Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim financial information

for the nine-month period ended 30 September 2013

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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 30 September 2013 condensed consolidated interim financial information of Islamic Arab Insurance Co.(Salama) ("the Company") and its subsidiaries (collectively referred to as "the Group"), consisting of:

- the condensed consolidated interim statement of financial position as at 30 September 2013;
- the condensed consolidated interim statement of income for the three-month and nine-month periods ended 30 September 2013;
- the condensed consolidated interim statement of comprehensive income for the three-month and nine-month periods ended 30 September 2013;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2013;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2013; and
- notes to 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 the 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 30 September 2013 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendra Nath Malhotra
Registration No.: 48B

12 NOV 2013

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of income

for the nine-month period ended 30 September 2013

	Note	**Nine-month period ended 30 September 2013 AED'000 (Un-audited)**	Nine-month period ended 30 September 2012 AED'000 (Un-audited)	**Three-month period ended 30 September 2013 AED'000 (Un-audited)**	Three-month period ended 30 September 2012 AED'000 (Un-audited)
UNDERWRITING RESULTS					
Underwriting income					
Gross written contributions	*16*	**886,575**	1,545,354	**156,480**	302,444
Less: reinsurance and retakaful contributions ceded		**(187,031)**	(288,309)	**(50,493)**	(75,183)
Net contributions		**699,544**	1,257,045	**105,987**	227,261
Net movement in unearned contributions		**116,550**	(17,972)	**81,966**	71,891
Contributions earned	*16*	**816,094**	1,239,073	**187,953**	299,152
Commission received on ceded reinsurance and retakaful	*16*	**18,995**	43,097	**5,116**	10,409
	16	**835,089**	1,282,170	**193,069**	309,561
Underwriting expenses					
Gross claims paid		**856,017**	1,125,903	**282,864**	410,254
Less: reinsurance and retakaful share of claims paid		**(113,254)**	(217,454)	**(33,992)**	(92,505)
Net claims paid		**742,763**	908,449	**248,872**	317,749
Net movement in outstanding claims and technical reserve for family takaful		**(160,186)**	29,774	**(55,089)**	51,639
Claims incurred	*16*	**582,577**	938,223	**193,783**	369,388
Commission paid and other costs	*16*	**210,727**	381,730	**32,893**	83,206
		793,304	1,319,953	**226,676**	452,594
Net underwriting income	*16*	**41,785**	(37,783)	**(33,607)**	(143,033)
Income from other sources					
Income from investments		**37,189**	48,168	**14,998**	18,486
Other income		**17,990**	20,622	**5,933**	9,877
		96,964	31,007	**(12,676)**	(114,670)
Expenses					
General, administrative and other expenses		**(148,054)**	(114,035)	**(66,749)**	(26,876)
Financial expenses		**(11,324)**	(10,841)	**(3,800)**	(3,500)
Provision for charitable donations		**(2,526)**	(3,231)	**(1,424)**	(371)
Net loss before tax for the period		**(64,940)**	(97,100)	**(84,649)**	(145,417)
Taxation - current		**(9,636)**	(9,973)	**(2,477)**	(2,332)
Net loss after tax for the period before policyholders' distribution		**(74,576)**	(107,073)	**(87,126)**	(147,749)
Policyholders' surplus		**-**	(2,180)	**-**	(2,381)
Net loss after tax and distribution to policyholders for the period		**(74,576)**	(109,253)	**(87,126)**	(150,130)
Attributable to:					
Shareholders		**(80,386)**	(121,060)	**(89,603)**	(153,510)
Non-controlling interest		**5,810**	11,807	**2,477**	3,380
		(74,576)	(109,253)	**(87,126)**	(150,130)
Loss per share (AED)	*14*	**(0.068)**	(0.102)	**(0.075)**	(0.129)

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

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 2013

	Nine-month period ended 30 September 2013	Nine-month period ended 30 September 2012	**Three-month period ended 30 September 2013**	Three-month period ended 30 September 2012
	AED'000	AED'000	**AED'000**	AED'000
	(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
Net loss after tax and distribution to policyholders' for the period	**(74,576)**	(109,253)	**(87,126)**	(150,130)
Other comprehensive income net of income tax				
Items that will be reclassified to profit or loss :				
Net change in fair value of available-for-sale	**4,997**	1,506	**3,278**	615
Foreign exchange translation reserve	**(12,647)**	(7,111)	**882**	829
Other comprehensive (loss)/income for the period	**(7,650)**	(5,605)	**4,160**	1,444
Total comprehensive loss for the period	**(82,226)**	(114,858)	**(82,966)**	(148,686)
Attributable to:				
Shareholders	**(83,802)**	(125,978)	**(86,565)**	(151,968)
Non-controlling interest	**1,576**	11,120	**3,599**	3,282
	(82,226)	(114,858)	**(82,966)**	(148,686)

