

*Takaful...*

# Living the promise





# *Takaful...* **Living the promise**

Year on year, we've delivered on the promise.

Be it in enhancing our service offering, our continuous quest to innovate our product portfolio, retaining our client base, engaging new clients or embracing new markets, we take it all in our stride to excel and succeed.

Year on year this success is measured through an unwavering commitment to all our stakeholders, be they the shareholders, the policyholders, the reinsurers or the regulatory fraternity, through distributions of dividends, surplus, retakaful commitments or playing by the rules, respectively, on time, every time.

Small wonder then that more customers are endeared to our credo of mutuality and trust.

The Amāna Way...

## **OUR 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 product 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.

## **OUR MISSION**

"Providing total Takaful solutions within the guidelines of Shari'ah and serving all in an admirable manner."

## **OUR 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"

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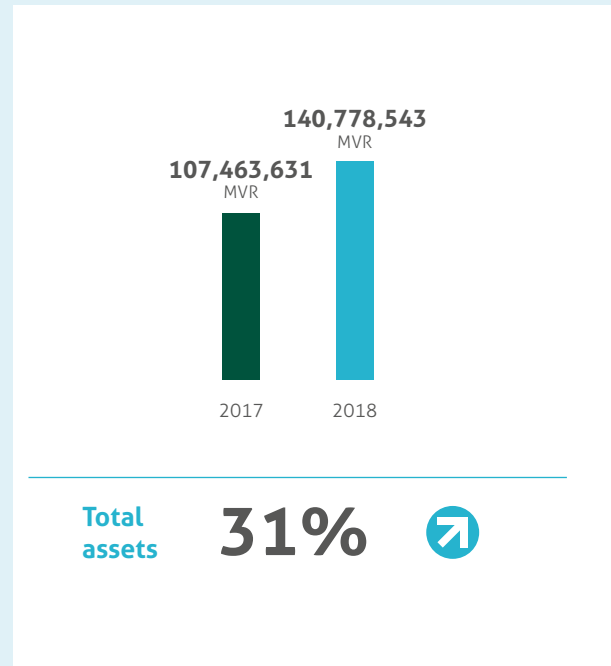
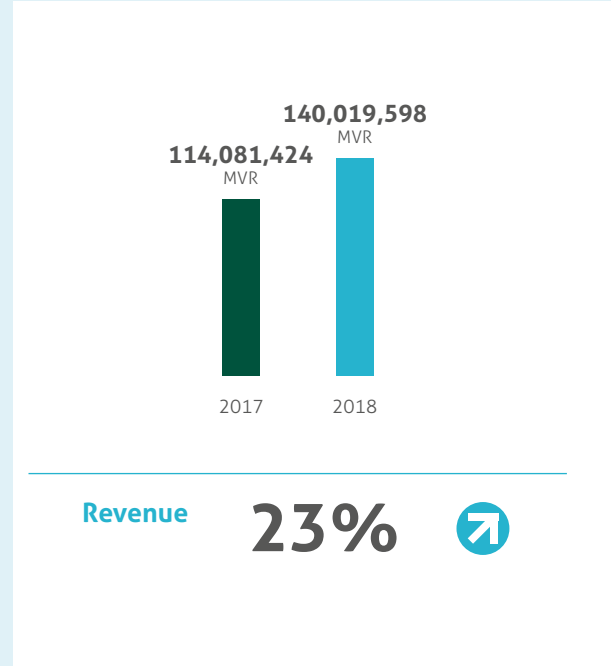
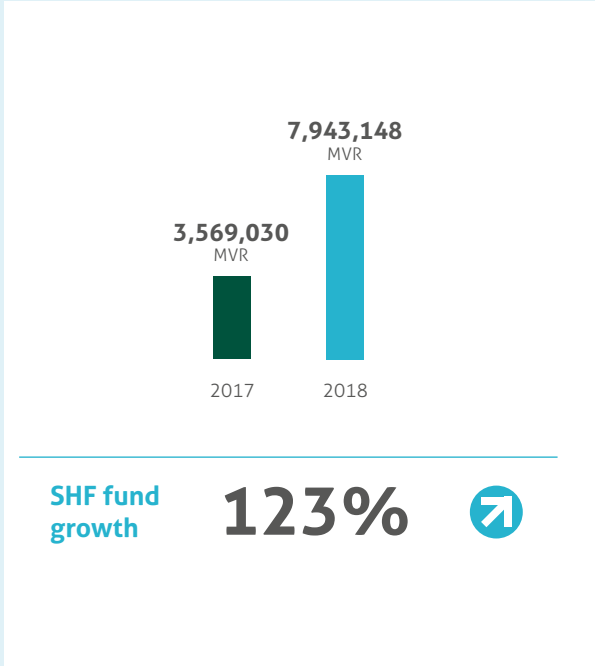
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## FINANCIAL HIGHLIGHTS

|                              | 2018<br>MVR | 2017<br>MVR |
|------------------------------|-------------|-------------|
| Revenue                      | 140,019,598 | 114,081,424 |
| Profit after tax             | 11,698,979  | 5,334,302   |
| Return on equity (%)         | 19.83       | 10.45       |
| Total investments            | 101,938,899 | 82,437,767  |
| Total assets                 | 140,778,543 | 107,463,631 |
| Total revenue reserves       | 32,664,187  | 24,912,395  |
| Issued share capital         | 26,314,583  | 26,314,583  |
| Net assets value per share   | 2.91        | 2.52        |
| <b>General Takaful Fund</b>  |             |             |
| Gross written premium        | 130,584,541 | 107,123,945 |
| Underwriting results         | 34,542,256  | 25,483,558  |
| Total comprehensive income   | 3,223,893   | 2,351,260   |
| <b>Shareholders' Fund</b>    |             |             |
| Wakalah fee (management fee) | 31,583,928  | 23,781,431  |
| Total comprehensive income   | 8,475,087   | 2,974,857   |

FINANCIAL HIGHLIGHTS



## CHAIRMAN'S REVIEW



“Being ever vigilant to the global developments and the changing fundamental assumptions, Amāna Takaful Maldives has geared itself to cater to the evolving customer demands aided by a digitalisation process.”

On behalf of the Board of Directors, I warmly welcome our shareholders for the 8th Annual General Meeting of Amāna Takaful Maldives. It is my great pleasure to present the Audited Financial Statement and the Directors' report for the year 2018.

Over eight full years as an independent, listed entity, your Company has consistently demonstrated exemplary performance, meeting and exceeding key business parameters, while maintaining high ethical standards.

We report a total revenue of MVR 140.01 Mn. which includes profits on investments and other income segments. The consolidated profit before tax is MVR 14.3 Mn., a growth of 113% in comparison to the previous year.

Gross written premium growth over 2017, is a significant upside of 22%, well ahead of the industry's 14%. All key classes of business have delivered favourable results. Claims on the General Takaful Fund have risen by 28% over the previous year.

Given these significant results, I wish to inform shareholders that the Board has already paid out two tranches of interim dividends equivalent to 10% of issued share capital in respect of the same financial year. It is a pleasure to report that the Company has paid out 98% of its accumulated profits as dividends, up until 2017, since listing.

Again, in the review period, based on the favourable performance of the risk pool, the Company has disbursed MVR 2.2 Mn. as surplus refund to non-claimant participants, demonstrating our steadfast intent to the true tenet of Takaful. We've religiously done so for the past six years, by sharing a total surplus of MVR 8.1 Mn. and resolve to redouble our efforts in the future.

As the pioneer Takaful operator, under license by the Maldives Monetary Authority (MMA), your Company continues to strive in delivering sustainable growth and profitability in order to deliver stakeholder value.



## CHAIRMAN'S REVIEW

## Investment income

Investments have performed reasonably well with new local investment opportunities yielding attractive returns. Through thorough scrutiny, our in-house professionals continue to look out for new avenues to maximise such returns within the country. Migratory efforts to minimise market and exchange losses, necessitated an exit from certain overseas equity investments. While local Shari'ah compliant investment opportunities remain a challenge, fund optimisation to yield good returns, continued unabated.

## Insurance landscape and economic Outlook

Stability and adherence to the maxims of insurance, is a *sine qua non* for sustainable growth and progress of the industry. Focus on short-term gains by industry players to acquire quick market share, compromising underwriting principles and rampant rate cutting, will rebound sooner than later. Evidently, the reinsurance fraternity has been overcautious over Maldivian risks as their level of appetite shrinks. On a broader perspective this may hamper all players.

Similarly, the bigger properties of the country mobilise off-shore covers, and as a result, is not reflective of the real underwritten premium in the country. As stated in my review in the previous year, it is timely that regulatory intervention deploying best practice is actively considered.

As per the published data of Maldives Monetary Authority (MMA), the Maldivian economy has continued its growth momentum of GDP with expectations of further growth in 2019. With the construction boom in support of large-scale developments, an expansion of the tourism sector, and up-scaled public infrastructure with commercial and real estate projects gaining momentum, risks will require reassessments. Equally, with the stability of the political environment, economic gains being more equitable, the aspirations of the citizenry will give rise to newer needs. Amāna Takaful continues to read these signals and has positioned itself to cater to the new world of products and services, aided by a digitalisation process.

## CSR initiatives

As a responsible corporate, ATM has been actively supporting community upliftment initiatives and activities with NGO's, schools and government institutions. The Company embarked on an advocacy programme, with the main purpose of bringing awareness and sharing the insights of the Takaful concept and its benefits among the youth. Focusing on this niche, we share the knowledge and expertise we possess to raise awareness for Hull and Motor classes. Response from the high-level participants in industry as well as the authorities has been encouraging. Our sustainability initiatives will continue in the future as well.

## Acknowledgements

Stakeholders undoubtedly have been the binding glue from our humble beginnings of Amāna Takaful Maldives since our founding years, now counting fifteen. Enduring partnership and the loyalty of our clients have been paramount, throughout this journey of Takaful. I pay tribute to our strategic partners and reinsurers for the continued support in our business activities.

The guidance and support from the Regulatory Authorities have been progressive and mutually rewarding. Advice from the Shari'ah scholars have been readily forthcoming and vital in pursuit of excellence in our credo.

I extend my sincere thanks to my colleagues on the Board for their active participation in the affairs of our Company and guiding it to a position of strength.

Together with the Board of Directors, I pay tribute to the staff members of ATM for the vigor and vitality in consistently delivering on expectations and making 2018 a special chapter in the journey of Amāna Takaful Maldives.

I wish to reassure our stakeholders that the Company's future goals are firmly entrenched in the system, with the unwavering passion and zeal, to deliver on the consistency we are now known for. Ameen.



**Tyeab Akbarally**  
Chairman

20 March 2019

## MANAGING DIRECTOR/CEO'S REVIEW

"Amāna Takaful Maldives is fully committed to uphold and implement uncompromising standards in corporate governance, risk management and internal controls in the interest of long-term sustainability of operations."



### A commendable performance

I am delighted to report that ATM turned in a commendable performance in FY2018, reflecting resilience and strong commitment in delivering sustainable growth. For the period under review, the Company registered a stellar 113% upside in profit before tax to MVR 14.3 Mn. compared to MVR 6.7 Mn. reported in the previous year. ATM's Gross Written Contribution for 2018 rose steeply to MVR 130.6 Mn., 22% growth, outperforming the industry's 14%.

Net investment income of MVR 3 Mn. is a 9% increase over the preceding year, while underwriting result is reported at MVR 30 Mn. During FY2018, the Company's total assets increased 31% to MVR 140.7 Mn.

These results are attributable, without exception, to sound performances in major classes of business, expansion of distribution channels, introduction of innovative solutions, enhanced services through technological advancements and increased marketing communication activities adopted through different techniques. This solid performances is in line with our business strategy and transformation plans, driving our market share to 15%, while holding aloft the concept of Takaful in a fiercely competitive market.

### The year's key initiatives

The Company continues to undertake specific initiatives to reinforce its position of strength. Our consistent pursuit to develop niche products for Bancatakal partners and strengthen the agency network in order to extend reach of our products and services to the outer atolls, has paid-off with inflow of new intermediary business.

Among other key activities was the launch of "100K Shield" and "Motor Add-on" covers to take advantage of the growing subsegments in the motor class. Yet another, is the Takaful Advocacy programme, designed to raise awareness and share knowledge among the youth, thereby disseminating the credo of justice and fairplay embedded in the Takaful system.

Talent development and retention, through a myriad of programmes and activities, designed to advance management, technical and soft skills in our quest to be a world-class Takaful enterprise, continue unabated.

Holding steadfast to our commitment in sharing SURPLUS, the Company paid out 14% to participants – a regular feature since our listing.

## MANAGING DIRECTOR/CEO'S REVIEW

I am also delighted to report that ATM won Silver for "Entity of the Year" at the Islamic Finance Forum of South Asia in recognition for its outstanding performance and services in the Islamic Finance Industry. Additionally, we received the GOLD100 award conferred to top 100 corporates in the Maldives.

### Responsible corporate practices

Acknowledging that good governance translates into good business, ATM remains fully committed to uphold and implement uncompromising standards in corporate governance, robust risk management and internal controls throughout the Company. Adherence to these business fundamentals have ensured sustainability, bolstering investor confidence, protecting our corporate reputation and ensuring shareholders' value creation. Management remains fully committed to strengthening the effective application of such principles and best practices that have been laid down by regulators and authorities alike. Our internal policy mandates that ethical behavior and demonstrated best practice are essential to business integrity in all activities undertaken by the Company.

Being a public listed company, we recognise that risk management is a continuous process that is designed to achieve our business objectives, unhindered, in a timely manner. During the year under review, regular audits and risk assessment programmes by external experts and the Board have been adding value by strengthening internal controls.

As a conscientious corporate citizen, ATM remains committed to balancing out our strong performance responsibly, through environmental and societal considerations. The Sustainability Statement in this Annual Report serves to highlight our practices and contribution in these aspects.

### Moving forward

Economic growth for 2018 is reportedly on track, with the International Monetary Fund forecasting global GDP growth of 3.7%. The Maldivian economy is expected to grow at a firm pace over 6.7% in 2019. The strong growth momentum is being supported by increased investment in infrastructure development, private consumption, continued growth in employment and income, as well as lower inflation.

The insurance industry has good potential to grow together with the robust development in other sectors. However, I have great concern in the prevalence of price-cutting and related unethical conduct, which limits the actual growth of the industry's output. Regulatory surveillance and mandates will be welcome to ensure long-term business sustainability and confidence in industry practices.

As ATM moves forward into 2019, we will continue to remain cautiously optimistic, enforce strict underwriting discipline, as well as drive value through integration and a strong customer focus. Guided by our three-year strategic plan, we will enhance our value proposition to clients through industry-leading innovative products and services. Disproportionate investments will continue to be made in order to expand and strengthen the multi-pronged channel transformational programme.

### In appreciation

We owe our success to-date to all our stakeholders. On behalf of Management, I thank the Board of Directors and valued shareholders for their guidance, encouragement and confidence placed on us.

I would like to pay tribute to our customers for their continued loyalty.

My sincere appreciation to our partners, reinsurers and intermediaries for the mutually rewarding experience in taking the Takaful operations across the archipelago. I also extend my gratitude to the regulators for their cooperation and faith in us.

The Management team joins me in expressing our great appreciation to all our colleagues from the wider Amāna Group for their counsel and unstinting support.

Last but not least, I also wish to convey my profound thanks to my colleagues for their astute insights, dedication and diligence, which helped the Company bolster its performance to new heights.

As ATM ventures forth to explore new opportunities and overcome the challenges of a fast-evolving insurance and Takaful landscape, sustainable growth, rewards and high ethical conduct will remain the cornerstone. We shall leave no stone unturned! Ameen.



**Hareez Sulaiman**

Managing Director/CEO

20 March 2019

## BOARD OF DIRECTORS



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### 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 Amāna Bank PLC.

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### Osman Kassim Director

Osman Kassim, the visionary and one of the main promoters of Amāna Group of Companies is the Chairman of Amāna Bank PLC. Kassim is renowned for his expertise in Islamic Banking and 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 Amāna Bank PLC 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.

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### 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 Amāna 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.

## BOARD OF DIRECTORS



**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 Amāna Takaful PLC, Sri Lanka.



**Abdullah Kassim**  
Director

Abdullah Kassim has been appointed as an Independent Non-Executive Director to the Board effective from 5 May 2017.

Abdullah Kassim is a young business leader with an aptitude to take up challenging assignments. Kassim was instrumental in the turn-around of Neptune Papers, a recycling operation in Sri Lanka, which was in distress at the point of his take-over. His diversified interests also motivated him to successfully establish a state-of-the-art Industrial Kitchen, Saffron Foods (Pvt) Ltd., which deals in everyday cuisine. Previously he played the role as Head of Business Development of Expolanka Holdings PLC and was part of the core team that saw the Company move from being a privately held business to a publicly listed company.

