TAKAFUL EMARAT - INSURANCE (PSC)

Review report and condensed interim financial information for the three month period ended 31 March 2015

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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 31 March 2015 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the three month 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
11 May 2015

Paul Suddaby
Registered Auditor Number 309
United Arab Emirates

Takaful Emarat - Insurance (PSC)

Condensed interim statement of financial position

	Notes	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
ASSETS			
Cash and bank balances		**47,009,844**	23,871,231
Statutory deposit		**4,000,000**	4,000,000
Takaful and other assets	**5**	**210,836,915**	111,510,166
Retakaful contract assets	**6**	**26,614,209**	11,747,865
Investments at fair value through profit or loss	**7**	**39,907,542**	43,560,774
Investment properties	**8**	**31,282,360**	31,282,360
Property and equipment		**3,360,550**	3,427,948
Intangible asset		**2,622,866**	2,861,607
Total assets		**365,634,286**	232,261,951
LIABILITIES AND EQUITY			
Liabilities			
Takaful and other payables		**71,852,099**	43,264,636
Takaful contract liabilities	**6**	**221,129,024**	112,957,295
Provision for employees' end of service benefits		**1,006,607**	1,302,559
Total liabilities		**293,987,730**	157,524,490
Equity			
Share capital	**9**	**100,000,000**	100,000,000
Accumulated losses		**(29,071,555)**	(25,980,650)
Statutory reserve		**718,111**	718,111
Total equity		**71,646,556**	74,737,461
Total liabilities and equity		**365,634,286**	232,261,951

Wael Al Sharif
Chief Executive Officer

Mohammed Iqbal Basha
Chief Financial Officer

Takaful Emarat - Insurance (PSC)

Condensed interim statement of comprehensive income – (Unaudited)

	Notes	Three month period ended 31 March 2015	31 March 2014
Attributable to policyholders:			
Takaful contributions earned	10	**78,678,576**	26,103,444
Retakaful contributions ceded	10	**(11,898,639)**	(8,790,459)
Net earned contributions	10	**66,779,937**	17,312,985
Gross claims incurred		**(50,402,881)**	(13,798,226)
Retakaful share of claims incurred		**4,003,825**	3,713,767
Net claims incurred		**(46,399,056)**	(10,084,459)
Commission and other expenses		**(7,662,991)**	(3,444,913)
Change in reserves		**(3,246,657)**	(1,120,083)
Net change in fair value of policyholders investment linked contracts	11	**(197,020)**	41,326
Net takaful income		**9,274,213**	2,704,856
Wakalah fees	12	**(19,009,605)**	(6,878,732)
Net deficit from takaful operations		**(9,735,392)**	(4,173,876)
Attributable to shareholders:			
Investment (loss)/income		**(6,627,893)**	3,227,167
Wakalah fees from policy holders	12	**19,009,605**	6,878,732
Other income, net		**2,168,627**	1,737,634
General and administrative expenses	13	**(7,905,852)**	(5,661,735)
Provision for Qard Hassan to policyholders' fund		**(9,735,392)**	(4,173,876)
(Loss)/profit for the period attributable to shareholders		**(3,090,905)**	2,007,922
Basic and diluted (loss)/profit per share	14	**(0.03)**	0.02
Other comprehensive income		**-**	-
Total comprehensive (loss)/profit for the period		**(3,090,905)**	2,007,922

Takaful Emarat - Insurance (PSC)

Condensed interim statement of changes in equity

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Total AED
Balance at 1 January 2014 (Audited)	150,000,000	-	(82,443,651)	67,556,349
Total comprehensive profit for the period	-	-	2,007,922	2,007,922
Balance at 31 March 2014 (Unaudited)	150,000,000	-	(80,435,729)	69,564,271
Balance at 1 January 2015 (Audited)	100,000,000	718,111	(25,980,650)	74,737,461
Total comprehensive loss for the period	-	-	(3,090,905)	(3,090,905)
Balance at 31 March 2015 (Unaudited)	100,000,000	718,111	(29,071,555)	71,646,556

