Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim financial statements

for the nine-month period ended 30 September 2012

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim financial statements

for the nine-month period ended 30 September 2012

Contents	***Page***
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed consolidated interim statement of income	2
Condensed consolidated interim statement of comprehensive income	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of cash flows	5
Condensed consolidated interim statement of changes in equity	6-7
Notes	8-17

P O Box 3800
Level 32, Emirates Towers
Sheikh Zayed Road
Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
Islamic Arab Insurance Co. (Salama) and its subsidiaries

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Islamic Arab Insurance Co.(Salama) ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2012, the condensed consolidated interim statement of comprehensive income (comprising of a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim statement of income), condensed consolidated interim statement of changes in shareholders' equity and condensed consolidated interim statement of cash flows for the nine-month period then ended, and notes to the condensed consolidated interim financial information("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim *Financial Reporting'*. Our responsibility is to express a conclusion on this condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial information as at 30 September 2012 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

Vijendra Nath Malhotra
Registration No: 48 B

14 NOV 2012

Islamic Arab Insurance Co. (Salama) and its subsidiaries
Condensed consolidated interim statement of income
for the nine-month period ended 30 September 2012

	Note	**Nine-month period ended 30 September 2012 AED'000 (Un-audited)**	Nine-month period ended 30 September 2011 AED'000 (Un-audited)	**Three-month period ended 30 September 2012 AED'000 (Un-audited)**	Three-month period ended 30 September 2011 AED'000 (Un-audited)
UNDERWRITING RESULTS					
Underwriting income					
Gross written contributions	*16*	**1,545,354**	1,798,480	**302,444**	535,834
Less: reinsurance and retakaful contributions ceded		**(288,309)**	(234,925)	**(75,183)**	(80,364)
Net contributions		**1,257,045**	1,563,555	**227,261**	455,470
Net movement in unearned contributions		**(17,972)**	(180,284)	**71,891**	(7,211)
Contributions earned	*16*	**1,239,073**	1,383,271	**299,152**	448,259
Commission received on ceded reinsurance and retakaful	*16*	**43,097**	35,007	**10,409**	11,239
		1,282,170	1,418,278	**309,561**	459,498
Underwriting expenses					
Gross claims paid		**1,125,903**	758,010	**410,254**	271,486
Less: reinsurance and retakaful share of claims paid		**(217,454)**	(111,042)	**(92,505)**	(35,953)
Net claims paid		**908,449**	646,968	**317,749**	235,533
Net movement in outstanding claims and technical reserve family takaful		**29,774**	147,522	**51,639**	38,135
Claims incurred	*16*	**938,223**	794,490	**369,388**	273,668
Commission paid and other costs	*16*	**381,730**	429,505	**83,206**	127,671
		1,319,953	1,223,995	**452,594**	401,339
Net underwriting (loss)/income	*16*	**(37,783)**	194,283	**(143,033)**	58,159
Income					
Income from investments		**48,168**	34,792	**18,486**	17,273
Other income		**20,622**	13,531	**9,877**	808
		31,007	242,606	**(114,670)**	76,240
Expenses					
General, administrative and other expenses		**(114,035)**	(138,857)	**(26,876)**	(52,346)
Financial expenses		**(10,841)**	(12,869)	**(3,500)**	(3,439)
Provision for charitable donations		**(3,231)**	(3,255)	**(371)**	(1,304)
Net (loss)/profit before tax for the period		**(97,100)**	87,625	**(145,417)**	19,151
Taxation - current		**(9,973)**	(6,559)	**(2,332)**	(331)
Net (loss)/profit after tax for the period before policyholders' distribution		**(107,073)**	81,066	**(147,749)**	18,820
Policyholders' surplus	6	**(2,180)**	-	**(2,381)**	-
Net (loss)/profit after tax and distribution to policyholders' for the period		**(109,253)**	81,066	**(150,130)**	18,820
Attributable to:					
Shareholders		**(121,060)**	79,075	**(153,510)**	19,549
Non-controlling interest		**11,807**	1,991	**3,380**	(729)
		(109,253)	81,066	**(150,130)**	18,820
(Loss)/earnings per share (AED) (Note 14)		**(0.102)**	0.067	**0.129**	0.016

