr>
<td><strong>Net Increase in Cash and Cash Equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(68,150)</td>
<td>10,216,593</td>
</tr>
<tr>
<td><strong>Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in financial asset</td>
<td>23,945,134</td>
<td>(9,222,469)</td>
</tr>
<tr>
<td>Acquisition of property, plant &amp; equipment</td>
<td>9</td>
<td>(28,069)</td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>8</td>
<td>(395,090)</td>
</tr>
<tr>
<td>Investment income received</td>
<td>3.1</td>
<td>3,314,484</td>
</tr>
<tr>
<td><strong>Net Cash Used in Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>26,836,458</td>
<td>(7,010,133)</td>
</tr>
<tr>
<td><strong>Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend paid</td>
<td>(3,947,187)</td>
<td>(2,631,458)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3,947,187)</td>
<td>(2,631,458)</td>
</tr>
<tr>
<td><strong>Net Increase in Cash and Cash Equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>22,821,120</td>
<td>575,002</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1st January</td>
<td>3,477,167</td>
<td>2,902,165</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at 31st December (Note 15)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>26,298,287</td>
<td>3,477,167</td>
</tr>
</tbody>
</table>

The accounting policies and notes on pages 66 through 86 form an integral part of the Financial Statements.
## SEGMENTAL ANALYSIS – STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>Year ended 31st December</th>
<th>General Takaful Fund</th>
<th>Shareholders’ Fund</th>
<th>Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MVR</td>
<td>MVR</td>
<td>MVR</td>
<td>MVR</td>
</tr>
</tbody>
</table>

**Gross written contribution (premium)**  
101,908,240 – – 101,908,240

**Less: Contribution (premiums) ceded to retakaful – net of retakaful (reinsurance) commission income**  
(51,651,287) – – (51,651,287)

**Net Written Contribution (Premium)**  
50,256,953

**Net changes in reserve for unearned contribution**  
(2,094,129)

**Net Earned Contribution (Premium)**  
48,162,824

**Benefits, Losses and Expenses**

- **Takaful (insurance) claims and benefits – (net of retakaful recoveries)**  
(25,418,319)

- **Acquisition cost**  
(5,057,309)

**Under Writing Results**  
22,744,504

**Wakalah fee**  
– 21,943,544 21,943,544 –

**Other Revenue**

- **Investment income**  
1,835,175

- **Fair value gains and (losses)**  
67,377

- **Other income**  
655,414

**Direct Expenses**  
25,302,471

- **Wakalah fee**  
(21,943,544)

**Expenses**

- **Fair value loss**  
(1,934,432)

- **Other operating, investment related and administrative expenses**  
(1,074,725)

- **Amortisation**  
(375,972)

- **Marketing expenses**  
(527,920)

**Profit from Operations**  
(26,201)

- **Business profit tax**  
(136,642)

**Profit for the Year**  
(162,844)

**Other Comprehensive Income**

- **Profit for the year**  
(332,752)

- **Net change in fair value of available-for-sale financial assets**  
(23,592)

- **Net change in fair value of available-for-sale financial assets reclassified to profit or loss**  
1,060,041

**Total Comprehensive Income for the Year**  
703,698
### SEGMENTAL ANALYSIS – STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>As at 31st December</th>
<th>2016</th>
<th>General Takaful Fund</th>
<th>Shareholders’ Fund</th>
<th>Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MVR</td>
<td>MVR</td>
<td>MVR</td>
<td>MVR</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td>1,129,410</td>
<td>–</td>
<td>–</td>
<td>1,129,410</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td></td>
<td>–</td>
<td>237,803</td>
<td>–</td>
<td>237,803</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td>–</td>
<td>693,430</td>
<td>–</td>
<td>693,430</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td>25,899,216</td>
<td>16,524,161</td>
<td>–</td>
<td>42,423,377</td>
</tr>
<tr>
<td>Deposit with Maldives Monetary Authority</td>
<td></td>
<td>2,000,000</td>
<td>–</td>
<td>–</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Retakaful (reinsurance) receivables</td>
<td></td>
<td>17,198,957</td>
<td>–</td>
<td>–</td>
<td>17,198,957</td>
</tr>
<tr>
<td>Contribution (premium) receivables</td>
<td></td>
<td>7,016,178</td>
<td>–</td>
<td>–</td>
<td>7,016,178</td>
</tr>
<tr>
<td>Wakalah fee (management fee) receivable</td>
<td></td>
<td>–</td>
<td>1,534,809</td>
<td>(1,534,809)</td>
<td>–</td>
</tr>
<tr>
<td>Amounts due from other related parties</td>
<td></td>
<td>–</td>
<td>15,577</td>
<td>–</td>
<td>15,577</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td>2,082,679</td>
<td>647,496</td>
<td>–</td>
<td>2,730,175</td>
</tr>
<tr>
<td>Inter-fund receivable</td>
<td></td>
<td>8,531,144</td>
<td>–</td>
<td>(8,531,144)</td>
<td>–</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>2,584,741</td>
<td>23,713,546</td>
<td>–</td>
<td>26,298,287</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>66,442,326</td>
<td>43,366,821</td>
<td>(10,065,953)</td>
<td>99,743,194</td>
</tr>
<tr>
<td><strong>Equity and Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued share capital</td>
<td></td>
<td>–</td>
<td>26,314,583</td>
<td>–</td>
<td>26,314,583</td>
</tr>
<tr>
<td>Available-for-sale reserve</td>
<td></td>
<td>78,654</td>
<td>(264,872)</td>
<td>–</td>
<td>(186,218)</td>
</tr>
<tr>
<td>Revenue reserves</td>
<td></td>
<td>18,970,048</td>
<td>23,713,546</td>
<td>–</td>
<td>42,684,000</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>19,048,702</td>
<td>28,631,351</td>
<td>–</td>
<td>47,680,053</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takaful (insurance) contract liabilities</td>
<td></td>
<td>27,504,184</td>
<td>–</td>
<td>–</td>
<td>27,504,184</td>
</tr>
<tr>
<td>Retakaful (reinsurance) payables</td>
<td></td>
<td>9,198,764</td>
<td>–</td>
<td>–</td>
<td>9,198,764</td>
</tr>
<tr>
<td>Wakalah fee (management fee) payable</td>
<td></td>
<td>1,534,809</td>
<td>–</td>
<td>(1,534,809)</td>
<td>–</td>
</tr>
<tr>
<td>Inter-fund payable</td>
<td></td>
<td>–</td>
<td>8,531,144</td>
<td>(8,531,144)</td>
<td>–</td>
</tr>
<tr>
<td>Employee benefits</td>
<td></td>
<td>–</td>
<td>1,073,768</td>
<td>–</td>
<td>1,073,768</td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td></td>
<td>20,190</td>
<td>55,201</td>
<td>–</td>
<td>75,391</td>
</tr>
<tr>
<td>Other liabilities</td>
<td></td>
<td>9,135,676</td>
<td>5,075,358</td>
<td>–</td>
<td>14,211,034</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>47,393,624</td>
<td>14,735,470</td>
<td>(10,065,953)</td>
<td>52,063,141</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td></td>
<td>66,442,326</td>
<td>43,366,821</td>
<td>(10,065,953)</td>
<td>99,743,194</td>
</tr>
</tbody>
</table>
NOTES TO THE
FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 GENERAL

Amãna Takaful (Maldives) PLC (‘Company’) is a public limited liability company incorporated and domiciled in Maldives. The registered office of the Company is located at H. Mialani, 3rd Floor, Sosun Magu, Malé, Republic of Maldives.

Until 4th March 2010, the Company operated through a local agent with a temporary license. On receiving a license from Maldives Monetary Authority, the regulator, the Company ceased its operations through the agent and commenced functioning independently.

On 23rd March 2011, ongoing public, Amãna Takaful (Maldives) Private Ltd. was reregistered with Ministry of Economic Development as Amãna Takaful (Maldives) PLC as a public limited company.

The shares of the Company are listed on the Maldives Stock Exchange.

1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

During the year, the principal activity of the Company was providing Takaful, Shari’ah compliance insurance solutions.

