Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim financial information

for the six-month period ended 30 June 2014

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for the six-month period ended 30 June 2014

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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 June 2014 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 June 2014;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month period ended 30 June 2014;
- the condensed consolidated interim statement of comprehensive income for the three-month and six-month period ended 30 June 2014;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2014;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2014; 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 June 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

14 AUG 2014

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of profit or loss

for the six-month period ended 30 June 2014

	Note	Six-month period ended 30 June 2014 AED'000 (Un-audited)	Six-month period ended 30 June 2013 AED'000 (Un-audited)	Three-month period ended 30 June 2014 AED'000 (Un-audited)	Three-month period ended 30 June 2013 AED'000 (Un-audited)
UNDERWRITING RESULTS					
Underwriting income					
Gross written contributions	16	**408,215**	730,095	**183,606**	293,460
Less: reinsurance and retakaful contributions ceded		**(102,415)**	(136,538)	**(47,383)**	(66,552)
Net contributions		**305,800**	593,557	**136,223**	226,908
Net movement in unearned contributions		**30,287**	34,584	**12,512**	27,219
Contributions earned	16	**336,087**	628,141	**148,735**	254,127
Commission received on ceded reinsurance and retakaful	16	**10,997**	13,879	**4,626**	7,119
	16	**347,084**	642,020	**153,361**	261,246
Underwriting expenses					
Gross claims paid		**596,088**	573,153	**403,298**	265,205
Less: reinsurance and retakaful share of claims paid		**(159,881)**	(79,262)	**(133,005)**	(31,137)
Net claims paid		**436,207**	493,891	**270,293**	234,068
Net movement in outstanding claims and technical reserve for family takaful		**(220,698)**	(105,097)	**(196,622)**	(83,743)
Claims incurred	16	**215,509**	388,794	**73,671**	150,325
Commission paid and other costs	16	**93,020**	177,834	**46,253**	65,786
		308,529	566,628	**119,924**	216,111
Net underwriting income	16	**38,555**	75,392	**33,437**	45,135
Income from other sources					
Income from investments		**27,229**	22,191	**11,702**	8,756
Other income		**23,718**	12,057	**11,866**	5,372
		89,502	109,640	**57,005**	59,263
Expenses					
General, administrative and other expenses		**(81,300)**	(81,305)	**(39,554)**	(34,395)
Financial expenses		**(7,772)**	(7,524)	**(3,846)**	(3,388)
Provision for charitable donations		**(2,574)**	(1,102)	**(1,199)**	(424)
Net (loss) / profit before tax for the period		**(2,144)**	19,709	**12,406**	21,056
Taxation - current		**(8,513)**	(7,159)	**(4,001)**	194
Net (loss) / profit after tax for the period before policyholders' distribution		**(10,657)**	12,550	**8,405**	21,250
Policyholders' surplus		**-**	-	**-**	-
Net (loss) / profit after tax and distribution to policyholders for the period		**(10,657)**	12,550	**8,405**	21,250
Attributable to:					
Shareholders		**(15,671)**	9,217	**5,623**	17,565
Non-controlling interest		**5,014**	3,333	**2,782**	3,685
		(10,657)	12,550	**8,405**	21,250
(Loss) / earnings per share (AED) (Note 14)		**(0.013)**	0.008	**0.005**	0.015

The notes on pages 8 to 18 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 six-month period ended 30 June 2014

	Six-month period ended 30 June 2014 AED'000 (Un-audited)	Six-month period ended 30 June 2013 AED'000 (Un-audited)	Three-month period ended 30 June 2014 AED'000 (Un-audited)	Three-month period ended 30 June 2013 AED'000 (Un-audited)
Net (loss) / profit after tax and distribution to policyholders' for the period	**(10,657)**	12,550	**8,405**	21,250
Other comprehensive (loss) / income net of income tax				
Items that are or may be reclassified to profit or loss:				
Net change in fair value of available-for-sale investments	**1,985**	1,719	**(1,674)**	1,687
Foreign exchange translation reserve	**(5,237)**	(13,529)	**(5,383)**	(5,222)
Other comprehensive loss for the period	**(3,252)**	(11,810)	**(7,057)**	(3,535)
Total comprehensive (loss) / income for the period	**(13,909)**	740	**1,348**	17,715
Attributable to:				
Shareholders	**(17,309)**	2,764	**913**	15,521
Non-controlling interest	**3,400**	(2,024)	**435**	2,194
	(13,909)	740	**1,348**	17,715

