

Islamic Arab Insurance Co.
(Salama) and its subsidiaries
Condensed consolidated interim financial
statements
for the nine-month period ended 30 September 2011

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim financial statements

for the nine-month period ended 30 September 2011

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

To the Shareholders

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Islamic Arab Insurance Co. (Salama) ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2011, the condensed consolidated interim statement of comprehensive income (comprising a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim statement of income), condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the nine-month period then ended (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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at and for the nine-month period ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.



14 NOV 2011

KPMG

Vijendranath Malhotra

Registration No: 48 B

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of income

for the nine-month period ended 30 September 2011

	Nine-month period ended 30 September 2011 AED'000 (Un-audited)	Nine-month period ended 30 September 2010 AED'000 (Un-audited)	Three-month period ended 30 September 2011 AED'000 (Un-audited)	Three-month period ended 30 September 2010 AED'000 (Un-audited)
UNDERWRITING RESULTS				
Underwriting income				
Gross written contributions	2,187,238	1,501,757	661,809	435,116
Less: reinsurance and retakaful contributions ceded	(234,925)	(230,435)	(80,364)	(65,347)
Net contributions	1,952,313	1,271,322	581,445	369,769
Net movement in unearned contributions	(180,284)	(134,424)	(7,211)	3,674
Contributions earned	1,772,029	1,136,898	574,234	373,443
Commission received on ceded reinsurance and retakaful	35,007	28,828	11,239	9,705
	1,807,036	1,165,726	585,473	383,148
Underwriting expenses				
Gross claims paid	789,343	626,152	288,088	188,195
Less: reinsurance and retakaful share of claims paid	(111,042)	(85,479)	(35,953)	(18,303)
Net claims paid	678,301	540,673	252,135	169,892
Net movement in outstanding claims and technical reserve family takaful	496,596	111,758	147,419	56,653
Claims incurred	1,174,897	652,431	399,554	226,545
Commission paid and other costs	437,856	364,870	127,760	101,917
	1,612,753	1,017,301	527,314	328,462
Net underwriting income	194,283	148,425	58,159	54,686
Income				
Income from investments	34,792	22,942	17,273	14,483
Other income	13,531	24,787	808	5,030
	242,606	196,154	76,240	74,199
Expenses				
General, administrative and other expenses	(138,857)	(124,661)	(52,346)	(59,820)
Financial expenses	(12,869)	(16,833)	(3,439)	(4,806)
Provision for charitable donations	(3,255)	(2,655)	(1,304)	(402)
Net profit before tax for the period	87,625	52,005	19,151	9,171
Taxation - current	(6,559)	(7,639)	(331)	(1,112)
Net profit after tax for the period				
before policyholders' distribution	81,066	44,366	18,820	8,059
Policyholders' surplus	-	2,126	-	-
Net profit after tax and distribution to policyholders' for the period	81,066	46,492	18,820	8,059
Attributable to:				
Shareholders	79,075	43,714	19,549	7,817
Non-controlling interest	1,991	2,778	(729)	242
	81,066	46,492	18,820	8,059
Earnings per share (AED) (Note 13)	0.067	0.037	0.016	0.007

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

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

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of comprehensive income

for the nine-month period ended 30 September 2011

	Nine-month period ended 30 September 2011 AED'000 (Un-audited)	Nine-month period ended 30 September 2010 AED'000 (Un-audited)	Three-month period ended 30 September 2011 AED'000 (Un-audited)	Three-month period ended 30 September 2010 AED'000 (Un-audited)
Net profit after tax and distribution to policyholders' for the period	81,066	46,492	18,820	8,059
Other comprehensive income net of income tax				
Net change in fair value of available-for-sale investments	(591)	2,662	150	2,901
Foreign exchange translation reserve	(2,707)	(3,559)	(3,967)	2,131
Adjustment on reclassification of available-for-sale investment into associate	-	3,278	-	-
Other comprehensive income for the period	(3,298)	2,381	(3,817)	5,032
Total comprehensive income for the period	77,768	48,873	15,003	13,091
Attributable to:				
Shareholders	78,918	47,534	16,600	11,931
Non-controlling interest	(1,150)	1,339	(1,597)	1,160
	77,768	48,873	15,003	13,091

