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10. POST-DATED CHEQUES ISSUED

This item consists of the following :

	2010 AED	2009 AED
Post-dated cheques issued - current portion	**527,500**	1,738,313
Post-dated cheques issued - Non-current portion	--	1,322,062
Total - Exhibit A	**527,500**	3,060,375

11. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. The prices and terms of these transactions are decided by the company's management. At the statement of financial position date, the related parties' receivables are stated at the net realizable value.

- At the statement of financial position date, balance due to a related party is as follows :

	2010 AED	2009 AED
Al Buhairah National Insurance Co.- Sharjah - **Exhibit A**	**29,290**	34,048

- The following are the details of significant related party transactions :

	2010 AED	2009 AED
Expenses charged	**35,584**	564,971

- The remuneration of key management are as follows :

	2010 AED	2009 AED
Compensation paid to Key Management	**841,875**	1,050,000

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12. RETAKAFUL AND OTHER PAYABLES

This item consists of the following :

	2010 AED	2009 AED
Takaful payables	**1,457,973**	--
Retakaful payables	**4,619,547**	1,412,583
Other payables	**705,795**	123,863
Provision for staff leave salaries	**395,310**	221,801
Accrued expenses	**291,414**	266,102
Total - Exhibit A	**7,470,039**	2,024,349

13. END OF SERVICE BENEFITS OBLIGATION

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

	2010 AED	2009 AED
Opening balance	**149,718**	--
Current service cost	**226,388**	170,648
Settlements during the year/period	**(16,431)**	(20,930)
Balance at 31 December – Exhibit A	**359,675**	149,718

14. SHARE CAPITAL

This item consists of the following :

	2010 AED	2009 AED
Authorised, issued and fully paid up share capital comprises : 150,000,000 ordinary shares of AED. 1 each – Exhibit A	**150,000,000**	150,000,000

15. 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.

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16. 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.

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.

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 statement of financial position which exposed the company to the credit risk it is in cash with banks.

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

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The details of maturity dates of the company's financial assets and financial liabilities are as follows :

As at 31 December 2010 :

	Less than three months AED	From 3 months to one year AED	1-5 years AED	Over 5 years AED	Total AED
Financial Assets					
Bank balances	**4,154,270**	**91,364,168**	**--**	**4,000,000**	**99,518,438**
Post-dated cheques received	**294,180**	**268,235**	**--**	**--**	**562,415**
Takaful and other receivables (except for prepaid expenses)	**1,961,895**	**10,705,095**	**--**	**--**	**12,666,990**
Retakaful Contract Assets	**--**	**4,101,712**	**--**	**--**	**4,101,712**
Held to maturity investments	**--**	**--**	**4,395,634**	**--**	**4,395,634**
Investment property	**--**	**--**	**10,700,000**		**1,700,000**
Total	**6,410,345**	**106,439,210**	**15,095,634**	**4,000,000**	**131,945,189**
Financial Liabilities					
Post dated cheques issued	**162,500**	**365,000**	**--**	**--**	**527,500**
Due to a related party	**29,290**	**--**	**--**	**--**	**29,290**
Retakaful and other payables	**--**	**7,074,729**	**395,310**	**--**	**7,470,039**
Takaful contract liabilities	**--**	**9,160,850**	**--**	**--**	**9,160,850**
Total	**191,790**	**16,600,579**	**395,310**		**17,187,679**

As at 31 December 2009 :

	Less than three months AED	From 3 months to one year AED	1-5 years AED	Over 5 years AED	Total AED
Financial Assets					
Bank balances	2,007,851	97,344,464	--	4,000,000	103,352,315
Post-dated cheques received	91,409	22,225	--	--	113,634
Takaful and other receivables (except for prepaid expenses)	858,626	4,549,880	--	--	5,621,621
Retakaful Contract Assets	--	1,337,377	--	--	1,337,377
Held to maturity investments	--	2,592,050	4,210,372	--	6,802,422
Total	2,957,886	105,845,996	4,210,372	4,000,000	117,227,369
Financial Liabilities					
Post dated cheques issued	1,322,063	1,738,312	--	--	3,060,375
Due to a related party	34,048	--	--	--	34,048
Retakaful and other payables	--	1,802,548	221,801	--	2,024,349
Takaful contract liabilities	--	2,058,075	--	--	2,058,075
Total	1,356,111	5,598,935	221,801	--	7,176,847

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.

