

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

INDEPENDENT AUDITOR’S REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2011

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

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Independent Auditor's Report

1013801310

The Shareholders
Takaful Emarat – Insurance (PSC)
Public Joint Stock Company
Dubai
United Arab Emirates

Report on Financial Statements

We have audited the accompanying financial statements of **Takaful Emarat – Insurance (PSC)** "the company", which comprise the statement of financial position as at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Takaful Emarat – Insurance (PSC)**, as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



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نعمل بجد لنبقى في المقدمة

Report on Other Legal and Regulatory Requirements

Also in our opinion, the company has maintained proper accounting records and the contents of the Directors' report relating to the financial statements are in agreement therewith. To the extent of information and explanations made available to us, nothing came to our attention concerning occurrence of violations of the UAE Commercial Companies Law No.5 of 1984 and its amendments or with UAE Federal Law No. 6 of 2007 with the matter of establishing Insurance Authority and organizing its working in United Arab Emirates or the Articles of Association of the company for the year which would have had a material effect on the company's activities or its financial position.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL



Ali Hasan Shalabi

Licensed Auditor No. 34
26 February 2012.



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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

EXHIBIT A

	Note	<u>2011</u> AED	<u>2010</u> AED
ASSETS			
Cash and bank balances	4	58,248,209	99,518,438
Post-dated cheques received		363,609	562,415
Takaful and other receivables	5	9,787,817	15,291,244
Due from a related party	6	42,939	–
Retakaful Contract Assets	7	2,356,852	4,101,712
Investments at fair value through profit or loss	8	11,031,197	–
Investments carried at amortized cost	9	19,619,644	4,395,634
Investment property	10	10,500,000	10,700,000
Property and equipment	11	5,552,950	3,630,586
TOTAL ASSETS		<u><u>117,503,217</u></u>	<u><u>138,200,029</u></u>
LIABILITIES, POLICY HOLDERS' FUND AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Post dated cheques issued	12	1,732,335	527,500
Due to a related party	6	–	29,290
Retakaful and other payables	13	7,329,956	7,470,039
Takaful contract liabilities	7	7,407,893	9,160,850
End of service benefits obligation	14	359,674	359,675
TOTAL LIABILITIES		<u><u>16,829,858</u></u>	<u><u>17,547,354</u></u>
POLICY HOLDERS' FUND			
Deficit in policy holders' fund	15	(2,970,418)	(2,880,865)
Qard Hassan from shareholders	15	2,970,418	2,880,865
NET POLICY HOLDERS' FUND		<u><u>–</u></u>	<u><u>–</u></u>
SHAREHOLDERS' EQUITY			
Share capital	16	150,000,000	150,000,000
Accumulated losses		(49,326,641)	(29,347,325)
NET SHAREHOLDERS' EQUITY - EXHIBIT C		<u><u>100,673,359</u></u>	<u><u>120,652,675</u></u>
TOTAL LIABILITIES, POLICY HOLDERS' FUND AND SHAREHOLDERS' EQUITY		<u><u>117,503,217</u></u>	<u><u>138,200,029</u></u>

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

These financial statements have been authorized for issue by the Board of Directors
on 26 February 2012 and signed on its behalf by :

Dr. Khalid Saqer Khalfan Al Marri
Chairman

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31 DECEMBER 2011

EXHIBIT B

	<u>Note</u>	<u>2011</u> <u>AED</u>	<u>2010</u> <u>AED</u>
ATTRIBUTABLE TO POLICY HOLDER			
Takaful Contributions earned	19	13,213,562	10,611,016
Retakaful Contributions ceded	19	(4,295,680)	(5,062,224)
Net earned contributions	19	8,917,882	5,548,792
Gross claims incurred		(8,692,563)	(11,207,604)
Retakaful share of claims incurred		3,415,125	7,134,226
Net claims incurred		(5,277,438)	(4,073,378)
Takaful income		3,640,444	1,475,414
Takaful expenses	20	(2,021,452)	(994,293)
Commission on life retakaful and other income		--	11,538
Takaful Operating Profit		1,618,992	492,659
Wakalah fees	21	(1,708,545)	(2,876,468)
Deficit of takaful for the year		(89,553)	(2,383,809)
<u>Attributable to shareholders :</u>			
Net income from shareholders' investment and other income	22	3,916,014	6,171,782
Other (loss)/income	23	(1,371,564)	710
Wakalah fees from policy holders		1,708,545	2,876,468
General and administrative expenses	24	(23,942,758)	(13,270,715)
Fair value loss on investment property		(200,000)	(15,000,371)
Provision for Qard Hassan to policy holders' fund	15	(89,553)	(2,880,865)
Loss for the year - Exhibit D		(19,979,316)	(22,102,991)
Other comprehensive income		--	--
Total comprehensive loss for the year - Exhibit C		(19,979,316)	(22,102,991)
Basic loss per share	25	(0.133)	(0.147)

THE ACCOMPANYING NOTES CONSTITUTE AN
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TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR
ENDED 31 DECEMBER 2011