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Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of financial position

as at 30 September 2011

		30 September 2011	31 December 2010
	Note	AED'000	AED'000
		(Unaudited)	(Audited)
ASSETS			
Property and equipments		80,268	71,816
Intangible assets		4,768	5,204
Goodwill		186,194	186,194
Investment properties	8	274,858	83,129
Investments in associates	9	58,358	57,331
Statutory deposits		59,301	60,286
Investments	10	1,710,595	1,388,916
Deposits with takaful and retakaful companies		188,646	323,517
Contributions and takaful balance receivables		1,121,402	825,863
Retakafuls' share of outstanding claims		250,529	217,759
Retakafuls' share of unearned contributions		69,372	52,143
Amounts due from related parties	11	12,705	12,280
Other assets and receivables		262,230	192,347
Cash and bank balances		227,835	209,210
TOTAL ASSETS		4,507,061	3,685,995
LIABILITIES			
Bank finance		173,289	213,682
Outstanding claims and family takaful reserve		1,606,569	1,120,171
Unearned contributions reserve		696,228	499,879
Takaful balances payable		209,737	122,352
Other payables and accruals		170,059	158,071
Amounts due to related parties	11	1,067	311
TOTAL LIABILITIES		2,856,949	2,114,466
NET ASSETS EMPLOYED		1,650,112	1,571,529
FINANCED BY:			
Shareholders' equity		1,604,222	1,525,304
Non-controlling interest		45,890	46,225
		1,650,112	1,571,529

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

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 14 NOV 2011 and signed on their behalf by:



Sheikh Khaled Bin Zayed Al Nahayan
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 2011

	Nine-month period ended 30 September 2011	Nine-month period ended 30 September 2010
	AED'000 (Un-audited)	AED'000 (Un-audited)
Cash flows from operating activities		
Net profit before non-controlling interest	81,066	46,492
<i>Adjustment for:</i>		
Net movement in unearned contributions reserve	180,284	134,424
Share of profit from associates	1,027	1,249
<i>Operating profit before changes in working capital</i>	<u>262,377</u>	<u>182,165</u>
Change in deposits with takaful and retakaful companies	134,871	7,475
Change in contributions and takaful balance receivable	(295,539)	(143,342)
Change in due from / to related parties	331	(2,074)
Change in other assets and receivables	(69,883)	498
Change in outstanding claims (net of retakaful)	453,628	116,411
Change in takaful payables and other payables	99,372	53,332
Change in policyholders' fund	-	(2,126)
<i>Net cash flows generated from operating activities</i>	<u>585,157</u>	<u>212,339</u>
Cash flows from investing activities		
Property and equipment-net	(9,382)	(1,934)
Net movement in intangible assets	436	317
Investment properties – net	(191,729)	-
Net movement in associates	(2,054)	(24,129)
Statutory deposits	985	(3,168)
Investments-net	(322,071)	(69,870)
<i>Net cash flows used in investing activities</i>	<u>(523,815)</u>	<u>(98,784)</u>
Cash flows from financing activities		
Bank finance-net	(40,393)	(85,784)
Net movement in non-controlling interest	(2,324)	904
<i>Net cash flows used in financing activities</i>	<u>(42,717)</u>	<u>(84,880)</u>
Net increase in cash and cash equivalents	18,625	28,675
Cash and cash equivalents at 1 January	209,210	197,728
Cash and cash equivalents at 30 September	<u>227,835</u>	<u>226,403</u>

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

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

Islamic Arab Insurance Co. (Salama) and its subsidiaries
Condensed consolidated interim statement of changes in equity (Un- audited)
for the nine-month period ended 30 September 2011