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

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 2013

	Note	30 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)
ASSETS			
Property and equipments		**109,762**	114,728
Intangible assets		**1,820**	3,304
Goodwill		**186,194**	186,194
Investment properties	*8*	**284,328**	284,818
Investments in associates	*9*	**48,474**	53,888
Statutory deposits		**109,605**	100,809
Investments	*11*	**1,164,676**	1,154,817
Participants' investments in Unit-linked contracts	*11.1*	**614,343**	551,354
Deposits with takaful and retakaful companies		**284,596**	289,605
Contributions and takaful balance receivables		**817,568**	929,198
Retakafuls' share of outstanding claims		**306,538**	375,064
Retakafuls' share of unearned contributions		**61,427**	72,398
Amounts due from related parties	*12*	**12,298**	14,961
Other assets and receivables		**153,602**	175,393
Cash and bank balances		**440,096**	545,046
TOTAL ASSETS		**4,595,327**	4,851,577
LIABILITIES			
Bank finance		**162,793**	160,665
Outstanding claims and family takaful reserve		**1,215,025**	1,448,507
Payable to Participants for Unit-linked contracts		**610,646**	540,833
Unearned contributions reserve		**463,997**	597,417
Takaful balances payable		**797,423**	696,740
Other payables and accruals		**161,898**	143,295
Amounts due to related parties	*12*	**1,013**	682
TOTAL LIABILITIES		**3,412,795**	3,588,139
Policyholders' fund	*13*	**-**	-
NET ASSETS EMPLOYED		**1,182,532**	1,263,438
FINANCED BY:			
Shareholders' equity		**1,117,591**	1,201,206
Non-controlling interest		**64,941**	62,232
		1,182,532	1,263,438

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 12 NOV 2013 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 2013

	Nine month period ended 30 September 2013 AED'000 (Un-audited)	Nine month period ended 30 September 2012 AED'000 (Un-audited)
Cash flows from operating activities		
Net loss before non-controlling interest	**(74,576)**	(109,253)
Adjustments for:		
Net movement in unearned contributions reserve	**(116,550)**	17,972
Investment properties	**490**	-
Amortisation of intangible assets	**1,484**	-
Share of loss from associates	**4,793**	1,327
Dividend income	**621**	-
Operating loss before changes in working capital	**(183,738)**	(89,954)
Change in deposits with takaful and retakaful companies	**5,009**	118,281
Change in contributions and takaful balance receivable	**111,630**	183,685
Change in due from / to related parties	**2,994**	(46)
Change in other assets and receivables	**21,791**	1,792
Change in outstanding claims (net of retakaful)	**(164,956)**	(92,743)
Change in takaful payables and other payables	**119,286**	132,028
Change in policyholders' fund	**-**	2,180
Net cash flows from operating activities	**(87,984)**	255,223
Cash flows from investing activities		
Property and equipment	**4,966**	(114)
Net movement in intangible assets	**-**	2,362
Net movement in associates	**(4,793)**	620
Dividend income from an associate	**(621)**	-
Statutory deposits	**(8,796)**	9,230
Investments-net	**(19,207)**	(83,625)
Dividend paid	**(176)**	-
Net movement in Participants' investments in Unit-linked contracts	**6,824**	4,165
Net cash flows from investing activities	**(21,803)**	(67,362)
Cash flows from financing activities		
Bank finance	**2,128**	(6,730)
Net movement in non-controlling interest	**2,709**	(2,822)
Net cash flows from financing activities	**4,837**	(9,552)
Net (decrease) / increase in cash and cash equivalents	**(104,950)**	178,309
Cash and cash equivalents at 1 January	**545,046**	434,720
Cash and cash equivalents at 30 September	**440,096**	613,029

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

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 2013

	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 income for the period										
Profit 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 income for the period	-	-	-	(6,416)	1,498	-	(121,060)	(125,978)	11,120	(114,858)
Transactions 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 18 form an integral part of these condensed consolidated interim financial information.

