

**DAR AL TAKAFUL PJSC**

**Review report and interim financial information  
for the three months period ended 31 March 2014**

## **DAR AL TAKAFUL PJSC**

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## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors  
Dar Al Takaful PJSC  
Dubai - United Arab Emirates

### *Introduction*

We have reviewed the accompanying condensed statement of financial position of **Dar Al Takaful PJSC (the "Company") - Dubai, United Arab Emirates**, as at 31 March 2014 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34: "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: "*Interim Financial Reporting*".

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah  
Registration No. 717  
12 May 2014

**Condensed statement of financial position  
at 31 March 2014**

	Notes	31 March 2014 Unaudited AED	31 December 2013 Audited AED
<b>ASSETS</b>			
<b>Takaful operations' assets</b>			
Investment in securities	4	427,950	364,784
Deferred policy cost		4,556,241	5,126,229
Retakaful assets	5	28,585,029	28,674,910
Takaful and other receivables		53,232,176	51,017,991
Cash and cash equivalents	6	1,820,321	2,437,049
<b>Total takaful operations' assets</b>		<b>88,621,717</b>	<b>87,620,963</b>
<b>Shareholders' assets</b>			
Property and equipment		11,402,985	11,330,358
Intangible assets		214,863	237,280
Investment properties	7	13,750,000	13,750,000
Investment in securities	4	26,019,290	20,891,882
Restricted deposits	8	6,000,000	6,000,000
Wakala deposits		28,500,000	15,000,000
Due from participants		10,323,801	8,892,065
Prepayments and other receivables	9	9,996,495	1,706,272
Cash and cash equivalents	6	3,807,779	25,611,396
<b>Total shareholders' assets</b>		<b>110,015,213</b>	<b>103,419,253</b>
<b>Total assets</b>		<b>198,636,930</b>	<b>191,040,216</b>
<b>TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT</b>			
<b>Takaful operations' liabilities</b>			
Deferred discount		2,312,656	2,037,083
Takaful contract liabilities	5	93,588,394	97,599,114
Takaful payables		32,199,783	26,396,813
Due to shareholders		10,323,801	8,892,065
<b>Total takaful operations' liabilities</b>		<b>138,424,634</b>	<b>134,925,075</b>

The accompanying notes form an integral part of these condensed financial statements.

**Condensed statement of financial position  
at 31 March 2014 (continued)**

	Notes	31 March 2014 Unaudited AED	31 December 2013 Audited AED
<b>Takaful operations' deficit</b>			
Qard Hassan against deficit in participants' fund		(49,607,072)	(47,090,846)
Less: Provision against Qard Hassan to participants' fund		49,607,072	47,090,846
		<hr/>	<hr/>
Available-for-sale investments reserve		(195,846)	(213,266)
		<hr/>	<hr/>
<b>Total deficit from takaful operations</b>		(195,846)	(213,266)
		<hr/>	<hr/>
<b>Total takaful operations' liabilities and deficit</b>		138,228,788	134,711,809
		<hr/>	<hr/>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' liabilities</b>			
Other liabilities		4,518,080	2,686,739
		<hr/>	<hr/>
<b>Total shareholders' liabilities</b>		4,518,080	2,686,739
		<hr/>	<hr/>
<b>Shareholders' equity</b>			
Share capital	10	100,000,000	100,000,000
Statutory reserve		84,072	84,072
Accumulated losses		(44,528,561)	(46,585,232)
Available-for-sale investments reserve		334,551	142,828
		<hr/>	<hr/>
<b>Total shareholders' equity</b>		55,890,062	53,641,668
		<hr/>	<hr/>
<b>Total shareholders' liabilities and equity</b>		60,408,142	56,328,407
		<hr/>	<hr/>
<b>Total takaful operations' liabilities and deficit, shareholders' liabilities and equity</b>		198,636,930	191,040,216
		<hr/>	<hr/>

  
\_\_\_\_\_  
Abdul Aziz Al Bannai  
Chairman

  
\_\_\_\_\_  
Saleh Al Hashimi  
Managing Director

The accompanying notes form an integral part of these condensed financial statements.

