Dar Al Takaful PJSC

INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2012 (UNAUDITED)

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF DAR AL TAKAFUL PJSC.

Introduction

We have reviewed the accompanying interim condensed financial statements of Dar Al Takaful PJSC (the "Company"), as at 31 March 2012, comprising of the interim statement of financial position as at 31 March 2012 and the related interim statement of income, interim statement of comprehensive income for the three-month period then ended and the related interim statement of changes in equity and cash flows for the three-month period 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

We conducted our review in accordance with International Standards 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 condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Signed by:
Ali Issa
Partner
Registration No. 488

Dubai, United Arab Emirates
30 April 2012

Dar Al Takaful PJSC

INTERIM STATEMENT OF INCOME

For the three months ended 31 March 2012 (Unaudited)

	Notes	*31 March 2012 AED*	*31 March 2011 AED*
ATTRIBUTABLE TO PARTICIPANTS			
Gross contribution written		**11,407,923**	7,940,899
Movement in unearned contributions		**(2,230,024)**	3,076,740
Takaful Contributions revenue		**9,177,899**	11,017,639
Retakaful share of contributions		**(3,018,051)**	(2,271,039)
Movement in retakaful share of unearned contributions		**907,489**	854,500
Net retakaful share of contributions		**(2,110,562)**	(1,416,539)
Net takaful revenue		**7,067,337**	9,601,100
Policy and other fees		**97,891**	110,550
Discount received on retakaful contributions		**585,457**	305,238
Total underwriting income		**7,750,685**	10,016,888
UNDERWRITING EXPENSES			
Claims incurred	6	**(5,910,780)**	(8,185,014)
Retakaful share of claims incurred	6	**2,114,742**	1,122,312
Net claims incurred		**(3,796,038)**	(7,062,702)
Policy acquisition cost		**(1,223,101)**	(1,188,051)
Excess of loss retakaful		**(252,567)**	(298,214)
Other underwriting expenses		**(55,249)**	-
NET UNDERWRITING INCOME		**2,423,730**	1,467,921
Wakala fees		**(3,700,744)**	(2,469,076)
Expenses allocated to participants		**(296,878)**	(154,678)
NET DEFICIT FROM TAKAFUL OPERATIONS		**(1,573,892)**	(1,155,833)
Investment income	4	**10,282**	19,961
Mudarib's share		**-**	(2,460)
DEFICIT FOR THE YEAR ATTRIBUTABLE TO PARTICIPANTS	3	**(1,563,610)**	(1,138,332)

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

INTERIM STATEMENT OF INCOME

For the three months ended 31 March 2012 (Unaudited)

	Notes	*31 March 2012 AED*	*31 March 2011 AED*
ATTRIBUTABLE TO SHAREHOLDERS			
INCOME			
Wakala fees from participants		**3,700,744**	2,469,076
Mudarib's share		**-**	2,460
Investment income / (loss)		**1,628,259**	(305,695)
		5,329,003	2,165,841
EXPENSES			
General and administrative expenses		**(5,031,996)**	(4,615,437)
INCOME / (LOSS) FOR THE PERIOD BEFORE QARD HASSAN		**297,007**	(2,449,596)
Provision against Qard Hassan to participants		**(1,563,610)**	(1,138,332)
LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS		**(1,266,603)**	(3,587,928)
Basic and diluted loss per share	5	**(0.012)**	(0.036)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2012 (unaudited)

	Notes	*31 March 2012 AED*	*31 March 2011 AED*
ATTRIBUTABLE TO PARTICIPANTS			
Loss for the period		**(1,563,610)**	(1,138,332)
Other comprehensive loss			
Unrealised gain / (loss) on available-for-sale-investments		**18,460**	(41,600)
Other comprehensive gain / (loss) for the period		**18,460**	(41,600)
Total comprehensive loss for the period attributable to participants	3	**(1,545,150)**	(1,179,932)
ATTRIBUTABLE TO SHAREHOLDERS			
Loss for the period		**(1,266,603)**	(3,587,928)
Other comprehensive income			
Unrealised gain / (loss) on available-for-sale-investments		**137,631**	(91,463)
Other comprehensive gain / (loss) for the period		**137,631**	(91,463)
Total comprehensive loss for the period attributable to shareholders	3	**(1,128,972)**	(3,679,391)

