

**Dubai Islamic Insurance &
Reinsurance Co. (Aman) (PSC)
Dubai - United Arab Emirates**

**Review report and interim
financial information
for the period from 1 January 2015
to 31 March 2015**

Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)

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Report on Review of Interim Financial Information

The Board of Directors
Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)** (the "Company") and its Subsidiaries (collectively the "Group") as of 31 March 2015 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2015 to 31 March 2015. Management of the Group 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.

Emphasis of matter

We draw attention to note 21 to the condensed consolidated financial statements which explains that the Company entered into an agreement with the former Chief Executive Officer (CEO) on 9 July 2013 for the payment for and/or transfer of certain assets and investments that were held by him on trust and for the benefit of the Group. As of the date of this report, assets with a total carrying value of AED 19.92 million which are still in his name or owing from him, have not been yet transferred or paid to the Group. The Board of Directors is confident that this agreement will result in the realization of a minimum of the carrying value of assets and therefore no adjustments to the carrying value of the assets are required.

Our conclusion is not qualified in respect of the above matter.

Deloitte & Touche (M.E.)



Musa Ramahi
Registration Number 872
14 May 2015

**Condensed consolidated statement of financial position
as at 31 March 2015**

	Note	31 March 2015 (Un-audited) AED	31 December 2014 (Audited) AED
ASSETS			
Cash and bank balances	4	68,425,038	69,531,926
Retakaful contract assets	5	215,744,635	215,450,357
Takaful receivables		89,647,488	68,370,485
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	6	105,417,565	114,506,374
Other financial assets measured at fair value through profit and loss (FVTPL)	6	16,800,000	21,795,800
Prepayments and other receivables		23,026,627	13,575,082
Due from related parties	15	15,755,835	7,441,904
Investment property	7	70,000,000	70,000,000
Furniture and equipment		3,413,145	3,605,335
Total Assets		608,230,333	584,277,263
LIABILITIES, POLICY HOLDERS' FUND AND EQUITY			
Liabilities			
Due to Bank		18,094,018	20,001,463
Trade and other payables		69,903,134	68,776,126
Takaful and Retakaful payables		61,431,933	57,683,516
Due to a related party	15	1,259,677	1,259,677
Takaful contract liabilities	5	334,555,800	303,872,373
Murabaha and Ijara payables		16,796,409	17,568,101
Amounts held under Retakaful treaties		3,684,320	3,760,605
Total liabilities		505,725,291	472,921,861
Policyholders' fund			
Deficit in policyholders' fund		(140,809,735)	(125,473,562)
Qard Hassan from shareholders		140,809,735	125,473,562
Policyholders' investments revaluation reserve	8	(15,189,600)	(13,510,863)
Total deficit in policyholders' fund		(15,189,600)	(13,510,863)
Total Policyholders' Fund and Liabilities		490,535,691	459,410,998
Equity			
Share capital	9	225,750,000	225,750,000
Statutory reserve	10	18,729,615	18,729,615
General reserve	11	18,729,615	18,729,615
Investments revaluation reserve - FVTOCI		(67,048,060)	(59,637,987)
Accumulated losses		(69,789,357)	(69,926,025)
Equity attributable to shareholders of the Parent		126,371,813	133,645,218
Non-controlling interest		(8,677,171)	(8,778,953)
Total Equity		117,694,642	124,866,265
Total Liabilities, Policyholders' Fund and Equity		608,230,333	584,277,263