**Condensed statement of income (unaudited)  
for the three months period ended 31 March 2014**

	<b>Three months period ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>AED</b>	<b>AED</b>
<b>Attributable to participants'</b>		
<b>Underwriting income</b>		
Gross contribution written	25,748,992	25,317,379
Movement in unearned contributions	1,641,715	(2,878,721)
	<hr/>	<hr/>
Takaful contributions revenue	27,390,707	22,438,658
	<hr/>	<hr/>
Retakaful share of contributions	(9,280,924)	(6,365,478)
Movement in retakaful share of unearned contributions	907,207	2,910,057
	<hr/>	<hr/>
Net retakaful share of contributions	(8,373,717)	(3,455,421)
	<hr/>	<hr/>
Net takaful revenue	19,016,990	18,983,237
Policy and other fees	80,004	116,693
Discount received on retakaful contributions	1,136,438	548,332
	<hr/>	<hr/>
<b>Total underwriting income</b>	<b>20,233,432</b>	<b>19,648,262</b>
	<hr/>	<hr/>
<b>Underwriting expenses</b>		
Claims incurred	(15,119,713)	(15,169,246)
Retakaful share of claims incurred	2,854,864	2,122,056
	<hr/>	<hr/>
Net claims incurred	(12,264,849)	(13,047,190)
	<hr/>	<hr/>
Policy acquisition cost	(2,764,159)	(2,338,717)
Excess of loss retakaful	(507,702)	(402,338)
Other underwriting expenses	(121,536)	(116,449)
	<hr/>	<hr/>
<b>Total underwriting expenses</b>	<b>(15,658,246)</b>	<b>(15,904,694)</b>
	<hr/>	<hr/>
<b>Net underwriting income</b>	<b>4,575,186</b>	<b>3,743,568</b>
	<hr/>	<hr/>
Wakala fees	(6,271,087)	(6,712,741)
Expenses allocated to participants	(867,102)	(435,674)
	<hr/>	<hr/>
<b>Net deficit from takaful operations</b>	<b>(2,563,003)</b>	<b>(3,404,847)</b>
	<hr/>	<hr/>
Investment income	46,777	13,130
	<hr/>	<hr/>
<b>Deficit for the period attributable to participants'</b>	<b>(2,516,226)</b>	<b>(3,391,717)</b>
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these condensed financial statements.

**Condensed statement of income (unaudited)  
for the three months period ended 31 March 2014 (continued)**

	Notes	Three months period ended 31 March	
		2014 AED	2013 AED
<b>Attributable to shareholders'</b>			
<b>Income</b>			
Wakala fees from participants'		6,271,087	6,712,741
Investment income		3,906,602	303,879
		<hr/>	<hr/>
		10,177,689	7,016,620
		<hr/>	<hr/>
<b>Expense</b>			
General and administrative expenses		(5,604,792)	(4,607,728)
		<hr/>	<hr/>
<b>Income for the period before Qard Hassan</b>		4,572,897	2,408,892
Provision against Qard Hassan to participants'		(2,516,226)	(3,391,717)
		<hr/>	<hr/>
<b>Profit/(loss) for the period attributable to shareholders'</b>		2,056,671	(982,825)
		<hr/>	<hr/>
<b>Basic earnings/(loss) per share</b>	11	0.021	(0.009)
		<hr/>	<hr/>

The accompanying notes form an integral part of these condensed financial statements.

