

METHAQ TAKAFUL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

REVIEW REPORT AND INTERIM FINANCIAL
STATEMENTS FOR THE PERIOD FROM
1 JANUARY 2009 TO 30 JUNE 2009

Abu Dhabi

Date: 02/08/2009

**Board of Directors' Report for the Financial Results as of
30th June, 2009**

On behalf of the Board of Directors, We are pleased to present the Financial Results for the period from 1st January, 2009 to 30th June 2009 of Methaq Takaful Insurance Company.

Brief of the Balance Sheet	30/06/2009 (Dirham)	31/12/2008 (Dirham)
Total Non-Current Assets	3,679,176	2,350,327
Total Current Assets	170,779,382	159,022,443
Total Current Liabilities	7,264,930	209,710
Total Non-Current Liabilities	196,432	73,519
Surplus in Policyholders' Fund	624,912	-
Total Shareholders' Equity	166,372,284	161,089,541

Brief of the Income Statement	30/06/2009 (Dirham)	30/06/2008 (Dirham)
Total Revenues (Gross Takaful Contributions)	10,243,748	-
Net Operating Profit (Net Underwriting Income)	1,903,669	-
Net Income From Takaful Operations	624,912	-
Net Profit for the Period	5,282,743	1,496,336
Earnings Per share	0.04	0.01

The following are highlights of the company's activities:

- Total Assets has increased by 8% from AED161.4 Million for the end of last year to AED174.4 Million as on 30/06/2009.
- Net profit for the reported period reached to AED5.3 Million comparing to AED1.5 Million last year for the same period, achieving an increase of 253%.

Best Regards,

Samer Kanan
Managing Director



Abu Dhabi

Office No.202, Al Niyadi Building, Airport Road,
PO Box 32774, Abu Dhabi, UAE.

Tel: +971 2 4437773, Fax: +971 2 4437774

Dubai

Office No. 704, ACICO Business Park, Shaikh Rashid Rd, Port Saeed
PO Box 186964, Dubai, UAE.

Tel: +971 4 2942600, Fax: +971 4 2942601

METHAQ TAKAFUL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

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REVIEW REPORT

The Shareholders
Methaq Takaful Insurance Company
Public Shareholding Company
Abu Dhabi - United Arab Emirates

Introduction

We have reviewed the accompanying interim statement of financial position of **Methaq Takaful Insurance Company - Public Shareholding Company - Abu Dhabi** as of 30 June 2009 and the related interim statements of comprehensive income, changes in shareholders' equity and cash flows for the period from 1 January 2009 to 30 June 2009. These interim financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagement No. 2410. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and 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 statements are not presented fairly, in all material respects, in accordance with International Accounting Standard No.34.

Talal Abu Ghazaleh & Co. International

Ahmed Abu Abed
Licensed Auditor No. 485



30 July 2009



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Abu Dhabi Office: Tel:(971-2) 672 4425/26 Fax:(971-2) 672 3526