1.3 PARENT ENTERPRISE

The Company’s parent undertaking is Amãna Takaful PLC, a public limited company, incorporated in Sri Lanka and listed on the Colombo Stock Exchange and ultimate parent undertaking is Aberdeen Holdings Private Ltd. – Sri Lanka.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE


2.2 BASIS OF MEASUREMENT

The Financial Statements of the Company have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Available-for-sale investments are measured at fair value
- Other financial assets and liabilities held for trading are measured at fair value
- Financial instruments designated at fair value through profit or loss are measured at fair value

2.3 COMPARATIVE INFORMATION

The comparative information is reclassified wherever necessary to conform to the current year’s presentation.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements of the Company in conformity with International Accounting Standards requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognised in the Financial Statements of the Company are as follows:

2.4.1 GOING CONCERN

The Directors have made an assessment of the Company ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.4.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the value at which positions can be closed or sold in a transaction with a willing and knowledgeable counterparty. Management exercises judgement in determining the risk characteristics of various financial instruments, interest rates, estimates of future cash flows, future expected loss experience etc. There is no material difference between the carrying amounts and fair values of the financial assets and liabilities presented on the Company’s Statement of Financial Position.

2.4.3 DEFERRED TAX ASSETS

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which such tax losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with the future tax planning strategies.
2.4.4 USEFUL LIFETIME OF THE PROPERTY, PLANT & EQUIPMENT
The Company reviews the residual values, useful lives and methods of depreciation of Property, Plant & Equipment at each Reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.5.1 CONVERSION OF FOREIGN CURRENCIES
All foreign currency transactions are converted to Moldavian Rufiyaa, which is the reporting currency at the rates of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are translated to reporting currency at the rate of exchange ruling at the Reporting date. Non-monetary assets and liabilities are translated using exchange rate that existed when the values were determined. The resulting gains and losses are accounted for in the Income Statement.

2.5.2 PREPAID EXPENDITURE
Expenditure which is deemed to have a benefit or relationship to more than one Reporting period is classified as prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a straight line basis.

2.5.3 RECEIVABLES
Contribution (premium) receivables are stated at the amounts they are estimated to realise net of provision for impairment of bad and doubtful receivables.

Other receivables and dues from related parties are recognised and carried at cost less impairment losses on any uncollectible amounts.

2.5.4 TAXATION
(A) BUSINESS TAX
The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Maldives.

Provision for business tax is based on the elements of income and expenditure as reported in the Financial Statements and is computed in accordance with the provisions of the relevant tax statutes.

(B) DEFERRED TAX
Deferred income tax is provided, using the liability method, on temporary differences at the Reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Reporting date.

2.5.5 CASH AND CASH EQUIVALENCES
Cash and cash equivalents are comprise of cash at banks and cash in hand.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

2.5.6 PROPERTY, PLANT & EQUIPMENT
Property, plant & equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant & equipment when that cost is incurred if the recognition criteria are met.

The cost of the self-constructed assets includes the cost of materials, direct labour cost and appropriate proportion of production overheads. The cost of Property, Plant & Equipment acquired by the Company includes cost of acquisition, together with any incidental expenses incurred in bringing the assets to its working condition for its intended use.
When a major inspection of plant and machinery is performed, its cost is recognised in the carrying amount of the plant & equipment as a replacement if the recognition criteria are met.

Depreciation on Property, Plant & Equipment of the Company is charged on a straight-line basis to write-off the cost over the estimated useful life of the assets as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Useful Life (No. of Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and Fittings</td>
<td>20%</td>
</tr>
<tr>
<td>Computer Equipments</td>
<td>33.33%</td>
</tr>
<tr>
<td>Other Equipments</td>
<td>25%</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>25%</td>
</tr>
</tbody>
</table>

2.5.7 INTANGIBLE ASSETS
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the function of the intangible asset. The estimated useful lives for the current and comparative periods are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Useful Life (No. of Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Software</td>
<td>8</td>
</tr>
</tbody>
</table>

Intangible assets with infinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

2.5.8 IMPAIRMENT OF ASSETS
The Company assesses at each Reporting date whether there is an indication that an assets may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Company makes an estimate of the asset’s recoverable amount. An asset recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

2.5.9 FINANCIAL ASSETS
(A) INITIAL RECOGNITION AND MEASUREMENT
Financial assets within the scope of IAS 39: Financial Instruments – Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, as appropriate.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the settlement date.
The Company’s existing types of financial assets and their classifications are shown in the table below:

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Shares</td>
<td>Fair value through profit or loss and available-for-sale</td>
</tr>
<tr>
<td>Unit trust</td>
<td>Available-for-sale</td>
</tr>
<tr>
<td>Mudharaba deposits, Murabaha, Wakalah, Ijarah and Sukuk investments</td>
<td>Loans and advances</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>Loans and advances</td>
</tr>
</tbody>
</table>

(B) SUBSEQUENT MEASUREMENT

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss, include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading.

Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in the Income Statement.

The Company evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets, due to inactive markets and management’s intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity. For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR (Effective Interest Rate). Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recording equity is reclassified to the Income Statement.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the asset is derecognised, at which time, the cumulative gain or loss is recognised in other operating income or determined to be impaired or the cumulative loss is recognised in the Income Statement in finance costs and removed from the available-for-sale reserve.

The Company evaluated its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets and management’s intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity. For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR (Effective Interest Rate). Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recording equity is reclassified to the Income Statement.

LOANS AND OTHER RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment.

After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Income Statement. Gains and losses are recognised in the Income Statement when the investments are derecognised or impaired, as well as through the amortisation process.

HELD-TO-MATURITY FINANCIAL ASSETS

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold until maturity.
These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held-to-maturity financial assets are measured at amortised cost, using the EIR method, less impairment. Gains and losses are recognised in the Income Statement when the investments are derecognised or impaired, as well as through the amortisation process.

(C) DERECOGNITION OF FINANCIAL ASSETS
A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass through’ arrangement; and either:
  (a) The Company has transferred substantially all risks and rewards of the asset; or
  (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement and has neither transferred nor retained substantially all risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset.

2.5.10 IMPAIRMENT OF FINANCIAL ASSETS
The Company assesses at each Reporting date whether a financial asset or group of financial assets is impaired.
A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

FINANCIAL ASSETS CARRIED AT AMORTISED COST
For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income Statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The profit is recorded as part of investment income in the Income Statement. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the ‘finance cost’ in the Income Statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company’s internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects
of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect and are directionally consistent with, changes in related observable data from year-to-year (such as changes in unemployment rates, property prices, commodity prices, payment status or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-Sale Financial Assets
For available-for-sale financial assets, the Company assesses at each Reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a ‘significant or prolonged’ decline in the fair value of the investment below its cost. ‘Significant’ is to be evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement – is removed from other comprehensive income and recognised in the Income Statement. Impairment losses on equity investments are not reversed through the Income Statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement. Future interest income continues to be accrued, based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Income Statement, the impairment loss is reversed through the Income Statement.

2.5.11 Takaful (Insurance) Contract Liabilities and Other Liabilities
Liabilities for, Takaful (insurance) contract liabilities and other liabilities, which fall due for payment on demand or within one year from the closing date.

Takaful contract liabilities and other liabilities are also carried at cost.

2.5.12 Events After the Reporting Date
All material events after the Reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

2.5.13 Capital Commitment and Contingencies
Capital commitment and contingent liabilities of the Company are disclosed in the Financial Statements.

2.5.14 Retakaful (Reinsurance) and Contribution (Premium) Receivable
All contribution (premium) and other receivable assets are recognised at the amounts receivable, as they are due for settlements within 90 days from the date of recognition. Collectability of the contributions and other debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised when some doubts as to collection exists and in any event when the debt is more than 180 days overdue, to the extent that any relevant contribution (premium) has been earned.

2.5.15 Revenue Recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

(A) Wakalah Fee (Management Fee)
- Wakalah fee (agency/management fee) on Takaful contribution (insurance premium)
  The Shareholders’ Fund is entitled for management fee on every Takaful Contribution (insurance premium) received in respect of the business received during the year on pre-agreed rates.
- Share of profit on investment income
  The Shareholders’ Fund is entitled for 50% of investment income.
(B) INVESTMENT INCOME

• Share of profit on investments with Islamic Bank.
  Income is recognised on cash basis since the Company cannot reliably estimate the same.

• Other investment income
  All other investment income is recognised on an accrual basis.

(C) INTEREST INCOME ON DEPOSIT WITH MALDIVES MONETARY AUTHORITY

Interest income is recognised on accrual basis. The basis of recognition of interest income is discussed under Note 3.2 in the Financial Statements.

All authorised insurance undertaking, whether life or general insurance shall at all times maintain a deposit of Rf. 2,000,000/- with Maldives Monetary Authority (the Authority), for each type of insurance (life or general insurance) the undertaking is authorised to engage in.

2.5.16 EXPENDITURE RECOGNITION

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

For the purpose of presentation of Income Statement, the Directors are of the opinion that nature of expenses method presents fairly the elements of the Company’s performance, and hence such a presentation method is adopted.