Abdullah Kassim holds a First Class (Hons) Bachelor's Degree in Business Administration from Staffordshire University – UK and Master's (MSc) in International Business and Management from Manchester Business School, University of Manchester – UK.



**Hareez Sulaiman**  
Managing Director/CEO

When Hareez Sulaiman joined Amāna Takaful Limited, Sri Lanka as the Internal Auditor in 2002, the Islamic finance industry was still in its infancy. His extensive audit experience in international firms, backed by the sound knowledge in finance, enabled him to make his career progression in the realm of "Takaful", within a very short period of time.

In 2003, Amāna Takaful – Sri Lanka, decided to expand its national boundaries and picked Hareez to spearhead the Maldivian operation. The organisation which started off as a foreign branch-office with just two members of staff, grew from strength to strength under his charismatic leadership. Today, Amāna Takaful (Maldives) PLC is not just the pioneer in Islamic finance in Maldives but also the only public quoted insurance company in the country.

Both academically and professionally, Hareez pursued his higher studies in the field of finance. He holds an Honours Degree in Accountancy from the International Islamic University of Malaysia and is an Associate of the Chartered Institute of Management Accountants in UK. He has further enhanced his knowledge in Islamic finance by completing the study programmes offered by CIMA UK.

With over 16 years of "Takaful" experience to his credit, he now heads the Company as its Managing Director cum Chief Executive Officer.

## BOARD OF DIRECTORS



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### Dr. Abdullah Shiham Hassan

#### Director

Dr. Abdullah Shiham Hassan is a multidisciplinary professional, who has been serving his country from 1975 onwards, in the Civil Service, Diplomatic Service, Education and Legal Services. He is widely known in Maldives as an Islamic Dhaaee, a lecturer, a lawyer and a business executive. Currently, he is the CEO of RKL Group Pte Ltd., which is one of the rare companies in Maldives that has continuously served for the last 55 years.

Dr. Shiham is an expert on Islamic finance in the Maldives and served as the Islamic Finance Advisor to Central Bank from 2008 to 2010 on introducing Islamic Banking to Maldives. In 2009 he established the Institute of Islamic Finance Maldives (IIFM).

Dr. Shiham was appointed as the Chairman of the Board of Directors of Bank of Maldives PLC on 10 August 2011 and was reappointed for a second term on 8 November 2012. Currently, Dr. Shiham is an Independent Director of Amāna Takaful Maldives PLC, the only full-fledged Shari'ah compliant insurance company in the Maldives.

Dr. Shiham has been a Senior Lecturer and the Head of Department of Law at the Maldives National University's Faculty of Shari'ah and Law. He is a founding member of the Fight Academy of Maldives at the Ministry of Islamic Affairs of Maldives.

Dr. Shiham graduated from the University of Tasmania, Australia with a Bachelor of Laws (Hons) in 1997. After graduation he served the Government of Maldives before enrolling at International Islamic University, Malaysia to read for Master of Comparative Laws (MCL). He obtained his Master of Comparative Laws Degree specialising in Islamic Insurance (Takaful) and completed his Doctor of Philosophy at International Islamic University, Malaysia, specialising in Islamic Banking Regulation and Supervision.

He has also undertaken the Executive Diploma in Business Administration (EDBA) at University of Colombo/Faculty of Arts.

## GENERAL MANAGEMENT COMMITTEE



**Ibrahim Riyaz**  
General Manager

Ibrahim Riyaz joined Amāna Takaful Maldives in 2017. Prior to joining, he has worked for both public and private sector for the past 25 years. A business development consultant by profession, he has pursued numerous assignments from conceptualising business plans, diagnosing organisational dilemmas to crafting strategies in his consulting career.

He holds a Master degree in Business Administration (MBA) from Australian Institute of Business.



**Asif Mohamed**  
Head of Human Resources

Asif Mohamed joined Amāna 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 Institute of Islamic Banking and Insurance (IIBI), UK and an Extended Diploma in Strategic Management and Leadership from BTEC Edexcel, UK.



**Mohamed Imran Ramzan**  
Head of Sales and Marketing

Mohamed Imran Ramzan joined Amāna Takaful Group in 2006 and has been serving Amāna Takaful (Maldives) PLC 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.

## GENERAL MANAGEMENT COMMITTEE



**Mohamed Siraj Nizam**  
Head of Finance

Siraj Nizam joined Amāna Takaful Group in 2002, and was seconded to Maldives in 2013. He has over 16 years of experience in Accounting, Finance as well as Treasury and he 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.



**Shakir Mohamed**  
Head of Operations

Shakir Mohamed has been serving Amāna Takaful Group for over a decade and was seconded to Maldives in 2007 from Amāna Takaful PLC, Sri Lanka. He has served the Company in various positions during his career including Head of Finance and is presently serving as Head of Operations.

He has been awarded an Associateship of the Malaysian Insurance Institute (AMII), Postgraduate Diploma in Islamic Banking and Insurance from IIBI (UK), and also a Life Member of Association of Accounting Technician of Sri Lanka.



## HEADS OF OPERATION TEAM



**Vajira Kasun**  
Manager – Underwriting



**Hisham Nimal**  
Manager – Medical Takaful Operations



**Rifaz Ahamed**  
Manager – General Claims



**Ahmed Ajwadh**  
Senior Accountant

## PRODUCT PORTFOLIO



### 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](http://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.



### 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 and 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](http://www.takaful.mv) and the ATM Mobile Application.



### Dhahana

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 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.



### 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.



### 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.

PRODUCT PORTFOLIO



**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 complete protection whether one is at home, on the road, in office or even a public place like restaurant.



**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.



**Hale and 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 and Hearty as your comprehensive health plan, provides needed medical attention: we take care of all your Hospitalisation, Surgical and Out Patient expenses, be it ambulance charges or expenses related to sudden illness or accident.



**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.



**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.



# Innovating... Enhancing

An innovative approach to the design of products and services allows Amāna to fulfill the needs and aspirations of the insuring public

## SUSTAINABILITY REPORT 2018

### Sustainability Highlights



#### GROWTH

22% growth in GWP during the year in review is remarkable compared to industry growth of 14%



#### ADVOCACY

The initiative of Takaful Advocacy was well received. A total of 15 sessions were held outlining the concept of Takaful and products at ATM



#### GOVERNANCE

We acknowledge that good governance translates into good business and Board of Amāna Takaful Maldives remains fully committed to upholding and implementing strong standards of corporate governance



#### CSR

One of the key focus of ATM is to be part of the community and support development – number of CSR activities undertaken during the year

### CUSTOMERS

The customer base has grown considerably due to increase in awareness and publicity on Takaful services



## SUSTAINABILITY REPORT 2018

### The Journey

The year 2018 is important as ATM is celebrating its 15th year of yeoman services to the communities spread over 90,000 square kilometres. Manifold challenges in terms of logistics, representation in far lying islands and lack of financial literacy of the communities have been the test of times. However, with improved ICT infrastructure we have been able to reach every nook and corner of Maldives.



## SUSTAINABILITY REPORT 2018

## Sustainability Report

Sustainability is an integral part of our business and value system. For Amāna Takaful Maldives (ATM), years of market experience as the pioneer of Takaful, defining the rules of engagement and setting exemplary standards have been the key catalysts of sustainability as a flourishing Takaful Service Provider in the nation and region.

At ATM we believe that the business model of the future must have sustainability at its core. It is our intention to demonstrate that sustainability and growth are not mutually exclusive, and has always been a priority indeed. This makes us take a holistic and responsible approach in carrying out all activities a commitment that has been recognised by regulators, partners, and customers.

The journey of Amāna Takaful has reached the milestone of 15 years in 2018 as a Takaful Service Provider and the sole fully-fledged Takaful Operator in the archipelago famous for its unique ecology. Our growth keeps accelerating towards new horizons, as we prove year after year. Our customer satisfaction and loyalty, shareholders' faith in the business environment and the unwavering commitment of staff members are integral part of our success.

The respect garnered over the years for systematic risk management, good governance, and delivery of services has made way for building confidence among the society. Throughout the years, we have succeeded by helping our customers make the right financial decisions and achieve their aspirations and expectations fulfilling the tenet of Takaful. We take corporate responsibility and sustainability seriously. That is why we continue to achieve profits for our shareholders and invest heavily in communities without compromising our natural environment.

The reclusive attitude towards Islamic finance is rapidly changing with financial awareness and Islamic finance in particular. Reinforcing our efforts in advocating for Takaful is creating the right vibes in the community. A glance at 15 years ago and now reflects a profound change in the understanding and acceptance of Takaful in its true spirit. We have dedicated a section of this report on the Advocacy programmes conducted during the year in review.

The goal of this Report is to illustrate in a transparent manner how we drive sustainability in our business as well as across all tiers in the Takaful industry. The Report reflects the work carried out to improve all aspects of our performance and governance whether it is social, environmental, operational, or financial. At ATM we are committed to all stakeholders including customers, shareholders, employees and the communities where it does business and to delivering valuable Takaful for all.

## Strategic partnerships



The year 2018 saw the launch of the first Bancatakaful service. Rolled-out during the third quarter, the services were introduced to partner branches in Addu and Fuvahmulah, complete with branding, commissioning, and training programmes.

In addition, in keeping with our expansion of service providers for our medical services customers, we empanelled with new service providers to offer our clients the best experience of our Medical Takaful services.

We also appointed new agents during the year with a vision to serve more customers with our Motor Takaful Services.



## SUSTAINABILITY REPORT 2018

### Promoting Islamic finance

Due to our enthusiasm on developing awareness and knowledge on Islamic finance we have been working closely with INGO's, institutes, and authorities.

#### IRTI-IDB-CMDA training on Islamic finance



We have been working with Capital Market Development Authority of Maldives (CMDA), who conducts programmes in affiliation with the Islamic Research and Training Institute (IRTI), one of the long-standing and dedicated organisations contributing towards the advancement of Islamic Finance. Our rapport with CMDA date backs to the time when ATM was listed in the Maldives Stock Exchange. The Islamic Research and Training Institute of the Islamic Development Bank Group are also working closely with local organisations in different countries to increase awareness on Islamic Finance.

ATM sponsored a training programme conducted jointly with the Islamic Research and Training Institute of the Islamic Development Bank Group and the Capital Market Development Authority (CMDA) of Maldives. The training programme concentrating on the principles and practices of Islamic capital markets was a resounding success.

#### MIBFI conference

As a long-standing partner, ATM sponsored the fifth Maldives Islamic Banking and Finance Industry Conference (MIBFI) on 27 November 2018 at Hotel Jen.

The conference organised by Sri Lanka's UTO Edu Consult is the only official conference held for Islamic finance institutions in Maldives. The conference was inaugurated by the Governor of the Maldives Monetary Authority, where many issues regarding Islamic Finance in Maldives were discussed.



#### Shari'ah session for Maldives National University

ATM has carried out a series of Shari'ah sessions over the past few years. This year the session held at the Maldives National University's Faculty of Management was attended by over 150 students. The assembly was addressed by the Shari'ah Council Members of ATM.



#### Islamic University of Maldives forum on Islamic finance





## SUSTAINABILITY REPORT 2018

ATM experts participated in the panel discussion of an information session on Islamic Finance in Maldives, organised by the Islamic University of Maldives (IUM) during the second quarter of the year. Over 100 students as well as participants from the general public attended the session. This interaction panel discussion proved to provide invaluable insight about challenges and opportunities in Islamic Finance.

## New products



ATM developed and launched a series of new products during the year with colossal benefits to our customers. Customer needs and benefits as well as the simplicity of the products were taken into consideration in developing them. As all of these products are new introductions to the market, they have no doubt added value to the ATM product shelf.

### "100K Shield"

ATM launched a special, free of charge Personal Accident Benefit (PAB) cover for Third Party Motor Takaful customers during the first quarter of the year.

### Motor Add-on Covers

Replacing the Motor Comprehensive Takaful Cover, ATM launched the Motor Add-on Cover during the third quarter of the year. With this product, customers can select the required covers according to their preference unlike the traditional comprehensive cover.

## Surplus distribution

As pioneers and the only fully-fledged Takaful operator, payout of surplus to policyholders is a distinct feature of Takaful. At a special event held to mark the continuous distribution of surplus to policyholders, the Management announced a surplus payout of 14% to all non-claimants last year. A memento was presented to the Managing Director, Hareez Sulaiman by Head of Finance, Siraj Nizam of ATM to inaugurate the ceremony.

## Sponsorships

### Maldives National Library



We have always made it our focus to develop future generations through our Corporate Social Responsibility (CSR) programme. As an initiative of this programme, we have sponsored to build a children's reading corner at the National Library of Maldives. The management of the Library has greatly appreciated this initiative which is targeted at attracting children to spend more time at the library.

### Other sponsorships

As a responsible corporate citizen we have supported other organisations with whom we have been working continuously to support the community and their staff events.

Amāna Takaful Maldives as a corporate partner sponsored the annual award function of the NGO Women on Boards, an initiative by a group of dynamic and charismatic ladies dedicated to inspire and empower the future generation of women in Maldives.

We also contributed towards the Mahaltheeb Foundation's annual Ramadan event to support low income families.

## SUSTAINABILITY REPORT 2018

### Hull awareness session

The ocean-bound Maldives is comprised 26 ring-shaped atolls consisting of dual island chains, which are made up of around 1,190 islands and sandbanks. Stretching from Ihavandhippolhu Atoll in the north to the Addu City in the south, these atolls comprise a territory of roughly 115 square miles, making the Maldives one of the world’s most geographically dispersed countries. Sea transportation is the major mode of movement between the islands. Risks associated to sea transportation has always been a concern among travellers, vessel owners as well as the Government.



During the past few years we have conducted several successful forums on Hull Takaful. A similar, more inclusive session was organised during the year in review. The key objective of the programme was to create awareness; to share knowledge and expertise; and to foster productive relationships among the distinct operators of the industry.

With a Lloyd’s underwriting specialist to share his expertise, a team from the Maldives National Defence Force Coastguard enlightened the audience on accidents and risk exposure. Experts from the Transport Authority of Maldives also addressed the audience on regulatory measures. The full-house event was a massive success with the interactive and informative sessions received with great enthusiasm by the audience.

### Publicity and awareness

Activities to increase publicity and awareness on segments that are most commonly used by the retail sector, such as Hull and Motor Takaful, were carried throughout the year.

### Media coverage



SUSTAINABILITY REPORT 2018

Our team of marketers have always strived to disseminate information on the new products and their salient features that are beneficial to customers. As mainstream television coverage remain a major source of information for public, our team has appeared in media shows hosted by Rajje TV and Sun TV during the year.

Throughout the year, the new products and services released by ATM have also been covered by both online and print mainstream media.

**Other activities**

A number of roadshows were held in Malé and Addu City. These exciting four-hour road shows with enthusiastic participation from the public increased brand visibility and awareness of the motor and home Takaful products. In addition, we have conducted door-to-door campaigns to educate masses on risk management solutions and retail products of our Organisation.

More than 30 fishing boat owners and fishermen attended informative session organised by ATM during the final quarter of the year. Their concerns regarding Takaful covers for Hulls were addressed.

**Community activities**

**The cleaning quest**



Society is at the heart of ATM. This year, ATM staff members participated in the annual "Cleaning Quest" organised by ICS Maldives Pvt. Ltd. Maldives, an organisation engaged in creating awareness on sustainable tourism throughout the country. The cleaning campaign conducted chiefly in outreach islands, was aimed at creating awareness about

the importance of sustainability through a clean and well managed environment. This year's event was held in K. Dhiffushi Island, a team of ATM staff members participated in this event.

**World Autism Awareness Day**

We observed the World Autism Awareness Day on 2 April 2018 hoping to raise awareness about autism amongst the members of our staff. All our staff members dressed in blue in solidarity with World Autism Day.



**Down Syndrome Day**



World Down Syndrome Day (WDS) on March 21 has been officially observed by the United Nations since 2012. Staff of ATM participated to raise awareness on Down Syndrome by joining a march organised by the local chapter of the World Down Syndrome organisation.

## SUSTAINABILITY REPORT 2018

### Blood donation camp



Donating blood voluntarily is an action of solidarity, accentuating on the fundamental human values of altruism, empathy, respect and kindness. ATM has always been at the helm of supporting the community, promoting the beautiful values of Islam. Takaful, the Islamic alternative for insurance also depicts the importance of helping each other mutually.

Our staff members, customers and other affiliated partners participated in a blood donation camp held in September 2018, at the Maldives Blood Services. With a considerable turnout of donors, the event was successfully concluded with almost 100 pints of blood collected.

### Awards and Accolades

During the year in review we have received Islamic Finance Forum of South Asia (IFFSA) Silver award under the category of "Entity of the Years", and GOLD100 Award conferred to the top 100 companies in Maldives. IFFSA's award is the only regional Islamic finance recognition, where ATM secured the Silver Award from among all the Takaful operators in the region including Maldives, Sri Lanka, India, Pakistan, and Bangladesh.