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17. POLICYHOLDER'S FUND

a) This item consists of the following :

	2010 AED	2009 AED
Balance at beginning of year/period	**(497,056)**	--
Net deficit for the year/period	**(2,383,809)**	(497,056)
Net - Exhibit B	**(2,880,865)**	(497,056)

b) In 2010, the shareholders had financed the policyholders' fund deficit amounting to AED. 2,880,865 (2009 : AED. 'Nil').

18. NET EARNED CONTRIBUTIONS

This item consists of the following :

	31 December 2010			31 December 2009		
	Medical	**Life**	**Total**	Medical	Life	Total
	AED	AED	AED	AED	AED	AED
Gross contributions written						
Gross Contributions written	**14,012,573**	**631,560**	**14,644,133**	1,337,023	876,685	2,213,708
Change in unearned contributions provision	**(4,709,162)**	**676,045**	**(4,033,117)**	(1,147,907)	(852,767)	(2,000,674)
Takaful Contributions earned	**9,303,411**	**1,307,605**	**10,611,016**	189,116	23,918	213,034
Retakaful Contributions						
Retakaful contributions	**5,607,971**	**359,612**	**5,967,583**	761,715	651,706	1,413,421
Change in unearned contributions provision	**(1,441,766)**	**536,407**	**(905,359)**	(659,610)	(638,438)	(1,298,048)
Retakaful contributions ceded	**4,166,205**	**896,019**	**5,062,224**	102,105	13,268	115,373
Net earned contributions - Exhibit B	**5,137,206**	**411,586**	**5,548,792**	87,011	10,650	97,661

19. TAKAFUL EXPENSES

This item consists of the following :

	31 December 2010			31 December 2009		
	Medical	**Life**	**Total**	Medical	Life	Total
	AED	AED	AED	AED	AED	AED
Commission and other expenses - Exhibit B	**924,117**	**70,176**	**994,293**	47,101	86,064	**133,165**

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20. WAKALAH FEES

The shareholders manage the takaful operations for the policy holders and charge 15% - 35% (2009 : 15% - 25%) of gross takaful contributions as wakalah fees for the year ended 31 December 2010 .

21. SHAREHOLDERS' INVESTMENT AND OTHER INCOME

This item consists of the following :

	Year ended 31.12.2010 AED	Period from 18.5.2008 to 31.12.2009 AED
Profit from investment in fixed deposits	**5,271,136**	9,619,923
Profit from investment in Held to Maturity Investments(sukuk)	**900,646**	1,069,843
Other	**710**	--
Total - Exhibit B	**6,172,492**	10,689,766

22. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following :

	Year ended 31.12.2010 AED	Period from 18.5.2008 to 31.12.2009 AED
Salaries and other benefits	**6,542,670**	6,257,565
Advertisement expenses	**31,008**	168,653
Rent	**2,553,009**	3,628,025
Government expenses	**126,329**	231,334
Stationery	**53,674**	89,583
Telephone, fax and postage	**265,519**	51,482
Legal fees	**418,292**	452,074
Remuneration of Sharia Supervisory Board	**224,446**	346,587
Depreciation	**847,033**	214,248
Insurances Authority Fee	**57,315**	7,102
Consulting expenses	**1,114,819**	692,253
Insurance expenses	**167,265**	112,850
Maintenance expenses	**49,930**	37,922
Computer software expenses	**577,706**	--
Miscellaneous	**241,700**	349,561
Total - Exhibit B	**13,270,715**	12,639,239

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23. LOSS PER SHARE

Loss per share is calculated by dividing the loss for the year/period by the weighted average number of ordinary shares outstanding during the year/period.