2.6 STANDARD ISSUED BUT NOT YET EFFECTIVE

The following IASs have been issued by the International Accounting Standards Board (IASB) which are not yet effective as at 31st December 2016.

2.6.1 IFRS 9 – FINANCIAL INSTRUMENTS

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 – Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1st January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1st February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company’s financial assets, but no impact on the classification and measurement of the Company’s financial liabilities.

2.6.2 IAS 7 DISCLOSURE INITIATIVE – AMENDMENTS TO IAS 7

The amendments to IAS 7 – Statement of Cash Flows are part of the IASB’s Disclosure Initiative and require an entity to provide disclosures that enable users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1st January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Company.

2.6.3 IAS 12 RECOGNITION OF DEFERRED TAX ASSETS FOR UNREALISED LOSSES – AMENDMENTS TO IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits, against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1st January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Company.
### 3. GROSS WRITTEN CONTRIBUTION (PREMIUM) AND NET UNDERWRITING INCOME

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Written Contribution (Premium)</strong></td>
<td>101,908,240</td>
<td>85,845,318</td>
</tr>
<tr>
<td>Less: Contributions (premiums) ceded to retakaful (reinsurers)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treaty</td>
<td>(11,496,588)</td>
<td>(10,380,326)</td>
</tr>
<tr>
<td>Facultative</td>
<td>(38,040,171)</td>
<td>(32,536,586)</td>
</tr>
<tr>
<td>Excess of loss</td>
<td>(2,114,528)</td>
<td>(556,118)</td>
</tr>
<tr>
<td><strong>Net Written Contribution (Premium)</strong></td>
<td>50,256,953</td>
<td>42,372,288</td>
</tr>
<tr>
<td><strong>Gross Provision for Unearned Contribution (Premium)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>(9,129,358)</td>
<td>(7,977,328)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>(11,223,487)</td>
<td>(9,129,358)</td>
</tr>
<tr>
<td><strong>Provision for Unearned Contribution (Premium)</strong></td>
<td>(2,094,129)</td>
<td>(1,152,029)</td>
</tr>
<tr>
<td><strong>Total Underwriting Income</strong></td>
<td>48,162,824</td>
<td>41,220,259</td>
</tr>
<tr>
<td>Gross benefits and claims paid</td>
<td>(33,229,408)</td>
<td>(18,472,168)</td>
</tr>
<tr>
<td>Surplus refund</td>
<td>–</td>
<td>(2,137,753)</td>
</tr>
<tr>
<td>Retakaful (reinsurance) claims recoveries</td>
<td>7,380,580</td>
<td>1,591,317</td>
</tr>
<tr>
<td>Increase in provision for gross claims payable</td>
<td>134,523</td>
<td>(1,261,731)</td>
</tr>
<tr>
<td>(Increase)/decrease in provision for claims IBNR</td>
<td>295,986</td>
<td>(190,706)</td>
</tr>
<tr>
<td><strong>Takaful (insurance) claims and benefits (net)</strong></td>
<td>(25,418,319)</td>
<td>(18,472,168)</td>
</tr>
<tr>
<td>Acquisition cost</td>
<td>(5,057,309)</td>
<td>(5,134,400)</td>
</tr>
<tr>
<td><strong>Net underwriting income</strong></td>
<td>17,687,196</td>
<td>17,613,691</td>
</tr>
</tbody>
</table>

#### 3.1 INVESTMENT INCOME

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends income</td>
<td>40,722</td>
<td>30,264</td>
</tr>
<tr>
<td>Murabaha, Wakalah and Ijarah income</td>
<td>2,432,227</td>
<td>1,350,481</td>
</tr>
<tr>
<td>Mudharabah income</td>
<td>523,160</td>
<td>867,375</td>
</tr>
<tr>
<td>Sukuk income</td>
<td>240,251</td>
<td>156,052</td>
</tr>
<tr>
<td>Income from unit trust</td>
<td>78,124</td>
<td>39,914</td>
</tr>
<tr>
<td><strong>Total Investment Income</strong></td>
<td>3,314,484</td>
<td>2,444,085</td>
</tr>
</tbody>
</table>

#### 3.2 OTHER INCOME

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from deposit with Maldives Monetary Authority</td>
<td>19,968</td>
<td>19,968</td>
</tr>
<tr>
<td>Management fee income</td>
<td>2,759,640</td>
<td>2,526,330</td>
</tr>
<tr>
<td>Sundry income</td>
<td>635,619</td>
<td>241,920</td>
</tr>
<tr>
<td><strong>Total Other Income</strong></td>
<td>3,415,226</td>
<td>2,788,219</td>
</tr>
</tbody>
</table>

Interest income from security deposit with MMA has been recognised as an income and expensed to charity as donation.
### 4. OTHER OPERATING, INVESTMENT RELATED AND ADMINISTRATION EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff expenses (Note 4.1)</td>
<td>10,110,517</td>
<td>8,220,425</td>
</tr>
<tr>
<td>Administration and establishment expenses</td>
<td>5,980,832</td>
<td>6,193,343</td>
</tr>
<tr>
<td>Depreciation</td>
<td>171,648</td>
<td>209,115</td>
</tr>
<tr>
<td>Consultancy fees</td>
<td>1,398,598</td>
<td>1,266,419</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,661,595</strong></td>
<td><strong>15,889,303</strong></td>
</tr>
</tbody>
</table>

#### 4.1 STAFF EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, salaries and bonuses</td>
<td>5,803,527</td>
<td>5,122,195</td>
</tr>
<tr>
<td>Defined benefit plan</td>
<td>396,048</td>
<td>224,958</td>
</tr>
<tr>
<td>Staff welfare</td>
<td>108,381</td>
<td>122,258</td>
</tr>
<tr>
<td>Staff training</td>
<td>143,820</td>
<td>161,432</td>
</tr>
<tr>
<td>Medical claims</td>
<td>102,850</td>
<td>43,079</td>
</tr>
<tr>
<td>Staff incentives</td>
<td>1,088,965</td>
<td>596,021</td>
</tr>
<tr>
<td>Other staff cost</td>
<td>2,466,925</td>
<td>1,950,482</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,110,517</strong></td>
<td><strong>8,220,425</strong></td>
</tr>
</tbody>
</table>

#### 4.2 INCLUDED IN ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fee</td>
<td>103,779</td>
<td>84,942</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>103,779</strong></td>
<td><strong>84,942</strong></td>
</tr>
</tbody>
</table>

### 5. AMORTISATION OF INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software</td>
<td>375,972</td>
<td>326,348</td>
</tr>
</tbody>
</table>

### 6. BUSINESS PROFIT TAX

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax on business profit (Note 6.1)</td>
<td>1,076,909</td>
<td>1,091,175</td>
</tr>
<tr>
<td>Under provision for previous years</td>
<td>221,680</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,298,589</strong></td>
<td><strong>1,091,175</strong></td>
</tr>
<tr>
<td>Deferred tax provided/(reversed) during the year (Note 6.3)</td>
<td>(469,530)</td>
<td>(79,682)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>829,059</strong></td>
<td><strong>1,011,493</strong></td>
</tr>
<tr>
<td>To other comprehensive income</td>
<td>(311,204)</td>
<td>35,323</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>517,855</strong></td>
<td><strong>1,046,816</strong></td>
</tr>
</tbody>
</table>
6.1 BUSINESS PROFIT TAX ON PROFIT
A reconciliation between tax expense and the product of accounting profit multiplied by Maldives’s domestic tax rate for the year ended 31st December is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MVR</td>
<td>MVR</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>2,053,473</td>
<td>6,239,790</td>
</tr>
<tr>
<td>Add: Depreciation and amortisation charge for the period</td>
<td>545,705</td>
<td>535,463</td>
</tr>
<tr>
<td>Disallowable expenses</td>
<td>6,284,315</td>
<td>2,393,288</td>
</tr>
<tr>
<td>Less: Capital allowances</td>
<td>(6,284,315)</td>
<td>(185,984)</td>
</tr>
<tr>
<td>Other allowable expenses</td>
<td>(895,076)</td>
<td>(1,208,059)</td>
</tr>
<tr>
<td>Taxable profit before adjustments</td>
<td>7,679,398</td>
<td>7,774,498</td>
</tr>
<tr>
<td>Tax free allowance</td>
<td>(500,000)</td>
<td>(500,000)</td>
</tr>
<tr>
<td>Taxable profit</td>
<td>7,179,398</td>
<td>7,274,498</td>
</tr>
<tr>
<td>Business profit tax on taxable profit @ 15%</td>
<td>1,076,909</td>
<td>1,091,175</td>
</tr>
</tbody>
</table>

6.2 DEFERRED TAX
Temporary difference on assets and liabilities | 511,115 | 801,110 |
Available-for-sale financial assets | (219,080) | (2,293,771) |
Unrealised fair value loss | (3,841,135) | – |
Defined employee benefits | (1,073,768) | – |
Total temporary difference | (4,622,868) | (1,492,661) |
Tax rate (%) | 15 | 15 |
Deferred Tax (Asset)/Liability as at 31st December | (693,430) | (223,900) |

The provision on deferred tax is made on temporary differences between the carrying value and tax base of Property, Plant & Equipment. The Company’s management expects to earn future taxable profits and therefore deferred tax asset is recognised.