Al-Masraf Bldg., 8th floor, Sheikh Hamdan St. P.O.Box : 4295, Abu-Dhabi, UAE

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نعمل بجد لنبقى أولاً

METHAQ TAKAFUL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

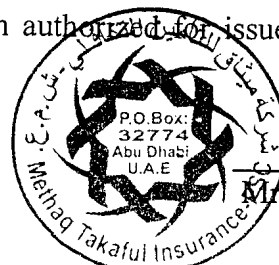
EXHIBIT A

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

<u>ASSETS</u>	<u>NOTE</u>	<u>30 June 2009</u> <u>(Unaudited)</u>	<u>31 December 2008</u> <u>(Audited)</u>
Cash and cash equivalents	3	41,604,554	39,960,489
Investment deposit	4	6,000,000	6,000,000
Takaful receivables		8,112,318	----
Held to maturity investment	5	111,815,237	103,255,966
Investments at fair value through profit or loss	6	930,000	6,543,676
Prepayments and other receivables	7	2,317,273	3,262,312
Property and equipment	8	3,679,176	2,350,327
TOTAL ASSETS		<u>174,458,558</u>	<u>161,372,770</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Accounts payable		939,247	21,616
Policyholders' liabilities	9	5,837,965	----
Accrued expenses and other payables	10	487,718	188,094
End of service benefits obligation	11	196,432	73,519
Total liabilities		<u>7,461,362</u>	<u>283,229</u>
<u>POLICY HOLDERS' FUND</u>			
Surplus in policyholders' fund		624,912	----
<u>SHAREHOLDERS' EQUITY</u>			
Capital	12	150,000,000	150,000,000
Legal reserve	13	1,637,228	1,108,954
Retained earnings		14,735,056	9,980,587
Total shareholders' equity - Exhibit C		<u>166,372,284</u>	<u>161,089,541</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>174,458,558</u>	<u>161,372,770</u>

These interim financial statements have been authorized for issue by the Board of Directors on 30 July 2009 and signed on its behalf by:



Mr. Samer Mohammed Kanan
 Managing Director

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

METHAQ TAKAFUL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT B

INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2009 TO 30 JUNE 2009

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>NOTE</u>	<u>For the period</u> <u>from 1 January 2009</u> <u>to 30 June 2009</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 11 March 2008</u> <u>to 30 June 2008</u> <u>(Unaudited)</u>
<u>Attributable to policyholders</u>			
<u>Underwriting income:</u>			
Takaful contributions revenue	14	6,399,818	----
Retakaful contributions ceded		(632,622)	----
Net earned contributions		5,767,196	----
Commission received on retakaful contributions ceded		35,688	----
XOL insurance premiums		(430,766)	----
Total underwriting income		<u>5,372,118</u>	<u>----</u>
<u>Underwriting expenses:</u>			
Gross claims incurred		(515,471)	----
Reinsurer's share of claims		45,599	----
Net claims incurred		(469,872)	----
IBNR - Technical reserve		(1,500,000)	----
Commission paid		(1,498,577)	----
Total underwriting expenses		(3,468,449)	----
Net underwriting income		1,903,669	----
Wakala fees	15	(1,278,757)	----
Net income from takaful operations for the period		<u>624,912</u>	<u>----</u>
<u>Attributable to shareholders</u>			
IPO subscription fees		----	4,500,000
Income from investment deposits		867,336	1,615,766
Return on held to maturity investment	5	10,340,663	----
Gain on sale of investments at fair value through profit or loss		1,183,941	1,250,000
Wakala fees from policyholders	15	1,278,757	----
Pre - operating expenses	16	----	(4,756,644)
Unrealized (loss) on revaluation of investments at fair value through profit or loss	6	(90,033)	----
General and administrative expenses		(8,297,921)	(1,112,786)
Profit for the period - Exhibit C & D		<u>5,282,743</u>	<u>1,496,336</u>
Basic earnings per share	17	<u>0.04</u>	<u>0.01</u>

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METHAQ TAKAFUL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
ABU DHABI- UNITED ARAB EMIRATES

EXHIBIT C

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM 1 JANUARY 2009 TO 30 JUNE 2009

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>Capital</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Paid up capital	150,000,000	----	----	150,000,000
Profit for the period - Exhibit B	----	----	1,496,336	1,496,336
Transferred to legal reserve	----	149,634	(149,634)	----
Shareholders' equity at 30 June 2008 (Unaudited)	<u>150,000,000</u>	<u>149,634</u>	<u>1,346,702</u>	<u>151,496,336</u>
Shareholders' equity at 31 December 2008 (Audited) - Exhibit A	150,000,000	1,108,954	9,980,587	161,089,541
Profit for the period - Exhibit B	----	----	5,282,743	5,282,743
Transferred to legal reserve	----	528,274	(528,274)	----
Shareholders' equity at 30 June 2009 (Unaudited) - Exhibit A	<u>150,000,000</u>	<u>1,637,228</u>	<u>14,735,056</u>	<u>166,372,284</u>

*THE ACCOMPANYING NOTES CONSTITUTE AN
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METHAQ TAKAFUL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT D

INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD
FROM 1 JANUARY 2009 TO 30 JUNE 2009