	Attributable to the equity holders of the Company								Non-controlling interest AED'000	Total equity AED'000
	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		
Balance at 1 January 2010	1,100,000	59,032	15,440	(5,009)	(5,994)	(35,972)	337,814	1,465,311	42,728	1,508,039
Total comprehensive loss for the period										
Profit for the period	-	-	-	-	-	-	43,714	43,714	2,778	46,492
Other comprehensive income										
Movement in foreign exchange translation reserve	-	-	-	(2,106)	-	-	-	(2,106)	(1,453)	(3,559)
Movement in net change in fair value of available-for-sale investments	-	-	-	-	2,648	-	-	2,648	14	2,662
Adjustment on reclassification of available-for-sale investment into associate	-	-	-	-	-	-	3,278	3,278	-	3,278
Total other comprehensive income	-	-	-	(2,106)	2,648	-	3,278	3,820	(1,439)	2,381
Total comprehensive income for the period	-	-	-	(2,106)	2,648	-	46,992	47,534	1,339	48,873
Transactions with owners, recorded directly in equity										
Increase in cash through contribution	-	-	-	-	-	-	-	-	2,343	2,343
Balance at 30 September 2010	<u>1,100,000</u>	<u>59,032</u>	<u>15,440</u>	<u>(7,115)</u>	<u>(3,346)</u>	<u>(35,972)</u>	<u>384,806</u>	<u>1,512,845</u>	<u>46,410</u>	<u>1,559,255</u>

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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 2011

	Attributable to the equity holders of the Company								Non-controlling interest AED'000	Total equity AED'000
	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		
Balance at 1 January 2011	1,100,000	64,016	14,689	(5,541)	2,099	(35,972)	386,013	1,525,304	46,225	1,571,529
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	79,075	79,075	1,991	81,066
Other comprehensive income										
Movement in foreign exchange translation reserve	-	-	-	(930)	-	-	-	(930)	(1,777)	(2,707)
Movement in net change in fair value of available-for-sale investments	-	-	-	-	773	-	-	773	(1,364)	(591)
Total other comprehensive	-	-	-	(930)	773	-	-	(157)	(3,141)	(3,298)
Total comprehensive income for the period	-	-	-	(930)	773	-	79,075	78,918	(1,150)	77,768
Transaction with owners, recorded directly in equity										
Dividend	-	-	-	-	-	-	-	-	815	815
Issuance of Bonus share (Note 16)	110,000	-	-	-	-	-	(110,000)	-	-	-
Balance at 30 September 2011	1,210,000	64,016	14,689	(6,471)	2,872	(35,972)	355,088	1,604,222	45,890	1,650,112

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

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Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes

(forming part of the 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 (started 2006), in accordance with Islamic Shari'a principles and in accordance with the relevant Articles of the Company and the UAE Federal Law No. 8 of 1984 (as amended) concerning commercial companies and 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) is an intermediate holding company in Bahrain and no commercial activities are carried out in the Kingdom of Bahrain. The Group has the following principal subsidiaries which are engaged in insurance and reinsurance under Islamic Sharia'a principles:

Subsidiaries	Group's Ownership		Country of incorporation
	30-September 2011	31-December 2010	
<i>Through Tariic</i>			
Best Re	100%	100%	Tunisia
Salama Senegal	55.17%	55.17%	Senegal
Salama Assurances Algerie	96.98%	96.98%	Algeria
Egyptian Saudi Insurance Home	51.15%	51.15%	Egypt
Best Re Holding Company	100%	100%	Malaysia
<i>Directly owned</i>			
Tariic Holding Company	99.40%	99.40%	Kingdom of Bahrain

During 2010, Best Re Holding Company was incorporated with the paid-up capital of US\$ 150 million (AED 551 million), the objective for which the Company was established was to transfer the operations of Best Re to Best Re Holding Company, as a part of reorganisation of overall Group structure, without any extinguishment of existing liabilities and commitments relating to the existing contracts.

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS"), IAS 34 *Interim Financial Reporting*. They do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2010.

b) Basis of measurement

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

- financial instruments at fair value through profit and loss are measured at fair value,
- available-for-sale financial assets are measured at fair value,
- investment properties are measured at fair value, and
- land and buildings are measured at revalued amounts.

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.

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (*continued*)

3 Significant accounting policies

Except as explained below, the accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 December 2010.

