DAR AL TAKAFUL PJSC

Review report and interim financial information
for the nine months period ended 30 September 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 30 September 2014 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the nine 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.)

Samir Madbak
Registration No. 386
3 November 2014

Condensed statement of financial position at 30 September 2014

	Notes	30 September 2014 Unaudited AED	31 December 2013 Audited AED
ASSETS			
Takaful operations' assets			
Investment in securities	4	**331,928**	364,784
Deferred policy cost		**7,571,781**	5,126,229
Retakaful assets	5	**33,112,375**	28,674,910
Takaful and other receivables		**70,997,345**	51,017,991
Cash and cash equivalents	6	**3,105,137**	2,437,049
Total takaful operations' assets		**115,118,566**	87,620,963
Shareholders' assets			
Property and equipment		**12,676,663**	11,330,358
Intangible assets		**319,640**	237,280
Investment properties	7	**22,305,280**	13,750,000
Investment in securities	4	**22,745,151**	20,891,882
Restricted deposits	8	**6,000,000**	6,000,000
Wakala deposits		**13,567,875**	15,000,000
Due from participants		**16,930,821**	8,892,065
Advances, prepayments and other receivables	9	**15,929,229**	1,706,272
Cash and cash equivalents	6	**12,441,230**	25,611,396
Total shareholders' assets		**122,915,889**	103,419,253
Total assets		**238,034,455**	191,040,216
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
Takaful operations' liabilities			
Deferred discount		**3,121,902**	2,037,083
Takaful contract liabilities	5	**120,211,972**	97,599,114
Takaful payables		**37,243,685**	26,396,813
Due to shareholders		**16,930,821**	8,892,065
Total takaful operations' liabilities		**177,508,380**	134,925,075

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

Condensed statement of financial position at 30 September 2014 (continued)

	Notes	30 September 2014 Unaudited AED	31 December 2013 Audited AED
Takaful operations' deficit			
Qard Hassan against deficit in participants' fund		**(62,106,231)**	(47,090,846)
Less: Provision against Qard Hassan to participants' fund		**62,106,231**	47,090,846
Available-for-sale investments reserve		**(283,584)**	(213,266)
Total deficit from takaful operations		**(283,584)**	(213,266)
Total takaful operations' liabilities and deficit		**177,224,796**	134,711,809
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Other liabilities		**4,046,058**	2,686,739
Total shareholders' liabilities		**4,046,058**	2,686,739
Shareholders' equity			
Share capital	10	**100,000,000**	100,000,000
Statutory reserve		**84,072**	84,072
Accumulated losses		**(43,453,149)**	(46,585,232)
Available-for-sale investments reserve		**132,678**	142,828
Total shareholders' equity		**56,763,601**	53,641,668
Total shareholders' liabilities and equity		**60,809,659**	56,328,407
Total takaful operations' liabilities and deficit, shareholders' liabilities and equity		**238,034,455**	191,040,216

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 nine months period ended 30 September 2014