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

	Three Month period ended 31 March	
	2015	2014
	AED	AED
Cash flows from operating activities		
(Loss)/profit for the period	**(3,090,905)**	2,007,922
Adjustments for:		
Depreciation and amortization of property and equipment and intangible asset	**584,240**	704,348
Accrued profit on investments at fair value through profit or loss	**-**	(95,484)
Realised loss/(gain) on sale of investments at fair value through profit or loss	**715,709**	(5,921,990)
Loss on revaluation of investments carried at fair value through profit or loss	**5,647,528**	2,564,001
Provision/(reversal) of employees' end of service benefits	**84,641**	(119,097)
Gain on sale of property and equipment	**(19,180)**	-
Provision/(reversal) against receivable	**30,000**	(400,000)
Impairment loss	**-**	49,957
Operating profit/(loss) before working capital changes and payment of employee end of service indemnity	**3,952,033**	(1,210,343)
Employees' end of service benefits paid	**(380,593)**	(40,794)
Operating profit/(loss) before working capital changes	**3,571,440**	(1,251,137)
Working capital changes:		
Changes in retakaful contract assets	**(14,866,344)**	(3,900,322)
Changes in takaful and other receivables	**(99,356,749)**	(377,602)
Change in due from a related party	**-**	2,413,743
Changes takaful contract liabilities	**108,171,729**	(455,370)
Changes in retakaful and other payables	**28,587,463**	4,322,775
Net cash generated from operating activities	**26,107,539**	752,087
Cash flows from investing activities		
Purchase of investments at fair value through profit or loss	**(20,675,486)**	(39,850,867)
Proceeds from sale of investments at fair value through profit or loss	**17,965,481**	40,006,725
Increase in deposits	**(12,000,000)**	-
Purchase of property and equipment	**(295,821)**	(11,900)
Proceeds from sale of property and equipment	**36,900**	-
Net cash (used in)/generated from investing activities	**(14,968,926)**	143,958
Net increase in cash and cash equivalents	**11,138,613**	896,045
Cash and cash equivalents at beginning of the period	**23,871,231**	5,001,909
Cash and cash equivalents at end of the period (Note 15)	**35,009,844**	5,897,954

Notes to the condensed interim financial information for the three month period ended 31 March 2015

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.

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

2.1 Standards, amendments and interpretations that are effective for the Company's accounting period beginning on 1 January 2015

The following applicable new standards, amendments to existing standards and IFRIC interpretation have been published and are effective for the Company's accounting period beginning on 1 January 2015

New standards and significant amendments to standards applicable to the Group	Effective date
Annual improvements 2012 These annual improvements amend standards from the 2010 - 2012 reporting cycle. It includes changes to: ■ IFRS 8, 'Operating segments' which is amended to require disclosure of the judgements made by management in applying the aggregation criteria to operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. ■ IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. ■ IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.	1 July 2014

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

2.1 Standards, amendments and interpretations that are effective for the Company's accounting period beginning on 1 January 2015 (continued)

New standards and significant amendments to standards applicable to the Group	Effective date
Annual improvements 2013 ■ IFRS 13 'Fair value measurement' on clarification of the portfolio exemption in IFRS 13 - The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.	1 July 2014
IAS 19, Defined benefit plans: Employee contributions The amendment clarifies the accounting by entities with plans that require contributions linked only to service in each period. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employees' working lives. Management should consider how it will apply that model.	1 July 2014

There is no impact of these provisions on the condensed interim financial information of the Company.

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

2.2 Standards, amendments and interpretations issued but not yet effective for the Company's accounting period beginning on 1 January 2015 and not early adopted

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortisation. This amendment clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances.	1 January 2016
IAS 1 Amendments to IAS 1, 'Presentation of financial statements' Disclosure initiative The amendments clarify that it may be necessary to disaggregate some of the line items specified in IAS 1 paragraphs 54 (statement of financial position) and 82 (profit or loss). That disaggregation is required where it is relevant to an understanding of the entity's financial position or performance.	1 January 2016
Amendments to IFRS 10 and IAS 28, 'Investments in associates and joint ventures' regarding the sale or contribution of assets between an investor and its associate or joint venture These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.	1 January 2016
Annual improvements 2014 These annual improvements amend standards from the 2012 - 2014 reporting cycle. It includes changes to: ■ IFRS 7, 'Financial instruments: Disclosures' – The amendment related to servicing contracts requires that if an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. ■ IAS 19, 'Employee benefits' – The amendment clarifies, when determining the discount rate for post-employment benefit obligations, that it is the currency that the liabilities are denominated in that is important, not the country where they arise. ■ IAS 34,'Interim financial reporting', regarding information disclosed elsewhere in the interim financial report. The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.	1 July 2016

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

2.2 Standards, amendments and interpretations issued but not yet effective for the Company's accounting period beginning on 1 January 2015 and not early adopted (continued)

IFRS 9, 'Financial instruments' The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.	1 January 2018 Earlier application is permitted. If an entity elects to early apply it must apply all of the requirements at the same time with the following exception: Entities with a date of initial application before 1 February 2015 continue to have the option to apply the standard in phases.

The Company is assessing the impact of the above new standards and amendments to published standards or IFRIC interpretations issued but not yet effective for the Company's financial year beginning on 1 January 2015.

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*".

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 2014.

