TAKAFUL EMARAT - INSURANCE (PSC)

Review report and condensed interim financial information for the six month period ended 30 June 2014

TAKAFUL EMARAT - INSURANCE (PSC)

Contents

	Pages
Report on review of condensed interim financial information	2
Condensed interim statement of financial position	3
Condensed interim statement of comprehensive income	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial information	7 - 22

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Report on review of condensed interim financial information to the Board of Directors of Takaful Emarat - Insurance (PSC)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Takaful Emarat - Insurance (PSC)** (the "Company") as at 30 June 2014 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended and accompanying notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34: *"Interim Financial Reporting ("IAS 34")"*. 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers
12 August 2014

Paul Suddaby
Registered Auditor Number 309
United Arab Emirates

Takaful Emarat – Insurance (PSC)

Condensed interim statement of financial position

	Notes	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
ASSETS			
Cash and bank balances		**2,211,880**	5,001,909
Statutory deposit		**4,000,000**	4,000,000
Takaful and other assets		**63,976,985**	49,815,172
Due from a related party	**4**	**-**	2,413,743
Retakaful contract assets	**5**	**16,353,116**	23,137,708
Investments at fair value through profit or loss	**6**	**38,506,389**	39,294,669
Investment properties	**7**	**26,782,360**	26,782,360
Property and equipment		**3,673,282**	4,206,999
Intangible asset		**3,525,939**	4,207,914
Total assets		**159,029,951**	158,860,474
LIABILITIES AND EQUITY			
Liabilities			
Takaful and other payables		**37,172,274**	31,220,040
Takaful contract liabilities	**5**	**50,398,550**	59,090,073
Provision for employees' end of service indemnity		**809,706**	994,012
Total liabilities		**88,380,530**	91,304,125
Equity			
Share capital	**8**	**100,000,000**	150,000,000
Accumulated losses		**(29,350,579)**	(82,443,651)
Total equity		**70,649,421**	67,556,349
Total liabilities and equity		**159,029,951**	158,860,474

Mohamed Ali Abdalla Ali Alsari
Chairman

Wael Al Sharif
Chief Executive Officer

Mohammed Iqbal Basha
Chief Financial Officer

The accompanying notes on pages 7 to 22 form an integral part of the condensed interim financial information.

Takaful Emarat - Insurance (PSC)

Condensed interim statement of comprehensive income – (Unaudited)

	Notes	Three month period ended 30 June 2014	Three month period ended 30 June 2013	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Attributable to policyholders:					
Takaful contributions earned	9	**31,119,884**	22,185,558	**57,223,328**	43,539,693
Retakaful contributions ceded	9	**(10,487,541)**	(13,033,086)	**(19,278,000)**	(25,313,872)
Net earned contributions	9	**20,632,343**	9,152,472	**37,945,328**	18,225,821
Gross claims incurred		**(7,454,156)**	(9,218,441)	**(21,252,382)**	(21,121,346)
Retakaful share of claims incurred		**1,635,085**	4,984,512	**5,348,852**	11,895,090
Net claims incurred		**(5,819,071)**	(4,233,929)	**(15,903,530)**	(9,226,256)
Commission and other expenses		**(8,008,897)**	(3,268,450)	**(12,532,567)**	(5,922,925)
Net change in policyholders' assets held at fair value through profit or loss		**2,546,965**	1,182,558	**1,716,806**	2,721,550
Net change in fair value of policyholders investment linked contracts		**(2,546,965)**	(1,182,558)	**(1,716,806)**	(2,721,550)
Net takaful income		**6,804,375**	1,650,093	**9,509,231**	3,076,640
Wakalah fees	10	**(7,447,934)**	(6,613,641)	**(14,326,666)**	(12,336,122)
Net deficit from takaful operations		**(643,559)**	(4,963,548)	**(4,817,435)**	(9,259,482)
Attributable to shareholders:					
Investment income		**(758,930)**	1,378,172	**2,468,237**	1,853,594
Wakalah fees from policy holders	10	**7,447,934**	6,613,641	**14,326,666**	12,336,122
Other income, net		**1,267,552**	209,583	**3,005,186**	513,144
General and administrative expenses	11	**(6,227,847)**	(8,741,509)	**(11,889,582)**	(17,503,625)
Provision for Qard Hassan to policyholders' fund		**(643,559)**	(4,963,548)	**(4,817,435)**	(9,259,482)
Profit/(loss) for the period attributable to shareholders		**1,085,150**	(5,503,661)	**3,093,072**	(12,060,247)
Basic and diluted profit/(loss) per share	12	**0.01**	(0.06)	**0.03**	(0.12)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive profit/(loss) for the period		**1,085,150**	(5,503,661)	**3,093,072**	(12,060,247)