	3 months period ended 30 September 2014 AED	3 months period ended 30 September 2013 AED	9 months period ended 30 September 2014 AED	9 months period ended 30 September 2013 AED
Attributable to participants'				
Underwriting income				
Gross contribution written	**43,212,158**	20,665,954	**108,504,923**	77,685,376
Movement in unearned contributions	**(11,661,094)**	5,811,814	**(21,751,562)**	(3,824,781)
Takaful contributions revenue	**31,551,064**	26,477,768	**86,753,361**	73,860,595
Retakaful share of contributions	**(10,063,437)**	(4,260,965)	**(32,231,434)**	(18,601,410)
Movement in retakaful share of unearned contributions	**(49,567)**	(647,518)	**4,687,320**	6,247,764
Net retakaful share of contributions	**(10,113,004)**	(4,908,483)	**(27,544,114)**	(12,353,646)
Net takaful revenue	**21,438,060**	21,569,285	**59,209,247**	61,506,949
Policy and other fees	**223,337**	95,165	**434,483**	294,326
Discount received on retakaful contributions	**1,380,178**	844,743	**3,892,180**	2,372,756
Total underwriting income	**23,041,575**	22,509,193	**63,535,910**	64,174,031
Underwriting expenses				
Claims incurred	**(21,314,818)**	(16,251,559)	**(56,786,193)**	(52,316,501)
Retakaful share of claims incurred	**5,985,504**	1,745,356	**17,615,357**	7,182,991
Net claims incurred	**(15,329,314)**	(14,506,203)	**(39,170,836)**	(45,133,510)
Policy acquisition cost	**(3,771,671)**	(2,817,962)	**(9,317,324)**	(7,735,421)
Excess of loss retakaful	**(842,040)**	(358,875)	**(1,953,347)**	(1,249,902)
Other underwriting expenses	**(205,247)**	(97,544)	**(513,247)**	(365,345)
Total underwriting expenses	**(20,148,272)**	(17,780,584)	**(50,954,754)**	(54,484,178)
Net underwriting income	**2,893,303**	4,728,609	**12,581,156**	9,689,853
Wakala fees	**(10,307,354)**	(5,545,777)	**(25,888,785)**	(20,576,808)
Expenses allocated to participants	**(640,918)**	(588,734)	**(1,748,787)**	(1,583,464)
Net deficit from takaful operations	**(8,054,969)**	(1,405,902)	**(15,056,416)**	(12,470,419)
Investment income	**32,612**	22,643	**43,551**	71,409
Mudarib's fee	**-**	-	**(2,520)**	(1,655)
Deficit for the period attributable to participants'	**(8,022,357)**	(1,383,259)	**(15,015,385)**	(12,400,665)

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

Condensed statement of income (unaudited)
for the nine months period ended 30 September 2014 (continued)

		3 months period ended 30 September		9 months period ended 30 September	
		2014	2013	**2014**	2013
		AED	AED	**AED**	AED
Attributable to Shareholders'					
Income					
Wakala fees from participants'		**10,307,354**	5,545,777	**25,888,785**	20,576,808
Mudarib's fee		**-**	-	**2,520**	1,655
Investment income		**3,955,107**	2,003,524	**9,585,864**	3,994,517
		14,262,461	7,549,301	**35,477,169**	24,572,980
Expenses					
General and administrative expenses		**(5,639,394)**	(4,935,722)	**(17,329,701)**	(14,757,417)
Income for the period before Qard Hassan		**8,623,067**	2,613,579	**18,147,468**	9,815,563
Provision against Qard Hassan to participants'		**(8,022,357)**	(1,383,259)	**(15,015,385)**	(12,400,665)
Profit/(loss) for the period attributable to shareholders'		**600,710**	1,230,320	**3,132,083**	(2,585,102)
Basic earnings/(loss) per share	11	**0.006**	0.012	**0.031**	(0.026)

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

Condensed statement of comprehensive income (unaudited)
for the nine months period ended 30 September 2014

	3 months period ended 30 September		9 months period ended 30 September	
	2014	2013	**2014**	2013
	AED	AED	**AED**	AED
Attributable to participants'				
Loss for the period	**(8,022,357)**	(1,383,259)	**(15,015,385)**	(12,400,665)
Other comprehensive income/(loss)				
Items that maybe reclassified subsequently to profit or loss:				
Unrealised gain/(loss) on available-for-sale investments	**24,970**	13,000	**(70,318)**	12,740
Other comprehensive income/(loss) for the period	**24,970**	13,000	**(70,318)**	12,740
Total comprehensive loss for the period attributable to participants'	**(7,997,387)**	(1,370,259)	**(15,085,703)**	(12,387,925)
Attributable to shareholders'				
Profit/(loss) for the period	**600,710**	1,230,320	**3,132,083**	(2,585,102)
Other comprehensive income/(loss)				
Items that maybe reclassified subsequently to profit or loss:				
Unrealised gain/(loss) on available-for-sale investments	**281,541**	(71,855)	**11,950**	(72,919)
Items that will not be reclassified subsequently to profit or loss				
Transfer from equity on sale of available-for-sale investments	**-**	-	**(22,100)**	-
Other comprehensive income/(loss) for the period	**281,541**	(71,855)	**(10,150)**	(72,919)
Total comprehensive income/(loss) for the period attributable to shareholders'	**882,251**	1,158,465	**3,121,933**	(2,658,021)