The notes on pages 8 to 18 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 June 2014

	Note	30 June 2014 AED'000 (Un-audited)	31 December 2013 AED'000 (Audited)
ASSETS			
Property and equipments		**119,945**	122,698
Intangible assets		**154,236**	153,624
Investment properties	*8*	**325,384**	307,762
Investments in associates	*9*	**42,836**	41,505
Statutory deposits		**18,872**	18,887
Investments	*11*	**1,082,657**	1,222,816
Participants' investments in unit-linked contracts	*11.3*	**673,838**	643,644
Deposits with takaful and retakaful companies		**154,524**	151,354
Contributions and takaful balance receivables		**776,824**	701,730
Retakafuls' share of outstanding claims		**220,860**	327,450
Retakafuls' share of unearned contributions		**68,611**	62,740
Amounts due from related parties	*12*	**12,818**	12,700
Other assets and receivables		**190,213**	195,727
Cash and bank balances		**321,581**	341,570
TOTAL ASSETS		**4,163,199**	4,304,207
LIABILITIES			
Bank finance		**163,587**	165,726
Outstanding claims and family takaful reserve		**731,139**	1,056,230
Payable to Participants for unit-linked contracts		**674,165**	640,199
Unearned contributions reserve		**317,997**	358,639
Takaful balances payable		**903,391**	706,054
Other payables and accruals		**161,806**	149,931
Amounts due to related parties	*12*	**-**	659
TOTAL LIABILITIES		**2,952,085**	3,077,438
Policyholders' fund	*13*	**-**	-
NET ASSETS EMPLOYED		**1,211,114**	1,226,769
FINANCED BY:			
Shareholders' equity		**1,137,691**	1,155,000
Non-controlling interest		**73,423**	71,769
		1,211,114	1,226,769

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

These condensed consolidated financial information were approved and authorised for issue by the Board of Directors on 14 AUG 2014 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 six-month period ended 30 June 2014

	Six month period ended 30 June 2014 AED'000 (Un-audited)	Six month period ended 30 June 2013 AED'000 (Un-audited)
Cash flows from operating activities		
Net (loss) / profit before non-controlling interest	**(10,657)**	12,550
Adjustments for:		
Depreciation	**3,648**	3,655
Net movement in unearned contributions reserve	**(46,513)**	(34,584)
Investment properties	**(17,622)**	295
Amortisation of intangible assets	**452**	1,409
Share of profit from associates	**(1,951)**	2,896
Dividend income	**449**	621
Operating loss before changes in working capital	**(72,194)**	(13,158)
Change in deposits with takaful and retakaful companies	**(3,170)**	(4,539)
Change in contributions and takaful balance receivable	**(75,094)**	86,030
Change in due from / to related parties	**(777)**	1,747
Change in other assets and receivables	**5,514**	37,466
Change in outstanding claims (net of retakaful)	**(218,501)**	(110,268)
Change in takaful payables and other payables	**209,212**	21,878
Change in policyholders' fund	**-**	-
Net cash flows (used in) / provided by operating activities	**(155,010)**	19,156
Cash flows from investing activities		
Property and equipment - net	**(895)**	(40)
Net movement in intangible assets	**(1,064)**	-
Net movement in associates	**171**	(3,517)
Statutory deposits	**15**	(7,274)
Investments-net	**135,253**	(102,025)
Dividend paid	**(1,746)**	-
Net movement in Participants' investments in unit-linked contracts	**3,772**	7,972
Net cash flows provided by / (used in) investing activities	**135,506**	(104,884)
Cash flows from financing activities		
Bank finance	**(2,139)**	(4,125)
Net movement in non-controlling interest	**1,654**	(2,024)
Net cash flows used in financing activities	**(485)**	(6,149)
Net decrease in cash and cash equivalents	**(19,989)**	(91,877)
Cash and cash equivalents at 1 January	**341,570**	545,046
Cash and cash equivalents at 30 June	**321,581**	453,169

The notes on pages 8 to 18 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 six-month period ended 30 June 2014

