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

# REVIEW REPORT AND
# CONDENSED INTERIM FINANCIAL INFORMATION
# FOR THE PERIOD ENDED 30 SEPTEMBER 2011

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

## INDEX

## Review Report on Condensed Interim Financial Information

1013801310

The Board of Directors
Takaful Emarat – Insurance (PJSC)
Public Joint Stock Company
Dubai - United Arab Emirates

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **TAKAFUL EMARAT – INSURANCE (PJSC) "the company"** as at 30 September 2011 and the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine month period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review on Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL

**Ali Hasan Shalabi**
Licensed Auditor No. 34
9 November 2011.

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

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
## AS AT 30 SEPTEMBER 2011

EXHIBIT A

| | Note | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and bank balances | 3 | **75,494,821** | 99,518,438 |
| Post-dated cheques received | | **309,396** | 562,415 |
| Takaful and other receivables | 4 | **18,015,573** | 15,291,244 |
| Retakaful Contract Assets | 5 | **1,785,272** | 4,101,712 |
| Held for Trading Investments | 6 | **10,998,829** | -- |
| Held to maturity investments | 7 | **4,558,347** | 4,395,634 |
| Investment property | 8 | **10,700,000** | 10,700,000 |
| Property and equipment | 9 | **5,405,366** | 3,630,586 |
| **TOTAL ASSETS** | | **127,267,604** | 138,200,029 |
| **LIABILITIES, POLICY HOLDERS' FUND AND SHAREHOLDERS' EQUITY** | | | |
| **LIABILITIES** | | | |
| Credit Bank | 10 | **266,617** | -- |
| Post dated cheques issued | 11 | **1,970,345** | 527,500 |
| Due to a related party | 12 | **--** | 29,290 |
| Retakaful and other payables | 13 | **9,987,833** | 7,470,039 |
| Takaful contract liabilities | 5 | **8,020,744** | 9,160,850 |
| End of service benefits obligation | 14 | **337,154** | 359,675 |
| **TOTAL LIABILITIES** | | **20,582,693** | 17,547,354 |
| **POLICY HOLDERS' FUND** | | | |
| Deficit in policy holders' fund | 15 | **(4,080,064)** | (2,880,865) |
| Qard Hassan from shareholders | 15 | **2,880,865** | 2,880,865 |
| **NET POLICY HOLDERS' FUND** | | **(1,199,199)** | -- |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 16 | **150,000,000** | 150,000,000 |
| Accumulated losses | | **(42,115,890)** | (29,347,325) |
| **NET SHAREHOLDERS' EQUITY - EXHIBIT C** | | **107,884,110** | 120,652,675 |
| **TOTAL LIABILITIES, POLICY HOLDERS' FUND AND SHAREHOLDERS' EQUITY** | | **127,267,604** | 138,200,029 |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

These condensed interim financial information have been authorized for issue by the Board of Directors on 9 November 2011 and signed on its behalf by :