EXHIBIT C

	<u>Share capital</u> AED	<u>Accumulated losses</u> AED	<u>Total</u> AED
Balance at 1 January 2010	150,000,000	(7,244,334)	142,755,666
Total Comprehensive Loss for the year Ended 31 December 2010 – Exhibit B	--	(22,102,991)	(22,102,991)
Balance at 31 December 2010 - Exhibit A	150,000,000	(29,347,325)	120,652,675
Total Comprehensive Loss for the year Ended 31 December 2011 – Exhibit B	--	(19,979,316)	(19,979,316)
Balance at 31 December 2011 - Exhibit A	150,000,000	(49,326,641)	100,673,359

THE ACCOMPANYING NOTES CONSTITUTE AN
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TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 DECEMBER 2011

EXHIBIT D

	<u>2011</u> <u>AED</u>	<u>2010</u> <u>AED</u>
<u>OPERATING ACTIVITIES</u>		
Loss for the year - Exhibit B	(19,979,316)	(22,102,991)
Adjustments for:		
Net retakaful contract assets and takaful contract liabilities	(8,096)	4,338,440
Depreciation	2,231,268	847,033
Loss on disposal/sale of property and equipment	996,986	--
Realized gain on investments carried at amortized cost	(451,184)	(900,646)
Change in fair value of investment property	200,000	15,000,371
Provision for Qard Hassan to policy holders' fund	89,553	2,880,865
Unrealized gain on revaluation of investments at FVTPL	(438,348)	--
End of service benefits obligation	258,354	226,388
Operating (Loss)/Profit Before Working Capital Changes	(17,100,783)	289,460
Working Capital Changes :		
Post dated cheques received	198,806	(448,781)
Takaful and other receivables	3,693,859	(5,554,826)
Post dated cheques issued	1,204,835	(2,532,875)
Retakaful and other payables	(140,084)	5,445,690
Settlement of end of service benefits obligation	(258,355)	(16,431)
Net Cash Used in Operating Activities	(12,401,722)	(2,817,763)
<u>INVESTING ACTIVITIES</u>		
Investment deposits	65,714,168	14,980,296
Purchase of held for trading investments	(10,592,849)	--
Purchase of investments carried at amortized cost	(15,000,000)	--
Purchases of property and equipment	(3,541,050)	(1,934,981)
Dividends income received	227,174	307,434
Proceeds from disposal of investments carried at amortized cost	--	3,000,000
Proceeds from sale of property and equipment	200,000	--
Net Cash Provided by Investing Activities	37,007,443	16,352,749
<u>FINANCING ACTIVITIES</u>		
Net movement in a related party account	(72,229)	(4,758)
Deficit in policy holders' fund	(89,553)	(2,383,809)
Net Cash Used in Financing Activities	(161,782)	(2,388,567)
Net increase in cash & cash equivalents	24,443,939	11,146,419
Cash & cash equivalents at beginning of year	19,804,270	8,657,851
Cash & Cash Equivalents at end of Year - Note 27	44,248,209	19,804,270

THE ACCOMPANYING NOTES CONSTITUTE AN
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TAKAFUL EMARAT – INSURANCE (PSC)
PUBLIC JOINT STOCK COMPANY
DUBAI
UNITED ARAB EMIRATES

NOTES TO 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 64341.

2. **ADOPTION OF NEW AND REVISED STANDARDS**

In the current year, the company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective for the financial statement for the current year.

The directors anticipate that all of the new and revised International Financial Reporting Standards (IFRSs) and Interpretations as applicable will be adopted in the Company’s financial statements for the period commencing 1 January 2012 or as and when it is applicable.

3. **SIGNIFICANT ACCOUNTING POLICIES**

Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for investment property and financial instruments at fair value.

The significant accounting policies are as follows :

Takaful Contracts

The company issues contracts that transfer takaful risk. Takaful contracts are those contracts that transfer significant takaful risk. As a general guideline, the company defines significant takaful risk as the possibility of having to pay benefits on the occurrence of an insured event.

Retakaful contract assets

Contracts entered into by the company for retakaful under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements of takaful contracts are classified as retakaful contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

Takaful contracts entered into by the company under which the contract holder is involved in takaful activities are included with takaful contracts. The benefits to which the company is entitled under its retakaful contracts held are recognized as retakaful contract assets. The company assesses its retakaful contract assets for impairment on a regular basis. If there is objective evidence that the retakaful contract asset is impaired, the company reduces the carrying amount of the retakaful contract assets to its recoverable amount and recognizes that impairment loss in the statement of comprehensive income.

Takaful contract liabilities

Takaful contract liabilities towards outstanding claims are made for all claims intimated to the company and still unpaid at the statement of financial position date, in addition to claims incurred but not reported. The unearned contributions considered in the takaful contract liabilities comprise of estimated proportion of the gross contributions written which relates to the years of takaful subsequent to the statement of financial position date.

