Islamic Arab Insurance Co.
(Salama) and its subsidiaries

Condensed consolidated interim financial statements
31 March 2009

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim financial statements
for the three- month period ended 31 March 2009

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The Shareholders
Islamic Arab Insurance Co. (Salama)

Independent Auditor's Review Report on condensed consolidated Interim Financial Information

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 31 March 2009, and the condensed consolidated interim statement of comprehensive income (comprising of a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim income statement), condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the three-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 International Financial Reporting Standard-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 condensed consolidated interim financial information as at 31 March 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

Vijendranath Malhotra
Registration No: 48 B

13 MAY 2009

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim income statement

for the three-month period ended 31 March 2009

	Three-month period ended 31 March 2009 AED'000 (Un-audited)	Three-month period ended 31 March 2008 AED'000 (Un-audited)
UNDERWRITING RESULTS		
Underwriting income		
Gross written contributions	**411,260**	298,412
Less: Reinsurance contributions ceded	**(54,811)**	(52,678)
Net contributions	**356,449**	245,734
Net movement in unearned contributions	**(61,363)**	(22,801)
Contributions earned	**295,086**	222,933
Commissions received on ceded reinsurance	**6,488**	7,013
	301,574	229,946
Underwriting expenses		
Gross claims paid	**137,200**	124,797
Less: reinsurance share of claims paid	**(12,007)**	(17,445)
Net claims paid	**125,193**	107,352
Net movement in outstanding claims and technical reserves	**25,337**	8,083
Claims incurred	**150,530**	115,435
Commissions paid and other costs	**91,431**	67,170
	241,961	182,605
Net underwriting income	**59,613**	47,341
Other Income		
Investment income	**5,980**	25,184
Share of profit from associates	**469**	3,626
Other income	**3,456**	2,168
	69,518	78,319
Expenses		
General and administrative expenses	**(22,767)**	(25,244)
Other Expenses	**(9,341)**	(4,591)
Financial expenses	**(7,701)**	(9,586)
Provision for charitable donations	**(612)**	(474)
Net profit before tax for the period-carried forward	**29,097**	38,424

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim income statement (continued)

for the three-month period ended 31 March 2009

	Three-month period ended 31 March 2009 AED'000 (Un-audited)	Three-month period ended 31 March 2008 AED'000 (Un-audited)
Net profit before tax for the period	**29,097**	38,424
Tax	**(1,363)**	(1,376)
	----------	---------
Net profit after tax for the period	**27,734**	37,048
	=====	=====
Earnings per share (AED) (note 14)	**0.025**	0.032
	=====	=====
Attributable to:		
Shareholders	**27,271**	35,089
Minority interest (note 13)	**463**	1,959
	----------	-----------
	27,734	37,048
	======	======

The notes on pages 8 to 22 form an integral part of these condensed consolidated interim financial statements.

The Independent Auditor's review report is set out on page 1

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of comprehensive income

for the three-month period ended 31 March 2009

	Three-month period ended 31 March 2009 AED'000 (Un-audited)	Three-month period ended 31 March 2008 AED'000 (Un-audited)
Net profit after tax for the period	**27,734**	37,048
Other comprehensive (expense)/ income		
Available-for-sale investments	**2,952**	(15)
Foreign exchange translation reserve	**(2,605)**	1,136
	----------	---------
Other comprehensive income for the period	**347**	1,121
	----------	---------
Total comprehensive income for the period	**28,081**	38,169
	=====	=====
Attributable to:		
Shareholders	**28,832**	35,719
Minority interest	**(751)**	2,450
	----------	-----------
	28,081	38,169
	======	======

The notes on pages 8 to 22 form an integral part of these condensed consolidated interim financial statements.