The condensed interim financial information for the three month period ended 31 March 2015 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 2014, 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:

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Investment property (under construction - GGICO) (Note 8)	**16,282,360**	16,282,360

Compensation of key management personnel

	Three month period ended 31 March	
	2015 (Unaudited) AED	2014 (Unaudited) AED
	788,088	661,830

5. Takaful and other assets

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Takaful receivables	136,631,736	60,726,122
Provision for impairment	(1,582,362)	(1,582,362)
	135,049,374	59,143,760
Advance commission and others	32,185,574	28,237,590
	167,234,948	87,381,350
Due from retakaful companies	9,626,717	8,496,950
Prepaid expenses and other receivables	33,975,250	15,631,867
	210,836,915	111,510,166

Movement in the allowance for doubtful debts:

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Balance at the beginning of the year	1,582,362	1,260,616
Impairment provision made during the period/year (net)	-	600,000
Written off during the period/year	-	(278,254)
Balance at the end of the year	1,582,362	1,582,362

6. Takaful contract liabilities and Retakaful contract assets

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Gross takaful contract liabilities		
Claims reported	**23,846,493**	5,103,610
Claims incurred but not reported	**8,468,664**	3,628,922
Unearned contributions	**170,875,385**	89,522,293
Life takaful provision	**714,493**	661,993
Fair value of policyholders' investment linked contracts	**17,223,989**	14,040,477
	221,129,024	112,957,295
Retakaful contract assets		
Claims reported	**2,238,960**	946,892
Claims incurred but not reported	**1,921,765**	939,205
Unearned contributions	**22,453,484**	9,861,768
	26,614,209	11,747,865
Net takaful contract liabilities		
Claims reported	**21,607,533**	4,156,718
Claims incurred but not reported	**6,546,899**	2,689,717
Unearned contributions	**148,421,901**	79,660,525
Life takaful provision	**714,493**	661,993
Fair value of policyholders investment linked contracts	**17,223,989**	14,040,477
	194,514,815	101,209,430
Movement in payable to policyholders of investment linked contracts		
Opening balance	**14,040,477**	9,660,820
Addition during the period/year (note 11)	**3,443,677**	10,599,004
Disposal during the period/year	**(457,185)**	(6,130,855)
Change in fair value (note 11)	**197,020**	(88,492)
	17,223,989	14,040,477

7. Investments at fair value through profit or loss

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Fair value at beginning of the period/year	**43,560,774**	39,294,669
Purchases during the period/year	**20,675,486**	160,948,765
Disposals during the period/year	**(18,681,190)**	(158,783,274)
(Decrease)/increase in fair value during the period/year	**(5,647,528)**	2,100,614
Fair value at end of the period/year	**39,907,542**	43,560,774

8. Investment properties

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Plot of land	**15,000,000**	15,000,000
Investment property under construction (note 4)	**16,282,360**	16,282,360
	31,282,360	31,282,360

9. Share capital

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Issued and fully paid:		
100,000,000 ordinary shares of AED 1 each	**100,000,000**	100,000,000

10. Net earned contributions

	Three month period ended 31 March 2015			Three month period ended 31 March 2014		
	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	**149,948,275**	**10,083,393**	**160,031,668**	18,775,059	4,139,965	22,915,024
Change in unearned contributions	**(81,537,796)**	**184,704**	**(81,353,092)**	2,776,600	411,820	3,188,420
Takaful contributions earned	**68,410,479**	**10,268,097**	**78,678,576**	21,551,659	4,551,785	26,103,444
Retakaful contributions	**23,981,718**	**508,637**	**24,490,355**	11,509,222	105,160	11,614,382
Change in unearned contributions	**(12,728,714)**	**136,998**	**(12,591,716)**	(3,054,562)	230,639	(2,823,923)
Retakaful contributions ceded	**11,253,004**	**645,635**	**11,898,639**	8,454,660	335,799	8,790,459
Net earned contributions	**57,157,475**	**9,622,462**	**66,779,937**	13,096,999	4,215,986	17,312,985

Notes to the condensed interim financial information for the three month period ended 31 March 2015 (continued)

11. Change in reserves

	Three month period ended 31 March	
	2015 (Unaudited) AED	**2014 (Unaudited) AED**
Change in reserve relating to life products	**3,443,677**	1,078,757
Less : change in fair value	**(197,020)**	41,326
	3,246,657	1,120,083

12. Wakalah fees

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

13. General and administrative expenses

	Three month period ended 31 March	
	2015 (Unaudited) AED	2014 (Unaudited) AED
Salaries and other benefits	**4,167,404**	3,034,670
Rent and related expenses	**414,475**	415,329
Legal and professional fees	**32,199**	(100,001)
license fees and levies	**42,000**	177,244
Depreciation and amortization	**584,240**	704,348
TPA expenses	**450,000**	112,313
Provision/(reversal) for doubtful receivables	**30,000**	(400,000)
Other expenses	**2,185,534**	1,717,832
	7,905,852	5,661,735

