



Dubai Islamic Insurance &
Reinsurance Co. (Aman) (PSC)
Dubai - United Arab Emirates

Review report and interim consolidated
financial information
for the period from 1 January 2012
to 30 September 2012

Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)

Table of contents

	Page
Report on review of interim financial information	1
Condensed consolidated statement of financial position	2
Condensed consolidated income statement (Unaudited)	3
Condensed consolidated statement of comprehensive income (Unaudited)	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows (Unaudited)	6
Notes to the interim consolidated financial information	7 - 16

Report on Review of Interim Financial Information

The Board of Directors
Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)
Dubai
United Arab Emirates

Introduction

We have reviewed the condensed consolidated statement of financial position of Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC) (the "Company") and its Subsidiaries (collectively the "Group") as of 30 September 2012 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2012 to 30 September 2012. The Directors of the Group are responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting' "IAS 34". Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. 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 consolidated financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)



Anis F. Sadek
Registration Number 521

18 October 2012

Condensed consolidated statement of financial position
At 30 September 2012

	Note	30 September 2012 (Unaudited) AED	31 December 2011 (Audited) AED
ASSETS			
Cash and cash equivalents		17,136,357	22,038,098
Investment deposits		35,000,000	35,000,000
Retakaful contract assets		172,822,946	158,830,252
Takaful receivables		91,615,941	82,956,107
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	4	70,368,735	55,617,741
Other financial assets measured at fair value through profit and loss (FVTPL)	4	33,012,437	28,042,851
Prepayments and other receivables		15,859,168	20,059,297
Investment property	5	64,352,585	64,352,585
Furniture and equipment		5,151,987	2,073,055
Total Assets		505,320,156	468,969,986
LIABILITIES, POLICY HOLDERS' FUND AND EQUITY			
Liabilities			
Due to Bank		18,030,568	15,263,775
Trade and other payables		35,864,811	33,554,492
Takaful payables		47,495,806	40,878,818
Due to a related party	12	-	359,677
Takaful contract liabilities		268,805,588	243,284,390
Ijara payables		13,940,000	16,400,000
Amounts held under retakaful treaties		3,527,006	3,699,639
Total liabilities		387,663,779	353,440,791
Policyholders' fund			
Deficit in policyholders' fund		(44,556,983)	(31,773,120)
Qard Hasan from shareholders		44,556,983	31,773,120
Proposed profit distribution to policyholders		1,765,346	1,765,346
Policyholders' investments revaluation reserve	6	(19,933,953)	(20,786,256)
Total deficit in policyholders' fund		(18,168,607)	(19,020,910)
Total Policyholders' Fund and Liabilities		369,495,173	334,419,881
Equity			
Share capital	7	225,750,000	225,750,000
Statutory reserve	8	16,453,241	16,453,241
General reserve	9	16,453,241	16,453,241
Investments revaluation reserve - FVTOCI		(98,446,051)	(102,655,247)
Accumulated losses		(20,119,199)	(19,318,830)
Equity attributable to shareholders of the Parent		140,091,232	136,682,405
Non-controlling interest		(4,266,249)	(2,132,300)
Total Equity		135,824,983	134,550,105
Total Liabilities, Policyholders' Fund and Equity		505,320,156	468,969,986

Hussein Mohammed Al Meeza
Managing Director / CEO

Basel Mohammad Al Kufairy
Finance Manager

The accompanying notes form an integral part of this interim consolidated financial information.

Condensed consolidated income statement (Unaudited)
for the period from 1 January 2012 to 30 September 2012