Takaful Emarat - Insurance (PSC)

Condensed interim statement of changes in equity

	Share capital AED	Accumulated losses AED	Total AED
Balance at 31 December 2012 (Audited)	150,000,000	(65,185,009)	84,814,991
Total comprehensive loss for the period	-	(12,060,247)	(12,060,247)
Balance at 30 June 2013 (Unaudited)	150,000,000	(77,245,256)	72,754,744
Balance at 31 December 2013 (Audited)	**150,000,000**	**(82,443,651)**	**67,556,349**
Less : Reduction in share capital (Note 1)	**(50,000,000)**	**50,000,000**	**-**
Total comprehensive profit for the period	**-**	**3,093,072**	**3,093,072**
Balance at 30 June 2014 (Unaudited)	**100,000,000**	**(29,350,579)**	**70,649,421**

The accompanying notes on pages 7 to 22 form an integral part of the condensed interim financial information.

Takaful Emarat - Insurance (PSC)

Condensed interim statement of cash flows

	Six month period ended 30 June	
	2014	2013
	AED	AED
Cash flows from operating activities		
Profit/(loss) for the period	**3,093,072**	(12,060,247)
Adjustments for:		
Depreciation and amortization	**1,266,950**	1,424,350
Accrued profit on investments at FVTPL	**(165,622)**	(296,566)
Realised gain on sale of investments at FVTPL	**(8,588,278)**	-
Loss/(gain) on revaluation of investments carried at FVTPL	**5,530,159**	(656,865)
Employees' end of service benefits	**(121,215)**	(109,372)
Reversal of impairment of retakaful receivables	**(400,000)**	-
Operating cash flows before changes in operating assets and liabilities	**615,066**	(11,698,700)
Decrease in retakaful contract assets	**6,784,592**	4,539,993
(Increase)/decrease in takaful and other receivables	**(13,596,191)**	1,981,723
Decrease in due from a related party	**2,413,743**	1,000,003
(Decrease)/increase in takaful contract liabilities	**(8,691,523)**	4,904,626
Increase in retakaful and other payables	**5,952,334**	3,012,670
Net cash (used in)/generated from operations	**(6,522,079)**	3,740,315
Payment of employees' end of service benefits	**(63,091)**	(33,982)
Net cash (used in)/generated from operating activities	**(6,585,170)**	3,706,333
Cash flows from investing activities		
Decrease in deposits with banks	**-**	5,714,169
Purchase of investments carried at FVTPL	**(99,063,982)**	(29,894,616)
Proceeds from sale of investments at FVTPL	**102,910,381**	27,768,698
Profit received on investments carried at FVTPL	**-**	27,755
Purchase of property and equipment	**(51,258)**	(1,182,399)
Net cash generated from investing activities	**3,795,141**	2,433,607
Net (decrease)/increase in cash and cash equivalents	**(2,790,029)**	6,139,940
Cash and cash equivalents at beginning of the period	**5,001,909**	11,721,919
Cash and cash equivalents at end of the period (Note 13)	**2,211,880**	17,861,859

The accompanying notes on pages 7 to 22 form an integral part of the condensed interim financial information.

Takaful Emarat - Insurance (PSC)

Notes to the condensed interim financial information for the six month period ended 30 June 2014

1. General information

Takaful Emarat - Insurance (PSC), Dubai, United Arab Emirates (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, concerning formation of Insurance Authority of U.A.E. and organizing its activities in United Arab Emirates.

The Company carries out takaful insurance activities in Health Insurance, Life Insurance and Credit and Saving Insurance in accordance with the Islamic Sharia'a and within the provisions of the Articles of Association of the Company.

The registered address of the Company is P.O. Box 64341, Dubai, United Arab Emirates.

The Company had accumulated losses of AED 82.4 million as at 31 December 2013 which exceeded 50% of its paid up share capital at that date. In accordance with Article 285 of U.A.E. Federal Commercial Law No. 8 of 1984, as amended, if a Joint-Stock Company sustains losses amounting to one half of the capital, the Board of Directors shall convene an Extra-Ordinary General Meeting and resolve whether the Company shall be maintained or dissolved before the term fixed in its Articles of Association. On 2 October 2013, an Extra-Ordinary General Meeting was convened and the shareholders authorised the Board of Directors to take actions necessary to reduce the paid up capital by AED 50 million and offset the amount against accumulated losses. In April 2014, the paid up share capital was decreased by AED 50 million and set off against accumulated losses, following the completion of statutory formalities.