SUSTAINABILITY REPORT 2018

Takaful Advocacy



The signature Takaful Advocacy programme initiated during the year 2018 was designed to deliver and enrich lives of the community in terms of financial literacy, with particular emphasis on Islamic Finance. The well-organised endeavour was received positively by the wider community.



Coinciding with the Global Money Week, held an annual global money awareness celebration in March where we launched our Takaful Advocacy Programme, the first of its kind. The Global Money Week is coordinated by the Child and Youth Finance International (CYFI) Secretariat of Maldives to raise awareness on Economic Citizenship by directly engaging children and youth worldwide.

The event was a resounding success where we hosted more than 100 students from Ghiyaasuddeen International School. The students learnt all about Takaful while we presented the basic Takaful Solutions to the retail market. At the end of the presentation, students shared their learning experience about Takaful during an interactive session.



Following the success of our first programme, two more sessions of "Takaful Advocacy" were conducted for GDh. Atoll Education Centre and Arabiyya School. At this point, the advocacy model was altered to include some insight about the financial and spiritual benefits of Takaful.



The new model of Takaful Advocacy programme was delivered to a more matured audience who delved deeper into the subject.

At the end of the year, 15 sessions of Advocacy programme was conducted at ten schools, three colleges, an NGO and a corporate, attended by more than 1,000 participants. The programme was also conducted for schools and colleges in Addu Atoll, Kaafu Atoll Dhiffushi and GDh. Atoll Thinadhoo.

SUSTAINABILITY REPORT 2018



The Takaful Advocacy programme was conducted for the following institutions during the year 2018

|                              |                                    |                       |
|------------------------------|------------------------------------|-----------------------|
| Thinadhoo School             | Ghiyaasuddeen International School | Hithadhoo School      |
| MNU Addu Campus              | MNU Malé Campus                    | Addu Nooraanee School |
| Addu Sharafuddeen School     | Dhiffushi School                   | Hiriyaa School        |
| Cyril College                | Arabiyyaa School                   | Muhibudhin School     |
| Gateway International School | Maldives Islamic Bank              | Women on Board        |



While the advocacy sessions are tailored to educate the audience on Islamic finance and Takaful in particular, they also prove as a great tool to increase brand visibility.

Following the success of our first season’s advocacy programme, a series of advocacy and educational programmes are already in the pipeline for the next year.



SUSTAINABILITY REPORT 2018

**Human Resource Report 2018**  
Our people



At ATM we believe that for employees to work in a worry-free, self-initiated manner, they need to be able to pursue their careers regardless of gender, nationality or other factors. Skill development programmes are another essential part of making the workplace attractive to our employees.

We value our people and recognise that they are the engine that drives the Company towards exemplary growth and success. We consistently aim to provide our employees with the requisite tools and skills, to be successful both within the Organisation and the society at large. We foster a working environment where both people and performance is the cornerstone of our establishment, where their health and safety is our priority.

**HR Strategy**

In the journey of building a high-performance culture, our HR strategy ensures that staff are provided the best opportunities and geared for operational efficiency. Our three-year strategic plan concentrate on Capacity Building, Performance Management, Learning and Development, Reward and Recognition, Engagement and Work-Life Integration, Integrating HR and Technology, and Instilling Values and Enhancing Communication. Our HR strategy is aligned with our corporate strategies in order to attract and nurture the right talent for the Company.



SUSTAINABILITY REPORT 2018

Capacity building



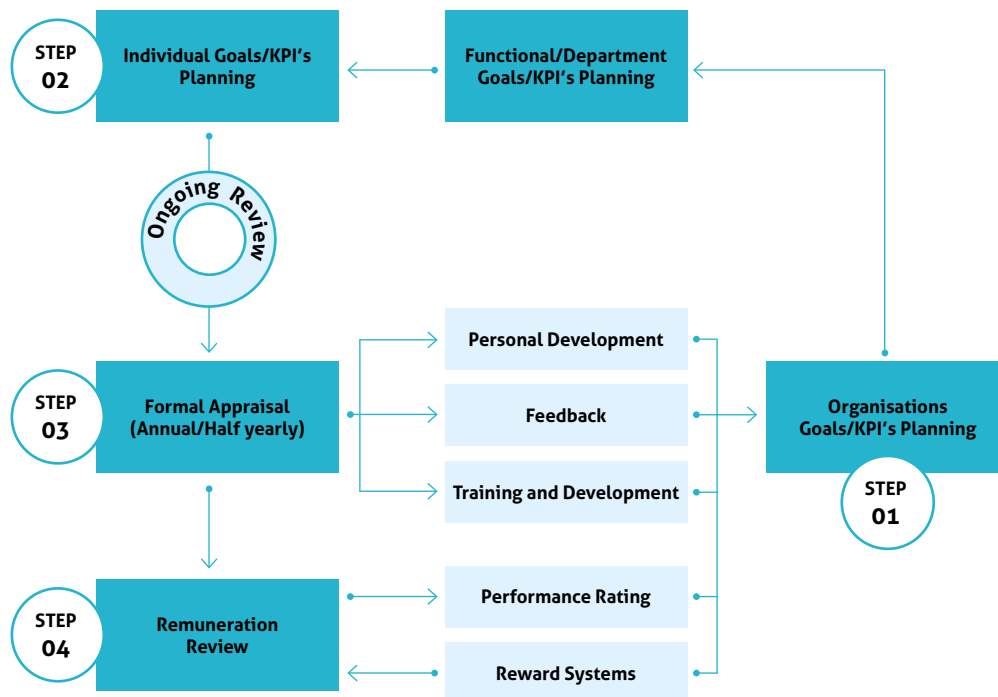
We believe capacity building is vital to thrive in the current competitive environment of the business world. In the past we have been obtaining support services for various functions of the Organisation. However, with current strategic initiatives in place, we are less reliant on external support by developing our own staff capabilities, multitasking and infusing new talents into our pool. In addition, we have redesigned the departmental functions to improve overall capacity.

The activation of Business Operation Committee (BOC), and, Research and Development (R&D) Team in 2018 were initiatives that work on the internal capabilities of our staff whilst empowering them to take on strategic roles in the Organisation.

Performance management

We believe that purpose drives people and people drive business performance. A versatile performance management system is a prerequisite for us to understand our staff's engagement and productivity. Our robust performance management system is designed to ensure that employees are informed of their performance throughout the year in line with accomplishing the strategic objectives of the Organisation. Performance appraisal includes clarifying expectations, setting objectives, identifying goals, providing feedback, and reviewing results.

The revamped PARFORM (Performance Appraisal Review Form) has resulted in effective implementation of Cascading Goals with clear Key Performance Indicators. Through such reviews, we seek to align our staff's remuneration and benefit scales in line with that of market anchors, in order to attract and retain talent.





SUSTAINABILITY REPORT 2018

**Learning and development**



We believe that learning is an essential preliminary step for value creation, and a corporate culture of learning cannot exist without the desire to create value. As an Organisation that grows through constant learning, ATM supports its employees’ personal growth through proactive human resource development.

Through this we enable our employees to develop their full potential by creating an environment that encourages lifelong learning. As a responsible corporate, we have been investing significantly for developing talent. In 2018, we gave emphasis to develop personal and professional skills, technical competencies as well as Islamic and Shari’ah knowledge. Our long-term success also depends on fostering strong leadership skills at all levels.

**Professional development**



Training and career development are important aspects of a sustainable and progressive organisation. Through effective training and development, our staff is equipped and empowered to serve our customers at high level, whilst they progress in their career. At ATM we encourage a culture of learning, and support employees in pursuing professional education in insurance and other job-related disciplines.

We have tailor-made training programmes with the aim of developing skills of team cohesion, leadership, interpersonal, intra-personal and communication. ATM has sought the services of international experts and training coaches who continue to provide our employees with invaluable lessons from an international perspective enriching their personal and professional lives.

**Self-development**

We have devised a competency framework in line with global insurance industry standards to provide knowledge and skills to our staff members. The plan also helps our employees to engage in their self-development exercises, to identify their skills gap and develop areas for improvement. This exercise has also assisted in developing ATM’s own training programmes that are designed to meet individual needs of our fraternity. We believe this technique is a great motivation for our employees, whilst it helps our managers to ascertain their staff’s development needs.

## SUSTAINABILITY REPORT 2018

### Global exposure

International exposure broadens the vision and enhances the professionalism of an organisation's workforces. Our team members have participated in international conferences, training programmes and seminars to experience multicultural and business models developing understanding of global best practices firsthand. In the year in review, staff exchange programmes have provided our employees with fantastic cross cultural experiences and a wider global perspective. It also gave them the opportunity to learn from industry leaders and other seasoned professionals of the relevant areas.



### Nurturing raw talent



We welcome our new members with a detail induction and orientation programme to provide them with comprehensive information with regard to the Company, our vision and mission, the values, and corporate culture.

The programme includes elements of Shari'ah and Takaful to ensure that our employees are well briefed on the guiding principles of Takaful.

The specially crafted programme further provides new staff members the opportunity to familiarise themselves with the Organisation, as well as learn the specific duties and responsibilities involved in their job roles.

### Rewards and recognition

Our people lie at the heart of our business. We believe our employees are the driving force that makes ATM the organisation it is today. To recognise their efforts and value their contribution to our Institution, we have undertaken a balanced approach to provide rewards across the board. We believe recognition is a great motivator and should be continuously practised throughout the various structures of the Organisation.

In designing our remuneration and incentive structures to reward people in a fair and appropriate way, we use both monetary and non-monetary rewards for sustainable value creation.

To be in the forefront of recent trends we have introduced peer-to-peer rewards and appreciation incentives. We recognise our employees further by sharing their accomplishments through various platforms.

SUSTAINABILITY REPORT 2018

**Annual award day 2018**



The Annual Awards Day is a much-awaited Company-wide event to celebrate the achievements and teamwork of our talented pool of employees.

Key awards given to staff, include –

- (i) CEO’s Award – Recognising and appreciating the contribution of operations staff who go beyond their call of duty.
- (ii) Ten Years Service Award – Staff completing 10 years of service in the Company are recognised for their dedicated service to Takaful.
- (iii) Sales Award – For the highest performer from the Sales team

**Bonus**

At ATM we present our staff performance-based bonus schemes to recognise the contribution of our employees towards achieving our corporate objectives. The scheme takes into account the overall Company performance and individual contribution to the Organisation.



**Employee engagement**

Achievements and success of ATM in 2018 can be directly associated with our engagement with our employees. We believe in creating a workforce that feels passionate about their jobs, are committed to the Organisation, and put discretionary effort into their work. With effective employee engagement, ATM has fostered a culture that keeps our staff motivated, contributing towards higher retention, enhanced productivity, employee loyalty, and increased profitability.

**Digitalisation**

In keeping abreast with global trends towards digitalisation, we are in the midst of developing new technologies that will bolster performance and productivity of staff members.

In fact, our core Takaful system has been upgraded to increase efficiency and performance of our employees, with benefits to the Organisation too. With this revolutionary development, numerous duplicitous tasks have been eliminated.

## SUSTAINABILITY REPORT 2018

### Culture building in the form of values and beliefs

Our Values are 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.

We constantly reaffirm our value statement through weekly corporate mission meetings and ensure that our core values passed on to our staff. This we believe is ultimately translated into an exceptional service. To instil our cultural belief, we have integrated our values into our strategic equation to create a generation of Takaful Ambassadors who can advocate Risk Management the Shari'ah way.

Since the inception of ATM, we have emphasised the importance of building our culture based on Islamic values and beliefs. We ensure that our employees are provided with not only relevant Shari'ah knowledge related to our business model, but also with Islamic values and principles.



Our Shari'ah Advisory Committee too has devised and delivers some inspiring programmes to our staff throughout the year. Redefining our efforts in Takaful advocacy brings about constant change in our staff, not just in understanding the subject area, but also in propagating the right spirit of Takaful to the society.

### Work-life integration

The health, safety, and well-being of our employees are top priorities for us, and we actively promote ways and means to sustain physical and mental health of our staffs. We encourage them to regularly participate in sports and recreational activities that facilitate health and fitness.



We believe it is vital to create a stress free environment for employees to serve better, especially in today's fast-paced world. Several programmes have been initiated to uplift the working condition of our staff during the past year.



## SUSTAINABILITY REPORT 2018



Amāna Takaful Welfare Association (ATWA)



Amāna Takaful Welfare Association (ATWA) is the pillar that builds and binds our team together. With the innovative ideas and team activities that are conducted throughout the year, our employees are given opportunities to develop their mental and physical health. ATWA also helps create a sense of belongingness for the Organisation.

Different activities ranging from social events, sports competitions, picnic and fishing expeditions bring our employees and their families together, creating an unequivocal bonding. At ATM we are serious about promoting family values, and we believe a happy workforce is our biggest legacy.





# Building... Solidifying

In seeking to build solid, long-term relationships with the people of the Maldives, Amāna is relentlessly committed to engage with all in flexible and easy-to-access propositions on a sustainable basis

## CORPORATE GOVERNANCE

### Amāna Takaful (Maldives) PLC

Chairman:

**Tyeab Akbarally**

Principle Objective:

**Leading the Board to ensure effectiveness in all aspects of its role.**



### Board of Amāna Takaful (Maldives) PLC

Principle Objective:

**Collectively to ensure the long-term success of the Company**



#### AUDIT AND COMPLIANCE COMMITTEE

Two Independent Non-Executive Directors and one Independent Director

Principle Objective:

- To ensure that the interest of shareholders are properly protected in relation to financial reporting and internal controls.

Audit and Compliance Committee report on page **55**



#### 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 **45**



#### 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 **41**



#### EXECUTIVE COMMITTEE

Four Members including three Directors

Principle Objective:

- To monitor the implementation to 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 **42**

## CORPORATE GOVERNANCE

The Board is responsible for the corporate governance of Amāna 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 Amāna 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, responsibility, 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 accountability, reliability, 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, Amāna 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

Amāna Takaful (Maldives) PLC has at its foundation a capital structure consisting of an issued share capital of MVR 26,314,583.00.

The Company has 827 shareholders as at 31 December 2018, while over 90% of the shares are held by corporate entities. Details of the main shareholders are given on page 94.

### Board of Directors and Board committees

There are seven members on the Board of Amāna 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 43.

### Corporate governance framework

Amāna 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 Amāna 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 10 to 12.

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.

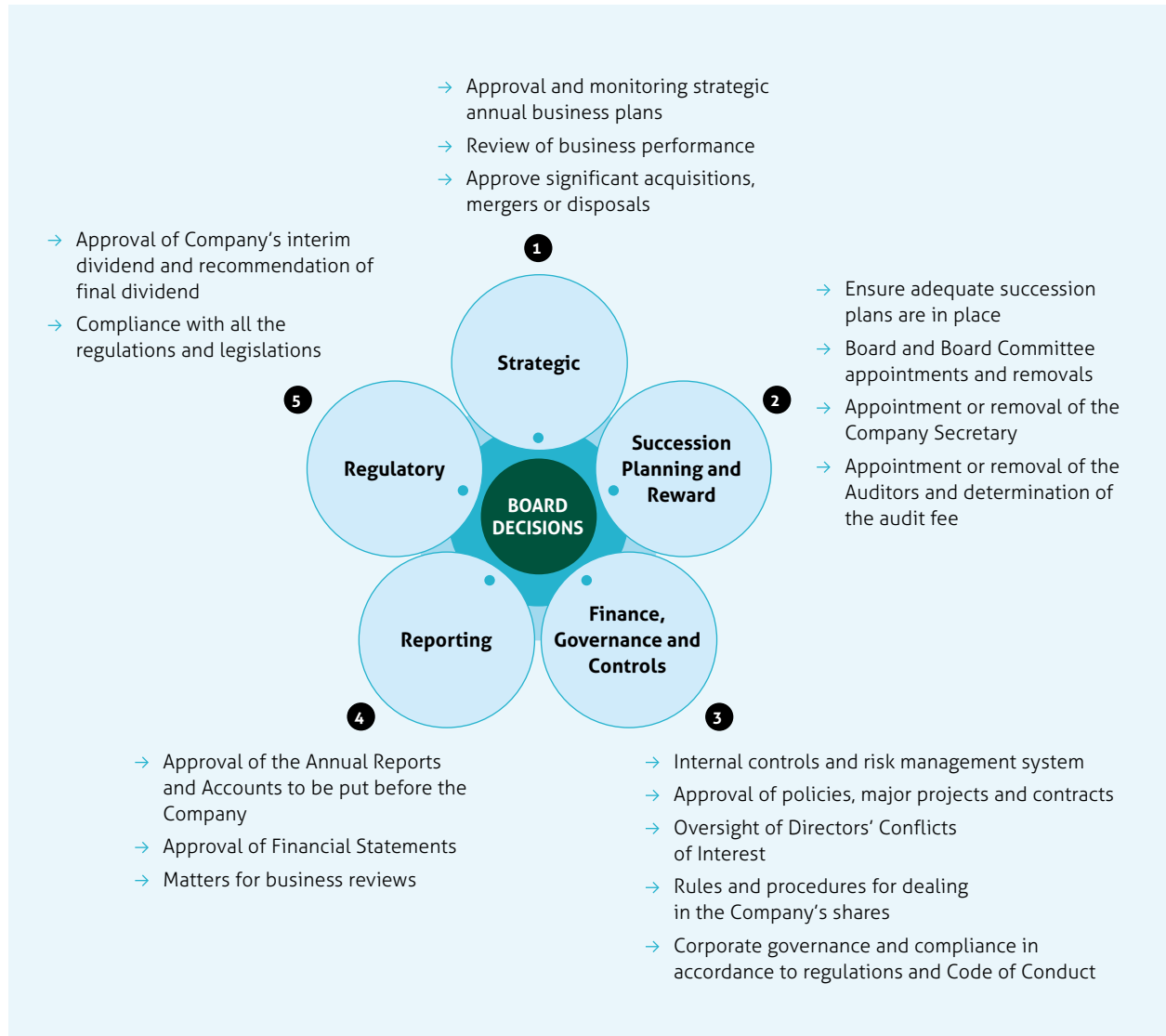
The Non-Executive Independent Directors are responsible for constructively challenging and helping develop proposals on strategy; scrutinising the performance of the Management; satisfying themselves that financial controls and systems of risk management are robust; determining levels of remuneration; 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 42 and 45.



