

AL-TAKAFUL PALESTINIAN INSURANCE COMPANY

(PUBLIC SHAREHOLDING COMPANY, LTD.)

PALESTINE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2014

AL-TAKAFUL PALESTINIAN INSURANCE COMPANY

(PUBLIC SHAREHOLDING COMPANY, LTD.)

PALESTINE

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Al-Takaful Palestinian Insurance Company P.L.C
Statement of Financial Position
As of December 31, 2014

	2014	2013
	USD	USD
ASSETS		
Non - Current Assets		
Property, Plant and Equipments	4,172,157	3,280,665
Investment Property	3,755,456	3,677,954
Available For Sale Investments	5,129,841	5,167,284
Mandatory Deposit	500,000	500,000
Deferred Tax Assets	377,133	291,273
Cheques under Collection – Long Term	271,860	204,844
Total Non - Current Assets	14,206,447	13,122,020
Current Assets		
Takaful Accounts Receivables – Net	3,234,051	2,593,200
Retakaful and Insurance Companies Receivables	114,248	195,003
Retakaful Contract Assets	1,666,330	1,145,774
Other Debit Balances	703,859	188,044
Cheques under Collection – Short Term	5,289,032	4,009,313
Held for Trading Investments	52,179	-
Banks Deposits	1,129,318	2,016,652
Cash and Cash Equivalent	795,437	732,229
Total Current Assets	12,984,454	10,880,215
Total Assets	27,190,901	24,002,235
OWNERS' EQUITY AND LIABILITIES		
Owners' Equity		
Authorized and fully subscribed capital USD 8,500,000 Distributed At 8,500,000 shares at par value of USD 1 each		
Paid In Capital	8,500,000	8,500,000
Statutory Reserve	503,143	310,686
Optional Reserve	442,453	249,996
Cumulative Changes in Fair Value Reserve - Shareholders	(857,432)	114,725
Cumulative Changes in Fair Value Reserve - Policyholders	(162,049)	130,594
Retained Earnings	2,082,217	1,137,558
Total Owners' Equity	10,508,332	10,443,559
Policyholders' Fund		
(Deficit) Surplus of Policyholders' Fund	(389,456)	(582,469)
Loan from Shareholders	389,456	582,469
Net Policyholders' Fund	-	-
Non-Current Liabilities		
Reserve for End of Service Benefits	706,113	541,008
Total Non-Current Liabilities	706,113	541,008
Current Liabilities		
Accounts Payable	1,173,191	801,461
Retakaful and Insurance Companies Payables	645,639	449,017
Accrued Expenses and Reserves	1,188,967	891,432
Takaful Contracts Liability	12,968,659	10,875,758
Total Current Liabilities	15,976,456	13,017,668
Total Liabilities	16,682,569	13,558,676
Total Owners' Equity and Liabilities	27,190,901	24,002,235

These figures were extracted from the audited financial statements of the Company issued by our firm in Arabic, and all figures appearing in this statement are in agreement with the figures reported in the Arabic version of the audited financial statements of the company for the year ended 31 December 2014.

Al-Takaful Palestinian Insurance Company P.L.C
Statement of Income
For the Year Ended December 31, 2014

