Dar Al Takaful PJSC
Dubai – United Arab Emirates

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

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, Dubai, United Arab Emirates**, as at 31 March 2015 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the three month 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*' ("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 interim financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)

Musa Ramahi
Registration No. 872
12 May 2015

Condensed statement of financial position
at 31 March 2015

	Notes	31 March 2015 Unaudited AED	31 December 2014 Audited AED
ASSETS			
Takaful operations' assets			
Investment in securities	4	**373,090**	290,263
Deferred policy cost		**8,498,626**	7,567,652
Retakaful assets	5	**47,210,095**	31,578,266
Takaful and other receivables		**99,037,446**	71,787,584
Cash and cash equivalents	6	**2,051,880**	3,237,056
Total takaful operations' assets		**157,171,137**	114,460,821
Shareholders' assets			
Property and equipment		**13,394,177**	13,410,810
Intangible assets		**470,803**	465,133
Investment properties	7	**41,798,936**	41,798,936
Investment in securities	4	**17,756,356**	15,218,452
Restricted deposit	8	**6,000,000**	6,000,000
Wakala deposits		**16,567,875**	16,567,875
Due from participants		**13,279,581**	11,441,012
Prepayments and other receivables	9	**16,367,382**	18,617,976
Cash and cash equivalents	6	**9,634,276**	6,321,981
Total shareholders' assets		**135,269,386**	129,842,175
Total assets		**292,440,523**	244,302,996

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

Condensed statement of financial position
at 31 March 2015 (continued)

	Notes	31 March 2015 Unaudited AED	31 December 2014 Audited AED
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
Takaful operations' liabilities			
Deferred discount		**7,364,293**	4,568,082
Takaful contract liabilities	5	**147,364,908**	121,632,906
Takaful payables		**57,596,344**	41,037,949
Due to shareholders		**13,279,581**	11,441,012
Total takaful operations' liabilities		**225,605,126**	178,679,949
Takaful operations' deficit			
Qard Hassan against deficit in participants' fund		**(68,238,146)**	(63,931,382)
Less: Provision against Qard Hassan to participants' fund		**68,238,146**	63,931,382
Available-for-sale investments reserve		**(195,843)**	(287,746)
Total deficit from takaful operations		**(195,843)**	(287,746)
Total takaful operations' liabilities and deficit		**225,409,283**	178,392,203
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Other liabilities		**9,852,870**	9,466,995
Total shareholders' liabilities		**9,852,870**	9,466,995
Shareholders' equity			
Share capital	10	**100,000,000**	100,000,000
Statutory reserve		**540,483**	540,483
Accumulated losses		**(42,251,591)**	(42,477,530)
Available-for-sale investments reserve		**(1,110,522)**	(1,619,155)
Total shareholders' equity		**57,178,370**	56,443,798
Total shareholders' liabilities and equity		**67,031,240**	65,910,793
Total takaful operations' liabilities and deficit, shareholders' liabilities and equity		**292,440,523**	244,302,996

Abdulsalam

Abdul Salam Ali
Chief Financial Officer

Saleh Al Hashimi
Managing Director

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

Condensed statement of income (unaudited)
for the three month period ended 31 March 2015

	Three month period ended 31 March 2015 AED	31 March 2014 AED
Attributable to participants		
Underwriting income		
Gross contribution written	**64,101,822**	25,748,992
Movement in unearned contributions	**(19,151,789)**	1,641,715
Takaful contributions revenue	**44,950,033**	27,390,707
Retakaful share of contributions	**(31,205,262)**	(9,280,924)
Movement in retakaful share of unearned contributions	**13,497,395**	907,207
Net retakaful share of contributions	**(17,707,867)**	(8,373,717)
Net takaful revenue	**27,242,166**	19,016,990
Policy and other fees	**239,465**	80,004
Discount received on retakaful contributions	**3,159,090**	1,136,438
Total underwriting income	**30,640,721**	20,233,432
Underwriting expenses		
Claims incurred	**(32,972,041)**	(15,119,713)
Retakaful share of claims incurred	**14,279,573**	2,854,864
Net claims incurred	**(18,692,468)**	(12,264,849)
Policy acquisition cost	**(3,929,451)**	(2,764,159)
Excess of loss retakaful	**(640,199)**	(507,702)
Other underwriting expenses	**(286,562)**	(121,536)
Total underwriting expenses	**(23,548,680)**	(15,658,246)
Net underwriting income	**7,092,041**	4,575,186
Wakala fees	**(10,818,980)**	(6,271,087)
Expenses allocated to participants	**(572,338)**	(867,102)
Net deficit from takaful operations	**(4,299,277)**	(2,563,003)
Investment (loss)/income	**(7,487)**	46,777
Deficit for the period attributable to participants	**(4,306,764)**	(2,516,226)