**Condensed statement of comprehensive income (unaudited)  
for the three months period ended 31 March 2014**

	<b>Three months period ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>AED</b>	<b>AED</b>
<b>Attributable to participants'</b>		
Loss for the period	<b>(2,516,226)</b>	(3,391,717)
	<hr/>	<hr/>
<b>Other comprehensive income/(loss)</b>		
<i>Items that maybe reclassified subsequently to profit or loss</i>		
Unrealised gain/(loss) on available-for-sale Investments	<b>17,420</b>	(260)
	<hr/>	<hr/>
Other comprehensive income/(loss) for the period	<b>17,420</b>	(260)
	<hr/>	<hr/>
<b>Total comprehensive loss for the period attributable to participants'</b>	<b>(2,498,806)</b>	(3,391,977)
	<hr/> <hr/>	<hr/> <hr/>
<b>Attributable to shareholders'</b>		
Profit/(loss) for the period	<b>2,056,671</b>	(982,825)
	<hr/>	<hr/>
<b>Other comprehensive income</b>		
<i>Items that maybe reclassified subsequently to profit or loss</i>		
Unrealised gain on available-for-sale investments	<b>191,723</b>	13,723
	<hr/>	<hr/>
<b>Other comprehensive income for the period</b>	<b>191,723</b>	13,723
	<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the period attributable to shareholders'</b>	<b>2,248,394</b>	(969,102)
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these condensed financial statements.



**Condensed statement of changes in equity  
for the three months period ended 31 March 2014**

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Available-for- sale investments reserve AED	Total AED
Balance at 31 December 2012 (Audited)	100,000,000	-	(47,341,878)	194,360	52,852,482
Loss for the period	-	-	(982,825)	-	(982,825)
Other comprehensive income for the period	-	-	-	13,723	13,723
Total comprehensive loss for the period	-	-	(982,825)	13,723	(969,102)
Balance at 31 March 2013 (Unaudited)	100,000,000	-	(48,324,703)	208,083	51,883,380
Balance at 31 December 2013 (Audited)	100,000,000	84,072	(46,585,232)	142,828	53,641,668
Profit for the period	-	-	2,056,671	-	2,056,671
Other comprehensive income for the period	-	-	-	191,723	191,723
Total comprehensive income for the period	-	-	2,056,671	191,723	2,248,394
<b>Balance at 31 March 2014 (Unaudited)</b>	<b>100,000,000</b>	<b>84,072</b>	<b>(44,528,561)</b>	<b>334,551</b>	<b>55,890,062</b>

The accompanying notes form an integral part of these condensed financial statements.

**Condensed statement of cash flows (unaudited)  
for the three months period ended 31 March 2014**

	<b>Three months period ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>AED</b>	<b>AED</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period	2,056,671	(982,825)
Adjustments for:		
Depreciation of property and equipment	330,799	286,727
Amortisation of intangible assets	22,417	-
Changes in the fair value of financial assets carried at fair value through profit or loss	(2,996,921)	47,617
Realised gain on sale of available-for-sale investments	(15,490)	-
Income from wakala deposits	(91,008)	(359,859)
Rental income	(199,733)	-
Provision for doubtful debt	587,544	-
Provision against qard hassan to participants' fund	2,516,226	3,391,717
Provision for employees' end of service benefits	127,553	103,420
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>2,338,058</b>	<b>2,486,797</b>
Increase in qard hassan to participants' fund	(2,516,226)	(3,391,717)
Increase in takaful receivables	(2,801,729)	(6,033,573)
Decrease/(increase) in retakaful assets	89,881	(2,880,530)
Increase in prepayments and other receivables	(8,249,109)	(2,277,414)
(Decrease)/increase in takaful contract liabilities	(4,010,720)	3,389,739
Increase in takaful payables	5,802,970	7,623,795
Increase in other liabilities	1,729,409	225,740
Decrease in deferred policy cost	569,988	30,585
Increase in deferred discount	275,573	260,799
<b>Cash used in operations</b>	<b>(6,771,905)</b>	<b>(565,779)</b>
Employee's end of service benefits paid	(72,578)	(43,892)
<b>Net cash used in operating activities</b>	<b>(6,844,483)</b>	<b>(609,671)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(403,426)	(16,641)
Purchase of investments in securities	(3,000,000)	(1,859,237)
Proceeds from sale of investment securities	1,030,980	-
Income received on wakala deposits	49,894	359,859
Rental income received	246,690	-
Wakala deposit made during the period	(13,500,000)	-
<b>Net cash used in investing activities</b>	<b>(15,575,862)</b>	<b>(1,516,019)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(22,420,345)</b>	<b>(2,125,690)</b>
Cash and cash equivalents at the beginning of the period	28,048,445	36,513,884
<b>Cash and cash equivalents at the end of the period (Note 6)</b>	<b>5,628,100</b>	<b>34,388,194</b>

The accompanying notes form an integral part of these condensed financial statements.