**Dr.Khalid Saqer Khalfan Al Marri**
Chairman

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

**EXHIBIT B**

| | Note | Nine months period ended | | Three months period ended | |
|---|---|---|---|---|---|
| | | **30 September 2011 (Unaudited) AED** | 30 September 2010 (Unaudited) AED | **30 September 2011 (Unaudited) AED** | 30 September 2010 (Unaudited) AED |
| **ATTRIBUTABLE TO POLICYHOLDER** | | | | | |
| Takaful Contributions earned | 17 | **8,646,063** | 6,676,860 | **2,568,583** | 3,549,776 |
| Retakaful Contributions ceded | 17 | **(3,356,949)** | (3,336,777) | **(1,195,291)** | (1,733,535) |
| **Net earned contributions** | 17 | **5,289,114** | 3,340,083 | **1,373,292** | 1,816,241 |
| Gross claims incurred | | **(7,266,801)** | (7,819,155) | **(595,738)** | (4,804,225) |
| Retakaful share of claims incurred | | **2,866,066** | 5,194,852 | **(229,565)** | 3,170,362 |
| Net claims incurred | | **(4,400,735)** | (2,624,303) | **(825,303)** | (1,633,863) |
| Takaful income | | **888,379** | 715,780 | **547,989** | 182,378 |
| Takaful expenses | 18 | **(677,288)** | (956,090) | **(474,696)** | (275,413) |
| Commission on life retakaful & other income | | **--** | 11,538 | **--** | -- |
| **Takaful Operating Profit/(Loss)** | | **211,091** | (228,772) | **73,293** | (93,035) |
| Wakalah fees | 19 | **(1,410,290)** | (2,489,597) | **(969,621)** | (839,192) |
| **Deficit of takaful for the period** | | **(1,199,199)** | (2,718,369) | **(896,328)** | (932,227) |
| **Attributable to shareholders :** | | | | | |
| Shareholders' investment income, net | 20 | **3,272,800** | 4,785,493 | **683,582** | 1,394,313 |
| Other (loss)/income | 21 | **(725,066)** | 576 | **(753,767)** | 130 |
| Wakalah fees from policy holders | | **1,410,290** | 2,489,597 | **969,621** | 839,192 |
| General and administrative expenses | 22 | **(16,726,589)** | (9,203,728) | **(5,319,152)** | (3,117,537) |
| Loss for the period - **Exhibit D** | | **(12,768,565)** | (1,928,062) | **(4,419,716)** | (883,902) |
| Other comprehensive income | | **--** | -- | **--** | -- |
| Total comprehensive loss for the period - **Exhibit C** | | **(12,768,565)** | (1,928,062) | **(4,419,716)** | (883,902) |
| **Basic loss per share** | 23 | **(0.085)** | (0.013) | **(0.029)** | (0.006) |

**THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION**

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011(UNAUDITED)

EXHIBIT C

| | Share capital AED | Accumulated losses AED | Total AED |
|---|---|---|---|
| Balance at 1 January 2010 | 150,000,000 | (7,244,334) | 142,755,666 |
| Total Comprehensive loss for the nine months period ended 30 September 2010 – Exhibit B | -- | (1,928,062) | (1,928,062) |
| Balance at 30 September 2010 | 150,000,000 | (9,172,396) | 140,827,604 |
| **Balance at 1 January 2011** | **150,000,000** | **(29,347,325)** | **120,652,675** |
| **Total Comprehensive loss for the nine months period ended 30 September 2011 – Exhibit B** | **--** | **(12,768,565)** | **(12,768,565)** |
| **Balance at 30 September 2011- Exhibit A** | **150,000,000** | **(42,115,890)** | **107,884,110** |

**THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION**

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

## CONDENSED INTERIM STATEMENT OF CASH FLOWS
## FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

**EXHIBIT D**

| | Nine months period ended | |
|---|---|---|
| | **30 September 2011 (Unaudited) AED** | 30 September 2010 (Unaudited) AED |
| **OPERATING ACTIVITIES** | | |
| Loss for the period - Exhibit B | **(12,768,565)** | (1,928,062) |
| **Adjustments for:** | | |
| Net retakaful contract assets and takaful contract liabilities | **1,176,334** | 5,619,794 |
| Depreciation | **1,137,546** | 611,205 |
| Loss on disposals of property and equipment | **1,060,536** | -- |
| Fair value gain on held for trading investments | **(405,980)** | -- |
| Profit on held to maturity investments | **(336,354)** | (787,047) |
| End of service benefits obligation | **47,051** | 136,488 |
| Operating (loss)/profit Before Working Capital Changes | **(10,089,432)** | 3,652,378 |
| **Working Capital Changes :** | | |
| Post dated cheques received | **253,019** | (883,132) |
| Takaful and other receivables | **(4,533,897)** | (6,236,254) |
| Post dated cheques issued | **1,442,845** | (2,532,875) |
| Due to a related party | **(29,290)** | (33,973) |
| Retakaful and other payables | **2,517,794** | 5,276,855 |
| Settlement of end of service benefits obligation | **(69,572)** | (16,431) |
| **Net Cash Used in Operating Activities** | **(10,508,533)** | (773,432) |
| **INVESTING ACTIVITIES** | | |
| Investment deposits | **35,000,000** | 44,980,295 |
| Purchases of property and equipment | **(2,163,294)** | (1,789,012) |
| Purchase of held for trading investments | **(10,592,849)** | -- |
| Proceeds from profit on held to maturity investments | **173,641** | 180,743 |
| Proceeds from sale of held to maturity investment | **--** | 3,065,378 |
| **Net Cash Provided by Investing Activities** | **22,417,498** | 46,437,404 |
| **FINANCING ACTIVITIES** | | |
| Credit bank | **266,617** | -- |
| Deficit of policy holders' fund | **(1,199,199)** | (2,718,369) |
| **Net Cash Used in Financing Activities** | **(932,582)** | (2,718,369) |
| **Net increase in cash & cash equivalents** | **10,976,383** | 42,945,603 |
| Cash & cash equivalents at beginning of period | **19,804,270** | 8,657,851 |
| **Cash & Cash Equivalents at end of Period - Note 25** | **30,780,653** | 51,603,454 |
| | ======== | ======== |

**THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION**

## 1. STATUS AND ACTIVITIES

**Takaful Emarat – Insurance (PJSC)** – 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, Dubai, United Arab Emirates.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of compliance

The condensed interim financial information have been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting". Condensed interim financial information does not include all of the information and footnotes required for complete financial information prepared in accordance with International Financial Reporting Standards and should read in conjunction with the company's audited financial statements for the year ended 31 December 2010.

### b) Basis of preparation

The condensed interim financial information are prepared under the historical cost convention.

The accounting policies used in the preparation of these condensed interim financial information are consistent with those used in the company's audited financial statements for the year ended 31 December 2010.

3. **CASH AND BANK BALANCES**

a) This item consists of the following :

| | **30 September 2011 (Unaudited) AED** | 31 December 2010 (Audited) AED |
|---|---|---|
| Cash balance | **12,446** | -- |
| Bank balances - current accounts | **2,680,320** | 4,154,270 |
| Investment deposits placed for three months or less from the original date of placement | **28,087,887** | 15,650,000 |
| Investment deposits placed for a period exceeding three months from the original date of placement | **44,714,168** | 79,714,168 |
| **Total - Exhibit A** | **75,494,821** | 99,518,438 |

b) Investment deposits of AED. 28,087,887 and AED. 44,714,168 respectively mentioned above are deposited with local Islamic Banks in United Arab Emirates and include an investment deposit of AED. 4,000,000 kept on the order of the Chairman of the Insurance Authority.

4. **TAKAFUL AND OTHER RECEIVABLES**

This item consists of the following :

| | **30 September 2011 (Unaudited) AED** | 31 December 2010 (Audited) AED |
|---|---|---|
| Takaful receivables | **5,043,302** | 4,241,814 |
| Due from retakaful companies | **6,812,106** | 4,770,914 |
| Accrued income of investment deposits | **1,237,850** | 1,379,613 |
| Prepaid expenses | **2,446,044** | 2,624,254 |
| Advances to suppliers | **1,247,993** | 1,809,568 |
| Margin held against letter of guarantees | **141,000** | 78,000 |
| Refundable deposits | **705,829** | 175,705 |
| Staff receivables | **248,789** | 211,376 |
| Others | **132,660** | -- |
| **Total - Exhibit A** | **18,015,573** | 15,291,244 |