The notes on pages 8 to 17 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of comprehensive income

for the nine-month period ended 30 September 2012

	Nine-month period ended 30 September 2012 AED'000 (Un-audited)	Nine-month period ended 30 September 2011 AED'000 (Un-audited)	**Three-month period ended 30 September 2012 AED'000 (Un-audited)**	Three-month period ended 30 September 2011 AED'000 (Un-audited)
Net (loss)/profit after tax and distribution to policyholders' for the period	**(109,253)**	81,066	**(150,130)**	18,820
Other comprehensive (loss)/income net of income tax				
Net change in fair value of available-for-sale investments	**1,506**	(591)	**615**	150
Foreign exchange translation reserve	**(7,111)**	(2,707)	**829**	(3,967)
Other comprehensive (loss)/income for the period	**(5,605)**	(3,298)	**1,444**	(3,817)
Total comprehensive (loss)/income for the period	**(114,858)**	77,768	**(148,686)**	15,003
Attributable to:				
Shareholders	**(125,978)**	78,918	**(151,968)**	16,600
Non-controlling interest	**11,120**	(1,150)	**3,282**	(1,597)
	(114,858)	77,768	**(148,686)**	15,003

The notes on pages 8 to 17 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of financial position

as at 30 September 2012

	Note	30 September 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)
ASSETS			
Property and equipments		**100,725**	107,027
Intangible assets		**4,100**	6,462
Goodwill		**186,194**	186,194
Investment properties	*8*	**274,733**	274,733
Investments in associates	*9*	**55,616**	57,563
Statutory deposits		**70,578**	79,808
Investments	*10*	**1,038,325**	977,872
Participants' investments in unit-linked contracts	*11*	**550,474**	489,956
Deposits with takaful and retakaful companies		**151,140**	269,421
Contributions and takaful balance receivables		**918,883**	1,102,568
Retakafuls' share of outstanding claims		**638,454**	477,688
Retakafuls' share of unearned contributions		**89,762**	69,427
Amounts due from related parties	*12*	**12,768**	12,577
Other assets and receivables		**128,296**	130,088
Cash and bank balances		**613,029**	434,720
TOTAL ASSETS		**4,833,077**	4,676,104
LIABILITIES			
Bank finance		**153,456**	160,186
Outstanding claims and family takaful reserve		**1,460,722**	1,392,699
Payable to participants for unit-linked contracts		**539,216**	474,533
Unearned contributions reserve		**672,809**	659,172
Takaful balances payable		**375,724**	240,062
Other payables and accruals		**121,248**	124,882
Amounts due to related parties	*12*	**1,012**	867
TOTAL LIABILITIES		**3,324,187**	3,052,401
Policyholders' fund	*13*	**2,901**	721
NET ASSETS EMPLOYED		**1,505,989**	1,622,982
FINANCED BY:			
Shareholders' equity		**1,453,178**	1,579,156
Non-controlling interest		**52,811**	43,826
		1,505,989	1,622,982

The notes on pages 8 to 17 form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 14 NOV 2012 and signed on their behalf by:

Sheikh Khaled Bin Zayed Al Nehayan
Chairman

Dr. Saleh J. Malaikah
Vice Chairman & CEO

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of cash flows

for the nine-month period ended 30 September 2012

	Nine month period ended 30 September 2012 AED'000 (Un-audited)	Nine month period ended 30 September 2011 AED'000 (Un-audited)
Cash flows from operating activities		
Net (loss)/profit before non-controlling interest	**(109,253)**	81,066
Adjustment for:		
Net movement in unearned contributions reserve	**17,972**	180,284
Share of loss from associates	**1,327**	1,027
	(89,954)	262,377
Change in deposits with takaful and retakaful companies	**118,281**	134,871
Change in contributions and takaful balance receivable	**183,685**	(295,539)
Change in due from / to related parties	**(46)**	331
Change in other assets and receivables	**1,792**	(69,883)
Change in outstanding claims (net of retakaful)	**(92,743)**	453,628
Change in takaful payables and other payables	**132,028**	99,372
Change in policyholders' fund	**2,180**	-
Net cash flows generated from operating activities	**255,223**	585,157
Cash flows from investing activities		
Property and equipment-net	**(114)**	(9,382)
Net movement in intangible assets	**2,362**	436
Investment properties – net	**-**	(191,729)
Net movement in associates	**620**	(2,054)
Statutory deposits	**9,230**	985
Investments-net	**(83,625)**	(322,071)
Net movement in participants' investments in unit-linked contracts	**4,165**	-
Net cash flows used in investing activities	**(67,362)**	(523,815)
Cash flows from financing activities		
Bank finance-net	**(6,730)**	(40,393)
Net movement in non-controlling interest	**(2,822)**	(2,324)
Net cash flows from/(used in) financing activities	**(9,552)**	(42,717)
Net increase in cash and cash equivalents	**178,309**	18,625
Cash and cash equivalents at 1 January	**434,720**	209,210
Cash and cash equivalents at 30 September	**613,029**	227,835