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

Condensed statement of changes in equity
for the nine months period ended 30 September 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	-	-	(2,585,102)	-	(2,585,102)
Other comprehensive loss for the period	-	-	-	(72,919)	(72,919)
Total comprehensive loss for the period	-	-	(2,585,102)	(72,919)	(2,658,021)
Balance at 30 September 2013 (Unaudited)	100,000,000	-	(49,926,980)	121,441	50,194,461
Balance at 31 December 2013 (Audited)	100,000,000	84,072	(46,585,232)	142,828	53,641,668
Profit for the period	-	-	3,132,083	-	3,132,083
Other comprehensive loss for the period	-	-	-	(10,150)	(10,150)
Total comprehensive income for the period	-	-	3,132,083	(10,150)	3,121,933
Balance at 30 September 2014 (Unaudited)	**100,000,000**	**84,072**	**(43,453,149)**	**132,678**	**56,763,601**

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

Condensed statement of cash flows (unaudited) for the nine months period ended 30 September 2014

	Nine months period ended 30 September	
	2014	2013
	AED	AED
Cash flows from operating activities		
Profit/(loss) for the period	**3,132,083**	(2,585,102)
Adjustments for:		
Depreciation of property and equipment	**839,016**	1,013,329
Amortisation of intangible assets	**56,212**	-
Changes in the fair value of financial assets carried at fair value through profit or loss	**(172,114)**	(1,226,938)
Realised gain on sale of available for sale investments	**(303,633)**	-
Realised gain on disposal of financial assets carried at fair value through profit or loss	**(7,889,426)**	-
Income from wakala deposits	**(183,269)**	(766,004)
Provision against qard hassan to participants' fund	**15,015,385**	12,400,665
Provision for employees' end of service benefits	**365,813**	254,686
Operating cash flows before changes in operating assets and liabilities	**10,860,067**	9,090,636
Increase in qard hassan to participants' fund	**(15,015,385)**	(12,400,665)
Increase in takaful and other receivables	**(19,979,354)**	(15,630,767)
Increase in deferred policy cost	**(2,445,552)**	(187,381)
Increase in retakaful assets	**(4,437,465)**	(8,733,679)
Increase in advances, prepayments and other receivables	**(14,222,957)**	(1,093,188)
Increase in takaful contract liabilities	**22,612,858**	11,082,960
Increase in takaful payables	**10,846,872**	13,867,084
Increase/(decrease) in other liabilities	**1,099,466**	(659,135)
Increase in deferred discount	**1,084,819**	513,931
Cash used in operations	**(9,596,631)**	(4,150,204)
Employee's end of service benefits paid	**(105,960)**	(99,923)
Net cash used in operating activities	**(9,702,591)**	(4,250,127)
Cash flows from investing activities		
Purchase of property and equipment	**(2,185,321)**	(919,299)
Acquisition of intangible assets	**(138,572)**	-
Purchase of investment securities	**(30,432,504)**	(6,311,219)
Proceeds from disposal of investment securities	**36,896,796**	-
Purchase of investment properties	**(8,555,280)**	(10,844,725)
Income received on wakala deposits	**183,269**	544,215
Decrease in wakala deposits	**1,432,125**	15,000,000
Net cash used in investing activities	**(2,799,487)**	(2,531,028)
Net decrease in cash and cash equivalents	**(12,502,078)**	(6,781,155)
Cash and cash equivalents at the beginning of the period	**28,048,445**	36,513,884
Cash and cash equivalents at the end of the period (Note 6)	**15,546,367**	29,732,729

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

Notes to the condensed financial statements
for the nine months period ended 30 September 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 U.A.E. 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.