	2014 USD	2013 USD
Attributable To Policyholders		
Gross Takaful Premiums Revenue	19,601,150	14,910,428
Change in Reserve of Unearned Premiums	<u>(1,520,324)</u>	<u>(1,398,263)</u>
Net Takaful Premiums Revenue	18,080,826	13,512,165
Retakaful Premiums	(1,764,566)	(1,660,045)
Change in Reserve of Unearned Premiums	<u>55,354</u>	<u>77,634</u>
Net Retakaful Premiums	<u>(1,709,212)</u>	<u>(1,582,411)</u>
Net Takaful Premiums Earned	16,371,614	11,929,754
Increase in Gross Claims Incurred	(10,973,576)	(7,257,823)
Retakaful Share of Claims Incurred	1,296,392	511,953
Mathematical Reserve for Family Takaful Contracts	(33,761)	(12,122)
Retakaful Share of Mathematical Reserve	<u>8,349</u>	<u>7,511</u>
Net Claims Incurred	<u>(9,702,596)</u>	<u>(6,750,481)</u>
Gross Commission Earned	239,118	283,609
Less: Commission Incurred	<u>(917,318)</u>	<u>(780,584)</u>
Net Commission Incurred	<u>(678,200)</u>	<u>(496,975)</u>
Discounts Granted to Policyholders	-	(1,050,377)
Takaful Operating Income	5,990,818	3,631,921
Provision for Policyholders' Doubtful Receivables	(167,691)	(69,264)
Returns (Losses) from Investments - Policyholders	417,052	(246,266)
Speculation Fees	(166,821)	-
Agency Fees	<u>(5,880,345)</u>	<u>(3,904,883)</u>
Takaful Profit (Loss) for the year	<u>193,013</u>	<u>(588,492)</u>
Attributable To Shareholders		
Agency Fees from Policyholders	5,880,345	3,904,883
Speculation Fees	166,821	-
Returns from Investments - Shareholders	604,099	791,602
Gain (Loss) from Sales of Property, Plant and Equipments	10,770	(792)
General and Administrative Expenses	<u>(4,491,664)</u>	<u>(3,268,877)</u>
Gain (Loss) from Currency Variance	268,329	(101,911)
Release (Provision) of Loan to Policyholders' Fund	<u>193,013</u>	<u>(582,469)</u>
Profit for the Year before Tax	2,631,713	742,436
Deferred Taxes Benefits	85,860	87,639
Income Tax and Value Added Tax	<u>(793,000)</u>	<u>(74,741)</u>
Net Profit for the Year after Tax	<u>1,924,573</u>	<u>755,334</u>
Basic Earnings per Share	<u>0.23</u>	<u>0.09</u>
Profits before Tax Details		
Shareholders	2,631,713	1,324,905
Policyholders	-	(582,469)
Total	<u>2,631,713</u>	<u>742,436</u>

These figures were extracted from the audited financial statements of the Company issued by our firm in Arabic, and all figures appearing in this statement are in agreement with the figures reported in the Arabic version of the audited financial statements of the company for the year ended 31 December 2014.

Al-Takaful Palestinian Insurance Company P.L.C
Statement of Comprehensive Income
For the Year Ended December 31, 2014

	2014	2013
	USD	USD
Net Profit for the Year	1,924,573	755,334
Other Comprehensive (Loss) Income		
Items That May be Reclassified Subsequently to Profit and Loss		
Reclassification Adjustments Related to Available for Sale Investment		
Disposed off during the Year	(305,006)	368,113
Net Change in Fair Value of Available For Sale Investments	(959,794)	604,715
Total Other Comprehensive (Loss) Income	(1,264,800)	972,828
Comprehensive Income for the Year	659,773	1,728,162

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Al-Takaful Palestinian Insurance Company P.L.C
Statement of Changes in Owners' Equity
For the Year Ended December 31, 2014

