TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

REVIEW REPORT AND
CONDENSED INTERIM FINANCIAL
STATEMENTS FOR THE PERIOD FROM
18 MAY 2008 TO 30 SEPTEMBER 2008

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

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Report on Review of Condensed Consolidated Interim Financial Statements

1013801310

The Board of Directors
Takaful Emarat – Insurance (PSC)
Public Joint Stock Company
Dubai - United Arab Emirates.

Introduction
We have reviewed the accompanying condensed interim balance sheet of **Takaful Emarat – Insurance (PSC) - Dubai** as at 30 September 2008 and the condensed interim statement of income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the period from 18 May 2008 to 30 September 2008, and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review on Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of 30 September 2008 are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL

Ali Hasan Shalabi
Licensed Auditor No. 34
27 October 2008

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2008

EXHIBIT A

	Note	AED
ASSETS		
Non-Current Assets		
Property and equipment	3	160,704
Payments for purchase of land	4	28,046,607
Total Non-Current Assets		28,207,311
Current Assets		
Prepayments and other receivables	5	1,864,872
Bank balances	6	122,110,931
Total Current Assets		123,975,803
TOTAL ASSETS		**152,183,114**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' Equity		
Share capital	7	150,000,000
Retained earnings		1,720,254
Total Shareholders' Equity - Exhibit C		151,720,254
Non-Current Liabilities		
End of service benefits obligation	8	15,657
Current Liabilities		
Accounts payable and others	9	372,203
Post dated cheques issued		75,000
Total Current Liabilities		447,203
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**152,183,114**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved for issue by the Board of Directors on 27 October 2008.

Sheikh Faisal Bin Khalid Sultan Al Qassemi

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

CONDENSED INTERIM STATEMENT OF INCOME
FOR THE PERIOD FROM 18 MAY 2008 TO 30 SEPTEMBER 2008

EXHIBIT B

	Note	AED
Income from investment deposits		2,442,059
Initial Public Offering subscription fees received		4,500,000
Total revenue		**6,942,059**
Expenses incurred related to the Initial Public Offering		(4,221,056)
Administrative expenses		(995,474)
Depreciation		(5,275)
Profit for the Period - Exhibit D		**1,720,254**
Earning per share	10	**0.01**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 18 MAY 2008 TO 30 SEPTEMBER 2008

EXHIBIT C

	Share capital AED	Retained earnings AED	Total AED
Paid up share capital	150,000,000	--	150,000,000
Profit for the period from 18 May 2008 to 30 September 2008 – Exhibit B	--	1,720,254	1,720,254
Balance at 30 September 2008 - Exhibit A (Unaudited)	**150,000,000**	**1,720,254**	**151,720,254**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 18 MAY 2008 TO 30 SEPTEMBER 2008

EXHIBIT D

OPERATING ACTIVITIES	AED
Profit for the period - Exhibit B	**1,720,254**
Adjustments for:	
Depreciation	5,275
End of service benefits obligation	15,657
Operating Profit Before Working Capital Changes	1,741,186
Prepayments and other receivables	(1,864,872)
Accounts payable and others	372,203
Post dated cheques issued	75,000
Net Cash Provided by Operating Activities	**323,517**
INVESTING ACTIVITIES	
Purchases of property and equipment	(165,979)
Payments for purchase of land	(28,046,607)
Investment deposits	(116,130,494)
Net Cash Used in Investing Activities	**(144,343,080)**
FINANCING ACTIVITIES	
Paid up share capital	150,000,000
Net Cash Provided by Financing Activities	**150,000,000**
Net increase in cash & cash equivalents	**5,980,437**
Cash & cash equivalents at beginning of period	--
Cash & Cash Equivalents at end of Period - Note 6	**5,980,437**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

1. STATUS AND ACTIVITIES

Takaful Emarat – Insurance (PSC) – Dubai – United Arab Emirates (hereinafter referred to as the **"Company"**) incorporated as a public joint stock company in accordance with the U.A.E. Federal Law No. 8 of 1984 (as amended) and with U.A.E. Federal Law No. 6 of 2007 with the matter of establishing Insurance Authority and organizing its working in United Arab Emirates.