6.3 MOVEMENT IN DEFERRED TAX

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MVR</td>
<td>MVR</td>
</tr>
<tr>
<td>As at 1st January</td>
<td>(223,900)</td>
<td>(144,218)</td>
</tr>
<tr>
<td>Provision made during the year</td>
<td>(469,530)</td>
<td>(79,682)</td>
</tr>
<tr>
<td>As at 31st December</td>
<td>(693,430)</td>
<td>(223,900)</td>
</tr>
</tbody>
</table>

6.4 BUSINESS PROFIT TAX PAYABLE

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax payable as at 1st January</td>
<td>325,356</td>
<td>1,133,664</td>
</tr>
<tr>
<td>Income tax expense for the year</td>
<td>1,298,589</td>
<td>1,091,175</td>
</tr>
<tr>
<td>Tax paid during the year</td>
<td>(1,080,470)</td>
<td>(1,899,483)</td>
</tr>
<tr>
<td>Tax Payable as at 31st December</td>
<td>543,475</td>
<td>325,356</td>
</tr>
</tbody>
</table>
### 7. Earnings Per Share

Earnings per share is calculated by dividing the profit for the year attributable to equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the earnings per share computation:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amount Used as the Numerator:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>1,535,618</td>
<td>5,192,974</td>
</tr>
<tr>
<td></td>
<td>Number</td>
<td>Number</td>
</tr>
<tr>
<td><strong>Number of Ordinary Shares Used as Denominator:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in issue applicable to earnings per share</td>
<td>20,241,987</td>
<td>20,241,987</td>
</tr>
<tr>
<td>Earnings per Share</td>
<td>0.08</td>
<td>0.26</td>
</tr>
</tbody>
</table>

### 8. Intangible Assets

**At Cost**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1st January</td>
<td>2,644,394</td>
<td>2,576,554</td>
</tr>
<tr>
<td>Additions</td>
<td>395,090</td>
<td>67,840</td>
</tr>
<tr>
<td><strong>Balance as at 31st December</strong></td>
<td>3,039,484</td>
<td>2,644,394</td>
</tr>
<tr>
<td><strong>Amortisation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at 1st January</td>
<td>1,534,106</td>
<td>1,207,758</td>
</tr>
<tr>
<td>Amortisation for the year</td>
<td>375,972</td>
<td>326,348</td>
</tr>
<tr>
<td><strong>Balance as at 31st December</strong></td>
<td>1,910,074</td>
<td>1,534,106</td>
</tr>
<tr>
<td><strong>Carrying Amount as at 31st December</strong></td>
<td>1,129,410</td>
<td>1,110,288</td>
</tr>
</tbody>
</table>

### 9. Property, Plant & Equipment

**At Cost**

<table>
<thead>
<tr>
<th></th>
<th>Balance as at 01.01.2016 MVR</th>
<th>Additions/ Transfers MVR</th>
<th>Disposals/ Transfers MVR</th>
<th>Balance as at 31.12.2016 MVR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fittings</td>
<td>612,603</td>
<td>20,377</td>
<td>–</td>
<td>632,981</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>132,880</td>
<td>–</td>
<td>–</td>
<td>132,880</td>
</tr>
<tr>
<td>Computers and peripherals</td>
<td>499,631</td>
<td>4,512</td>
<td>–</td>
<td>504,143</td>
</tr>
<tr>
<td>Other equipment</td>
<td>329,209</td>
<td>3,180</td>
<td>–</td>
<td>332,389</td>
</tr>
<tr>
<td><strong>Total Value of Depreciable Assets</strong></td>
<td>1,574,324</td>
<td>28,069</td>
<td>–</td>
<td>1,602,393</td>
</tr>
</tbody>
</table>
### Balance as at 01.01.2016

<table>
<thead>
<tr>
<th>Balance as at 01.01.2016 MVR</th>
<th>Charge for the Year MVR</th>
<th>Disposal/Transfers MVR</th>
<th>Balance as at 31.12.2016 MVR</th>
</tr>
</thead>
</table>

#### Depreciation

**At Cost**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Furniture and Fittings</strong></td>
<td>433,457</td>
<td>63,265</td>
</tr>
<tr>
<td><strong>Motor Vehicles</strong></td>
<td>132,880</td>
<td>–</td>
</tr>
<tr>
<td><strong>Computers and Peripherals</strong></td>
<td>402,889</td>
<td>63,079</td>
</tr>
<tr>
<td><strong>Other Equipment</strong></td>
<td>223,717</td>
<td>45,304</td>
</tr>
<tr>
<td><strong>Total Depreciation</strong></td>
<td>1,192,942</td>
<td>171,648</td>
</tr>
<tr>
<td><strong>Carrying Amount</strong></td>
<td>381,382</td>
<td>237,803</td>
</tr>
</tbody>
</table>

### 10. FINANCIAL ASSETS

#### 10.1 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

- Investment in equity securities (Note 10.4.1)
  - 2016: 804,171 MVR
  - 2015: 779,933 MVR

Fair value through profit or loss investments have been valued at fair value.

#### 10.2 AVAILABLE-FOR-SALE FINANCIAL ASSETS

- Investment in equity securities
  - Quoted (Note 10.4.2)
    - 2016: 3,869,741 MVR
    - 2015: 5,589,618 MVR
  - Unquoted (Note 10.4.3)
    - 2016: 735,337 MVR
    - 2015: 734,719 MVR
  - Unit trust
    - 2016: 1,809,886 MVR
    - 2015: 1,778,661 MVR

- Total Available-for-sale financial assets: 6,414,965 MVR (2016) vs. 8,102,998 MVR (2015)

#### 10.3 LOANS AND RECEIVABLE

- Advances to company officers: 100,481 MVR (2016) vs. 3,855 MVR (2015)
- Sukuk investment: 2,583,819 MVR (2016) vs. 2,500,000 MVR (2015)
- Special Foreign Investment Deposit Accounts (SFIDA): 1,072,598 MVR (2016) vs. 1,043,168 MVR (2015)

10.4 INVESTMENT IN EQUITY SECURITIES

10.4.1 QUOTED

<table>
<thead>
<tr>
<th>Shares</th>
<th>Market Value</th>
<th>Shares</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dhivehi Raajjey Gulhun PLC</td>
<td>2,000</td>
<td>162,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Dialog Telekom Ltd.</td>
<td>225,000</td>
<td>243,188</td>
<td>225,000</td>
</tr>
<tr>
<td>Access Engineering PLC</td>
<td>70,000</td>
<td>178,698</td>
<td>70,000</td>
</tr>
<tr>
<td>Textured Jersey Lanka PLC</td>
<td>50,000</td>
<td>220,285</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>347,000</td>
<td>804,171</td>
<td>347,000</td>
</tr>
</tbody>
</table>

10.4.2 QUOTED

<table>
<thead>
<tr>
<th>Shares</th>
<th>Market Value</th>
<th>Shares</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amãna Bank PLC (10.4.2.1)</td>
<td>9,398,344</td>
<td>3,869,741</td>
<td>9,398,344</td>
</tr>
</tbody>
</table>

10.4.2.1

| Cost as at 31st December | 7,710,877 | 7,710,877 |
| Less: provision for impairment | (3,841,135) | (2,121,259) |
| Fair value as at 31st December | 3,869,741 | 5,589,618 |

10.4.3 UNQUOTED

<table>
<thead>
<tr>
<th>Shares</th>
<th>Market Value</th>
<th>Shares</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pak-Kuwait Takaful Co. Ltd.</td>
<td>500,000</td>
<td>735,337</td>
<td>500,000</td>
</tr>
</tbody>
</table>

11. RETAKAFUL (REINSURANCE) RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retakaful (reinsurance) receivables</td>
<td>17,198,957</td>
<td>13,656,400</td>
</tr>
</tbody>
</table>

12. CONTRIBUTION (PREMIUM) RECEIVABLE

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution (premium) receivable</td>
<td>7,016,178</td>
<td>16,086,966</td>
</tr>
</tbody>
</table>

13. AMOUNTS DUE FROM RELATED PARTIES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amãna Global Ltd.</td>
<td>15,577</td>
<td>–</td>
</tr>
</tbody>
</table>

14. OTHER ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other receivables</td>
<td>45,821</td>
<td>25,348</td>
</tr>
<tr>
<td>Deposits, advances and prepayments</td>
<td>2,684,354</td>
<td>938,914</td>
</tr>
<tr>
<td>OPD recovery receivable</td>
<td>–</td>
<td>7,678</td>
</tr>
<tr>
<td></td>
<td><strong>2,730,175</strong></td>
<td><strong>971,940</strong></td>
</tr>
</tbody>
</table>

15. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Balances with banks</td>
<td><strong>26,298,287</strong></td>
<td><strong>3,477,165</strong></td>
</tr>
<tr>
<td></td>
<td><strong>26,298,287</strong></td>
<td><strong>3,477,165</strong></td>
</tr>
</tbody>
</table>

The Company has placed a lien of MVR 22,204,800/- for a committed equity investment.