	Note	9 months ended 30 September		3 months ended 30 September	
		2012	2011	2012	2011
		AED	AED	AED	AED
Attributable to policyholders					
Takaful income					
Takaful contributions		319,957,367	330,747,330	120,470,556	104,402,363
Takaful contributions ceded to reinsurers		(225,532,234)	(235,269,353)	(87,907,800)	(73,793,493)
Net takaful contributions		94,425,133	95,477,977	32,562,756	30,608,870
Commission received on ceded reinsurance		8,701,435	8,167,779	4,019,073	3,975,719
Policy and survey fees		4,854,212	4,793,453	1,168,915	1,264,569
		107,980,780	108,439,209	37,750,744	35,849,158
Takaful expenses					
Gross claims incurred		96,916,840	91,273,737	41,130,206	34,238,883
Retakaful's share of claims		(39,152,343)	(18,961,438)	(20,601,874)	(11,976,613)
Claims incurred		57,764,497	72,312,299	20,528,332	22,262,270
Commissions paid		15,959,976	14,885,227	5,183,938	3,714,976
Excess of loss of Takaful contributions		5,515,690	3,407,444	2,825,621	1,301,556
		79,240,163	90,604,970	28,537,891	27,278,802
Net Takaful income		28,740,617	17,834,239	9,212,853	8,570,356
Wakala fees		(41,981,097)	(35,509,023)	(12,315,878)	(8,422,503)
Net (loss)/income from Takaful operations		(13,240,480)	(17,674,784)	(3,103,025)	147,853
Investment income/(loss)	10	608,823	(1,292,609)	297,602	(722,035)
Mudarib's fees		(152,206)	-	(74,401)	-
Loss for the period		(12,783,863)	(18,967,393)	(2,879,824)	(574,182)
Attributable to shareholders					
Income					
Investment income /(loss)	10	3,155,842	(3,752,967)	1,512,009	(2,066,421)
Other income		1,343,323	-	995,375	-
Wakala fees from policyholders		41,981,097	35,509,023	12,315,878	8,422,503
Mudarib's fees from policyholders		152,206	-	74,401	-
		46,632,468	31,756,056	14,897,663	6,356,082
Expenses					
General and administrative expenses		(36,782,923)	(33,438,716)	(13,076,525)	(11,097,914)
Qard Hasan written off to policyholders' fund		(12,783,863)	(18,967,393)	(2,879,824)	(574,182)
Loss for the period		(2,934,318)	(20,650,053)	(1,058,686)	(5,316,014)
Attributable to:					
Shareholders of the parent		(800,369)	(18,932,192)	(147,640)	(4,799,870)
Non-controlling interests		(2,133,949)	(1,717,861)	(911,046)	(516,144)
		(2,934,318)	(20,650,053)	(1,058,686)	(5,316,014)
Loss per share	11	(0.003)	(0.083)	(0.001)	(0.212)

The accompanying notes form an integral part of this interim consolidated financial information.

Condensed consolidated statement of comprehensive income (Unaudited)
for the period from 1 January 2012 to 30 September 2012

	9 months ended 30 September		3 months ended 30 September	
	2012	2011	2012	2011
	AED	AED	AED	AED
Loss for the period	(2,934,318)	(20,650,053)	(1,058,686)	(5,316,014)
Other comprehensive income/(loss)				
Unrealized income/(loss) on revaluation of financial assets measured at FVTOCI	4,209,196	(4,236,990)	2,813,557	(678,165)
Total comprehensive income/(loss) for the period	1,274,878	(24,887,043)	1,754,871	(5,994,179)
Attributable to:				
Shareholders of the parent	3,408,827	(23,169,182)	2,665,917	(5,478,035)
Non-controlling interests	(2,133,949)	(1,717,861)	(911,046)	(516,144)
	1,274,878	(24,887,043)	1,754,871	(5,994,179)

The accompanying notes form an integral part of this interim consolidated financial information.

Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)

Condensed consolidated statement of changes in equity For the period from 1 January 2012 to 30 September 2012