The company carry out Takaful Insurance Activities in Health Insurance and Life Insurance and Credit & Saving Insurance in accordance with the Islamic Sharia'a and within the provisions of the Articles of Association of the company.

The company is domiciled in Dubai City – Emirate of Dubai - and its registered address is P.O. Box 1619.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" and applicable requirements of the United Arab Emirates Laws. Condensed interim financial statements do not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The condensed interim financial statements are prepared under the historical cost convention. The accounting policies used in the preparation of these condensed interim financial statements are as follows :

Property and equipment

The property and equipment are carried at their cost less any accumulated depreciation and any accumulated impairment.

Cost includes purchase cost and any incidental expenses of acquisition including professional fees.

Depreciation is calculated on a straight line basis over the estimated useful lives. Annual rates of depreciation used are as follows :

	%
Office equipment	20
Furniture and fixtures	20
Computer software	33

The estimated useful lives, residual values and depreciation method are reviewed and adjusted if appropriate at each balance sheet date.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts, assets are written down to their recoverable amounts.

Any gain or loss arising on derecognition of any item of property and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the assets is recognized in the condensed interim statement of income.

Cash and cash equivalents

Cash and cash equivalents comprise of unrestricted balances with banks.

Impairment of financial assets

The carrying amounts of the company's financial assets are reviewed at each balance sheet date or whenever there is any indication of impairment. If any such indication exists, the recoverable value of the assets is estimated. An impairment loss is recognized where the carrying amount of a financial asset exceeds its recoverable value. Impairment losses are recognized in the condensed interim statement of income.

Derecognition of financial assets

The company derecognizes a financial asset only when the contractual rights of the cash flows from the asset is lost or expired, or when the company finance, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity depending on the substance of the contractual arrangement.

Accounts payable and accruals

Accounts payable and accruals are recognized for amounts to be paid in the future for goods or services received, whether billed by supplier or not.

Derecognition of financial liabilities

The company derecognizes financial liabilities when the company's obligations are discharged, cancelled or they expire.

End of service benefits obligation

End of service benefits obligation is calculated in accordance with U.A.E. Labour law requirements.

Defined contribution plan

U.A.E. national employees of the company are members of the Government managed retirement pension and the social security benefit scheme established pursuant to U.A.E. Federal Labour Law No. 7 of 1999. The company is required to contribute and the contributions are charged to the condensed interim statement of income.

Provisions

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the condensed interim balance sheet date.

Provisions are review and adjusted at each balance sheet date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

Related parties

Related parties are considered to be related because they have the ability to exercise control over the company or to exercise significant influence or joint control over the company's financial and operating decisions. Further, parties are considered related to the company when the company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties.

Foreign currency

The condensed interim balance sheet is presented in Arab Emirates Dirhams (AED) which is the functional currency of the company. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on translating monetary items in profit or loss are recognized in the condensed interim statement of income.

Critical accounting judgments and key sources of estimation uncertainty

The company makes estimates and assumptions that affect the reported amounts of insurance contract assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and the latest available information including expectations of future events that are believed to be reasonable under the circumstances.

3. **PROPERTY AND EQUIPMENT**

The details of this item are as follows :

	Office equipment	Furniture and fixtures	Computer software	Total
	AED	AED	AED	AED
Cost :				
Additions during the period	101,869	45,710	18,400	165,979
Balance at 30 September 2008	**101,869**	**45,710**	**18,400**	**165,979**
Accumulated Depreciation				
Charged for the period	3,299	1,470	506	5,275
Balance at 30 September 2008	**3,299**	**1,470**	**506**	**5,275**
Net Book Value :				
At 30 September 2008 – Exhibit A (Unaudited)	**98,570**	**44,240**	**17,894**	**160,704**

4. **PAYMENTS FOR PURCHASE OF LAND**

This item of **AED. 28,046,607** (Exhibit A) represents the amounts paid for purchase of a plot of land in the Emirates of Dubai.