	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 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	-	-	-	-	-	-	9,217	9,217	3,333	12,550
Other comprehensive loss										
Movement in foreign exchange translation reserve	-	-	-	(8,167)	-	-	-	(8,167)	(5,362)	(13,529)
Movement in net change in fair value of available-for-sale investments	-	-	-	-	1,714	-	-	1,714	5	1,719
Total other comprehensive (loss) / income	-	-	-	(8,167)	1,714	-	-	(6,453)	(5,357)	(11,810)
Total comprehensive (loss) / income for the period	-	-	-	(8,167)	1,714	-	9,217	2,764	(2,024)	740
Balance at 30 June 2013	1,210,000	69,983	26,244	(19,530)	7,894	(35,972)	(54,649)	1,203,970	60,208	1,264,178

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

Islamic Arab Insurance Co. (Salama) and its subsidiaries

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

for the six-month period ended 30 June 2014

	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**	**Accumulated losses AED'000**	**Total AED'000**	**Non-controlling interest AED'000**	**Total equity AED'000**
Balance at 1 January 2014	1,210,000	69,983	46,723	(15,601)	13,917	(35,972)	(134,050)	1,155,000	71,769	1,226,769
Total comprehensive income for the period										
(Loss) / profit for the period	-	-	-	-	-	-	(15,671)	(15,671)	5,014	(10,657)
Other comprehensive loss										
Movement in foreign exchange translation reserve	-	-	-	(3,616)	-	-	-	(3,616)	(1,621)	(5,237)
Movement in net change in fair value of available-for-sale investments	-	-	-	-	1,978	-	-	1,978	7	1,985
Total other comprehensive (loss) / income	-	-	-	(3,616)	1,978	-	-	(1,638)	(1,614)	(3,252)
Total comprehensive (loss) / income for the period	-	-	-	(3,616)	1,978	-	(15,671)	(17,309)	3,400	(13,909)
Transaction with owners, recorded directly in equity										
Dividend paid	-	-	-	-	-	-	-	-	(1,746)	(1,746)
Balance at 30 June 2014	**1,210,000**	**69,983**	**46,723**	**(19,217)**	**15,895**	**(35,972)**	**(149,721)**	**1,137,691**	**73,423**	**1,211,114**

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

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 U.A.E. 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		
Subsidiaries	**30 June 2014**	31 December 2013	**Country of incorporation**
Directly owned			
Tariic Holding Company B.S.C	**99.40%**	99.40%	Kingdom of Bahrain
Through Tariic			
Salama Assurances Senegal	**57.41%**	57.41%	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

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for the full annual audited consolidated financial statements, and should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended 31 December 2013.

b) Basis of measurement

The condensed consolidated interim financial information 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 information are consistent with those followed in the preparation of the Group's annual audited consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

2 Basis of preparation (continued)

b) Basis of measurement (continued)

New standards, interpretations and amendments adopted (continued)

The adoption of the new and amended standards and interpretations effective 1 January 2014 did not have an impact on the financial position or performance of the Group during the period.

c) Functional and reporting currency

These condensed consolidated interim financial information 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 2013.

4 Estimates

The preparation of the condensed consolidated interim 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.

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 information, 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 annual audited consolidated financial statements as at and for the year ended 31 December 2013, 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 information 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.

6 Allocation of the net profit (Un-audited)

	For the six-month period ended 30 June 2014				For the six-month period ended 30 June 2013			
	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	-	38,555	-	38,555	-	75,392	-	75,392
Income								
Wakalah share (note 7)	32,463	(32,463)	-	-	35,850	(35,850)	-	-
Mudarib share (note 7)	7	(7)	-	-	50	(50)	-	-
Net technical charges from shareholders to policyholders	(1,622)	1,622	-	-	(3,322)	3,322	-	-
Net underwriting income / (loss) from subsidiaries	27,840	(27,840)	-	-	67,935	(67,935)	-	-
Income from investments	27,141	88	-	27,229	21,801	390	-	22,191
Other income	23,718	-	-	23,718	12,057	-	-	12,057
	109,547	(20,045)	-	89,502	134,371	(24,731)	-	109,640
Expenses								
General, administrative and other expenses	(81,300)	-	-	(81,300)	(81,305)	-	-	(81,305)
Financial expenses	(7,772)	-	-	(7,772)	(7,524)	-	-	(7,524)
Charitable donations	(2,574)	-	-	(2,574)	(1,102)	-	-	(1,102)
Net profit / (loss) before tax for the period	17,901	(20,045)	-	(2,144)	44,440	(24,731)	-	19,709
Tax – current	(8,513)	-	-	(8,513)	(7,159)	-	-	(7,159)
Net profit / (loss) after tax for the period	9,388	(20,045)	-	(10,657)	37,281	(24,731)	-	12,550
Share of non-controlling interest	(5,014)	-	5,014	-	(3,333)	-	3,333	-
Policyholders' loss financed by shareholders / recovery of loss from policyholders' fund (Note 13)	(20,045)	20,045	-	-	(24,731)	24,731	-	-
Net (loss) / profit for the period	(15,671)	-	5,014	(10,657)	9,217	-	3,333	12,550