CORPORATE GOVERNANCE

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:



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.

## CORPORATE GOVERNANCE

### 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 carryout their duties including reporting to the Board;
- Establish appropriate personal objectives for the Chief Executive;
- Ensure the 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 there 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 personal 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. Independent Directors are elected to the Board by shareholders at the Annual General Meeting (AGM). 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.

Amāna 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

## CORPORATE GOVERNANCE

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, Head of 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 55.

**(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 Amāna 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 45.

**(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 43.

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:

| Category                                   | Below<br>MVR<br>100,000.00 | Between<br>MVR<br>100,000.00<br>- MVR<br>200,000.00 | Between<br>MVR<br>200,000.00<br>- MVR<br>400,000.00 | Between<br>MVR<br>400,000.00<br>and<br>above |
|--|----------------------------|---|---|--|
| <b>Independent Non-Executive Directors</b> |                            |   |   |  |
| Tyeab Akbarally                            | ✓                          | -   | -   | -  |
| Osman Kassim                               | ✓                          | -   | -   | -  |
| Dato' Mohd Fadzli Yusof                    | ✓                          | -   | -   | -  |
| M H M Rafiq                                | ✓                          | -   | -   | -  |
| Abdullah Kassim                            | ✓                          | -   | -   | -  |
| <b>Independent Director</b>                |                            |   |   |  |
| Dr. Abdullah Shiham Hassan                 | ✓                          | -   | -   | -  |
| <b>Executive Director</b>                  |                            |   |   |  |
| Hareez Sulaiman                            | -                          | -   | -   | ✓  |
| <b>Top Management</b>                      |                            |   |   |  |
|  | -                          | -   | -   | ✓  |

## CORPORATE GOVERNANCE

### (v) The Nomination Committee

The Nomination Committee has been vested with the responsibilities to identify, select and recommend new appointments to the Board. The Committee also reviews the effectiveness of the existing Board, Committees of the Board and the contribution of each Director, albeit the Company has not set formal standard procedures or a mechanism to evaluate the performance of the Independent/ Non-Executive Directors of the Board. Performance of the Managing Director is evaluated directly by the Chairman of the Board biannually/annually. Further, the Committee assists the Board in reviewing the Board's required mix of skills, capabilities, experience and other qualities, including core competencies which Independent/Non-Executive Directors should bring to the Board.

As per the Articles of Association of the Company, five Directors of the Board shall be persons appointed to the Board by the majority shareholders and such Directors shall continue to hold their office unless they resign or are removed. At least one Director shall be from persons nominated by the Nomination Committee and elected at the Annual General Meeting. Such Director shall hold office for a period of one year. Since the Board's composition is met as per the Articles of Association and considering the willingness of the existing Independent Director to continue his directorship, the Nomination Committee did not call for any additional nominations. Hence, the Committee shall nominate the same individual as the Independent Director who will be formally re-elected in the upcoming Annual General Meeting

Amāna Takaful (Maldives) PLC has not developed a gender representation 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 not concluded its position as yet. However, the composition of the Board is fully in line 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 of four members and is chaired by Fazal Ghaffoor. 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:

Fazal Ghaffoor – Chairman  
Dr. Abdullah Shiham Hassan  
Abdullah Kassim  
Hareez Sulaiman

### Ethical standards

Amāna 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 judgement
- 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, Amāna Takaful PLC, Sri Lanka, the Company conducts internal audit on the systems and various aspects of the operations

## CORPORATE GOVERNANCE

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

Amāna Takaful (Maldives) PLC takes the utmost care in adhering to Shari’ah principles and practices. Shari’ah Unit, set up by Parent Company, Amāna Takaful PLC, Sri Lanka internally to carry out quarterly reviews on the policies and operations of Amāna 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 57.

## 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.

Amāna 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

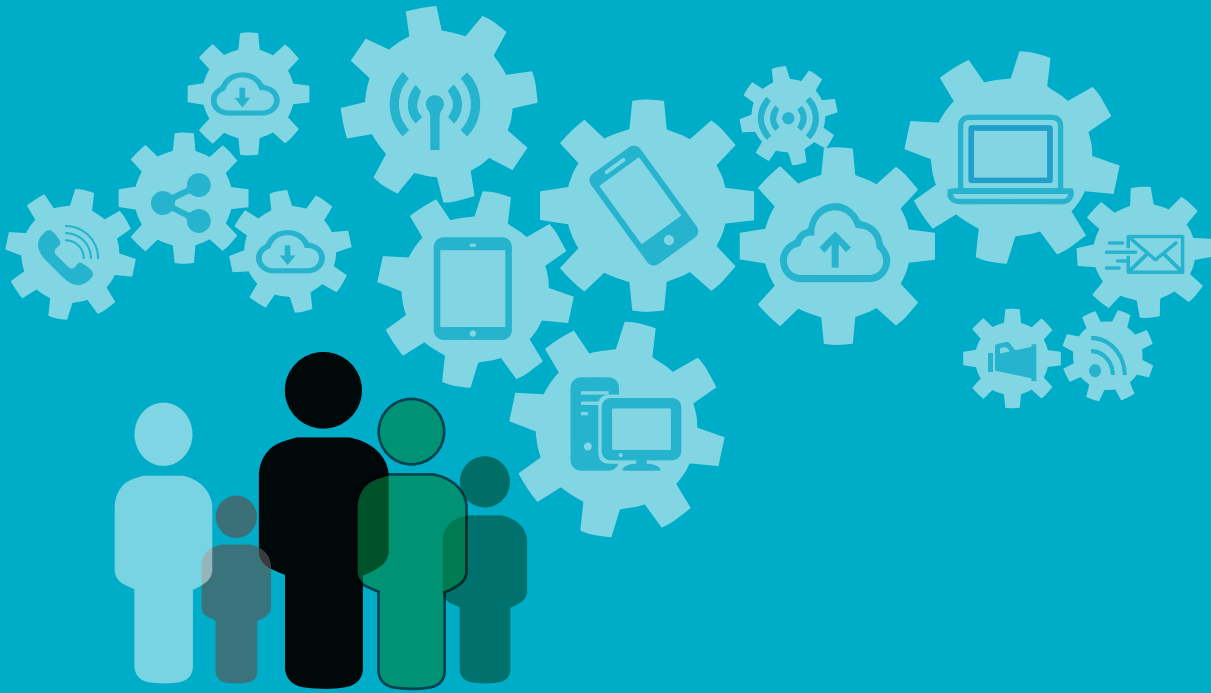
The Board of Directors discloses policy decisions and operations affecting shareholders through its quarterly disclosures and/or Annual Reports. The Board entertains questions from shareholders at Annual General Meetings ensuring shareholders’ participation and interaction.

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

Amāna 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:

| Areas of compliance    | Current status   | Remarks  |
|------------------------|--|--|
| Board of Directors     | Independent Non-Executive Directors<br>Tyeab Akbarally – Chairman<br>Osman Kassim<br>Dato’ Mohd Fadzli Yusof<br>M H M Rafiq<br>Abdullah Kassim | All the Independent Non-Executive Directors have submitted the annual declaration of their independence to the Board of Directors. |
|                        | Independent Director<br>Dr. Abdullah Shiham Hassan   | Submitted the annual declaration of independence to the Board of Directors.  |
|                        | Executive Director<br>Hareez Sulaiman  | Does not serve as Non-Executive Director in any other company.   |
| Remuneration Committee | Dato’ Mohd Fadzli Yusof – Chairman<br>M H M Rafiq<br>Osman Kassim<br>(Alternate member – Fazal Ghaffoor)                                       |  |
| Nomination Committee   | Dato’ Mohd Fadzli Yusof – Chairman<br>M H M Rafiq<br>Osman Kassim<br>(Alternate member – Fazal Ghaffoor)                                       |  |
| Audit Committee        | Dato’ Mohd Fadzli Yusof – Chairman<br>M H M Rafiq<br>Dr. Abdullah Shiham Hassan  |  |



# Leveraging... Augmenting

Leveraging technology strategically, allows Amāna to augment customer experience by pushing boundaries be it in reaching customers or improving service standards.

## ENTERPRISE RISK MANAGEMENT

As the pioneer Takaful operator, risk management is at the heart of what the Company undertakes 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 the Company's Takaful participants, shareholders and other stakeholders. The Company's sustainability and financial strengths are underpinned by effective risk management, which allows it to prepare for future challenges, move speedily and facilitate better decisions, in particular the participants, 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 (RISCO) 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 awareness and assertiveness from the perspective of regulatory requirement and, the connected risk involvements, the Company has 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 key segments of the operations. This section elaborates the Company's ERM Framework and the Key Risk Management activities.

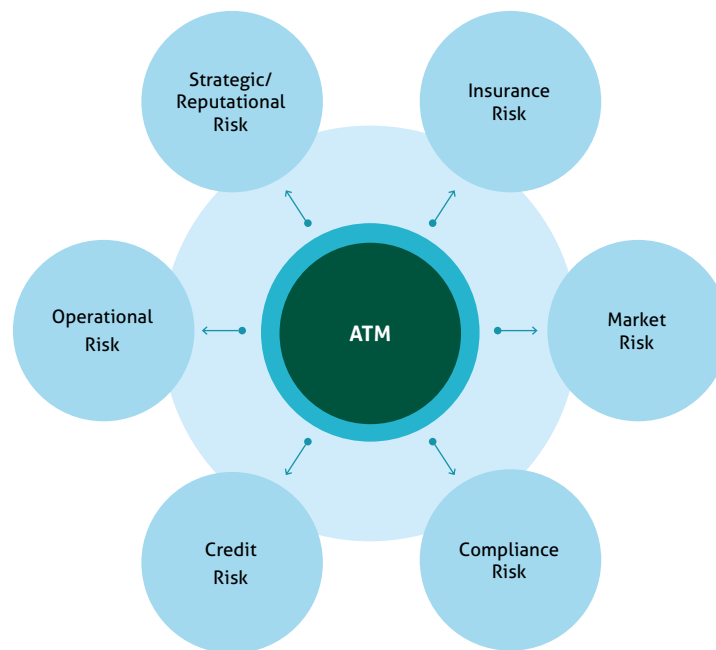
### Definitions of risk and risk management

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 in general, 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 a Takaful operator (insurance business based on Shari'ah requirements and practices), the Company has identified the following risk categories as illustrated in the diagram below which risk management professionals refer to this as the "Risk Wheel", viz.:



## ENTERPRISE RISK MANAGEMENT

### 1. Insurance risk

As a Takaful operator, risks related to the core business of the Company – insurance risk, becomes primary in the list. Takaful is all about managing risks on behalf of its participants. In this respect, the Company has identified other two major risk areas under this category as depicted below:

| Insurance risks  | Control   |
|--|---|
| Underwriting risk – At the time of underwriting of a risk (business/asset) it is the Company’s duty towards the participant to analyse and evaluate the risk proposed for participation. Therefore the Company is bound to charge the appropriate rate of Takaful contribution (premium) that will be pooled into a defined Takaful fund belonging to all participants for the purpose of paying any defined loss suffered by any of the participants. | A robust underwriting regime is in place with well-experienced and qualified professionals in the team.<br><br>A well-scrutinised set of SOPs are formulated and implemented.   |
| Product design – Designing the product offers and benefits with the right pricing is very critical to the Takaful Business operation.  | The Company has appointed a Research and Development Team and a Technical Team with a set of hand-picked members from sales and marketing, underwriting, retakaful and claims. The Team met periodically and reviewed existing product features while researching for new product requirements. |
| Actuarial calculations and provisions carry claims risks of general insurance business.  | A qualified and well-experienced professional firm has been contracted to carry out the actuarial function.   |

### A. Claims risk

| Claims risk  | Control  |
|--|--|
| Potential loss of values is the primary risk that any insurance businesses, including Takaful undertake to manage.   | At the time of planning for the years ahead, the Management along with the underwriting and sales decided the product mix targets taking the claims experiences pertaining to the specific classes. It also evaluated the future potential on agreed assumption. |
| 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. | Continuous training and development programmes were in place with supervision of well-experienced senior staff to mitigate such risks.   |

### B. Retakaful risk

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



ENTERPRISE RISK MANAGEMENT

**2. Market risks**

Market risks are wider risks that any company is exposed to in terms of demand and supply for any type 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 an 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 its reputation and may impacted its overall 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:

| Operational risks   | Control   |
|---|---|
| Sudden disasters/calamities                               | A detail Disaster Recovery Plan (DRP) is in force to recover the data.  |
| BCP/DRP failures  | Tested periodically.  |
| Not having the right people at the right place            | A semi-annual performance appraisal system is in place to scrutinise the performance of key staff members including the Top Management Personnel. |
| Process failures – SOPs do not capture important controls | The Risk Committee reviews the SOPs periodically along with internal audit and makes modifications when required.                                 |
| Potential fraud and errors                                | Strict implementation of the SOPs will minimise the risks involved in this area in addition to the supervisory controls.                          |
| Liquidity crunch  | The finance team prepares a cash flow forecast on a weekly basis.   |
| Technology failure  | The Disaster Recovery Plan (DRP) covers such risks.   |

## ENTERPRISE RISK MANAGEMENT

### 5. Compliance risk

Compliance risk results from failure to comply with the regulatory requirements. Changes to relevant laws and regulations are updated to the Heads of Departments regularly.

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

| Compliance risk  | Control  |
|--|--|
| Unable to comply with the applicable regulatory requirements | <p>The first item of the agenda for the regular Executive Committee was set on compliance matters to prioritise the discussion on the subject. Any significant issues would then be escalated to the Audit/Risk Committees and the Board.</p> <p>All Heads of Departments were made aware of the applicable laws and regulations. Further, the regulatory requirements would then be cascaded down to relevant staff members.</p> <p>A monthly sign-off was obtained on a compliance checklist covering applicable laws and regulations. This checklist was tabled at the Executive Committee meetings.</p> <p>A periodic internal audit exercise was also carried out on the compliance function and a report tabled at the Audit Committee meetings.</p> |

### 6. Credit risk

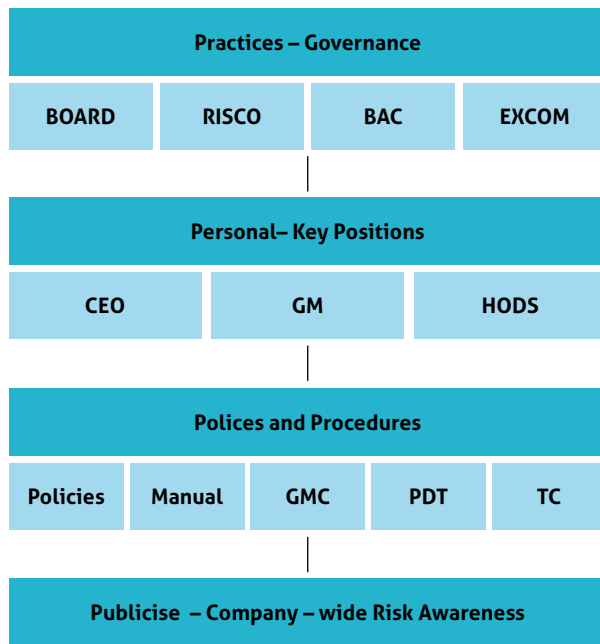
With the deteriorating market practices on credit due to competitive pressures, the Company heightened its credit arrangement process through strict control measures and improved the credit policy as described below:

| Credit risk   | Control  |
|---|--|
| Unable to collect/recover Takaful contributions given on credit | SOPs on credit approval covered authorisation and approvals controls credit policy linked to the Sales Commission and Incentive scheme. Weekly credit review undertaken. |
| Risk in recovering Retakaful                                    | Rated Retakaful Operators/Reinsurance Companies.   |
| Unable to recover capital value of investments                  | Close monitoring by the Board Investment Committee.  |

ENTERPRISE RISK MANAGEMENT

### 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:



- Board – The Board of Directors
- RISCO – Board Risk Committee
- BAC – Board Audit Committee
- EXCOM – Executive Committee/act as Investment Committee
- CEO – Chief Executive Officer
- GM – General Manager
- HODs – Heads of Departments
- SOPs – Standard Operating Procedures
- GMC – General Management Committee
- PDT – Product Development Team
- TC – Technical Committee

The ERM Framework operates on a bottom-up approach in terms of its Lines of Defence.