Islamic Arab Insurance Co. (Salama) and its subsidiaries

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

for the nine-month period ended 30 September 2013

	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**	**Investmen fair value reserve AED'000**	**Treasury stock AED'000**	**Accumulated losses AED'000**	**Total AED'000**	**Non-controlling interest AED'000**	**Total equity AED'000**
Balance at 1 January 2013	1,210,000	69,983	26,244	(11,363)	6,180	(35,972)	(63,866)	1,201,206	62,232	1,263,438
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	(80,386)	(80,386)	5,810	(74,576)
Other comprehensive loss										
Movement in foreign exchange translation reserve	-	-	-	(8,405)	-	-	-	(8,405)	(4,242)	(12,647)
Movement in net change in fair value of available-for-sale investments	-	-	-	-	4,989	-	-	4,989	8	4,997
Total other comprehensive loss	-	-	-	(8,405)	4,989	-	-	(3,416)	(4,234)	(7,650)
Total comprehensive income for the period	-	-	-	(8,405)	4,989	-	(80,386)	(83,802)	1,576	(82,226)
Transaction with owners, recorded directly in equity										
Acquisition of non controlling interest without a change in control	-	-	-	-	-	-	187	187	1,309	1,496
Dividend paid	-	-	-	-	-	-	-	-	(176)	(176)
Balance at 30 September 2013	**1,210,000**	**69,983**	**26,244**	**(19,768)**	**11,169**	**(35,972)**	**(144,065)**	**1,117,591**	**64,941**	**1,182,532**

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

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'ah 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), a subsidiary of the company, 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 Shari'ah principles:

	Group's Ownership		
	30 September	31 December	**Country of**
Subsidiaries	**2013**	2012	**incorporation**
Directly owned			
Tariic Holding Company B.S.C	**99.40%**	99.40%	Kingdom of Bahrain
Through Tariic			
Salama Assurances Senegal	**57.41%**	55.17%	Senegal
Salama Assurances Algerie	**96.98%**	96.98%	Algeria
Egyptian Saudi Insurance Home	**51.15%**	51.15%	Egypt
Best Re (L) Limited (refer note below)	**100%**	100%	Malaysia

The winding up petition by a cedant has been filed against Best Re (L) Limited, subsequent to 30 September 2013. The Group has obtained stay order against the winding up order (Refer note 15). As a result of the stay order, business is continuing as usual.

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the, 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 consolidated financial statements of the Group for the year ended 31 December 2012.

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 ("FVTPL") and unit-linked contracts are measured at fair value,

ii) available-for-sale ("AFS") financial assets are measured at fair value, and

iii) investment properties are measured at fair value.

New standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

2 Basis of preparation (continued)

b) Basis of measurement (continued)

New standards, interpretations and amendments adopted (continued)

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 19 (Revised 2011) Employee Benefits, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. Several other new standards and amendments apply for the first time in 2013. However, the adoption of these standards do not impact the annual consolidated financial statements of the Group or the condensed consolidated interim financial statements of the Group. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities would result in additional disclosures in the annual consolidated financial statements.

c) Functional and reporting currency

These condensed consolidated interim 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 Groups' financial risk management objectives, policies and accounting policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2012, except for the adoption of certain new accounting standards (note 2(b)).

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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

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 2012, except for the valuation of investment properties as explained in note 8.

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 on the accrual basis, 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 nine-month period ended 30 September 2013				For the nine-month period ended 30 September 2012			
	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/(loss)	-	41,785	-	41,785	-	(37,783)	-	(37,783)
Income								
Wakalah share (note 7)	49,641	(49,641)	-	-	48,651	(48,651)	-	-
Mudarib share (note 7)	62	(62)	-	-	98	(98)	-	-
Net technical charges from shareholders to policyholders	(3,743)	3,743	-	-	(6,846)	6,846	-	-
Net underwriting income from subsidiaries	32,506	(32,506)	-	-	(81,023)	81,023	-	-
Income from investments	36,691	498	-	37,189	47,374	794	-	48,168
Other income	17,990	-	-	17,990	20,573	49	-	20,622
	133,147	(36,183)	-	96,964	28,827	2,180	-	31,007
Expenses								
General, administrative and other expenses	(148,054)	-	-	(148,054)	(114,035)	-	-	(114,035)
Finance expenses	(11,324)	-	-	(11,324)	(10,841)	-	-	(10,841)
Charitable donations	(2,526)	-	-	(2,526)	(3,231)	-	-	(3,231)
Net loss before tax for the period	(28,757)	(36,183)	-	(64,940)	(99,280)	2,180	-	(97,100)
Tax – current	(9,636)	-	-	(9,636)	(9,973)	-	-	(9,973)
Net loss after tax for the period	(38,393)	(36,183)	-	(74,576)	(109,253)	2,180	-	(107,073)
Share of non-controlling interest	(5,810)	-	5,810	-	(11,807)	-	11,807	-
Policyholders' loss financed by shareholders / recovery of loss from policyholders' fund	(36,183)	36,183	-	-	-	(2,180)	-	(2,180)
Net loss for the period	(80,386)	-	5,810	(74,576)	(121,060)	-	11,807	(109,253)