The Group has adopted IAS 24 'Related Party Disclosures' (Revised) which became applicable for annual periods beginning on or after 1 January 2011, in the preparation of these condensed consolidated interim financial statements. IAS 24 amends the definition of a related party and modifies certain related party disclosure requirements for government related entities. The revised requirements under IAS 24 affect the presentation and disclosure of these condensed consolidated interim financial statements and do not have any effect on the reported amounts in the condensed consolidated interim statement of financial position and condensed consolidated interim statement of comprehensive income.

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

4 Estimates

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

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

5 Interim measurement

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

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (continued)

6 Allocation of the net profit (Un-audited)

	For the period ended 30 September 2011				For the period ended 30 September 2010			
	Shareholders	Policyholders	Non-controlling interest	Total	Shareholders	Policyholders	Non-controlling interest	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Net underwriting income								
Total net underwriting income	-	194,283	-	194,283	-	148,425	-	148,425
Total net underwriting income	-	194,283	-	194,283	-	148,425	-	148,425
Wakalah share	50,076	(50,076)	-	-	40,643	(40,643)	-	-
Mudarib share	81	(81)	-	-	1,137	(1,137)	-	-
Administrative charges recovered from policyholders'	617	(617)	-	-	-	-	-	-
Net underwriting income from subsidiaries	143,270	(143,270)	-	-	126,483	(126,483)	-	-
Income from investment	34,142	650	-	34,792	21,954	988	-	22,942
Other income	13,466	65	-	13,531	23,474	1,313	-	24,787
	241,652	954	-	242,606	213,691	(17,537)	-	196,154
Expenses								
General, administrative and other expenses	(138,857)	-	-	(138,857)	(124,661)	-	-	(124,661)
Finance expenses	(12,869)	-	-	(12,869)	(16,833)	-	-	(16,833)
Charitable donations	(3,255)	-	-	(3,255)	(2,655)	-	-	(2,655)
Net profit/(loss) before tax for the period	86,671	954	-	87,625	69,542	(17,537)	-	52,005
Tax – current	(6,559)	-	-	(6,559)	(7,639)	-	-	(7,639)
Net profit/(loss) before tax the period	80,112	954	-	81,066	61,903	(17,537)	-	44,366
Share of non-controlling interest	(1,991)	-	1,991	-	(2,778)	-	2,778	-
Surplus distribution for family takaful policyholders	-	-	-	-	-	2,126	-	2,126
Policyholders' loss financed by shareholders	-	-	-	-	(15,411)	15,411	-	-
Payback of Qard Hasn (Note 13)	954	(954)	-	-	-	-	-	-
Net profit for the period	79,075	-	1,991	81,066	43,714	-	2,778	46,492

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (continued)

7 Wakalah and Mudarib Share

The shareholders manage the takaful operations of the Group for the policyholders and charge 15% (2010: 15%) of gross written contributions of non family takaful business (excluding subsidiaries) as wakalah share. For family takaful business, sharing ratio is 15% (2010:15%) of mortality costs.

The shareholders of the Group also manage the policyholders' investment funds other than family takaful and charge 15% (2010: 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 2011 AED'000 (Un-audited)	31 December 2010 AED'000 (Audited)
Within UAE	13,025	13,025
GCC Countries	261,833	70,104
	<u>274,858</u>	<u>83,129</u>

Based on management's internal assessment, the carrying value of the investment properties reflects the market conditions as at 30 September 2011.

During the period, the Group has acquired a property amounting to AED 196 million in Kingdom of Saudi Arabia ("KSA"). The acquisition of property was held through a Salama lead consortium whereby Salama and Best Re Holdings limited (100 % subsidiary) will be sharing risk and rewards associated with the property (Salama 68.96% and Best Re Holdings Limited 31.04%).The property is owned by the consortium through a nominee agreement for and on behalf of the Group.