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014**

**1. General information**

Dar Al Takaful PJSC (the “Company”) is incorporated as a public joint stock company in accordance with the Federal Law No. 8 of 1984 (as amended) relating to commercial companies in the UAE. The Company carries out general takaful (Insurance), retakaful (reinsurance) and investments in accordance with the teachings of Islamic Shari’a and within the provisions of U.A.E. Federal Law no. 6 of 2007 relating to takaful companies and takaful agents and the Memorandum and Articles of Association of the Company. The address of the Company is PO Box 235353, Dubai, United Arab Emirates.

The Company obtained its commercial license on 23 July 2008 and commenced operations on 1 September 2008.

The Company mainly issues short term takaful contracts in connection with non-life takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful). The Company also invests its funds in investment securities.

**2. Application of new and revised International Financial Reporting Standards (“IFRSs”)**

**2.1 New and revised IFRSs applied with no material effect on the condensed financial statements**

The following new and revised IFRSs have been adopted in these condensed financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

<b>New and revised IFRSs</b>	<b>Effective for annual periods beginning on or after</b>
<ul style="list-style-type: none"> <li>• Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.</li> </ul>	1 January 2014
<ul style="list-style-type: none"> <li>• Amendments to IAS 36 – recoverable amount disclosures The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU’s recoverable amount has been determined on the basis of fair value less costs of disposal.</li> </ul>	1 January 2014
<ul style="list-style-type: none"> <li>• Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.</li> </ul>	1 January 2014
<ul style="list-style-type: none"> <li>• IFRIC 21 – Levies Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.</li> </ul>	1 January 2014

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)**

**2.1 New and revised IFRSs applied with no material effect on the condensed financial statements (continued)**

**New and revised IFRSs**

**Effective for  
annual periods  
beginning on or after**

- Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities.

1 January 2014

On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs. The amendments establish an exception to IFRS 10’s general consolidation principle for investment entities, requiring them to “measure particular subsidiaries at fair value through profit or loss, rather than consolidate them.” In addition, the amendments outline required disclosures for reporting entities that meet the definition of an investment entity.

**2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted**

The Company has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

**New and revised IFRSs**

**Effective for  
annual periods  
beginning on or after**

- Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS 9.
- IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.
- IFRS 9 *Financial Instruments (2009)* issued in November 2009 introduces new requirements for the classification and measurement of financial assets. *IFRS 9 Financial Instruments (2010)* revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

When IFRS 9 is first applied

When IFRS 9 is first applied

1 January 2018

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)**

**2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted (continued)**

**New and revised IFRSs**

**Effective for  
annual periods  
beginning on or after**

IFRS 9 *Financial Instruments (2013)* was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.

IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets (2) the classification and measurement requirements for both financial assets and financial liabilities (3) the classification and measurement requirements and the hedge accounting requirements.

- Amendments to IAS 19 *Employee Benefits* - to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. 1 July 2014
- Annual Improvements to IFRSs 2010 - 2012 Cycle 1 July 2014
  - IFRS 2 Share Based Payments - definition of 'vesting condition'.
  - IFRS 3 Business Combinations - accounting for contingent consideration.
  - IFRS 8 Operating Segments - aggregation of segments, reconciliation of segment assets.
  - IAS 16 Property Plant and Equipment - proportionate restatement of accumulated depreciation on revaluation.
  - IAS 24 Related Party Disclosures - management entities.
  - IAS 38 Intangible Assets - proportionate restatement of accumulated depreciation on revaluation.

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)**

**2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted (continued)**

**New and revised IFRSs**

**Effective for  
annual periods  
beginning on or after**

- Annual Improvements to IFRSs 2011 - 2013 Cycle
  - IFRS 1 First Time Adoption of International Financial Reporting Standards - meaning of effective IFRSs.
  - IFRS 3 Business Combinations - scope exception for joint ventures.
  - IFRS 13 Fair Value Measurement - scope of the portfolio exception.
  - IAS 40 Investment Property - interrelationship between IFRS 3 and IAS 40.