16. ISSUED SHARE CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.1 AUTHORIZED SHARE CAPITAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50,000,000 ordinary shares of MVR 1.30</td>
<td>65,000,000</td>
<td>65,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.2 ISSUED AND FULLY PAID SHARE CAPITAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20,241,987 ordinary shares of MVR 1.30</td>
<td>26,314,583</td>
<td>26,314,583</td>
</tr>
</tbody>
</table>

16.2.1 VOTING POWER AND DIVIDENDS

The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. Further, the Company has declared a final dividend for 2015 amounting to MVR 1,315,729/- and an interim dividend amounting to MVR 2,631,458/- during the year ended 31st December 2016.
17. TAKAFUL (INSURANCE) CONTRACT LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for unearned contribution (premium) (Note 17.1)</td>
<td>11,223,487</td>
<td>9,129,358</td>
</tr>
<tr>
<td>Provision for claims IBNR</td>
<td>596,999</td>
<td>892,986</td>
</tr>
<tr>
<td>Claims outstanding</td>
<td>15,683,697</td>
<td>18,722,586</td>
</tr>
<tr>
<td></td>
<td>27,504,184</td>
<td>28,744,930</td>
</tr>
</tbody>
</table>

17.1 PROVISION FOR UNEARNED CONTRIBUTION

As at 1st January: 9,129,358
Increased during the year: 2,094,129
As at 31st December: 11,223,487

17.2 PROVISION FOR CLAIMS IBNR

The incurred but not reported (IBNR) claim reserve has been actuarially computed by Phan Ngoc Hung (Fellow of the Institute of Actuaries of France) on behalf of NMG Consulting Singapore. The valuation is based on internationally accepted valuation methods, which analyses the past experience and pattern of the claims.

18. EMPLOYEE BENEFITS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1st January</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision during the period</td>
<td>396,040</td>
<td>224,958</td>
</tr>
<tr>
<td>As at 31st December</td>
<td>1,073,768</td>
<td>677,728</td>
</tr>
</tbody>
</table>

19. AMOUNTS DUE TO RELATED PARTIES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amâna Global Ltd.</td>
<td>–</td>
<td>48,271</td>
</tr>
<tr>
<td>Amâna Wealth Management</td>
<td>55,201</td>
<td>25,862</td>
</tr>
<tr>
<td>Amâna Takaful PLC – Medical Takaful (Colombo)</td>
<td>20,190</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>75,391</td>
<td>74,133</td>
</tr>
</tbody>
</table>

20. OTHER LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission payable</td>
<td>1,675,161</td>
<td>2,081,364</td>
</tr>
<tr>
<td>Other payables</td>
<td>3,298,227</td>
<td>3,186,190</td>
</tr>
<tr>
<td>Business profit tax payable</td>
<td>543,475</td>
<td>325,358</td>
</tr>
<tr>
<td>Pending policy deposits</td>
<td>8,694,172</td>
<td>9,177,656</td>
</tr>
<tr>
<td></td>
<td>14,211,034</td>
<td>14,770,566</td>
</tr>
</tbody>
</table>
21. RELATED PARTY DISCLOSURES

The Company carries out transactions in the ordinary course of business with the parties who are defined as related parties in the International Accounting Standard (IAS) 24 – Related Party Disclosures, the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

21.1 PARENT AND ULTIMATE CONTROLLING PARTY

The Company’s Parent undertaking is Amâna Takaful PLC, a public limited company, incorporated in Sri Lanka and listed on the Colombo Stock Exchange and Ultimate Parent undertaking is Aberdeen Holdings Private Ltd. – Sri Lanka.

21.2 TRANSACTIONS WITH KEY MANAGERIAL PERSONNEL (KMPS)

According to the International Accounting Standard (IAS) 24 – Related Party Disclosures Key Managerial Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Such KMPs include the Board of Directors of the Company.

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Nature of the Transaction</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Directors’ fees, benefits and expenses</td>
<td>2,081,785</td>
<td>1,478,723</td>
</tr>
</tbody>
</table>

21.3 TRANSACTIONS WITH OTHER GROUP COMPANIES

Information regarding the outstanding related party balances at the year ended, refer Notes 13 and 18.

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Nature of the Transaction</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amâna Global Ltd.</td>
<td>Balance at 1st January</td>
<td>(48,271)</td>
<td>(34,084)</td>
</tr>
<tr>
<td></td>
<td>Settlements (fund transfers to)</td>
<td>2,656,082</td>
<td>2,131,307</td>
</tr>
<tr>
<td></td>
<td>Consultancy fee</td>
<td>(883,882)</td>
<td>(947,252)</td>
</tr>
<tr>
<td></td>
<td>Other expenses on behalf of Amâna Takaful</td>
<td>(1,708,352)</td>
<td>(1,198,243)</td>
</tr>
<tr>
<td></td>
<td>(Maldives) PLC</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balance at 31st December</td>
<td>15,577</td>
<td>(48,271)</td>
</tr>
<tr>
<td>Amâna Capital Private Ltd.</td>
<td>Balance at 1st January</td>
<td>–</td>
<td>28,046</td>
</tr>
<tr>
<td></td>
<td>Charge for the Year 2014</td>
<td>–</td>
<td>(79,524)</td>
</tr>
<tr>
<td></td>
<td>Settlements (fund transfers to)</td>
<td>–</td>
<td>25,615</td>
</tr>
<tr>
<td></td>
<td>Transferred to Amâna Wealth Management</td>
<td>–</td>
<td>25,863</td>
</tr>
<tr>
<td></td>
<td>(Private) Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balance at 31st December</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Amâna Takaful PLC</td>
<td>Balance at 1st January</td>
<td>–</td>
<td>58,961</td>
</tr>
<tr>
<td></td>
<td>Charges for the Year</td>
<td>(1,520,967)</td>
<td>(1,956,753)</td>
</tr>
<tr>
<td></td>
<td>Settlement during the period</td>
<td>1,500,777</td>
<td>1,896,792</td>
</tr>
<tr>
<td></td>
<td>Balance at 31st December</td>
<td>(20,190)</td>
<td>–</td>
</tr>
<tr>
<td>Amâna Wealth Management Private Ltd.</td>
<td>Balance at 1st January</td>
<td>(25,862)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Transferred from Amâna Capital Private Ltd.</td>
<td>–</td>
<td>(25,862)</td>
</tr>
<tr>
<td></td>
<td>Charges for the Year</td>
<td>(136,541)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Settlement during the period</td>
<td>107,203</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Balance at 31st December</td>
<td>(55,201)</td>
<td>(25,862)</td>
</tr>
</tbody>
</table>
22. RISK MANAGEMENT

22.1 OVERVIEW

All entities face uncertainty and, the challenge for the Company is to determine how much uncertainty to accept as it strives to grow stakeholder value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value. Primarily, risk management framework enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value.

22.2 RISK MANAGEMENT FRAMEWORK

Amāna Takaful (Maldives) PLC’s (ATM) risk management framework forms an integral part of the management and Board processes and decision-making framework across the Company. The Company has a robust enterprise risk management framework to mitigate the identified risks exposed at multiple levels of the operation. We believe, while having the governance practices and the Standard Operating Procedures (SOPs), having the right people at the right place will mitigate more than half the risks.