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
• 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.	1 January 2014
• 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.	1 January 2014
• 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.	1 January 2014

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: 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.	1 January 2014

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.	When IFRS 9 is first applied
• IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
• 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. 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. Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	1 January 2018

Notes to the condensed financial statements
for the nine months period ended 30 September 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 *(continued)* IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. 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 provided that the relevant date of the initial application is before 1 February 2015.	
• IFRS 15 Revenue from Contracts with Customers: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2017
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 July 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
• Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016
• Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016

Notes to the condensed financial statements
for the nine months period ended 30 September 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 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
• Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• Amendments to IAS 19 Employee Benefits 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

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's condensed 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, except for IFRS 9, may have no material impact on the condensed financial statements of the Company in the period of initial application.

Management anticipates that IFRS 9 will be adopted in the Company's condensed 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.

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 nine months period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

Notes to the condensed financial statements
for the nine months period ended 30 September 2014 (continued)

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

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:

		30 September 2014 Unaudited AED	31 December 2013 Audited AED
Quoted equity securities in U.A.E.		**3,361,000**	3,501,369
Unquoted equity securities in U.A.E.		**2,000,000**	-
Quoted debt securities in U.A.E.		**3,680,683**	3,680,683
Unquoted debt securities in U.A.E.		**2,002,950**	2,016,190
	(A)	**11,044,633**	9,198,242

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:

		30 September 2014 Unaudited AED	31 December 2013 Audited AED
Quoted equity securities outside U.A.E.		**-**	1,872,609
Quoted equity securities in U.A.E.		**12,032,446**	10,185,815
	(B)	**12,032,446**	12,058,424
Attributable to:			
Participants		**331,928**	364,784
Shareholders		**22,745,151**	20,891,882
	(A + B)	**23,077,079**	21,256,666

Notes to the condensed financial statements
for the nine months period ended 30 September 2014 (continued)

4. Investment in securities (continued)

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

	30 September 2014 Unaudited AED	31 December 2013 Audited AED
Gross		
Takaful contract liabilities:		
Unearned contribution	**77,187,567**	55,436,005
Claims reported unsettled	**29,943,334**	31,763,593
Claims incurred but not reported	**13,081,071**	10,399,516
Total takaful contract liabilities, gross	**120,211,972**	97,599,114
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution	**20,218,428**	15,531,108
Claims reported unsettled	**5,079,604**	7,812,447
Claims incurred but not reported	**7,814,343**	5,331,355
Total retakaful share of takaful liabilities	**33,112,375**	28,674,910
Net		
Unearned contribution	**56,969,139**	39,904,897
Claims reported unsettled	**24,863,730**	23,951,146
Claims incurred but not reported	**5,266,728**	5,068,161
	87,099,597	68,924,204

Notes to the condensed financial statements
for the nine months period ended 30 September 2014 (continued)

6. Cash and cash equivalents

	30 September 2014 Unaudited AED	31 December 2013 Audited AED
Cash on hand	**119,513**	91,210
Portfolio account	**7,678,545**	353,857
	7,798,058	445,067
Bank balances		
Current accounts	**600,088**	1,895,305
Call accounts	**7,148,221**	6,208,073
Wakala deposits with maturity less than three months	-	19,500,000
	7,748,309	27,603,378
	15,546,367	28,048,445

	30 September 2014 Unaudited AED	31 December 2013 Audited AED
Attributable to:		
Participants	**3,105,137**	2,437,049
Shareholders	**12,441,230**	25,611,396
	15,546,367	28,048,445

Bank balances are maintained with banks in U.A.E.

7. Investment properties

	Nine months period ended 30 September 2014 Unaudited AED	Year ended 31 December 2013 Audited AED
Fair value at the beginning of the period/year	**13,750,000**	-
Additions during the period/year	**8,555,280**	10,844,725
Increase in fair value during the period/year	-	2,905,275
Fair value at the end of the period/year	**22,305,280**	13,750,000

Investment properties represent the fair value of properties located in U.A.E.