7 Wakalah and Mudarib Share

The shareholders manage the takaful operations of the Group for the policyholders and charge 15% *(2012: 15%)* of gross written contributions of non family takaful business (excluding subsidiaries) as wakalah share. For family takaful business, sharing ratio is 15% *(2012:15%)* of mortality costs.

The shareholders of the Group also manage the policyholders' investment funds other than family takaful and charge 15% *(2012: 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 2013 AED'000 (Un-audited)	31 December 2012 AED'000 (Audited)
Within UAE	**13,400**	13,400
Outside UAE	**270,928**	271,418
	284,328	284,818

The carrying values of the investment properties reflect their fair values at 30 September 2013. These investment properties were previously stated at fair values as determined by independent external valuers at 31 December 2012. An independent external valuation has not been carried out at 30 September 2013 and accordingly, the carrying values are based on management's internal assessment, which equates to their fair values.

The Group investment property portfolio is being managed and maintained by a third party; administrative and the rental income received from these properties are being set off with the administrative fees.

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 2013**	**Ownership 2012**	**Country of incorporation**	**30 September 2013 AED'000 (Un-audited)**	31 December 2012 AED'000 (Audited)
Generale d'Etudes et de Placement en Assurance Reassurance ("GEPAR")	**20.00%**	20.00%	Tunisia	**495**	924
Salama Cooperative Insurance Company (formerly Saudi IAIC)	**30.00%**	30.00%	KSA	**20,057**	25,452
Islamic Insurance Jordan	**20.00%**	20.00%	Jordan	**27,922**	27,512
				48,474	53,888

Movements during the period/year	**30 September 2013 AED'000 (Un-audited)**	31 December 2012 AED'000 (Audited)
Balance at the beginning of period/year	**53,888**	57,563
Share of loss in associates	**(4,793)**	(3,054)
Dividend received from associates	**(621)**	-
Change in reserve	**-**	(621)
Balance at the ending of period/year	**48,474**	53,888

10 Classes and categories of financials assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities and their fair values:

At 30 September 2013 (Un-audited)

Financial assets	**FVTPL**	**AFS**	**Amortised cost**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**
Investments	**27,165**	**304,202**	**833,309**	**1,164,676**
Participants' investments in unit-linked contracts	**614,343**	**-**	**-**	**614,343**
Contributions and takaful balance receivables	**-**	**-**	**817,568**	**817,568**
Other assets and receivables	**-**	**-**	**153,602**	**153,602**
Retakafuls' share of outstanding claims	**-**	**-**	**306,538**	**306,538**
Statutory deposits	**-**	**-**	**109,605**	**109,605**
Cash and bank balances	**-**	**-**	**440,096**	**440,096**
	641,508	**304,202**	**2,660,718**	**3,606,428**

Financial liabilities				
Payable to Participants for unit-linked contracts	**610,646**	**-**	**-**	**610,646**
Takaful balances payable	**-**	**-**	**797,423**	**797,423**
Other payables and accruals	**-**	**-**	**161,898**	**161,898**
Outstanding claims and family takaful reserve	**-**	**-**	**1,215,025**	**1,215,025**
Bank finance	**-**	**-**	**162,793**	**162,793**
	610,646	**-**	**2,337,139**	**2,947,785**

At 31 December 2012 (Audited)

