Preliminary and Tentative For Discussion Purposes Only

TAKAFUL EMARAT – INSURANCE (PSC)

PUBLIC JOINT STOCK COMPANY

DUBAI

UNITED ARAB EMIRATES

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

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Independent Auditor's Report

1013801310

The Shareholders
Takaful Emarat – Insurance (PSC)
Public Joint Stock Company
Dubai
United Arab Emirates

Report on Financial Statements

We have audited the accompanying financial statements of **Takaful Emarat – Insurance (PSC)**, which comprise the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Takaful Emarat – Insurance (PSC)**, as of 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also in our opinion, the company has maintained proper accounting records and the contents of the Directors' report relating to the financial statements are in agreement therewith. To the extent of information and explanations made available to us, nothing came to our attention concerning occurrence of violations of the UAE Commercial Companies Law No.8 of 1984 and its amendments or with UAE Federal Law No. 6 of 2007 with the matter of establishing Insurance Authority and organizing its working in United Arab Emirates or the Articles of Association of the company for the year which would have had a material effect on the company's activities or its financial position.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL

Ali Hasan Shalabi
Licensed Auditor No. 34
_______________ 2011.

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

EXHIBIT A

	Note	2010 AED	2009 AED
ASSETS			
Bank balances	4	**99,518,438**	103,352,315
Post-dated cheques received		**562,415**	113,634
Takaful and other receivables	5	**15,291,244**	9,736,418
Retakaful Contract Assets	6	**4,101,712**	1,337,377
Held to maturity investments	7	**4,395,634**	6,802,422
Investment property	8	**10,700,000**	--
Property and equipment	9	**3,630,586**	28,243,009
TOTAL ASSETS		**138,200,029**	149,585,175
LIABILITIES, POLICY HOLDERS' FUND AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Post dated cheques issued	10	**527,500**	3,060,375
Due to a related party	11	**29,290**	34,048
Retakaful and other payables	12	**7,470,039**	2,024,349
Takaful contract liabilities	6	**9,160,850**	2,058,075
End of service benefits obligation	13	**359,675**	149,718
TOTAL LIABILITIES		**17,547,354**	7,326,565
POLICY HOLDERS' FUND			
Deficit of policy holders' fund	17	**(2,880,865)**	(497,056)
Loan from shareholders	17	**2,880,865**	--
TOTAL POLICY HOLDERS' FUND		**--**	(497,056)
SHAREHOLDERS' EQUITY			
Share capital	14	**150,000,000**	150,000,000
Accumulated losses		**(29,347,325)**	(7,244,334)
NET SHAREHOLDERS' EQUITY - EXHIBIT C		**120,652,675**	142,755,666
TOTAL LIABILITIES, POLICY HOLDERS' FUND AND SHAREHOLDERS' EQUITY		**138,200,029**	149,585,175

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the Board of Directors on __________ 2011 and signed on its behalf by :

Dr. Khalid Saqer Khalfan Al Marri
Chairman

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

EXHIBIT B

	Note	Year ended 31.12.2010 AED	Period from 18.05.2008 to 31.12.2009 AED
ATTRIBUTABLE TO POLICYHOLDER			
Takaful Contributions earned	18	**10,611,016**	213,034
Retakaful Contributions ceded	18	**(5,062,224)**	(115,373)
Net earned contributions	18	**5,548,792**	97,661
Gross claims incurred		**(11,207,604)**	(75,854)
Retakaful share of claims incurred		**7,134,226**	39,329
Net claims incurred		**(4,073,378)**	(36,525)
Takaful income		**1,475,414**	61,136
Takaful expenses	19	**(994,293)**	(133,165)
Commission on life retakaful and other income		**11,538**	1,168
Takaful Operating Profit/(Loss)		**492,659**	(70,861)
Wakalah fees	20	**(2,876,468)**	(426,195)
Deficit of takaful for the year/period		**(2,383,809)**	(497,056)
Attributable to shareholders :			
Shareholders' investment and other income	21	**6,172,492**	10,689,766
Net initial public offering subscription fees received		--	278,944
Wakalah fees from policy holders		**2,876,468**	426,195
General and administrative expenses	22	**(13,270,715)**	(12,639,239)
Impairment of property and equipment		--	(6,000,000)
Fair value loss on investment property		**(15,000,371)**	--
Provision of loan to policy holders' fund	17	**(2,880,865)**	--
Loss for the year/period - **Exhibit D**		**(22,102,991)**	(7,244,334)
Other comprehensive income		--	--
Total comprehensive loss for the year/period - **Exhibit C**		**(22,102,991)**	(7,244,334)
Basic loss per share	23	**(0.147)**	(0.048)