However, the Board of Directors has the overall responsibility for the establishment and oversight of the Company’s risk management framework and thus, their approval is necessary for the risk management strategies. The Company’s risk management framework categorised into four lines of defence as follows:

1. Front Line People – Risk awareness of the people in the front line is the first line of defence.
2. Policies and Procedures – The Standard Operating Procedures will mitigate the risks at operational level.
3. Key Personnel – Appointing key personnel at the key positions will assist mitigating through right decision making and approval controls at senior management level.
4. Governance – the governance practices to mitigate the risks at Board level.

The Board has appointed a Subcommittee (Board Risk Committee) to monitor closely the affairs of risk management of the Company. This section discusses the salient features of the risks exposed by the Company in terms of financial instruments and other areas as an insurance company. The Financial instruments of the Company are exposed to the following Risks:

1. Financial Risk
2. Market Risk
3. Insurance Risk

22.3 FINANCIAL RISK

22.3.1 CAPITAL MANAGEMENT

a. Objectives and policies

The Company has established the following capital management objectives, policies and approaches to manage the risks that affect its capital position:

• Optimise capital utilisation within the regulatory and Shari’ah guidelines.
• To maintain the required level of solvency of the Company, thereby providing a degree of security to policyholders.
• To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meets the requirements of its shareholders, policyholders and other stakeholders.
• To retain financial flexibility by maintaining strong liquidity.
• To align the profile of assets and liabilities taking account of risks inherent in the business.

ATM currently has stated capital worth MVR 26.3 Mn which is higher than the regulatory requirement of Maldives Monetary Authority (MMA). Furthermore, the Company firmly adheres to Islamic financial principles i.e. the strict adherence of Shari’ah guidelines in terms of investments, marketing activities, and so on, give more stability to the financial strength of the Company.
Approach to capital/investment management
Capital of all investments are maintained strictly within the investment guidelines of Shari’ah Advisory Committee and Executive Committee (act as Investment Committee). The Executive Committee operates under clear Terms of Reference to thoroughly analyse the new investment proposals, review the past performance and provide guidance in terms of future investments and movements of assets. The Company also has appointed a leading wealth management specialist to manage part of the investment portfolio since 2014.

22.4 CREDIT RISK
Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

How credit risk could arise:
1. Premium receivable
2. Reinsurance receivable
3. Investments in debt securities

CREDIT EXPOSURE
ATM’s maximum exposure to credit risk for the components of the Statement of Financial Position as at 31st December 2016 and 2015, is the carrying amounts of respective financial instruments.

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Neither Past due nor Impaired</th>
<th>Past due but not Impaired</th>
<th>Individually Impaired</th>
<th>As at 31st December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets at Fair Value through Profit or Loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in equity securities</td>
<td>804,171</td>
<td></td>
<td></td>
<td>804,171</td>
</tr>
<tr>
<td>Available-for-Sale Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in equity securities</td>
<td></td>
<td></td>
<td>3,869,741</td>
<td>3,869,741</td>
</tr>
<tr>
<td>Unit Trust</td>
<td>1,809,886</td>
<td></td>
<td></td>
<td>1,809,886</td>
</tr>
<tr>
<td>Unquoted investments</td>
<td>735,337</td>
<td></td>
<td>735,337</td>
<td></td>
</tr>
<tr>
<td>Loans and Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mudaraba investments</td>
<td>8,822,598</td>
<td></td>
<td></td>
<td>8,822,598</td>
</tr>
<tr>
<td>Murabaha investments</td>
<td>39,260</td>
<td></td>
<td></td>
<td>39,260</td>
</tr>
<tr>
<td>Wakalah investments</td>
<td>22,902,750</td>
<td></td>
<td></td>
<td>22,902,750</td>
</tr>
<tr>
<td>Sukuk investments</td>
<td>2,500,000</td>
<td></td>
<td></td>
<td>2,500,000</td>
</tr>
<tr>
<td>Ijarah investments</td>
<td>83,038</td>
<td></td>
<td></td>
<td>83,038</td>
</tr>
<tr>
<td>Advances to company officers</td>
<td>100,480</td>
<td></td>
<td></td>
<td>100,480</td>
</tr>
<tr>
<td>Other Assets Exposed to Credit Risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retakaful (Reinsurance) receivables</td>
<td>6,097,339</td>
<td></td>
<td></td>
<td>6,097,339</td>
</tr>
<tr>
<td>Contribution (Premium) receivables</td>
<td>7,016,178</td>
<td></td>
<td></td>
<td>7,016,178</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>26,298,287</td>
<td></td>
<td></td>
<td>26,298,287</td>
</tr>
<tr>
<td><strong>Total Credit Exposure</strong></td>
<td>77,209,325</td>
<td></td>
<td>3,869,741</td>
<td>81,079,066</td>
</tr>
</tbody>
</table>
### Financial Assets

#### Financial Assets at Fair Value through Profit or Loss

<table>
<thead>
<tr>
<th>Financial Asset</th>
<th>None</th>
<th>Past due but not impaired</th>
<th>Individually impaired</th>
<th>As at 31st December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in equity securities</td>
<td>779,933</td>
<td>–</td>
<td>–</td>
<td>779,933</td>
</tr>
</tbody>
</table>

#### Available-for-Sale Financial Assets

<table>
<thead>
<tr>
<th>Financial Asset</th>
<th>None</th>
<th>Past due but not impaired</th>
<th>Individually impaired</th>
<th>As at 31st December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in equity securities</td>
<td>5,589,618</td>
<td>–</td>
<td>–</td>
<td>5,589,618</td>
</tr>
<tr>
<td>Unit trust</td>
<td>1,778,661</td>
<td>–</td>
<td>–</td>
<td>1,778,661</td>
</tr>
<tr>
<td>Unquoted investments</td>
<td>734,719</td>
<td>–</td>
<td>–</td>
<td>734,719</td>
</tr>
</tbody>
</table>

#### Loans and Receivables

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>None</th>
<th>Past due but not impaired</th>
<th>Individually impaired</th>
<th>As at 31st December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mudaraba investments</td>
<td>26,773,828</td>
<td>–</td>
<td>–</td>
<td>26,773,828</td>
</tr>
<tr>
<td>Murabaha investments</td>
<td>105,985</td>
<td>–</td>
<td>–</td>
<td>105,985</td>
</tr>
<tr>
<td>Wakalah investments</td>
<td>28,878,000</td>
<td>–</td>
<td>–</td>
<td>28,878,000</td>
</tr>
<tr>
<td>Sukuk investments</td>
<td>2,500,000</td>
<td>–</td>
<td>–</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Ijarah investments</td>
<td>186,108</td>
<td>–</td>
<td>–</td>
<td>186,108</td>
</tr>
<tr>
<td>Advances to company officers</td>
<td>3,855</td>
<td>–</td>
<td>–</td>
<td>3,855</td>
</tr>
</tbody>
</table>

#### Other Assets Exposed to Credit Risk

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>None</th>
<th>Past due but not impaired</th>
<th>Individually impaired</th>
<th>As at 31st December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retakaful (reinsurance) receivables</td>
<td>1,326,180</td>
<td>–</td>
<td>–</td>
<td>1,326,180</td>
</tr>
<tr>
<td>Contribution (premium) receivables</td>
<td>16,086,966</td>
<td>–</td>
<td>–</td>
<td>16,086,966</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3,477,165</td>
<td>–</td>
<td>–</td>
<td>3,477,165</td>
</tr>
<tr>
<td><strong>Total Credit Exposure</strong></td>
<td><strong>88,221,018</strong></td>
<td>–</td>
<td>–</td>
<td><strong>88,221,018</strong></td>
</tr>
</tbody>
</table>

### 22.5 MARKET RISK

Market risk involves all the fluctuations in the demand and supply forces in the capital and insurance markets for ATM. The capital market forces determine interest rates, equity prices, yield on other investment assets, while the market forces in the insurance market determines the net premiums and gross premium values. Further, prices of goods and services in general i.e. inflation, determines the cost of administration.

#### 22.5.1 EQUITY RISK

Listed equity investments are prone to market risk arising from uncertainties faced in the future values of the securities. In order to diversify its risk the Company has a diversified investment policy based on fundamental analysis which has helped balance the uncertainty faced. It is also notable that the Company invests only in white listed equity securities i.e. Shari’ah compliant securities which are of sound fundamental value giving the Company greater security in its invested equity securities.

#### 22.5.2 CURRENCY RISK

Currency risk is the risk of loss resulting from changes in exchange rates. The Company’s operation is based in Maldives albeit company’s investments are placed in overseas; therefore it is exposed to the financial impact arising from changes in the exchange rates of various currencies.
22.6 INSURANCE RISK

Being an insurance company, risks related to the insurance business i.e. Insurance Risk, becomes primary in the list. Insurance is all about managing risks on behalf of the customers. In that context, we have identified the following three major risk areas under this category:

- Underwriting Risks
- Claims Risks
- Reinsurance Risk

The insurance risk described above is also affected by the contract holder’s right to pay reduced premiums or no future premiums, to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holder behaviour.