	Share capital AED	Statutory reserve AED	General reserve AED	Investments revaluation reserve - FVTOCI AED	Retained earnings/ (accumulated losses) AED	Equity attributable to shareholders of the Parent AED	Non- controlling interests AED	Total AED
Balance at 1 January 2011 - Audited	210,000,000	16,453,241	16,453,241	(84,526,062)	18,340,656	176,721,076	151,530	176,872,606
Loss for the period	-	-	-	-	(18,932,192)	(18,932,192)	(1,717,861)	(20,650,053)
Other comprehensive loss for the period	-	-	-	(4,236,990)	-	(4,236,990)	-	(4,236,990)
Total comprehensive loss for the period	-	-	-	(4,236,990)	(18,932,192)	(23,169,182)	(1,717,861)	(24,887,043)
Bonus shares issued during the period	15,750,000	-	-	-	(15,750,000)	-	-	-
Director's fee paid during the period	-	-	-	-	(900,000)	(900,000)	-	(900,000)
Balance at 30 September 2011 (Unaudited)	225,750,000	16,453,241	16,453,241	(88,763,052)	(17,241,536)	152,651,894	(1,566,331)	151,085,563
Balance at 1 January 2012 (Audited)	225,750,000	16,453,241	16,453,241	(102,655,247)	(19,318,830)	136,682,405	(2,132,300)	134,550,105
Loss for the period	-	-	-	-	(800,369)	(800,369)	(2,133,949)	(2,934,318)
Other comprehensive income for the period	-	-	-	4,209,196	-	4,209,196	-	4,209,196
Total other comprehensive income/(loss) for the period	-	-	-	4,209,196	(800,369)	3,408,827	(2,133,949)	1,274,878
Balance at 30 September 2012 (Unaudited)	225,750,000	16,453,241	16,453,241	(98,446,051)	(20,119,199)	140,091,232	(4,266,249)	135,824,983

The accompanying notes form an integral part of this interim consolidated financial information.

**Condensed consolidated statement of cash flows (Unaudited)
for the period from 1 January 2012 to 30 September 2012**

	Nine months period ended 30 September	
	2012	2011
	AED	AED
Operating activities		
Loss for the period	(2,934,318)	(20,650,053)
Adjustments for:		
Depreciation of property and equipment	707,487	891,144
Loss on revaluation of other financial assets measured at FVTPL	769,441	7,539,309
Provision for employees' end of service benefits	639,879	569,724
	(817,511)	(11,649,876)
Changes in operating assets and liabilities:		
(Increase)/decrease in retakaful assets	(13,992,694)	3,031,153
(Increase)/decrease in Takaful contract receivables	(8,659,834)	4,381,184
Decrease in prepayments and other receivables	4,200,129	6,690,087
(Increase)/decrease in other financial assets measured at FVTPL & FVTOCI	(15,428,521)	4,777,343
Increase in Takaful contract liabilities	25,521,198	13,208,291
Decrease in amounts held under retakful treaties	(172,633)	(855,818)
Increase/(decrease) in Takaful payables	6,616,988	(8,416,862)
Increase/(decrease) in trade and other payables	1,849,914	(16,936,957)
Decrease in due from a related party	-	(97,000)
(Decrease)/increase in due to a related party	(359,677)	284,677
Cash used in operations	(1,242,640)	(5,583,778)
Employees' end of service benefits paid	(179,475)	(130,365)
Zakat Paid	-	(1,384,049)
Net cash used in operating activities	(1,422,115)	(7,098,192)
Investing activities		
Purchase of property and equipment	(3,786,419)	(1,206,218)
Decrease in investment deposits	-	2,741,970
Net cash (used in)/generated from investing activities	(3,786,419)	1,535,752
Financing activities		
Ijara repaid	(2,460,000)	(5,104,416)
Increase in due to a bank	2,766,793	5,193,531
Decrease in policyholders' funds before Zakat	-	(405)
Payment of Directors' fees	-	(900,000)
Net cash generated from /(used in) financing activities	306,793	(811,290)
Net decrease in cash and cash equivalents	(4,901,741)	(6,373,730)
Cash and cash equivalents at the beginning of the period	22,038,098	19,283,809
Cash and cash equivalents at the end of the period	17,136,357	12,910,079

The accompanying notes form an integral part of this interim consolidated financial information.

Notes to the interim consolidated financial information
For the period from 1 January 2012 to 30 September 2012

1. General information

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC) (the "Company") is a public shareholding Company and is registered under the Commercial Companies Law of 1984 (as amended). The Company carries out general Takaful (insurance) business in accordance with the teachings of Islamic Sharia'a. The Company is also licensed to engage in reinsurance and life Takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates.

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003.

The Company mainly issues short term Takaful contracts in connection with motor, marine, fire and engineering, general accident risks and Company life and medical risks (collectively known as general Takaful). The Company also invests in investment securities and properties.

The Company's business activities are subject to the supervision of its Fatwa and Sharia'a Board consisting of nine members appointed by the shareholders. The Sharia'a Board performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia'a rules and principles.