7 Wakalah and Mudarib Share

The shareholders manage the takaful operations of the Group for the policyholders and charge 15% *(2013: 15%)* of gross written contributions of non family takaful business (excluding subsidiaries) as wakalah share. For family takaful business, sharing ratio is 15% *(2013:15%)* of mortality costs.

The shareholders of the Group also manage the policyholders' investment funds other than family takaful and charge 15% *(2013: 15%)* of investment income earned by the policyholders as Mudarib share.

8 Investment properties

The geographic dispersion of investment properties is as follows:

	30 June 2014 AED'000 (Un-audited)	31 December 2013 AED'000 (Audited)
Within UAE	**16,600**	16,600
Outside UAE	**308,784**	291,162
	325,384	307,762

The carrying values of the investment properties reflect their fair values at 30 June 2014. These investment properties were previously stated at fair values as determined by independent external valuers at 31 December 2013. An independent external valuation has not been carried out at 30 June 2014 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 Investments in associates

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

Associates	**Ownership 2014**	Ownership 2013	**Country of incorporation**	**30 June 2014 AED'000 (Un-audited)**	31 December 2013 AED'000 (Audited)
Generale d'Etudes et de Placement en Assurance Reassurance ("GEPAR")	**20.00%**	20.00%	Tunisia	**496**	496
Salama Cooperative Insurance Company (formerly Saudi IAIC)	**30.00%**	30.00%	KSA	**14,172**	13,076
Best Invest	**36.11%**	36.11%	Tunisia	**-**	-
Islamic Insurance Jordan	**20.00%**	20.00%	Jordan	**28,168**	27,933
				42,836	41,505

Movements during the period/year	**30 June 2014 AED'000 (Un-audited)**	31 December 2013 AED'000 (Audited)
Balance at the beginning of period/year	**41,505**	53,888
Share of profit/(loss) in associates	**1,951**	(11,334)
Change in reserves	**-**	(1,049)
Dividend received	**(620)**	-
Balance at the ending of period/year	**42,836**	41,505

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. For instruments carried at amortized cost management believes that their carrying values approximates to their fair values.

At 30 June 2014 (Un-audited)

Financial assets	**FVTPL**	**AFS**	**Amortised cost**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**
Investments	**36,116**	**341,752**	**704,789**	**1,082,657**
Statutory deposits	**-**	**-**	**18,872**	**18,872**
Participants' investments in unit-linked contracts	**673,838**	**-**	**-**	**673,838**
Deposits with takaful and retakaful companies	**-**	**-**	**154,524**	**154,524**
Contributions and takaful balance receivables	**-**	**-**	**776,824**	**776,824**
Amounts due from related parties	**-**	**-**	**12,818**	**12,818**
Other assets and receivables	**-**	**-**	**185,778**	**185,778**
Cash and bank balances	**-**	**-**	**321,581**	**321,581**
	709,954	**341,752**	**2,175,186**	**3,226,892**
Financial liabilities				
Bank finance	**-**	**-**	**163,587**	**163,587**
Payable to Participants for unit-linked contracts	**674,165**	**-**	**-**	**674,165**
Takaful balances payable	**-**	**-**	**903,391**	**903,391**
Other payables and accruals	**-**	**-**	**161,806**	**161,806**
	674,165	**-**	**1,228,784**	**1,902,949**

At 31 December 2013 (Audited)