Jihad Fattoum
Chief Executive Officer

Basel Mohammad Al Kufairy
Executive Director - Finance

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

**Condensed consolidated income statement (Un-audited)
for the period from 1 January 2015 to 31 March 2015**

	Notes	Three month period ended 31 March	
		2015 AED (Un-audited)	2014 AED (Un-audited)
Attributable to policyholders			
Takaful income			
Takaful contributions		74,333,516	64,085,382
Retakaful contributions ceded		(36,342,008)	(27,217,510)
Net Takaful contributions		37,991,508	36,867,872
Commission received on ceded retakaful		2,724,549	3,869,597
Policy and survey fees		4,770,264	3,818,451
		45,486,321	44,555,920
Takaful expenses			
Gross claims incurred		(37,507,430)	(54,454,154)
Retakaful share of claims		9,061,411	27,586,166
Net claims incurred		(28,446,019)	(26,867,988)
Commissions paid		(4,606,283)	(5,828,854)
Excess of loss of Takaful contributions		(1,372,167)	(2,666,991)
		(34,424,469)	(35,363,833)
Net Takaful income		11,061,852	9,192,087
Wakala fees	12	(26,002,194)	(17,246,055)
Net loss from Takaful operations		(14,940,342)	(8,053,968)
Investment (loss)/income	13	(395,831)	1,446,864
Mudarib's share	12	-	(361,716)
Loss for the period		(15,336,173)	(6,968,820)
Attributable to shareholders			
Income			
Investment (loss)/income	13	(1,721,433)	6,202,749
Wakala fees from policyholders	12	26,002,194	17,246,055
Mudarib's share from policyholders	12	-	361,716
Other income		4,651,186	1,419,718
		28,931,947	25,230,238
Expenses			
General and administrative expenses		(13,357,324)	(13,114,384)
Contribution of Qard Hasan to policyholders' fund		(15,336,173)	(6,968,820)
Profit for the period		238,450	5,147,034
Attributable to:			
Shareholders of the parent		136,668	5,628,314
Non-controlling interests		101,782	(481,280)
		238,450	5,147,034
Earnings per share	14	0.0006	0.0249

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

Condensed consolidated statement of comprehensive income (Un-audited)
for the period from 1 January 2015 to 31 March 2015

	Three month period ended	
	31 March	
	2015	2014
	(Un-audited)	(Un-audited)
	AED	AED
Profit for the period	238,450	5,147,034
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Changes in fair value of financial assets carried at fair value through other comprehensive income	(7,410,073)	17,455,398
Other comprehensive (loss)/income for the period	(7,410,073)	17,455,398
Total comprehensive (loss)/income for the period	(7,171,623)	22,602,432
Attributable to:		
Shareholders of the Parent	(7,273,405)	23,083,712
Non-controlling interests	101,782	(481,280)
	(7,171,623)	22,602,432

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

**Condensed consolidated statement of changes in equity
for the period from 1 January 2015 to 31 March 2015**

	Share capital AED	Statutory reserve AED	General reserve AED	Investments revaluation reserve - FVTOCI AED	Accumulated losses AED	Equity attributable to shareholders of the Parent AED	Non- controlling interests AED	Total AED
Balance at 1 January 2014 (Audited)	225,750,000	18,004,919	18,004,919	(63,768,809)	(69,254,375)	128,736,654	(7,030,069)	121,706,585
Profit/(loss) for the period	-	-	-	-	5,628,314	5,628,314	(481,280)	5,147,034
Other comprehensive income for the period	-	-	-	17,455,398	-	17,455,398	-	17,455,398
Realized gain on sale of financial assets carried at fair value through other comprehensive income	-	-	-	(1,592,914)	1,592,914	-	-	-
Total other comprehensive income/(loss) for the period	-	-	-	15,862,484	7,221,228	23,083,712	(481,280)	22,602,432
Balance at 31 March 2014 (Un-audited)	225,750,000	18,004,919	18,004,919	(47,906,325)	(62,033,147)	151,820,366	(7,511,349)	144,309,017
Balance at 1 January 2015 (Audited)	225,750,000	18,729,615	18,729,615	(59,637,987)	(69,926,025)	133,645,218	(8,778,953)	124,866,265
Profit for the period	-	-	-	-	136,668	136,668	101,782	238,450
Other comprehensive loss for the period	-	-	-	(7,410,073)	-	(7,410,073)	-	(7,410,073)
Total other comprehensive (loss)/income for the period	-	-	-	(7,410,073)	136,668	(7,273,405)	101,782	(7,171,623)
Balance at 31 March 2015 (Un-audited)	225,750,000	18,729,615	18,729,615	(67,048,060)	(69,789,357)	126,371,813	(8,677,171)	117,694,642