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

Condensed statement of income (unaudited)
for the three month period ended 31 March 2015 (continued)

	Note	Three month period ended 31 March 2015 AED	2014 AED
Attributable to shareholders			
Income			
Wakala fees from participants		**10,818,980**	6,271,087
Investment income		**219,856**	3,906,602
		11,038,836	10,177,689
Expense			
General and administrative expenses		**(6,506,133)**	(5,604,792)
Profit for the period before Qard Hassan		**4,532,703**	4,572,897
Provision against Qard Hassan to participants		**(4,306,764)**	(2,516,226)
Profit for the period attributable to shareholders		**225,939**	2,056,671
Earnings per share	11	**0.002**	0.021

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

Condensed statement of comprehensive income (unaudited) for the three month period ended 31 March 2015

	Three month period ended 31 March	
	2015	2014
	AED	AED
Attributable to participants		
Loss for the period	**(4,306,764)**	(2,516,226)
Other comprehensive income		
Items that maybe reclassified subsequently to profit or loss		
Unrealised gain on available-for-sale investments	**91,903**	17,420
Other comprehensive income for the period	**91,903**	17,420
Total comprehensive loss for the period attributable to participants	**(4,214,861)**	(2,498,806)
Attributable to shareholders		
Profit for the period	**225,939**	2,056,671
Other comprehensive income		
Items that maybe reclassified subsequently to profit or loss		
Unrealised gain on available-for-sale investments	**508,633**	191,723
Other comprehensive income for the period	**508,633**	191,723
Total comprehensive income for the period attributable to shareholders	**734,572**	2,248,394

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

Condensed statement of changes in equity
for the three month period ended 31 March 2015

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Available -for-sale investments reserve AED	Total AED
Balance at 31 December 2013 (Audited)	100,000,000	84,072	(46,585,232)	142,828	53,641,668
Profit for the period	-	-	2,056,671	-	2,056,671
Other comprehensive income for the period	-	-	-	191,723	191,723
Total comprehensive income for the period	-	-	2,056,671	191,723	2,248,394
Balance at 31 March 2014 (Unaudited)	100,000,000	84,072	(44,528,561)	334,551	55,890,062
Balance at 31 December 2014 (Audited)	100,000,000	540,483	(42,477,530)	(1,619,155)	56,443,798
Profit for the period	-	-	225,939	-	225,939
Other comprehensive income for the period	-	-	-	508,633	508,633
Total comprehensive income for the period	-	-	225,939	508,633	734,572
Balance at 31 March 2015 (Unaudited)	**100,000,000**	**540,483**	**(42,251,591)**	**(1,110,522)**	**57,178,370**

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

Condensed statement of cash flows (unaudited)
for the three month period ended 31 March 2015