Revenue recognition

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

- *Takaful Contribution earned*

For all takaful contracts, contributions are recognized as revenue (earned contributions) proportionally over the period of coverage. The portion of contributions received on in-force contracts that relates to unexpired risks at the statement of financial position date is reported as the unearned contribution liability.

- *Claims*

Claims and loss adjustment expenses are charged to the statement of comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

- *Retakaful income and expenses*

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

Property and equipment

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

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

	<u>%</u>
Office equipment	20
Furniture and fixtures	20
Computer software	33
Motor vehicles	20

The estimated useful lives, residual values and depreciation method are reviewed and adjusted if appropriate at each statement of financial position date.

The carrying amounts are reviewed at each statement of financial position 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, and is recognized in the statement of comprehensive income.

Investment property

Investment property held to earn rentals or for capital appreciation, investment property is measured at fair value as at the financial position date. Gain or loss arising from changes in the fair value of investment property is included in the comprehensive statement of income.

Impairment of assets

The carrying amounts of the company's assets are reviewed at each statement of financial position 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 an asset exceeds its recoverable value. Impairment losses are recognized in the statement of comprehensive income.

Financial assets

Financial assets comprising of, among other things, investments in debt and equity instruments, are recognized and derecognized on the trade date when the group becomes party to the contractual provisions of the instruments. The financial assets are initially recognized at fair value plus transaction costs, directly attributable to the acquisition or issue of those assets, except for the financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalent comprises bank balances and demand deposits where cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Takaful receivables

Takaful receivables are recognized when due. These include amounts due to and from agents, brokers and takaful contract holders.

If there is objective evidence that the takaful receivable is impaired, the company reduces the carrying amount of the takaful receivable accordingly and recognizes that impairment loss in the statement of comprehensive income.

Financial assets at Fair value through Profit or Loss (FVTPL)

Financial assets are classified as fair value through profit or loss (FVTPL) when they are held for trading, which means they have been acquired principally for the purpose of selling in the near future.

Initially the financial assets in this criteria are recorded at fair value through profits or loss (FVTPL). Gains or losses resultant from changes in the fair value arising on subsequent measurement are recognized in the statement of comprehensive income. The net gain or loss recognized in the statement of comprehensive income incorporates any dividend or interest earned on the financial asset.

Investments at Amortized cost

Debt instruments are measured at amortized cost if the following conditions are met.

- The assets are held within a business model in order to collect contractual cash flows.
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal amount and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction cost, and subsequently measured at amortized cost using the effective interest method less any impairment.

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period.

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.

Deficit in Policy holders' fund and Qard Hassan

The deficit in policy holder's funds represents accumulated losses on policy holders operation. Deficit in the policy holders' fund is financed by the shareholders through 'Qard Hassan'. The company maintains a full provision against loans.

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 statement of comprehensive 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 statement of financial position date. Provisions are review and adjusted at each statement of financial position 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.

Statutory Reserve

In accordance with the UAE Commercial Companies Law No. (8) of 1984 (as amended) and the Company's Articles of Association an amount equal to 10% of the profit for the year is to be transferred to statutory reserve until such reserve balance reaches 50% of the Company's capital. Amounts retained in the statutory reserve account are not available for distribution to shareholders, except under the circumstances stipulated by the law.

Additional Reserve

In accordance with the company's Article of Association, an amount equal to 10% of the profit for the year is to be transferred to additional reserve. This transfer will be stopped by a decision from ordinary general assembly meeting based on the discretion of the Board of Directors and this reserve is used for the purposes decided by the general assembly meeting based on the discretion of the Board of Directors.

Contingent liabilities

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the financial statements.

Foreign currency

The statement of financial position 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 statement of financial position 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 statement of comprehensive income.

Segments Information

Business segment

The Company's policy of differentiation between the work segments which are considered as primary segments by taking into consideration the nature of services and product from these segments, which exposed to risks and returns that are different from those of other business segments.

Geographic segment

The Company's policy of differentiation between the geographical segments which are considered as secondary segments taking into consideration the economic consequences, the related risk for each geographical segment which exposed to risks and returns that are different from those of segments operating in other economic environments.

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.

The ultimate liability arising from claims made under takaful contracts

The estimation of ultimate liability arising from the claims made under takaful contracts is the company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the financial position date. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the company and management estimates based on past claims settlement trends for the claims incurred but not reported. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

Liability adequacy test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of takaful contract liabilities. The company made use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the statement of comprehensive income.

4. CASH AND BANK BALANCES

a) This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Cash in hand	13,574	--
Bank balances - current accounts	2,885,297	4,154,270
Investment deposits placed for three months or less from the original date of placement	41,349,338	15,650,000
Investment deposits placed for a period exceeding three months from the original date of placement	14,000,000	79,714,168
Total - Exhibit A	58,248,209	99,518,438

b) Investment deposits of AED. 41,349,338 and AED. 14,000,000 respectively mentioned above are deposited with local Islamic Banks and include an investment deposit of AED. 4,000,000 kept on the order of the Chairman of the Insurance Authority.