Financial assets	FVTPL	AFS	Amortised cost	Total
	AED'000	AED'000	AED'000	AED'000
Investments	33,813	243,505	877,499	1,154,817
Participants' investments in unit-linked contracts	551,354	-	-	551,354
Contributions and takaful balance receivables	-	-	929,198	929,198
Other assets and receivables	-	-	175,393	175,393
Retakafuls' share of outstanding claims	-	-	375,064	375,064
Statutory deposits	-	-	100,809	100,809
Cash and bank balances	-	-	545,046	545,046
	585,167	243,505	3,003,009	3,831,681

Financial liabilities				
Payable to Participants for unit-linked contracts	540,833	-	-	540,833
Takaful balances payable	-	-	696,740	696,740
Other payables and accruals	-	-	143,295	143,295
Outstanding claims and family takaful reserve	-	-	1,448,507	1,448,507
Bank finance	-	-	160,665	160,665
	540,833	-	2,449,207	2,990,040

Notes *(continued)*

11 Investments

	30 September 2013 (Un-audited)			31 December 2012 (Audited)		
	Domestic investments AED'000	**International investments AED'000**	**Total AED'000**	Domestic investments AED'000	International investments AED'000	Total AED'000
Financial assets at fair value through profit or loss						
Mutual fund and externally managed portfolios	**-**	**21,081**	**21,081**	-	27,822	27,822
Shares and securities	**5,564**	**520**	**6,084**	4,381	1,610	5,991
	5,564	**21,601**	**27,165**	4,381	29,432	33,813
Available-for-sale investments						
Mutual fund and externally managed portfolios	**-**	**297,567**	**297,567**	-	240,140	240,140
Shares and securities	**6,544**	**91**	**6,635**	3,272	93	3,365
	6,544	**297,658**	**304,202**	3,272	240,233	243,505
Islamic placements *	**-**	**627,082**	**627,082**	-	689,603	689,603
Held to maturity						
SUKUK and Government bonds	**-**	**206,227**	**206,227**	-	187,896	187,896
Total investments	**12,108**	**1,152,568**	**1,164,676**	7,653	1,147,164	1,154,817

*Represent Shari'ah compliant placements with different financial institutions having profit rates of 0.22% to 4.75% *(2012: 0.22% to 4.75%)* and with original maturities of more than 3 months.

11.1 Participants' investments in unit-linked contracts

	30 September 2013 AED'000 (Un-audited)	31 December 2012 AED'000 (Audited)
Financial asset at fair value through profit or loss	**614,343**	551,354

11 Investments (continued)

Determining fair values

The determination of fair value for financial assets and liabilities is based on quoted market price in an active market under level 1 of fair value hierarchy.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Investments securities	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
30 September 2013 (Un-audited)				
Fair value through profit or loss				
Mutual fund	**20,974**	**107**	**-**	**21,081**
Participants' investments in unit-linked contracts	**-**	**614,343**	**-**	**614,343**
Shares and securities	**6,084**	**-**	**-**	**6,084**
	27,058	**614,450**	**-**	**641,508**
Available-for-sale				
Mutual fund	**11,123**	**286,444**	**-**	**297,567**
Shares and securities	**6,544**	**91**	**-**	**6,635**
	17,667	**286,535**	**-**	**304,202**
31 December 2012 (Audited)				
Fair value through profit or loss				
Mutual fund	25,640	2,182	-	27,822
Participants' investments in unit-linked contracts	-	551,354	-	551,354
Shares and securities	5,991	-	-	5,991
	31,631	553,536	-	585,167
Available-for-sale				
Mutual fund	23,545	216,595	-	240,140
Shares and securities	3,273	92	-	3,365
	26,818	216,687	-	243,505

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 2013 AED'000 (Un-audited)	Nine-month period ended 30 September 2012 AED'000 (Un-audited)
General and administrative expenses	**1,327**	1,733
Retakaful on contributions	**4,311**	2,514
Retakaful on claims	**1,464**	284

Transactions and receivables related to Bin Zayed Group are in respect of management of the Group's investment portfolio.

