

**DUBAI ISLAMIC INSURANCE &
REINSURANCE CO. (AMAN) (PSC)
DUBAI - UNITED ARAB EMIRATES**

**Review report and condensed consolidated
financial information
For the period from 1 January 2011
to 30 June 2011**

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

Review report and condensed consolidated financial information
For the Period from 1 January 2011 to 30 June 2011

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Report on Review of Interim Financial Information

The Board of Directors

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

Dubai- United Arab Emirates

We have reviewed the condensed consolidated statement of financial position of Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC) (the "Company") and its Subsidiaries (collectively the "Group") as of 30 June 2011 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2011 to 30 June 2011. Management is responsible for the preparation and presentation of this condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting' "IAS 34". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)



Samir Madbak
Registration Number 386

Dubai
2 August 2011



Condensed consolidated statement of financial position
At 30 June 2011

	Note	30 June 2011 (Unaudited) AED	31 December 2010 (Audited) AED
ASSETS			
Cash and cash equivalents		13,968,118	19,283,809
Investment deposits		34,996,900	39,738,870
Retakaful contract assets		153,495,740	168,877,079
Takaful receivables		100,494,469	90,773,757
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	4	62,547,360	66,150,258
Other financial assets measured at fair value through profit and loss (FVTPL)	4	41,718,540	51,270,705
Prepayments and other receivables		15,794,206	21,229,398
Due from a related party		127,000	-
Investment property	5	64,352,585	64,352,585
Furniture and equipment		2,309,714	1,856,866
Total Assets		489,804,632	523,533,327
LIABILITIES, POLICY HOLDERS' FUND AND EQUITY			
Liabilities			
Due to a Bank		13,129,572	14,841,520
Due to a related party		209,202	-
Trade and other payables		33,165,780	44,416,582
Takaful payables		41,569,085	45,963,947
Takaful contract liabilities		262,262,192	254,869,161
Ijara payables		5,104,416	8,507,360
Amounts held under retakaful treaties		3,946,294	4,469,126
Total liabilities		359,386,541	373,067,696
Policyholders' fund			
Deficit in policyholders' fund		(37,263,608)	(18,870,398)
Qard Hasan from shareholders		37,263,608	18,870,398
Proposed profit distribution to policyholders		1,765,346	1,765,751
Policyholders' investments revaluation reserve	6	(28,426,997)	(28,172,726)
Total deficit in policyholders' funds		(26,661,651)	(26,406,975)
Total Policyholders' Fund and Liabilities		332,724,890	346,660,721
Equity			
Share capital	7	225,750,000	210,000,000
Statutory reserve		16,453,241	16,453,241
General reserve		16,453,241	16,453,241
Investments revaluation reserve - FVTOCI		(88,084,887)	(84,526,062)
(Accumulated losses)/retained earnings		(12,441,666)	18,340,656
Equity attributable to shareholders of the Parent		158,129,929	176,721,076
Non-controlling interests		(1,050,187)	151,530
Total Equity		157,079,742	176,872,606
Total Liabilities, Policyholders' Fund and Equity		489,804,632	523,533,327

Hussein Mohammed Al Meeza
Managing Director / CEO

Basel Mohammad Al Kufairy
Finance Manager

The accompanying notes form an integral part of these condensed consolidated financial information.

Condensed consolidated income statement (Unaudited)
For the period from 1 January 2011 to 30 June 2011

