

**Dubai Insurance Company
(Public Shareholding Company)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2016 (UNAUDITED)

REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DUBAI INSURANCE COMPANY (PSC)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Dubai Insurance Company (PSC) as at 30 June 2016, comprising the interim condensed consolidated statement of financial position as at 30 June 2016 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 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. Consequently, it 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 statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by:
Ashraf Abu-Sharkh
Partner
Registration No.: 690

10 August 2016

Dubai, United Arab Emirates

Dubai Insurance Company (PSC)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 June 2016 (Unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2016 AED '000	2015 AED '000	2016 AED '000	2015 AED '000
UNDERWRITING INCOME					
Gross premium		112,866	104,283	253,850	213,773
Movement in provision for unearned premium		(18,413)	(5,404)	(77,569)	(19,236)
Insurance premium revenue		94,453	98,879	176,281	194,537
Reinsurance share of premium		(90,371)	(76,006)	(195,013)	(154,847)
Movement in provision for reinsurance share of unearned premium		16,191	7,462	67,279	22,264
		(74,180)	(68,544)	(127,734)	(132,583)
Net insurance premium revenue		20,273	30,335	48,547	61,954
Reinsurance commission income		10,309	9,984	19,435	17,655
Other income/(expense)		399	(101)	1,294	370
Total underwriting income		30,981	40,218	69,276	79,979
UNDERWRITING EXPENSES					
Claims incurred		113,626	59,517	251,901	108,783
Reinsurers' share of claims incurred		(98,761)	(41,688)	(224,817)	(77,470)
Net claims incurred		14,865	17,829	27,084	31,313
Commission expenses		7,508	11,146	17,015	24,116
Excess of loss reinsurance premium		158	127	316	289
General and administrative expenses relating to underwriting activities		4,419	3,363	8,812	7,197
Other expenses		205	2,071	2,857	3,376
Total underwriting expenses		27,155	34,536	56,084	66,291
NET UNDERWRITING INCOME		3,826	5,682	13,192	13,688
INVESTMENT INCOME					
Realised gain on sale of investments		79	40	73	175
Fair value (loss)/gain on financial assets at fair value through profit or loss		(102)	(688)	25	(482)
Other investment income		3,364	3,154	18,050	15,395
Other investment costs		(243)	21	(485)	(116)
		3,098	2,527	17,663	14,972
OTHER INCOME AND EXPENSES					
General and administrative expenses not allocated		(1,429)	(1,313)	(2,868)	(2,568)
Other income/(expenses)		51	(56)	52	(4)
		(1,378)	(1,369)	(2,816)	(2,572)
PROFIT FOR THE PERIOD		5,546	6,840	28,039	26,088
Basic and diluted earnings per share (AED)	3	0.055	0.068	0.280	0.261

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the period ended 30 June 2016 (Unaudited)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2016 AED '000</i>	<i>2015 AED '000</i>	<i>2016 AED '000</i>	<i>2015 AED '000</i>
Profit for the period	<u>5,546</u>	<u>6,840</u>	<u>28,039</u>	<u>26,088</u>
OTHER COMPREHENSIVE INCOME				
<i>Other comprehensive income that could not be reclassified to profit or loss in subsequent periods:</i>				
Net unrealised (loss)/gain on financial assets at fair value through other comprehensive income	<u>(6,105)</u>	<u>20,206</u>	<u>(2,056)</u>	<u>28,356</u>
Other comprehensive income for the period	<u>(6,105)</u>	<u>20,206</u>	<u>(2,056)</u>	<u>28,356</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(559)</u></u>	<u><u>27,046</u></u>	<u><u>25,983</u></u>	<u><u>54,444</u></u>

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

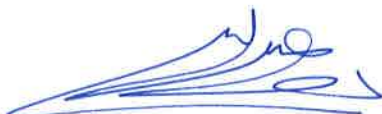
Dubai Insurance Company (PSC)


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 (Unaudited)