5. **TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS**

This item consists of the following :

| | **30 September 2011(Unaudited)** | | | 31 December 2010(Audited) | | |
|---|---|---|---|---|---|---|
| | **Medical AED** | **Life AED** | **Total AED** | Medical AED | Life AED | Total AED |
| **Takaful Contract Liabilities** | | | | | | |
| Reported claims | **800,950** | **--** | **800,950** | 1,703,482 | -- | 1,703,482 |
| Claims incurred but not reported | **567,454** | **--** | **567,454** | 1,423,577 | -- | 1,423,577 |
| Unearned premiums | **6,337,457** | **314,883** | **6,652,340** | 5,857,069 | 176,722 | 6,033,791 |
| | **7,705,861** | **314,883** | **8,020,744** | 8,984,128 | 176,722 | 9,160,850 |
| **Retakaful Contract Assets** | | | | | | |
| Reported claims | **269,817** | **--** | **269,817** | 1,036,523 | -- | 1,036,523 |
| Claims incurred but not reported | **155,075** | **--** | **155,075** | 861,782 | -- | 861,782 |
| Unearned premiums | **1,163,719** | **196,661** | **1,360,380** | 2,101,376 | 102,031 | 2,203,407 |
| | **1,588,611** | **196,661** | **1,785,272** | 3,999,681 | 102,031 | 4,101,712 |
| **Takaful liabilities - net** | | | | | | |
| Reported claims | **531,133** | **--** | **531,133** | 666,959 | -- | 666,959 |
| Claims incurred but not reported | **412,379** | **--** | **412,379** | 561,795 | -- | 561,795 |
| Unearned premiums | **5,173,738** | **118,222** | **5,291,960** | 3,755,693 | 74,691 | 3,830,384 |
| | **6,117,250** | **118,222** | **6,235,472** | 4,984,447 | 74,691 | 5,059,138 |

6. **HELD FOR TRADING INVESTMENTS**

This item consists of the following :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| Balance at beginning of period | -- | -- |
| Purchase during the period | 10,592,849 | -- |
| Increase in fair value | 405,980 | -- |
| **Fair value at end of the period - Exhibit A** | **10,998,829** | -- |

7. **HELD TO MATURITY INVESTMENTS**

a) This item consists of the following :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| Cost at beginning of period | 4,395,634 | 6,802,422 |
| Disposal on maturity | -- | (3,000,000) |
| Realized gain | 336,354 | 900,646 |
| Dividends income received | (173,641) | (307,434) |
| **Balance at end of the period - Exhibit A** | **4,558,347** | 4,395,634 |

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

8. **INVESTMENT PROPERTY**

Investment property is a plot of land in Emirates of Dubai, represented at fair value. The details are as follows :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| Balance at beginning of period | 10,700,000 | -- |
| Transferred from property and equipment | -- | 25,700,371 |
| Decrease in fair value | -- | (15,000,371) |
| **Fair value at end of the period - Exhibit A** | **10,700,000** | 10,700,000 |

The management believes that the fair value of land as at 31 December 2010 is not materially different from its value of review report date.

## 9. PROPERTY AND EQUIPMENT

This item consists of the following :

| | Office equipment AED | Furniture & fixtures AED | Computer software AED | Motor vehicle AED | Total AED |
|---|---|---|---|---|---|
| **Cost :** | | | | | |
| At 1 January 2011 | 733,654 | 3,683,120 | 166,093 | 109,000 | 4,691,867 |
| Additions | 190,977 | -- | 1,599,417 | 372,900 | 2,163,294 |
| Transfer from advances to suppliers | -- | -- | 1,809,568 | -- | 1,809,568 |
| Disposals | -- | (1,767,560) | -- | -- | (1,767,560) |
| **Balance at 30 September 2011** | **924,631** | **1,915,560** | **3,575,078** | **481,900** | **6,897,169** |
| **Accumulated Depreciation :** | | | | | |
| At 1 January 2011 | 159,002 | 828,327 | 63,052 | 10,900 | 1,061,281 |
| Charged for the period | 127,635 | 552,403 | 387,440 | 70,068 | 1,137,546 |
| Relating to disposals | -- | (707,024) | -- | -- | (707,024) |
| **Balance at 30 September 2011** | **286,637** | **673,706** | **450,492** | **80,968** | **1,491,803** |
| **Net Book Value :** | | | | | |
| **At 30 September 2011 (Unaudited) - Exhibit A** | **637,994** | **1,241,854** | **3,124,586** | **400,932** | **5,405,366** |
| At 31 December 2010 (Audited) - Exhibit A | 574,652 | 2,854,793 | 103,041 | 98,100 | 3,630,586 |

