

**Dar Al Takaful PJSC
Dubai - United Arab Emirates**

**Review report and interim financial information
for the nine month period ended 30 September 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 30 September 2015 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the nine 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 NOV 2015

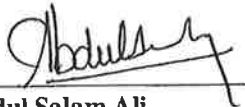
**Condensed statement of financial position
at 30 September 2015**

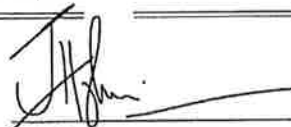
	Notes	30 September 2015 Unaudited AED	31 December 2014 Audited AED
ASSETS			
Takaful operations' assets			
Investment in securities	4	399,295	290,263
Deferred policy cost		7,948,898	7,567,652
Retakaful assets	5	41,693,799	31,578,266
Takaful and other receivables		100,216,059	71,787,584
Cash and cash equivalents	6	1,885,627	3,237,056
Total takaful operations' assets		152,143,678	114,460,821
Shareholders' assets			
Property and equipment		12,908,120	13,410,810
Intangible assets		432,310	465,133
Investment properties	7	46,003,110	41,798,936
Investment in securities	4	20,601,749	15,218,452
Restricted deposit	8	6,000,000	6,000,000
Wakala deposits		13,622,951	16,567,875
Due from participants		20,627,820	11,441,012
Prepayments and other receivables	9	10,353,596	18,617,976
Cash and cash equivalents	6	9,098,992	6,321,981
Total shareholders' assets		139,648,648	129,842,175
Total assets		291,792,326	244,302,996

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

**Condensed statement of financial position
at 30 September 2015 (continued)**

	Notes	30 September 2015 Unaudited AED	31 December 2014 Audited AED
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
Takaful operations' liabilities			
Deferred discount		5,602,965	4,568,082
Takaful contract liabilities	5	145,960,714	121,632,906
Takaful payables		61,967,996	41,037,949
Due to shareholders		20,627,820	11,441,012
Total takaful operations' liabilities		234,159,495	178,679,949
Takaful operations' deficit			
Deficit in participants' fund		(81,847,717)	(63,931,382)
Qard Hassan from shareholders'		81,847,717	63,931,382
Available-for-sale investments reserve		(168,100)	(287,746)
Total deficit from takaful operations		(168,100)	(287,746)
Total takaful operations' liabilities and deficit		233,991,395	178,392,203
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Other liabilities		5,723,927	9,466,995
Total shareholders' liabilities		5,723,927	9,466,995
Shareholders' equity			
Share capital	10	100,000,000	100,000,000
Statutory reserve		540,483	540,483
Available-for-sale investments reserve		(765,298)	(1,619,155)
Accumulated losses		(47,698,181)	(42,477,530)
Total shareholders' equity		52,077,004	56,443,798
Total shareholders' liabilities and equity		57,800,931	65,910,793
Total takaful operations' liabilities and deficit, shareholders' liabilities and equity		291,792,326	244,302,996


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 nine month period ended 30 September 2015