5. TAKAFUL AND OTHER RECEIVABLES

This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Takaful receivables	4,274,322	4,241,814
Due from retakaful companies	886,283	4,770,914
Accrued income of investment deposits	59,398	1,379,613
Prepaid expenses	1,886,873	2,624,254
Advances to suppliers	1,653,359	1,809,568
Margin held against letter of guarantees	195,000	78,000
Refundable deposits	429,829	175,705
Staff receivables	202,753	211,376
Others	200,000	--
Total - Exhibit A	9,787,817	15,291,244

The average credit period is 90 days. The company's policy regarding the provision for doubtful accounts is to provide full amount for doubtful accounts based on management expectation.

Before accepting any new customer, the Company assesses the potential customers' credit quality and defines credit limits for customer.

Takaful receivable include balances from 2 customers totalling to AED. 1,786,665 which represent 42% of takaful receivable of year end.

The age wise analysis of takaful receivable is as follows :

<u>Range</u>	<u>2011</u> AED	<u>2010</u> AED
Amount did not exceed a period of maturity	1,785,306	2,279,917
Amount over a period of maturity		
30 days	1,092,599	154,214
31-60 days	65,132	855,456
61-120 days	209,102	739,500
121 days and above	1,122,183	212,727
	2,489,016	1,961,897
Total	4,274,322	4,241,814

6. TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the company enters into various transactions with related parties. Related parties represent major shareholders, directors and key management personnel of the company, and entities controlled, jointly controlled or significantly influenced by such parties. The prices and terms of these transactions are agreed with the company's management.

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

	<u>2011</u> AED	<u>2010</u> AED
UNIQA International beteiligungs - verwaltungs GmbH - Austria - Exhibit A	42,939 =====	-- =====

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

	<u>2011</u> AED	<u>2010</u> AED
Al Buhairah National Insurance Co.- Sharjah - Exhibit A	-- =====	29,290 =====

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

	<u>2011</u> AED	<u>2010</u> AED
Expenses charged	42,939 =====	35,584 =====

- The remuneration of key management are as follows :

	<u>2011</u> AED	<u>2010</u> AED
Compensation paid to Key Management	3,197,562 =====	841,875 =====

7. **TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS**

This item consists of the following :

	31 December 2011			31 December 2010		
	<u>Medical</u>	<u>Life</u>	<u>Total</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Takaful Contract Liabilities						
Reported claims	1,321,227	--	1,321,227	1,703,482	--	1,703,482
Claims incurred but not reported	409,020	--	409,020	1,423,577	--	1,423,577
Unearned premiums	5,602,309	75,337	5,677,646	5,857,069	176,722	6,033,791
	<u>7,332,556</u>	<u>75,337</u>	<u>7,407,893</u>	<u>8,984,128</u>	<u>176,722</u>	<u>9,160,850</u>
	=====	=====	=====	=====	=====	=====
Retakaful Contract Assets						
Reported claims	462,430	--	462,430	1,036,523	--	1,036,523
Claims incurred but not reported	143,157	--	143,157	861,782	--	861,782
Unearned premiums	1,698,416	52,849	1,751,265	2,101,376	102,031	2,203,407
	<u>2,304,003</u>	<u>52,849</u>	<u>2,356,852</u>	<u>3,999,681</u>	<u>102,031</u>	<u>4,101,712</u>
	=====	=====	=====	=====	=====	=====
Takaful liabilities - net						
Reported claims	858,797	--	858,797	666,959	--	666,959
Claims incurred but not reported	265,863	--	265,863	561,795	--	561,795
Unearned premiums	3,903,893	22,488	3,926,381	3,755,693	74,691	3,830,384
	<u>5,028,553</u>	<u>22,488</u>	<u>5,051,041</u>	<u>4,984,447</u>	<u>74,691</u>	<u>5,059,138</u>
	=====	=====	=====	=====	=====	=====

7. **TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (CONTINUED)**

The movement in the takaful contract liabilities and retakaful contract assets during the year ended 31 December 2011 is as follows :