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>For the period</u> <u>from 1 January 2009</u> <u>to 30 June 2009</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 11 March 2008</u> <u>to 30 June 2008</u> <u>(Unaudited)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Profit for the period - Exhibit B	5,282,743	1,496,336
<u>Adjusted for:</u>		
Depreciation on property and equipment	546,911	---
End of service benefits obligation	122,913	---
Unrealized (loss) on revaluation of investments at fair value through profit or loss	90,033	---
Income from investment deposits	(867,336)	(1,615,766)
Return on held to maturity investment	(10,340,663)	---
Gain on sale of investments at fair value through profit or loss	(1,183,941)	(1,250,000)
Operating (loss) before working capital changes	(6,349,340)	(1,369,430)
<u>(Increase) / decrease in operating assets:</u>		
Takaful receivables	(8,112,318)	---
Prepayments and other receivables	945,039	(1,661,441)
<u>Increase / (decrease) in operating liabilities:</u>		
Accounts payable	917,631	---
Policyholders' liabilities	5,837,965	---
Accrued expenses and other payables	299,624	75,455
<i>Net cash (used in) operating activities</i>	(6,461,399)	(2,955,416)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment deposits	---	(36,000,000)
Income from investment deposits	867,336	1,615,766
Held to maturity investment	(8,559,271)	---
Return on held to maturity investment	10,340,663	---
Advance payments	---	(110,000,090)
Investments at fair value through profit or loss	---	(100,000,000)
Proceeds from sale of investments at fair value through profit or loss	6,707,584	101,250,000
Purchases of property and equipment	(1,875,760)	(813,692)
<i>Net cash from / (used in) investing activities</i>	7,480,552	(143,948,016)

THE ACCOMPANYING NOTES CONSTITUTE AN
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METHAQ TAKAFUL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

CONT. EXHIBIT D

INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD
FROM 1 JANUARY 2009 TO 30 JUNE 2009

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>For the period</u> <u>from 1 January 2009</u> <u>to 30 June 2009</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 11 March 2008</u> <u>to 30 June 2008</u> <u>(Audited)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES :</u>		
Paid up capital	----	150,000,000
Surplus in policyholders' fund	<u>624,912</u>	----
<i>Net cash from financing activities</i>	<u>624,912</u>	<u>150,000,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,644,065	3,096,568
Cash and cash equivalents - beginning of the period	<u>39,960,489</u>	----
CASH AND CASH EQUIVALENTS - END OF THE PERIOD - Note 3	<u>41,604,554</u>	<u>3,096,568</u>

***THE ACCOMPANYING NOTES CONSTITUTE AN
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METHAQ TAKAFUL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

NOTES TO INTERIM FINANCIAL STATEMENTS
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

1. **STATUS AND ACTIVITIES**

- a) **Methaq Takaful Insurance Company** (hereinafter referred to the "Company") is a Public Shareholding Company registered with Department of Planning and Economy - Abu Dhabi with a trade license number 1142419 in accordance with Federal Law number 8 of 1984 (as amended) relating to Commercial Companies in U.A.E.
- b) The company's domicile is in the Emirate of Abu Dhabi.
- c) The principal activities of the company are health insurance, insurance against hazards of land, marine and air transportation, insurance against fire, insurance against accident and liabilities, reinsurance and other types of insurance.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements of the company have been presented in accordance with International Accounting Standard No. 34. The following are the significant accounting policies used in the presentation of the attached interim financial statements which are followed consistently by the company:

a. *Accounting convention*

The interim financial statements have been prepared under the historical cost convention, except the measuring of fair value for certain financial instruments.

b. *Cash and cash equivalents*

Cash represents cash on hand and balances in current accounts with banks. Cash equivalents includes the entire highly liquid investments which are readily convertible into known amounts of cash and which are exposed to an insignificant risk of changes in values. Cash equivalents consist of investment deposits with bank maturing within three months from the date of financial statements which are not under lien.

c. *Held - to - maturity investment*

Held - to - maturity investment is financial asset with fixed payments and fixed maturity that the company has the positive intent and ability to hold to maturity. Such investment is measured at amortized cost. When a held to maturity investment is determined to be impaired, the amount of the loss is included in the statement of income.

d. *Investments at fair value through profit or loss*

- Investments at fair value through profit or loss represent investment in shares which are initially recognized at cost. As of the date of financial statements quoted shares are measured at fair value. Unrealized gain or loss which has resulted from revaluation is recognized in statement of income.

