

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

REVIEW REPORT AND INTERIM FINANCIAL
STATEMENTS FOR THE PERIOD FROM
11 MARCH 2008 TO 30 SEPTEMBER 2008

Abu Dhabi

Date: 14/10/2008

**Board of Director Report for the financial results as of 30th
September 2008**

On behave of the Board of Director; I'm pleased to present the financial results for the Quarter ended of 30th September 2008 of Methaq Takaful Insurance Company.

Brief of the Balance Sheet on 30/9/2008 (Dirham)	
Total Non-Current Assets	7,083,995
Total Current Assets	153,791,350
Total Current Liabilities	0
Total Non-Current Liabilities	0
Total Shareholders Equity	160,875,345

Brief of the Income Statement on 30/9/2008 (Dirham)	
Total Revenues	18,715,424
Net Operating Profit	0
Net Profit for the Period	10,875,345
Earnings Per share	0.07

Best regards,


Dr. Abdullatif AlShamsi
Chairman



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 balance sheet of **Methaq Takaful Insurance Company - Public Shareholding Company - Abu Dhabi** as of 30 September 2008 and the related interim statements of income, changes in shareholders' equity and cash flows for the period from 11 March 2008 to 30 September 2008. 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 Aabed
 Licensed Auditor No. 485



6 October 2008

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

EXHIBIT A

INTERIM BALANCE SHEET AS OF 30 SEPTEMBER 2008

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

	<u>NOTE</u>	<u>30 September 2008</u> <u>(Unaudited)</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	3	75,815,140
Bank fixed deposits		76,000,000
Prepayments and other receivables	4	1,976,210
Total current assets		153,791,350
<u>NON-CURRENT ASSET</u>		
Investment in shares available for sale	5	5,146,796
Property, plant and equipment	6	1,937,199
Total non - current assets		7,083,995
TOTAL ASSETS		160,875,345
<u>SHAREHOLDERS' EQUITY</u>		
Capital	7	150,000,000
Legal reserve	8	1,087,535
Accumulated profits		9,787,810
Total shareholders' equity - Exhibit C		160,875,345
TOTAL SHAREHOLDERS' EQUITY		160,875,345

Mr. Abdullah Alotaibi
 Managing Director



Dr. Abdul Latif Al Shamsi
 Chairman

*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 INCOME FOR THE PERIOD
FROM 11 MARCH 2008 TO 30 SEPTEMBER 2008

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

	<u>NOTE</u>	<u>For the period</u> <u>from 11 March 2008</u> <u>to 30 September 2008</u> <u>(Unaudited)</u>
<u>Revenues</u>		
IPO subscription fees		4,500,000
Interest revenue on bank fixed deposits		1,672,947
Gain on sales of investment in shares		<u>12,542,477</u>
Total revenues		<u>18,715,424</u>
<u>Expenses</u>		
Pre - operating expenses	9	(4,756,644)
General and administrative expenses		(3,083,435)
Total expenses		<u>(7,840,079)</u>
Profit for the period - Exhibit C & D		<u>10,875,345</u>
Basic earnings per share	10	<u>0.07</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 11 MARCH 2008 TO 30 SEPTEMBER 2008

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

	<u>Capital</u>	<u>Legal reserve</u>	<u>Accumulated profits</u>	<u>Total</u>
Capital contribution	150,000,000	----	----	150,000,000
Profit for the period - Exhibit b	----	----	10,875,345	10,875,345
Transferred to legal reserve	----	1,087,535	(1,087,535)	----
Shareholders' equity at 30 June 2008 - Exhibit A (Unaudited)	<u>150,000,000</u>	<u>1,087,535</u>	<u>9,787,810</u>	<u>160,875,345</u>

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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 11 MARCH 2008 TO 30 SEPTEMBER 2008

