

Takaful House PJSC

INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2009 (UNAUDITED)

REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TAKAFUL HOUSE PJSC

Introduction

We have reviewed the accompanying interim condensed financial statements of Takaful House PJSC (the "Company") as at 31 March 2009, comprising of the interim statement of financial position as at 31 March 2009 and the related interim income statement, statement of changes in equity and cash flows for the period since inception then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standards IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

Except as explained in the following paragraph, 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.

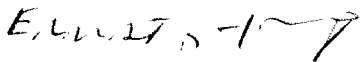
Basis for qualified conclusion

A participant has lodged a claim for a loss due to a fire in its warehouse under its fire Takaful contract with the Company. The loss has been estimated at AED 29.1 million based on a preliminary loss adjusters report. The Company has made cash calls to its retakaful companies, who initially rejected the claim based on an exclusion clause. The Company is currently in negotiations with the Participant and its retakaful companies to establish the validity of the claim and the amount of the loss that may be payable.

Management is of the opinion that the current situation does not provide sufficient information to assess the potential amount that may be payable to the Participant or the amount that may be recoverable from its retakaful companies, and no assessment of the outcome from the fire claim and its impact on the interim condensed financial statements has been made by the management. Accordingly, we are unable to assess the potential amount that may be payable to the Participant, nor the amount that may be recoverable from the retakaful companies.

Qualified conclusion

Based on our review, except for the adjustments to the interim condensed financial statements that we might have become aware of had we been able to assess the outcome from the fire claim as discussed in the qualification paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

A handwritten signature in black ink, appearing to read 'Ali Issa'.

Signed by:
Ali Issa
Partner
Registration No. 488

Dubai, United Arab Emirates
13 May 2009

Takaful House PJSC
INTERIM INCOME STATEMENT
Period ended 31 March 2009 (Unaudited)

		<i>Inception to 31 March 2009 AED</i>	<i>1 January to 31 March 2009 AED</i>
ATTRIBUTABLE TO PARTICIPANTS	<i>Notes</i>		
Contributions earned		2,801,654	2,082,182
Contributions ceded to retakaful		(397,879)	(297,380)
Net contributions revenue		2,403,775	1,784,802
Commission received on ceded contributions		87,745	57,295
		<u>2,491,520</u>	<u>1,842,097</u>
UNDERWRITING EXPENSES			
Claims	5	(1,291,260)	(1,110,300)
Commission paid		(1,368,455)	(751,279)
NET UNDERWRITING LOSS	3	<u>(168,195)</u>	<u>(19,482)</u>
Wakala fees	3	(1,813,972)	(840,358)
Excess of loss retakaful		(155,700)	(77,850)
Expenses allocated to participants		(232,029)	(96,698)
Other expenses		(140,548)	(140,393)
Income from Wakala deposits		18,106	18,106
Unrealised gain on investment at fair value through profit and loss		11,522	11,522
DEFICIT FOR THE PERIOD	3	<u>(2,480,816)</u>	<u>(1,145,153)</u>
ATTRIBUTABLE TO SHAREHOLDERS			
INCOME			
Pre-incorporation profits	6	326,829	-
Income from Wakala deposits		2,551,274	955,019
Policy and survey fees		61,855	39,105
Other income		278,684	278,684
Wakala fees from participants		1,813,972	840,359
		<u>5,032,614</u>	<u>2,113,167</u>
EXPENSES			
General and administrative expenses		(3,196,385)	(1,553,868)
Expenses incurred during the period from inception to commencement of operations		(669,723)	-
Unrealised loss on investment at fair value through profit and loss		(2,804,686)	(150,029)
Profit / (Loss) before provision		<u>(1,638,180)</u>	<u>409,270</u>
Provision against Qard Hassan to participants		<u>(2,480,816)</u>	<u>(1,145,153)</u>
LOSS FOR THE PERIOD	3	<u>(4,118,996)</u>	<u>(735,883)</u>
Basic and diluted earnings per share	4	<u>(0.041)</u>	<u>(0.007)</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

Takaful House PJSC

INTERIM STATEMENT OF FINANCIAL POSITION

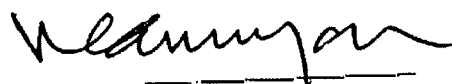
At 31 March 2009 (Unaudited)