- Unlisted shares are measured at cost including acquisition expenses.

e. *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation there of provided for up to the date of the financial statements. Depreciation is computed using the straight line method based on the estimated useful life of related assets. The useful life of the company's various categories of property and equipment are as follows:

Furniture, fixtures and office equipment	5 years
Computers and software	3 years

The cost of assets and respective accumulated depreciation of property and equipment at the time of retirement and disposal are eliminated from the respective accounts and any resulting gain or loss is taken currently to statement of income.

f. *Provision for leave*

Provision for leave is provided for based on basic monthly salary plus allowances, multiplied by the ratio of number of days vested leave to 30 regular days per month.

g. *Employees end of service benefits obligation*

Employees end of service benefits obligation is computed as per provision of U.A.E. labour law.

h. *Unearned contributions*

Unearned contributions are calculated on the basis of 40% for non-marine business and 25% for marine cargo business.

i. *Revenue recognition*

Revenue is measured at fair value of the consideration received or receivable in the normal course of business.

Retakaful income and expenses

Retakaful income is recognized when retakaful is entered into and retakaful expenses are recognized when the policies are issued.

Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Income from investment deposits

Income from investment deposits is accounted on accrual basis.

j. *Foreign currency*

Monetary assets and liabilities denominated in foreign currency are converted into UAE Dirhams at rates of exchange ruling at the balance sheet date. Foreign currency transactions occurring during the year are converted into UAE Dirhams at actual rates of exchange prevailing at the time of these transactions. Gains or losses resulting from the variation in exchange rates are taken currently to statement of income.

k. *Impairment*

At each balance sheet date, the Company reviews the carrying amounts of its assets whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. **CASH AND CASH EQUIVALENTS**

This item consists of the following:

	<u>30 June 2009</u> (Unaudited)	<u>31 December 2008</u> (Audited)
Cash on hand	44,000	55,000
Cash at banks - current accounts	3,560,554	4,905,489
Investment deposits maturing within three months	<u>38,000,000</u>	<u>35,000,000</u>
Total - Exhibit A & D	<u><u>41,604,554</u></u>	<u><u>39,960,489</u></u>

4. **INVESTMENT DEPOSIT**

Investment deposit amounting to AED 6,000,000 (Exhibit A) as of 30 June 2009 represents the amount which cannot be utilised without the consent of the UAE Ministry of Economy in accordance with the requirements of the Federal Law number 9 of 1984 (as amended), covering insurance companies and agents.

5. **HELD TO MATURITY INVESTMENTS**

- a) Held to maturity securities represent investment in Ijara Sukuk, with a local diversified company, which has a fixed lifespan maturing on 14 December 2009.
- b) Return on held to maturity investment is calculated on amortized cost basis.
- c) Details of movement in this account during the period are as follows:

	<u>For the period</u> <u>from 1 January 2009</u> <u>to 30 June 2009</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 11 March 2008</u> <u>to 31 December 2008</u> <u>(Audited)</u>
Fair value at beginning of the period	103,255,966	----
Additions during the period	----	99,689,736
Return on held to maturity investment - Exhibit B	10,340,663	5,347,619
Coupon payments received	(1,781,392)	(1,781,389)
Fair value at end of the period - Exhibit A	<u><u>111,815,237</u></u>	<u><u>103,255,966</u></u>

6. **INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

- a) This item represents the fair value of investment in shares which consists of the following:

	<u>30 June 2009</u> <u>(Unaudited)</u>	<u>31 December 2008</u> <u>(Audited)</u>
Listed shares	930,000	1,530,000
Unlisted shares	----	5,013,676
Total - Exhibit A	<u><u>930,000</u></u>	<u><u>6,543,676</u></u>

b) Changes in portfolio for the current period as follows:

	<u>For the period</u> <u>from 1 January 2009</u> <u>to 30 June 2009</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 11 March 2008</u> <u>to 31 December 2008</u> <u>(Audited)</u>
Fair value at beginning of the period	6,543,676	----
Additions during the period	----	142,179,192
Disposals during the period	(5,523,643)	(132,797,246)
Unrealized (loss) on revaluation - Exhibit B	(90,033)	(2,838,270)
Fair value at end of the period	<u><u>930,000</u></u>	<u><u>6,543,676</u></u>

c) Investment in listed shares amounting to AED 930,000 (fair value) as of 30 June 2009 is registered in the name of an investment company on favour of the company.