The notes on pages 8 to 17 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of changes in equity (Un- audited)

for the nine-month period ended 30 September 2011

	Attributable to the equity holders of the Company									
	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury stock AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
Balance at 1 January 2011	1,100,000	64,016	14,689	(5,541)	2,099	(35,972)	386,013	1,525,304	46,225	1,571,529
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	79,075	79,075	1,991	81,066
Other comprehensive income										-
Movement in foreign exchange translation reserve	-	-	-	(930)	-	-	-	(930)	(1,777)	(2,707)
Movement in net change in fair value of available-for-sale investments	-	-	-	-	773	-	-	773	(1,364)	(591)
Total other comprehensive income	-	-	-	(930)	773	-	-	(157)	(3,141)	(3,298)
Total comprehensive income for the period	-	-	-	(930)	773	-	79,075	78,918	(1,150)	77,768
Transactions with owners, recorded directly in equity										
Effect of change in shareholdings	-	-	-	-	-	-	-	-	815	815
Issuance of bonus share	110,000	-	-	-	-	-	(110,000)	-	-	-
Balance at 30 September 2011	1,210,000	64,016	14,689	(6,471)	2,872	(35,972)	355,088	1,604,222	45,890	1,650,112

The notes on pages 8 to 17 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Condensed consolidated interim statement of changes in equity (Un- audited) (continued)

for the nine-month period ended 30 September 2012

	Attributable to the equity holders of the Company									
	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury stock AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
Balance at 1 January 2012	1,210,000	69,983	7,109	(6,277)	4,596	(35,972)	329,717	1,579,156	43,826	1,622,982
Total comprehensive (loss)/income for the period										
Loss for the period	-	-	-	-	-	-	(121,060)	(121,060)	11,807	(109,253)
Other comprehensive loss										
Movement in foreign exchange translation reserve	-	-	-	(6,416)	-	-	-	(6,416)	(695)	(7,111)
Movement in net change in fair value of available-for-sale investments	-	-	-	-	1,498	-	-	1,498	8	1,506
Total other comprehensive loss	-	-	-	(6,416)	1,498	-	-	(4,918)	(687)	(5,605)
Total comprehensive loss for the period	-	-	-	(6,416)	1,498	-	(121,060)	(125,978)	11,120	(114,858)
Transaction with owners, recorded directly in equity										
Dividend paid	-	-	-	-	-	-	-	-	(2,135)	(2,135)
Balance at 30 September 2012	1,210,000	69,983	7,109	(12,693)	6,094	(35,972)	208,657	1,453,178	52,811	1,505,989

The notes on pages 8 to 17 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

1 Legal status and activities

Islamic Arab Insurance Co. (Salama) ("the Company") is a public shareholding company, registered in the Emirate of Dubai, United Arab Emirates (UAE) and operates through various branches in the UAE. The registered office of the Company is P.O Box 10214, Dubai, United Arab Emirates. The principal activity of the Company is the writing of all classes of general takaful and family takaful business, in accordance with Islamic Shari'a principles and in accordance with the relevant Articles of the Company and the UAE Federal Law No. 8 of 1984 (as amended) concerning commercial companies and UAE Federal Law No. 6 of 2007, concerning regulations of insurance operations.