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

2.1 Amendments and interpretations effective for the Company's accounting period beginning on 1 January 2014

The following applicable new IFRIC interpretation and amendments to existing standards have been published and are effective for the Company's accounting period beginning on 1 January 2014.

- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities (effective 1 January 2014).
- Amendment to IAS 36, 'Impairment of assets', address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal (effective 1 January 2014).
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting (effective 1 January 2014).
- IFRIC 21, 'Levies' (effective 1 January 2014), sets out the accounting for an obligation to pay a levy that is not income tax.

Management has assessed the impact of the above amendments and interpretations to existing standards and has concluded that there is no significant impact on the Company's condensed interim financial information.

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

2.2 New standard and amendments not effective for the Company's accounting period beginning on 1 January 2014 and have not been early adopted by the Company

The following new standard and amendments to published standards have been issued but are effective for accounting periods commencing after 1 January 2014 and have not been early adopted by the Company.

- IFRS - 9, 'Financial instruments' (effective 1 January 2018). IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of International Accounting Standard (IAS) 39 – 'Financial Instruments: Recognition and Measurement' that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

- Amendment to IAS 19, 'Employee benefits' (effective 1 July 2014) clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service.

- IAS 24 – 'Related Party Disclosures' (effective 1 January 2016) clarifies how payments to entities providing management services are to be disclosed.

- IFRS 1 – 'First Time Adoption of International Financial Reporting Standards' (effective 1 January 2016) clarifies which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

- IAS 40 – 'Investment Property' (effective 1 January 2016) clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

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

2.2 New standard and amendments not effective for the Company's accounting period beginning on 1 January 2014 and have not been early adopted by the Company (continued)

- IAS 16 – 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' (effective 1 January 2016) brings the following:

  1. clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.

  2. introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

  3. adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

- IFRS 8 – 'Operating Segment' (effective 1 July 2014) requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

- IFRS 13 – 'Fair Value Measurement' (effective 1 July 2014) (a) clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only) (b) clarify the scope of the portfolio exception in paragraph 52.

Management is assessing the impact of the above new standard and amendments to published standards on the Company's condensed interim financial information and does not intend to adopt the above standard and amendments to published standards prior to their respective effective dates.

3. Summary of significant accounting policies

3.1 Basis of preparation

The condensed interim financial information 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 interim financial information is presented in U.A.E. Dirhams (AED) since it is the currency in which the majority of the Company's transactions are denominated.

The condensed interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties.

The accounting policies, presentation and methods, critical accounting judgements and estimates in the condensed interim financial information are consistent with those used in the audited financial information for the year ended 31 December 2013 except for change in accounting estimate described below:

Change in accounting estimate:

During the period, management has changed the useful life of equipment from 5 years to 10 years. The effect of change in accounting estimate is accounted for prospectively in accordance with requirements of IAS – 8 'Accounting Policies, Change in Accounting Estimate and Error'. Change in accounting estimate has resulted in decrease in depreciation expense by AED 190,003 in the current period and in future periods.

The condensed interim financial information for the six month ended 30 June 2014 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards.

4. Related party transactions and balances

Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The terms and conditions of the transactions are mutually agreed by the parties.

At the reporting date, due from a related party is as follows:

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Due from a related party		
Company under common management		
UNIQA Re AG, Switzerland	-	2,413,743

4. Related party transactions and balances (continued)

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Investment property (under construction - GGICO) (Note 7)	**16,282,360**	16,282,360

Compensation of key management personnel

	Three month period ended 30 June		Six month period ended 30 June	
	2014 (Unaudited) AED	**2013 (Unaudited)** AED	**2014 (Unaudited) AED**	2013 (Unaudited) AED
Short term employee benefits	**639,450**	801,558	**1,278,900**	1,724,300
Provision for end of service benefits	**31,972**	23,442	**54,352**	247,869
	671,422	825,000	**1,333,252**	1,972,169

5. Takaful contract liabilities and Retakaful contract assets

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Gross takaful contract liabilities		
Claims reported	**7,988,047**	5,632,562
Claims incurred but not reported	**3,180,749**	4,019,442
Unearned contributions	**27,504,949**	39,460,430
Life takaful provision	**347,179**	316,819
Fair value of policyholders' investment linked contracts	**11,377,626**	9,660,820
	50,398,550	59,090,073