	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
	AED	AED	AED	AED
Attributable to participants				
Underwriting income				
Gross contribution written	39,059,904	43,212,158	154,121,187	108,504,923
Movement in unearned contributions	13,426,614	(11,661,094)	(7,945,758)	(21,751,562)
Takaful contributions revenue	52,486,518	31,551,064	146,175,429	86,753,361
Retakaful share of contributions	(15,578,220)	(10,063,437)	(65,536,227)	(32,231,434)
Movement in retakaful share of unearned contributions	(5,246,511)	(49,567)	7,903,437	4,687,320
Net retakaful share of contributions	(20,824,731)	(10,113,004)	(57,632,790)	(27,544,114)
Net takaful revenue	31,661,787	21,438,060	88,542,639	59,209,247
Policy and other fees	200,769	223,337	677,286	434,483
Discount received on retakaful Contributions	3,616,067	1,380,178	10,384,884	3,892,180
Total underwriting income	35,478,623	23,041,575	99,604,809	63,535,910
Underwriting expenses				
Claims incurred	(43,487,129)	(21,314,818)	(120,602,480)	(56,786,193)
Retakaful share of claims incurred	18,341,094	5,985,504	51,484,002	17,615,357
Net claims incurred	(25,146,035)	(15,329,314)	(69,118,478)	(39,170,836)
Policy acquisition cost	(4,119,904)	(3,771,671)	(12,995,937)	(9,317,324)
Excess of loss retakaful	(514,556)	(842,040)	(1,880,091)	(1,953,347)
Other underwriting expenses	(179,831)	(205,247)	(704,638)	(513,247)
Total underwriting expenses	(29,960,326)	(20,148,272)	(84,699,144)	(50,954,754)
Net underwriting income	5,518,297	2,893,303	14,905,665	12,581,156
Wakala fees	(8,153,138)	(10,307,354)	(31,115,638)	(25,888,785)
Expenses allocated to participants	(566,709)	(640,918)	(1,702,701)	(1,748,787)
Net deficit from takaful operations	(3,201,550)	(8,054,969)	(17,912,674)	(15,056,416)
Investment (loss)/income	(21,844)	32,612	(814)	43,551
Mudarib's fee	-	-	(2,847)	(2,520)
Deficit for the period attributable to participants	(3,223,394)	(8,022,357)	(17,916,335)	(15,015,385)

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

Condensed statement of income (unaudited)
for the nine month period ended 30 September 2015 (continued)

	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
	AED	AED	AED	AED
Attributable to Shareholders				
Income				
Wakala fees from participants	8,153,138	10,307,354	31,115,638	25,888,785
Mudarib's fee	-	-	2,847	2,520
Investment (loss)/income	(299,508)	3,955,107	2,056,320	9,585,864
	<u>7,853,630</u>	<u>14,262,461</u>	<u>33,174,805</u>	<u>35,477,169</u>
Expenses				
General and administrative expenses	(6,883,202)	(5,639,394)	(20,479,121)	(17,329,701)
Profit for the period before Qard Hassan	970,428	8,623,067	12,695,684	18,147,468
Provision against Qard Hassan to participants	(3,223,394)	(8,022,357)	(17,916,335)	(15,015,385)
(Loss) / profit for the period attributable to shareholders	(2,252,966)	600,710	(5,220,651)	3,132,083
(Loss)/ earning per share (Note11)	(0.022)	0.006	(0.052)	0.031

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

**Condensed statement of comprehensive income (unaudited)
for the nine month period ended 30 September 2015**

	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
	AED	AED	AED	AED
Attributable to participants				
Deficit for the period	(3,223,394)	(8,022,357)	(17,916,335)	(15,015,385)
Other comprehensive loss				
<i>Items that maybe reclassified subsequently to profit or loss:</i>				
Unrealised (loss)/gain on available-for-sale investments	(71,095)	24,970	119,646	(70,318)
Other comprehensive (loss)/income for the period	(71,095)	24,970	119,646	(70,318)
Total comprehensive loss for the period attributable to participants	(3,294,489)	(7,997,387)	(17,796,689)	(15,085,703)
Attributable to shareholders				
(Loss)/profit for the period	(2,252,966)	600,710	(5,220,651)	3,132,083
Other comprehensive (loss)/ income				
<i>Items that maybe reclassified subsequently to profit or loss:</i>				
Unrealised gain on available-for-sale investments	237,346	281,541	1,773,074	11,950
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Transfer from equity on sale of available-for-sale investments	(736,659)	-	(919,217)	(22,100)
Other comprehensive (loss)/ income for the period	(499,313)	281,541	853,857	(10,150)
Total comprehensive (loss)/income for the period attributable to shareholders	(2,752,279)	882,251	(4,366,794)	3,121,933