The Company and its subsidiaries are referred to as "the Group". Tariic Holding BSC (Tariic) is an intermediate holding company in Bahrain and no commercial activities are carried out in the Kingdom of Bahrain. The Group has the following principal subsidiaries which are engaged in insurance and reinsurance under Islamic Sharia'a principles:

	Group's Ownership		
Subsidiaries	**30 September 2012**	31 December 2011	**Country of incorporation**
Through Tariic			
Salama Senegal	**55.17%**	55.17%	Senegal
Salama Assurances Algerie	**96.98%**	96.98%	Algeria
Egyptian Saudi Insurance Home	**51.15%**	51.15%	Egypt
Best Re Holding Company	**100%**	100%	Malaysia
Directly owned			
Tariic Holding Company	**99.40%**	99.40%	Kingdom of Bahrain

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS"), IAS 34 *Interim Financial Reporting*. They do not include all of the information required for the full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2011.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following:

i) financial instruments at fair value through profit and loss and unit-linked contracts are measured at fair value;
ii) available-for-sale financial assets are measured at fair value; and
iii) investment properties are measured at fair value.

c) Functional and reporting currency

These condensed consolidated interm financial statements are presented in UAE Dirham (AED). Except as otherwise indicated, financial information presented in UAE Dirham has been rounded to the nearest thousand.

3 Significant accounting policies

The accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 December 2011.

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

4 Estimates

The preparation of the condensed consolidated interim financial statements 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 condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were significantly same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2011.

5 Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These condensed consolidated interim financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year. However, the interim results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

Notes *(continued)*

6 Allocation of the net profit (Un-audited)

	For the period ended 30 September 2012				For the period ended 30 September 2011			
	Shareholders AED'000	Policyholders AED'000	Non-controlling interest AED'000	Total AED'000	Shareholders AED'000	Policyholders AED'000	Non-controlling interest AED'000	Total AED'000
Net underwriting income								
Total net underwriting (loss)/income	-	(37,783)	-	(37,783)	-	194,283	-	194,283
Income								
Wakalah income (Company only) (note 7)	48,651	(48,651)	-	-	50,076	(50,076)	-	-
Mudarib income (Company only) (note 7)	98	(98)	-	-	81	(81)	-	-
Net technical charges to shareholders from policyholders	(6,846)	6,846	-	-	617	(617)	-	-
Net underwriting (loss)/income from subsidiaries	(81,023)	81,023	-	-	143,270	(143,270)	-	-
Income from investment	47,374	794	-	48,168	34,142	650	-	34,792
Other income	20,573	49	-	20,622	13,466	65	-	13,531
	28,827	2,180	-	31,007	241,652	954	-	242,606
Expenses								
General, administrative and other expenses	(114,035)	-	-	(114,035)	(138,857)	-	-	(138,857)
Finance expenses	(10,841)	-	-	(10,841)	(12,869)	-	-	(12,869)
Charitable donations	(3,231)	-	-	(3,231)	(3,255)	-	-	(3,255)
Net (loss)/profit before tax for the period	(99,280)	2,180	-	(97,100)	86,671	954	-	87,625
Tax – current	(9,973)	-	-	(9,973)	(6,559)	-	-	(6,559)
Net (loss)/profit after tax for the period	(109,253)	2,180	-	(107,073)	80,112	954	-	81,066
Share of non-controlling interest	(11,807)	-	11,807	-	(1,991)	-	1,991	-
Chargeback of funding/chargeback of fund provided/Policyholders' loss financed by shareholders (note 13)	-	(2,180)	-	(2,180)	954	(954)	-	-
Net (loss)/profit for the period	(121,060)	-	11,807	(109,253)	79,075	-	1,991	81,066

7 Wakalah and Mudarib Share

The shareholders manage the takaful operations of the Company for the policyholders and charge 15% *(2011: 15%)* of gross written contributions of non family takaful business (excluding subsidiaries) as wakalah share. For family takaful business, sharing ratio is 15% *(2011:15%)* of mortality costs.

The shareholders of the Group also manage the policyholders' investment funds other than family takaful and charge 15% *(2011: 15%)* of investment income earned by the policyholders as Mudarib share.

8 Investment properties

The geographic dispersion of investment properties is as follows:

	30 September 2012 AED'000 (Un-audited)	31 December 2011 AED'000 (Audited)
Within UAE	**12,900**	12,900
GCC Countries	**261,833**	261,833
	274,733	274,733

Based on management's internal assessment, the carrying value of the investment properties reflects the market conditions as at 30 September 2012.

The Group investment property portfolio, is being managed and maintained by a third party administrator, and the administrative fees is set off against rental income which is presented on a net basis in financial statements.