5. **PREPAYMENTS AND OTHER RECEIVABLES**

This item consists of the following :

	AED
Accrued Income for investment deposits	1,245,209
Prepaid expenses	570,663
Margin held against letter of guarantees	39,000
Refundable deposits	10,000
Total – Exhibit A	**1,864,872**

6. **BANK BALANCES**

a) This item consists of the following :

	AED
Cash and cash equivalents – Exhibit D	**5,980,437**
Investment deposits placed for a period exceeding Three months from the original date of placement	116,130,494
Total – Exhibit A	**122,110,931**

b) Investment deposits mentioned above of AED.116,130,494 are kept with the local banks and finance company and include an investment deposit of AED. 4,000,000 kept in the order of the Chairman of the Insurance Authority.

7. **SHARE CAPITAL**

This item consists of the following :

	AED
Authorised, issued and fully paid up share capital Comprises : 150,000,000 ordinary shares of AED. 1 each – Exhibit A	**150,000,000**

8. END OF SERVICE BENEFITS OBLIGATION

The movement in this item during the period are as follows :

	AED
Opening balance as at 18 May 2008	--
Current service cost	15,657
Balance at 30 September 2008 – Exhibit A	**15,657**

9. ACCOUNTS PAYABLE AND OTHERS

This item consists of the following :

	AED
Al Buhaira National Insurance Co. - Sharjah (a related party)	272,685
Other payables	34,730
Provision for staff leave	38,788
Accrued expenses	26,000
Total – Exhibit A	**372,203**

10. EARNING PER SHARE

Earning per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period.

Profit for the period from 18 May 2008 to 30 September 2008 (AED)	1,720,254
Weighted average number of shares	150,000,000
Basic earning per share (AED) – Exhibit B	**0.01**

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 which are traded on active markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

12. RISK MANAGEMENT

Governance framework

The primary objective of the company's risk and financial management framework is to protect the company's shareholders from events that binder the sustainable achievement of the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The company is in the phase of establishing a risk management function with clear terms of reference from the board of directors and the associated executive management committees.

The company's risk management function is carried out by the board of directors, with its associated committees.

Since the company has not started its operations, it is not exposed to significant risks. In the normal course of its future operations, the company will be exposed to insurance risks, financial risks relating to its business and operations.

The company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

Capital management framework

The primary objective of the company's capital management is to comply with the regulatory requirements in the UAE and to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

Insurance risk

Insurance risk is where the company agrees to indemnify the insured parties against happening of unforeseen future insured events. The frequency and severity of claims are the main risk factors. Risk exposure is mitigated by diversification across a large portfolio of insurance contracts and use of reinsurance arrangements. It include frequency and amounts of claims, life assurance, personal accident and reinsurance risk.

Financial risk

Financial risk consists of the following :

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company monitors and manages any credit risk in accordance with a specific credit policies and procedures. The financial instrument recorded in the balance sheet which exposed the company to the credit risk it is in cash with bank.

Profit rate risk

The company is exposed to profit rate risk on its profit generating assets and liabilities like bank balances.

Liquidity risk
Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The company manages the liquidity risk through risk management framework for the company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent and the availability of financing through banking arrangements to ensure funds are available to meet its commitments for liabilities as they fall due

Operational risk
Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation have legal or regulatory implications or can lead to financial loss.

The company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks the company is able to manage the risks.

13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise major shareholders, directors and key management personnel of the company and entities related to them, companies under common ownership and/or common management and control. Transactions with related parties are consummated at prices and terms decided by management other than those obtainable from/quoted to third parties.

- At the condensed interim balance sheet date, balance due to a related party is disclosed in Note 9.
- The following are the details of significant related party transactions :

	AED
Amount due to Al Buhaira National Insurance Company - Sharjah	272,685

- The remuneration of directors and other members of key management are as follows :

	AED
Compensation paid to Key Management Personnel	1,050,000

14. COMPARATIVES

There are no comparative figures as these are the first condensed interim financial statements issued for the company from the date of incorporation.

15. GENERAL

The figures in the condensed interim financial statements are rounded to the nearest thousand of Arab Emirates Dirham (AED).