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

**Condensed consolidated statement of cash flows (Un-audited)
for the period from 1 January 2015 to 31 March 2015**

	Three months period ended 31 March	
	2015	2014
	(Un-audited)	(Un-audited)
	AED	AED
Cash flows from operating activities		
Profit for the period	238,450	5,147,034
Adjustments for:		
Depreciation of furniture and equipment	350,831	482,075
Loss/(gain) on sale of investments measured at FVTPL, net	3,983,886	(6,320,437)
Provision for employees' end of service benefits	394,753	253,777
Dividend income	(1,520,675)	(1,155,935)
Profit income	(184,762)	(63,976)
	3,262,483	(1,657,462)
Changes in operating assets and liabilities:		
Increase in retakaful contract assets	(294,278)	(23,030,413)
Increase in takaful receivables	(21,407,028)	(1,086,393)
(Increase)/decrease in prepayments and other receivables	(9,451,545)	123,191
Increase in takaful contract liabilities	30,683,426	30,548,359
(Decrease)/increase in amounts held under retakaful treaties	(76,285)	34,530
Increase in Takaful and retakaful payables	3,748,417	1,505,853
Increase/(decrease) in trade and other payables	778,849	(2,225,375)
Increase in due to a related party	-	75,000
Increase in due from related parties	(8,313,931)	(10,604,995)
	(1,069,892)	(6,317,705)
Cash used in operations	(1,069,892)	(6,317,705)
Employees' end of service benefits paid	(46,594)	-
	(1,116,486)	(6,317,705)
Net cash used in operating activities	(1,116,486)	(6,317,705)
Cash flows from investing activities		
Purchase of furniture and equipment	(158,641)	(43,116)
Increase in fixed deposits with banks	-	(3,658,908)
Purchase of other financial assets measured at FVTPL	(701,561)	(18,414,287)
Proceeds from sale of other financial assets measured at FVTPL	1,713,475	9,662,248
Proceeds from sale of other financial assets measured at FVTOCI	-	8,155,431
Dividend income received	1,520,675	1,155,935
Profit income received	314,787	63,976
	2,688,735	(3,078,721)
Net cash from/(used in) investing activities	2,688,735	(3,078,721)
Financing activities		
Repayment of Ijara payable	(820,000)	-
Receipts from Murabaha financing	48,308	-
(Decrease)/increase in due to a bank	(1,907,445)	550,856
	(2,679,137)	550,856
Net cash (used in)/from financing activities	(2,679,137)	550,856
Net decrease in cash and cash equivalents	(1,106,888)	(8,845,570)
Cash and cash equivalents at the beginning of the period	34,531,926	41,500,203
Cash and cash equivalents at the end of the period (Note 4)	33,425,038	32,654,633

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

Notes to the condensed consolidated financial statements for the period from 1 January 2015 to 31 March 2015

1. General information

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC) (the “Company”) is a public shareholding Company and is registered under the Commercial Companies Law of 1984 (as amended). The Company carries out general Takaful (insurance) business in accordance with the teachings of Islamic Sharia'a. The Company is also licensed to engage in reinsurance and life Takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates.

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003.

The Company mainly issues short term Takaful contracts in connection with motor, marine, fire and engineering, general accident risks and Company life and medical risks (collectively known as general Takaful). The Company also invests in investment securities and properties.