1 July 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company’s financial statements for the period beginning 1 January 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 9 will be adopted in the Company’s financial statements for the annual period beginning 1 January 2018 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Company’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

**3. Summary of significant accounting policies**

**3.1 Basis of preparation**

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, “*Interim Financial Reporting*” and also comply with the applicable requirements of the laws in the U.A.E.

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company’s transactions are denominated.

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties which are stated at fair value.

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**3. Summary of significant accounting policies (continued)**

**3.1 Basis of preparation (continued)**

The accounting policies, critical accounting judgements and key sources of estimation used in the preparation of these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2013.

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2013. In addition, results for the three months period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2013.

The articles of association of the Company require that separate accounts be maintained for takaful operations on behalf of the participants. Accordingly, the directors have resolved to present the financial statements on that basis and comply with the Financial Accounting Standard issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) to the extent that these are compatible with International Financial Reporting Standards.

**4. Investment in securities**

*4.1 Available-for-sale investments*

Available-for-sale investments comprise the following:

	<b>31 March 2014 Unaudited AED</b>	31 December 2013 Audited AED
Quoted equity securities in U.A.E.	<b>3,710,512</b>	3,501,369
Unquoted equity securities in U.A.E.	<b>2,000,000</b>	-
Quoted debt securities in U.A.E.	<b>3,680,683</b>	3,680,683
Unquoted debt securities in U.A.E.	<b>2,000,700</b>	2,016,190
	<b>(A) 11,391,895</b>	9,198,242

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**4. Investment in securities (continued)**

*4.2 Financial assets carried at fair value through profit or loss*

Financial assets carried at fair value through profit or loss comprises the following:

		<b>31 March 2014 Unaudited AED</b>	31 December 2013 Audited AED
Quoted equity securities outside U.A.E.		<b>2,003,015</b>	1,872,609
Quoted equity securities in U.A.E.		<b>13,052,330</b>	10,185,815
		<hr/>	<hr/>
Total investments in securities	(B)	<b>15,055,345</b>	12,058,424
		<hr/>	<hr/>
Attributable to:			
Participants		<b>427,950</b>	364,784
Shareholders		<b>26,019,290</b>	20,891,882
		<hr/>	<hr/>
	(A + B)	<b>26,447,240</b>	21,256,666
		<hr/>	<hr/>

Available-for-sale investments with fair value of AED 4 million (31 December 2013: AED 3 million) are registered in the name of a related party in trust and for the benefit of the Company.

**5. Takaful contract liabilities and retakaful assets**

		<b>31 March 2014 Unaudited AED</b>	31 December 2013 Audited AED
<b>Gross</b>			
Takaful contract liabilities:			
Unearned contribution		<b>53,794,290</b>	55,436,005
Claims reported unsettled		<b>28,294,614</b>	31,763,593
Claims incurred but not reported		<b>11,499,490</b>	10,399,516
		<hr/>	<hr/>
<b>Total takaful contract liabilities, gross</b>		<b>93,588,394</b>	97,599,114
		<hr/>	<hr/>



**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**5. Takaful contract liabilities and retakaful assets (contract)**