The Independent Auditor's review report is set out on page 1

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of financial position

as at 31 March 2009

	Notes	31 March 2009 AED'000 (Un-audited)	31 December 2008 AED'000 (Audited)
ASSETS			
Property and equipment		**61,538**	63,119
Intangible assets		**9,469**	9,974
Goodwill		**186,194**	186,194
Investment properties	*8*	**86,326**	86,326
Investments in associates	*9*	**25,163**	24,694
Statutory deposits		**34,296**	34,133
Investments	*10*	**657,354**	433,610
Deposits with insurance and reinsurance companies		**317,972**	313,855
Contributions and insurance balance receivables		**714,687**	627,585
Reinsurance assets		**141,259**	145,763
Amounts due from related parties	*11*	**21,220**	256,046
Other assets and receivables		**81,468**	71,627
Short term deposits		**453,326**	476,006
Cash and bank balances		**231,590**	189,546
TOTAL ASSETS		**3,021,862**	2,918,478
LIABILITIES			
Bank finance		**366,064**	368,732
Reserves for insurance contract and family takaful business		**978,762**	901,819
Insurance and other payable		**265,939**	264,876
Amounts due to related parties	*11*	**4,511**	4,546
TOTAL LIABILITIES		**1,615,276**	1,539,973
NET ASSETS EMPLOYED		**1,406,586**	1,378,505
FINANCED BY:			
Shareholders' equity		**1,383,176**	1,354,344
Minority interest	*13*	**23,410**	24,161
		1,406,586	1,378,505

The notes on pages 8 to 22 form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved on

Vice Chairman & CEO

Chief Financial Officer

The Independent Auditor's Review Report is set out on page 1.

1 3 MAY 2009

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Condensed consolidated interim statement of cash flows

for the three-month period ended 31 March 2009

	Three-month period ended 31 March 2009 AED'000 (Un-audited)	Three-month period ended 31 March 2008 AED'000 (Un-audited)
Operating activities		
Net profit before minority interest for the period	**27,734**	37,048
Adjustment for:		
Movement in unearned contribution reserve (net of reinsurance)	**59,743**	24,042
Unrealised loss on investments	**2,059**	21,548
Share in profit of associates	**(469)**	(3,626)
	----------	----------
	89,067	79,012
Change in deposits with insurance and reinsurance companies	**(4,118)**	3,108
Change in contributions and insurance balance receivable	**(87,102)**	(57,274)
Change in due from related parties	**234,826**	17,986
Change in other assets and receivables	**(9,838)**	5,047
Change in outstanding claims (net of reinsurance)	**19,099**	10,231
Change in technical reserve life	**2,605**	-
Change in insurance payables and other payables	**1,062**	24,796
Change in due to related par	**(36)**	(163)
	----------	---------
Net cash provided by operating activities	**245,565**	82,743
	----------	---------
Investing activities		
Change in property and equipment and intangible assets	**2,086**	(793)
Change in investment in associates	**-**	(1,008)
Change in statutory deposits	**(163)**	(759)
Change in investments –net	**(201,563)**	1,067
	---------	-----------
Net cash used in by investing activities	**(199,640)**	(1,493)
	---------	-----------
Financing activities		
Change in term bank finance	**(2,668)**	14,049
Change in minority interest	**(1,213)**	490
	----------	---------
Net cash (used in)/ provided by financing activities	**(3,881)**	14,539
	----------	---------
Increase in cash and cash equivalents	**42,044**	95,789
Cash and cash equivalents at the beginning of the period	**189,546**	177,088
	----------	----------
Cash and cash equivalents at the end of the period	**231,590**	272,877
	======	======

The notes on pages 8 to 22 form an integral part of these condensed consolidated interim financial statements.
The Independent Auditor's Review Report 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 three-month period ended 31 March 2009

	Share capital AED'000	Statutory reserve AED'000	Revaluation Reserve AED'000	Foreign exchange translation AED'000	Investment fair value reserve AED'000	Treasury Stock AED'000	Retained earnings AED'000	Total AED'000	Minority interest AED'000	Total equity AED'000
Balance at 1 January 2008	1,100,000	49,904	11,627	2,302	6,592	(24,759)	266,157	1,411,823	25,028	1,436,851
Total comprehensive income for the period	-	-	-	1,129	(499)	-	35,089	35,719	2,450	38,169
Balance at 31 March 2008	**1,100,000**	**49,904**	**11,627**	**3,431**	**6,093**	**(24,759)**	**301,246**	**1,447,542**	**27,478**	**1,475,020**
Balance at 1 January 2009	**1,100,000**	**49,904**	**12,491**	**(4,671)**	**(23,165)**	**(35,972)**	**255,757**	**1,354,344**	**24,161**	**1,378,505**
Total comprehensive income for the period	-	-	-	(1,925)	3,486	-	27,271	28,832	(751)	28,081
Balance at 31 March 2009	**1,100,000**	**49,904**	**12,491**	**(6,596)**	**(19,679)**	**(35,972)**	**283,028**	**1,383,176**	**23,410**	**1,406,586**

The notes on pages 8 to 22 form an integral part of these condensed consolidated interim financial statements.