10. **CREDIT BANK**

Credit bank of AED. 266,617 (31.12.2010 : AED. 'Nil') (Exhibit A) represent the bank balance of the bank that resulted from the excess of the outstanding cheques issued over the actual balance with the concerned bank accounts. Accordingly, the balance with the bank is not overdrawn as of the end of the period.

11. **POST-DATED CHEQUES ISSUED**

This item consists of the following :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| **Current portion** | **1,222,565** | 527,500 |
| **Non-current portion** | **747,780** | -- |
| **Total - Exhibit A** | **1,970,345** | 527,500 |

12. **TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. The prices and terms of these transactions are decided by the company's management. At the condensed interim statement of financial position date, the related parties' receivables are stated at the net realizable value.

- At the condensed interim statement of financial position date, balance due to a related party is as follows :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| Al Buhairah National Insurance Co.- Sharjah **- Exhibit A** | **--** | 29,290 |

- The following are the details of significant related party transactions :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| Expenses charged | **--** | 35,584 |

- The remuneration of key management are as follows :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| Compensation paid to Key Management | **1,294,264** | 841,875 |

## 13. RETAKAFUL AND OTHER PAYABLES

This item consists of the following :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| Takaful payables | **2,199,510** | 1,457,973 |
| Retakaful payables | **5,393,908** | 4,619,547 |
| Other payables | **1,531,788** | 705,795 |
| Provision for staff leave salaries | **585,132** | 395,310 |
| Accrued expenses | **277,495** | 291,414 |
| **Total - Exhibit A** | **9,987,833** | 7,470,039 |

## 14. END OF SERVICE BENEFITS OBLIGATION

The movement in this item during the period are as follows :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| Opening balance | **359,675** | 149,718 |
| Current service cost | **47,051** | 226,388 |
| Settlements during the period | **(69,572)** | (16,431) |
| **Balance at the end of period – Exhibit A** | **337,154** | 359,675 |

## 15. DEFICIT IN POLICY HOLDER'S FUND

a) This item consists of the following :

| | 30 September 2011 (Unaudited) AED | 31 December 2010 (Audited) AED |
|---|---|---|
| Balance at beginning of period | **(2,880,865)** | (497,056) |
| Net deficit for the period | **(1,199,199)** | (2,383,809) |
| **Balance at the end of period - Exhibit A** | **(4,080,064)** | (2,880,865) |

b) In 2010, the shareholders have funded the deficit in the policy holders' fund with the company's policy through a Qard Hassan (free of finance charge with no repayment terms) of AED. 2,880,865 AED. 'Nil' for nine months period ended 30 September 2011.

16. **SHARE CAPITAL**

This item consists of the following :

| | 30 September 2011 (Unaudited) | 31 December 2010 (Audited) |
|---|---|---|
| | **AED** | AED |
| **Authorised, issued and fully paid up share capital comprises : 150,000,000 ordinary shares of AED. 1 each – Exhibit A** | **150,000,000** | 150,000,000 |
| | ========= | ========= |