	<b>31 March 2014 Unaudited AED</b>	31 December 2013 Audited AED
<b>Recoverable from retakaful</b>		
Retakaful contract assets:		
Unearned contribution	<b>16,438,315</b>	15,531,108
Claims reported unsettled	<b>5,871,328</b>	7,812,447
Claims incurred but not reported	<b>6,275,386</b>	5,331,355
	<hr/>	<hr/>
<b>Total retakaful share of takaful liabilities</b>	<b>28,585,029</b>	28,674,910
	<hr/>	<hr/>
<b>Net</b>		
Unearned contribution	<b>37,355,975</b>	39,904,897
Claims reported unsettled	<b>22,423,286</b>	23,951,146
Claims incurred but not reported	<b>5,224,104</b>	5,068,161
	<hr/>	<hr/>
	<b>65,003,365</b>	68,924,204
	<hr/> <hr/>	<hr/> <hr/>
<b>6. Cash and cash equivalents</b>		
	<b>31 March 2014 Unaudited AED</b>	31 December 2013 Audited AED
Cash on hand	<b>40,958</b>	91,210
Portfolio account	<b>3,003,025</b>	353,857
	<hr/>	<hr/>
	<b>3,043,983</b>	445,067
	<hr/>	<hr/>
Bank balances		
Current accounts	<b>790,300</b>	1,895,305
Call accounts	<b>1,793,817</b>	6,208,073
Wakala deposits with maturity less than three months	-	19,500,000
	<hr/>	<hr/>
	<b>2,584,117</b>	27,603,378
	<hr/>	<hr/>
	<b>5,628,100</b>	28,048,445
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Participants	<b>1,820,321</b>	2,437,049
Shareholders	<b>3,807,779</b>	25,611,396
	<hr/>	<hr/>
	<b>5,628,100</b>	28,048,445
	<hr/> <hr/>	<hr/> <hr/>

Bank balances are maintained with banks in U.A.E. The profit rate on wakala deposits ranges between 0.8% to 1.0% (31 December 2013: ranges between 2.3% to 2.4%).

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**7. Investment properties**

	<b>31 March 2014 Unaudited AED</b>	31 December 2013 Audited AED
Fair value at the beginning of the period/year	<b>13,750,000</b>	-
Additions during the period/year	-	10,844,725
Increase in fair value during the period/year	-	2,905,275
<b>Fair value at the end of the period/year</b>	<b>13,750,000</b>	13,750,000

The investment property represents the fair value of the properties located in U.A.E.

The fair value was determined based on the market comparable approach that reflects recent transactions prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the period.

**8. Restricted deposits**

Wakala deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of U.A.E. and are not available to finance the day to day operations of the Company.

**9. Prepayments and other receivables**

	<b>31 March 2014 Unaudited AED</b>	31 December 2013 Audited AED
Deposits	<b>339,106</b>	561,901
Prepaid expenses	<b>1,244,805</b>	1,026,063
Other receivables	<b>288,527</b>	118,308
Advances for investment properties	<b>8,124,057</b>	-
	<b>9,996,495</b>	1,706,272

Advances for investment properties represent payments for acquisition of 50 apartments in Dubai, United Arab Emirates.

**10. Share capital**

At 31 March 2014, the issued and fully paid share capital comprised 100,000,000 shares of AED 1 each (31 December 2013: 100,000,000 shares of AED 1 each).

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**11. Basic earnings/(loss) per share**

	<b>Three months period ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Profit/(loss) for the period attributable to shareholders (in AED)	<b>2,056,671</b>	(982,825)
Number of shares	<b>100,000,000</b>	100,000,000
Basic earnings/(loss) per share (in AED)	<b>0.021</b>	(0.009)

Basic earnings/(loss) per share has been calculated by dividing the profit/(loss) for the period by the number of shares outstanding at the end of the reporting period.

**12. Commitments and guarantees**

**Commitments**

The Company has the following commitments at the reporting date:

	<b>31 March 2014 Unaudited AED</b>	<b>31 December 2013 Audited AED</b>
Acquisition of investment properties	<b>13,875,943</b>	-
Software development	<b>94,577</b>	94,577
	<b>13,970,520</b>	94,577

**Guarantees**

As at 31 March 2014, the Company has bank guarantees against labour and third party commitments for AED 243,020 (31 December 2013: AED 234,000).