	Notes	2009 AED
ASSETS		
Property and equipment		12,563,031
Financial assets carried at fair value through profit and loss	7	4,321,965
Contributions receivable		4,626,034
Prepayments and other assets		4,347,725
Wakala deposits		75,996,427
Cash and bank balances	8	4,414,832
TOTAL ASSETS		106,270,014
EQUITY, PARTICIPANTS' FUND AND LIABILITIES		
Equity		
Share capital	9	100,000,000
Accumulated losses		(4,118,996)
Total equity		95,881,004
Participants' fund		
Qard Hassan from shareholders' fund		2,480,816
Deficit in participants' fund	10	(2,480,816)
Total participants fund		-
Liabilities		
Takaful contract liabilities		9,302,123
Other liabilities		1,086,887
Total liabilities		10,389,010
TOTAL EQUITY AND LIABILITIES		106,270,014

The interim condensed financial statements were authorised for issue in accordance with a resolution of the directors on 13 May 2009.



Mr. Mohamed Ali Al Neaimi
Chairman



Mr. Wan Zamri Wan Ismail
General Manager

The attached notes 1 to 13 form part of these interim condensed financial statements.

Takaful House PJSC

INTERIM STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2009 (Unaudited)

	<i>Share capital</i> <i>AED</i>	<i>Accumulated</i> <i>losses</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Share capital issued	100,000,000	-	100,000,000
Loss for the period	-	(4,118,996)	(4,118,996)
Balance at 31 March 2009	100,000,000	(4,118,996)	95,881,004

The attached notes 1 to 13 form part of these interim condensed financial statements.

Takaful House PJSC
INTERIM CASH FLOW STATEMENT
Period ended 31 March 2009 (Unaudited)

	<i>Notes</i>	<i>Since inception to 31 March 2009 AED</i>
OPERATING ACTIVITIES		
Loss for the period		(4,118,996)
Adjustments for:		
Depreciation		215,656
Provision for claims		903,800
Changes in fair value of investments carried at fair value through income statement	7	2,793,164
Income from Wakala deposits		(2,569,380)
		<u>(2,775,756)</u>
Changes in operating assets and liabilities:		
Contributions receivable		(4,626,034)
Prepayments and other receivables		(4,347,725)
Takaful contract liabilities		8,258,240
Other liabilities		1,226,970
		<u>(2,264,305)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment		(12,778,687)
Purchase of financial assets carried at fair value through profit and loss		(7,115,129)
Wakala deposits		(75,996,427)
Profit received on wakala deposits		2,569,380
		<u>(93,320,863)</u>
FINANCING ACTIVITIES		
Share capital issued		100,000,000
		<u>100,000,000</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>4,414,832</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	<u><u>4,414,832</u></u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

1 ACTIVITIES

Takaful House PJSC (the “Company”) is incorporated as a public joint stock company in accordance with UAE Federal Law No. 8 of 1984 (as amended). 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 UAE Federal Law no. 9 of 1984 relating to insurance companies and insurance agents and the Articles and Memorandum of Association of the Company. The address of the Company is PO Box 235353, Dubai, United Arab Emirates.

The Company obtained its commercial license on 23 July 2008 and commenced operations on 1 September 2008.

The Company mainly issues short term takaful contracts in connection with non-life takaful such as motor, marine, fire and engineering and general accident risks (collectively known as general takaful). The Company also invests its funds in investment securities and properties.

2 ACCOUNTING POLICIES

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company’s interim financial statements as of 31 December 2008. In addition, results for the period since inception to 31 March 2009 are not necessarily indicative of the results that may be expected for the financial period ending 31 December 2009.

The articles of association of the Company require that separate accounts be maintained for insurance operations on behalf of the policyholders. Accordingly, the directors have resolved to present the financial statements on that basis and comply with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) to the extent that these are compatible with International Financial Reporting Standards.

Changes in accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the interim financial statements for the period ended 31 December 2008, except that, during the period, the Company has adopted the following standards effective for the annual period beginning on or after 1 January 2009.