	Gross			Retakaful			Net		
	<u>Medical</u> AED	<u>Life</u> AED	<u>Total</u> AED	<u>Medical</u> AED	<u>Life</u> AED	<u>Total</u> AED	<u>Medical</u> AED	<u>Life</u> AED	<u>Total</u> AED
Reported claims	1,703,482	--	1,703,482	1,036,523	--	1,036,523	666,959	--	666,959
Claims incurred but not reported	1,423,577	--	1,423,577	861,782	--	861,782	561,795	--	561,795
Total at 1 January 2011	3,127,059	--	3,127,059	1,898,305	--	1,898,305	1,228,754	--	1,228,754
Claims settled	(3,127,059)	--	(3,127,059)	(1,898,305)	--	(1,898,305)	(1,228,754)	--	(1,228,754)
Increase in liabilities	1,730,247	--	1,730,247	605,587	--	605,587	1,124,660	--	1,124,660
Total at 31 December 2011	1,730,247	--	1,730,247	605,587	--	605,587	1,124,660	--	1,124,660
Reported claims	1,321,227	--	1,321,227	462,430	--	462,430	858,797	--	858,797
Incurred but not reported	409,020	--	409,020	143,157	--	143,157	265,863	--	265,863
Total at 31 December 2011	1,730,247	--	1,730,247	605,587	--	605,587	1,124,660	--	1,124,660
Unearned premium at 1 January 2011	5,857,069	176,722	6,033,791	2,101,376	102,031	2,203,407	3,755,693	74,691	3,830,384
Increase during the year	5,602,309	75,337	5,677,646	1,698,416	52,849	1,751,265	3,903,893	22,488	3,926,381
Decrease during the year	(5,857,069)	(176,722)	(6,033,791)	(2,101,376)	(102,031)	(2,203,407)	(3,755,693)	(74,691)	(3,830,384)
Net (decrease)/increase during the year	(254,760)	(101,385)	(356,145)	(402,960)	(49,182)	(452,142)	148,200	(52,203)	95,997
Total at 31 December 2011	5,602,309	75,337	5,677,646	1,698,416	52,849	1,751,265	3,903,893	22,488	3,926,381

7 **TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (CONTINUED)**

The movement in the takaful contract liabilities and retakaful contract assets during the period ended 31 December 2010 is as follows :

	Gross			Retakaful			Net		
	<u>Medical</u>	<u>Life</u>	<u>Total</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
	AED	AED	AED	AED	AED	AED	AED	AED	AED
Reported claims	33,985	--	33,985	21,765	--	21,765	12,220	--	12,220
Claims incurred but not reported	23,416	--	23,416	17,564	--	17,564	5,852	--	5,852
Total at 1 January 2010	57,401	--	57,401	39,329	--	39,329	18,072	--	18,072
Claims settled	(57,401)	--	(57,401)	(39,329)	--	(39,329)	(18,072)	--	(18,072)
Increase in liabilities	3,127,059	--	3,127,059	1,898,305	--	1,898,305	1,228,754	--	1,228,754
Total at 31 December 2010	3,127,059	--	3,127,059	1,898,305	--	1,898,305	1,228,754	--	1,228,754
Reported claims	1,703,482	--	1,703,482	1,036,523	--	1,036,523	666,959	--	666,959
Incurred but not reported	1,423,577	--	1,423,577	861,782	--	861,782	561,795	--	561,795
Total at 31 December 2010	3,127,059	--	3,127,059	1,898,305	--	1,898,305	1,228,754	--	1,228,754
Unearned premium at 1 January 2010	1,147,907	852,767	2,000,674	659,610	638,438	1,298,048	488,297	214,329	702,626
Increase during the year	5,857,069	176,722	6,033,791	2,101,376	102,031	2,203,407	3,755,693	74,691	3,830,384
Decrease during the year	(1,147,907)	(852,767)	(2,000,674)	(659,610)	(638,438)	(1,298,048)	(488,297)	(214,329)	(702,626)
Net increase/(decrease) during the year	4,709,162	(676,045)	4,033,117	1,441,766	(536,407)	905,359	3,267,396	(139,638)	3,127,758
Total at 31 December 2010	5,857,069	176,722	6,033,791	2,101,376	102,031	2,203,407	3,755,693	74,691	3,830,384

8. **INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Fair value at 1 January	--	--
Purchase during the year	10,592,849	--
Increase in fair value	438,348	--
	<hr/>	<hr/>
Fair value at 31 December - Exhibit A	11,031,197	--
	<hr/> <hr/>	<hr/> <hr/>

9. **INVESTMENTS CARRIED AT AMORTIZED COST**

This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Cost at 1 January	4,395,634	6,802,422
Purchase during the year	15,000,000	--
Disposal on maturity	--	(3,000,000)
Realized gain during the year	451,184	900,646
Dividends income received	(227,174)	(307,434)
	<hr/>	<hr/>
Cost at 31 December - Exhibit A	19,619,644	4,395,634
	<hr/> <hr/>	<hr/> <hr/>

Investments carried at amortized cost mentioned above represents investment in Sukuk issued by local companies.

10. **INVESTMENT PROPERTY**

Investment property is a plot of land in Emirates of Dubai, represented at fair value. The details are as follows :

	<u>2011</u> AED	<u>2010</u> AED
Fair value at 1 January	10,700,000	--
Transferred from property and equipment	--	25,700,371
Decrease in fair value	(200,000)	(15,000,371)
	<hr/>	<hr/>
Fair value at 31 December - Exhibit A	10,500,000	10,700,000
	<hr/> <hr/>	<hr/> <hr/>

11. **PROPERTY AND EQUIPMENT**

a) As at 31 December 2011 :