#### 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. The Company recognised that staff in the front line were exposed to the market and most often encountered 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. The Company believed in its human capital, especially personnel in 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 met periodically with the Key Management Personnel and reviewed performance, challenges and opportunities under the respective areas and report to the Board accordingly.

## ENTERPRISE RISK MANAGEMENT

### Risk management process

In the process of managing its risks the Company has identified the following Key Risk Indicators. These indices were monitored through a dashboard reviewed at GMC. Corrective actions had been taken as and when significant deviations were observed in the relevant areas as shown below:

| Risk area                       | Key risk indicator   |
|---------------------------------|--|
| Takaful risk                    | Average rates by subclasses<br>Claims ratios by sales teams and subclasses<br>Product Profitability<br>Retakaful covers Vs risk accumulation   |
| Strategic and Reputational Risk | Variance analysis  |
| Market Risk                     | Equity market movement<br>Economic indicators<br>Changes in tax regulations<br>Changes in government policies                                  |
| Operational Risk                | Staff turnover ratio<br>Internal/external audit findings<br>Combind ratio  |
| Credit Risk                     | Debtors turnover ratio (days)  |
| Compliance Risk                 | Queries raised by regulator<br>Pending legal matters<br>Unresolved audit queries<br>Items in the Management Letter<br>Investment portfolio mix |

### Key risk management activities during 2018

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

### Meeting

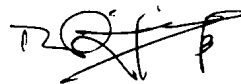
The mandate for the RISCO is to undertake regular meetings, at least once in every quarter and the reporting should be directed to the Board. All reports pertaining to the risks and findings were tabled at and deliberated by the latter.

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

| Members                            | Number of meetings attended |
|------------------------------------|-----------------------------|
| Dato' Mohd Fadzli Yusof (Chairman) | 4 out of 4                  |
| Mohamed Haniffa Mohamed Rafiq      | 4 out of 4                  |
| Dr. Abdullah Shiham Hassan         | 2 out of 4                  |

### Chairman's remark

RISCO expresses its satisfaction that effective measures have been in place to deal with an appropriate risk management process of Amāna 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 Amāna 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

20 March 2019

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors are pleased to submit their report, together with the audited accounts for the Company, for the year ended 31 December 2018, 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 8 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 62 of this Report.

### Accounting policies

The Accounting Policies adopted in preparation of the Financial Statements are given on page 70.

### Financial results and appropriations

The Profit after Taxation of the Company for the year was MVR 11.69 Mn. and Profit after Taxation of the General Takaful Fund for the year was MVR 3.22 Mn.

Profit after Taxation of the Shareholders' Funds for the year was MVR 8.47 Mn.

### Property, plant and equipment

During the year under review, the capital expenditure on property, plant and equipment for the Company amounted to MVR 0.21 Mn.

Information relating to movement in property, plant and equipment during the year is disclosed under Note 9 to the Financial Statements on page 81.

### Investments

Details of Investments held by the Company are given in Note 10 to the Financial Statements on page 82.

### Reserves

Total revenue reserves as at 31 December 2018 for the Company amounted to MVR 32.66 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 31 December 2018 was MVR 26,314,583.00 represented by 20,241,987 ordinary shares. The details of the share capital are given in Note 16 to the Financial Statements on page 85.

### Contingent liabilities

There were no material contingent liabilities outstanding as at 31 December 2018.

### Post-balance 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 60 of the Annual Report.

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

### 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 37.

### 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 Director of Amāna Takaful (Maldives) PLC  
Director of Amāna Global Ltd:

M H M Rafiq

2. A wakalah facility has been provided by Amāna Takaful (Maldives) PLC to Amāna Takaful PLC to support working capital requirements.

The following Directors of Amāna Takaful (Maldives) PLC are Directors of Amāna Takaful PLC:

Tyeab Akbarally

Osman Kassim

Dato' Mohd Fadzli Yusof

M H M Rafiq

### 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 31 December 2018:

| Company                             | Name of Director        | Position          | Relationship    |
|-------------------------------------|-------------------------|-------------------|-----------------|
| Amāna Takaful PLC, Sri Lanka        | Tyeab Akbarally         | Chairman          | Parent Company  |
|                                     | Osman Kassim            | Director          |                 |
|                                     | Dato' Mohd Fadzli Yusof | Director          |                 |
|                                     | M H M Rafiq             | Director          |                 |
| Amāna Global Ltd., Sri Lanka        | M H M Rafiq             | Director          | Related Company |
| AG Capital (Private) Ltd., Maldives | Abdullah Kassim         | Managing Director | Related Company |

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

## 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 55 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 41.

### 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 42.

## Share information and substantial shareholdings

The substantial shareholdings and market value of shares are given on page 94.

The earnings per share, dividends per share and net assets per share are given on page 94.

## Directors

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

|                            | Date of appointment/<br>reappointment | Date of resignation |
|----------------------------|---------------------------------------|---------------------|
| Tyeab Akbarally            | 14 February 2018                      | –                   |
| Osman Kassim               | 14 February 2018                      | –                   |
| Dato' Mohd Fadzli Yusof    | 14 February 2018                      | –                   |
| M H M Rafiq                | 14 February 2018                      | –                   |
| Abdullah Kassim            | 14 February 2018                      | –                   |
| Dr. Abdullah Shiham Hassan | 6 May 2018                            | –                   |
| Hareez Sulaiman            | 20 May 2012                           | –                   |

A brief profile of the Directors are given on pages 10 to 12 of this Annual Report.

## Directors' Shareholding

The interest of the Directors in the shares of the Company as at 31 December 2018, were as follows:

|                            | Number of ordinary shares as at 31 December 2018 |
|----------------------------|--|
| Tyeab Akbarally            | NIL  |
| Osman Kassim               | NIL  |
| Dato' Mohd Fadzli Yusof    | NIL  |
| M H M Rafiq                | NIL  |
| Abdullah Kassim            | NIL  |
| Dr. Abdullah Shiham Hassan | 100  |
| Hareez Sulaiman            | 1,380  |

## Independence of Directors

Particulars of Independent Directors are mentioned under Corporate Governance Report on page 43.

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

### 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:

| Name of the Director            | Board meetings |          | Remuneration Committee/Nomination Committee meetings |          |
|---------------------------------|----------------|----------|--|----------|
|                                 | Held           | Attended | Held   | Attended |
| Tyeab Akbarally – Chairman      | 4              | 3        |  |          |
| Osman Kassim                    | 4              | 2        | 2  | 2        |
| Dato’ Mohd Fadzli Yusof         | 4              | 4        | 2  | 2        |
| Mohamed Hanifa<br>Mohamed Rafiq | 4              | 4        | 2  | 2        |
| Abdullah Kassim                 | 4              | 4        |  |          |
| Dr. Abdullah Shiham<br>Hassan   | 4              | 2        |  |          |
| Hareez Sulaiman                 | 4              | 4        |  |          |

### 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 fee paid to the Auditors is disclosed in the Note 4.2 on page 78 The proposed external audit fee for the year 2019 is to be a maximum of USD 6,900.

As far as the Directors are aware, the Auditors are free of any conflict of interest and fully independent.

The Audit Committee reviews the appointment of the Auditors, its effectiveness and its relationship with the Company including the level of 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 28 April 2019 at 2.30pm at Mookai Suites, Malé, Maldives.

The Notice of the Annual General Meeting appears on page 96.

For and on behalf of the Board,



**Hareez Sulaiman**  
Managing Director/CEO



**Fazal Ghaffoor**  
Chairman – EXCOM



**Mohamed Hilmy**  
Managing Partner  
For and on behalf of Vakeelu Chambers LLP  
Secretaries

Amāna Takaful (Maldives) PLC

13 April 2019  
Malé



## REPORT OF THE BOARD AUDIT AND COMPLIANCE COMMITTEE

### Composition

The main objective of the Audit Committee is to present an independent oversight of Amāna 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:

| Members                            | Number of meetings attended |
|------------------------------------|-----------------------------|
| Dato' Mohd Fadzli Yusof – Chairman | 4 out of 4                  |
| M H M Rafiq                        | 4 out of 4                  |
| Dr. Abdullah Shiham Hassan         | 2 out of 4                  |

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 the 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.
2. Assessment of the independence and performance of the Company's External Auditors.
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.

## REPORT OF THE BOARD AUDIT AND COMPLIANCE COMMITTEE

### Internal audit

The internal audit functions of the Company are undertaken by the Internal Audit Department, Amāna 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.

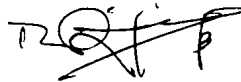
The Committee further made recommendations in relation to the remuneration, functions and terms of engagement of the External Auditors, particularly in relation to their auditing work.

### 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.

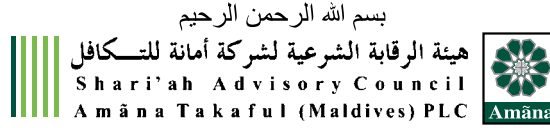


**Dato' Mohd Fadzli Yusof**

Chairman

Audit and Compliance Committee of the Board

## REPORT OF THE SHARI'AH ADVISORY COUNCIL



### SHARI'AH AUDIT REPORT TO THE SHAREHOLDERS OF AMANA TAKAFUL (MALDIVES) PLC

السلام عليكم ورحمة الله وبركاته

We have examined the operations of Amāna Takaful (Maldives) PLC (the "Company") for the year ending 31 December 2018. 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 check that the takaful operations, contracts and investments entered into by the Company with its participants, 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 through a representative of 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. Review of Related Documentation
5. Retakaful and Reinsurance
6. Investments
7. Charity and Welfare Account (Inflows and Outflows)
8. Mandatory placement of funds with the MMA

#### 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 straight-forwardness.

والسلام عليكم ورحمة الله وبركاته

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



# Financial Reports

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## 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 2018 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 judgements 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.

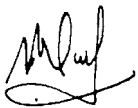
The Directors have taken proper and sufficient care to ensure the maintenance of adequate accounting records in conformity with the applicable provisions and any other legislation including the Companies Act No. 10 of 1996 to safeguard the assets of the Company and to prevent and detect fraud and other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

20 March 2019

## CERTIFICATION BY THE ACTUARY



4 March 2019

Amāna Takaful (Maldives) PLC 31 December 2018 Net IBNR and LAT Certification

I hereby certify that the undiscounted Central Estimate of IBNR provision (inclusive of Claims Handling Expenses) of MVR 1,344,786, is adequate in relation to the Claim Liability of Amāna Takaful (Maldives) PLC as at 31 December 2018, 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 incurred claims obligations as at 31 December 2018, 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 amount of MVR 24,572,758, set by the Operator, net of retakaful, is adequate in relation to the unexpired risks of Amāna Takaful (Maldives) PLC as at 31 December 2018, in many but not all scenarios of future experience. As such, there is no premium deficiency to be recognised by the operator.

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

I 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.

A handwritten signature in black ink, appearing to read 'Sivaraman Kumar'.

**Sivaraman Kumar**

Fellow of the Institute and Faculty of Actuaries  
For and on behalf of NMG Consulting

4 March 2019

T: +65 6325 9855 F: +65 6325 4700 E: [contact@NMG-Group.com](mailto:contact@NMG-Group.com)  
[www.NMG-Group.com](http://www.NMG-Group.com)  
30 Hill Street, #03-02A, Singapore 179360

## INDEPENDENT AUDITORS' REPORT



Ernst & Young  
Chartered Accountants  
G. Shafag, 2<sup>nd</sup> Floor  
Rahdhebai Magu  
Malé  
Republic of Maldives

Tel : +960 332 0742  
Fax : +960 332 0748  
eymv@lk.ey.com  
ey.com

Reg. No: C-192/95

### Independent Auditor's Report To the Shareholders of Amāna Takaful (Maldives) PLC Report on the audit of the Financial Statements

#### Opinion

We have audited the Financial Statements of Amāna Takaful (Maldives) PLC ("the Company"), which comprise the Statement of Financial Position as at 31 December 2018, 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 31 December 2018 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 (ISA). 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 MVR 46.5 Mn. representing 57% 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 2018 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



## INDEPENDENT AUDITORS' REPORT

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 ISA 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 ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

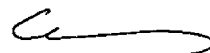
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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.



5 March 2019  
Malé

## STATEMENT OF COMPREHENSIVE INCOME

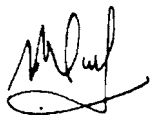
| Year ended 31 December   | Notes | 2018<br>MVR       | 2017<br>MVR  |
|--|-------|-------------------|--------------|
| Gross written takaful contribution (premium)   | 3     | 130,584,541       | 107,123,945  |
| Less: Contribution (premium) ceded to retakaful (net of retakaful commission income)           | 3     | (39,997,579)      | (39,326,248) |
| <b>Net written takaful contribution (premium)</b>  |       | <b>90,586,962</b> | 67,797,697   |
| Net change in reserve for unearned takaful contribution (premium)                              | 3     | (7,760,145)       | (5,589,126)  |
| <b>Net earned takaful contribution (premium)</b>   |       | <b>82,826,817</b> | 62,208,571   |
| <b>Benefits, losses and expenses</b>   |       |                   |              |
| Takaful (insurance) claims and benefits (net of retakaful recoveries)                          | 3     | (48,284,561)      | (36,725,013) |
| Acquisition cost   | 3     | (4,366,821)       | (3,614,372)  |
| <b>Underwriting results</b>  |       | <b>30,175,435</b> | 21,869,186   |
| <b>Other revenue</b>   |       |                   |              |
| Investment income  | 3.1   | 4,250,996         | 2,740,338    |
| Fair value gains   |       | –                 | 34,299       |
| Other income   | 3.2   | 6,401,624         | 4,099,068    |
| <b>Expenses</b>  |       |                   |              |
| Other operating, investment related and administrative expenses                                | 4     | (23,486,539)      | (20,894,000) |
| Fair value loss on investments   |       | (1,217,563)       | –            |
| Amortisation   | 5     | (455,297)         | (379,750)    |
| Marketing expenses   |       | (1,332,311)       | (733,099)    |
| <b>Profit before taxation</b>  |       | <b>14,336,345</b> | 6,736,042    |
| Business profit tax  | 6     | (2,637,365)       | (1,401,740)  |
| <b>Profit for the year</b>   |       | <b>11,698,979</b> | 5,334,301    |
| Basic, diluted earnings per share  | 7     | 0.58              | 0.26         |
| <b>Other comprehensive income</b>  |       |                   |              |
| Profit for the year  |       | 11,698,979        | 5,334,301    |
| Net change in fair value of available-for-sale financial assets                                |       | –                 | (22,059)     |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss |       | –                 | 13,874       |
| <b>Total comprehensive income for the year</b>   |       | <b>11,698,979</b> | 5,326,117    |

The Accounting Policies and Notes on pages 70 through 93 form an integral part of the Financial Statements.