## 17. NET EARNED CONTRIBUTIONS

This item consists of the following :

| | Nine months period ended | | | | | | Three months period ended | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 30 September 2011 (Unaudited) | | | 30 September 2010(Unaudited) | | | 30 September 2011 (Unaudited) . | | | 30 September 2010(Unaudited) | | |
| | **Medical** AED | **Life** AED | **Total** AED | Medical AED | Life AED | Total AED | **Medical** AED | **Life** AED | **Total** AED | Medical AED | Life AED | Total AED |
| **Gross contributions written** | | | | | | | | | | | | |
| Gross Contributions written | 8,130,323 | 1,134,289 | 9,264,612 | 12,788,254 | 544,561 | 13,332,815 | 6,093,274 | 103,098 | 6,196,372 | 4,608,658 | 104,870 | 4,713,528 |
| Change in unearned contributions provision | (480,388) | (138,161) | (618,549) | (7,068,940) | 412,985 | (6,655,955) | (3,874,410) | 246,621 | (3,627,789) | (1,394,599) | 230,847 | (1,163,752) |
| **Takaful Contributions earned** | **7,649,935** | **996,128** | **8,646,063** | 5,719,314 | 957,546 | 6,676,860 | **2,218,864** | **349,719** | **2,568,583** | 3,214,059 | 335,717 | 3,549,776 |
| **Retakaful Contributions** | | | | | | | | | | | | |
| Retakaful contributions | 1,764,102 | 749,820 | 2,513,922 | 5,118,912 | 310,792 | 5,429,704 | 1,709,126 | 50,164 | 1,759,290 | 1,128,692 | 65,922 | 1,194,614 |
| Change in unearned contributions provision | 937,657 | (94,630) | 843,027 | (2,439,814) | 346,887 | (2,092,927) | (719,652) | 155,653 | (563,999) | 363,687 | 175,234 | 538,921 |
| **Retakaful contributions ceded** | **2,701,759** | **655,190** | **3,356,949** | 2,679,098 | 657,679 | 3,336,777 | **989,474** | **205,817** | **1,195,291** | 1,492,379 | 241,156 | 1,733,535 |
| **Net earned contributions - Exhibit B** | **4,948,176** | **340,938** | **5,289,114** | 3,040,216 | 299,867 | 3,340,083 | **1,229,390** | **143,902** | **1,373,292** | 1,721,680 | 94,561 | 1,816,241 |

## 18. TAKAFUL EXPENSES

This item consists of the following :

| | Nine months period ended | | | | | | Three months period ended | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 30 September 2011 (Unaudited) | | | 30 September 2010(Unaudited) | | | 30 September 2011 (Unaudited) . | | | 30 September 2010(Unaudited) | | |
| | **Medical** AED | **Life** AED | **Total** AED | Medical AED | Life AED | Total AED | **Medical** AED | **Life** AED | **Total** AED | Medical AED | Life AED | Total AED |
| Commission and other expenses **- Exhibit B** | **526,909** | **150,379** | **677,288** | 892,550 | 63,540 | 956,090 | **396,897** | **77,799** | **474,696** | 261,338 | 14,075 | 275,413 |

19. **WAKALAH FEES**

The shareholders manage the takaful operations for the policy holders and charge 15% - 50 % of gross takaful contributions as wakalah fees.

20. **SHAREHOLDERS' INVESTMENT INCOME, NET**

This item consists of the following :

| | Nine months period ended | | Three months period ended | |
|---|---|---|---|---|
| | **30 September 2011 (Unaudited) AED** | 30 September 2010 (Unaudited) AED | **30 September 2011 (Unaudited) AED** | 30 September 2010 (Unaudited) AED |
| Profit from investment in fixed deposits | **2,530,466** | 3,998,446 | **550,672** | 1,283,355 |
| Profit from investment in held to maturity investment(sukuk) | **336,354** | 787,047 | **112,931** | 110,958 |
| Fair value gain on investment held for trading | **405,980** | -- | **19,979** | -- |
| **Total – Exhibit B** | **3,272,800** | 4,785,493 | **683,582** | 1,394,313 |