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

EXHIBIT C

	Share capital AED	Accumulated losses AED	Total AED
Paid up share capital	150,000,000	--	150,000,000
Total Comprehensive Loss for the period from 18 May 2008 (date of inception) to 31 December 2009 – Exhibit B	--	(7,244,334)	(7,244,334)
Balance at 31 December 2009 - Exhibit A	**150,000,000**	**(7,244,334)**	**142,755,666**
Total Comprehensive Loss for the year Ended 31 December 2010 – Exhibit B	**--**	**(22,102,991)**	**(22,102,991)**
Balance at 31 December 2010 - Exhibit A	**150,000,000**	**(29,347,325)**	**120,652,675**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

EXHIBIT D

	Year ended 31.12.2010 AED	Period from 18.5.2008 to 31.12.2009 AED
OPERATING ACTIVITIES		
Loss for the year/period - Exhibit B	(22,102,991)	(7,244,334)
Adjustments for:		
Net retakaful contract assets and takaful contract liabilities	4,338,440	720,698
Depreciation	847,033	214,248
Impairment loss on property and equipment	--	6,000,000
Realized gain on held to maturity investments	(900,646)	(1,069,843)
Change in fair value of investment property	15,000,371	--
Provision for loan to policy holder fund	2,880,865	--
End of service benefits obligation	226,388	170,648
Operating Profit/(Loss) Before Working Capital Changes	289,460	(1,208,583)
Working Capital Changes :		
Post dated cheques received	(448,781)	(113,634)
Takaful and other receivables	(5,554,826)	(9,736,418)
Post dated cheques issued	(2,532,875)	3,060,375
Due to a related party	(4,758)	34,048
Retakaful and other payables	5,445,690	2,024,349
Settlement of end of service benefits obligation	(16,431)	(20,930)
Net Cash Used in Operating Activities	(2,822,521)	(5,960,793)
INVESTING ACTIVITIES		
Investment deposits	14,980,296	(94,694,464)
Purchase of held to maturity investments	--	(7,309,585)
Dividends income received	307,434	1,577,006
Purchases of property and equipment	(1,934,981)	(34,457,257)
Proceeds from disposal of held to maturity investments	3,000,000	--
Net Cash Provided by/(Used in) Investing Activities	16,352,749	(134,884,300)
FINANCING ACTIVITIES		
Paid up share capital	--	150,000,000
Deficit of policy holders' fund	(2,383,809)	(497,056)
Net Cash (Used in)/Provided by Financing Activities	(2,383,809)	149,502,944
Net increase in cash & cash equivalents	11,146,419	8,657,851
Cash & cash equivalents at beginning of year/period	8,657,851	--
Cash & Cash Equivalents at end of Year/Period - Note 25	19,804,270	8,657,851

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

1. STATUS AND ACTIVITIES

Takaful Emarat – Insurance (PSC) – Dubai – United Arab Emirates (hereinafter referred to as the **"Company"**) incorporated as a public joint stock company in accordance with the U.A.E. Federal Law No. 8 of 1984 (as amended) and with U.A.E. Federal Law No. 6 of 2007 with the matter of establishing Insurance Authority and organizing its working in United Arab Emirates.