9 Investment in associates

The principal associates of the Group, all of which have 31 December as their year end are as follows:

Associates	**Ownership 2012**	**Ownership 2011**	**Country of incorporation**	**30 September 2012 AED'000 (Un-audited)**	31 December 2011 AED'000 (Audited)
GEPAR	**20.00%**	20.00%	Tunisia	**924**	925
Saudi IAIC Cooperative Insurance Co. (Saudi IAIC)	**30.00%**	30.00%	KSA	**27,431**	29,257
Islamic Insurance Jordan	**20.00%**	20.00%	Jordan	**27,261**	27,381
				55,616	57,563

Movements during the period/year	**30 September 2012 AED'000 (Un-audited)**	31 December 2011 AED'000 (Audited)
Balance at beginning of period/year	**57,563**	57,331
Purchases	**-**	925
Disposal of associates	**-**	(1,320)
Share of (loss)/profit in associates	**(1,327)**	1,244
Change in reserve	**-**	(617)
Dividend	**(620)**	-
Balance at ending of period/year	**55,616**	57,563

Notes *(continued)*

10 Investments

	30 September 2012 (Un-audited)			31 December 2011 (Audited)		
	Domestic investments AED'000	**International investments AED'000**	**Total AED'000**	Domestic investments AED'000	International investments AED'000	Total AED'000
Financial asset at fair value through profit or loss						
Mutual fund and externally managed portfolios	-	27,741	27,741	-	19,768	19,768
Shares and securities	4,127	1,211	5,338	3,610	-	3,610
	4,127	28,952	33,079	3,610	19,768	23,378
Available-for-sale investments						
Mutual fund and externally managed portfolios	-	215,651	215,651	-	278,409	278,409
Shares and securities	3,064	92	3,156	2,627	95	2,722
	3,064	215,743	218,807	2,627	278,504	281,131
Islamic placements *	-	551,319	551,319	-	477,641	477,641
Held to maturity						
SUKUK and Government bonds	-	235,120	235,120	-	195,722	195,722
Total investments	7,191	1,031,134	1,038,325	6,237	971,635	977,872

*Represent Sharia'h compliant placements with different financial institutions having profit rates of 0.22% to 4.75% (*2011: 0.22% to 4.75%*) and maturing in more than 3 months when acquired.

11 Participants' investments in unit-linked contracts

	30 September 2012 AED'000 (Un-audited)	31 December 2011 AED'000 (Audited)
Financial asset at fair value through profit or loss	**550,474**	489,956

12 Related party transactions

The Group, in the normal course of business, collects contributions, settles claims and enters into other transactions with other businesses that fall within the definition of related parties contained in the IAS 24 Related Party Disclosures (Revised). The management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. The following are the details of significant transactions with related parties.

	Nine-month period ended 30 September 2012 AED'000 (Un-audited)	Nine-month period ended 30 September 2011 AED'000 (Un-audited)
General and administrative expenses	**1,733**	1,488
Retakaful on contributions	**2,514**	2,934
Retakaful on claims	**284**	163
Compensation of key management personnel		
Short term benefits	**7,270**	7,319
Employees end of service benefits	**273**	1,205
	7,543	8,524

Amounts due from related parties	**30 September 2012 AED'000 (Un-audited)**	31 December 2011 AED'000 (Audited)
Bin Zayed Group	**11,128**	11,128
IAIC Bahrain	**21**	21
Saudi IAIC Cooperative Insurance Co.	**8**	-
Other entities under common management with the Group	**1,611**	1,428
	12,768	12,577
Amounts due to related parties		
IAIC Bahrain-current account	-	7
Other entities under common management with the Group	**1,012**	860
	1,012	867

13 Policyholders' fund

	30 September 2012 AED'000 (Un-audited)	31 December 2011 AED'000 (Audited)
Balance at 1 January	**721**	(1,017)
Net surplus attributable to policyholders for the period/year (note 6)	**2,180**	14,179
Proposed surplus distribution to policyholders of family takaful	**-**	(12,441)
	2,901	721

The shareholders of the Company financed the policyholders' deficit in accordance with the takaful contracts between the Company and its policyholders.