22.6.1 UNDERWRITING RISKS

In insurance, underwriting risk may either arise from an inaccurate assessment of the risks entailed in writing an insurance policy, or from factors wholly out of the underwriter’s control. As a result, the policy may cost the insurer much more than it has earned in premiums.

22.6.2 CLAIMS RISK

The key risk facing insurance companies is the claims risk where an extremely high amount of risks i.e. a significantly high claims ratio in comparison to the earned premium could drastically affect company performance.

22.6.3 REINSURANCE RISK

Insurance companies in events where sum insured is extremely high in comparison to premium earned decide on reinsuring the policy with another insurer in order to mitigate/share its loss in the case of disaster. The risk borne would add up to the premium foregone in the event that disaster does not occur to the said policy.

<table>
<thead>
<tr>
<th>Name of the Reinsurer</th>
<th>Financial Strength</th>
<th>Name of the Rating Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swiss Retakaful</td>
<td>A+(Superior)</td>
<td>A.M.Best</td>
</tr>
<tr>
<td></td>
<td>Aa3 (Excellent)</td>
<td>Moody’s</td>
</tr>
<tr>
<td></td>
<td>AA-(Very Strong)</td>
<td>S&amp;P</td>
</tr>
<tr>
<td>Labuan Reinsurance (L) Ltd.</td>
<td>A-(Excellent)</td>
<td>A.M.Best</td>
</tr>
<tr>
<td>General Insurance Corporation of India</td>
<td>A-(Excellent)</td>
<td>A.M.Best</td>
</tr>
<tr>
<td>Trust International Insurance and Reinsurance B.S.C.(c) Trust Re</td>
<td>A-(Excellent)</td>
<td>A.M.Best</td>
</tr>
<tr>
<td>Emirates Retakaful Ltd.</td>
<td>B++</td>
<td>A.M.Best</td>
</tr>
<tr>
<td>Ironshore</td>
<td>A (Excellent)</td>
<td>A.M.Best</td>
</tr>
</tbody>
</table>

22.7 LIQUIDITY RISK

Liquidity risk is when a possibility arises that an entity will encounter difficulty in meeting obligations associated with financial instruments. The company has a standard set of guidelines set up by an investment policy under the purview of the Investment Committee which is followed in accordance with the MMA guidelines.
Maturity profile of Company investments based on remaining maturity is given below:

<table>
<thead>
<tr>
<th>Maturity Analysis 2016</th>
<th>Less than One Year</th>
<th>1-3 Years</th>
<th>3-5 Years</th>
<th>More than Five Years</th>
<th>No. Stated Maturity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in equity securities</td>
<td>804,171</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4,605,079</td>
<td>5,409,250</td>
</tr>
<tr>
<td>Unit Trust</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,809,886</td>
<td>1,809,886</td>
</tr>
<tr>
<td>Mudaraba investments</td>
<td>7,750,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>7,750,000</td>
</tr>
<tr>
<td>Murabaha investments</td>
<td>39,260</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>39,260</td>
</tr>
<tr>
<td>Wakalah investments</td>
<td>23,575,046</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>23,575,046</td>
</tr>
<tr>
<td>Sukuk investments</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2,583,819</td>
<td>–</td>
<td>2,583,819</td>
</tr>
<tr>
<td>Ijara investments</td>
<td>83,038</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>83,038</td>
</tr>
<tr>
<td>Advances to company officers</td>
<td>100,481</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>100,481</td>
</tr>
<tr>
<td>Special foreign investment deposit accounts</td>
<td>1,072,598</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,072,598</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33,424,594</strong></td>
<td>–</td>
<td>–</td>
<td>2,583,819</td>
<td>6,414,965</td>
<td><strong>42,423,378</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maturity Analysis 2015</th>
<th>Less than One Year</th>
<th>1-3 Years</th>
<th>3-5 Years</th>
<th>More than Five Years</th>
<th>No. Stated Maturity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in equity securities</td>
<td>779,933</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6,324,337</td>
<td>7,104,270</td>
</tr>
<tr>
<td>Unit Trust</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,778,661</td>
<td>1,778,661</td>
</tr>
<tr>
<td>Mudaraba investments</td>
<td>25,730,660</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>25,730,660</td>
</tr>
<tr>
<td>Murabaha investments</td>
<td>105,985</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>105,985</td>
</tr>
<tr>
<td>Wakalah investments</td>
<td>29,639,060</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>29,639,060</td>
</tr>
<tr>
<td>Sukuk investments</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2,500,000</td>
<td>–</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Ijara investments</td>
<td>186,108</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>186,108</td>
</tr>
<tr>
<td>Advances to company officers</td>
<td>3,855</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,855</td>
</tr>
<tr>
<td>Special foreign investment deposit accounts</td>
<td>1,043,168</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,043,168</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57,488,768</strong></td>
<td>–</td>
<td>–</td>
<td>2,500,000</td>
<td>8,102,998</td>
<td><strong>68,091,766</strong></td>
</tr>
</tbody>
</table>

23. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES
SHORT-TERM FINANCIAL ASSETS AND LIABILITIES
The fair value of short-term financial assets and liabilities approximate their carrying value because of their immediate or short-term maturity.

24. EVENTS OCCURRING AFTER THE REPORTING DATE
There have been no material events occurring after the balance sheet date that require adjustment to or disclosure in the Financial Statements.

25. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES
There were no material capital commitments approved or contracted and contingencies as at the Reporting date.
CATEGORY OF SHAREHOLDERS

<table>
<thead>
<tr>
<th>SHAREHOLDER</th>
<th>SHARES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amãna Takaful PLC</td>
<td>10,402,558</td>
</tr>
<tr>
<td>ExpoLanka Holdings Ltd.</td>
<td>4,600,000</td>
</tr>
<tr>
<td>A.G. Capital (Pvt) Ltd.</td>
<td>2,568,993</td>
</tr>
<tr>
<td>Other shareholders</td>
<td>2,212,569</td>
</tr>
<tr>
<td>Public</td>
<td>457,867</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,241,987</strong></td>
</tr>
</tbody>
</table>

MARKET HIGHLIGHTS

- Highest traded price: MVR 6.00
- Lowest traded price: MVR 4.00
- No. of trades: 2
- No. of shares traded: 21,073
- Weighted average traded price: MVR 5.99
- Market capitalisation: MVR 80,967,948
- Market value per share: MVR 4
- Price-earnings ratio (P/E Ratio): 50.00
- Dividend per share: MVR 0.20
- Net assets value per share: MVR 2.36
GLOSSARY

ACQUISITION EXPENSES – GENERAL TAKAFUL (INSURANCE)
All expenses which vary with and are primarily related to the acquisition of the new insurance contracts and the renewal of existing insurance contracts.

ACTUARY
An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

CLAIMS
The amount payable under a contract of insurance arising from the occurrence of an insured event, such as, the destruction or damage of property and related death or injuries, the incurring of hospital or medical bills, death or disability of the insured, the maturity of an endowment policy and the amount payable on the surrender of a policy.

CLAIMS INCURRED
The aggregate of all claims paid during the accounting period, together with attributable claims handling expenses, where appropriate, adjusted by the claims outstanding provisions at the beginning and the end of the accounting period.

CLAIMS INCURRED BUT NOT REPORTED (IBNR)
A reserve to cover the expected cost of losses that have occurred by the Reporting date but have not yet been reported to the insurer.

CLAIM OUTSTANDING – GENERAL TAKAFUL (INSURANCE) BUSINESS
The amount provided to cover the estimated ultimate cost of settling claims arising out of events which have occurred by the Reporting date, including claims handling expenses, less amounts already paid in respect of those claims.

COMMISSIONS
A payment made to intermediaries in return for selling and servicing an insurer’s products.

EARNED PREMIUM
Written premium adjusted by the unearned premium provisions at the beginning and the end of the accounting period.

GENERAL INSURANCE BUSINESS (GENERAL TAKAFUL)
Insurance business falling within the classes of insurance specified as General Insurance Business, under the Insurance Industry Regulation.

INSURANCE PROVISION – GENERAL TAKAFUL (INSURANCE)
This includes net unearned premium, provisions for unexpired risks, outstanding claims reserve and IBNR reserve.

MUDARABA
This is an agreement made between two parties. The Investor, provides 100% of the capital for the project and the Mudarib manages the entire project using his entrepreneurial skills. The Investor has no control over the management of the project. Profits arising from the project are distributed according to a predetermined ratio. Losses are borne by the provider of the capital.