## STATEMENT OF FINANCIAL POSITION

| As at 31 December                        | Note | 2018<br>MVR        | 2017<br>MVR        |
|--|------|--------------------|--------------------|
| <b>Assets</b>                            |      |                    |                    |
| Intangible assets                        | 8    | 3,339,693          | 749,660            |
| Property, plant and equipment            | 9    | 299,604            | 234,814            |
| Deferred tax assets                      | 6.2  | 602,620            | 789,495            |
| Financial assets                         | 10   | 101,938,899        | 82,437,767         |
| Deposit with Maldives Monetary Authority |      | 2,000,000          | 2,000,000          |
| Retakaful (Reinsurance) receivables      | 11   | 13,092,796         | 10,433,737         |
| Contribution (premium) receivables       | 12   | 12,015,730         | 4,505,923          |
| Amounts due from related parties         | 13   | 324,547            | -                  |
| Other assets                             | 14   | 4,170,145          | 3,457,083          |
| Cash and cash equivalents                | 15   | 2,994,509          | 2,855,152          |
| <b>Total assets</b>                      |      | <b>140,778,543</b> | <b>107,463,631</b> |
| <b>Equity and liabilities</b>            |      |                    |                    |
| <b>Shareholders' equity</b>              |      |                    |                    |
| Issued share capital                     | 16   | 26,314,583         | 26,314,583         |
| Available-for-sale reserve               |      | -                  | (194,402)          |
| Revenue reserves                         |      | 32,664,187         | 24,912,395         |
| <b>Total equity</b>                      |      | <b>58,978,770</b>  | <b>51,032,576</b>  |
| <b>Liabilities</b>                       |      |                    |                    |
| Takaful (Insurance) contract liabilities | 17   | 46,502,422         | 31,840,502         |
| Retakaful (Reinsurance) payables         |      | 10,825,303         | 6,858,738          |
| Employee benefits                        | 18   | 2,095,609          | 1,517,838          |
| Amounts due to related parties           | 19   | 6,185              | 931,530            |
| Other liabilities                        | 20   | 22,370,255         | 15,282,447         |
| <b>Total liabilities</b>                 |      | <b>81,799,774</b>  | <b>56,431,055</b>  |
| <b>Total equity and liabilities</b>      |      | <b>140,778,543</b> | <b>107,463,631</b> |

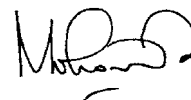
The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Signed for and on behalf of the Board by,



Tyeab Akbarally  
Chairman



Hareez Sulaiman  
Managing Director



Siraj Nizam  
Head of Finance

The Accounting Policies and Notes on pages 70 through 93 form an integral part of the Financial Statements.

5 March 2019  
Malé

## STATEMENT OF CHANGES IN EQUITY

|  | Share capital<br>MVR | Available-for-<br>sale reserve<br>MVR | WAQF fund<br>MVR | Retained<br>earnings<br>MVR | Total equity<br>MVR |
|--|----------------------|---------------------------------------|------------------|-----------------------------|---------------------|
| <b>Balance as at 1 January 2017</b>  | 26,314,583           | (186,218)                             | 1,542            | 21,550,146                  | 47,680,053          |
| Final dividend – 2016  | –                    | –                                     | –                | (657,865)                   | (657,865)           |
| 1st Interim dividend – 2017  | –                    | –                                     | –                | (1,315,729)                 | (1,315,729)         |
| Profit for the year  | –                    | –                                     | –                | 5,334,301                   | 5,334,301           |
| Net change in fair value of available-for-sale<br>financial assets transferred to profit or loss | –                    | 13,874                                | –                | –                           | 13,875              |
| Net change in fair value of available-for-sale<br>financial assets net of deferred tax           | –                    | (22,059)                              | –                | –                           | (22,059)            |
| <b>Balance as at 31 December 2017</b>  | <b>26,314,583</b>    | <b>(194,402)</b>                      | <b>1,542</b>     | <b>24,910,853</b>           | <b>51,032,576</b>   |
| Final dividend – 2017  | –                    | –                                     | –                | (1,315,729)                 | (1,315,729)         |
| 1st Interim dividend – 2018  | –                    | –                                     | –                | (1,973,594)                 | (1,973,594)         |
| 2nd Interim dividend – 2018  | –                    | –                                     | –                | (657,865)                   | (657,865)           |
| Transfer of realised gain/(loss) on available-for-sale<br>financial assets to profit or loss     | –                    | 194,402                               | –                | –                           | 194,402             |
| Profit for the year  | –                    | –                                     | –                | 11,698,979                  | 11,698,979          |
| <b>Balance as at 31 December 2018</b>  | <b>26,314,583</b>    | <b>–</b>                              | <b>1,542</b>     | <b>32,662,645</b>           | <b>58,978,770</b>   |

The Accounting Policies and Notes on pages 70 through 93 form an integral part of the Financial Statements.

## STATEMENT OF CASH FLOWS

| Year ended 31 December   | Notes    | 2018<br>MVR         | 2017<br>MVR         |
|--|----------|---------------------|---------------------|
| <b>Operating activities</b>                                      |          |                     |                     |
| Profit before taxation   |          | 14,336,345          | 6,736,042           |
| <b>Non-cash adjustment to reconcile profit to net cash flows</b> |          |                     |                     |
| Amortisation of intangible assets – Software                     | 8        | 455,297             | 379,750             |
| Depreciation   | 9        | 142,795             | 146,616             |
| Loss on disposal of property, plant and equipment                |          | –                   | 3,913               |
| Business profit tax paid   | 6.4      | (1,486,846)         | (1,086,531)         |
| Fair value loss on investments                                   |          | (1,217,563)         | –                   |
| Investment income  | 3.1      | (4,250,996)         | (2,740,338)         |
| Transfer of realised gain/(loss) on AFS                          |          | 194,402             | –                   |
| Fair value gains   |          | –                   | (34,299)            |
| Fair value loss  | 10.4.2.1 | –                   | 350,488             |
| <b>Working capital adjustments:</b>                              |          |                     |                     |
| Increase in retakaful (reinsurance) assets                       |          | (2,659,059)         | 6,765,220           |
| Increase in contribution (premium) receivables                   |          | (7,509,807)         | 2,510,255           |
| (Increase) in other assets                                       |          | (713,062)           | (724,460)           |
| Decrease/(increase) in amounts due from related parties          |          | (324,547)           | 15,577              |
| Increase/(decrease) in takaful contract liabilities              |          | 14,661,919          | 4,336,319           |
| Increase in retakaful (reinsurance) payable                      |          | 4,047,683           | (2,340,027)         |
| Increase/(decrease) in other liabilities                         |          | 7,087,808           | 657,690             |
| Increase in employee benefits                                    |          | 577,771             | 444,070             |
| Increase in amounts due to related parties                       |          | (925,345)           | 856,140             |
|  |          | 22,416,795          | 16,276,425          |
| <b>Investing activities</b>                                      |          |                     |                     |
| Investment in financial asset                                    |          | (19,306,730)        | (40,338,763)        |
| Acquisition of property, plant and equipment                     | 9        | (207,585)           | (147,538)           |
| Acquisition of intangible assets                                 | 8        | (3,045,331)         | –                   |
| Investment income received                                       | 3.1      | 4,250,996           | 2,740,338           |
| Investment in shares   |          | (21,600)            | –                   |
| <b>Net cash used in investing activities</b>                     |          | <b>(18,330,250)</b> | <b>(37,745,964)</b> |
| <b>Financing activities</b>                                      |          |                     |                     |
| Dividend paid  |          | (3,947,187)         | (1,973,596)         |
| <b>Net cash flows from financing activities</b>                  |          | <b>(3,947,187)</b>  | <b>(1,973,596)</b>  |
| Net Increase/(decrease) in cash and cash equivalents             |          | 139,357             | (23,443,135)        |
| Cash and cash equivalents at 1 January                           |          | 2,855,152           | 26,298,287          |
| <b>Cash and cash equivalents at 31 December (Note 15)</b>        |          | <b>2,994,509</b>    | <b>2,855,152</b>    |

The Accounting Policies and Notes on pages 70 through 93 form an integral part of the Financial Statements.

## SEGMENTAL ANALYSIS – STATEMENT OF COMPREHENSIVE INCOME

| Year ended 31 December 2018   | General Takaful Fund MVR | Shareholders' Fund MVR | Adjustments MVR     | Consolidated MVR    |
|---|--------------------------|------------------------|---------------------|---------------------|
| Gross written takaful contribution (premium)  | 130,584,541              | –                      | –                   | 130,584,541         |
| Less: Contribution (premiums) ceded to retakaful – (net of retakaful (reinsurance) commission income) | (39,997,579)             | –                      | –                   | (39,997,579)        |
| <b>Net written takaful contribution (premium)</b>   | <b>90,586,962</b>        | <b>–</b>               | <b>–</b>            | <b>90,586,962</b>   |
| Net changes in reserve for unearned takaful contribution  | (7,760,145)              | –                      | –                   | (7,760,145)         |
| <b>Net earned takaful contribution (premium)</b>  | <b>82,826,817</b>        | <b>–</b>               | <b>–</b>            | <b>82,826,817</b>   |
| <b>Benefits, losses and expenses</b>  |                          |                        |                     |                     |
| Takaful (insurance) claims and benefits – (net of retakaful recoveries)                               | (48,284,561)             | –                      | –                   | (48,284,561)        |
| Acquisition cost  | –                        | (4,366,821)            | –                   | (4,366,821)         |
| <b>Underwriting results</b>   | <b>34,542,256</b>        | <b>(4,366,821)</b>     | <b>–</b>            | <b>30,175,435</b>   |
| Wakalah fee   | –                        | 31,583,928             | (31,583,928)        | –                   |
| <b>Other revenue</b>  |                          |                        |                     |                     |
| Investment income   | 2,570,183                | 1,680,812              | –                   | 4,250,996           |
| Other income  | 670,966                  | 5,730,658              | –                   | 6,401,624           |
|   | <b>37,783,405</b>        | <b>34,628,577</b>      | <b>(31,583,928)</b> | <b>40,828,055</b>   |
| <b>Direct expenses</b>  |                          |                        |                     |                     |
| Wakalah fee   | (31,583,928)             | –                      | 31,583,928          | –                   |
| <b>Expenses</b>   |                          |                        |                     |                     |
| Fair value loss   | (642,335)                | (575,229)              | –                   | (1,217,563)         |
| Other operating, investment related and administrative expenses                                       | (1,035,410)              | (22,451,129)           | –                   | (23,486,539)        |
| Amortisation  | (381,958)                | (73,340)               | –                   | (455,297)           |
| Marketing expenses  | –                        | (1,332,311)            | –                   | (1,332,311)         |
|   | <b>(2,059,702)</b>       | <b>(24,432,008)</b>    | <b>–</b>            | <b>(26,491,710)</b> |
| <b>Profit from operation</b>  | <b>4,139,776</b>         | <b>10,196,569</b>      | <b>–</b>            | <b>14,336,345</b>   |
| Business profit tax   | (915,883)                | (1,721,482)            | –                   | (2,637,365)         |
| <b>Profit for the year</b>  | <b>3,223,893</b>         | <b>8,475,087</b>       | <b>–</b>            | <b>11,698,979</b>   |
| <b>Other comprehensive income</b>   |                          |                        |                     |                     |
| Profit for the year   | 3,223,893                | 8,475,087              | –                   | 11,698,979          |
| Net change in fair value of available-for-sale financial assets                                       | –                        | –                      | –                   | –                   |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss        | –                        | –                      | –                   | –                   |
| <b>Total comprehensive income for the year</b>  | <b>3,223,893</b>         | <b>8,475,087</b>       | <b>–</b>            | <b>11,698,979</b>   |

## SEGMENTAL ANALYSIS – STATEMENT OF FINANCIAL POSITION

| Year ended 31 December 2018              | General<br>Takaful Fund<br>MVR | Shareholders'<br>Fund<br>MVR | Adjustments<br>MVR | Consolidated<br>MVR |
|--|--------------------------------|------------------------------|--------------------|---------------------|
| <b>Assets</b>                            |                                |                              |                    |                     |
| Intangible assets                        | 395,029                        | 2,944,665                    | –                  | 3,339,693           |
| Property, plant and equipment            | –                              | 299,604                      | –                  | 299,604             |
| Deferred tax assets                      | –                              | 602,620                      | –                  | 602,620             |
| Financial assets                         | 64,152,905                     | 37,785,994                   | –                  | 101,938,899         |
| Deposit with Maldives Monetary Authority | 2,000,000                      | –                            | –                  | 2,000,000           |
| Retakaful (Reinsurance) receivables      | 13,092,796                     | –                            | –                  | 13,092,796          |
| Contribution (premium) receivables       | 12,015,730                     | –                            | –                  | 12,015,730          |
| Wakalah fee (management fee) receivable  | –                              | 1,018,407                    | (1,018,407)        | –                   |
| Amounts due from related parties         | 324,547                        | –                            | –                  | 324,547             |
| Other assets                             | 3,287,521                      | 882,625                      | –                  | 4,170,145           |
| Inter-fund receivable                    | –                              | 1,281,344                    | (1,281,344)        | –                   |
| Cash and cash equivalents                | 2,373,934                      | 620,575                      | –                  | 2,994,509           |
| <b>Total assets</b>                      | <b>97,642,461</b>              | <b>45,435,833</b>            | <b>(2,299,751)</b> | <b>140,778,543</b>  |
| <b>Equity and liabilities</b>            |                                |                              |                    |                     |
| <b>Shareholders' equity</b>              |                                |                              |                    |                     |
| Issued share capital                     | –                              | 26,314,583                   | –                  | 26,314,583          |
| Available-for-sale reserve               | –                              | –                            | –                  | –                   |
| Revenue reserves                         | 24,721,039                     | 7,943,148                    | –                  | 32,664,187          |
| <b>Total equity</b>                      | <b>24,721,039</b>              | <b>34,257,731</b>            | <b>–</b>           | <b>58,978,770</b>   |
| <b>Liabilities</b>                       |                                |                              |                    |                     |
| Takaful (Insurance) contract liabilities | 46,502,422                     | –                            | –                  | 46,502,422          |
| Retakaful (Reinsurance) payables         | 10,825,303                     | –                            | –                  | 10,825,303          |
| Wakalah fee (management fee) payable     | 1,018,407                      | –                            | (1,018,407)        | –                   |
| Inter-fund payable                       | 1,281,344                      | –                            | (1,281,344)        | –                   |
| Employee benefits                        | –                              | 2,095,609                    | –                  | 2,095,609           |
| Amounts due to related parties           | –                              | 6,185                        | –                  | 6,185               |
| Other liabilities                        | 13,293,946                     | 9,076,309                    | –                  | 22,370,255          |
| <b>Total liabilities</b>                 | <b>72,921,422</b>              | <b>11,178,103</b>            | <b>(2,299,751)</b> | <b>81,799,774</b>   |
| <b>Total equity and liabilities</b>      | <b>97,642,461</b>              | <b>45,435,834</b>            | <b>(2,299,751)</b> | <b>140,778,543</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Corporate information

#### 1.1 General

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

On 23 March 2011, on going public, Amāna Takaful (Maldives) Private Limited was re-registered with Ministry of Economic Development as Amāna 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 Amāna Takaful PLC, a public limited company, incorporated in Sri Lanka and listed on the Colombo Stock Exchange.

### 2. Basis of preparation

#### 2.1 Statement of compliance

The Financial Statement of the Company, which comprise the Statement of Financial Position, Income Statement, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow, Notes to the Financial Statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS).

#### 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's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the 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.



## NOTES TO THE FINANCIAL STATEMENTS

**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 and equipment**

The Company reviews the residual values, useful lives and methods of depreciation of property, plant and 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 Maldivian 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 balance sheet 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 balance sheet 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 asset 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 balance sheet date.

**2.5.5 Cash and cash equivalents**

Cash and cash equivalents comprise, 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.5.6 Property, plant and equipment

Property, plant and 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 and 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 and equipment acquired by the Company includes cost of acquisition together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

When a major inspection of plant and machinery is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are met.

Depreciation on property, plant and 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:

|                        |        |
|------------------------|--------|
| Furniture and fittings | 20%    |
| Computer equipments    | 33.33% |
| Other equipments       | 25%    |
| Motor vehicles         | 25%    |

### 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:

| Item              | Useful life<br>(Number of years) |
|-------------------|----------------------------------|
| Computer software | 8-20                             |

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.

## NOTES TO THE FINANCIAL STATEMENTS

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held-to-maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

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:

| Financial assets   | Category   |
|--|--|
| Equity shares  | Fair value through profit or loss and available for sale |
| Unit Trust   | Loans and sale   |
| Mudaraba deposits, Murabaha, Wakalah, Ijarah and Sukuk Investments | Loans and advances                                       |
| Loans and advances   | Loans and advances                                       |

### (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 intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

#### 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 Effective Interest Rate (EIR). 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 the 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 the 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 has 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.

## NOTES TO THE FINANCIAL STATEMENTS

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 Statement

## NOTES TO 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 on going 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' funds are 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' funds are 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 MVR 2,000,000.00 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 and 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 presentation method is adopted.

## 2.6 Standard issued but not yet effective

The following IFRSs have been issued by the International Accounting Standards Board (IASB) which are not yet effective as at 31 December 2018.