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

The Company with its subsidiaries are together referred to as the “Group” in these condensed consolidated financial statements. At 31 March 2015, the Company had the following subsidiaries:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership profit %	Proportion of voting power held %	Principal activity
Nawat Investments L.L.C.	United Arab Emirates	100.00	100.00	Investment in commercial, industrial and agricultural enterprises and management
Technik Auto Service Centre Co. L.L.C	United Arab Emirates	100.00	100.00	Vehicles' repair services
Amity Health L.L.C.	United Arab Emirates	51.00	51.00	Medical billing services

The former CEO (who resigned during 2013 - see Note 21) holds 1% of Nawat Investments L.L.C and a related party holds 1% of Technik Auto Service Centre Co. L.L.C on behalf and for the benefit of the Group.

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 consolidated financial statements

The following revised IFRS, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these condensed consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current period and prior year but may affect the accounting for future transactions or arrangements.

- 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.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

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

2.2 New and revised standards and interpretation are in issue but not yet effective

The Group has not applied the following new and revised standards and interpretation that have been issued but are not yet effective:

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
Finalised version of IFRS 9 (IFRS 9 <i>Financial Instruments</i> (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
IFRS 15 <i>Revenue from Contracts with Customers</i>: 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 <i>Interests in Joint Operations</i>.	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 consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

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

2.2 New and revised standards and interpretation are in issue but not yet effective (continued)

<u><i>New and revised IFRS</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
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 Group’s condensed consolidated financial statements for the period of initial applicaiton and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the condensed consolidated financial statements of the Group 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 Group’s condensed consolidated financial statements in respect of Group’s financial assets and financial liabilities. However, it is not practical to provide a reasonable estimate of effects of the application until the Group performs a detailed review.

3. Accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The condensed consolidated financial statements of the Group is prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standard Board and also complies with the applicable requirements of the laws in the U.A.E. The accounting policies applied in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended 31 December 2014.

The condensed consolidated financial statements do not include all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s consolidated financial statements as of 31 December 2014. In addition, results for the three months ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

3. Accounting policies (continued)

Significant judgments and key sources of estimation uncertainty

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2014.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

4. Cash and bank balances

	31 March 2015 AED (Un-audited)	31 December 2014 AED (Audited)
Cash on hand	3,576,498	1,113,467
Bank balances:		
Current accounts	29,848,540	33,418,459
Fixed deposits	35,000,000	35,000,000
	<u>68,425,038</u>	<u>69,531,926</u>
	=====	=====

For cash flow purposes, the cash and cash equivalents is analyzed as follows:

	31 March 2015 AED (Un-audited)	31 March 2014 AED (Un-audited)
Bank balances and cash	68,425,038	71,313,541
Less: Fixed deposits under lien and maturity over three months from the date of deposits	<u>(35,000,000)</u>	<u>(38,658,908)</u>
Cash and cash equivalents	<u>33,425,038</u>	<u>32,654,633</u>
	=====	=====

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

5. Retakaful contract assets and Takaful contract liabilities

	Contract Liabilities		Contract Assets		Net	
	31 March	31 December	31 March	31 December	31 March	31 December
	2015	2014	2015	2014	2015	2014
	AED	AED	AED	AED	AED	AED
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
Unearned contributions	154,388,615	125,662,875	88,797,330	80,837,417	65,591,285	44,825,458
Additional reserve	33,351,754	23,280,586	-	-	33,351,754	23,280,586
Outstanding claims	146,815,431	154,928,912	126,947,305	134,612,940	19,868,126	20,315,972
	334,555,800	303,872,373	215,744,635	215,450,357	118,811,165	88,422,016

6. Other financial assets measured at fair value

	31 March	31 December
	2015	2014
	(Un-audited)	(Audited)
	AED	AED
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	57,819,440	66,908,249
- Unlisted	47,598,125	47,598,125
	105,417,565	114,506,374
Financial assets measured at fair value through profit and loss (FVTPL) (B)		
Financial assets measured at FVTPL	16,800,000	21,795,800
Total other financial assets measured at fair value (A+B)	122,217,565	136,302,174

Investments by geographical area are as follows:

	31 March	31 December
	2015	2014
	(Un-audited)	(Audited)
	AED	AED
- Within U.A.E.	59,635,671	69,785,105
- Outside U.A.E.	62,581,894	66,517,069
	122,217,565	136,302,174

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

6. Other financial assets measured at fair value (continued)

- i. FVTOCI listed and unlisted securities are carried at a value of AED 105,417,565 (2014: AED 114,506,374), with a decline in their fair value from original acquisition cost amounting to AED 82,237,660 (2014: AED 73,148,850). Of this amount, AED 67,048,060 (2014: AED 59,637,987) is deducted from shareholders' equity and AED 15,189,600 (2014: AED 13,510,863) is deducted from policyholders' fund in accordance with the allocation of investment losses to the shareholders and policyholders as approved by the Group's Fatwa and Sharia'a Supervisory Board at 31 December 2014.
- ii. Unlisted securities are carried at fair value at a value of AED 47,598,125 (2014: AED 47,598,125) mainly represent the Group's investments in shares of companies registered in Dubai, Algeria, Kuwait and certain other international markets.
- iii. The Group holds shares of Al Salam Bank - Bahrain and Al Salam Bank - Algeria which are held by the former CEO (who resigned during 2013 - see Note 21) on behalf and for the benefit of the Group [Note 15(a)].

7. Investment property

	31 March 2015 AED (Un-audited)	31 December 2014 AED (Audited)
Balance at beginning of the year	70,000,000	62,352,585
Gain on revaluation of investment property	-	7,647,415
Balance at end of the year	70,000,000 =====	70,000,000 =====

The investment property comprises a plot of land purchased in 2007. The Group used the fair value model permitted under IAS 40 for determining the carrying value of the investment property. The property is subject to a facility from a local Islamic bank and is mortgaged as security against an Ijara payable. The valuation as of 31 December 2014, which conforms to international valuation standards, was arrived at by reference to market evidence of transaction prices for comparable properties, and was determined by the land department in Dubai. The Group's management reassessed this valuation internally during the three months period ended 31 March 2015 and no material differences were noted.

The fair value of the Group's investment property is based on unobservable inputs i.e. level 3.

8. Policyholders investment revaluation reserve

The Group transfers to the policyholders their share of investment revaluation reserve FVTOCI from the shareholders' equity on pro rata basis. The percentage of such allocation for 31 March 2015 is identical to that used for 31 December 2014 and approved by the Company's Fatwa and Sharia'a Supervisory Board. This allocation will be revised and finalised by year end once the Board approval is obtained.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

9. Share capital

	31 March 2015 (Un-audited) AED	31 December 2014 (Audited) AED
Issued and fully paid:		
225,750,000 (2013: 225,750,000) ordinary shares of AED 1 each	225,750,000	225,750,000

10. Statutory reserve

In accordance with the UAE Federal Commercial Companies Law No. 8 of 1984 and the Company's Articles of Association, 10% of the net profit for the year is required to be transferred to statutory reserve. No transfers have been made during the three months period ended 31 March 2015, as this will be based on the results for the year. The reserve is not available for distribution except in the circumstances stipulated by the law.

11. General reserve

The Group is required to transfer 10% of the profit for the year to a general reserve in accordance with its Articles of Association. No transfer has been made to the general reserve during the three months period ended 31 March 2015, as this will be based on the results for the year.

12. Wakala fees and Mudarib's share

The Group manages the Takaful operations for the policyholders and charges 25% of the gross Takaful contributions net of gross unearned contribution as Wakala fees (2014: 25%). During the period, no Wakala fee was charged on gross Takaful contributions amounting to AED 9,121,649 (2014: AED 9,331,924) as the Group retained insignificant risk on such contributions and commission income from such business was significantly lower than the normal commission. Management, therefore, decided not to charge Wakala fee on these Takaful contributions. The Wakala fee was charged on a total gross contribution of AED 104,008,777 (2014: AED 68,984,219).