Compensation of key management personnel

Short term benefits	**8,855**	7,270
Employees end of service benefits	**544**	273
	9,399	7,543

Amounts due from related parties	**30 September 2013 AED'000 (Un-audited)**	31 December 2012 AED'000 (Audited)
Bin Zayed Group (funds advanced for investment)	**11,128**	11,128
IAIC Bahrain	**19**	21
Other entities under common management with the Group	**1,151**	3,812
	12,298	14,961

Amounts due to related parties

Other entities under common management with the Group	**1,013**	682
	1,013	682

13 Policyholders' fund

	30 September 2013 AED'000 (Un-audited)	31 December 2012 AED'000 (Audited)
Balance at 1 January	-	721
Reversal of cost charged to family takaful policyholders for prior years		-
Net (deficit)/surplus attributable to policyholders for the period/year (note 6)	(36,183)	3,475
Proposed surplus distribution to policyholders of family takaful	-	(5,650)
	(36,183)	(1,454)
Financed by shareholders'	36,183	1,454
	-	-

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

14 Loss per share

The calculation of loss per share for the period ended 30 September 2013 is based on the loss attributable to shareholders of AED 80.4 million *(30 September 2012: loss attributable to shareholders of AED 121.1million)* divided by the weighted average number of shares of 1,188 million (*30 September2012: 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 2013 AED'000 (Un-audited)	31 December 2012 AED'000 (Audited)
Letters of guarantee	14,102	14,278

Statutory deposits of AED 14.1 million (*31 December 2012: AED 14.3million*) 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. The Group, through Best Re (L) Limited one of its subsidiary, is facing certain claims and litigations in Labuan Malaysia and Korea. These include winding up petition by a cedant claim for nonpayment of a committed debt in connection with a claim being contested in Korea as well. Subsequent to the period end, Labuan Court issued a winding-up order against nonpayment of the promised liability, which the subsidiary appealed against and has obtained stay order against the winding-up order and pursuant to the court order placed the disputed funds with relevant regulatory authority until a final verdict on the case.

15 Contingent liabilities and capital commitments (continued)

The Group is exposed to certain claims and litigations, these are subject to legal cases filed by policyholders, cedants and retakaful operators in connection with policies issued. The management believes, based on independent legal counsel opinions that the ascertainment of liabilities and its timing is highly subjective and dependent on outcomes of court's decisions. Furthermore. as per independent legal counsel, the Group has strong grounds to defend the suits successfully. Accordingly, no additional provision for these claims has been made in the condensed consolidated interim financial statements. However 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 significant capital commitments at 30 September 2013 (*31 December 2012: nil*).

16 Operating segment

By business

(for the nine-month period ended 30 September 2013)

	Non -motor	**Motor**	**Health**	**Family takaful**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Gross written contributions	**452,338**	**229,867**	**50,924**	**153,446**	**886,575**
Net contributions earned	**420,650**	**251,688**	**18,925**	**124,831**	**816,094**
Commissions received on ceded reinsurance and retakaful	**18,591**	**(518)**	**669**	**253**	**18,995**
	439,241	**251,170**	**19,594**	**125,084**	**835,089**
Net claims incurred	**(282,002)**	**(244,475)**	**(17,072)**	**(39,028)**	**(582,577)**
Commissions paid and other costs	**(130,223)**	**(27,522)**	**(4,575)**	**(48,407)**	**(210,727)**
Net underwriting income	**27,016**	**(20,827)**	**(2,053)**	**37,649**	**41,785**
Investment and other income					**55,179**
Unallocated expenses and tax					**(171,540)**
Policyholders' surplus					**-**
Net loss after tax					**(74,576)**

(for the nine-month period ended 30 September2012)

	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)
Policyholders' surplus					(2,180)
Net loss after tax					(109,253)

16 Operating segment (continued)

By Geography

(for the nine-month period ended 30 September 2013)

	Africa	Far East	Middle East	Turkey and Central Asia	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written contributions	274,701	239,108	311,116	61,650	886,575
Net contributions earned	216,202	331,430	219,538	48,924	816,094
Commissions received on ceded reinsurance and retakaful	10,073	3,387	5,535	-	18,995
	226,275	334,817	225,073	48,924	835,089
Net claims incurred	(122,052)	(282,273)	(151,693)	(26,559)	(582,577)
Commissions paid and other cost	(53,333)	(69,413)	(69,626)	(18,355)	(210,727)
Net underwriting income	50,890	(16,869)	3,754	4,010	41,785
Investment and other income					55,179
Unallocated expenses and tax					(171,540)
Policyholders' surplus					-
Net loss after tax					(74,576)

(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)
Policyholders' surplus					(2,180)
Net loss after tax					(109,253)

17 Comparative figures

Certain comparative figures have been reclassified where appropriate to conform with the presentation and accounting policies adopted in these condensed consolidated interim financial statements.