	Note	6 months ended 30 June		3 months ended 30 June	
		2011	2010	2011	2010
		AED	AED	AED	AED
Attributable to policyholders					
Takaful income					
Takaful contributions		226,344,967	276,244,448	106,457,589	146,799,503
Takaful contributions ceded to reinsurers		(161,475,860)	(203,468,250)	(72,886,047)	(109,224,169)
Net takaful contributions		64,869,107	72,776,198	33,571,542	37,575,334
Commission received on ceded reinsurance		4,192,060	5,626,590	1,887,231	2,596,994
Policy and survey fees		3,528,884	1,733,125	1,656,235	695,181
		<u>72,590,051</u>	<u>80,135,913</u>	<u>37,115,008</u>	<u>40,867,509</u>
Takaful expenses					
Gross claims incurred		57,034,854	68,037,978	25,503,377	32,249,960
Reinsurers' share of claims		(6,984,825)	(29,829,960)	(2,564,872)	(12,319,130)
Claims incurred		50,050,029	38,208,018	22,938,505	19,930,830
Commissions paid		11,170,251	9,712,104	5,499,682	4,947,408
Excess of loss Takaful contributions		2,105,888	1,699,063	1,547,547	959,532
		<u>63,326,168</u>	<u>49,619,185</u>	<u>29,985,734</u>	<u>25,837,770</u>
Net Takaful income		9,263,883	30,516,728	7,129,274	15,029,739
Wakala fees		(27,086,520)	(32,003,477)	(14,266,861)	(18,023,263)
Net loss from Takaful operations		(17,822,637)	(1,486,749)	(7,137,587)	(2,993,524)
Investment loss	8	(570,574)	(1,519,894)	(130,185)	(2,325,116)
Mudarib's fees		-	-	-	201,304
Loss for the period		(18,393,211)	(3,006,643)	(7,267,772)	(5,117,336)
Attributable to shareholders					
Income					
Investment loss	8	(1,686,546)	(3,915,870)	(646,271)	(6,194,267)
Wakala fees from policyholders		27,086,520	32,003,477	14,266,861	18,023,263
Mudarib's fees from policyholders		-	-	-	(201,304)
		<u>25,399,974</u>	<u>28,087,607</u>	<u>13,620,590</u>	<u>11,627,692</u>
Expenses					
General and administrative expenses		(22,340,802)	(18,946,205)	(11,924,311)	(9,680,665)
Write off of Qard Hasan to policyholders' fund		(18,393,211)	(3,006,643)	(7,267,771)	(5,117,336)
(Loss)/profit for the period		(15,334,039)	6,134,759	(5,571,492)	(3,170,309)
Attributable to:					
Shareholders of the parent		(14,132,322)	6,134,759	(5,042,985)	(3,170,309)
Non-controlling interests		(1,201,717)	-	(528,507)	-
		<u>(15,334,039)</u>	<u>6,134,759</u>	<u>(5,571,492)</u>	<u>(3,170,309)</u>
(Loss)/earnings per share	10	(0.07)	0.03	(0.02)	(0.01)

The accompanying notes form an integral part of these condensed consolidated financial information.

Condensed consolidated statement of comprehensive income (Unaudited)
For the period from 1 January 2011 to 30 June 2011

	6 months ended 30 June		3 months ended 30 June	
	2011	2010	2011	2010
	AED	AED	AED	AED
(Loss)/profit for the period	(15,334,039)	6,134,759	(5,571,492)	(3,170,309)
Other comprehensive loss				
Unrealized loss on revaluation of financial assets measured at FVTOCI	(3,558,825)	(6,353,442)	(5,783,623)	(4,465,867)
Total comprehensive loss for the period	(18,892,864)	(218,683)	(16,355,115)	(7,636,176)
Attributable to:				
Shareholders of the parent	(17,691,147)	(218,683)	(10,826,608)	(7,636,176)
Non-controlling interests	(1,201,717)	-	(528,507)	-
	(18,892,864)	(218,683)	(11,355,115)	(7,636,176)

The accompanying notes form an integral part of these condensed consolidated financial information.

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

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Condensed consolidated statement of changes in equity (Unaudited)
For the period from 1 January 2011 to 30 June 2011

	Share capital AED	Statutory reserve AED	General reserve AED	Investments revaluation reserve - FVTOCI AED	(Accumulated losses)/ retained earnings AED	Equity attributable to shareholders of the Parent AED	Non- controlling interests AED	Total AED
Balance at 1 January 2010 - Audited	200,000,000	14,335,464	14,335,464	(74,881,745)	13,737,766	167,526,949	-	167,526,949
Profit for the period	-	-	-	-	6,134,759	6,134,759	-	6,134,759
Other comprehensive loss for the period	-	-	-	(6,353,442)	-	(6,353,442)	-	(6,353,442)
Total other comprehensive income for the period	-	-	-	(6,353,442)	6,134,759	(218,683)	-	(218,683)
Bonus shares issued during the period	10,000,000	-	-	-	(10,000,000)	-	-	-
Directors' fees paid during the period	-	-	-	-	(900,000)	(900,000)	-	(900,000)
Balance at 30 June 2010 - Unaudited	210,000,000	14,335,464	14,335,464	(81,235,187)	8,972,525	166,408,266	-	166,408,266
Balance at 1 January 2011 - Audited	210,000,000	16,453,241	16,453,241	(84,526,062)	18,340,656	176,721,076	151,530	176,872,606
Loss for the period	-	-	-	-	(14,132,322)	(14,132,322)	(1,201,717)	(15,334,039)
Other comprehensive loss for the period	-	-	-	(3,558,825)	-	(3,558,825)	-	(3,558,825)
Total comprehensive loss for the period	-	-	-	(3,558,825)	(14,132,322)	(17,691,147)	(1,201,717)	(18,892,864)
Bonus shares issued during the period	15,750,000	-	-	-	(15,750,000)	-	-	-
Director's fee paid during the period	-	-	-	-	(900,000)	(900,000)	-	(900,000)
Balance at 30 June 2011 - Unaudited	225,750,000	16,453,241	16,453,241	(88,084,887)	(12,441,666)	158,129,929	(1,050,187)	157,079,742

The accompanying notes form an integral part of these condensed consolidated financial information.