21. **OTHER (LOSS)/INCOME**

This item consists of the following :

| | Nine months period ended | | Three months period ended | |
|---|---|---|---|---|
| | **30 September 2011 (Unaudited) AED** | 30 September 2010 (Unaudited) AED | **30 September 2011 (Unaudited) AED** | 30 September 2010 (Unaudited) AED |
| Loss on disposal of property and equipment | **(1,060,536)** | -- | **(1,060,536)** | -- |
| Miscellaneous Income | **335,470** | 576 | **306,769** | 130 |
| **Net amount – Exhibit B** | **(725,066)** | 576 | **(753,767)** | 130 |

## 22. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following :

| | Nine months period ended | | Three months period ended | |
|---|---|---|---|---|
| | **30 September 2011 (Unaudited)** | 30 September 2010 (Unaudited) | **30 September 2011 (Unaudited)** | 30 September 2010 (Unaudited) |
| | **AED** | AED | **AED** | AED |
| Salaries and other benefits | **8,601,533** | 4,565,749 | **2,774,168** | 1,545,262 |
| Advertisement expenses | **899,741** | 28,008 | **100,662** | 1,200 |
| Rent | **2,205,182** | 1,974,238 | **934,157** | 564,074 |
| Government expenses | **283,211** | 68,802 | **45,781** | 27,907 |
| Stationery | **68,544** | 46,433 | **12,471** | 10,213 |
| Telephone, fax and postage | **355,265** | 242,135 | **143,612** | 115,188 |
| Legal fees | **1,093,878** | 334,076 | **256,034** | 37,639 |
| Remuneration of Sharia Supervisory Board | **157,500** | 171,946 | **52,500** | 52,500 |
| Depreciation | **1,137,546** | 611,205 | **437,457** | 229,779 |
| Consulting expenses & professional fees | **986,756** | 301,500 | **258,348** | 102,500 |
| Insurance expenses | **204,322** | 119,124 | **74,849** | 45,433 |
| Maintenance expenses | **95,327** | 34,532 | **65,600** | 9,959 |
| Miscellaneous expenses | **637,784** | 705,980 | **163,513** | 375,883 |
| **Total – Exhibit B** | **16,726,589** | 9,203,728 | **5,319,152** | 3,117,537 |

## 23. BASIC LOSS PER SHARE

This item consists of the following :

| | Nine months period ended | | Three months period ended | |
|---|---|---|---|---|
| | **30 September 2011 (Unaudited)** | 30 September 2010 (Unaudited) | **30 September 2011 (Unaudited)** | 30 September 2010 (Unaudited) |
| | **AED** | AED | **AED** | AED |
| Loss for the period (AED) | **(12,768,565)** | (1,928,062) | **(4,419,716)** | (883,902) |
| Weighted average number of shares(share) | **150,000,000** | 150,000,000 | **150,000,000** | 150,000,000 |
| **Basic loss per share (AED) - Exhibit B** | **(0.085)** | (0,013) | **(0.029)** | (0.006) |

## 24. SEGMENT INFORMATION

**Primary Segment information**

The company is organized into two main business segments :

- Underwriting of takaful business insurance incorporating Health Insurance, Life Insurance and credit & saving insurance. This business is conducted fully within the U.A.E.
- Investments incorporating investments fixed deposit in local banks and investment in sukuk.