The Company with its subsidiaries are together referred to as the "Group" in this interim consolidated financial information. At 30 September 2012, the Company had the following subsidiaries:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership profit %	Proportion of voting power held %	Principal activity
Nowat Investments L.L.C.	United Arab Emirates	99.00	99.00	Investment in commercial, industrial and agricultural enterprises and management
Amity Commercial Broker L.L.C.	United Arab Emirates	50.49	50.49	Commercial brokerage
Technic LLC	United Arab Emirates	98.01%	98.01%	Vehicles' repair services

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the interim consolidated financial information

The following new and revised IFRSs have been adopted in these interim consolidated financial information. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 7 *Financial Instruments : Disclosure – Transfer of Financial Assets*
- Amendments to IAS 12 *Income Taxes – Recovery of Underlying Assets*

Notes to the interim consolidated financial information (continued)
For the period from 1 January 2012 to 30 September 2012

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
▪ Amendments to IFRS 7 <i>Financial Instruments : Disclosure – Enhancing Disclosures</i> about Offsetting of Financial Assets and Financial Liabilities	1 January 2013
▪ IFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
▪ IFRS 11 <i>Joint Arrangements</i>	1 January 2013
▪ IFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
▪ IFRS 13 <i>Fair Value Measurement</i>	1 January 2013
▪ Amendments to IAS 1 <i>Presentation of Financial Statements - Amendments</i> to revise the way other comprehensive income is presented	1 July 2012
▪ Amendments to IAS 19 <i>Employee Benefits - Amended Standard</i> resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
▪ IAS 27 <i>Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements</i>	1 January 2013
▪ IAS 28 <i>Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures</i>	1 January 2013
• Amendments to IAS 32 <i>Financial Instruments : Presentation - Offsetting of Financial Assets and Financial Liabilities</i>	1 January 2014
• IFRIC 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no impact on the interim consolidated financial information of the Group in the period of initial application.

3. Accounting policies

The interim consolidated financial information has been prepared on a historical cost basis, except for certain financial instruments, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The interim consolidated financial information of the Group is prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standard Board and also complies with the applicable requirements of the laws in the U.A.E. The accounting policies used in the preparation of the interim consolidated financial information are consistent with those used in the preparation of the audited annual consolidated financial statements for the year ended 31 December 2011.

Notes to the interim consolidated financial information (continued)
For the period from 1 January 2012 to 30 September 2012

3. Accounting policies (continued)

The interim consolidated financial information does not include all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's consolidated financial statements as of 31 December 2011. In addition, results for the nine months ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

Significant judgments and key sources of estimation uncertainty

The preparation of interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2011.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.

4. Other financial assets measured at fair value

	30 September 2012 (Unaudited) AED	31 December 2011 (Audited) AED
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	26,971,108	21,909,609
- Unlisted	43,397,627	33,708,132
	<u>70,368,735</u>	<u>55,617,741</u>
Financial assets measured at fair value through profit and loss (FVTPL) (B)		
Financial assets measured at FVTPL	33,012,437	28,042,851
Total other financial assets measured at fair value (A+B)	<u><u>103,381,172</u></u>	<u><u>83,660,592</u></u>

Investments by geographical area are as follows:

	30 September 2012 (Unaudited) AED	31 December 2011 (Audited) AED
- Within U.A.E.	51,524,529	41,484,941
- Outside U.A.E.	51,856,643	42,175,651
	<u><u>103,381,172</u></u>	<u><u>83,660,592</u></u>

Notes to the interim consolidated financial information (continued)
For the period from 1 January 2012 to 30 September 2012

5. Investment property

The investment property comprises a plot of land purchased in 2007. The Group used the fair value model permitted under IAS 40 for determining the carrying value of the investment property. The property is subject to a facility from a local Islamic bank and is mortgaged as security against an Ijara payable. The valuation as of 31 December 2011, which conforms to international valuation standards, was arrived at by reference to market evidence of transaction prices for similar properties. The Group's management reassessed this valuation for the nine months period ended 30 September 2012 and no material differences were noted.