	Three month period ended 31 March	
	2015	2014
	AED	AED
Cash flows from operating activities		
Profit for the period	**225,939**	2,056,671
Adjustments for:		
Depreciation of property and equipment	**384,630**	330,799
Amortisation of intangible assets	**47,418**	22,417
Changes in the fair value of financial assets carried at FVTPL	**567,616**	(2,996,921)
Realised gain on available-for-sale investments	**(17,810)**	(15,490)
Realised loss on sale of financial assets carried at FVTPL	**7,172**	-
Income from wakala deposits	**(51,989)**	(91,008)
Rental income	**(238,087)**	(199,733)
Provision for doubtful receivables	**-**	587,544
Provision against qard hassan to participants' fund	**4,306,764**	2,516,226
Provision for employees' end of service benefits	**103,636**	127,553
Operating cash flows before changes in operating assets and liabilities	**5,335,289**	2,338,058
Increase in takaful and other receivables	**(27,249,862)**	(2,801,729)
(Increase)/decrease in retakaful assets	**(15,631,829)**	89,881
Decrease/(increase) in prepayments and other receivables	**2,250,594**	(8,249,109)
Increase/(decrease) in takaful contract liabilities	**25,732,002**	(4,010,720)
Increase in takaful payables	**16,558,395**	5,802,970
Increase in other liabilities	**295,880**	1,729,409
(Increase)/decrease in deferred policy cost	**(930,974)**	569,988
Qard hassan to participants' fund	**(4,306,764)**	(2,516,226)
Increase in deferred discount	**2,796,211**	275,573
Cash generated from/(used in) operations	**4,848,942**	(6,771,905)
Employee's end of service benefits paid	**(13,641)**	(72,578)
Net cash generated from/(used in) operating activities	**4,835,301**	(6,844,483)
Cash flows from investing activities		
Purchase of property and equipment	**(367,997)**	(403,426)
Purchase of intangible assets	**(53,088)**	-
Purchase of investments in securities	**(2,614,088)**	(3,000,000)
Proceeds from sale of investment securities	**36,915**	1,030,980
Income received on wakala deposits	**51,989**	49,894
Rental income received	**238,087**	246,690
Wakala deposit made – net	**-**	(13,500,000)
Net cash used in investing activities	**(2,708,182)**	(15,575,862)
Net increase/(decrease) in cash and cash equivalents	**2,127,119**	(22,420,345)
Cash and cash equivalents at the beginning of the period	**9,559,037**	28,048,445
Cash and cash equivalents at the end of the period (Note 6)	**11,686,156**	5,628,100

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

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

1. General information

Dar Al Takaful PJSC (the "Company") is incorporated as a public joint stock company in accordance with the Federal Law No. 8 of 1984 (as amended) relating to commercial companies in the UAE. The Company carries out general takaful (Insurance), retakaful (reinsurance) and investments in accordance with the teachings of Islamic Sharia'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 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 ("IFRS")

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

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

New and revised IFRS	***Effective for annual periods beginning on or after***
• 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

2.2 New and revised IFRS 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 IFRS	***Effective for annual periods beginning on or after***
• 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. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model. A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	1 January 2018

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

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRS	*Effective for annual periods beginning on or after*
• IFRS 14 *Regulatory Deferral Accounts* issued in January 2014 specifies the financial reporting requirements for 'regulatory deferral account balance' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.	1 January 2016
• 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 and IAS 19.	1 July 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	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
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	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

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's condensed financial statements for the period of initial application 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.

The application of the finalised version of IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's condensed financial statements in respect of Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application until the Company performs a detailed review.

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 2014.

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 2014. In addition, results for the three month period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 2014.

The articles of association of the Company require that separate accounts be maintained for takaful operations on behalf of the participants.

The accounting policies disclosed in the annual audited financial statements for the year ended 31 December 2014 are stated below as required by Securities and Commodities Authority notification dated 12 October 2008.

Property and equipment

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Capital work-in-progress (CWIP) is not depreciated.

Depreciation is provided on a straight line basis over the useful lives of the following classes of assets:

• Building	40 years
• Furniture and fixtures	4 years
• Office equipment	3 years
• Vehicles	5 years

3. Significant accounting policies (continued)

Property and equipment (continued)

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate at each financial year end.

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognised.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenditure is recognised in the statement of income as the expense is incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are amortised over the useful economic life of three years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the statement of income.

Amortisation is calculated on a straight line basis over the estimated useful lives of the assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of income when the asset is derecognised.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is stated at its fair value at the end of each reporting period. Gains or losses arising from changes in the fair value of investment property are included in the statement of income.

Financial assets

The effective profit method is a method of calculating the amortised cost of a financial asset and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

'Other financial assets' comprise of: cash and cash equivalents, takaful and other receivables.

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

3. Significant accounting policies (continued)

Financial assets (continued)

Cash and cash equivalent

Cash and cash equivalent include cash on hand and deposits held with banks (excluding deposits held under lien) with original maturities of three months or less.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or profit earned on the financial asset and is included in the statement of comprehensive income.