NET EARNED PREMIUM
Gross written premium adjusted for the reinsurance incurred and for the increase or decrease in unearned premium.

PREMIUM (CONTRIBUTION)
The consideration payable by the insured for an insurance contract.

RETAKAFUL (REINSURANCE)
Transfer of all or part of the risk assumed by an insurer, under one or more insurance to another insurer, called the reinsurer.

SHARI’AH
Is the code of law for the Islamic way of life, which has been derived from the Quran and the Sunnah (The Practice of the holy Prophet Muhammad – Peace be upon Him).

SHARI’AH ADVISORY COUNCIL (SAC)
This comprising Shari’ah Scholars or/and well versed personnel in Shari’ah, which ensures Shari’ah compliance in the operations of the Company. The SAC advises the Company on all Shari’ah matters in its business activities and involves in endorsing and validating relevant documentation, such as products’ manuals, policy terms and conditions, marketing materials, sales illustrations, etc.
GLOSSARY

SOLVENCY MARGIN –
GENERAL TAKAFUL (INSURANCE)
The difference between the value of the assets and the value of the liabilities required to be maintained by the insurer who carries on general insurance business.

TAKAFUL
Is an Arabic word, which means ‘guaranteeing each other’. It is a system of risk management based on the principle of mutual assistance (TA-AWUN) and contributions (Tabarru) where the risk is shared collectively by the group voluntarily.

UNDERWRITING
The process of selecting which risks an insurance company can cover and deciding the premium and terms of acceptance.

UNEARNED PREMIUM/UNEARNED PREMIUM RESERVE
It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Reporting date.

WRITTEN PREMIUM
Total premium received or due from all insurance contracts during a period.
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Amãna Takaful (Maldives) PLC will be held on Sunday, 14th May 2017 at 2.00 p.m. at Mookai Suites Hotel, Malé, Republic of Maldives. The agenda of the meeting are as follows:

1. To read and consider the minutes of the last year’s Annual General Meeting.
   (The minutes of the meeting are available at the Company website).
3. To re-elect the Independent Director, Dr. Abdullah Shiham Hassan, who retires as per Clause 61 of the Articles of Association of the Company.

   Brief Profile of Dr. Abdullah Shiham Hassan

   Current Positions:
   1. Independent Director at Amãna Takaful (Maldives) PLC.
   2. CEO of RKL Group Private Ltd.
   3. Lecturer at Institute of Islamic Finance Maldives (IIFM).

   Educational Qualifications:
   1. Doctor of Philosophy in Law (PhD), International Islamic University Malaysia – 2008.
   3. Bachelor of Laws (LLB) (Hons.), University of Tasmania/ Australia – 1986.
      (Please refer page 16 of the Annual Report for the additional details of the Director).
4. To reappoint the retiring Auditors, Messrs Ernst & Young, Chartered Accountants for the ensuing year and to authorise Directors to determine their Fee.
   (Please refer page 50 of the Annual Report for the proposed audit fee for the year 2017).
5. To consider any other business of which due notice has been given.

By Order of the Board,
Amãna Takaful (Maldives) PLC

VOTING PROCEDURE
• Unless otherwise decided contrary, voting shall be by a show of hands where every Member shall be entitled to 1 (one) vote.
• Voting by poll may be made at the request of Members representing not less than 10% (ten per cent) of the share capital.
• On a poll each shareholder shall have one vote for each share held.
• In the event of a dispute over the validity of a vote taken in a General Meeting of the Company the decision of the person who chairs the meeting shall be final.
• Where a vote is divided equally, the Chairman may, in addition to giving his vote as a Member, give casting vote.
• Where any amounts are payable in respect of any shares a Member holds, such Member shall have no right to vote.

APPOINTMENT OF A PROXY
The procedure to appoint a proxy has been circulated with the Proxy Form.

PROXY VOTING GUIDELINES
Each Proxy will have the right to vote either on a show of hands or on a poll as specified in the Articles of Association. In a poll each Proxy will have one vote for each share held.

REVOCATION OF A PROXY
The Revocation of a Proxy shall be done one hour prior to the commencement of the Annual General Meeting by submitting the Revocation Form subject to duly receipt and acknowledgement of the responsible officer of the Company. Proxy Revocation Form is available at Company’s website.
I/We the undersigned .................................................................,
a legal entity duly registered and existing under the laws of ....................................................../,
a citizen of ......................................................, bearing ID Card/Passport No. ......................................................,
having permanent residence at .................................................................,
a member of Amãna Takaful (Maldives) PLC, holding ......................................................,
ordinary shares and having MSD Account No. ......................................................,
hereby appoint and authorise:

Full Name: .................................................................
Nationality: .................................................................
ID Card/Passport No: .................................................................
Address: .................................................................
.................................................................

as my/our proxy to represent me/us and to vote for me/us on my/our behalf in the Sixth Annual General Meeting of Amãna Takaful (Maldives) PLC to be held in Malé on 14th of May 2017 and at any adjournment thereof.

I/We, hereby certify that consents, approvals or authorisation that are necessary for the execution of this proxy have been obtained.

For and on behalf of the Member,

.................................................................
Signature (Member)
(If a company, please affix the official seal here)
Contact No: .................................................................

.................................................................
Signature (Proxy) as token of acceptance.
Contact No: .................................................................
INSTRUCTIONS AS TO COMPLETION

1. In order to appoint a proxy, this form must be signed and dated by the shareholder or his/her Attorney duly authorised. If the shareholder is a company or legal entity it should execute this proxy form under its common seal or by the signature(s) of a person(s) authorised to sign on its behalf.

2. In case of joint shareholding, any one shareholder may sign this proxy form.

3. A copy of the National Identity Card or Passport of the shareholder and the Proxy should be submitted with the proxy form.

4. The duly completed Form of Proxy must be submitted to the Company prior to commencement of the meeting.

5. In the case of a form of proxy signed by an attorney, the relevant Power-of-Attorney or a certified copy thereof should also accompany the completed Form of Proxy and must be submitted with this form.
**CORPORATE INFORMATION**

**NAME OF THE COMPANY**
Amãna Takaful (Maldives) PLC

**LEGAL STATUS**
Public Quoted Company with Limited Liability. Incorporated in Maldives on 18th May 2005

**COMPANY REGISTRATION NUMBER**
C-0315/2005

**REGISTERED OFFICE**
3rd Floor, H. Mialani, Sosun Magu, Malé, Republic of Maldives

**STOCK EXCHANGE LISTING**
The shares of the Company are listed in the Main Board of the Maldives Stock Exchange in September 2011. Stock Exchange Code of Amãna Takaful (Maldives) PLC shares is ‘ATM’.

**DIRECTORS**
Tyeab Akbarally (Chairman)
Osman Kassim
Dato’ Mohd Fadzli Yusof
M.H.M. Rafiq
M. Ehsan Zaheed
Dr. Abdullah Shiham Hassan
Hareez Sulaiman

**SHARI’AH ADVISORY COUNCIL**
Mufti M.I.M. Rizwe – Chairman
Mufti Shafique Ahmed Jakhura
Sheikh Ali Zahir Bin Saeed Gasim

**CONSULTANT ACTUARIES**
NMG Consulting
30 Hill Street #03-02A,
Singapore

**LAWYERS**
Chambers INN
M. Hazaarumaage, 7th Floor
Fareedhee Magu 20191
Malé
Republic of Maldives

**REINSURANCE PANEL**
Swiss Re Retakaful
Labuan Reinsurance (L) Ltd.
Trust International Bahrain
GIC Retakaful
Emirates Retakaful

**SECRETARIES**
Vakeelu Chambers LLP
M. Coral Wood (Ground Floor)
Fareedhee Magu
Malé
Republic of Maldives

**PRINCIPAL BANKERS**
Maldives Islamic Bank
Bank of Maldives
State Bank of India
Bank of Ceylon

**AUDITORS**
Ernst & Young
Chartered Accountants
G. Shafaq, 2nd Floor
Rahdhebai Magu
Malé
Republic of Maldives

This Annual Report is Carbon Neutral

This Amãna Takaful (Maldives) PLC annual report has been produced by Smart Media The Annual Report Company, a certified carbon neutral organisation. Additionally, the greenhouse gas emissions resulting from activities outsourced by Smart Media in the production of this annual report, including the usage of paper and printing, are offset through verified sources.

www.smart.lk
www.carbonfund.org

Global Standard Annual Report Number®
www.gsarn.org

MOV8509AMTMX016000GE102