6. Policyholders' investment revaluation reserve

The Group transfers to the policyholders their share of investment revaluation reserve FVTOCI from the shareholders' equity on a pro rata basis. The percentage of such allocation for 30 September 2012 is identical to that used for 31 December 2011 and is approved by the Company's Fatwa and Sharia'a Supervisory Board. This allocation will be revised and finalised by year end once the Board approval is obtained. When the Group disposes of these investments, any gains or losses realized will be distributed between the shareholders and policyholders and, should such a disposal result in a realized loss, the portion allocated to policyholders would require an additional Qard Hasan of an equivalent amount from the shareholders.

7. Share capital

	30 September 2012 (Unaudited) AED	31 December 2011 (Audited) AED
Issued and fully paid:		
225,750,000 (2011: 225,750,000) ordinary shares of AED 1 each	225,750,000	225,750,000

8. Statutory reserve

In accordance with the Commercial Companies Law and the Company's Articles of Association, 10% of the net profit for the year is required to be transferred to the statutory reserve. No transfers have been made during the nine months period ended 30 September 2012, as this will be based on the results for the year. The reserve is not available for distribution except in the circumstances stipulated by the law.

9. General reserve

The Group is required to transfer 10% of the profit for the year to a general reserve in accordance with its Articles of Association. No transfer has been made to the general reserve during the nine months period ended 30 September 2012, as this will be based on the results for the year.

Notes to the interim consolidated financial information (continued)
For the period from 1 January 2012 to 30 September 2012

10. Investment income/(loss)

	Nine months period ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	AED	AED
<i>Fair value gains and losses</i>		
Fair value loss on investments carried at FVTPL	(769,441)	(7,539,309)
<i>Realized gains and losses</i>		
Gain from sale of investments carried at FVTPL	2,792,271	784,142
<i>Other investment income</i>		
Income from investment deposits	347,611	414,866
Income from investment in real estate funds	32,367	113,195
Dividend income	1,136,857	1,210,037
Rental income	225,000	300,000
Investment related costs	-	(328,507)
	<u>3,764,665</u>	<u>(5,045,576)</u>
<i>Allocated to:</i>		
Policyholders	608,823	(1,292,609)
Shareholders	3,155,842	(3,752,967)
	<u>3,764,665</u>	<u>(5,045,576)</u>

Investment income and losses are allocated amongst the shareholders and the policyholders on a pro rata basis. The percentage of allocation for 30 September 2012 is identical to that used for 31 December 2011 and is approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.

11. Basic and diluted earnings per share

Earnings per share are calculated by dividing profit or loss attributable to the shareholders for the period by using the weighted average number of shares outstanding during the period as follows:

	Nine months period ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
Net loss attributable to the shareholders of the Parent for the period (AED)	<u>(800,369)</u>	<u>(18,932,192)</u>
Weighted average number of shares outstanding during the period	<u>225,750,000</u>	<u>225,750,000</u>
Loss per share (AED)	<u>(0.003)</u>	<u>(0.083)</u>

Notes to the interim consolidated financial information (continued)
For the period from 1 January 2012 to 30 September 2012

12. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The management decides on the terms and conditions of the transactions with related parties. At the reporting date, amounts due from/due to related parties were included in the following accounts:

The significant balances outstanding at reporting date in respect of related parties included in the interim condensed consolidated financial information are as follows:

	30 September 2012			31 December 2011		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Investment deposits	-	5,000,000	5,000,000	-	5,000,000	5,000,000
Carrying value of investments in ordinary shares [Note 12(a)]	-	43,209,145	43,209,145	-	33,519,650	33,519,650
Contributions receivable	744,429	1,222,993	1,967,422	419,004	3,964,846	4,383,850
Cash and cash equivalents	-	5,326,083	5,326,083	-	5,326,083	5,326,083
Advances from shareholders of non-controlling interest	-	-	-	-	359,677	359,677
Prepayments and other receivables [Note 12(b)]	-	-	-	-	5,460,000	5,460,000

- (a) The Managing Director of the Group is also a key management executive of Al Salam Bank - Algeria and Al Salam Bank - Sudan. The Group has an equity investment in Al Salam Bank - Algeria of AED 31.2 million (31 December 2011: AED 20.2 million). The acquisition price of these transactions was approved by the Board of Directors.

