

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 JUNE 2008

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 June 2008 and the related interim statements of income, changes in shareholders' equity and cash flows for the period from 11 March 2008 to 30 June 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 July 2008

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

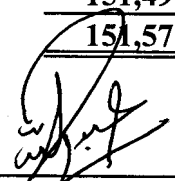
EXHIBIT A

INTERIM BALANCE SHEET AS OF 30 JUNE 2008

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

	<u>NOTE</u>	<u>30 June 2008</u> <u>(Unaudited)</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	3	3,096,568
Bank fixed deposits		36,000,000
Advance payments	4	110,000,090
Prepayments and other receivables	5	1,661,441
Total current assets		<u>150,758,099</u>
 <u>NON-CURRENT ASSET</u>		
Property, plant and equipment	6	813,692
TOTAL ASSETS		<u><u>151,571,791</u></u>
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
<u>CURRENT LIABILITY</u>		
Accrued expenses		75,455
Total current liability		<u>75,455</u>
 <u>SHAREHOLDERS' EQUITY</u>		
Capital	7	150,000,000
Legal reserve	8	149,634
Accumulated profits		1,346,702
Total shareholders' equity - Exhibit C		<u>151,496,336</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>151,571,791</u></u>




 Mr. Abuallah Alotaibi
 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 INCOME FOR THE PERIOD
FROM 11 MARCH 2008 TO 30 JUNE 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 June 2008</u> <u>(Unaudited)</u>
<u>Revenues</u>		
IPO subscription fees		4,500,000
Interest revenue on bank fixed deposits		1,615,766
Gain on sales of investment in shares		1,250,000
Total revenues		<u>7,365,766</u>
<u>Expenses</u>		
Pre - operating expenses	9	(4,756,644)
General and administrative expenses		(1,112,786)
Total expenses		<u>(5,869,430)</u>
Profit for the period - Exhibit C & D		<u>1,496,336</u>
Basic earnings per share	10	<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 11 MARCH 2008 TO 30 JUNE 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	----	----	1,496,336	1,496,336
Transferred to legal reserve	----	149,634	(149,634)	----
Shareholders' equity at 30 June 2008 - Exhibit A (Unaudited)	<u>150,000,000</u>	<u>149,634</u>	<u>1,346,702</u>	<u>151,496,336</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 JUNE 2008

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

	<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	1,496,336
<u>Adjusted for:</u>	
Interest revenue on bank fixed deposits	(1,615,766)
Gain on sales of investment in shares	(1,250,000)
Operating loss before working capital changes	(1,369,430)
<u>(Increase) / decrease in operating assets:</u>	
Prepayments and other receivables	(1,661,441)
<u>Increase / (decrease) in operating liabilities:</u>	
Accrued expenses	75,455
<i>Net cash (used in) operating activities</i>	<u>(2,955,416)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Bank fixed deposits	(36,000,000)
Interest revenue on bank fixed deposits	1,615,766
Advance payments	(110,000,090)
Investment in shares	(100,000,000)
Proceeds from sales of investment in shares	101,250,000
Purchases of property, plant and equipment	(813,692)
<i>Net cash (used in) investing activities</i>	<u>(143,948,016)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES :</u>	
Capital contribution	150,000,000
<i>Net cash from financing activities</i>	<u>150,000,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,096,568
Cash and cash equivalents - beginning of the period	----
CASH AND CASH EQUIVALENTS - END OF THE PERIOD - Note 3	<u>3,096,568</u>

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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. *Impairment*

At each 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 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 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 June 2008
(Unaudited)

Cash at banks - current accounts	<u>3,096,568</u>
Total - Exhibit A & D	<u><u>3,096,568</u></u>

4. **ADVANCE PAYMENTS**

This item represents subscription amounts to invest in shares of local companies, which are not allocated to subscribers up to the date of this interim financial statements.

5. **PREPAYMENTS AND OTHER RECEIVABLES**

This item consists of the following:

30 June 2008
(Unaudited)

Prepaid expenses	1,317,391
Refundable deposits	49,000
Other receivables	<u>295,050</u>
Total - Exhibit A	<u><u>1,661,441</u></u>

6. **PROPERTY, PLANT AND EQUIPMENT**

This item consists of the following:

30 June 2008
(Unaudited)

Decorations	678,250
Furniture and office equipments	<u>135,442</u>
Total - Exhibit A	<u><u>813,692</u></u>

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 par 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:

	<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>4,756,644</u></u>

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 June 2008, the net profit is AED 1,496,336 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, other receivables and accrued expenses.

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. **GENERAL**

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