Available-for-sale' (AFS) financial assets

The Company has investments that are not traded in an active market and are classified as AFS financial assets and stated at fair value because management considers that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative change in fair values with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative change in fair values is reclassified to profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

3. Significant accounting policies (continued)

Financial assets (continued)

Other financial assets

Other financial assets are measured at amortised costs using the effective profit method, less any impairment. Profit income is recognised by applying the effective profit rate, except for short-term receivables when the recognition of profit would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in profit or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial assets, such as takaful receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective profit rate. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of takaful receivables, where the carrying amount is reduced through the use of an allowance account. When a takaful receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in statement of income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to statement of income in the period.

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

3. Significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained profit in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

4. Investment in securities

4.1 *Available-for-sale investments*

Available-for-sale investments comprise the following:

		31 March 2015 Unaudited AED	31 December 2014 Audited AED
Quoted equity securities in U.A.E.		**7,307,827**	6,707,291
Quoted debt securities in U.A.E.		**3,680,683**	3,680,683
Unquoted debt securities in U.A.E.		**4,021,410**	4,003,600
	(A)	**15,009,920**	14,391,574

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

4. Investment in securities (continued)

4.2 Financial assets carried at fair value through profit or loss

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

		31 March 2015 Unaudited AED	31 December 2014 Audited AED
Quoted equity securities in U.A.E.		**3,119,526**	1,117,141
	(B)	**3,119,526**	1,117,141
Attributable to:			
Participants		**373,090**	290,263
Shareholders		**17,756,356**	15,218,452
	(A + B)	**18,129,446**	15,508,715

Available-for-sale investments with fair value of AED 6.14 million (31 December 2014: AED 5.74 million) are registered in the name of a related party on trust and for the benefit of the Company.

5. Takaful contract liabilities and retakaful assets

	31 March 2015 Unaudited AED	31 December 2014 Audited AED
Gross		
Takaful contract liabilities:		
Unearned contribution	**101,316,123**	82,164,334
Claims reported unsettled	**39,916,741**	32,470,585
Claims incurred but not reported	**6,132,044**	6,997,987
Total takaful contract liabilities, gross	**147,364,908**	121,632,906

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

5. Takaful contract liabilities and retakaful assets (continued)

	31 March 2015 Unaudited AED	31 December 2014 Audited AED
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution	**38,136,700**	24,639,305
Claims reported unsettled	**9,073,395**	6,938,961
Total retakaful share of takaful liabilities	**47,210,095**	31,578,266
Net		
Unearned contribution	**63,179,423**	57,525,029
Claims reported unsettled	**30,843,346**	25,531,624
Claims incurred but not reported	**6,132,044**	6,997,987
	100,154,813	90,054,640

6. Cash and cash equivalents

	31 March 2015 Unaudited AED	31 December 2014 Audited AED
Cash on hand	**255,030**	47,540
Bank balances		
Current accounts	**1,087,767**	2,572,761
Call accounts	**10,343,359**	6,938,736
	11,686,156	9,559,037
Attributable to:		
Participants	**2,051,880**	3,237,056
Shareholders	**9,634,276**	6,321,981
	11,686,156	9,559,037

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

7. Investment properties

	31 March 2015 Unaudited AED	31 December 2014 Audited AED
Fair value at the beginning of the period/year	**41,798,936**	13,750,000
Additions during the period/year	-	23,169,500
Increase in fair value during the period/year	-	4,879,436
Fair value at the end of the period/year	**41,798,936**	41,798,936

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. The fair value is mainly based on unobservable inputs (i.e. level 3). All investment properties are located in U.A.E

8. Restricted deposit

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

9. Prepayments and other receivables

	31 March 2015 Unaudited AED	31 December 2014 Audited AED
Deposits	**482,860**	414,925
Prepaid expenses	**1,329,905**	1,257,600
Brokerage	**12,094,554**	14,690,953
Advance	**2,000,000**	2,000,000
Other receivables	**460,063**	254,498
	16,367,382	18,617,976

10. Share capital

At 31 March 2015, the issued and fully paid share capital comprised 100,000,000 shares of AED 1 each (31 December 2014: 100,000,000 shares of AED 1 each).