The Group purchased shares of Al Salam Bank – Bahrain from a related company. These shares are registered in the name of the related company which holds it in trust and for the benefit of the Group. The related market value at the end of the reporting period was AED 2.1 million (2011: AED 2.1 million).

- (b) Prepayments and other receivables as at 31 December 2011 included an amount of AED 5.46 million which represented an advance paid to a related party and which was settled through the transfer of shares in Al Salam Bank, Algeria, during the current period.

Notes to the interim consolidated financial information (continued)
For the period from 1 January 2012 to 30 September 2012

12. Related party transactions (continued)

The income and expenses in respect of related parties included in the interim consolidated financial information are as follows:

	30 September 2012			31 December 2011		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Gross contributions	869,805	1,002,644	1,872,449	702,697	7,652,063	8,354,760
Gross claims	444,420	3,031,655	3,476,075	256,041	6,515,189	6,771,230
Profit share on investment deposits and real estate funds	-	209,700	209,700	-	169,026	169,026

Compensation of key management personnel is as follows:

	30 September 2012 AED	30 September 2011 AED
Short term employee benefits	2,545,792	2,337,429
End of service benefits	349,907	308,240
Total compensation paid to key management personnel	<u>2,895,699</u>	<u>2,645,669</u>

13. Segmental information

The Group has adopted IFRS 8 : Operating Segments with effect from 1 January 2009.

Operating Segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Company's Managing Director (MD) in order to allocate resources to the segment and to assess its performance. Information reported to the Company's CEO for the purpose of resource allocation and assessment of performance is based on following strategic business activities:

- **Takaful activities** include the general, life and medical insurance business undertaken by the Group.
- **Investment activities** represent investment and cash management for the Group's own account.

Notes to the interim consolidated financial information (continued)
For the period from 1 January 2012 to 30 September 2012

13. Segmental information (continued)

The following table presents segment information for the nine months period ended 30 September 2012 and 30 September 2011.

	Period from 1 January 2012 to 30 September 2012		Period from 1 January 2011 to 30 September 2011		Total
	Attributable to Policyholders Unaudited AED	Shareholders Unaudited AED	Attributable to Policyholders Unaudited AED	Shareholders Unaudited AED	
Takaful					
Takaful income	107,980,780	-	108,439,209	-	108,439,209
Takaful expenses	(79,240,163)	-	(90,604,970)	-	(90,604,970)
Net Takaful income	28,740,617		17,834,239		17,834,239
Wakala fees	(41,981,097)	41,981,097	(35,509,023)	35,509,023	-
Mudarib fees	(152,206)	152,206	-	-	-
	(13,392,686)	42,133,303	(17,674,784)	35,509,023	17,834,239
Investment					
Investment income/(loss)	608,823	4,499,165	(1,292,609)	(3,752,967)	(5,045,576)
Unallocated other income and expenses	-	36,782,923	-	(33,438,716)	(33,438,716)
Loss attributable to policyholders	(12,783,863)		(18,967,393)		
Qard Hasan written off to policyholders' fund		(12,783,863)		(18,967,393)	
Loss for the period		(2,934,318)		(20,650,053)	(20,650,053)

Notes to the interim consolidated financial information (continued)
For the period from 1 January 2012 to 30 September 2012

13. Segmental information (continued)

Other information

	Takaful		Investment		Total	
	30 September 2012 Unaudited AED	31 December 2011 Audited AED	30 September 2012 Unaudited AED	31 December 2011 Audited AED	30 September 2012 Unaudited AED	31 December 2011 Audited AED
Segment assets	302,586,399	285,956,809	202,733,757	183,013,177	505,320,156	468,969,986
Segment liabilities	355,555,173	318,019,881	13,940,000	16,400,000	369,495,173	334,419,881

Notes to the interim consolidated financial information (continued)
For the period from 1 January 2012 to 30 September 2012

14. Seasonality of results

No income of seasonal nature was recorded in the interim consolidated income statement for the nine months period ended 30 September 2012 and 2011.

15. Contingencies

At 30 September 2012, the Group had contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 353,300 (31 December 2011: AED 462,516).

16. Approval of the interim consolidated financial information

The interim consolidated financial information were approved by the Board of Directors and authorised for issue on 18 October 2012.