	<u>Office equipment</u> AED	<u>Furniture & fixtures</u> AED	<u>Computer software</u> AED	<u>Motor vehicles</u> AED	<u>Total</u> AED
Cost :					
At 1 January 2011	733,654	3,683,120	166,093	109,000	4,691,867
Additions	257,604	1,279,231	1,631,315	372,900	3,541,050
Transfer	--	--	1,809,568	--	1,809,568
Disposals	--	(3,173,765)	--	--	(3,173,765)
Balance at 31 December 2011	991,258	1,788,586	3,606,976	481,900	6,868,720
Accumulated Depreciation :					
At 1 January 2011	159,002	828,327	63,052	10,900	1,061,281
Charged for the year	175,214	629,559	569,415	94,163	1,468,351
Relating to disposal	--	(1,213,862)	--	--	(1,213,862)
Balance at 31 December 2011	334,216	244,024	632,467	105,063	1,315,770
Net Book Value :					
At 31 December 2011 - Exhibit A	657,042	1,544,562	2,974,509	376,837	5,552,950

b) Motor vehicles mentioned above of AED. 481,900 include two motor vehicles of AED. 348,900 registered in the names of the employees.

11. **PROPERTY AND EQUIPMENT (CONTINUED)**

As at 31 December 2010 :

	<u>Office equipment</u> AED	<u>Furniture & fixtures</u> AED	<u>Computer software</u> AED	<u>Motor vehicle</u> AED	<u>Land</u> AED	<u>Total</u> AED
Cost :						
At 1 January 2010	359,799	2,337,842	59,245	--	25,700,371	28,457,257
Additions during the year	373,855	1,345,278	106,848	109,000	--	1,934,981
Transferred to investment property	--	--	--	--	(25,700,371)	(25,700,371)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2010	733,654	3,683,120	166,093	109,000	--	4,691,867
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated Depreciation :						
At 1 January 2010	53,353	137,490	23,405	--	--	214,248
Charged for the year	105,649	690,837	39,647	10,900	--	847,033
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2010	159,002	828,327	63,052	10,900	--	1,061,281
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value :						
At 31 December 2010 - Exhibit A	574,652	2,854,793	103,041	98,100	--	3,630,586
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12. **POST-DATED CHEQUES ISSUED**

This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Post-dated cheques issued - Current Portion	1,233,815	527,500
Post-dated cheques issued - Non-Current Portion	498,520	--
Total - Exhibit A	<u>1,732,335</u>	<u>527,500</u>

13. **RETAKAFUL AND OTHER PAYABLES**

This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Takaful payables	384,085	1,457,973
Retakaful payables	2,836,785	4,619,547
Other payables	2,194,589	705,795
Provision for staff leave salaries	581,540	395,310
Accrued expenses	1,332,957	291,414
Total - Exhibit A	<u>7,329,956</u>	<u>7,470,039</u>

14. **END OF SERVICE BENEFITS OBLIGATION**

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

	<u>2011</u> AED	<u>2010</u> AED
Balance at 1 January	359,675	149,718
Current service cost	258,354	226,388
Settlements during the year	(258,355)	(16,431)
Balance at 31 December – Exhibit A	<u>359,674</u>	<u>359,675</u>

15. **DEFICIT IN POLICY HOLDER'S FUND**

a) This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Balance at beginning of year	(2,880,865)	(497,056)
Net deficit for the year	(89,553)	(2,383,809)
Total - Exhibit A	<u>(2,970,418)</u>	<u>(2,880,865)</u>

b) The shareholders have funded the deficit in the policy holders' fund with the company's policy through a Qard Hassan (free of finance charge with no repayment terms) of AED. 2,970,418 (2010 : AED. 2,880,865).

16. **SHARE CAPITAL**

This item consists of the following :

	<u>2011</u> AED	<u>2010</u> 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 =====

17. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

In the management opinion, the carrying amounts of financial assets and financial liabilities recognized in the financial statements are in approximate to their fair value.

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.

18. **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 risk management

The primary objective of the company's capital risk 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.

The company's objectives when managing capital are :

- to comply with the capital requirements required by UAE Federal Law No.(6) of 2007 concerning the formation of Insurance Authority.
- to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stockholder; and
- to provide adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

- The details of capital and equity are as follows :

	<u>2011</u> <u>AED</u>	<u>2010</u> <u>AED</u>
Minimum regulatory capital - (i)	<u>100,000,000</u>	<u>100,000,000</u>
Capital	<u>150,000,000</u>	<u>150,000,000</u>
Total equity	<u>100,673,359</u>	<u>120,652,675</u>

- (i) In UAE, the local takaful regulator specifies the minimum amount and type of capital that must be held by the company in addition to its takaful liabilities. The minimum required capital (presented below) must be maintained at all times throughout the year. The company is subject to local takaful solvency regulations with which it has complied during the year. The company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

Takaful risk

Takaful 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 includes frequency and amounts of claims, life assurance, personal accident and retakaful risk.

Financial risk

The company is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful assets and takaful liabilities. Financial risk consists of the credit risk, profit rate risk, foreign currency risk and liquidity risk.

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 is in cash with banks.