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

11. Earnings per share

Earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	Three month period ended 31 March	
	2015	2014
	Unaudited	Unaudited
Profit for the period attributable to shareholders (in AED)	**225,939**	2,056,671
Weighted average number of ordinary shares outstanding during the period	**100,000,000**	100,000,000
Basic and diluted earnings per share (in AED)	**0.002**	0.021

Diluted earnings per share as of 31 March 2015 and 31 March 2014 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

12. Commitments and guarantees

Commitments

The Company has the following commitments at the reporting date:

	31 March 2015 Unaudited AED	31 December 2014 Audited AED
Software development	**57,303**	79,803

Guarantees

As at 31 March 2015, the Company has bank guarantees against labour and third party commitments for AED 284,020 (31 December 2014: AED 281,020).

13. Related party transactions

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

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

13. Related party transactions (continued)

a) Balances with related parties

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

	31 March 2015 Unaudited AED	31 December 2014 Audited AED
Wakala deposit		
Major Shareholders	**146,813**	-
Takaful and other receivables		
Major Shareholders	**99,229**	101,830
Takaful and other payables		
Major Shareholders	**125,695**	90,390

b) Transactions with related parties

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

	Three month period ended 31 March	
	2015 Unaudited AED	2014 Unaudited AED
Income from wakala deposits		
Major Shareholders	-	37,917
Contributions earned		
Major Shareholders	**30,870**	7,444
Other related parties	**133,386**	187,212
	164,256	194,656
Management charges paid		
Major Shareholders	**97,500**	97,500

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

13. Related party transactions (continued)

c) Compensation of key management personnel

	Three month period ended 31 March	
	2015	2014
	Unaudited	Unaudited
	AED	AED
Short-term benefits	**1,138,916**	997,133
Employees' end of service benefits	**60,641**	44,537
	1,199,557	1,041,670

14. Segment information

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

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

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

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

14. Segment information (continued)

Three month period ended 31 March 2015 (Unaudited)

	Takaful AED	**Investment AED**	**Total AED**
Gross contributions written	**64,101,822**	**-**	**64,101,822**
Movement in unearned contributions	**(19,151,789)**	**-**	**(19,151,789)**
Takaful contributions revenue	**44,950,033**	**-**	**44,950,033**
Net retakaful share of contributions	**(17,707,867)**	**-**	**(17,707,867)**
Net takaful revenue	**27,242,166**	**-**	**27,242,166**
Claims (net of retakaful share)	**(18,692,468)**	**-**	**(18,692,468)**
Net underwriting expenses	**(1,457,657)**	**-**	**(1,457,657)**
Net underwriting income	**7,092,041**	**-**	**7,092,041**
General and administrative expenses	**(572,338)**	**(6,506,133)**	**(7,078,471)**
Wakala (fees)/income	**(10,818,980)**	**10,818,980**	**-**
Investment (loss)/income	**(7,487)**	**219,856**	**212,369**
(Loss)/profit for the period	**(4,306,764)**	**4,532,703**	**225,939**
Other comprehensive income	**91,903**	**508,633**	**600,536**
Total comprehensive (loss)/income for the period	**(4,214,861)**	**5,041,336**	**826,475**

Three month period ended 31 March 2014 (Unaudited)

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

14. Segment information (continued)

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

31 March 2015 (Unaudited)

	Takaful AED	**Investment AED**	**Total AED**
Total assets	**157,171,137**	**135,269,386**	**292,440,523**
Total liabilities	**225,605,126**	**9,852,870**	**235,457,996**

31 December 2014 (Audited)

	Takaful AED	Investment AED	Total AED
Total assets	114,460,821	129,842,175	244,302,996
Total liabilities	178,679,949	9,466,995	188,146,944

15. Seasonality of results

No income of seasonal nature was recorded in the condensed statement of income for the three month period ended 31 March 2015 and 2014.

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 2014.

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

16. Fair value measurements (continued)

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

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

Financial assets	Fair value as at 31 March 2015 Unaudited AED	31 December 2014 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	**7,307,827**	6,707,291	Level 1	Quoted bid prices in an active market	None	N/A
Quoted debt securities	**3,680,683**	3,680,683	Level 1	Quoted bid prices in an active market	None	N/A
Unquoted debt securities	**4,021,410**	4,003,600	Level 2	Discounted cash flow method	None	N/A
Financial assets at FVTPL						
Quoted equity securities	**3,119,526**	1,117,141	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).

17. Fatwa and Sharia'a Supervisory Board

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

18. Approval of condensed financial statements

The condensed financial statements were approved by the Board of Directors and authorised for issue on 12 May 2015.