IAS 1 Revised Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income; it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present two statements. However, no transactions through the statement of comprehensive income were recorded during the period.

IFRS 8 Operating Segments:

This standard requires disclosure of information about the Company’s operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. Adoption of this Standard did not have effect on the financial position or performance of the Company. The Company determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

2 ACCOUNTING POLICIES (continued)

Selected accounting policies

In accordance with the requirement of Securities Authority and Commodities (Circular dated 12-10-2008) following significant accounting policies of Company's financial statements are reproduced below:

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the statement of financial position date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

For financial instruments where there is not an active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

If the fair value can not be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

Financial assets

The Company classifies its investments into financial assets at fair value through profit or loss and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired or originated. In general, financial assets are classified as at fair value through profit or loss, as the Company's strategy is to manage financial investments acquired to cover its takaful and investments contract liabilities (including shareholders' funds), on the same bases, being fair value. The available-for-sale category is used when the relevant liability (including shareholders' funds) is passively managed.

All regular way purchases and sales of financial assets are recognised on the trade date ie the date the Company commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial assets at fair value through profit or loss, has two sub categories namely financial assets held for trading and those designated at fair value through profit or loss at inception. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated as at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gain and loss are recognised in the income statement.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

2 ACCOUNTING POLICIES (continued)**Selected accounting policies (continued)***Impairment and uncollectibility of financial assets*

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective profit rate.

Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

3 SEGMENTAL INFORMATION**Primary segment information**

For management purposes the Company is organised into two business segments, general takaful and investment. The general takaful segment comprises the takaful business undertaken by the Company. Investments comprises investment and cash management for the Company's own account. These segments are the basis on which the Company reports its primary segment information. Segmental information is presented below:

	<i>Inception to 31 March 2009</i>		
	<i>Policy- holders AED</i>	<i>Share- holders AED</i>	<i>Total AED</i>
<i>General takaful</i>			
Gross contributions written	10,593,746	-	10,593,746
Unearned contributions	(7,792,092)	-	(7,792,092)
Other underwriting net expenses	(2,969,849)	-	(2,969,849)
Wakala fees	(1,813,972)	1,813,972	-
	(1,982,167)	1,813,972	(168,195)
	<i>Inception to 31 March 2009</i>		
	<i>Policy- holders AED</i>	<i>Share- holders AED</i>	<i>Total AED</i>
<i>Investments</i>			
Investment income	18,106	2,551,274	2,569,380
Other income and expenses	(516,755)	(6,003,426)	(6,520,181)
	(498,649)	(3,452,152)	(3,950,801)
Profit and loss for the period	(2,480,816)	(1,638,180)	(4,118,996)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

The following tables demonstrate certain asset and liability information regarding business segments:

	<i>General takaful AED</i>	<i>Investment AED</i>	<i>Total AED</i>
Total assets	<u>7,737,287</u>	<u>98,532,727</u>	<u>106,270,014</u>
Total liabilities	<u>9,302,123</u>	<u>1,086,887</u>	<u>10,389,010</u>

Secondary segment information

For operational and management reporting purposes, the Company is organised as one geographical segment. Consequently, no secondary segment information is required to be provided.

4 EARNINGS PER SHARE

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

	<i>Inception to 31 March 2009 AED</i>	<i>1 January to 31 March 2009 AED</i>
Net loss for the period	<u>(4,118,996)</u>	<u>(735,883)</u>
Weighted average number of shares outstanding during the period	<u>100,000,000</u>	<u>100,000,000</u>
Basic and diluted earnings per share (AED)	<u>(0.041)</u>	<u>(0.007)</u>

The Company has not issued any instruments which would have an impact on earnings per share when exercised.