5. Takaful contract liabilities and Retakaful contract assets (continued)

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Retakaful contract assets		
Claims reported	**2,690,903**	2,112,932
Claims incurred but not reported	**528,882**	2,038,287
Unearned contributions	**13,133,331**	18,986,489
	16,353,116	23,137,708
Net takaful contract liabilities		
Claims reported	**5,297,504**	3,519,630
Claims incurred but not reported	**2,651,867**	1,981,155
Unearned contributions	**14,371,618**	20,473,941
Life takaful provision	**347,179**	316,819
Fair value of policyholders investment linked contracts	**11,377,626**	9,660,820
	34,045,794	35,952,365

6. Investments at fair value through profit or loss

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Fair value at beginning of the period/year	**39,294,669**	50,748,997
Purchases during the period/year	**99,063,982**	57,653,904
Disposals during the period/year	**(94,322,103)**	(70,743,235)
(Decrease)/increase in fair value during the period/year	**(5,530,159)**	1,635,003
Fair value at end of the period/year	**38,506,389**	39,294,669

7. Investment properties

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Plot of land	**10,500,000**	10,500,000
Investment property under construction (note 4)	**16,282,360**	16,282,360
	26,782,360	26,782,360

Management is in the process of registering the title deed of the plot of land.

8. Share capital

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Issued and fully paid:		
100,000,000 ordinary shares of AED 1 each (2013: 150,000,000 ordinary shares of AED 1 each)	**100,000,000**	150,000,000

During the six month period ended 30 June 2014, the Company reduced the paid up share capital by AED 50 million by offsetting the amount against accumulated losses as explained in Note 1 to the condensed interim financial information.

9. Net earned contributions

	Three month period ended 30 June 2014			Three month period ended 30 June 2013		
	Medical (Unaudited) AED	**Life and savings (Unaudited) AED**	**Total (Unaudited) AED**	Medical (Unaudited) AED	Life and savings (Unaudited) AED	Total (Unaudited) AED
Gross contributions written	15,448,901	6,903,921	22,352,822	33,864,113	2,072,541	35,936,654
Change in unearned contributions	8,513,503	253,559	8,767,062	(12,927,135)	(823,961)	(13,751,096)
Takaful contributions earned	**23,962,404**	**7,157,480**	**31,119,884**	**20,936,978**	**1,248,580**	**22,185,558**
Retakaful contributions	1,808,355	2,104	1,810,459	16,128,397	247,335	16,375,732
Changes in unearned contributions	8,524,697	152,385	8,677,082	(3,327,004)	(15,642)	(3,342,646)
Retakaful contributions ceded	**10,333,052**	**154,489**	**10,487,541**	**12,801,393**	**231,693**	**13,033,086**
Net earned contributions	**13,629,352**	**7,002,991**	**20,632,343**	**8,135,585**	**1,016,887**	**9,152,472**

9. Net earned contributions (continued)

	Six month period ended 30 June 2014			Six month period ended 30 June 2013		
	Medical (Unaudited) AED	**Life and savings (Unaudited) AED**	**Total (Unaudited) AED**	Medical (Unaudited) AED	Life and savings (Unaudited) AED	Total (Unaudited) AED
Gross contributions written	34,223,960	11,043,886	45,267,847	38,728,860	3,239,367	41,968,227
Change in unearned contributions	11,290,103	665,379	11,955,482	2,285,553	(714,087)	1,571,466
Takaful contributions earned	**45,514,063**	**11,709,265**	**57,223,328**	**41,014,413**	**2,525,280**	**43,539,693**
Retakaful contributions	13,317,577	107,264	13,424,841	18,357,810	199,544	18,557,354
Changes in unearned contributions	5,470,135	383,024	5,853,159	6,518,913	237,605	6,756,518
Retakaful contributions ceded	**18,787,712**	**490,288**	**19,278,000**	**24,876,723**	**437,149**	**25,313,872**
Net earned contributions	**26,726,351**	**11,218,977**	**37,945,328**	**16,137,690**	**2,088,131**	**18,225,821**

10. Wakalah fees

The shareholders manage the takaful operations for the policyholders and charge 10% - 30% of gross takaful contributions as wakalah fees.

11. General and Administrative Expenses

	Six month period ended 30 June	
	2014	2013
	(Unaudited)	**(Unaudited)**
	AED	**AED**
Salaries and other benefits	6,221,889	9,032,700
Rent and related expenses	875,817	853,739
Legal and professional fees	223,940	495,899
license fees and levies	938,056	455,689
Depreciation and amortisation	1,266,950	1,424,350
TPA expenses	505,211	1,619,386
(Reversal)/ provision for doubtful receivables	(400,000)	1,000,000
Other expenses	2,257,719	2,621,862
Total general and administrative expenses	**11,889,582**	**17,503,625**

12. Basic and diluted profit/(loss) per share

	Three month period ended 30 June		Six month period ended 30 June	
	2014	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit/(loss) for the period attributable to shareholders (in AED)	**1,085,150**	(5,503,661)	**3,093,072**	(12,060,247)
Weighted average number of shares outstanding during the period	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Profit / (loss) per share (AED)	**0.01**	(0.06)	**0.03**	(0.12)

In accordance with IAS – 33 'Earnings Per Share', the impact of reduction in shares issued has been considered retrospectively while computing weighted average number of ordinary shares during all period presented.