	Year ended 31.12.2010 AED	Period from 18.5.2008 to 31.12.2009 AED
Loss for the year/period attributable to Equity holders of the company (AED)	**(22,102,991)**	(7,244,334)
Weighted average number of shares(share)	**150,000,000**	150,000,000
Basic loss per share (AED) – Exhibit B	**(0.147)**	(0.048)

24. SEGMENT INFORMATION

Primary Segment information

The company is organized into two main business segments :

- Underwriting of takaful business insurance incorporating Health Insurance, Life Insurance and credit & saving insurance. This business is conducted fully within the U.A.E.
- Investments incorporating investments fixed deposit in local banks and investment in sukuk.

	YEAR ENDED 31 DECEMBER 2010						PERIOD FROM 18.5.2008 TO 31.12.2009					
	Underwriting			Shareholders			Underwriting			Shareholders		
	Medical AED	Life AED	Total AED	Investments AED	Others AED	Total AED	Medical AED	Life AED	Total AED	Investments AED	Others AED	Total AED
Segment revenue	9,303,411	1,319,143	10,622,554	6,171,782	710	6,172,492	189,116	25,086	214,202	10,689,766	--	10,689,766
Segment result	264,801	227,858	492,659	(8,828,589)	710	(8,827,879)	3,385	(74,246)	(70,861)	10,689,766	278,944	10,968,710
Wakalah fees	--	--	(2,876,468)	--	2,876,468	2,876,468	--	--	(426,195)	--	426,195	426,195
Loss attributable to **policy holders**			(2,383,809)						**(497,056)**			
Unallocated costs						(16,151,580)						(18,639,239)
Net loss for the year/ period						**(22,102,991)**						**(7,244,334)**

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24. SEGMENT INFORMATION (CONTINUED)

Other information

	Year ended 31 December 2010						Period from 18.5.2008 to 31.12.2009					
	Underwriting			Shareholders		Total	Underwriting			Shareholders		Total
	Medical	Life	Total	Investments	Total		Medical	Life	Total	Investments	Total	
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Segment assets	14,368,912	461,412	14,830,324	107,839,415	107,839,415	122,669,739	1,465,675	1,239,667	2,705,342	105,788,600	105,788,600	108,493,942
Unallocated assets			--		15,530,290	15,530,290	--	--	--	--	41,091,233	41,091,233
Total assets			**14,830,324**		**123,369,705**	**138,200,029**			**2,705,342**		**146,879,833**	**149,585,175**
Segment liabilities			15,238,370		--	15,238,370	1,934,312	1,555,816	3,490,128		--	3,490,128
Unallocated liabilities			--		2,308,984	2,308,984			(497,056)		3,836,437	3,339,381
Total liabilities			**15,238,370**		**2,308,984**	**17,547,354**			**2,993,072**		**3,836,437**	**6,829,509**

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25. CASH AND CASH EQUIVALENTS

At 31 December 2010 "cash and cash equivalents" included in the statement of cash flows (Exhibit D) comprise the following items :

	Year ended 31.12.2010 AED	Period from 18.5.2008 to 31.12.2009 AED
Bank balances - current accounts	**4,154,270**	2,007,851
Investment deposits placed for a period of three months or less from the original date of placement	**15,650,000**	6,650,000
Total - Exhibit D	**19,804,270**	8,657,851

26. CONTINGENT LIABILITIES/COMMITMENTS

Contingent liabilities/commitments of the company as at the financial position date are as follows :

Contingent liabilities

	Year ended 31.12.2010 AED	Period from 18.5.2008 to 31.12.2009 AED
Letters of guarantee	**39,000**	39,000

Commitments

- The company has lease agreements which are payable as follows :

	Year ended 31.12.2010 AED	Period from 18.5.2008 to 31.12.2009 AED
Less than one year	**527,500**	3,323,046
Between one and five years	**--**	341,878
Total	**527,500**	3,664,924

- Commitments towards purchase of property and equipments — **1,538,110** | 1,004,939

27. GENERAL

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