The company carry out Takaful Insurance Activities in Health Insurance and Life Insurance and Credit & Saving Insurance in accordance with the Islamic Sharia'a and within the provisions of the Articles of Association of the company.

The company is domiciled in Dubai City – Emirate of Dubai - and its registered address is P.O. Box 64341.

2. ADOPTION OF NEW AND REVISED STANDARDS

In the current period, the company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective for the financial statement for the current period.

The directors anticipate that all of the new and revised International Financial Reporting Standards (IFRSs) and Interpretations as applicable will be adopted in the Company's financial statements for the period commencing 1 January 2011 or as and when it is applicable.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The financial statements have been prepared on the historical cost basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

- *Takaful Contribution earned*

For all takaful contracts, contributions are recognized as revenue (earned contributions) proportionally over the period of coverage. The portion of contributions received on in-force contracts that relates to unexpired risks at the statement of financial position date is reported as the unearned contribution liability.

- *Claims*

Claims and loss adjustment expenses are charged to the statement of comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

• *Retakaful income and expenses*

Retakaful income is recognized when retakaful is entered into and retakaful expenses are recognized when the policies are issued.

Cash and cash equivalents

Cash comprises bank balances and demand deposits where cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and comprise bank balances.

Takaful Contracts

The company issues contracts that transfer takaful risk. Takaful contracts are those contracts that transfer significant takaful risk. As a general guideline, the company defines significant takaful risk as the possibility of having to pay benefits on the occurrence of an insured event.

Retakaful contract assets

Contracts entered into by the company for retakaful under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements of takaful contracts are classified as retakaful contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

Takaful contracts entered into by the company under which the contract holder is involved in takaful activities are included with takaful contracts. The benefits to which the company is entitled under its retakaful contracts held are recognized as retakaful contract assets. The company assesses its retakaful contract assets for impairment on a regular basis. If there is objective evidence that the retakaful contract asset is impaired, the company reduces the carrying amount of the retakaful contract assets to its recoverable amount and recognizes that impairment loss in the statement of comprehensive income.

Takaful contract liabilities

Takaful contract liabilities towards outstanding claims are made for all claims intimated to the company and still unpaid at the statement of financial position date, in addition to claims incurred but not reported. The unearned contributions considered in the takaful contract liabilities comprise of estimated proportion of the gross contributions written which relates to the years of takaful subsequent to the statement of financial position date.

Held to maturity investments

Held to maturity investments are debt instrument with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity. Held to maturity investments are measured at amortized cost using the effective interest method less impairment with revenue recognized on an effective yield basis.

Investment properties

Investment properties held to earn rentals or for capital appreciation, investment properties are measured at fair value as at the financial position date. Gain or loss arising from changes in the fair value of investment properties are included in the comprehensive statement of income.

Takaful receivables and payables

Takaful receivables and payables are recognized when due. These include amounts due to and from agents, brokers and takaful contract holders.

If there is objective evidence that the takaful receivable is impaired, the company reduces the carrying amount of the takaful receivable accordingly and recognizes that impairment loss in the statement of comprehensive income.

Property and equipment

The property and equipment are carried at their cost less any accumulated depreciation and any accumulated impairment.

Depreciation is calculated on a straight line basis over the estimated useful lives. Annual rates of depreciation used are as follows :

	%
Office equipment	20
Furniture and fixtures	20
Computer software	33
Motor vehicle	20

No depreciation is charged on land.

The estimated useful lives, residual values and depreciation method are reviewed and adjusted if appropriate at each statement of financial position date.

The carrying amounts are reviewed at each statement of financial position date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts, assets are written down to their recoverable amounts.

Any gain or loss arising on derecognition of any item of property and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the assets, and is recognized in the statement of comprehensive income.

Impairment of assets

The carrying amounts of the company's assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the recoverable value of the assets is estimated. An impairment loss is recognized where the carrying amount of a asset exceeds its recoverable value. Impairment losses are recognized in the statement of comprehensive income.