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	*31 March 2012 AED (Unaudited)*	*31 December 2011 AED (Audited)*
TAKAFUL OPERATIONS' ASSETS			
Investment securities	7	**240,622**	211,880
Retakaful assets		**6,509,842**	4,294,310
Takaful receivables		**23,184,902**	53,580,119
Prepayments and other assets		**492,216**	1,318,510
Cash and bank balances	8	**2,151,329**	1,314,523
TOTAL TAKAFUL OPERATIONS' ASSETS		**32,578,911**	60,719,342
SHAREHOLDERS' ASSETS			
Property and equipment		**12,355,059**	12,141,123
Intangible assets		**202,637**	324,529
Investment securities	7	**5,152,396**	3,628,466
Restricted deposits		**6,000,000**	6,000,000
Wakala deposits		**5,000,000**	8,500,000
Due from participants		**5,278,190**	35,355,415
Prepayments and other receivables		**2,567,514**	1,496,566
Cash and bank balances	8	**47,337,268**	16,671,107
TOTAL SHAREHOLDER'S ASSETS		**83,893,064**	84,117,206
TOTAL ASSETS		**116,471,975**	144,836,548

Abdul Aziz Al Bannai
Chairman

Saleh Al Hashimi
Managing Director

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

INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2012

	Notes	31 March 2012 AED (Unaudited)	31 December 2011 AED (Audited)
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
Takaful operations' liabilities			
Takaful contract liabilities		**34,245,204**	30,677,850
Takaful payables		**10,033,721**	9,885,062
Due to shareholders		**5,278,190**	35,355,415
Total takaful operations' liabilities		**49,557,115**	75,918,327
Takaful operations' deficit			
Qard Hassan against deficit in participants' fund	10	**(16,725,935)**	(15,162,325)
Less: Provision against Qard Hassan to participants' fund	10	**16,725,935**	15,162,325
		-	-
Available-for-sale investments reserve		**(252,266)**	(270,726)
Total deficit from takaful operations		**(252,266)**	(270,726)
TOTAL TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		**49,304,849**	75,647,601
Shareholder's liabilities			
Other liabilities		**2,840,615**	3,733,464
Total liabilities		**2,840,615**	3,733,464
Shareholders' equity			
Share capital	9	**100,000,000**	100,000,000
Accumulated losses		**(35,847,448)**	(34,580,845)
Available-for-sale investments reserve		**173,959**	36,328
Total shareholders' equity		**64,326,511**	65,455,483
TOTAL SHAREHOLDERS LIABILITIES AND EQUITY		**67,167,126**	69,188,947
TOTAL TALKAFUL OPERATIONS' LIABILITUES AND DEFICIT, SHAREHOLDERS LIABILITIES AND EQUITY		**116,471,975**	144,836,548

The financial statements were authorised for issue by the Directors on 30 April 2012.

Abdul Aziz Al Bannai
Chairman

Saleh Al Hashimi
Managing Director

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

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2012

	Share capital AED	*Accumulated losses AED*	*Available-for-sale investments reserve AED*	*Total AED*
Balance at 1 January 2012	100,000,000	(34,580,845)	36,328	65,455,483
Loss for the period	-	(1,266,603)	-	(1,266,603)
Other comprehensive loss for the period	-	-	137,631	137,631
Total comprehensive loss for the period	-	(1,266,603)	137,631	(1,128,972)
Balance at 31 March 2012 (Unaudited)	**100,000,000**	**(35,847,448)**	**173,959**	**64,326,511**

	Share capital AED	*Accumulated losses AED*	*Available-for-sale investments reserve AED*	*Total AED*
Balance at 1 January 2011	100,000,000	(30,111,618)	(270,538)	69,617,844
Loss for the period	-	(3,587,928)	-	(3,587,928)
Other comprehensive loss for the period	-	-	(91,463)	(91,463)
Total comprehensive loss for the period	-	(3,587,928)	(91,463)	(3,679,391)
Balance at 31 March 2011 (Unaudited)	100,000,000	(33,699,546)	(362,001)	65,938,453

INTERIM STATEMENT OF CASH FLOWS

For the three months ended 31 March 2012 (Unaudited)