The Independent Auditor's Review Report is set out on page 1.

1. Legal status and activities

Islamic Arab Insurance Co. (Salama) ("the Company") is a public shareholding company, registered in the Emirate of Dubai, United Arab Emirates (UAE) and operates through various branches in the UAE. The registered office of the Company is P O Box 10214, Dubai, United Arab Emirates. The principal activity of the Company is the writing of all classes of general insurance and life insurance business (started 2006), principally motor insurance, in accordance with Islamic Sharia'a principles and in accordance with UAE Federal Law no. 9 of 1984 relating to insurance companies and insurance agents.

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

	Tariic Ownership		
Subsidiaries	**31 March 2009**	**31 December 2008**	**Country of Incorporation**
Best Re	**77.75%**	77.75%	Tunisia
Salama Senegal (Formerly Sosar Al Amane Assurance)	**52.66%**	52.66%	Senegal
Salama Assurances Algerie (formerly Al Baraka Oua Al Amane)	**89.11%**	89.11%	Algeria
Egyptian Saudi Insurance Home	**51.15%**	51.15%	Egypt

2. 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 2008.

New and revised accounting standards and interpretations effective 1 January 2009.

IFRS 8 – Operating segments

This new standard, which has been adopted for the preparation of these condensed consolidated interim financial statements, introduces the "management approach" for to segment reporting. Currently the Group presents segment information in respect of its business and geographical segments. This standard does not affect Group's reported profit or loss or equity.

Revised IAS 1 - Presentation of financial statements

This revised standard, which has been adopted for first time in preparation of these condensed consolidated interim financial statements, affects the presentation of owners' changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs.

Except the adoption of IFRS 8 – Operating segments and Revised IAS 1 – Presentation of financial statements stated above, the accounting policies and method of computation adopted by the Group in these condensed consolidated interim financial statements are same as those applied by the Group in its consolidated financial statements as at 31 December 2008.

3. Significant accounting policies

The condensed consolidated interim financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the "functional currency" rounded to the nearest thousand

The Group has consistently applied the accounting policies used for the preparation of last published annual consolidated financial statements for the year ended 31 December 2008.

Significant accounting policies with regard to the Investment properties and financial instruments are stated below:

a) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

b) Financial instruments

Non-derivative financial instruments

Non-derivative financial assets comprise investments in equity and debt securities, insurance and other receivables, cash and cash equivalents, investment contract liabilities, insurance and other payables and other liabilities.

i) Recognition, derecognition and initial measurement

Non-derivative financial instruments are measured initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the Group commits itself to purchase or sell the asset.

ii)Categories of financial instruments

Financial instruments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Subsequent to initial measurement, financial instruments at fair value through profit or loss are measured at fair value, with fair value changes recognised in statement of income. Net changes in the fair value of financial assets classified as at fair value through profit or loss includes interest income and any dividends received.

3. Significant accounting policies (continued)

b) Financial instruments (continued)

All financial assets held by the Group in respect of its long term business funds are designated by the Group on initial recognition at fair value through profit or loss. This designation eliminates or significantly reduces a measurement inconsistency that would otherwise arise if these assets were not measured at fair value and the changes in fair value were not recognised in profit or loss.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, and these debt securities have not been designated at fair value through profit or loss, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

This category is used for financial assts that are not classified as at fair value through profit or loss or held-to-maturity investments. Interest income is recognised in statement of income using the effective interest method. Dividend income is recognised in statement of income when the Group becomes entitled to the dividend. Foreign exchange gains/losses on monetary securities are recognised in the statement of income. Other fair value changes are recognised directly in equity until the investment is sold or impaired and the relevant balance in equity is recognised in statement of income.