Derecognition of financial assets

The company derecognizes a financial asset only when the contractual rights of the cash flows from the asset is lost or expired, or when the company finance, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity depending on the substance of the contractual arrangement.

Accounts payable and accruals

Accounts payable and accruals are recognized for amounts to be paid in the future for goods or services received, whether billed by supplier or not.

End of service benefits obligation

End of service benefits obligation is calculated in accordance with U.A.E. Labour law requirements

Defined contribution plan

U.A.E. National employees of the company are members of the Government managed retirement pension and the social security benefit scheme established pursuant to U.A.E. Federal Labour Law No. 7 of 1999. The company is required to contribute and the contributions are charged to the statement of comprehensive income.

Provisions

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date. Provisions are review and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

Derecognition of financial liabilities

The company derecognizes financial liabilities when the company's obligations are discharged, cancelled or they expire.

Related parties

Related parties are considered to be related because they have the ability to exercise control over the company or to exercise significant influence or joint control over the company's financial and operating decisions. Further, parties are considered related to the company when the company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties.

Statutory Reserve

In accordance with the UAE Commercial Companies Law No. (8) of 1984 (as amended) and the Company's Articles of Association an amount equal to 10% of the profit for the year is to be transferred to statutory reserve until such reserve balance reaches 50% of the Company's capital. Amounts retained in the statutory reserve account are not available for distribution to shareholders.

Additional Reserve

In accordance with the company's Article of Association, an amount equal to 10% of the profit for the year is to be transferred to additional reserve. This transfer will be stopped by a decision from ordinary general assembly meeting based on the discretion of the Board of Directors and this reserve is used for the purposes decided by the general assembly meeting based on the discretion of the Board of Directors.

Contingent liabilities

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the financial statements.

Foreign currency

The statement of financial position is presented in Arab Emirates Dirhams (AED) which is the functional currency of the company. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on translating monetary items in profit or loss are recognized in the statement of comprehensive income.

Deficit in Policyholders' fund

Deficit in the policyholders' fund is financed by the shareholders through loans. The company maintains a full provision against loans.

Segments Information

Business segment

The Company's policy of differentiation between the work segments which are considered as primary segments by taking into consideration the nature of services and product from these segments, which exposed to risks and returns that are different from those of other business segments.

Geographic segment

The Company's policy of differentiation between the geographical segments which are considered as secondary segments taking into consideration the economic consequences, the related risk for each geographical segment which exposed to risks and returns that are different from those of segments operating in other economic environments.

Critical accounting judgments and key sources of estimation uncertainty

The company makes estimates and assumptions that affect the reported amounts of insurance contract assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and the latest available information including expectations of future events that are believed to be reasonable under the circumstances.

The ultimate liability arising from claims made under takaful contracts

The estimation of ultimate liability arising from the claims made under takaful contracts is the company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the financial position date. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the company and management estimates based on past claims settlement trends for the claims incurred but not reported. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

Liability adequacy test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of takaful contract liabilities. The company made use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the statement of comprehensive income.

4. BANK BALANCES

a) This item consists of the following :

	2010 AED	2009 AED
Bank balances - current accounts	**4,154,270**	2,007,851
Investment deposits placed for three months or less from the original date of placement	**15,650,000**	6,650,000
Investment deposits placed for a period exceeding three months from the original date of placement	**79,714,168**	94,694,464
Total - Exhibit A	**99,518,438**	103,352,315

b) Investment deposits totaling of AED. 95,364,168 mentioned above are deposited with local Islamic Banks and include an investment deposit of AED. 4,000,000 kept on the order of the Chairman of the Insurance Authority.