**13. Related party transactions**

Related parties represent the major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**13. Related party transactions (continued)**

**a) Balances with related parties**

Balances with related parties included in the condensed statement of financial position are as follows:

	<b>31 March 2014 Unaudited AED</b>	31 December 2013 Audited AED
<i><b>Wakala deposit</b></i>		
<i>Major Shareholders</i>	<b>15,000,000</b>	15,000,000
	=====	=====
<i><b>Takaful and other receivables</b></i>		
<i>Major Shareholders</i>	<b>49,506</b>	321,971
	=====	=====
<i><b>Takaful and other payables</b></i>		
<i>Major Shareholders</i>	<b>191,146</b>	116,942
	=====	=====

**b) Transactions with related parties**

Transactions with related parties included in the condensed statement of income are as follows:

	<b>Three months period ended 31 March 2014 Unaudited AED</b>	31 March 2013 Unaudited AED
<i><b>Income from wakala deposits</b></i>		
<i>Major Shareholders</i>	<b>37,917</b>	-
	=====	=====
<i><b>Contributions earned</b></i>		
	<b>31 March 2014 Unaudited AED</b>	31 March 2013 Unaudited AED
<i>Major Shareholders</i>	<b>7,444</b>	26,161
<i>Other related parties</i>	<b>187,212</b>	35,441
	=====	=====
	<b>194,656</b>	61,602
	=====	=====

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**13. Related party transactions (continued)**

**b) Transactions with related parties (continued)**

*Management charges paid*

	<b>Three months period ended</b>	
	<b>31 March</b>	31 March
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
	<b>AED</b>	AED
<i>Major Shareholders</i>	<b>97,500</b>	90,000
	<hr/> <hr/>	<hr/> <hr/>

**c) Compensation of key management personnel**

	<b>Three months period ended</b>	
	<b>31 March</b>	31 March
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
	<b>AED</b>	AED
Short-term benefits	<b>997,133</b>	859,000
Employees' end of service benefits	<b>44,537</b>	44,537
	<hr/> <hr/> <b>1,041,670</b>	<hr/> <hr/> 903,537

**14. Segment information**

**Primary segment information**

For management purposes the Company is organised into two business segments, general takaful management and investment. The general takaful segment comprises the takaful business undertaken by the Company on behalf of the participants. Investments comprise investment and cash management for the Company's own account. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the financial statements.

Except for Wakala fees, Mudarib's share and Qard Hassan, no other inter-segment transactions occurred during the period. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation as shown below.

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**14. Segment information (continued)**

These segments are the basis on which the Company reports its primary segment information. Segmental information is presented below:

**Three months period ended 31 March 2014(Unaudited)**

	<b>General takaful management AED</b>	<b>Investment AED</b>	<b>Total AED</b>
Gross contributions written	25,748,992	-	25,748,992
Changes in unearned contributions	1,641,715	-	1,641,715
Net takaful contributions revenue	27,390,707	-	27,390,707
Net retakaful share of contributions	(8,373,717)	-	(8,373,717)
Net takaful revenue	19,016,990	-	19,016,990
Claims (net of retakaful share)	(12,264,849)	-	(12,264,849)
Net underwriting expenses	(2,176,955)	-	(2,176,955)
Net underwriting income	4,575,186	-	4,575,186
General and administrative expenses	(867,102)	(5,604,792)	(6,471,894)
Wakala (fees)/income	(6,271,087)	6,271,087	-
Investment income	46,777	3,906,602	3,953,379
<b>(Loss)/profit for the period</b>	<b>(2,516,226)</b>	<b>4,572,897</b>	<b>2,056,671</b>
Other comprehensive income	17,420	191,723	209,143
<b>Total comprehensive (loss)/income for the period</b>	<b>(2,498,806)</b>	<b>4,764,620</b>	<b>2,265,814</b>

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**14. Segment information (continued)**

Three months period ended 31 March 2013 (Unaudited)

	General takaful management AED	Investment AED	Total AED
Gross contributions written	25,317,379	-	25,317,379
Changes in unearned contributions	(2,878,721)	-	(2,878,721)
Net takaful contributions revenue	22,438,658	-	22,438,658
Net retakaful share of contributions	(3,455,421)	-	(3,455,421)
Net takaful revenue	18,983,237	-	18,983,237
Claims (net of retakaful share)	(13,047,190)	-	(13,047,190)
Net underwriting expenses	(2,192,479)	-	(2,192,479)
Net underwriting income	3,743,568	-	3,743,568
General and administrative expenses	(435,674)	(4,607,728)	(5,043,402)
Wakala (fees)/income	(6,712,741)	6,712,741	-
Investment income	13,130	303,879	317,009
(Loss)/profit for the period	(3,391,717)	2,408,892	(982,825)
Other comprehensive (loss)/income	(260)	13,723	13,463
Total comprehensive (loss)/income for the period	(3,391,977)	2,422,615	(969,362)