Other financial assets

Other non-derivative financial assets, such as cash and cash equivalents and insurance and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

iii) Offsetting

Financial assets and financial liabilities are set off and the net amount presented in the balance sheet when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards. Gains and losses arising from a group of similar transactions are reported on a net basis.

iv) Fair value measurement

The determination of fair values of financial instruments is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions. When entering into an arm's length transaction, a financial instrument is recognised initially at its transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference is not recognised in profit or loss immediately. The timing of its recognition depends upon the facts and circumstances of each transaction but is not later then when the market data which supports the gain or loss becomes available.

3. Significant accounting policies (continued)

b) Financial instruments (continued)

v) Identification and measurement of impairment

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of an asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Group about any significant financial difficulty of the issuer, significant changes in the technological, market, economic or legal environment in which the issuer operates. A significant or prolonged decline in the fair value of an equity instrument below its cost is also objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the consolidated statement of income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in the consolidated equity is transferred to statement of income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the consolidated statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in the consolidated equity.

vi) Other financial instruments

Other financial liabilities include amounts payable in the future to agents and intermediaries in respect of investment contracts issued by the Group. Payments are made on an annual basis on the anniversary of the inception of a contract if a contract has not been surrendered at that date.

These financial liabilities are measured at fair value on initial recognition. Fair value is determined by discounting the present value of the expected future payments at the discount rate that reflects current market assessment of the time value of money for a liability of equivalent average duration.

Subsequent to initial recognition these financial liabilities are stated at amortised cost using the effective interest method.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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 the 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 the significantly same as those that applied to the consolidated consolidated financial statements as at and for the year ended 31 December 2008.

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.

6. Allocation of the net profit for the period (Un-audited)

	Three-month period ended 31 March 2009				Three-month period ended 31 March 2008			
	Shareholder AED'000	**Policyholder AED'000**	**Minority interest AED'000**	**Total AED'000**	Shareholder AED'000	Policyholder AED'000	Minority interest AED'000	Total AED'000
Net underwriting income								
Net underwriting income of the Company	**-**	**12,819**	**-**	**12,819**	-	3,794	-	3,794
Net underwriting income from subsidiaries	**46,794**	**-**	**-**	**46,794**	43,547	-	-	43,547
	--------	--------	------	--------	--------	--------	------	--------
Net underwriting income	**46,794**	**12,819**	**-**	**59,613**	43,547	3,794	-	47,341
Income								
Wakala fees	**8,638**	**(8,638)**	**-**	**-**	7,476	(7,476)	-	-
Mudarib share of profit	**29**	**(29)**	**-**	**-**	31	(31)	-	-
Investment income	**6,255**	**194**	**-**	**6,449**	28,601	209	-	28,810
Other income	**3,456**	**-**	**-**	**3,456**	2,160	8	-	2,168
	---------	--------	------	---------	---------	--------	------	---------
	65,172	**4,346**	**-**	**69,518**	81,815	(3,496)	-	78,319
Expenses								
General and administrative expenses	**(22,767)**	**-**	**-**	**(22,767)**	(25,244)	-	-	(25,244)
Other expenses	**(9,341)**			**(9,341)**	(4,591)			(4,591)
Financial expenses	**(7,701)**	**-**	**-**	**(7,701)**	(9,586)	-	-	(9,586)
Provision for charitable donations	**(612)**	**-**	**-**	**(612)**	(474)	-	-	(474)
	---------	--------	------	---------	---------	--------	------	---------
Net profit before tax for the period	**24,751**	**4,346**	**-**	**29,097**	41,920	(3,496)	-	38,424
Tax	**(1,363)**	**-**	**-**	**(1,363)**	(1,376)	-	-	(1,376)
	----------	--------	------	--------	----------	--------	------	--------
Net profit after tax for the period	**23,388**	**4,346**	**-**	**27,734**	40,544	(3,496)	-	37,048
Share of minority interest	**(463)**	**-**	**463**	**-**	(1,959)	-	1,959	-
Payback of Qard Hasn (Note 12)	**4,346**	**(4,346)**	**-**	**-**	(3,496)	3,496	-	-
	----------	--------	-------	----------	----------	--------	-------	----------
Net profit for the period	**27,271**	**-**	**463**	**27,734**	35,089	-	1,959	37,048
	======	====	====	======	======	====	====	======

7. Wakala fees and mudarib share of profit

The shareholders manage the insurance operations of the Group for the policyholders and charge Wakala fee excluding on the business of subsidiaries. The Wakala fee charged is at 15% *(2008: 15%)* of gross written contribution of non-life and non-medical insurance business. For medical insurance, a variable wakala fee ranging from 5% to 15% of net risk contribution (2008: 5% to 15% of net risk contribution) is charged. For life insurance business, Wakala fees are being charged at 15% (*2008: 15%*) of mortality costs.