7. Investment properties (continued)

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. Advances, prepayments and other receivables

	30 September 2014 Unaudited AED	31 December 2013 Audited AED
Deposits	**321,020**	561,901
Prepaid expenses	**2,229,426**	1,026,063
Other receivables	**378,783**	118,308
Advances for investment properties	**10,000,000**	-
Advances for acquisition of investment securities	**3,000,000**	-
	15,929,229	1,706,272

Advances for investment properties represent payments for acquisition of 32 apartments in Dubai, United Arab Emirates.

10. Share capital

At 30 September 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).

11. Basic earnings/(loss) per share

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	**2014**	2013
	Unaudited	Unaudited	**Unaudited**	Unaudited
Profit/(loss) for the period attributable to shareholders (in AED)	**600,710**	1,230,320	**3,132,083**	(2,585,102)
Number of shares	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Basic earnings/(loss) per share (in AED)	**0.006**	0.012	**0.031**	(0.026)

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:

	30 September 2014 Unaudited AED	31 December 2013 Audited AED
Acquisition of investment properties	**3,875,943**	-
Software development	**145,217**	94,577
Office equipment	**976,675**	-
	4,997,835	94,577

Guarantees

As at 30 September 2014, the Company has bank guarantees against labour and third party commitments for AED 281,020 (31 December 2013: AED 234,000).

Notes to the condensed financial statements
for the nine months period ended 30 September 2014 (continued)

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.

a) Balances with related parties

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

	30 September 2014 Unaudited AED	31 December 2013 Audited AED
Wakala deposit		
Major Shareholders	-	15,000,000
Takaful and other receivables		
Major Shareholders	**870,061**	321,971
Takaful and other payables		
Major Shareholders	**53,248**	116,942

b) Transactions with related parties

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

	Three months period ended 30 September		**Nine months period ended 30 September**	
	2014 Unaudited AED	2013 Unaudited AED	**2014 Unaudited AED**	2013 Unaudited AED
Income from wakala deposits				
Major Shareholder	-	99,375	**37,917**	268,125

Notes to the condensed financial statements
for the nine months period ended 30 September 2014 (continued)

13. Related party transactions (continued)

b) Transactions with related parties (continued)

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

Contributions earned

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	**2014**	2013
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED	AED	**AED**	AED
Major Shareholder	**225,649**	60,122	**422,839**	139,072
Other related parties	**1,598,318**	1,657,825	**2,842,139**	2,776,571
	1,823,967	1,717,947	**3,264,978**	2,915,643

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	**2014**	2013
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED	AED	**AED**	AED
Management charges paid				
Major Shareholder	**97,500**	90,000	**292,500**	270,000

c) Compensation of key management personnel

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	**2014**	2013
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED	AED	**AED**	AED
Short-term benefits	**1,262,138**	992,758	**3,372,712**	2,769,433
Employees' end of service benefits	**61,571**	45,110	**183,318**	134,470
	1,323,709	1,037,868	**3,556,030**	2,903,903

Notes to the condensed financial statements
for the nine months period ended 30 September 2014 (continued)

14. Segment information

Primary segment information

For management purposes the Company is organised into two business segments, general takaful management and investments. The general takaful segment comprises the takaful business undertaken by the Company on behalf of the participants. Investments comprise investment in securities, investment properties 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.

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

Nine months period ended 30 September 2014 (Unaudited)

	General takaful management AED	Investments AED	Total AED
Gross contributions written	108,504,923	-	108,504,923
Changes in unearned contributions	(21,751,562)	-	(21,751,562)
Contributions earned	86,753,361	-	86,753,361
Contributions ceded to retakaful	(27,544,114)	-	(27,544,114)
Net contribution revenue	59,209,247	-	59,209,247
Net claim incurred	(39,170,836)	-	(39,170,836)
Net underwriting expenses	(7,457,255)	-	(7,457,255)
Net underwriting income	12,581,156	-	12,581,156
General and administrative expenses	(1,748,747)	(17,329,701)	(19,078,448)
Mubarib's fee	(2,520)	2,520	-
Wakala (fees)/income	(25,888,785)	25,888,785	-
Investment income	43,511	9,585,864	9,629,375
(Loss)/profit for the period	(15,015,385)	18,147,468	3,132,083
Other comprehensive loss	(70,318)	(10,150)	(80,468)
Total comprehensive (loss)/income for the period	(15,085,703)	18,137,318	3,051,615