	Paid In Capital USD	Statutory Reserve USD	Optional Reserve USD	Cummulative Change in Fair Value Reserve USD	Retained Earnings USD	Shareholder's Equity USD
Balance as of January 1, 2014	8,500,000	310,686	249,996	245,319	1,137,558	10,443,559
Net Profit for the Year	-	-	-	-	1,924,573	1,924,573
Other Comprehensive Loss	-	-	-	(959,794)	-	(959,794)
Total Comprehensive Income for the Year	-	-	-	(959,794)	1,924,573	964,779
Dividends Paid for 2013	-	-	-	-	(595,000)	(595,000)
Reclassification Adjustments Related to Available for Sale Investments						
Disposed off during the Year	-	-	-	(305,006)	-	(305,006)
Transfer to Statuary Reserve	-	192,457	-	-	(192,457)	-
Transfer to Optional Reserve	-	-	192,457	-	(192,457)	-
Balance as of December 31, 2014	8,500,000	503,143	442,453	(1,019,481)	2,082,217	10,508,332
Balance as of January 1, 2013	8,500,000	235,153	174,463	(727,509)	958,290	9,140,397
Net Profit for the Year	-	-	-	-	755,334	755,334
Other Comprehensive Income	-	-	-	604,715	-	604,715
Total Comprehensive Income for the Year	-	-	-	604,715	755,334	1,360,049
Dividends Paid for 2012	-	-	-	-	(425,000)	(425,000)
Reclassification Adjustments Related to Available for Sale Investments						
Disposed off during the Year	-	-	-	368,113	-	368,113
Transfer to Statuary Reserve	-	75,533	-	-	(75,533)	-
Transfer to Optional Reserve	-	-	75,533	-	(75,533)	-
Balance as of December 31, 2013	8,500,000	310,686	249,996	245,319	1,137,558	10,443,559

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Al-Takaful Palestinian Insurance Company P.L.C
Statement of Cash Flows
For the Year Ended December 31, 2014

	2014 USD	2013 USD
Cash Flows from Operating Activities		
Net Profit before Tax	2,631,713	742,436
(Increase) In Retakaful Contracts Assets	(520,556)	(135,001)
Increase In Takaful Contracts Liabilities	2,092,901	3,105,562
Depreciation of Property, Plant and Equipments	183,808	139,863
Provision for Policyholders Doubtful Receivables	167,691	69,264
Gain from Lands Revaluation	-	(572,999)
Gain from Revaluation of Held for Trading Investments	(3,823)	-
(Gain) Loss on Disposal of Property, Plant and Equipments	(10,770)	792
Provision for End of Service Benefits	173,184	187,498
Cash Generated from Operating Activities before Changes in Assets and Liabilities	4,714,148	3,537,415
Changes in Current Assets		
(Increase) in Cheques under Collections	(1,346,735)	(1,178,043)
(Increase) in Takaful Receivables	(808,542)	(246,835)
(Increase) in Other Debit Balances	(515,815)	(31,727)
Decrease (Increase) In Retakaful and Insurance Companies Receivables	80,755	(126,420)
Changes in Current Liabilities		
Increase in Accounts Payable	371,730	320,684
Increase (Decrease) in Retakaful and Insurance Companies Payables	196,622	(28,441)
(Decrease) In Policyholders' Fund	-	(126,023)
(Decrease) Increase in Accrued Expenses and Provisions	(81,134)	155,549
Cash Generated from Operating Activities before Taxes and Indemnities Paid	2,611,029	2,276,159
Taxes Paid	(414,331)	(269,222)
Indemnities Paid to Employees	(8,079)	(12,769)
Net Cash Generated from Operating Activities after Taxes and Indemnities Paid	2,188,619	1,994,168
Cash Flows from Investing Activities		
Proceeds from Sale of Property, Plant and Equipments	38,290	11,637
Decrease in Banks Deposits	202,804	101,645
Movement on Available for Sale Investments	(1,227,357)	(332,854)
Movement on Held for Trading Investments	(48,356)	-
Additions on Investment Property	(77,502)	(16,906)
Procurement of Property, Plant and Equipments	(1,102,820)	(733,389)
Net Cash (Used In) Investing Activities	(2,214,941)	(969,867)
Cash Flows from Financing Activities		
Dividends Paid	(595,000)	(415,442)
Net Cash (Used In) Financing Activities	(595,000)	(415,442)
Net (Decrease) Increase in Cash and Cash Equivalents	(621,322)	608,859
Cash and Cash Equivalents at the Beginning of Year	2,282,221	1,673,362
Cash and Cash Equivalents at the End of the Year	1,660,899	2,282,221
Representing the following:		
Bank Deposits Mature within 3 Months	865,462	1,549,992
Cash and Cash Equivalents	795,437	732,229
Cash and Cash Equivalents at the End of the Year	1,660,899	2,282,221

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