The shareholders of the Group also manage the policyholders' investment funds and share 15% *(2008: 15%)* of investment income earned by the policyholders as Mudarib share of profit.

8. Investment properties

The geographic dispersion of investment properties is as follows:

	31 March 2009 AED'000 (Un-audited)	31 December 2008 AED'000 (Audited)
Within UAE	**16,223**	16,223
GCC Countries	**70,103**	70,103
	---------	---------
	86,326	86,326
	=====	=====

Based on management's internal assessment, the carrying value of the investment properties reflects the market conditions as at 31 March 2009

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 2009**	Ownership 2008	**Country of incorporation**	**31 March 2009 AED'000 (Un-audited)**	31 December 2008 AED'000 (Audited)
GEPAR	**20.00%**	20.00%	Tunisia	**249**	249
Saudi IAIC Cooperative Insurance Co. (Saudi IAIC)	**30.00%**	30.00%	KSA	**23,672**	23,203
ITE	**49.00%**	49.00%	Tunisia	**-**	-
Llyods Tunisia	**23.77%**	23.77%	Tunisia	**-**	-
Best Invest	**47.22%**	23.83%	Tunisia	**1,238**	1,238
SCI Al Amane	**30.00%**	30.00%	Senegal	**2**	2
SCI Al Baraka	**30.00%**	30.00%	Senegal	**2**	2
				---------	---------
				25,163	24,694
				=====	=====

9. Investment in associates (continued)

Movements during the period/year

	Three-month period ended 31 March 2009 AED'000 (Un-audited)	Year ended 31 December 2008 AED'000 (Audited)
Balance at beginning of period/year	**24,694**	29,607
Purchases	**-**	1,067
Share in profit/(losses) in associates	**469**	(5,933)
Change in reserve	-	(47)
	--------	--------
Balance at the end of period/year	**25,163**	24,694
	=====	=====

Summarised financial information of the major associates are as under:

	31 March 2009 AED'000 (Un-audited)	31 December 2008 AED'000 (Audited)
Total assets	**294,969**	251,353
	======	======
Total liabilities	**(232,961)**	(191,181)
	======	======

	Three-month period ended 31 March 2009 AED'000 (Un-audited)	Three-month period ended 31 March 2008 AED'000 (Un-audited)
Revenue	**46,895**	19,315
	=====	=====
Surplus	**3,530**	13,405
	=====	=====

10. Investments

	31 March 2009			31 December 2008		
	Domestic Investment	**International investment**	**Total**	**Domestic investment**	**International investment**	**Total**
	AED'000	**AED'000**	**AED'000**	AED'000	AED'000	AED'000
	(Un-audited)	**(Un-audited)**	**(Un-audited)**	(Audited)	(Audited)	(Audited)
Financial Asset through Profit or Loss						
Mutual funds and externally managed portfolio	-	39,380	**39,380**	-	36,547	**36,547**
Shares and Securities	1,503	1,612	**3,115**	1,449	854	**2,303**
	1,503	**40,992**	**42,495**	**1,449**	**37,401**	**38,850**
Available-for-sale investments						
Mutual funds and externally managed portfolio – unquoted	17,119	300,664	**317,783**	15,215	310,028	**325,243**
Shares and Securities –quoted	3,869	24,078	**27,947**	5,983	21,762	**27,745**
	20,988	**324,742**	**345,730**	**21,198**	**331,790**	**352,988**
Held To Maturity						
SUKUK & Govt. Bonds	-	269,129	269,129	-	41,772	**41,772**
Total Investments	**22,491**	**634,863**	**657,354**	**22,647**	**410,963**	**433,610**

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 six months up to eighteen months.

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 International Accounting Standard 24. 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.