Notes to the condensed financial statements
for the nine months period ended 30 September 2014 (continued)

14. Segment information (continued)

Nine months period ended 30 September 2013 (Unaudited)

	General takaful management AED	Investments AED	Total AED
Gross contributions written	77,685,376	-	77,685,376
Changes in unearned contributions	(3,824,781)	-	(3,824,781)
Contributions earned	73,860,595	-	73,860,595
Contributions ceded to retakaful	(12,353,646)	-	(12,353,646)
Net contribution revenue	61,506,949	-	61,506,949
Net claim incurred	(45,133,510)	-	(45,133,510)
Net underwriting expenses	(6,683,586)	-	(6,683,586)
Net underwriting income	9,689,853	-	9,689,853
General and administrative expenses	(1,583,464)	(14,757,417)	(16,340,881)
Mubarib's fee	(1,655)	1,655	-
Wakala (fees)/income	(20,576,808)	20,576,808	-
Investment income	71,409	3,994,517	4,065,926
(Loss)/profit for the period	(12,400,665)	9,815,563	(2,585,102)
Other comprehensive income/(loss)	12,740	(72,919)	(60,179)
Total comprehensive (loss)/income for the period	(12,387,925)	9,742,644	(2,645,281)

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

30 September 2014 (Unaudited)

	General takaful management AED	**Investments AED**	**Total AED**
Total assets	**115,118,565**	**122,915,890**	**238,034,455**
Total liabilities	**177,508,380**	**4,046,058**	**181,554,438**

Notes to the condensed financial statements
for the nine months period ended 30 September 2014 (continued)

14. Segment information (continued)

31 December 2013 (Audited)

	General takaful management AED	Investments 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 nine months period ended 30 September 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 nine months period ended 30 September 2014 (continued)

16. Fair value measurements (continued)

Fair value measurements recognised in the condensed statement of financial position

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 30 September 2014 Unaudited AED	31 December 2013 Audited AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Available for sale						
Quoted equity securities	**3,361,000**	3,501,369	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	**2,000,000**	-	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Quoted debt securities	**3,680,683**	3,680,683	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted debt securities	**2,002,950**	2,016,190	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	**12,032,446**	12,058,424	Level 1	Quoted bid prices in an active market.	None	N/A

Fair value measurements recognised in the condensed 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 nine months period ended 30 September 2014 (continued)

16. Fair value measurements (continued)

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

	Level 1 AED	**Level 2 AED**	**Level 3 AED**	**Total AED**
30 September 2014 (unaudited)				
Investments at FVTPL				
Quoted equities securities	**12,032,446**	-	-	**12,032,446**
AFS Investments				
Unquoted equity securities	-	-	**2,000,000**	**2,000,000**
Quoted equities securities	**3,361,000**	-	-	**3,361,000**
Quoted debt securities	**3,680,683**	-	-	**3,680,683**
Unquoted debt securities	-	-	**2,002,950**	**2,002,950**
Investment property	-	-	**22,305,280**	**22,305,280**
	19,074,129	-	**26,308,230**	**45,382,359**

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 December 2013 (audited)				
Investments at FVTPL				
Quoted equities securities	12,058,424	-	-	12,058,424
AFS Investments				
Quoted equities securities	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	-	15,766,190	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 nine months period ended 30 September 2014 (continued)

16. Fair value measurements (continued)

Fair value of the Company's financial and non financial assets that are measured at fair value on recurring basis (continued)

Reconciliation of movements in level 3 financial assets measured at fair values:

	Nine months period ended 30 September 2014 Unaudited AED	Year ended 31 December 2013 Audited AED
Balance at the beginning of the period/year	**2,016,190**	2,001,100
Purchases during the period/year	**2,000,000**	-
Change in fair value	**(13,240)**	15,090
Balance at the end of the period/year	**4,002,950**	2,016,190

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 3 November 2014.