Wakala fee is calculated as follows:

	Three months period ended 31 March 2015 (Un-audited) AED	2014 (Un-audited) AED
Gross Takaful contributions	267,519,041	208,981,902
Less: Unearned contribution	(154,388,615)	(130,665,759)
Net Takaful contributions	113,130,426	78,316,143
Less: Takaful contributions not subject to Wakala fee	(9,121,649)	(9,331,924)
	104,008,777	68,984,219
Percentage	25%	25%
Wakala fee for the period	26,002,194	17,246,055

The Group also manages the policyholders' investment funds and is entitled to 25% of net investment income earned by the policyholders' investment funds as the Mudarib's share. The Mudarib's share was nil for the period as policyholders incurred losses on their investment funds (2014: AED 361,716).

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

13. Investment (loss)/income

	Three months period ended 31 March	
	2015	2014
	AED	AED
	(Un-audited)	(Un-audited)
(Loss)/gain on investments measured at FVTPL, net	(3,983,886)	6,320,437
<i>Other investment income</i>		
Income from investment deposits	184,762	63,976
Dividend income	1,520,675	1,155,935
Rental income	125,000	109,265
Other	36,185	-
	(2,117,264)	7,649,613
<i>Allocated to:</i>		
Policyholders	(395,831)	1,446,864
Shareholders	(1,721,433)	6,202,749
	(2,117,264)	7,649,613

Investment (loss)/income is allocated amongst the shareholders and the policyholders on a pro rata basis. The percentage of allocation for 31 March 2015 is identical to that used for 31 December 2014 and approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.

14. Basic and diluted earnings per share

Earnings per share are calculated by dividing profit attributable to the shareholders of the parent for the period by the weighted average number of shares outstanding during the period as follows:

	Three months period ended 31 March	
	2015	2014
	(Un-audited)	(Un-audited)
Profit for the period (AED)	136,668	5,628,314
Weighted average number of shares outstanding during the period	225,750,000	225,750,000
Earnings per share (AED)	0.0006	0.0249

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

15. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The management decides on the terms and conditions of the transactions with related parties. At the reporting date, amounts due from/to related parties were included in the following accounts:

The significant balances outstanding at reporting date in respect of related parties included in the condensed consolidated financial statements are as follows:

	31 March 2015 (Un-audited)			31 December 2014 (Audited)		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Investment deposits	-	5,000,000	5,000,000	-	5,000,000	5,000,000
Carrying value of investments in ordinary shares [Note 15(a)]	-	39,784,284	39,784,284	-	40,715,230	40,715,230
Contributions receivable	825,384	-	825,384	897,189	-	897,189
Cash and bank balances	-	4,842,129	4,842,129	-	4,570,312	4,570,312
Due from related parties [Note 15(b)]	-	15,755,835	15,755,835	-	7,441,904	7,441,904
Due to a related party	-	1,259,677	1,259,677	-	1,259,677	1,259,677

- (a) A major shareholder, who is a member of the Board of Directors, is also a Board Member of Al Salam Bank - Algeria and Al Salam Bank - Bahrain. The Group has equity investments in Al Salam Bank - Algeria and Al Salam Bank - Bahrain amounting AED 39.8 million (31 December 2014: AED 40.7 million). The acquisition price of these transactions was approved by the Board of Directors at the time of the transactions.

Out of the total shareholding at the reporting date, 106,530 shares amounting AED 11 million of Al Salam Bank - Algeria are held by the former CEO (who resigned during 2013 and no longer qualifies as a related party- see Note 21) on trust and for the benefit of the Group and the total shares of Al Salam Bank - Bahrain (5,476,149 shares amounting AED 5.86 million) are held by a company controlled by the former CEO (who resigned during 2013 and no longer qualifies as a related party- see Note 21), in trust and for the benefit of the Group. Refer to note 21 for further details.