Diluted profit per share has not been presented since the Company has not issued any instruments which would have an impact on profit per share.

13. Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise of:

	30 June 2014 (Unaudited) AED	30 June 2013 (Unaudited) AED
Cash and bank balances	**2,211,880**	17,861,859

14. 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.
- Investments incorporating deposits with local banks and other investments.

14. Segment information (continued)

	Six month period ended 30 June 2014 (Unaudited)					
	Medical AED	**Underwriting Life AED**	**Total AED**	**Shareholders' investments AED**	**Unallocated Others AED**	**Total AED**
Segment revenue	**45,514,063**	**11,709,265**	**57,223,328**	**2,468,237**	**3,005,186**	**5,473,423**
(Loss)/profit for the period	**(5,809,373)**	**991,938**	**(4,817,435)**	**2,468,237**	**624,835**	**3,093,072**

	Six month period ended 30 June 2013 (Unaudited)					
	Medical AED	Underwriting Life AED	Total AED	Shareholders' investments AED	Unallocated Others AED	Total AED
Segment revenue	41,014,413	2,525,280	43,539,693	1,853,594	513,144	2,366,738
(Loss)/profit for the period	(9,191,486)	(67,996)	(9,259,482)	1,853,594	(13,913,841)	(12,060,247)

14. Segment information (continued)

	As at 30 June 2014 (Unaudited)						
	Medical AED	**Underwriting Life AED**	**Total AED**	**Shareholders' investments AED**	**Unallocated Others AED**	**Total AED**	**Total AED**
Segment assets	**45,902,725**	**12,294,294**	**58,197,019**	**57,911,124**	**42,921,808**	**100,832,932**	**159,029,951**
Segment liabilities	**49,976,540**	**13,528,187**	**63,504,727**	**-**	**24,875,803**	**24,875,803**	**88,380,530**

	As at 31 December 2013 (Audited)						
	Medical AED	Underwriting Life AED	Total AED	Shareholders' investments AED	Unallocated Others AED	Total AED	Total AED
Segment assets	68,225,562	9,141,056	77,366,618	49,794,669	31,699,187	81,493,856	158,860,474
Segment liabilities	70,377,613	12,664,693	83,042,306	-	8,261,819	8,261,819	91,304,125

15. Fair value of financial instruments

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 condensed interim financial information 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.

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).

30 June 2014 (Unaudited)	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
Financial assets				
Investments at fair value through profit or loss				
Quoted securities	**21,063,250**	**-**	**-**	**21,063,250**
Mutual funds	**-**	**17,443,139**	**-**	**17,443,139**
Investment property	**-**	**-**	**26,782,360**	**26,782,360**
	21,063,250	**17,443,139**	**26,782,360**	**65,288,749**
Financial liabilities				
Investment linked contracts	**-**	**11,377,626**	**-**	**11,377,626**

15. Fair value of financial instruments (continued)

31 December 2013 (Audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets				
Investments at fair value through profit or loss				
Quoted equities	22,843,345	-	-	22,843,345
Mutual funds	-	16,451,324	-	16,451,324
Investment property	-	-	26,782,360	26,782,360
	22,843,345	16,451,324	26,782,360	66,077,029
Financial liabilities				
Investment linked contracts	-	9,660,820	-	9,660,820

There were no transfers between levels during the period.

16. Contingencies and commitments

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Letters of guarantee	**446,950**	187,127

17. Policyholders' fund

	30 June 2014 AED (Unaudited)	31 December 2013 AED (Audited)
Balance at the beginning of the period/year	**(28,971,654)**	(8,701,793)
Deficit for the period/year attributable to participants	**(4,817,435)**	(20,269,861)
Balance at the end of the period/year	**(33,789,089)**	(28,971,654)
Qard Hassan from shareholders	**33,789,089**	28,971,654
Total deficit in policyholders' fund	**-**	-

18. Comparative figures

Certain figures for the prior period/year have been reclassified to conform with the presentation in the current period.

19. Approval of condensed interim financial information

The condensed interim financial information were approved and authorised for issue on 12 August 2014.