### 2.6.1 IFRS 9 – Financial instruments

IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Company elected, under the amendments to IFRS 4 to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

## NOTES TO THE FINANCIAL STATEMENTS

**3. Gross written takaful contribution (premium) and net underwriting income**

| Year ended 31 December   | 2018<br>MVR         | 2017<br>MVR         |
|--|---------------------|---------------------|
| Gross written takaful contribution (premium)                       | 130,584,541         | 107,123,945         |
| Less: Contributions (premiums) ceded to retakaful (reinsurers)     |                     |                     |
| Treaty   | (9,921,109)         | (8,945,013)         |
| Facilitative   | (28,639,141)        | (28,409,434)        |
| Excess of loss   | (1,437,329)         | (1,971,802)         |
| <b>Net written takaful contribution (premium)</b>                  | <b>90,586,962</b>   | <b>67,797,697</b>   |
| <b>Gross provision for unearned takaful contribution (premium)</b> |                     |                     |
| Opening balance  | 16,812,613          | 11,223,487          |
| Closing balance  | 24,572,758          | 16,812,613          |
| <b>Provision for unearned takaful contribution (premium)</b>       | <b>(7,760,145)</b>  | <b>(5,589,126)</b>  |
| <b>Total underwriting income</b>                                   | <b>82,826,817</b>   | <b>62,208,571</b>   |
| Gross benefits and claims paid                                     | (47,782,186)        | (41,183,312)        |
| Surplus refund   | (2,200,000)         | (600,000)           |
| Retakaful (reinsurance) claims recoveries                          | 7,190,959           | 5,288,410           |
| Increase in provision for gross claims payable                     | (5,487,619)         | 50,008              |
| (Increase)/decrease in provision for claims IBNR                   | (5,715)             | (280,120)           |
| <b>Takaful (insurance) claims and benefits (net)</b>               | <b>(48,284,561)</b> | <b>(36,725,013)</b> |
| Acquisition cost   | (4,366,821)         | (3,614,372)         |
| <b>Net underwriting income</b>                                     | <b>30,175,435</b>   | <b>21,869,186</b>   |

**3.1 Investment income**

| Year ended 31 December              | 2018<br>MVR      | 2017<br>MVR      |
|-------------------------------------|------------------|------------------|
| Dividends income                    | 1,121,498        | 57,116           |
| Murabaha, Wakalah and Ijarah income | 2,024,585        | 2,053,546        |
| Mudharabah income                   | 655,085          | 268,044          |
| Sukuk income                        | 421,699          | 220,607          |
| Income from unit trust              | 7,907            | 141,024          |
| Net realised capital gain/(loss)    | 20,221           | -                |
|                                     | <b>4,250,996</b> | <b>2,740,338</b> |

## NOTES TO THE FINANCIAL STATEMENTS

**3.2 Other income**

| Year ended 31 December                               | 2018<br>MVR      | 2017<br>MVR      |
|--|------------------|------------------|
| Income from deposit with Maldives Monetary Authority | 19,998           | 19,998           |
| Management fee income                                | 5,518,718        | 3,246,969        |
| Sundry income  | 862,908          | 832,101          |
|  | <b>6,401,624</b> | <b>4,099,068</b> |

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**

| Year ended 31 December                    | Notes | 2018<br>MVR       | 2017<br>MVR       |
|---|-------|-------------------|-------------------|
| Staff expenses                            | 4.1   | 15,481,459        | 12,486,744        |
| Administration and establishment expenses |       | 6,538,805         | 6,875,889         |
| Depreciation                              |       | 142,795           | 146,616           |
| Consultancy fees                          |       | 1,323,481         | 1,384,751         |
|   |       | <b>23,486,539</b> | <b>20,894,000</b> |

**4.1 Staff expenses**

| Year ended 31 December      | 2018<br>MVR       | 2017<br>MVR       |
|-----------------------------|-------------------|-------------------|
| Wages, salaries and bonuses | 8,418,431         | 7,191,313         |
| Defined benefit plan        | 577,771           | 444,062           |
| Staff welfare               | 176,769           | 169,814           |
| Staff training              | 291,288           | 199,314           |
| Medical claims              | 152,653           | 126,728           |
| Staff incentives            | 2,790,753         | 1,550,750         |
| Other staff cost            | 3,073,793         | 2,804,762         |
|                             | <b>15,481,459</b> | <b>12,486,744</b> |

**4.2 Included in administrative expenses**

| Year ended 31 December | 2018<br>MVR | 2017<br>MVR |
|------------------------|-------------|-------------|
| Audit fee              | 105,083     | 75,363      |



## NOTES TO THE FINANCIAL STATEMENTS

**5. Amortisation of intangible assets**

| Year ended 31 December | 2018<br>MVR | 2017<br>MVR |
|------------------------|-------------|-------------|
| Software               | 455,297     | 379,750     |

**6. Business profit tax**

| Year ended 31 December                           | Note | 2018<br>MVR | 2017<br>MVR |
|--|------|-------------|-------------|
| Tax on business profit                           | 6.1  | 2,450,490   | 1,459,719   |
| Under provision for previous years               |      | -           | 40,535      |
|  |      | 2,450,490   | 1,500,254   |
| Deferred tax provided/(reversed) during the year | 6.3  | 186,875     | (96,065)    |
|  |      | 2,637,365   | 1,404,189   |
| To other comprehensive income                    |      | -           | (2,448)     |
|  |      | 2,637,365   | 1,401,740   |

**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 31 December is as follows:

| Year ended 31 December                                   | 2018<br>MVR       | 2017<br>MVR       |
|--|-------------------|-------------------|
| Profit before tax  | 14,336,345        | 6,736,042         |
| Add: Depreciation and amortisation charge for the period | 598,092           | 526,366           |
| Disallowable expenses                                    | 23,259,172        | 4,495,413         |
| Less: Capital allowances                                 | (299,904)         | (292,761)         |
| Other allowable expenses                                 | (21,057,105)      | (1,233,602)       |
| <b>Taxable profit before adjustments</b>                 | <b>16,836,600</b> | <b>10,231,458</b> |
| Tax free allowance                                       | (500,000)         | (500,000)         |
| <b>Taxable profit</b>                                    | <b>16,336,600</b> | <b>9,731,458</b>  |
| <b>Business profit tax on taxable profit @ 15%</b>       | <b>2,450,490</b>  | <b>1,459,719</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

**6.2 Deferred tax**

| Year ended 31 December   | 2018<br>MVR        | 2017<br>MVR        |
|--|--------------------|--------------------|
| Temporary difference on assets and liabilities   | 3,339,393          | 308,056            |
| Available-for-sale financial assets  | –                  | (228,708)          |
| Unrealised fair value loss   | (5,261,250)        | (3,841,135)        |
| Defined employee benefits  | (2,095,609)        | (1,517,838)        |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | –                  | 16,323             |
| <b>Total temporary difference</b>  | <b>(4,017,466)</b> | <b>(5,263,302)</b> |
| Tax rate (%)   | 15                 | 15                 |
| <b>Deferred tax asset as at 31 December</b>  | <b>(602,620)</b>   | <b>(789,495)</b>   |

The provision on deferred tax is made on temporary differences between the carrying value and tax base of property, plant and equipment. The Company's management expects to earn future taxable profits and therefore deferred tax asset is recognised.

**6.3 Movement in deferred tax**

| Year ended 31 December         | 2018<br>MVR      | 2017<br>MVR      |
|--------------------------------|------------------|------------------|
| As at 1 January                | (789,495)        | (693,430)        |
| Provision made during the year | 186,875          | (96,065)         |
| <b>As at 31 December</b>       | <b>(602,620)</b> | <b>(789,495)</b> |

**6.4 Business profit tax payable**

| Year ended 31 December               | 2018<br>MVR      | 2017<br>MVR    |
|--------------------------------------|------------------|----------------|
| Tax payable as at 1 January          | 957,197          | 543,475        |
| Income tax expense for the year      | 2,450,490        | 1,500,254      |
| Tax paid during the year             | (1,486,846)      | (1,086,531)    |
| <b>Tax payable as at 31 December</b> | <b>1,920,841</b> | <b>957,197</b> |

**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.

## NOTES TO THE FINANCIAL STATEMENTS

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

**Amount used as the numerator:**

| Year ended 31 December | 2018<br>MVR | 2017<br>MVR |
|------------------------|-------------|-------------|
| Profit for the year    | 11,698,979  | 5,334,301   |

**Number of ordinary shares used as denominator:**

| Year ended 31 December   | 2018<br>MVR | 2017<br>MVR |
|--|-------------|-------------|
| Weighted average number of ordinary shares in issue applicable to earnings per share | 20,241,987  | 20,241,987  |
| <b>Earnings per share</b>  | <b>0.58</b> | 0.26        |

**8. Intangible assets**

| Year ended 31 December                   | 2018<br>MVR      | 2017<br>MVR |
|--|------------------|-------------|
| <b>At cost</b>                           |                  |             |
| Balance as at 1 January                  | 3,039,484        | 3,039,484   |
| Additions                                | 3,045,331        | –           |
| <b>Balance as at 31 December</b>         | <b>6,084,815</b> | 3,039,484   |
| <b>Amortisation</b>                      |                  |             |
| Balance as at 1 January                  | 2,289,825        | 1,910,074   |
| Amortisation for the year                | 455,297          | 379,750     |
| <b>Balance as at 31 December</b>         | <b>2,745,122</b> | 2,289,825   |
| <b>Carrying amount as at 31 December</b> | <b>3,339,693</b> | 749,660     |

**9. Property, plant and equipment**

|  | Balance as at<br>01.01.2018<br>MVR | Additions/<br>transfers<br>MVR | Disposal/<br>transfers<br>MVR | Balance as at<br>31.12.2018<br>MVR |
|--|------------------------------------|--------------------------------|-------------------------------|------------------------------------|
| <b>At cost</b>                           |                                    |                                |                               |                                    |
| Furniture and fittings                   | 673,959                            | 46,539                         | –                             | 720,498                            |
| Motor vehicles                           | 132,880                            | –                              | –                             | 132,880                            |
| Computers and peripherals                | 479,704                            | 147,892                        | –                             | 627,596                            |
| Other equipment                          | 308,726                            | 13,154                         | –                             | 321,880                            |
| <b>Total value of depreciable assets</b> | <b>1,595,269</b>                   | <b>207,585</b>                 | <b>–</b>                      | <b>1,802,854</b>                   |

## NOTES TO THE FINANCIAL STATEMENTS

|                           | Balance as at<br>01.01.2018<br>MVR | Additions/<br>transfers<br>MVR | Disposal/<br>transfers<br>MVR | Balance as at<br>31.12.2018<br>MVR |
|---------------------------|------------------------------------|--------------------------------|-------------------------------|------------------------------------|
| <b>Depreciation</b>       |                                    |                                |                               |                                    |
| <b>At cost</b>            |                                    |                                |                               |                                    |
| Furniture and fittings    | 517,177                            | 70,560                         | –                             | 587,737                            |
| Motor vehicles            | 132,880                            | –                              | –                             | 132,880                            |
| Computers and peripherals | 438,614                            | 45,460                         | –                             | 484,075                            |
| Other equipment           | 271,784                            | 26,775                         | –                             | 298,559                            |
| Total depreciation        | 1,360,455                          | 142,795                        | –                             | 1,503,250                          |
| <b>Carrying amount</b>    | 234,814                            | –                              | –                             | 299,604                            |

## 10. Financial assets

| Year ended 31 December                                     | Notes | 2018<br>MVR | 2017<br>MVR |
|--|-------|-------------|-------------|
| Financial instruments at fair value through profit or loss | 10.1  | 3,681,600   | 4,194,160   |
| Available-for-sale financial assets                        | 10.2  | 24,654,427  | 27,629,283  |
| Loans and receivable                                       | 10.3  | 73,602,872  | 50,614,325  |
|  |       | 101,938,899 | 82,437,767  |

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

## 10.1 Financial instruments at fair value through profit or loss

| Year ended 31 December          | Notes  | 2018<br>MVR | 2017<br>MVR |
|---------------------------------|--------|-------------|-------------|
| Investment in equity securities | 10.4.1 | 3,681,600   | 4,194,160   |

## 10.2 Available-for-sale financial assets

| Year ended 31 December          | Notes  | 2018<br>MVR | 2017<br>MVR |
|---------------------------------|--------|-------------|-------------|
| Investment in equity securities |        |             |             |
| – Quoted                        | 10.4.2 | 2,449,627   | 3,495,569   |
| – Unquoted                      | 10.4.3 | 22,204,800  | 22,204,800  |
| Unit trust                      |        | –           | 1,928,914   |
|                                 |        | 24,654,427  | 27,629,283  |

## NOTES TO THE FINANCIAL STATEMENTS

## 10.3 Loans and receivable

| Year ended 31 December                              | 2018<br>MVR       | 2017<br>MVR       |
|---|-------------------|-------------------|
| Murabaha investments                                | 115,381           | 52,736            |
| Mudharaba investments                               | 32,924,900        | 18,182,100        |
| Wakalah investment                                  | 34,112,513        | 25,326,800        |
| Advances to company officers                        | 35,718            | 234,731           |
| Ijarah investment                                   | 124,382           | 157,941           |
| Sukuk investment                                    | 5,500,000         | 5,500,000         |
| Special Foreign Investment Deposit Accounts (SFIDA) | 789,977           | 1,160,016         |
|   | <b>73,602,872</b> | <b>50,614,325</b> |

## 10.4 Investment in equity securities

## 10.4.1 Quoted

|                              | 2018             |                  | 2017             |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | Number of shares | Market value MVR | Number of shares | Market value MVR |
| Dhivehi Raajjeyge Gulhun PLC | 2,270            | 181,600          | 2,000            | 160,000          |
| Dialog Telekom Ltd.          | -                | -                | 225,000          | 295,840          |
| Access Engineering PLC       | -                | -                | 70,000           | 166,378          |
| Textured Jersey Lanka PLC    | -                | -                | 50,000           | 171,941          |
| Ooredoo                      | 100,000          | 3,500,000        | 100,000          | 3,400,000        |
|                              | <b>102,270</b>   | <b>3,681,600</b> | <b>447,000</b>   | <b>4,194,160</b> |

## 10.4.2 Quoted

|                | Notes    | 2018             |                  | 2017             |                  |
|----------------|----------|------------------|------------------|------------------|------------------|
|                |          | Number of shares | Market value MVR | Number of shares | Market value MVR |
| Amāna Bank PLC | 10.4.2.1 | 9,340,821        | 2,449,627        | 9,340,821        | 3,495,569        |
|                |          | <b>9,340,821</b> | <b>2,449,627</b> | <b>9,340,821</b> | <b>3,495,569</b> |

|                                 | 2018             |                  | 2017             |                  |
|---------------------------------|------------------|------------------|------------------|------------------|
|                                 | Number of shares | Market value MVR | Number of shares | Market value MVR |
| 10.4.2.1 Cost as at 31 December | -                | 7,710,877        | -                | 7,710,877        |
| Less: Provision for impairment  | -                | (5,261,250)      | -                | (4,191,623)      |
| Less: Sold during the year      | -                | -                | -                | (23,685)         |
| Fair value as at 31 December    | -                | <b>2,449,627</b> | -                | <b>3,495,569</b> |

## NOTES TO THE FINANCIAL STATEMENTS

**10.4.3 Unquoted**

|     | 2018             |                  | 2017             |                  |
|-----|------------------|------------------|------------------|------------------|
|     | Number of shares | Market value MVR | Number of shares | Market value MVR |
| MIB | 9,000            | 22,204,800       | 9,000            | 22,204,800       |

**11. Retakaful (reinsurance) receivables**

| Year ended 31 December              | 2018 MVR   | 2017 MVR   |
|-------------------------------------|------------|------------|
| Retakaful (reinsurance) receivables | 13,092,796 | 10,433,737 |

**12. Contribution (premium) receivable**

| Year ended 31 December             | 2018 MVR   | 2017 MVR  |
|------------------------------------|------------|-----------|
| Contribution (premium) receivables | 12,015,730 | 4,505,923 |
|                                    | 12,015,730 | 4,505,923 |

**13. Amounts due from related parties**

| Year ended 31 December                        | 2018 MVR | 2017 MVR |
|---|----------|----------|
| Amāna Takaful PLC – Medical Takaful (Colombo) | 324,547  | –        |

**14. Other assets**

| Year ended 31 December             | 2018 MVR  | 2017 MVR  |
|------------------------------------|-----------|-----------|
| Other receivables                  | 1,215,373 | 711,710   |
| Deposits, advances and prepayments | 2,954,772 | 2,745,373 |
|                                    | 4,170,145 | 3,457,083 |

## NOTES TO THE FINANCIAL STATEMENTS

**15. Cash and cash equivalents**

| Year ended 31 December | 2018<br>MVR      | 2017<br>MVR      |
|------------------------|------------------|------------------|
| Cash in hand           | 4,000            | 4,000            |
| Balances with banks    | 2,990,509        | 2,851,152        |
|                        | <b>2,994,509</b> | <b>2,855,152</b> |

**16. Issued share capital****16.1 Authorised share capital**

| Year ended 31 December                 | 2018<br>MVR | 2017<br>MVR |
|--|-------------|-------------|
| 50,000,000 Ordinary shares of MVR 1.30 | 65,000,000  | 65,000,000  |

**16.2 Issued and fully-paid share capital**

| Year ended 31 December                 | 2018<br>MVR | 2017<br>MVR |
|--|-------------|-------------|
| 20,241,987 Ordinary shares of MVR 1.30 | 26,314,583  | 26,314,583  |

**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, Company has declared a final dividend of MVR 1,315,729.00 for 2017 and two interim dividends of MVR 1,973,594.00 and MVR 657,865.00 during the year ended 31 December 2018.