Condensed consolidated statement of cash flows (Unaudited)
For the period from 1 January 2011 to 30 June 2011

	Six months period ended 30	
	June	
	2011	2010
	AED	AED
Cash flows from operating activities		
(Loss)/profit for the period	(15,334,039)	6,134,759
Adjustments for:		
Depreciation of property and equipment	609,610	418,218
Loss on revaluation of other financial assets measured at FVTPL	4,564,625	11,174,778
Provision for employees' end of service benefits	270,578	424,387
	(9,889,226)	18,152,142
Changes in operating assets and liabilities:		
Decrease/(increase) in retakaful contract assets	15,381,339	(11,404,608)
Increase in Takaful receivables	(9,720,712)	(43,999,288)
Increase in other financial assets measured at FVTPL	-	(8,327,503)
Decrease/(increase) in prepayments and other receivables	5,435,192	(5,662,484)
Increase in due from a related party	(127,000)	-
Increase in takaful contract liabilities	7,393,031	34,093,913
Decrease in amounts held under retakaful treaties	(522,832)	(1,191,031)
(Decrease)/increase in Takaful payables	(4,394,862)	8,696,136
Increase in due to a related party	209,212	-
Decrease in trade and other payables	(10,942,643)	(7,184,321)
Cash used in operations	(7,178,511)	(16,827,044)
Employees' end of service benefits paid	(36,746)	(66,277)
Zakat paid	(541,991)	(318,655)
Net cash used in operating activities	(7,158,401)	(17,211,876)
Cash flows from investing activities		
Purchase of property and equipment	(1,062,458)	(772,892)
Purchase of other financial assets measured at FVTPL	(17,916,018)	(1,840,001)
Proceeds from other financial assets measured at FVTPL	22,693,360	-
Investment deposit	4,741,970	(1,042,040)
Net cash from/(used in) investing activities	8,456,854	(3,654,933)
Cash flows from financing activities		
Repayment of Ijara payables	(3,402,944)	(3,402,944)
(Decrease)/increase in due to a bank	(1,711,948)	9,293,906
Decrease in policyholders' fund	(405)	(1,697)
Payment of Directors' fees	(900,000)	(900,000)
Net cash (used in)/generated from financing activities	(6,015,297)	5,889,265
Decrease in cash and cash equivalents	(5,315,691)	(15,877,644)
Cash and cash equivalents at the beginning of the period	19,283,809	21,083,736
Cash and cash equivalents at the end of the period	13,968,118	5,206,092

The accompanying notes form an integral part of these condensed consolidated financial information.

Notes to the condensed consolidated financial information
For the period from 1 January 2011 to 30 June 2011

1. General information

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

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

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

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

The Company with its subsidiaries are together referred to as the "Group" in these condensed consolidated financial information. At 30 June 2011, the Company had the following subsidiaries:

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

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

2.1 New and revised IFRSs is in issue but not yet effective

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
▪ Amendments to IFRS 1 relating to Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2011
▪ Amendments to IFRS 1 relating to Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'	1 July 2011
▪ Amendments to IFRS 7 Financial Instruments: Disclosures, relating to Disclosures on Transfers of Financial Assets	1 July 2011
▪ IFRS 10 Consolidated Financial Statements	1 January 2013

Notes to the condensed consolidated financial information (continued)
For the period from 1 January 2011 to 30 June 2011

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

2.1 New and revised IFRSs is in issue but not yet effective (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
▪ IFRS 11 Joint Arrangements	1 January 2013
▪ IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
▪ IFRS 13 Fair Value Measurement	1 January 2013
▪ Amendments to IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets)	1 January 2012
▪ Amendments to IAS 1 Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	1 July 2012
▪ Amendments to IAS 19 Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
▪ IAS 27 Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements	1 January 2013
▪ IAS 28 Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures	1 January 2013

Management anticipates that the adoption of these Standards and Interpretations in future periods will have impact on the condensed consolidated financial statements of the Group in the period of initial application. Management have not yet had an opportunity to consider potential impact of the adoption of these amendments.