7. **PREPAYMENTS AND OTHER RECEIVABLES**

This item consists of the following:

	<u>30 June 2009</u> <u>(Unaudited)</u>	<u>31 December 2008</u> <u>(Audited)</u>
Prepaid expenses	699,734	757,838
Margin on letters of guarantee	39,000	39,000
Refundable deposits	133,393	114,393
Accrued income from investment deposits	393,889	520,493
Advance payments to suppliers	114,680	1,096,082
Staff receivable	105,350	14,000
Other receivables	831,227	720,506
Total - Exhibit A	<u><u>2,317,273</u></u>	<u><u>3,262,312</u></u>

8. **PROPERTY AND EQUIPMENT**

The details of cost, accumulated depreciation and the respective carrying amounts of various categories of property and equipment are as follows:

<u>COST</u>	<u>Furniture, fixtures and office equipment</u>	<u>Computers and software</u>	<u>Total</u>
At 1 January 2009 - (Audited)	2,293,509	184,757	2,478,266
Additions during the period	<u>17,535</u>	<u>1,858,225</u>	<u>1,875,760</u>
At 30 June 2009 - (Unaudited)	<u>2,311,044</u>	<u>2,042,982</u>	<u>4,354,026</u>
<u>ACCUMULATED DEPRECIATION</u>			
At 1 January 2009 - (Audited)	(115,884)	(12,055)	(127,939)
Charge for the period	<u>(230,845)</u>	<u>(316,066)</u>	<u>(546,911)</u>
At 30 June 2009 - (Unaudited)	<u>(346,729)</u>	<u>(328,121)</u>	<u>(674,850)</u>
<u>NET BOOK VALUE</u>			
At 31 December 2008 (Audited) - Exhibit A	<u>2,177,625</u>	<u>172,702</u>	<u>2,350,327</u>
At 30 June 2009 (Unaudited) - Exhibit A	<u>1,964,315</u>	<u>1,714,861</u>	<u>3,679,176</u>

9. **POLICYHOLDERS' LIABILITIES**

This item consists of the following:

	<u>30 June 2009</u> <u>(Unaudited)</u>	<u>31 December 2008</u> <u>(Audited)</u>
Unearned contributions provision	3,843,930	----
Outstanding claims reserve	429,981	----
IBNR - Technical reserve	1,500,000	----
Reinsurance premium provision	64,054	----
Total - Exhibit A	<u>5,837,965</u>	<u>----</u>

10. **ACCRUED EXPENSES AND OTHER PAYABLES**

This item consists of the following:

	<u>30 June 2009</u> <u>(Unaudited)</u>	<u>31 December 2008</u> <u>(Audited)</u>
Accrued expenses	----	27,720
Provision for leave salaries	402,202	142,954
Provision for air tickets	85,516	17,420
Total - Exhibit A	<u>487,718</u>	<u>188,094</u>

11. **END OF SERVICE BENEFITS OBLIGATION**

Details of movement in this account during the period are as follows:

	<u>30 June 2009</u> <u>(Unaudited)</u>	<u>31 December 2008</u> <u>(Audited)</u>
Balance at beginning of the period	73,519	----
Current service cost	133,292	73,519
Settlements	(10,379)	----
Balance at end of the period - Exhibit A	<u>196,432</u>	<u>73,519</u>

12. **CAPITAL**

The authorized, issued and paid up capital of the company as per Article of Association is AED 150,000,000 (Exhibit A) divided into 150,000,000 shares of AED 1 par value per share.