	Notes	*31 March 2012 AED*	*31 March 2011 AED*
OPERATING ACTIVITIES			
Loss for the period		**(1,266,603)**	(3,587,928)
Adjustments for:			
Depreciation		**366,152**	360,033
Amortization		**142,132**	140,602
Changes in the fair value of financial assets at fair value through profit or loss	4	**(1,396,582)**	702,022
Realised gain on trading of securities	4	**-**	(22,569)
Income from Wakala deposits	4	**(241,959)**	(393,719)
Provision against Qard Hassan to Participants' fund		**1,563,610**	1,138,332
Provision for leave salary		**217,255**	216,485
Provision for employees' end of service benefits		**99,099**	137,478
		(516,896)	(1,309,264)
Changes in operating assets and liabilities:			
Qard Hassan to participants' fund		**(1,563,610)**	(1,138,332)
Takaful receivables		**30,395,217**	(1,245,162)
Retakaful assets		**(2,215,532)**	(854,500)
Prepayments and other receivables		**(244,654)**	(1,399,523)
Takaful contract liabilities		**3,567,354**	(934,281)
Takaful payables		**148,659**	3,398,579
Other liabilities		**(1,121,403)**	(389,488)
Leave salary paid		**(65,472)**	(30,857)
Employee's end of service benefits paid		**(22,327)**	(37,145)
Cash generated from operations		**28,361,336**	(3,939,973)
Income received on Wakala deposits		**241,959**	260,954
Net cash generated from operating activities		**28,603,295**	(3,679,019)
INVESTING ACTIVITIES			
Purchase of property and equipment		**(580,088)**	(126,018)
Acquisition of intangible assets		**(20,240)**	(17,856)
Purchase of financial assets at fair value through profit or loss		**-**	(1,803,565)
Proceeds from sale of trading securities		**-**	623,750
Proceeds from disposal of Wakala deposits		**46,500,000**	6,081,117
Wakala deposit made during the period		**(43,000,000)**	(190,207)
Net cash generated from investing activities		**2,899,672**	4,567,221
INCREASE IN CASH AND CASH EQUIVALENTS		**31,502,967**	888,202
Cash and cash equivalent at 1 January		**17,985,630**	2,602,131
CASH AND CASH EQUIVALENTS AT 31 MARCH		**49,488,597**	3,490,333

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

1 ACTIVITIES

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 UAE 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 PO Box 235353, Dubai, United Arab Emirates.

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

By a resolution of its Extraordinary General Meeting held on 8 April 2011, the shareholders of the Company resolved to change the English name of the Company from Takaful House PJSC to Dar Al Takaful PJSC.

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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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 Standard and should be read in conjunction with the Company's financial statements as of 31 December 2011. In addition, results for the 3 months ended 31 March 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

The articles of association of the Company require that separate accounts be maintained for takaful 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 Standard issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) to the extent that these are compatible with International Financial Reporting Standards.

Interim reporting
The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2011.

2.2 ACCOUNTING POLICIES

The accounting policies adopted by the Company relating to investments and cash and cash equivalents, which are consistent with the policies adopted during the previous year, are reproduced below:

Fair value of financial instruments
The fair value of financial instruments that are actively traded in organised 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 reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair value of Wakala deposits earning a profit rate which is determined on monthly basis is its carrying value. The carrying value is the cost of the deposit and earned profit. The fair value of fixed/capped profit rate Wakala deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current profit rates used in the market for similar instruments at the reporting date.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

Financial Assets

Initial recognition and subsequent measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held-to-maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

The Company's financial assets include cash and Wakala deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include 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, in accordance with a documented risk management or investment strategy.

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 statement of income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as held to maturity or loans and advances. These investments are initially recorded at fair value. After initial measurement, available-for-sale financial assets are measured at fair value. Fair value gains and losses are reported as a separate component in the statement of comprehensive income until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in the statement of comprehensive income are transferred to the statement of income.

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

Impairment and uncollectibility of financial assets

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

a) for assets carried at fair value, impairment is the difference between cost and the fair value;
b) for assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3 SEGMENTAL INFORMATION

Primary 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.

3 SEGMENTAL INFORMATION (continued)

These segments are the basis on which the Company reports its primary segment information. Segmental information is presented below:

Three months ended 31 March 2012	*Notes*	***General Takaful management AED***	***Investment AED***	***Total AED***
Gross contributions written		**11,407,923**	-	**11,407,923**
Changes in unearned contributions		**(2,230,024)**	-	**(2,230,024)**
Contributions earned		**9,177,899**	-	**9,177,899**
Contributions ceded to retakaful		**(2,110,562)**	-	**(2,110,562)**
Net contribution revenue		**7,067,337**	-	**7,067,337**
Claims (net of retakful share)	6	**(3,796,038)**	-	**(3,796,038)**
Net underwriting expenses		**(847,569)**	-	**(847,569)**
Net underwriting income		**2,423,730**	-	**2,423,730**
General and administrative expenses		**(296,878)**	**(5,031,996)**	**(5,328,874)**
Mudarib's share		-	-	-
Wakala (fees) / income		**(3,700,744)**	**3,700,744**	-
Investment income / (loss)	4	**10,282**	**1,628,259**	**1,638,541**
(Loss) / income for the period		**(1,563,610)**	**297,007**	**(1,266,603)**
Other comprehensive loss		**18,460**	**137,631**	**156,091**
Total comprehensive loss / income for the period		**(1,545,150)**	**434,638**	**(1,110,512)**

Three months ended 31 March 2011	*Notes*	*General Takaful management AED*	*Investment AED*	*Total AED*
Gross contributions written		7,940,899	-	7,940,899
Changes in unearned contributions		3,076,740	-	3,076,740
Contributions earned		11,017,639	-	11,017,639
Contributions ceded to retakaful		(1,416,539)	-	(1,416,539)
Net contribution revenue		9,601,100	-	9,601,100
Claims (net of retakful share)	6	(7,062,702)	-	(7,062,702)
Net underwriting expenses		(1,070,477)	-	(1,070,477)
Net underwriting loss		1,467,921	-	1,467,921
General and administrative expenses		(154,678)	(4,615,437)	(4,770,115)
Mudarib's share		(2,460)	2,460	-
Wakala (fees) / income		(2,469,076)	2,469,076	-
Investment income / (loss)	4	19,961	(305,695)	(285,734)
(Loss) for the period		(1,138,332)	(2,449,596)	(3,587,928)
Other comprehensive loss		(41,600)	(91,463)	(133,063)
Total comprehensive loss for the period		(1,179,932)	(2,541,059)	(3,720,991)

3 SEGMENTAL INFORMATION (continued)

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

31 March 2012

	General Takaful Management AED	*Investment AED*	*Total AED*
Total assets	**32,578,911**	**83,893,064**	**116,471,975**
Total liabilities	**49,557,115**	**2,840,615**	**52,397,730**

31 December 2011 (audited)

	General Takaful Management AED	*Investment AED*	*Total AED*
Total assets	60,719,342	84,117,206	144,836,548
Total liabilities	75,918,327	3,733,464	79,651,791

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 INVESTMENT INCOME

	31 March 2012		
	Participant AED	*Shareholder AED*	*Total AED*
Fair value gain			
Financial assets at fair value through profit or loss account	**10,282**	**1,386,300**	**1,396,582**
Other investment income			
Income from Wakala deposits	-	**241,959**	**241,959**
Investment income	**10,282**	**1,628,259**	**1,638,541**

4 INVESTMENT INCOME (continued)

	31 March 2011		
	Participant AED	*Shareholder AED*	*Total AED*
Fair value loss			
Financial assets at fair value through profit or loss account	(4,638)	(697,384)	(702,022)
Other investment income			
Realised gain on trading of securities	-	22,569	22,569
Income from Wakala deposits	24,599	369,120	393,719
Investment income/ (loss) through profit or loss	19,961	(305,695)	(285,734)

Investment income has been allocated to the shareholders and participants on the basis of investments held by each fund.

5 BASIC AND DILUTED LOSS PER SHARE

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

	31 March 2012 AED	*31 March 2011 AED*
Net loss for the period	**(1,266,603)**	(3,587,928)
Weighted average number of shares outstanding during the period	**100,000,000**	100,000,000
Basic and diluted loss per share (AED)	**(0.012)**	(0.036)

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

6 CLAIMS INCURRED

	31 March 2012		
	Gross AED	***Retakaful share AED***	***Net AED***
Takaful claims paid	**4,583,147**	**(806,699)**	**3,776,448**
Movement in provision for outstanding claims	**1,327,633**	**(1,308,043)**	**19,590**
Claims recorded in the statement of income	**5,910,780**	**(2,114,742)**	**3,796,038**

6 CLAIMS INCURRED (continued)

	31 March 2011		
	Gross AED	*Retakaful share AED*	*Net AED*
Takaful claims paid	8,971,908	-	8,971,908
Movement in provision for outstanding claims	(786,894)	(1,122,312)	(1,909,206)
Claims recorded in the statement of income	8,185,014	(1,122,312)	7,062,702