Notes to the condensed interim financial information for the three month period ended 31 March 2015 (continued)

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

	Three month period ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to shareholders (in AED)	**(3,090,905)**	2,007,922
Weighted average number of shares outstanding during the period	**100,000,000**	100,000,000
(Loss)/profit per share (AED)	**(0.03)**	0.02

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

15. Cash and cash equivalents

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

	31 March 2015	31 March 2014
	(Unaudited)	(Unaudited)
	AED	AED
Cash and bank balances	**47,009,844**	5,897,954
Less: Deposits maturing more than three months	**(12,000,000)**	-
	35,009,844	5,897,954

16. Segment information

For management purpose the Company is organised into two business segements; general takaful management and investment. The general takaful management comprise the takaful business undertaken by the Company on behalf of policyholders. Investment comprises 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 wakalah fees and Qard Hassan, no other inter-segment transactions occurred during the year. If any other transactions 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 transactions between business segments which will then be eliminated on consolidation as shown below.

16. Segment information (continued)

	Three months ended 31 March 2015						Three months ended 31 March 2014					
	Underwriting				Shareholders		Underwriting				Shareholders	
	Medical AED	Life AED	Total AED	Investments AED	Others AED	Total AED	Medical AED	Life AED	Total AED	Investments AED	Others AED	Total AED
Segment revenue	**68,410,479**	**10,268,097**	**78,678,576**	**(6,627,893)**	**2,168,627**	**(4,459,266)**	21,551,659	4,551,785	26,103,444	3,227,167	1,737,634	4,964,801
Segment result	**8,650,924**	**623,289**	**9,274,213**	**(6,627,893)**	**2,168,627**	**(4,459,266)**	1,668,541	1,036,315	2,704,856	3,227,167	1,737,634	4,964,801
Wakalah fees	**(18,559,684)**	**(449,921)**	**(19,009,605)**		**19,009,605**	**19,009,605**	(6,465,498)	(413,234)	(6,878,732)		6,878,732	6,878,732
Loss attributable to policy holders			**(9,735,392)**						(4,173,876)			
Unallocated costs						**(17,641,244)**						(9,835,611)
Net Profit/(loss) for the year						**(3,090,905)**						2,007,922

16. Segment information (continued)

	As at 31 March 2015(Unaudited)						
	Underwriting						
	Medical AED	Life and savings AED	Total AED	Shareholders' investments AED	Unallocated Others AED	Total AED	Total AED
Segment assets	**182,464,591**	**19,940,484**	**202,405,075**	**72,966,508**	**90,262,703**	**163,229,211**	**365,634,286**
Segment liabilities	**241,159,794**	**20,185,574**	**261,345,368**	**-**	**32,642,362**	**32,642,362**	**293,987,730**

	As at 31 December 2014(Audited)						
	Underwriting						
	Medical AED	Life and savings AED	Total AED	Shareholders' investments AED	Unallocated Others AED	Total AED	Total AED
Segment assets	103,574,376	16,987,409	120,561,785	71,802,657	39,897,509	111,700,166	232,261,951
Segment liabilities	113,196,107	20,151,420	133,347,527	-	24,176,963	24,176,963	157,524,490

17. 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 2014.

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).

31 March 2015 (Unaudited)	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
Financial assets				
Investments at fair value through profit or loss				
Quoted securities	18,575,814	-	-	18,575,814
Mutual funds	-	21,331,728	-	21,331,728
Investment property	-	15,000,000	-	15,000,000
	18,575,814	36,331,728	-	54,907,542
Financial liabilities				
Investment linked contracts	-	17,223,989	-	17,223,989

17. Fair value of financial instruments (continued)

31 December 2014 (Audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets				
Investments at fair value through profit or loss				
Quoted equities	24,423,789	-	-	24,423,789
Mutual funds	-	19,136,985	-	19,136,985
Investment property	-	15,000,000	-	15,000,000
	24,423,789	34,136,985	-	58,560,774
Financial liabilities				
Investment linked contracts	-	14,040,477	-	14,040,477

There were no transfers between levels during the period.

18. Contingencies and commitments

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Letters of guarantee	**485,950**	446,950

19. Policyholders' fund

	31 March 2015 AED (Unaudited)	31 December 2014 AED (Audited)
Balance at the beginning of the period/year	**(43,894,560)**	(28,971,654)
Deficit for the period/year attributable to participants	**(9,735,392)**	(14,922,906)
Balance at the end of the period/year	**53,629,952**	(43,894,560)
Qard Hassan from shareholders	**(53,629,952)**	43,894,560
Total deficit in policyholders' fund	**-**	-

20. Comparative figures

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

21. Approval of condensed interim financial information

The condensed interim financial information were approved and authorised for issue on 11 May 2015.