3. Accounting policies

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

The condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standard Board and also complies with the applicable requirements of the laws in the U.A.E. The accounting policies used in the preparation of the condensed consolidated financial information are consistent with those used in the preparation of the audited annual financial statements for the year ended 31 December 2010.

The condensed consolidated financial information does not include all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's financial statements as of 31 December 2010. In addition, results for the three months ended 30 June 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

Notes to the condensed consolidated financial information (continued)
For the period from 1 January 2011 to 30 June 2011

3. Accounting policies (continued)

Significant judgments and key sources of estimation uncertainty

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

In preparing these condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that were applied to the financial statements as at and for the year ended 31 December 2010.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2010.

4. Other financial assets measured at fair value

	30 June 2011 (Unaudited) AED	31 December 2010 (Audited) AED
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Quoted	25,807,362	29,620,458
- Unquoted	36,739,998	36,529,800
	<u>62,547,360</u>	<u>66,150,258</u>
Financial assets measured at fair value through profit and loss (FVTPL) (B)		
Financial assets measured at FVTPL - Quoted	41,718,540	51,270,705
Total other financial assets measured at fair value (A+B)	<u>104,265,900</u>	<u>117,420,963</u>

Investments by geographical area are as follows:

	30 June 2011 (Unaudited) AED	31 December 2010 (Audited) AED
- Within U.A.E.	58,022,881	69,599,550
- Outside U.A.E.	46,243,019	47,821,413
	<u>104,265,900</u>	<u>117,420,963</u>

Notes to the condensed consolidated financial information (continued)
For the period from 1 January 2011 to 30 June 2011

5. Investment property

The investment property comprises a plot of land purchased in 2007. The Group used the fair value model permitted under IAS 40 for determining the carrying value of the investment property. The property is mortgaged as security against an Ijara payable. The valuation, which conforms to international valuation standards, was arrived at by reference to market evidence of transaction prices for similar properties.

6. Policyholders investment revaluation reserve

The Group transfers to the policyholders their share of investment revaluation reserve FVTOCI from the shareholders' equity on pro rata basis. This allocation to policyholders is approved by the Company's Fatwa and Sharia'a Supervisory Board on an annual basis. When the Group disposes of these investments, any gains or losses realized will be distributed between the shareholders and policyholders and, should such disposal result in a realized loss, the portion allocated to policyholders would require an additional Qard Hasan of an equivalent amount from the shareholders.

7. Share capital

	30 June 2011 (Unaudited) AED	31 December 2010 (Audited) AED
Issued and fully paid:		
225,750,000 (2010: 210,000,000) ordinary shares of AED 1 each	225,750,000	210,000,000

At the General Assembly Meeting held on February 16, 2011, the shareholders of the Company resolved to distribute 7.5% of the share capital as bonus shares.

8. Investment loss

	Six months period ended 30 June 2011 (Unaudited) AED	2010 (Unaudited) AED
<i>Fair value gains and losses</i>		
Fair value loss on investments carried at FVTPL	(4,564,625)	(11,174,778)
<i>Realized gains and losses</i>		
Gain from sale of investments carried at FVTPL	784,142	3,274,928
<i>Other investment income</i>		
Income from investment deposits	297,297	582,969
Income from investment in real estate funds	265,633	121,000
Dividend income	1,210,037	1,938,888
Investment related costs	(249,604)	(178,771)
	(2,257,120)	(5,435,764)

Notes to the condensed consolidated financial information (continued)
For the period from 1 January 2011 to 30 June 2011

8. Investment income (continued)

	Six months period ended 30 June	
	2011 (Unaudited) AED	2010 (Unaudited) AED
<i>Allocated to:</i>		
Policyholders	(570,574)	(1,519,894)
Shareholders	(1,686,546)	(3,915,870)
	<u>(2,257,120)</u>	<u>(5,435,764)</u>

Investment income and losses are allocated amongst the shareholders and the policyholders on a pro rata basis. This allocation to policyholders is approved by the Company's Fatwa and Sharia'a Supervisory Board on an annual basis.

9. Segmental information

The Group has adopted IFRS 8 Operating Segments with effect from January 1, 2009. The segments identified in accordance with IFRS 8 do not differ materially from those previously disclosed under IAS 14.

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

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

Notes to the condensed consolidated financial information (continued)
For the period from 1 January 2011 to 30 June 2011

9. Segmental information (continued)

The following table presents segment information for the three months period ended 30 June 2011 and 30 June 2010.