- (b) Due from related parties represents the following:

	2015 AED (Un-audited)	2014 AED (Audited)
<i>Entities owned by the Chairman of the Board of Directors</i>		
Fast Rent A Car LLC, United Arab Emirates	8,739,376	2,860,844
Emirates Cab LLC, United Arab Emirates	4,017,451	770,045
Emirates Taxi LLC, United Arab Emirates	2,802,696	3,713,081
Fast Service Centre LLC, United Arab Emirates	21,671	934
City Transport CAP LLC, United Arab Emirates	77,641	-
<i>Shareholder of a subsidiary</i>		
Agility Global Health Solutions (Pty) Ltd, UAE	97,000	97,000
Total	15,755,835	7,441,904

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

15. Related party transactions (continued)

The income and expenses in respect of related parties included in the condensed consolidated financial statements are as follows:

	31 March 2015 (Un-audited)			31 March 2014 (Un-audited)		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Gross contributions	110,333	12,062,296	12,172,629	75,845	10,606,599	10,682,444
Gross claims	46,250	8,242,157	8,288,407	424,350	121,554	545,904
Profit share on investment deposits	-	4,066	4,066	-	43,750	43,750

Compensation of key management personnel is as follows:

	31 March 2015 AED (Un-audited)	31 March 2014 AED (Un-audited)
Short term employee benefits	407,493	287,194
End of service benefits	31,839	9,838
Total compensation paid to key management personnel	439,332	297,032

16. Segmental information

Operating Segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Company's management in order to allocate resources to the segment and to assess its performance. Information reported to the Company's board of directors for the purpose of resource allocation and assessment of performance is based on following strategic business activities:

- **Takaful activities** include the general, life and medical insurance business undertaken by the Group.
- **Investment activities** represent investment and cash management for the Group's own account.

Notes to the condensed consolidated financial statements (continued)
for the period from 1 January 2015 to 31 March 2015

16. Segmental information (continued)

The following table presents segment information for the three months period ended 31 March 2015 and 31 March 2014.

	Period from 1 January 2015 to 31 March 2015		Period from 1 January 2014 to 31 March 2014		Total	
	Attributable to		Attributable to			
	Policyholders (Un-audited) AED	Shareholders (Un-audited) AED	Policyholders (Un-audited) AED	Shareholders (Un-audited) AED	2015 (Un-audited) AED	2014 (Un-audited) AED
Takaful						
Takaful income	45,486,321	-	44,555,920	-	45,486,321	44,555,920
Takaful expenses	(34,424,469)	-	(35,363,833)	-	(34,424,469)	(35,363,833)
Net Takaful income	11,061,852	-	9,192,087	-	11,061,852	9,192,087
Wakala fees	(26,002,194)	26,002,194	(17,246,055)	17,246,055	-	-
Investment						
Investment (loss)/income	(14,940,342)	26,002,194	(8,053,968)	17,246,055	11,061,852	9,192,087
Mudarib share	(395,831)	(1,721,433)	1,446,864	6,202,749	(2,117,264)	7,649,613
	-	-	(361,716)	361,716	-	-
Unallocated income and expenses	-	(8,706,138)	-	(11,694,666)	8,944,588	16,841,700
Loss attributable to policyholders	(15,336,173)		(6,968,820)		(8,706,138)	(11,694,666)
Write off of Qard Hasan to policyholders' fund		(15,336,173)		(6,968,820)		
Profit for the period		238,450		5,147,034	238,450	5,147,034

Notes to the condensed consolidated financial statements (continued)
for the period from 1 January 2015 to 31 March 2015

16. Segmental information (continued)

Other information

	Takaful		Investment		Total	
	31 March 2015 (Un-audited) AED	31 December 2014 (Audited) AED	31 March 2015 (Un-audited) AED	31 December 2014 (Audited) AED	31 March 2015 (Un-audited) AED	31 December 2014 (Audited) AED
Segment assets	380,012,768 =====	341,975,089 =====	228,217,565 =====	242,302,174 =====	608,230,333 =====	584,277,263 =====
Segment liabilities	473,739,282 =====	441,842,897 =====	16,796,409 =====	17,568,101 =====	490,535,691 =====	459,410,998 =====