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

	<u>For the period</u> <u>from 11 March 2008</u> <u>30 September 2008</u> <u>(Unaudited)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Profit for the period - Exhibit B	10,875,345
<u>Adjusted for:</u>	
Interest revenue on bank fixed deposits	(1,672,947)
Gain on sales of investment in shares	(12,542,477)
Operating (loss) before working capital changes	(3,340,079)
<u>(Increase) / decrease in operating assets:</u>	
Prepayments and other receivables	(1,976,210)
<i>Net cash (used in) operating activities</i>	<u>(5,316,289)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Bank fixed deposits	(76,000,000)
Interest revenue on bank fixed deposits	1,672,947
Investment in shares available for sale	(125,302,878)
Proceeds from sales of investment in shares	132,698,559
Purchases of property, plant and equipment	(1,937,199)
<i>Net cash (used in) investing activities</i>	<u>(68,868,571)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES :</u>	
Capital contribution	<u>150,000,000</u>
<i>Net cash from financing activities</i>	<u>150,000,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>75,815,140</u>
CASH AND CASH EQUIVALENTS - END OF THE PERIOD - Note 3	<u><u>75,815,140</u></u>

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

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 U.A.E. Commercial Companies Law number 8 for the year 1984 (as amended).
- b) The company's domicile is in the Emirate of Abu Dhabi.
- c) The principal activities of the company are health insurance, life 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 Financial Reporting 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.

b. *Cash and cash equivalents*

Cash represents balances of current accounts at 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.

c. *Investment in shares*

Investments in shares are classified as available for sale. They are initially recognized at cost. As of the date of financial statements quoted shares are measured at fair value with unrealized gains or losses reported as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired at which time the cumulated gain or loss previously reported in equity is included in income statement.

d. *Impairment*

At each interim balance sheet date, the company reviews the carrying amounts of its tangible assets to determine 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).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and the carrying amount of the asset and is recognized immediately in the interim income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and recognized in the interim income statement immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized earlier.

3. **CASH AND CASH EQUIVALENTS**

This item consists of the following:

30 September 2008

(Unaudited)

Cash on hand	8,000
Cash at banks - current accounts	75,807,140
Total - Exhibit A & D	75,815,140

4. **PREPAYMENTS AND OTHER RECEIVABLES**

This item consists of the following:

30 September 2008

(Unaudited)

Prepaid expenses	1,016,626
Advance payment to suppliers	228,991
Refundable deposits	116,393
Margin on letter of guarantees	15,000
Other receivables	599,200
Total - Exhibit A	1,976,210

5. **INVESTMENTS IN SHARES AVAILABLE FOR SALE**

- a) Investments in local shares amounting to AED 4,126,763 as of 30 September 2008 (unaudited) are registered in the name of members in the company's board of directors.
- b) Investments in local shares amounting to AED 1,020,033 as of 30 September 2008 (unaudited) are registered in the name of an investment company on favour of the company.

6. **PROPERTY, PLANT AND EQUIPMENT**

This item consists of the following:

30 September 2008
(Unaudited)

Decorations	1,752,283
Furniture and office equipments	184,916
Total - Exhibit A	1,937,199

7. **CAPITAL**

The capital of company as per Article of Association is AED 150,000,000 (Exhibit A) divided into 150,000,000 shares of AED 1 per value per share.

8. **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.

9. **PRE - OPERATING EXPENSES**

This item consists of the following:

For the period
from 11 March 2008
30 September 2008
(Unaudited)

Subscription expenses	2,717,600
Advertisement	1,403,044
Legal and professional fees	466,000
Printing and stationery	170,000
Total - Exhibit B	4,756,644

10. **BASIC EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period.

For the period from 11 March 2008 to 30 September 2008, the net profit is AED 10,875,345 and the weighted average number of shares outstanding during the period is 150,000,000 shares.

11. FINANCIAL INSTRUMENTS

In accordance to International Financial Reporting Standards "Financial Instrument" is defined as any contract that gives rise to both a financial assets of one enterprise and a financial liability or equity instrument of another enterprise. The company's financial instruments are principally comprised of cash and cash equivalents, bank fixed deposits and other receivables.

The company performs estimates for fair value of financial instruments by references to market price, estimating net realizable value, estimating net settlement value and based on managements best estimation as the financial statement date.

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.

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.

12. CONTINGENT LIABILITIES

This item consists of the following:

30 September 2008
(Unaudited)

Letters of guarantee

15,000

13. GENERAL

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