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

**Condensed statement of changes in equity
for the nine month period ended 30 September 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	-	-	3,132,083	-	3,132,083
Other comprehensive loss for the period	-	-	-	(10,150)	(10,150)
Total comprehensive income/(loss) for the period	-	-	3,132,083	(10,150)	3,121,933
Balance at 30 September 2014 (Unaudited)	100,000,000	84,072	(43,453,149)	132,678	56,763,601
Balance at 31 December 2014 (Audited)	100,000,000	540,483	(42,477,530)	(1,619,155)	56,443,798
Loss for the period	-	-	(5,220,651)	-	(5,220,651)
Other comprehensive income for the period	-	-	-	853,857	853,857
Total comprehensive (loss)/income for the period	-	-	(5,220,651)	853,857	(4,366,794)
Balance at 30 September 2015 (Unaudited)	100,000,000	540,483	(47,698,181)	(765,298)	52,077,004

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

**Condensed statement of cash flows (unaudited)
for the nine month period ended 30 September 2015**

	Nine month period ended 30 September	
	2015	2014
	AED	AED
Cash flows from operating activities		
(Loss)/profit for the period	(5,220,651)	3,132,083
Adjustments for:		
Depreciation of property and equipment	1,292,791	839,016
Amortisation of intangible assets	160,911	56,212
Changes in the fair value of financial assets carried at FVTPL	1,047,495	(172,114)
Realised gain on available for sale investments	(919,345)	(303,633)
Realised gain on sale of financial assets carried at FVTPL	(54,669)	(7,889,426)
Income from wakala deposits	(154,157)	(183,269)
Rental income	(1,564,359)	(1,122,950)
Provision against qard hassan to participants' fund	17,916,335	15,015,385
Provision for employees' end of service benefits	303,974	365,813
Operating cash flows before changes in operating assets and liabilities	12,808,325	9,737,117
Qard hassan to participants' fund	(17,916,335)	(15,015,385)
Increase in takaful and other receivables	(28,428,475)	(19,979,354)
Increase in deferred policy cost	(381,246)	(2,445,552)
Increase in retakaful assets	(10,115,533)	(4,437,465)
Decrease/(increase) in prepayments and other receivables	8,264,380	(14,222,957)
Increase in takaful contract liabilities	24,327,808	22,612,858
Increase in takaful payables	20,930,047	10,846,872
(Decrease)/increase in other liabilities	(4,013,617)	1,099,466
Increase in deferred discount	1,034,883	1,084,819
Cash generated from/(used in) operations	6,510,237	(10,719,581)
Employees' end of service benefits paid	(33,425)	(105,960)
Net cash generated from/(used in) operating activities	6,476,812	(10,825,541)
Cash flows from investing activities		
Purchase of property and equipment	(790,101)	(2,185,321)
Purchase of intangible assets	(128,088)	(138,572)
Purchase of investment in securities	(19,033,151)	(30,432,504)
Proceeds from sale of investment securities	14,440,844	36,896,796
Purchase of investment properties	(4,204,174)	(8,555,280)
Income received on wakala deposits	154,157	183,269
Rental income received	1,564,359	1,122,950
Decrease in wakala deposits	2,944,924	1,432,125
Net cash used in investing activities	(5,051,230)	(1,676,537)
Net increase/(decrease) in cash and cash equivalents	1,425,582	(12,502,078)
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)	10,984,619	15,546,367

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

**Notes to the condensed financial statements
for the nine month period ended 30 September 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 Shari’a and within the provisions of U.A.E. Federal Law No. 6 of 2007 relating to takaful companies and takaful agents and the Memorandum and Articles of Association of the Company. The address of the Company is P.O. 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 and investment properties.

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

- 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.

***Effective for
annual periods
beginning on or after***

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

- 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.

***Effective for
annual periods
beginning on or after***

1 January 2018

**Notes to the condensed financial statements
for the nine month period ended 30 September 2015 (continued)**

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)

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 14 <i>Regulatory Deferral Accounts</i> 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 <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 2018
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.