Financial assets	FVTPL	AFS	Amortised cost	Total
	AED'000	AED'000	AED'000	AED'000
Investments	35,108	334,617	853,091	1,222,816
Statutory deposits	-	-	18,887	18,887
Participants' investments in unit-linked contracts	643,644	-	-	643,644
Deposits with takaful and retakaful companies	-	-	151,354	151,354
Contributions and takaful balance receivables	-	-	701,730	701,730
Amounts due from related parties	-	-	12,700	12,700
Other assets and receivables	-	-	188,865	188,865
Cash and bank balances	-	-	341,570	341,570
	678,752	334,617	2,268,197	3,281,566
Financial liabilities				
Bank finance	-	-	165,726	165,726
Payable to Participants for unit-linked contracts	640,199	-	-	640,199
Takaful balances payable	-	-	706,054	706,054
Other payables	-	-	125,411	125,411
Amounts due to related parties	-	-	659	659
	640,199	-	997,850	1,638,049

11 Investments

	30 June 2014 (Un-audited)			31 December 2013 (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	-	26,684	26,684	-	28,401	28,401
Shares and securities	6,705	2,727	9,432	6,707	-	6,707
	6,705	29,411	36,116	6,707	28,401	35,108
Available-for-sale investments						
Mutual fund and externally managed portfolios	-	333,160	333,160	-	326,560	326,560
Shares and securities	8,507	85	8,592	7,968	89	8,057
	8,507	333,245	341,752	7,968	326,649	334,617
Islamic placements (refer 11.1)	-	523,863	523,863	-	676,731	676,731
Held to maturity (refer 11.2)						
SUKUK and Government bonds	-	180,926	180,926	-	176,360	176,360
Total investments	15,212	1,067,445	1,082,657	14,675	1,208,141	1,222,816

11.1 Represent Shari'ah compliant placements with different financial institutions having profit rates of 0.22% to 4.75% *(2013: 0.22% to 4.75%)* and with original maturities of more than 3 months.

11.2 Amount includes AED 116.59 million relating to 3 sukuks matured on 31 December 2013. The payment of both principal and profit were received in installments subsequent to the period end.

11.3 Participants' investments in unit-linked contracts

	30 June 2014 AED'000 (Un-audited)	31 December 2013 AED'000 (Audited)
Financial asset at fair value through profit or loss	673,838	643,644

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 June 2014 (Un-audited)				
Fair value through profit or loss				
Mutual fund	**26,590**	**94**	-	**26,684**
Participants' investments in unit-linked contracts	-	**673,838**	-	**673,838**
Shares and securities	**9,432**	-	-	**9,432**
	36,022	**673,932**	-	**709,954**
Available-for-sale				
Mutual fund	**14,145**	**319,015**	-	**333,160**
Shares and securities	**8,507**	**85**	-	**8,592**
	22,652	**319,100**	-	**341,752**
31 December 2013 (Audited)				
Fair value through profit or loss				
Mutual fund	23,091	5,310	-	28,401
Participants' investments in unit-linked contracts	-	643,644	-	643,644
Shares and securities	6,707	-	-	6,707
	29,798	648,954	-	678,752
Available-for-sale				
Mutual fund	12,740	313,820	-	326,560
Shares and securities	7,968	89	-	8,057
	20,708	313,909	-	334,617

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.

	Six-month period ended 30 June 2014 AED'000 (Un-audited)	Six-month period ended 30 June 2013 AED'000 (Un-audited)
General and administrative expenses	**1,307**	886
Retakaful on contributions	**1,022**	2,718
Retakaful on claims	**2,246**	1,260

Compensation of key management personnel

Short term benefits	**4,567**	4,264
Employees end of service benefits	**236**	316
	4,803	4,580

Amounts due from related parties	**30 June 2014 AED'000 (Un-audited)**	31 December 2013 AED'000 (Audited)
Bin Zayed Group (funds advanced for investment)	**11,128**	11,128
IAIC Bahrain	**19**	19
Other entities under common management with the Group	**1,671**	1,553
	12,818	12,700

Amounts due to related parties

Other entities under common management with the Group	-	659
	-	659

13 Policyholders' fund

	30 June 2014 AED'000 (Un-audited)	31 December 2013 AED'000 (Audited)
Balance at 1 January	**(34,371)**	(1,454)
Net deficit attributable to policyholders for the period/year (note 6)	**(20,045)**	(18,880)
Proposed surplus distribution to policyholders of family takaful	**-**	(14,037)
	(54,416)	(34,371)
Financed by shareholders'	**54,416**	34,371
	-	-

	30 June 2014 AED'000 (Un-audited)	30 June 2013 AED'000 (Un-audited)
Balance at 1 January	**(34,371)**	(1,454)
Net deficit attributable to policyholders for the period/year (note 6)	**(20,045)**	(24,731)
	(54,416)	(26,185)
Financed by shareholders'	**54,416**	26,185
	-	-

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 loss / earnings per share for the period ended 30 June 2014 is based on the loss attributable to shareholders of AED 15.7 million *(30 June 2013: profit attributable to shareholders of AED 9.2 million)* divided by the weighted average number of shares of 1,188 million *(30 June 2013: 1,188 million)* outstanding during the period. There is no dilutive effect on basic earnings per share.