5 CLAIMS

	<i>Inception to 31 March 2009 AED</i>	<i>1 January to 31 March 2009 AED</i>
Claims paid	429,210	366,400
Provision for reported claims	862,050	743,900
	<u>1,291,260</u>	<u>1,110,300</u>

A participant has lodged a claim for a loss due to a fire in its warehouse under its fire Takaful contract with the Company. The loss has been estimated at AED 29.1 million based on a preliminary loss adjusters report. The Company has made cash calls to its retakaful companies, who initially rejected the claim based on an exclusion clause. The Company is currently in negotiations with the Participant and its retakaful companies to establish the validity of the claim and the amount of the loss that may be payable.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

6 PRE-INCORPORATION PROFITS

This represents income earned on investing the Company's share capital as well as excess funds received through the initial public offering (IPO) subscriptions, net of expenses up to 1 July 2008, date of incorporation. These are as follows:

	<i>Inception to 31 March 2009 AED</i>	<i>1 January to 31 March 2009 AED</i>
Income from Wakala deposits	1,620,126	-
Offering fee	3,500,000	-
	<u>5,120,126</u>	<u>-</u>
Pre-incorporation expenses	(4,793,297)	-
	<u>326,829</u>	<u>-</u>

7 FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS

	<i>2009 AED</i>
Quoted securities at cost	6,655,064
Cumulative fair value adjustments recognised in the income statement	(2,793,164)
	<u>3,861,900</u>
Unquoted sukuk	460,065
	<u>4,321,965</u>

8 CASH AND BANK BALANCES

	<i>2009 AED</i>
Cash	4,138
Bank balances	4,410,694
	<u>4,414,832</u>

Included in bank balances at 31 March 2009 is a bank deposit amounting to AED 1 million with commercial bank in Dubai. This deposit is denominated in AED with an effective interest rate of 4.5%.

9 SHARE CAPITAL

	<i>2009 AED</i>
<i>Authorised, issued and fully paid</i>	
100,000,000 shares of AED 1 each	<u>100,000,000</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

10 PARTICIPANTS' FUND

	<i>2009</i> <i>AED</i>
Bank balances	2,682,482
Placement with Islamic financial institution	1,790,506
Due from Related Parties	239,122
Contribution receivables	4,626,034
Claim recoverable	507,900
Total assets	<u>9,846,044</u>
Less:	
Unearned contributions	(7,792,092)
Retakaful payable	121,155
Provision for claims	(1,510,033)
Commissions payable	(1,037,133)
Expenses payable to shareholders fund	(2,108,757)
Total liabilities	<u>(12,326,860)</u>
Net deficit for the period / Payable to shareholders	<u>(2,480,816)</u>

11 RELATED PARTY TRANSACTIONS

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

a) Balances with related parties

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

	<i>2009</i> <i>AED</i>
<i>Placements with Islamic financial institutions</i>	
<i>Shareholders</i>	
Mawarid Finance PJSC	75,996,427
<i>Due from related parties</i>	
Mawarid Finance PJSC	122,363
Al Jazeera Financial Services	3,077,552
	<u>3,199,915</u>

b) Transactions with related parties

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

	<i>Inception to</i> <i>31 March</i> <i>2009</i> <i>AED</i>	<i>1 January to</i> <i>31 March</i> <i>2009</i> <i>AED</i>
<i>Income from wakala deposits</i>		
<i>Major Shareholders</i>		
Mawarid Finance PJSC	2,569,380	973,125

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

11 RELATED PARTY TRANSACTIONS (continued)**b) Transactions with related parties (continued)**

	<i>Inception to 31 March 2009 AED</i>	<i>1 January to 31 March 2009 AED</i>
Contributions earned		
Major Shareholders	<u>8,470</u>	<u>-</u>
Management charges paid		
Major Shareholders		
Mawarid Finance PJSC	<u>350,000</u>	<u>150,000</u>
Purchase of property		
Major Shareholders		
Mawarid Finance PJSC	<u>9,601,500</u>	<u>-</u>
Compensation of key management personnel		
	<i>Inception to 31 March 2009 AED</i>	<i>1 January to 31 March 2009 AED</i>
Short-term benefits	450,000	150,000
Employees' end of service benefits	114,079	34,097
	<u>564,079</u>	<u>184,097</u>

12 FATWA AND SHARI'A SUPERVISORY BOARD

The Company's business activities are subject to the supervision of a 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.

13 COMMITMENTS

	<i>2009 AED</i>
Capital expenditure commitments:	
Estimated capital expenditure contracted for at the statement of financial position date but not provided for:	<u>1,599,055</u>
Other commitments:	
Other commitments	<u>71,000</u>