	Three-month period ended 31 March 2009 AED'000 (Un-audited)	Three-month period ended 31 March 2008 AED'000 (Un-audited)
General and administrative expenses	**250**	878
	====	=====
Reinsurance on contributions	**151**	3,749
	====	====
Reinsurance on claims	**7**	1,519
	====	====
Purchase of investments	**8,852**	1,263,411
	====	=======
Sale of investments	**10,583**	1,400,125
	=====	=======

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

	31 March 2009 AED'000 (Un-audited)	31 December 2008 AED'000 (Audited)
Due from related parties		
Bin Zayed Group	**14,542**	249,208
IAIC Labuan	**5,961**	5,961
IAIC Bahrain	**-**	23
Other entities under common management with the Group	**717**	854
	---------	----------
	21,220	256,046
	======	======

11. Related party transactions (continued)

	31 March 2009 AED'000 (Un-audited)	31 December 2008 AED'000 (Audited)
Due to related parties		
IAIC Bahrain - Current account	**250**	1,788
IAIC Bahrain - Reinsurance Account	**1,640**	-
Other entities under common management with the Group	**2,621**	2,758
	-------	--------
	4,511	4,546
	====	=====

	Three-month period ended 31 March 2009 AED'000 (Un-audited)	Three-month period ended 31 March 2008 AED'000 (Un-audited)
Compensation of key management personnel		
Short term benefits	**1,485**	1,231
Employees end of service benefits	**814**	590
	-------	-------
	2,299	1,821
	====	=====

12. Policyholders' fund

	31 March 2009 AED'000 (Un-audited)	31 December 2008 AED'000 (Audited)
Deficiency of policyholders' fund		
Balance at 1 January	**(7,154)**	(11,555)
Net surplus attributable to policyholders for the period/year	**4,346**	8,488
	---------	-----------
	(2,808)	(3,067)
Proposed profit distribution to policy holders of Family Takaful	**-**	(4,087)
	--------	-----------
	(2,808)	(7,154)
General		
Balance at 1 January	**(13,675)**	(12,466)
Surplus /(Loss) for the period/year	**5,470**	(1,209)
	---------	----------
	(8,205)	(13,675)
	--------	---------
Life		
Balance at 1 January	**6,521**	911
(Loss)/Surplus in Family Takaful for the year	**(1,124)**	9,697
Proposed profit distribution to policyholder of Family Takaful	**-**	(4,087)
	-------	--------
	5,397	6,521
	-------	--------
Balance at the end of period/year	**(2,808)**	(7,154)
	======	======

The shareholders of the Company have financed the policyholders' deficit in accordance with the Company's policy.

Notes (*continued*)

13. Minority interest

	31 March 2009 AED'000 (Un-audited)	31 December 2008 AED'000 (Audited)
Balance at 1 January	**24,161**	25,028
Increase in capital through cash contribution	**-**	1,648
Dividends paid	**-**	(714)
Share in revaluation surplus of property and equipment	**-**	5
Share in foreign exchange translation reserve	**(679)**	(1,347)
Share in net change in fair value of available for sale investments	**(535)**	(2,680)
Minority's share of profit for the period/year	**463**	2,221
	--------	---------
Balance at 31 March/31 December	**23,410**	24,161
	=====	=====

14. Earnings per share

The calculation of earnings per share for the three-month period ended 31 March 2009 is based on earnings of AED 27.27 million *(31 March 2008: AED 35.09 million)* divided by the weighted average number of shares of 1,080 million *(31 March2008: 1,092 million)* outstanding during the period.

15. Contingent liabilities and capital commitments

	31 March 2009 AED'000 (Un-audited)	31 December 2008 AED'000 (Audited)
Letters of guarantee	**13,355**	13,675
	=====	====

Statutory deposits of AED 8.15 million *(31 December 2008: AED 8.15 million)* are held as lien by the bank against the above guarantees.