**Notes to the condensed financial statements
for the nine month period ended 30 September 2015 (continued)**

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 nine month period ended 30 September 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 |

**Notes to the condensed financial statements
for the nine month period ended 30 September 2015 (continued)**

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 nine month period ended 30 September 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.

**Notes to the condensed financial statements
for the nine month period ended 30 September 2015 (continued)**

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 nine month period ended 30 September 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:

	30 September 2015 Unaudited AED	31 December 2014 Audited AED
Quoted equity securities in U.A.E.	8,598,774	6,707,291
Quoted debt securities in U.A.E.	3,680,683	3,680,683
Unquoted debt securities in U.A.E.	4,026,860	4,003,600
(A)	16,306,317	14,391,574

**Notes to the condensed financial statements
for the nine month period ended 30 September 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:

	30 September 2015 Unaudited AED	31 December 2014 Audited AED
Quoted equity securities in U.A.E.	4,694,727	1,117,141
(B)	4,694,727	1,117,141
Attributable to:		
Participants	399,295	290,263
Shareholders	20,601,749	15,218,452
(A + B)	21,001,044	15,508,715

Available-for-sale investments with fair value of AED 6.78 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

	30 September 2015 Unaudited AED	31 December 2014 Audited AED
Gross		
Takaful contract liabilities:		
Unearned contribution	90,110,093	82,164,334
Claims reported unsettled	47,441,087	32,470,585
Claims incurred but not reported	8,409,534	6,997,987
Total takaful contract liabilities, gross	145,960,714	121,632,906

**Notes to the condensed financial statements
for the nine month period ended 30 September 2015 (continued)**

5. Takaful contract liabilities and retakaful assets (continued)

	30 September 2015 Unaudited AED	31 December 2014 Audited AED
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution	32,542,742	24,639,305
Claims reported unsettled	9,151,057	6,938,961
Total retakaful share of takaful liabilities	41,693,799	31,578,266
Net		
Unearned contribution	57,567,351	57,525,029
Claims reported unsettled	38,290,029	25,531,624
Claims incurred but not reported	8,409,534	6,997,987
	104,266,914	90,054,640

6. Cash and cash equivalents

	30 September 2015 Unaudited AED	31 December 2014 Audited AED
Cash on hand	55,927	47,540
Bank balances		
Current accounts	3,732,027	2,572,761
Call accounts	7,196,665	6,938,736
	10,984,619	9,559,037
Attributable to:		
Participants	1,885,627	3,237,056
Shareholders	9,098,992	6,321,981
	10,984,619	9,559,037

**Notes to the condensed financial statements
for the nine month period ended 30 September 2015 (continued)**

7. Investment properties

	30 September 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	4,204,174	23,169,500
Increase in fair value during the period/year	-	4,879,436
Fair value at the end of the period/year	46,003,110 =====	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

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

	30 September 2015 Unaudited AED	31 December 2014 Audited AED
Deposits	375,020	414,925
Prepaid expenses	1,612,878	1,257,600
Brokerage	4,185,494	14,690,953
Advance	3,890,000	2,000,000
Other receivables	290,204	254,498
	10,353,596 =====	18,617,976 =====

10. Share capital

At 30 September 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 nine month period ended 30 September 2015 (continued)**

11. (Loss)/earnings per share

(Loss)/earnings per share are calculated by dividing the net (loss)/profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	Three month period ended 30 September 2015		Nine month period ended 30 September 2015	
	Unaudited	Unaudited	Unaudited	Unaudited
(Loss)/profit for the period attributable to shareholders (in AED)	(2,252,966)	600,710	(5,220,651)	3,132,083
Weighted average numbers of ordinary shares outstanding during the period	100,000,000	100,000,000	100,000,000	100,000,000
Basic and diluted (loss)/earnings per share (in AED)	(0.022)	0.006	(0.052)	0.031

Diluted earnings per share as of 30 September 2015 and 30 September 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:

	30 September 2015 Unaudited AED	31 December 2014 Audited AED
Software development	23,855	79,803

Guarantees

As at 30 September 2015, the Company has outstanding bank guarantees amounting AED 6,311,020 (31 December 2014: AED 6,281,020).