Profit rate risk

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

The company generally tries to minimize the profit rate risk by closely monitoring the market rates and investing in those financial assets in which such risk is expected to be minimum.

Foreign currency risk

The company is not exposed to significant foreign currency risk as substantially all financial assets and financial liabilities are denominated in Arab Emirate Dirham (AED) or United States Dollars (USD) to which the AED is pegged.

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

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

As at 31 December 2011 :

	<u>Less than three months AED</u>	<u>From 3 months to one year AED</u>	<u>1-5 years AED</u>	<u>Over 5 years AED</u>	<u>Total AED</u>
Financial Assets					
Cash and bank balances	44,248,209	10,000,000	--	4,000,000	58,248,209
Post-dated cheques received	280,470	83,139	--	--	363,609
Takaful and other receivables (except for prepaid expenses)	2,943,036	4,333,079	624,829	--	7,900,944
Due from a related party	--	42,939	--	--	42,939
Retakaful Contract Assets	--	--	2,356,852	--	2,356,852
Investments at FVTPL	--	11,031,197	--	--	11,031,197
Investments carried at amortized cost	--	1,217,539	18,402,105	--	19,619,644
Total	<u>47,471,715</u>	<u>26,707,893</u>	<u>21,383,786</u>	<u>4,000,000</u>	<u>99,563,394</u>
Financial Liabilities					
Post dated cheques issued	256,760	977,055	498,520	--	1,732,335
Retakaful and other payables	--	6,748,416	581,540	--	7,329,956
Takaful contract liabilities	--	7,407,893	--	--	7,407,893
Total	<u>256,760</u>	<u>15,133,364</u>	<u>1,080,060</u>	<u>--</u>	<u>16,470,184</u>

As at 31 December 2010 :

	<u>Less than three months AED</u>	<u>From 3 months to one year AED</u>	<u>1-5 years AED</u>	<u>Over 5 years AED</u>	<u>Total AED</u>
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
Investments carried at amortized cost	--	--	4,395,634	--	4,395,634
Total	<u>6,410,345</u>	<u>106,439,210</u>	<u>4,395,634</u>	<u>4,000,000</u>	<u>121,245,189</u>
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	<u>191,790</u>	<u>16,600,579</u>	<u>395,310</u>	<u>--</u>	<u>17,187,679</u>

19. **NET EARNED CONTRIBUTIONS**

This item consists of the following :

	<u>31 December 2011</u>			<u>31 December 2010</u>		
	<u>Medical</u> AED	<u>Life</u> AED	<u>Total</u> AED	<u>Medical</u> AED	<u>Life</u> AED	<u>Total</u> AED
Gross contributions written						
Gross Contributions written	10,519,475	2,337,942	12,857,417	14,012,573	631,560	14,644,133
Change in unearned contributions provision	254,760	101,385	356,145	(4,709,162)	676,045	(4,033,117)
Takaful Contributions earned	<u>10,774,235</u>	<u>2,439,327</u>	<u>13,213,562</u>	<u>9,303,411</u>	<u>1,307,605</u>	<u>10,611,016</u>
Retakaful Contributions						
Retakaful contributions	3,034,464	809,074	3,843,538	5,607,971	359,612	5,967,583
Change in unearned contributions provision	402,960	49,182	452,142	(1,441,766)	536,407	(905,359)
Retakaful contributions ceded	<u>3,437,424</u>	<u>858,256</u>	<u>4,295,680</u>	<u>4,166,205</u>	<u>896,019</u>	<u>5,062,224</u>
Net earned contributions - Exhibit B	<u>7,336,811</u>	<u>1,581,071</u>	<u>8,917,882</u>	<u>5,137,206</u>	<u>411,586</u>	<u>5,548,792</u>

20. **TAKAFUL EXPENSES**

This item consists of the following :

	<u>31 December 2011</u>			<u>31 December 2010</u>		
	<u>Medical</u> AED	<u>Life</u> AED	<u>Total</u> AED	<u>Medical</u> AED	<u>Life</u> AED	<u>Total</u> AED
Commission and other expenses						
- Exhibit B	705,087	1,316,365	2,021,452	924,117	70,176	994,293
	<u>705,087</u>	<u>1,316,365</u>	<u>2,021,452</u>	<u>924,117</u>	<u>70,176</u>	<u>994,293</u>

21. **WAKALAH FEES**

The shareholders manage the takaful operations for the policy holders and charge 15% - 35% (2010 : 15% - 25%) of gross takaful contributions as wakalah fees. For the year ended 31 December 2011, wakalah fees charged to policy holders amounted to AED. 1,708,545 (2010 : AED. 2,876,468).