5. TAKAFUL AND OTHER RECEIVABLES

This item consists of the following :

	2010 AED	2009 AED
Takaful receivables	**4,241,814**	1,254,331
Due from retakaful companies	**4,770,914**	--
Accrued income of investment deposits	**1,379,613**	1,641,714
Prepaid expenses	**2,624,254**	4,114,797
Advances to suppliers	**1,809,568**	2,471,261
Margin held against letter of guarantees	**78,000**	39,000
Refundable deposits	**175,705**	174,115
Staff receivables	**211,376**	41,200
Total - Exhibit A	**15,291,244**	9,736,418

The average credit period is ____ days. The company's policy regarding the provision for doubtful accounts is to provide full amount for doubtful accounts based on management expectation.

Before accepting any new customer, the Company assesses the potential customers' credit quality and defines credit limits for customer.

Takaful receivable include balances from 5 customers totalling to AED. 3,219,491 which represent 76% of takaful receivable of year end.

The age wise analysis of takaful receivable as at 31 December 2010 is as follows :

Range	2010 AED	2009 AED
Amount did not exceed a period of maturity	**2,279,917**	--
Amount over a period of maturity		
30 days	**154,214**	858,626
31-60 days	**855,456**	395,705
61-120 days	**739,500**	--
121 days and above	**212,727**	--
	1,961,897	1,254,331
Total	**4,241,814**	1,254,331

6 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS

This item consists of the following :

	31 December 2010			31 December 2009		
	Medical AED	Life AED	Total AED	Medical AED	Life AED	Total AED
Takaful Contract Liabilities						
Reported claims	1,703,482	--	1,703,482	33,985	--	33,985
Claims incurred but not reported	1,423,577	--	1,423,577	23,416	--	23,416
Unearned premiums	5,857,069	176,722	6,033,791	1,147,907	852,767	2,000,674
	8,984,128	176,722	9,160,850	1,205,308	852,767	2,058,075
Retakaful Contract Assets						
Reported claims	1,036,523	--	1,036,523	21,765	--	21,765
Claims incurred but not reported	861,782	--	861,782	17,564	--	17,564
Unearned premiums	2,101,376	102,031	2,203,407	659,610	638,438	1,298,048
	3,999,681	102,031	4,101,712	698,939	638,438	1,337,377
Takaful liabilities - net						
Reported claims	666,959	--	666,959	12,220	--	12,220
Claims incurred but not reported	561,795	--	561,795	5,852	--	5,852
Unearned premiums	3,755,693	74,691	3,830,384	488,297	214,329	702,626
	4,984,447	74,691	5,059,138	506,369	214,329	720,698

TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (CONTINUED)

The movement in the takaful contract liabilities and retakaful contract assets during the year ended 31 December 2010 is as follows :

	Gross			Retakaful			Net		
	Medical AED	Life AED	Total AED	Medical AED	Life AED	Total AED	Medical AED	Life AED	Total AED
Reported claims	33,985	--	33,985	21,765	--	21,765	12,220	--	12,220
Claims incurred but not reported	23,416	--	23,416	17,564	--	17,564	5,852	--	5,852
Total at 1 January 2010	**57,401**	--	**57,401**	**39,329**	--	**39,329**	**18,072**	--	**18,072**
Claims settled	(57,401)	--	(57,401)	(39,329)	--	(39,329)	(18,072)	--	(18,072)
Increase in liabilities	3,127,059	--	3,127,059	1,898,305	--	1,898,305	1,228,754	--	1,228,754
Total at 31 December 2010	**3,127,059**	--	**3,127,059**	1,898,305	--	1,898,305	**1,228,754**	--	**1,228,754**
Notified claims	1,703,482	--	1,703,482	1,036,523	--	1,036,523	666,959	--	666,959
Incurred but not reported	1,423,577	--	1,423,577	861,782	--	861,782	561,795	--	561,795
Total at 31 December 2010	**3,127,059**	--	**3,127,059**	**1,898,305**	--	**1,898,305**	**1,228,754**	--	**1,228,754**
Unearned premium at 1 January 2010	**1,147,907**	852,767	**2,000,674**	**659,610**	638,438	**1,298,048**	**488,297**	214,329	**702,626**
Increase during the year	5,857,069	176,722	6,033,791	2,101,376	102,031	2,203,407	3,755,693	74,691	3,830,384
Decrease during the year	(1,147,907)	(852,767)	(2,000,674)	(659,610)	(638,438)	(1,298,048)	(488,297)	(214,329)	(702,626)
Net increase/(decrease) during the year	4,709,162	(676,045)	4,033,117	1,441,766	(536,407)	905,359	3,267,396	(139,638)	3,127,758
Total at 31 December 2010	**5,857,069**	**176,722**	**6,033,791**	**2,101,376**	**102,031**	**2,203,407**	**3,755,693**	**74,691**	**3,830,384**

TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (CONTINUED)

The movement in the takaful contract liabilities and retakaful contract assets during the period ended 31 December 2009 is as follows :

	Gross			Retakaful			Net		
	Medical AED	Life AED	Total AED	Medical AED	Life AED	Total AED	Medical AED	Life AED	Total AED
Claims settled	(18,453)	--	(18,453)	--	--	--	(18,453)	--	(18,453)
Increase in liabilities	75,854	--	75,854	--	--	--	75,854	--	75,854
Total at 31 December 2009	57,401	--	57,401	--	--	--	57,401	--	57,401
Notified claims	33,985	--	33,985	21,765	--	21,765	12,220	--	12,220
Incurred but not reported	23,416	--	23,416	17,564	--	17,564	5,852	--	5,852
Total at 31 December 2009	57,401	--	57,401	39,329	--	39,329	18,072	--	18,072
Unearned Premium									
Increase during the period	1,147,907	852,767	2,000,674	659,610	638,438	1,298,048	488,297	214,329	702,626
Total at 31 December 2009	1,147,907	852,767	2,000,674	659,610	638,438	1,298,048	488,297	214,329	702,626

7. HELD TO MATURITY INVESTMENTS

a) This item consists of the following :

	2010 AED	2009 AED
Cost at beginning of year/period	**6,802,422**	--
Additions during the year/period	**--**	7,309,585
Disposal on maturity	**(3,000,000)**	--
Realized gain during the year	**900,646**	1,069,843
Dividends income received	**(307,434)**	(1,577,006)
Total - Exhibit A	**4,395,634**	6,802,422

b) Held to maturity investments mentioned above represents investment in Sukuk issued by local companies.

8. INVESTMENT PROPERTIES

Investment property is a plot of land in Emirates of Dubai, represented at fair value as per open market valuation conducted by independent real estate consultants. The details of this account are as follows :

	2010 AED	2009 AED
Balance at 1 January	**--**	--
Transferred form property and equipment	**25,700,371**	--
Decrease in fair value	**(15,000,371)**	--
Total - Exhibit A	**10,700,000**	--

9. PROPERTY AND EQUIPMENT

The details of this item are as follows :

	Office equipment AED	Furniture & fixtures AED	Computer software AED	Motor vehicle AED	Land AED	Total AED
Cost :						
At 1 January 2010	359,799	2,337,842	59,245	--	25,700,371	28,457,257
Additions during the year	373,855	1,345,278	106,848	109,000	--	1,934,981
Transferred to investment property	--	--	--	--	(25,700,371)	(25,700,371)
Balance at 31 December 2010	**733,654**	**3,683,120**	**166,093**	**109,000**	**--**	**4,691,867**
Accumulated Depreciation :						
At 1 January 2010	53,353	137,490	23,405	--	--	214,248
Charged for the year	105,649	690,837	39,647	10,900	--	847,033
Balance at 31 December 2010	**159,002**	**828,327**	**63,052**	**10,900**	**--**	**1,061,281**
Net Book Value :						
At 31 December 2010 - Exhibit A	**574,652**	**2,854,793**	**103,041**	**98,100**	**--**	**3,630,586**
At 31 December 2009 - Exhibit A	306,446	2,200,352	35,840	--	25,700,371	28,243,009