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 nine month period ended 30 September 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:

	30 September 2015 Unaudited AED	31 December 2014 Audited AED
<i>Takaful and other receivables</i>		
<i>Major Shareholders</i>	99,110	101,830
	=====	=====
<i>Takaful and other payables</i>		
<i>Major Shareholders</i>	56,929	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 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED
<i>Income from wakala deposits</i>				
<i>Major Shareholder</i>	-	-	-	37,917
	=====	=====	=====	=====
<i>Contributions earned</i>				
<i>Major Shareholder</i>	191,097	225,649	363,618	422,839
<i>Others</i>	138,386	1,598,318	223,926	2,842,139
	=====	=====	=====	=====
	329,483	1,823,967	587,544	3,264,978
	=====	=====	=====	=====
<i>Management charges paid</i>				
<i>Major Shareholder</i>	112,500	97,500	317,500	292,500
<i>Others</i>	242,535	-	589,962	-
	=====	=====	=====	=====
	355,035	97,500	907,462	292,500
	=====	=====	=====	=====

**Notes to the condensed financial statements
for the nine month period ended 30 September 2015 (continued)**

13. Related party transactions (continued)

c) Compensation of key management personnel

	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED
Short-term benefits	1,294,738	1,262,138	3,590,570	3,372,712
Employees' end of service benefits	61,571	61,571	183,318	183,318
	<u>1,356,309</u>	<u>1,323,709</u>	<u>3,773,888</u>	<u>3,556,030</u>
	=====	=====	=====	=====

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 nine month period ended 30 September 2015 (continued)**

14. Segment information (continued)

Nine month period ended 30 September 2015 (Unaudited)

	Takaful AED	Investment AED	Total AED
Gross contributions written	154,121,187	-	154,121,187
Movement in unearned contributions	(7,945,758)	-	(7,945,758)
Takaful contributions revenue	146,175,429	-	146,175,429
Net retakaful share of contributions	(57,632,790)	-	(57,632,790)
Net takaful revenue	88,542,639	-	88,542,639
Claims (net of retakaful share)	(69,118,478)	-	(69,118,478)
Net underwriting expenses	(4,518,496)	-	(4,518,496)
Net underwriting income	14,905,665	-	14,905,665
General and administrative expenses	(1,702,701)	(20,479,121)	(22,181,822)
Wakala (fee)/income	(31,115,638)	31,115,638	-
Mudarib (fee)/income	(2,847)	2,847	-
Investment (loss)/income	(814)	2,056,320	2,055,506
(Loss)/profit for the period	(17,916,335)	12,695,684	(5,220,651)
Other comprehensive income	119,646	853,857	973,503
Total comprehensive (loss)/income for the period	(17,796,689)	13,549,541	(4,247,148)

Nine month period ended 30 September 2014 (Unaudited)

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

**Notes to the condensed financial statements
for the nine month period ended 30 September 2015 (continued)**

14. Segment information (continued)

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

30 September 2015 (Unaudited)

	Takaful AED	Investment AED	Total AED
Total assets	152,143,678 =====	139,648,648 =====	291,792,326 =====
Total liabilities	234,159,495 =====	5,723,927 =====	239,883,422 =====

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 nine month period ended 30 September 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 nine month period ended 30 September 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		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 September 2015 Unaudited AED	31 December 2014 Audited AED				
Available for sale						
Quoted equity securities	8,598,774	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	4,026,860	4,003,600	Level 2	Discounted cash flow method	None	N/A
Financial assets at FVTPL						
Quoted equity securities	4,694,727	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 above 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 Shari'a Supervisory Board

The Company's business activities are subject to the supervision of its Fatwa and Shari'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 Shari'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 November 2015.