22. **SHAREHOLDERS' INVESTMENT AND OTHER INCOME**

This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Profit from investment in fixed deposits	3,026,482	5,271,136
Profit from investment carried at amortized cost	451,184	900,646
Fair value gain on investments at FVTPL	438,348	--
Total - Exhibit B	<u><u>3,916,014</u></u>	<u><u>6,171,782</u></u>

23. **OTHER (LOSS)/INCOME**

This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Loss on disposal/sale of property and equipment	(1,759,903)	--
Net allocation charge in life insurance policies	242,118	--
Miscellaneous Income	146,221	710
Net amount - Exhibit B	<u><u>(1,371,564)</u></u>	<u><u>710</u></u>

24. **GENERAL AND ADMINISTRATIVE EXPENSES**

This item consists of the following :

	<u>2011</u> AED	<u>2010</u> AED
Salaries and other benefits	12,076,579	6,542,670
Advertisement expenses	2,031,552	31,008
Rent	2,841,029	2,553,009
Government expenses	297,413	126,329
Stationery	119,864	53,674
Telephone, fax and postage	351,764	265,519
Legal fees	1,431,894	418,292
Remuneration of Sharia Supervisory Board	130,595	224,446
Depreciation	1,468,351	847,033
Insurances Authority Fee	60,000	57,315
Consulting expenses and other professional services	514,160	429,800
Third party administration fees (TPA)		
- medical insurance	1,088,114	685,019
Insurance expenses	264,856	167,265
Maintenance expenses	113,762	49,930
Computer software expenses	430,603	577,706
Miscellaneous	722,222	241,700
Total - Exhibit B	<u><u>23,942,758</u></u>	<u><u>13,270,715</u></u>

25. **LOSS PER SHARE**

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

	<u>2011</u>	<u>2010</u>
Loss for the year attributable to equity holders of the company (AED)	(19,979,316)	(22,102,991)
Weighted average number of shares(share)	150,000,000	150,000,000
Basic loss per share (AED) – Exhibit B	<u><u>(0.133)</u></u>	<u><u>(0.147)</u></u>

26. 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 2011						YEAR ENDED 31 DECEMBER 2010					
	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	10,774,235	2,439,327	13,213,562	3,916,014	(1,371,564)	2,544,450	9,303,411	1,319,143	10,622,554	6,171,782	710	6,172,492
Segment result	1,363,430	255,562	1,618,992	3,716,014	(1,371,564)	2,344,450	264,801	227,858	492,659	(8,828,589)	710	(8,827,879)
Wakalah fees			(1,708,545)		1,708,545	1,708,545	--	--	(2,876,468)	--	2,876,468	2,876,468
Loss attributable to policy holders			(89,553)						(2,383,809)			
Unallocated costs						(24,032,311)						(16,151,580)
Net loss for the year						(19,979,316)						(22,102,991)

26. **SEGMENT INFORMATION (CONTINUED)**

Other information

	YEAR ENDED 31 DECEMBER 2011						YEAR ENDED 31 DECEMBER 2010					
	<u>Underwriting</u>			<u>Shareholders</u>		<u>Total</u>	<u>Underwriting</u>			<u>Shareholders</u>		<u>Total</u>
	<u>Medical</u> AED	<u>Life</u> AED	<u>Total</u> AED	<u>Investments</u> AED	<u>Total</u> AED	AED	<u>Medical</u> AED	<u>Life</u> AED	<u>Total</u> AED	<u>Investments</u> AED	<u>Total</u> AED	AED
Segment assets	8,651,145	1,906,229	10,557,374	92,559,577	92,559,577	103,116,951	11,991,871	365,633	12,357,504	107,839,415	107,839,415	120,196,919
Unallocated assets			--		14,386,266	14,386,266	--	--	--	--	18,003,110	18,003,110
Total assets			10,557,374		106,945,843	117,503,217			12,357,504		125,842,525	138,200,029
Segment liabilities	11,791,624	1,736,168	13,527,792	--	13,527,792	14,856,574	381,796	15,238,370		--	--	15,238,370
Unallocated liabilities			--		3,302,066	3,302,066		--			2,308,984	2,308,984
Total liabilities			13,527,792		3,302,066	16,829,858		15,238,370			2,308,984	17,547,354

27. **CASH AND CASH EQUIVALENTS**

At 31 December 2011 and 2010 "cash and cash equivalents" included in the statement of cash flows (Exhibit D) comprise the following items :

	<u>2011</u> AED	<u>2010</u> AED
Cash in hand	13,574	--
Bank balances - current accounts	2,885,297	4,154,270
Investment deposits placed for a period of three months or less from the original date of placement	41,349,338	15,650,000
Total - Exhibit D	44,248,209	19,804,270

28. **CONTINGENT LIABILITIES/COMMITMENTS**

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

Contingent liabilities

	<u>2011</u> AED	<u>2010</u> AED
Letters of guarantee	241,272	39,000
Undated cheques issued	100,000	--

Commitments

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

	<u>2011</u> AED	<u>2010</u> AED
Less than one year	1,233,815	527,500
Between one and five years	498,520	--
Total	1,732,335	527,500

- Other Commitments :**

	<u>2011</u> AED	<u>2010</u> AED
Commitments towards purchase of property and equipments	867,762	1,538,110

29. **GENERAL**

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