| | **Nine months ended 30 September 2011(Unaudited)** | | | | | | Nine months ended 30 September 2010(Unaudited) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Underwriting** | | | **Shareholders** | | | Underwriting | | | Shareholders | | |
| | **Medical** | **Life** | **Total** | **Investments** | **Others** | **Total** | Medical | Life | Total | Investments | Others | Total |
| | AED | AED | AED | AED | AED | AED | AED | AED | AED | AED | AED | AED |
| **Segment revenue** | **7,649,935** | **996,128** | **8,646,063** | **3,272,800** | **--** | **3,272,800** | 5,719,314 | 969,084 | 6,688,398 | 4,785,493 | -- | 4,785,493 |
| Segment result | **29,493** | **181,598** | **211,091** | **3,272,800** | **(725,066)** | **2,547,734** | (450,389) | 221,617 | (228,772) | 4,785,493 | 576 | 4,786,069 |
| Wakalah fees | **(1,342,829)** | **(67,461)** | **(1,410,290)** | **--** | **1,410,290** | **1,410,290** | (2,391,859) | (97,738) | (2,489,597) | -- | 2,489,597 | 2,489,597 |
| **Loss attributable to policy holders** | | | **(1,199,199)** | | | | | | (2,718,369) | | | |
| Unallocated costs | | | | | | **(16,726,589)** | | | | | | (9,203,728) |
| **Net loss for the period** | | | | | | **(12,768,565)** | | | | | | (1,928,062) |

## SEGMENT INFORMATION (CONTINUED)

### Other information

| | Nine months ended 30 September 2011 (Unaudited) | | | | | | Year ended 31 December 2010 (Audited) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Underwriting | | | Shareholders | | TOTAL | Underwriting | | | Shareholders | | TOTAL |
| | Medical | Life | Total | Investments | Total | | Medical | Life | Total | Investments | Total | |
| | AED | AED | AED | AED | AED | AED | AED | AED | AED | AED | AED | AED |
| **Segment assets** | **12,414,170** | **1,786,660** | **14,200,830** | **96,297,081** | **96,297,081** | **110,497,911** | 11,991,871 | 365,633 | 12,357,504 | 107,839,415 | 107,839,415 | 120,196,919 |
| Unallocated assets | | | **--** | | **16,769,693** | **16,769,693** | | | -- | | 18,003,110 | 18,003,110 |
| **Total Assets** | | | **14,200,830** | | **113,066,774** | **127,267,604** | | | 12,357,504 | | 125,842,525 | 138,200,029 |
| Segment liabilities | **15,321,180** | **1,451,413** | **16,772,593** | | **--** | **16,772,593** | 14,856,574 | 381,796 | 15,238,370 | | -- | 15,238,370 |
| Unallocated liabilities | | | **(1,199,199)** | | **3,810,100** | **2,610,901** | | | -- | | 2,308,984 | 2,308,984 |
| **Total liabilities** | | | **15,573,394** | | **3,810,100** | **19,383,494** | | | 15,238,370 | | 2,308,984 | 17,547,354 |

25. **CASH AND CASH EQUIVALENTS**

This item consists of the following :

| | **30 September 2011 (Unaudited) AED** | 30 September 2010 (Unaudited) AED |
|---|---|---|
| Cash balance | **12,446** | 4,842 |
| Bank balances - current accounts | **2,680,320** | 2,993,715 |
| Investment deposits placed for a period of three months or less from the original date of placement | **28,087,887** | 48,604,897 |
| **Total - Exhibit D** | **30,780,653** | 51,603,454 |

26. **CONTINGENT LIABILITIES/COMMITMENTS**

***i) Contingent liabilities***

Contingent liabilities of the company as at the condensed interim financial position date are as follows :

| | **30 September 2011 (Unaudited) AED** | 31 December 2010 (Audited) AED |
|---|---|---|
| Letters of guarantee | **141,000** | 39,000 |

***ii) Commitments***

- The company has lease agreements which expires in 30 June 2013 and are payable as follows :

| | **30 September 2011 (Unaudited) AED** | 31 December 2010 (Audited) AED |
|---|---|---|
| Less than one year | **1,222,565** | 527,500 |
| Between one and five years | **747,780** | -- |
| **Total** | **1,970,345** | 527,500 |

| | **30 September 2011 (Unaudited) AED** | 31 December 2010 (Audited) AED |
|---|---|---|
| • Commitments towards purchase of property and equipments | **975,000** | 1,538,110 |

27. **GENERAL**

The figures in the condensed interim financial information are rounded to the nearest Arab Emirates Dirham (AED).