	Period from January 1, 2011 to June 30, 2011		Period from January 1, 2010 to June 30, 2010		Total	
	Attributable to		Attributable to			
	Policyholders Unaudited AED	Shareholders Unaudited AED	Policyholders Unaudited AED	Shareholders Unaudited AED	2011 Unaudited AED	2010 Unaudited AED
Takaful						
Takaful income	72,590,051	-	80,135,913	-	72,590,051	80,135,913
Takaful expenses	(63,326,168)	-	(49,619,185)	-	(63,326,168)	(49,619,185)
Net Takaful income	9,263,883		30,516,728		9,263,883	30,516,728
Wakala fees	(27,086,520)	27,086,520	(32,003,477)	32,003,477	-	-
Mudarib fees	-	-	-	-	-	-
Investment	(17,822,637)	27,086,520	(1,486,749)	32,003,477	9,263,883	30,516,728
Investment loss	(570,574)	(1,686,546)	(1,519,894)	(3,915,870)	(2,257,120)	(5,435,764)
	(570,574)	(1,686,546)	(1,519,894)	(3,915,870)	(2,257,120)	(5,435,764)
Unallocated other income and expenses	-	(22,340,802)	-	(18,946,205)	(22,340,802)	(18,946,205)
Loss attributable to policyholders	(18,393,211)		(3,006,643)			
Write off of Qard Hasan to policyholders' fund		(18,393,211)		(3,006,643)		
(Loss)/profit for the period		(15,334,039)		6,134,759	(15,334,039)	6,134,759

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

Notes to the condensed consolidated financial information (continued)
For the period from 1 January 2011 to 30 June 2011

9. Segmental information (continued)

Other information

	Takaful		Investment		Total	
	30 June 2011 Unaudited AED	31 December 2010 Audited AED	30 June 2011 Unaudited AED	31 December 2010 Audited AED	30 June 2011 Unaudited AED	31 December 2010 Audited AED
Segment assets	286,189,247	302,020,909	203,615,385	221,512,418	489,804,632	523,533,327
Segment liabilities	354,282,125	364,560,336	5,104,416	8,507,360	359,386,541	373,067,696

Notes to the condensed consolidated financial information (continued)
For the period from 1 January 2011 to 30 June 2011

10. Basic and diluted earnings per share

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

	Six months period ended	
	30 June	
	2011	2010
	(Unaudited)	(Unaudited)
Net (loss)/profit for the period (AED)	<u>(15,334,039)</u>	<u>6,134,759</u>
Weighted average number of shares outstanding during the year	<u>225,750,000</u>	<u>225,750,000</u>
(Loss)/earnings per share (AED)	<u>(0.07)</u>	<u>0.03</u>

The number of shares outstanding as of 31 December 2010 has been adjusted to reflect the bonus shares issued during 2011 (Note 7).

11. Statutory reserve

In accordance with the Commercial Companies Law and the Company's Articles of Association, 10% of the net profit for the year is required to be transferred to statutory reserve. No transfers have been made during the three months period ended 30 June 2011, as this will be based on the results for the year. The reserve is not available for distribution except in the circumstances stipulated by the law.

12. General reserve

The Company is required to transfer 10% of the profit for the year to a general reserve in accordance with its Articles of Association. No transfer has been made to the general reserve during the three months period ended 30 June 2011, as this will be based on the results for the year.

13. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The management decides on the terms and conditions of the transactions with related parties.

The Managing Director of the Company is also a key management executive of Al Salam Bank - Algeria and Al Salam Bank - Sudan. The Group has an equity investment in Al Salam Bank - Algeria of AED 20.2 million (31 December 2010: AED 20.2 million). The pricing policies and terms of these transactions were approved by the Board of Directors.

Notes to the condensed consolidated financial information (continued)
For the period from 1 January 2011 to 30 June 2011

14. Seasonality of results

No income of seasonal nature was recorded in the statement of income for the six months period ended 30 June 2011 and 2010.

15. Contingencies and commitments

Contingent liabilities

At 30 June 2011, the Group had contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 432,255 (31 December 2010: AED 835,294).

Commitments

The Group has a commitment for AED 13.03 million (31 December 2010: AED 13.03 million) on account of investments made in securities. The Group has to pay for investment securities as and when calls are made by the investee Group.

16. Approval of the condensed consolidated financial information

The condensed consolidated financial information were approved by the Board of Directors and authorised for issue on 2 August 2011.