**17. Takaful (insurance) contract liabilities**

| Year ended 31 December 2018                           | Notes | 2018<br>MVR       | 2017<br>MVR       |
|---|-------|-------------------|-------------------|
| Provision for unearned takaful contribution (premium) | 17.1  | 24,572,758        | 16,812,613        |
| Provision for claims IBNR                             | 17.2  | 882,835           | 877,120           |
| Claims outstanding                                    |       | 21,046,829        | 14,150,770        |
|   |       | <b>46,502,422</b> | <b>31,840,502</b> |

## NOTES TO THE FINANCIAL STATEMENTS

**17.1 Provision for unearned takaful contribution**

| Year ended 31 December 2018 | 2018<br>MVR | 2017<br>MVR |
|-----------------------------|-------------|-------------|
| As at 1 January             | 16,812,613  | 11,223,487  |
| Increased during the year   | 7,760,145   | 5,589,126   |
| As at 31 December           | 24,572,758  | 16,812,613  |

**17.2 Provision for claims outstanding**

| Year ended 31 December 2018    | 2018<br>MVR | 2017<br>MVR |
|--------------------------------|-------------|-------------|
| As at 1 January                | 4,582,079   | 6,392,367   |
| Settled during the year        | (4,582,079) | (6,392,367) |
| Provision made during the year | 10,256,254  | 4,582,079   |
| As at 31 December              | 10,256,254  | 4,582,079   |

**17.3 Provision for claims IBNR**

The incurred but not reported (IBNR) claim reserve has been actuarially computed by Sivaraman Kumar 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**

| Year ended 31 December 2018 | 2018<br>MVR | 2017<br>MVR |
|-----------------------------|-------------|-------------|
| As at 1 January             | 1,517,838   | 1,073,768   |
| Provision during the period | 577,771     | 444,070     |
| As at 31 December           | 2,095,609   | 1,517,838   |

**19. Amounts due to related parties**

| Year ended 31 December 2018                   | 2018<br>MVR | 2017<br>MVR |
|---|-------------|-------------|
| Amāna Global Limited                          | 6,185       | 925,189     |
| Amāna Takaful PLC – Medical Takaful (Colombo) | –           | 6,341       |
|   | 6,185       | 931,530     |



## NOTES TO THE FINANCIAL STATEMENTS

**20. Other liabilities**

| Year ended 31 December 2018 | 2018<br>MVR       | 2017<br>MVR |
|-----------------------------|-------------------|-------------|
| Commission payable          | 1,871,526         | 1,246,321   |
| Other payables              | 7,214,005         | 4,347,035   |
| Business profit tax payable | 1,920,841         | 957,197     |
| Pending policy deposits     | 11,363,883        | 8,731,895   |
|                             | <b>22,370,255</b> | 15,282,447  |

**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 Amāna Takaful PLC, a public limited company, incorporated in Sri Lanka and listed on the Colombo Stock Exchange and Ultimate Parent undertaking is Amāna Holdings Limited – 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.

| Year ended 31 December 2018            | 2018<br>MVR      | 2017<br>MVR |
|--|------------------|-------------|
| Directors' fees, benefits and expenses | <b>2,589,627</b> | 2,332,700   |

## NOTES TO THE FINANCIAL STATEMENTS

**21.3 Transactions with other group companies**

Information regarding the outstanding related party balances at the year ended, refer Notes 13 and 19.

| Name of the Company                     | Relationship      | Nature of the transaction                                | 2018<br>MVR    | 2017<br>MVR      |
|---|-------------------|--|----------------|------------------|
| Amāna Global Limited                    | Affiliate company | Balance at 1 January                                     | (925,189)      | 15,577           |
|   |                   | Settlements (fund transfers to)                          | (2,780,594)    | 320,498          |
|   |                   | Consultancy fee  | 3,699,598      | (620,713)        |
|   |                   | Other expenses on behalf of Amāna Takaful (Maldives) PLC | -              | (640,550)        |
|   |                   | <b>Balance at 31 December</b>                            | <b>(6,185)</b> | <b>(925,189)</b> |
| Amāna Takaful PLC – Medical             | Parent company    | Balance at 1 January                                     | (6,341)        | (20,190)         |
|   |                   | Charges for the year                                     | (3,018,347)    | (2,795,225)      |
|   |                   | Settlement during the period                             | 3,349,236      | 2,809,074        |
|   |                   | <b>Balance at 31 December</b>                            | <b>324,547</b> | <b>(6,341)</b>   |
| Amāna Wealth Management Private Limited | Affiliate company | Balance at 1 January                                     | -              | (55,201)         |
|   |                   | Transferred from Amāna Capital Private Limited           | -              | -                |
|   |                   | Charges for the year                                     | -              | (114,500)        |
|   |                   | Settlement during the period                             | -              | 169,701          |
|   |                   | <b>Balance at 31 December</b>                            | <b>-</b>       | <b>-</b>         |

**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) PLCs (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.

## NOTES TO THE FINANCIAL STATEMENTS

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 finance 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 Council 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 manages its investment portfolio internally since November 2017.

## NOTES TO THE FINANCIAL STATEMENTS

**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 31 December 2018 and 2017, is the carrying amounts of respective financial instruments.

| As at 31 December 2018                                       | Neither past due<br>nor impaired | Past due but not<br>impaired | Individually<br>impaired | 2018<br>MVR        |
|--|----------------------------------|------------------------------|--------------------------|--------------------|
| <b>Financial assets</b>                                      |                                  |                              |                          |                    |
| <b>Financial assets at fair value through profit or loss</b> |                                  |                              |                          |                    |
| Investment in equity securities                              | 3,681,600                        | –                            | –                        | 3,681,600          |
| <b>Available-for-sale financial assets</b>                   |                                  |                              |                          |                    |
| Investment in equity securities                              | –                                | –                            | 2,449,627                | 2,449,627          |
| Unit trust   | –                                | –                            | –                        |                    |
| Unquoted investments   | 22,204,800                       | –                            | –                        | 22,204,800         |
| <b>Loans and receivables</b>                                 |                                  |                              |                          |                    |
| Mudaraba investments   | 33,714,877                       | –                            | –                        | 33,714,877         |
| Murabaha investments   | 115,381                          | –                            | –                        | 115,381            |
| Wakalah investments  | 34,112,513                       | –                            | –                        | 34,112,513         |
| Sukuk investments  | 5,500,000                        | –                            | –                        | 5,500,000          |
| Ijarah investments   | 124,382                          | –                            | –                        | 124,382            |
| Advances to company officers                                 | 35,718                           | –                            | –                        | 35,718             |
| <b>Other assets exposed to credit risk</b>                   |                                  |                              |                          |                    |
| Retakaful (reinsurance) receivables                          | 13,092,796                       | –                            | –                        | 13,092,796         |
| Contribution (premium) receivables                           | 12,015,730                       | –                            | –                        | 12,015,730         |
| Cash and cash equivalents                                    | 2,994,509                        | –                            | –                        | 2,994,509          |
| <b>Total credit exposure</b>                                 | <b>127,592,306</b>               | <b>–</b>                     | <b>2,449,627</b>         | <b>130,041,933</b> |

## NOTES TO THE FINANCIAL STATEMENTS

| As at 31 December 2017                                       | Neither past due nor impaired | Past due but not impaired | Individually impaired | 2017 MVR           |
|--|-------------------------------|---------------------------|-----------------------|--------------------|
| <b>Financial assets</b>                                      |                               |                           |                       |                    |
| <b>Financial assets at fair value through profit or loss</b> |                               |                           |                       |                    |
| Investment in equity securities                              | 4,194,160                     | –                         | –                     | 4,194,160          |
| <b>Available-for-sale financial assets</b>                   |                               |                           |                       |                    |
| Investment in equity securities                              | –                             | –                         | 3,495,569             | 3,495,569          |
| Unit trust   | 1,928,914                     | –                         | –                     | 1,928,914          |
| Unquoted investments   | 22,204,800                    | –                         | –                     | 22,204,800         |
| <b>Loans and receivables</b>                                 |                               |                           |                       |                    |
| Mudaraba investments   | 19,342,116                    | –                         | –                     | 19,342,116         |
| Murabaha investments   | 52,736                        | –                         | –                     | 52,736             |
| Wakalah investments  | 25,326,800                    | –                         | –                     | 25,326,800         |
| Sukuk investments  | 5,500,000                     | –                         | –                     | 5,500,000          |
| Ijarah investments   | 157,941                       | –                         | –                     | 157,941            |
| Advances to company officers                                 | 234,731                       | –                         | –                     | 234,731            |
| <b>Other assets exposed to credit risk</b>                   |                               |                           |                       |                    |
| Retakaful (reinsurance) receivables                          | 10,433,737                    | –                         | –                     | 10,433,737         |
| Contribution (premium) receivables                           | 4,505,923                     | –                         | –                     | 4,505,923          |
| Cash and cash equivalents                                    | 2,855,152                     | –                         | –                     | 2,855,152          |
| <b>Total credit exposure</b>                                 | <b>96,737,010</b>             | <b>–</b>                  | <b>3,495,569</b>      | <b>100,232,579</b> |

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

| Name of the reinsurer  | Financial strength | Name of the rating agency |
|--|--------------------|---------------------------|
| Swiss Retakaful  | A+ (Superior)      | A.M. Best                 |
|  | Aa3 (Excellent)    | Moody's                   |
|  | AA- (Very strong)  | S & P                     |
| Labuan Reinsurance (L) Ltd.                                      | A- (Excellent)     | A.M. Best                 |
| General Insurance Corporation of India                           | A- (Excellent)     | A.M. Best                 |
| Trust International Insurance and Reinsurance B.S.C.(c) Trust Re | A- (Excellent)     | A.M. Best                 |
| Emirates Retakaful Ltd.  | B++                | A.M. Best                 |
| Ironshore  | A (Excellent)      | A.M. Best                 |

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

Maturity profile of Company investments based on remaining maturity is given below:

|                                  | Less than one year | 1-3 Years  | 3-5 Years  | More than 5 years | Number stated maturity | Total       |
|----------------------------------|--------------------|------------|------------|-------------------|------------------------|-------------|
| <b>Maturity analysis 2018</b>    |                    |            |            |                   |                        |             |
| Investments in equity securities | 3,681,600          | -          | -          | -                 | 24,654,427             | 28,336,027  |
| Unit trust                       | -                  | -          | -          | -                 | -                      | -           |
| Mudaraba investments             | 33,714,877         | -          | -          | -                 | -                      | 33,714,877  |
| Murabaha investments             | 115,381            | -          | -          | -                 | -                      | 115,381     |
| Wakalah investments              | 11,542,000         | 11,696,200 | 10,874,313 | -                 | -                      | 34,112,513  |
| Sukuk investments                | -                  | -          | -          | 5,500,000         | -                      | 5,500,000   |
| Ijarah investments               | -                  | 124,382    | -          | -                 | -                      | 124,382     |
| Advances to Company officers     | 35,718             | -          | -          | -                 | -                      | 35,718      |
|                                  | 49,089,577         | 11,820,582 | 10,874,313 | 5,500,000         | 24,654,427             | 101,938,898 |

|                                  | Less than one year | 1-3 Years | 3-5 Years | More than 5 years | Number stated maturity | Total      |
|----------------------------------|--------------------|-----------|-----------|-------------------|------------------------|------------|
| <b>Maturity analysis 2017</b>    |                    |           |           |                   |                        |            |
| Investments in equity securities | 4,194,160          | -         | -         | -                 | 25,700,369             | 29,894,529 |
| Unit trust                       | -                  | -         | -         | -                 | 1,928,914              | 1,928,914  |
| Mudaraba investments             | 19,342,116         | -         | -         | -                 | -                      | 19,342,116 |
| Murabaha investments             | 52,736             | -         | -         | -                 | -                      | 52,736     |
| Wakalah investments              | 23,977,550         | -         | 1,349,250 | -                 | -                      | 25,326,800 |
| Sukuk investments                | -                  | -         | -         | 5,500,000         | -                      | 5,500,000  |
| Ijarah investments               | 157,941            | -         | -         | -                 | -                      | 157,941    |
| Advances to Company officers     | 234,731            | -         | -         | -                 | -                      | 234,731    |
|                                  | 47,959,234         | -         | 1,349,250 | 5,500,000         | 27,629,283             | 82,437,767 |

## 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 reporting 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.

## SHARE INFORMATION

### Category of shareholders

|                         |                   |
|-------------------------|-------------------|
| Amāna Takaful PLC       | 11,166,500        |
| ExpoLanka Holdings Ltd. | 4,600,000         |
| A.G. Capital Pvt Ltd.   | 2,568,993         |
| Other shareholders      | 1,448,627         |
| Public                  | 457,867           |
| <b>Total</b>            | <b>20,241,987</b> |

### Market highlights

Highest traded price



**MVR 6.00**

Market capitalisation



**MVR 121,451,922**

Lowest traded price



**MVR 5.00**

Market value per share



**MVR 6.00**

Number of trades



**10**

Price-earnings ratio (P/E ratio)



**10.34**

Number of shares traded



**1,704**

Dividend per share



**MVR 0.19**

Weighted average traded price



**MVR 5.06**

Net assets value per share



**MVR 2.91**



## 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 at 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 out standing – 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.

### Contribution (premium)

The consideration payable by the insured for an insurance contract

### Earned takaful contribution (premium)

Written takaful contribution adjusted by the unearned takaful contribution 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 takaful contribution (premium)

Gross written contribution adjusted for the reinsurance incurred and for the increase or decrease in unearned takaful contribution.

### 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.

### 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 takaful contribution/ unearned takaful contribution reserve

It represents the portion of contribution already entered in the accounts as due but which relates to a period of risk subsequent to the Reporting date.

### Written contribution (premium)

Total contribution received or due from all insurance contracts during a period.

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Amāna Takaful (Maldives) PLC will be held on Sunday, 28 April 2019 at 2.30pm at Mookai Suites Hotel, Malé, Republic of Maldives. The agenda items of the meeting are as follows:

1. To read and consider the minutes of the last year Annual General Meeting (the minutes of the meeting are available at the company website).
2. To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company for the year ended 31 December 2018 and the Report of the Auditors thereon.
3. To 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 Amāna Takaful (Maldives) PLC.
2. CEO of RKL Group Private Limited.
3. Lecturer at Institute of Islamic Finance Maldives (IIFM).

#### Educational Qualifications:

1. Doctor of Philosophy in Law (PhD), International Islamic University Malaysia – 2008.
2. Master of Comparative Laws (MCL), International Islamic University Malaysia – 2002.
3. Bachelor of Laws (LLB) (Hons), University of Tasmania/Australia – 1986.  
*(please refer page 12 of the Annual Report for the 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 54 of the Annual Report for the proposed Audit Fee for year 2019).*
5. To consider any other business of which due notice has been given.

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



Mohamed Hilmy  
Signed for and on behalf of  
Vakeelu Chambers LLP  
Secretaries Malé

13 April 2019

## 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 percent) 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.

## Participation in the AGM

Shareholders whose name is registered in the Shareholders registry as at 20 April 2019 shall be eligible to participate and vote at The AGM and are entitled to any benefit thereof.

## FORM OF PROXY

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 Amāna 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 eighth Annual General Meeting of Amāna Takaful (Maldives) PLC to be held in Malé on 28 of April 2019 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.: .....

## FORM OF PROXY

### 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 24 hours before 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

Amāna Takaful (Maldives) PLC

### Legal status

Public Quoted Company with Limited Liability.  
Incorporated in Maldives on 18 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 Maldives Stock Exchange in September 2011. Stock Exchange Code of Amāna Takaful (Maldives) PLC shares is "ATM".

### Directors

Tyeab Akbarally (Chairman)  
Osman Kassim  
Dato' Mohd Fadzli Yusof  
M H M Rafiq  
Abdullah Kassim  
Dr. Abdullah Shiham Hassan  
Hareez Sulaiman

### Shari'ah advisory council

Mufti M I M Rizwe – Chairman  
Mufti Shafique Ahmed Jakhura  
Ash-sheikh Ali Zahir Bin Saeed Gasim

### Auditors

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

### 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



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Amāna Takaful (Maldives) PLC  
3rd Floor, H. Mialani, Sosun, Magu, Malé. Republic of Maldives.  
Tel: +960 331 5262 Fax: +960 334 0729 Email: info@takaful.mv



[www.takaful.mv](http://www.takaful.mv)