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (continued)

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		Country of incorporation	30 September 2011	31 December 2010
	2011	2010		AED'000 (Un-audited)	AED'000 (Audited)
GEPAR	20.00%	20.00%	Tunisia	308	308
Saudi IAIC Cooperative Insurance Co. (Saudi IAIC)	30.00%	30.00%	KSA	29,323	28,590
Best Invest	36.11%	36.11%	Tunisia	1,012	1,012
Islamic Insurance Jordan	20.00%	20.00%	Jordan	27,715	27,421
				58,358	57,331
Movements during the period/year				30 September 2011	31 December 2010
				AED'000	AED'000
				(Un-audited)	(Audited)
Balance at beginning of period/year				57,331	27,981
Purchases				-	3,043
Share of profit in associates				1,027	2,014
Reclassification				-	24,364
Change in reserve				-	(71)
Balance at 30 September / 31 December				58,358	57,331

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (continued)

10 Investments

	30 September 2011 (Un-audited)			31 December 2010 (Audited)		
	Domestic investments AED'000	International investments AED'000	Total AED'000	Domestic investments AED'000	International investments AED'000	Total AED'000
Financial asset at fair value through						
Mutual fund and externally managed portfolios (Note 10.3)	-	476,499	476,499	-	174,506	174,506
Shares and securities	3,725	18,722	22,447	4,658	18,511	23,169
	3,725	495,221	498,946	4,658	193,017	197,675
Available-for-sale investments						
Mutual fund and externally managed portfolios	-	272,413	272,413	-	252,601	252,601
Shares and securities	3,395	94	3,489	4,705	945	5,650
	3,395	272,507	275,902	4,705	253,546	258,251
Islamic placements *	-	684,532	684,532	-	685,956	685,956
Held to maturity						
SUKUK and Government bonds	-	251,215	251,215	-	247,034	247,034
Total investments	7,120	1,703,475	1,710,595	9,363	1,379,553	1,388,916

*Represent Sharia'h compliant placements with different financial institutions having profit rates of 0.22% to 4.75% (2010: 0.50% to 5.50%) and maturing in more than 3 months when acquired.

- 10.1** Externally managed portfolios include various international funds and funds of funds with no fixed maturities and coupon rates. The portfolio is segregated into liquid and growth portfolios with a view to enhancing returns on liquid funds and profitability respectively. The fair values of these investments are based on the net asset values provided by the fund managers.
- 10.2** Held-to-maturity investments are the investments that management has intention and ability to hold till maturity. The profit rates vary on these investments having maturity from nine months up to eighteen months.
- 10.3** Certain family takaful products also have investment features and the liabilities relating to those products are included in the outstanding claims and family takaful reserve. The assets backing these liabilities are included within the total investments and are classified as fair value through profit or loss investments. Policyholders' share of income and expenses relating to such investments are included in the family takaful reserve movements.

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (continued)

11 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 2011 AED'000 (Un-audited)	Nine-month period ended 30 September 2010 AED'000 (Un-audited)
General and administrative expenses	1,488	1,234
Retakaful on contributions	2,934	2,113
Retakaful on claims	163	782
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	7,319	7,475
Employees end of service benefits	1,205	930
	8,524	8,405

	30 September 2011 AED'000 (Un-audited)	31 December 2010 AED'000 (Audited)
Amounts due from related parties		
Bin Zayed Group	11,128	11,128
IAIC Bahrain	22	130
Saudi IAIC Cooperative Insurance Co.	1	120
Other entities under common management with the Group	1,554	902
	12,705	12,280

Amounts due to related parties

IAIC Bahrain-current account	7	-
Other entities under common management with the Group	1,060	311
	1,067	311

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (continued)

12 Policyholders' fund

	30 September 2011 AED'000 (Un-audited)	31 December 2010 AED'000 (Audited)
Balance at 1 January	(1,017)	2,126
Net surplus attributable to policyholders for the period/year (note 6)	954	17,356
Proposed surplus distribution to policyholders of family takaful	-	(20,499)
	(63)	(1,017)
Financed by shareholders'	63	1,017
	-	-

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

13 Earnings per share

The calculation of earnings per share for the period ended 30 September 2011 is based on the profit attributable to shareholders of AED 79.07 million (30 September 2010: AED 43.7 million) divided by the weighted average number of shares of 1,188 million (30 September 2010: 1,188 million) outstanding during the period. There is no dilutive effect on basic earnings per share.