13. **LEGAL RESERVE**

In accordance with the Article of Association Company and UAE Commercial Law, an amount equal to 10% of the annual profit should be transferred to legal reserve account till such reserve equal 50% of the company's paid up capital. This reserve is not available for distribution.

14. **TAKAFUL CONTRIBUTIONS REVENUE**

This item consists of the following:

	<u>For the period</u> <u>from 1 January 2009</u> <u>to 30 June 2009</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 11 March 2008</u> <u>to 30 June 2008</u> <u>(Unaudited)</u>
Gross takaful contributions revenue	10,243,748	----
Change in unearned contributions provision	(3,843,930)	----
Net - Exhibit B	<u>6,399,818</u>	<u>----</u>

15. **WAKALA FEES**

The shareholders manage the takaful operations for the policyholders and charged the following percentage of gross takaful contributions as wakala fees:

Motor	12.5%
Medical	10%
Others	17.5%

16. **PRE - OPERATING EXPENSES**

This item consists of the following:

	<u>For the period</u> <u>from 1 January 2009</u> <u>to 30 June 2009</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 11 March 2008</u> <u>to 30 June 2008</u> <u>(Unaudited)</u>
Subscription expenses	----	2,717,600
Advertisement	----	1,403,044
Legal and professional fees	----	466,000
Printing and stationery	----	170,000
Total - Exhibit B	<u>----</u>	<u>4,756,644</u>

17. **BASIC EARNINGS PER SHARE**

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

	<u>For the period</u> <u>from 1 January 2009</u> <u>to 30 June 2009</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 11 March 2008</u> <u>to 30 June 2008</u> <u>(Unaudited)</u>
Profit for the period	<u>5,282,743</u>	<u>1,496,336</u>
Weighted average number of shares outstanding during the period	<u>150,000,000</u>	<u>150,000,000</u>
Basic earnings per share - Exhibit B	<u>0.04</u>	<u>0.01</u>

18. FINANCIAL INSTRUMENTS

In accordance to International Financial Reporting Standards "Financial Instrument" is defined as any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial instruments consist of financial assets and financial liabilities. Financial assets of the company include cash and cash equivalents, investment deposit, investments and other receivables. Financial liabilities of the company include accounts payable, accrued expenses and other payables. The company does not use derivative instruments.

Accounting policies for financial assets and liabilities are set out in Note 2.

The risks involved with financial instruments, and the company's approach to managing such risks are mentioned below:

a) *Fair value of financial instruments*

Fair value of a financial instrument represents the amount at which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value of the company's financial instruments that are classified within current assets and current liabilities approximate their book value, because of their nature as a short maturity and no material differences are expected either upon receipt or settlement.

Fair value of investments at fair value through profit or loss is disclosed in Note 6.

b) *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 financial instruments that subject the company to credit risk consist mainly of cash at banks.

The company deposits its liquid funds at local banks chosen by management.

c) *Market risk*

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer or factors affecting all securities traded in the market. The company is exposed to market risk with respect to its investments in marketable securities. The company limits market risks by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the company actively monitors the key factors that affect stock and the market movements, including analysis of the operational and financial performance of investees.

d) *Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The UAE Dirham is effectively pegged to the US Dollar, thus foreign currency risk occurs only in respect of other currencies. The deposits of the company with Islamic financial institutions and the other investments are mainly denominated in UAE Dirham or currencies linked there to.

e) *Liquidity risk*

Liquidity risk is the risk that the company will encounter difficulties in raising funds to meet commitments associated with financial and takaful liabilities. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet all liabilities as they arise.

19. **CONTINGENT LIABILITIES**

This item consists of the following:

	<u>30 June 2009</u> <u>(Unaudited)</u>	<u>31 December 2008</u> <u>(Audited)</u>
Letters of guarantee	6,039,000	6,039,000

20. **COMPARATIVE FIGURES**

- Certain comparative figures have been reclassified to comply with the interim financial statements presentation for the current period.
- The interim financial statements are for the period of six months, compared to the period of three months and twenty one days, therefore comparability cannot be accurate.

21. **GENERAL**

The figures in the interim financial statements are rounded to the nearest Dirham of United Arab Emirates.