The following tables demonstrate other information related to each business segments:

**31 March 2014 (Unaudited)**

	General takaful management AED	Investment AED	Total AED
<b>Total assets</b>	<b>88,621,717</b>	<b>110,015,213</b>	<b>198,636,930</b>
<b>Total liabilities</b>	<b>138,424,634</b>	<b>4,518,080</b>	<b>142,942,714</b>

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**14. Segment information** (continued)

31 December 2013 (Audited)

	General takaful management AED	Investment AED	Total AED
Total assets	87,620,963	103,419,253	191,040,216
Total liabilities	134,925,075	2,686,739	137,611,814

**Secondary segment information**

For operational and management reporting purposes, the Company is organised as one geographical segment. Consequently, no secondary segment information is required to be provided.

**15. Seasonality of results**

No income of seasonal nature was recorded in the condensed statement of income for the three months period ended 31 March 2014 and 2013.

**16. Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

*Fair value of financial instruments carried at amortised cost*

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

*Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2013.



**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**16. Fair value measurements (continued)**

*Fair value of the Company's financial assets that are measured at fair value on recurring basis*

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 March 2014 AED	31 December 2013 AED				
<b>Available for sale</b>						
Quoted equity securities	<b>3,710,512</b>	3,501,369	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	<b>2,000,000</b>	-	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Quoted debt securities	<b>3,680,683</b>	3,680,683	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted debt securities	<b>2,000,700</b>	2,016,190	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
<b>Financial assets at FVTPL</b>						
Quoted equity securities	<b>15,055,345</b>	12,058,424	Level 1	Quoted bid prices in an active market.	None	N/A

*Fair value measurements recognised in the statement of financial position*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)**

**16. Fair value measurements (continued)**

*Fair value measurements recognised in the statement of financial position (continued)*

	<b>Level 1 AED</b>	<b>Level 2 AED</b>	<b>Level 3 AED</b>	<b>Total AED</b>
31 March 2014				
Investments at FVTPL				
Quoted equities	<b>15,055,345</b>	-	-	<b>15,055,345</b>
AFS Investments				
Quoted equities	<b>3,710,512</b>	-	-	<b>3,710,512</b>
Unquoted equity securities	-	-	<b>2,000,000</b>	<b>2,000,000</b>
Quoted debt securities	<b>3,680,683</b>	-	-	<b>3,680,683</b>
Unquoted debt securities	-	-	<b>2,000,700</b>	<b>2,000,700</b>
Investment property	-	<b>13,750,000</b>	-	<b>13,750,000</b>
	<b>22,446,540</b>	<b>13,750,000</b>	<b>4,000,700</b>	<b>40,197,240</b>
	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 December 2013				
Investments at FVTPL				
Quoted equities	12,058,424	-	-	12,058,424
AFS Investments				
Quoted equities	3,501,369	-	-	3,501,369
Quoted debt securities	3,680,683	-	-	3,680,683
Unquoted debt securities	-	-	2,016,190	2,016,190
Investment property	-	13,750,000	-	13,750,000
	19,240,476	13,750,000	2,016,190	35,006,666

There were no transfers between each of level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

**Notes to the condensed financial statements  
for the three months period ended 31 March 2014 (continued)****17. Fatwa and Shari'a Supervisory Board**

The Company's business activities are subject to the supervision of its Fatwa and Sharia'a Supervisory Board (FSSB) consisting of three members appointed by the shareholders. FSSB performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia'a rules and principles.

**18. Approval of condensed financial statements**

The condensed financial statements were approved by the Board of Directors and authorised for issue on 12 May 2014.