7 FINANCIAL INSTRUMENTS

The Company's financial instruments other than derivative financial instruments are summarised by categories as follows:

	31 March 2012 AED	*31 December 2011 AED (Audited)*
Investment securities		
Financial assets at fair value through profit or loss	**4,495,422**	3,098,840
Available-for-sale financial assets	**897,596**	741,506
	5,393,018	3,840,346
Investment securities attributable to:		
Shareholders		
Financial assets at fair value through profit or loss	**4,429,000**	3,042,700
Available-for-sale financial assets	**723,396**	585,766
	5,152,396	3,628,466
Participants		
Financial assets at fair value through profit or loss	**66,422**	56,140
Available-for-sale financial assets	**174,200**	155,740
	240,622	211,880

The entire enitire Financial instruments are invested within United Arab Emirates.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments recorded at fair value by the Company are classified in level 1 hierarchy position.

8 CASH AND BANK BALANCES

	31 March 2012 AED	*31 December 2011 AED (Audited)*
Cash	**63,738**	162,738
Bank balances	**2,924,859**	1,822,892
Wakala deposits maturing within 3 months	**46,500,000**	16,000,000
	49,488,597	17,985,630
Attributable to:		
Shareholders	**47,337,268**	16,671,107
Participants	**2,151,329**	1,314,523
	49,488,597	17,985,630

Wakala deposits maturing within 3 months from the reporting date carry profit rate of 2.1% to 3.25% (Year 2011: 0.77% % to 1.75%).

The entire bank balance and bank deposits are within United Arab Emirates.

9 SHARE CAPITAL

	31 March 2012 AED	*31 December 2011 AED (Audited)*
Authorised, issued and fully paid		
100,000,000 shares of AED 1 each	**100,000,000**	100,000,000

10 QARD HASSAN

	31 March 2012 AED	*31 December 2011 AED (Audited)*
Qard Hassan		
As at 1 January	**15,162,325**	41,265,658
Deficit during the period	**1,563,610**	-
Recovered during the year	-	(26,103,333)
As at 31 March / December	**16,725,935**	15,162,325
Provision against Qard Hasan		
As at 1 January	**15,162,325**	22,726,766
Provided during the period	**1,563,610**	-
Excess provision reversed during the year	-	(7,564,441)
Balance as at 31 March / December	**16,725,935**	15,162,325
Net balance as at 31 March / December	-	-

The shareholders have funded the deficit in the participants' fund in accordance with the Company's policy through a Qard Hassan (free of finance charge with no repayment terms). During the current period the Participant fund reported a deficit amounting to AED 1,563,610 (Year 2011: surplus amounting to AED 26,103,333) which was fully provided.

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:

	31 March 2012 AED	*31 December 2011 AED (Audited)*
Placements with Islamic financial institutions		
Major Shareholders		
Mawarid Finance PJSC	**29,500,000**	14,500,000
Due to a related party		
Mawarid Finance PJSC	**148,708**	85,881
Other related parties	-	20,000
	148,708	105,881

11 RELATED PARTY TRANSACTIONS (continued)

b) Transactions with related parties

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

	31 March 2012 AED	*31 March 2011 AED*
Income from wakala deposits		
Major Shareholders		
Mawarid Finance PJSC	**170,247**	393,719

	31 March 2012 AED	*31 March 2011 AED*
Contributions earned		
Major Shareholders		
Mawarid Finance PJSC	**8,197**	-
Other related parties	**130,107**	168,444
	138,304	168,444
Management charges paid		
Major Shareholders		
Mawarid Finance PJSC	**90,000**	150,000
Other related parties	**20,000**	-
	110,000	150,000

c) Compensation of key management personnel

	31 March 2012 AED	*31 March 2011 AED*
Short-term benefits	**828,250**	931,500
Employees' end of service benefits	**57,270**	120,071
	885,520	1,051,571

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 AND GUARANTEES

Commitments
The Company has the following capital expenditure commitment at the reporting date:

	2012 ***AED***	*2011* *AED* *(Audited)*
Software development	**175,920**	220,200
Office renovation	**345,000**	172,000
	520,920	392,200

Guarantees
As at 31 March 2012, the Company has bank guarantees against labour and third party commitments for AED 155,020 (31 December 2011: AED 132,000). These are secured by cash margins of AED 155,020 (31 December 2011: AED 132,000). The Company has also issued financial guarantees to retakaful companies amounting to AED 52,525 (31 December 2011: AED 52,525).