14 (Loss)/earnings per share

The calculation of earnings per share for the period ended 30 September 2012 is based on the loss attributable to shareholders of AED 121.06 million (profit for the period ended *30 September 2011 attributable to shareholders: AED 79.08 million*) divided by the weighted average number of shares of 1,188 million (*30 September 2011: 1,188 million*) outstanding during the period. There is no dilutive effect on basic earnings per share.

15 Contingent liabilities and capital commitments

	30 September 2012 AED'000 (Un-audited)	31 December 2011 AED'000 (Audited)
Letters of guarantee	**11,594**	11,459

Statutory deposits of AED 11.66 million (*31 December 2011: AED 6.48 million*) are held as lien by the bank against the above guarantees.

The Group, in common with other insurance companies, is involved as a defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Group in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made.

There are no capital commitments at 30 September 2012 (*31 December 2011: nil*).

16 Operating segment

By business

(for the nine-month period ended 30 September 2012)

	Non -motor	Motor	Health	Family takaful	Total
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Gross written contributions	**943,614**	**407,633**	**48,579**	**145,528**	**1,545,354**
Net contributions earned	**698,667**	**416,063**	**15,868**	**108,475**	**1,239,073**
Commissions received on ceded reinsurance and retakaful	**41,986**	**137**	**894**	**80**	**43,097**
	740,653	**416,200**	**16,762**	**108,555**	**1,282,170**
Net claims incurred	**(636,370)**	**(238,961)**	**(9,339)**	**(53,553)**	**(938,223)**
Commissions paid and other costs	**(262,697)**	**(84,130)**	**(5,129)**	**(29,774)**	**(381,730)**
Net underwriting income	**(158,414)**	**93,109**	**2,294**	**25,228**	**(37,783)**
Investment and other income					**68,790**
Unallocated expenses and tax					**(138,080)**
Net loss after tax					**(107,073)**

(for the nine-month period ended 30 September 2011)

	Non -motor	Motor	Health	Family takaful	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written contributions	1,053,105	555,174	38,905	151,296	1,798,480
Net contributions earned	808,247	470,594	18,314	86,116	1,383,271
Commissions received on ceded reinsurance and retakaful	33,991	93	726	197	35,007
	842,238	470,687	19,040	86,313	1,418,278
Net claims incurred	(451,901)	(290,316)	(10,645)	(41,628)	(794,490)
Commissions paid and other costs	(276,846)	(133,059)	(4,013)	(15,587)	(429,505)
Net underwriting income	113,491	47,312	4,382	29,098	194,283
Investment and other income					48,323
Unallocated expenses and tax					(161,540)
Net profit after tax					81,066

16 **Operating segment** (continued)

By Geography

(for the nine-month period ended 30 September 2012)

	Africa	Far East	Middle East	Turkey and Central Asia	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written contributions	243,961	932,070	338,222	31,101	1,545,354
Net contributions earned	181,753	801,191	226,930	29,199	1,239,073
Commissions received on ceded reinsurance and retakaful	13,440	22,828	6,829	-	43,097
	195,193	824,019	233,759	29,199	1,282,170
Net claims incurred	(106,438)	(681,905)	(131,568)	(18,312)	(938,223)
Commissions paid and other cost	(49,286)	(264,563)	(62,135)	(5,746)	(381,730)
Net underwriting income	39,469	(122,449)	40,056	5,141	(37,783)
Investment and other income					68,790
Unallocated expenses and tax					(138,080)
Net loss after tax					(107,073)

(for the nine-month period ended 30 September 2011)

	Africa	Far East	Middle East	Turkey and Central Asia	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written contributions	266,106	1,120,990	332,137	79,247	1,798,480
Net contributions earned	201,237	891,214	226,638	64,182	1,383,271
Commissions received on ceded reinsurance and retakaful	10,350	18,127	6,530	-	35,007
	211,587	909,341	233,168	64,182	1,418,278
Net claims incurred	(113,289)	(514,219)	(129,304)	(37,678)	(794,490)
Commissions paid and other cost	(41,843)	(328,907)	(37,415)	(21,340)	(429,505)
Net underwriting income	56,455	66,215	66,449	5,164	194,283
Investment and other income					48,323
Unallocated expenses and tax					(161,540)
Net profit after tax					81,066

17 **Comparative figures**

Certain comparative figures have been reclassified, where necessary, to conform with the presentation and change in accounting policy adopted by the Group for the year ended 31 December 2011 in their audited consolidated financial statements.