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

17. Seasonality of results

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

18. Contingencies

- (a) At 31 March 2015, the Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business amounting AED 0.64 million (31 December 2014: 0.64 million).
- (b) During the Company's Annual General Meeting (AGM) held on 25 April 2013, the shareholders requested the Emirates Securities and Commodities Authority (ESCA) to assemble an independent committee to investigate certain transactions executed during the term of the resigned Board of Directors. The new Board of Directors appointed on 29 July 2013 is confident that the outcome of such investigation will be in the Group's favour and therefore, no contingency provisions have been recorded by the Group.

19. Fiduciary/Wakeel activities

Financial assets held by the Group in Wakala (trust), where the Group is acting in a Wakeel (agent/trustee) capacity on behalf of its customers relating to unit-linked life takaful products which are not recorded on the condensed consolidated income statement of the Group. Such financial assets held in a fiduciary capacity under Wakala arrangements as a Wakeel amounted to AED 466.40 million (2014: AED 466.69 million). The life takaful components of the unit-linked takaful products to which the Group has an insurance risk, has been unbundled and recorded as takaful contracts in the Group's interim financial information in accordance with International Financial Reporting Standard 4 (IFRS 4: insurance contracts).

20. 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. Differences can therefore arise between book value under historical cost method and fair value estimates.

(a) Fair value of financial instruments measured at amortised cost

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

(b) Valuation techniques and assumptions applied for the purposes of measuring fair value

Valuation of financial instruments recorded at fair value, is based on quoted market prices and other valuation techniques.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

20. Fair value of financial instruments (continued)

(b) Valuation techniques and assumptions applied for the purposes of measuring fair value (continued)

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on the present value calculation of the expected future cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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).

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).

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 March 2015 (Un-audited)				
<i>Other financial assets at FVTOCI</i>	57,820	-	47,598	105,418
<i>Other financial assets at FVTPL</i>	16,800	-	-	16,800
	74,620	-	47,598	122,218
31 December 2014 (Audited)				
<i>Other financial assets at FVTOCI</i>	66,908	-	47,598	114,506
<i>Other financial assets at FVTPL</i>	21,796	-	-	21,796
	88,704	-	47,598	136,302

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTOCI:

	31 March 2015 (Un-audited) AED'000	31 December 2014 (Audited) AED'000
At the beginning of the period/year	47,598	47,396
Additions during the period/year	-	2,721
Disposals during the period/year	-	(2,519)
At the end of the period/year	47,598	47,598

The investments classified under Level 3 category have been fair-valued based on information available for each investment. Based on the information available the valuation has been carried on net asset value or valuation provided by the portfolio managers.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2015 to 31 March 2015 (continued)**

21. Significant transactions

The former CEO of the Group resigned on 10 July 2013. The Company entered into an agreement with the former CEO on 9 July 2013 for the payment/transfer of certain assets and investments that were held by him or by entities controlled by him on trust and for the benefit of the Group. The Board of Directors is confident that this arrangement agreed will result in the realization of a minimum of the carrying value of assets due from him or held by him on trust and for the benefit of the Group and therefore no adjustments to the carrying value of the assets are required.

The settlement agreement referred to above contains the following 3 clauses:

- (a) The advance of AED 5,358,581 to invest in a real estate project in the emirate of Ajman will be returned to the Company.
- (b) Transfer of shares of Al Salam Bank - Bahrain (currently held under the name of Leader Capital) together with the payment of any associated dividends due, to the Company's name.
- (c) Transfer of legal ownership of Al Salam Bank - Algeria shares held by the former CEO to the Company's name.

The Company has received an amount of AED 2.3 million during the previous year against the advance mentioned in clause (a) above, in addition to receiving dividends of Al Salam Bank - Bahrain pertaining to previous years amounting to AED 0.46 million.

22. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 14 May 2015.