15 Contingent liabilities and capital commitments

	30 June 2014 AED'000 (Un-audited)	31 December 2013 AED'000 (Audited)
Letters of guarantee	**11,643**	15,026

Statutory deposits of AED 11.92 million (31 December 2013: AED 15.29 million) are held as lien by the bank against the above guarantees.

15 Contingent liabilities and capital commitments (continued)

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. One of the subsidiary was facing certain claims, litigations and winding up petition in Labuan Malaysia and Korea. However during the period, these were withdrawn after successful out of court settlement.

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 June 2014 *(31 December 2013: nil)*.

16 Operating segment

By business

(for the six-month period ended 30 June 2014)

	Non -motor	**Motor**	**Health**	**Family takaful**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Gross written contributions	**101,009**	**156,660**	**41,141**	**109,405**	**408,215**
Net contributions earned	**84,306**	**146,795**	**12,710**	**92,276**	**336,087**
Commissions received on ceded reinsurance and retakaful	**10,443**	**46**	**501**	**7**	**10,997**
	94,749	**146,841**	**13,211**	**92,283**	**347,084**
Net claims incurred	**(89,191)**	**(85,886)**	**(5,292)**	**(35,140)**	**(215,509)**
Commissions paid and other costs	**(21,176)**	**(22,378)**	**(3,718)**	**(45,748)**	**(93,020)**
Net underwriting income	**(15,618)**	**38,577**	**4,201**	**11,395**	**38,555**
Investment and other income					**50,947**
Unallocated expenses and tax					**(100,159)**
Net loss after tax					**(10,657)**

(for the six-month period ended 30 June 2013)

	Non -motor	Motor	Health	Family takaful	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written contributions	421,631	166,291	40,490	101,683	730,095
Net contributions earned	361,043	176,642	44,292	46,164	628,141
Commissions received on ceded reinsurance and retakaful	13,751	(546)	610	64	13,879
	374,794	176,096	44,902	46,228	642,020
Net claims incurred	(186,652)	(154,306)	(45,288)	(2,548)	(388,794)
Commissions paid and other costs	(123,378)	(20,479)	(6,784)	(27,193)	(177,834)
Net underwriting income	64,764	1,311	(7,170)	16,487	75,392
Investment and other income					34,248
Unallocated expenses and tax					(97,090)
Net profit after tax					12,550

16 Operating segment (continued)

By Geography

(for the six-month period ended 30 June 2014)

	Africa	Far East	Middle East	Turkey and Central Asia	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written contributions	166,655	32,587	203,429	5,544	408,215
Net contributions earned	131,901	57,867	130,863	15,456	336,087
Commissions received on ceded reinsurance and retakaful	7,755	87	3,155	-	10,997
	139,656	57,954	134,018	15,456	347,084
Net claims incurred	(46,154)	(77,143)	(83,214)	(8,998)	(215,509)
Commissions paid and other cost	(29,069)	(7,198)	(56,444)	(309)	(93,020)
Net underwriting income	64,433	(26,387)	(5,640)	6,149	38,555
Investment and other income					50,947
Unallocated expenses and tax					(100,159)
Net loss after tax					(10,657)

(for the six-month period ended 30 June 2013)

	Africa	Far East	Middle East	Turkey and Central Asia	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written contributions	200,418	237,786	230,185	61,706	730,095
Net contributions earned	143,753	295,989	149,516	38,883	628,141
Commissions received on ceded reinsurance and retakaful	6,533	3,362	3,984	-	13,879
	150,286	299,351	153,500	38,883	642,020
Net claims incurred	(76,965)	(190,677)	(104,788)	(16,364)	(388,794)
Commissions paid and other cost	(41,657)	(69,792)	(47,428)	(18,957)	(177,834)
Net underwriting income	31,664	38,882	1,284	3,562	75,392
Investment and other income					34,248
Unallocated expenses and tax					(97,090)
Net profit after tax					12,550

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 information.