14 Contingent liabilities and capital commitments

	30 September 2011 AED'000 (Un-audited)	31 December 2010 AED'000 (Audited)
Letters of guarantee	11,609	11,470

Statutory deposits of AED 4.5 million (31 December 2010: AED 6.96 million) are held as lien by the bank against the above guarantees.

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

There are no significant capital commitments at 30 September 2011 (31 December 2010: nil).

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (continued)

15 Operating segment

By business

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

	Non -motor AED'000	Motor AED'000	Health AED'000	Family takaful AED'000	Total AED'000
Gross written contributions	1,053,105	555,174	38,905	540,054	2,187,238
Net contributions earned	808,247	470,594	18,314	474,874	1,772,029
Commissions received on ceded reinsurance and retakaful	33,991	93	726	197	35,007
	842,238	470,687	19,040	475,071	1,807,036
Net claims incurred	(451,901)	(290,316)	(10,645)	(422,035)	(1,174,897)
Commissions paid and other costs	(276,846)	(133,059)	(4,013)	(23,938)	(437,856)
Net underwriting income	113,491	47,312	4,382	29,098	194,283
Investment and other income					48,323
Unallocated expenses and tax					(161,540)
Net profit after tax					81,066

(for the nine-month period ended 30 September 2010)

	Non -motor AED'000	Motor AED'000	Health AED'000	Family takaful AED'000	Total AED'000
Gross written contributions	1,081,388	232,094	29,586	158,689	1,501,757
Net contributions earned	798,543	204,133	10,361	123,861	1,136,898
Commissions received on ceded reinsurance and retakaful	27,554	610	593	71	28,828
	826,097	204,743	10,954	123,932	1,165,726
Net claims incurred	(403,288)	(148,771)	(8,865)	(91,507)	(652,431)
Commissions paid and other costs	(308,777)	(30,587)	(4,059)	(21,447)	(364,870)
Net underwriting income	114,032	25,385	(1,970)	10,978	148,425
Investment and other income					47,729
Unallocated expenses and tax					(151,788)
Net profit after tax					44,366

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (continued)

15 Operating segment (continued)

By Geography

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

	Africa	Far East	Middle East	Turkey and Central Asia	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written contributions	266,106	1,120,990	720,895	79,247	2,187,238
Net contributions earned	201,237	891,214	615,396	64,182	1,772,029
Commissions received on ceded reinsurance and retakaful	10,350	18,127	6,530	-	35,007
	211,587	909,341	621,926	64,182	1,807,036
Net claims incurred	(113,289)	(514,219)	(509,711)	(37,678)	(1,174,897)
Commissions paid and other cost	(41,843)	(328,907)	(45,766)	(21,340)	(437,856)
Net underwriting income	56,455	66,215	66,449	5,164	194,283
Investment and other income					48,323
Unallocated expenses and tax					(161,540)
Net profit after tax					81,066

By Geography

(for the nine-month period ended 30 September 2010)

	Africa	Far East	Middle East	Turkey and Central Asia	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written contributions	283,691	764,778	377,857	75,431	1,501,757
Net contributions earned	237,074	560,856	278,211	60,757	1,136,898
Commissions received on ceded reinsurance and retakaful	8,051	15,047	5,730	-	28,828
	245,125	575,903	283,941	60,757	1,165,726
Net claims incurred	(126,367)	(298,971)	(189,268)	(37,825)	(652,431)
Commissions paid and other cost	(56,210)	(229,272)	(59,221)	(20,167)	(364,870)
Net underwriting income	62,548	47,660	35,452	2,765	148,425
Investment and other income					47,729
Unallocated expenses and Tax					(151,788)
Net profit after tax					44,366

16 Bonus share

The Board of Directors issued 10% bonus shares amounting to AED 110 million. The resolution was approved by the shareholders in the Annual General Meeting held on 28 April 2011.

17 Comparative figures

Certain comparative figures have been reclassified, where necessary, to conform with the presentation adopted in these condensed consolidated interim financial statements.