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

There are no capital commitments at 31 March 2009 *(31 December 2008: Nil).*

16. Segmental information (Un-audited)

By Business
(for the three-month period ended 31 March 2009)

	Fire AED'000	Accident AED'000	Engineering AED'000	Marine AED'000	Motor AED'000	Health AED'000	Transport AED'000	Life AED'000	Others AED'000	Total AED'000
Gross written contributions	135,045	56,416	31,323	50,256	76,648	17,941	196	38,548	4,887	411,260
Net contributions earned	92,892	40,492	22,143	38,672	63,716	7,975	(13)	26,240	2,969	295,086
Commissions received on ceded reinsurance	3,268	713	1,280	482	93	293	43	52	264	6,488
	96,160	41,205	23,423	39,154	63,809	8,268	30	26,292	3,233	301,574
Net claims incurred	(53,754)	(13,273)	(8,844)	(19,277)	(37,300)	(2,853)	(1)	(14,886)	(342)	(150,530)
Commissions paid and other costs	(34,941)	(14,502)	(8,822)	(12,996)	(9,686)	(2,442)	(18)	(7,460)	(564)	(91,431)
Net underwriting income	**7,465**	**13,430**	**5,757**	**6,881**	**16,823**	**2,973**	**11**	**3,946**	**2,327**	**59,613**

Segment reporting by business in respect of assets and liabilities is not available for disclosure purposes.

Islamic Arab Insurance Co. (Salama) and its subsidiaries

Notes (*continued*)

16. Segmental information (Un-audited) (continued)

By Business
(for the three-month period ended 31 March 2008)

	Fire AED'000	Accident AED'000	Engineering AED'000	Marine AED'000	Motor AED'000	Health AED'000	Transport AED'000	Life AED'000	Others AED'000	Total AED'000
Gross written contributions	116,806	31,133	29,118	24,987	62,855	23,470	172	7,941	1,930	298,412
	======	=====	=====	=====	=====	=====	=====	=====	=====	======
Net contributions earned	86,518	26,408	22,205	22,514	53,714	6,491	67	4,106	910	222,933
Commissions received on ceded reinsurance	3,823	724	1,390	707	66	120	60	-	123	7,013
	----------	--------	--------	--------	--------	--------	--------	---------	--------	---------
	90,341	27,132	23,595	23,221	53,780	6,611	127	4,106	1,033	229,946
Net claims incurred	(78,771)	(5,102)	(187)	(8,090)	(20,581)	(660)	(666)	(822)	(556)	(115,435)
Commissions paid and other costs	(30,645)	(8,813)	(10,410)	(6,727)	(7,547)	(2,623)	(21)	(67)	(317)	(67,170)
	----------	--------	--------	--------	--------	-------	-------	--------	--------	---------
Net underwriting (loss)/ income	**(19,075)**	**13,217**	**12,998**	**8,404**	**25,652**	**3,328**	**(560)**	**3,217**	**160**	**47,341**
	======	=====	====	====	=====	====	====	====	====	=====

Segment reporting by business in respect of assets and liabilities is not available for disclosure purposes.

16. **Segmental information (Un-audited)** (continued)

By Geographical
(for thethree-month period ended 31 March 2009)

	Africa AED'000	Far East AED'000	Middle East AED'000	Turkey and Central Asia AED'000	Total AED'000
Gross written contributions	85,668	210,787	73,827	40,978	411,260
Net contributions earned	65,984	144,536	56,723	27,843	295,086
Commissions received on ceded reinsurance	2,604	2,309	1,575	-	6,488
	68,588	146,845	58,298	27,843	301,574
Net claims incurred	(33,757)	(71,247)	(35,127)	(10,399)	(150,530)
Commissions and other costs	(14,325)	(58,392)	(9,600)	(9,114)	(91,431)
Net underwriting income	**20,506**	**17,206**	**13,571**	**8,330**	**59,613**

(for the three-month period ended 31 March 2008)

	Africa AED'000	Far East AED'000	Middle East AED'000	Turkey and Central Asia AED'000	Total AED'000
Gross written contributions	60,221	123,239	67,007	47,945	298,412
Net contributions earned	46,563	91,989	39,446	44,935	222,933
Commissions received on ceded reinsurance	2,477	3,428	1,108	-	7,013
	49,040	95,417	40,554	44,935	229,946
Net claims incurred	(17,446)	(45,325)	(34,595)	(18,069)	(115,435)
Commissions and other costs	(9,912)	(37,223)	(8,815)	(11,220)	(67,170)
Net underwriting income	**21,682**	**12,869**	**(2,856)**	**15,646**	**47,341**

Segment reporting by geographical in respect of assets and liabilities is not available for disclosure purposes.