		<i>30 June</i>	<i>Audited</i>
		<i>2016</i>	<i>31 December</i>
	<i>Notes</i>	<i>AED '000</i>	<i>2015</i>
			<i>AED '000</i>
ASSETS			
Property and equipment	4	47,066	47,238
Investment property	5	1,670	1,670
Advance for investment property	6	5,400	3,888
Financial instruments	7	477,136	477,452
Reinsurance assets		360,510	210,146
Insurance receivables		200,913	140,395
Prepayments and other receivables		12,869	6,453
Statutory deposits		10,000	10,000
Cash and cash equivalents	8	39,644	40,805
TOTAL ASSETS		1,155,208	938,047
EQUITY AND LIABILITIES			
Equity			
Share capital	10	100,000	100,000
Statutory reserve	11	50,000	50,000
General reserve	11	13,000	13,000
Retained earnings		124,002	120,963
Cumulative changes in fair value of investments	11	193,840	195,896
Total equity		480,842	479,859
Liabilities			
Bank loan	9	46,250	46,232
Employees' end of service benefits		2,741	2,700
Insurance contract liabilities		434,530	270,589
Amounts held under reinsurance treaties		31,555	29,448
Reinsurance balances payable		106,469	67,371
Insurance and other payables		52,821	41,848
Total liabilities		674,366	458,188
TOTAL EQUITY AND LIABILITIES		1,155,208	938,047

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 10 August 2016.


Buti Obaid Almulla
Chairman


Abdellatif Abuqurah
Chief Executive Officer

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2016 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Cumulative changes in fair value of investments AED '000	Total AED '000
Balance at 1 January 2016	100,000	50,000	13,000	120,963	-	195,896	479,859
Profit for the period	-	-	-	28,039	-	-	28,039
Other comprehensive income	-	-	-	-	-	(2,056)	(2,056)
Total comprehensive income for the period	-	-	-	28,039	-	(2,056)	25,983
Cash dividend declared and paid (Note 12)	-	-	-	(25,000)	-	-	(25,000)
Balance at 30 June 2016	100,000	50,000	13,000	124,002	-	193,840	480,842
Balance at 1 January 2015	100,000	50,000	13,000	112,629	-	201,181	476,810
Profit for the period	-	-	-	26,088	-	-	26,088
Other comprehensive income	-	-	-	-	-	28,356	28,356
Total comprehensive income for the period	-	-	-	26,088	-	28,356	54,444
Cash dividend declared (Note 12)	-	-	-	(25,000)	25,000	-	-
Cash dividend paid (Note 12)	-	-	-	-	(25,000)	-	(25,000)
Balance at 30 June 2015	100,000	50,000	13,000	113,717	-	229,537	506,254

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2016 (Unaudited)

	Note	<i>Six months ended 30 June</i>	
		<i>2016 AED '000</i>	<i>2015 AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		28,039	26,088
Adjustments for:			
Depreciation on property and equipment		751	677
Provision for employees' end of service benefits		225	258
Gain on sale of investments in debt instruments at amortised cost		(73)	(175)
		<u>28,942</u>	<u>26,848</u>
Changes in operating assets and liabilities:			
Reinsurance assets		(150,364)	(30,905)
Insurance receivables		(60,518)	(45,773)
Prepayments and other assets		(6,416)	(873)
Insurance contract liabilities		163,941	36,321
Amounts held under reinsurance treaties		2,107	7,262
Reinsurance balances payable		39,098	38,833
Insurance and other payables		10,973	(8,782)
		<u>27,763</u>	<u>22,931</u>
Cash generated from operations		27,763	22,931
Employees' end of service paid		(184)	(75)
		<u>27,579</u>	<u>22,856</u>
INVESTING ACTIVITIES			
Investments held at amortised cost		2,346	(28,815)
Financial investments at fair value through profit or loss		(2,176)	(4,691)
Financial investments at fair value through other comprehensive income		(1,837)	(5,733)
Advance for investment property		(1,512)	-
Purchase of property and equipment		(579)	(744)
		<u>(3,758)</u>	<u>(39,983)</u>
Net cash used in investing activities		(3,758)	(39,983)
FINANCING ACTIVITIES			
Dividends paid		(25,000)	(25,000)
Bank loan		18	1
		<u>(24,982)</u>	<u>(24,999)</u>
Net cash used in financing activities		(24,982)	(24,999)
DECREASE IN CASH AND CASH EQUIVALENTS			
		<u>(1,161)</u>	<u>(42,126)</u>
Cash and cash equivalents at 1 January		40,805	69,416
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	<u><u>39,644</u></u>	<u><u>27,290</u></u>

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Unaudited)

1 CORPORATE INFORMATION

Dubai Insurance Company (PSC) (the “Company”) is a public shareholding Company, incorporated in 1970. The Company is subject to the regulations of the UAE Federal Law No. 2 of 2015 relating to commercial companies and the UAE Federal Law No. (6) of 2007 relating to insurance companies in the UAE, and is registered in the Insurance Companies Register of Insurance Authority of U.A.E. under registration number 4. The Federal Law No.2 of 2015, concerning Commercial Companies has come into effect from 28 June 2015, replacing the existing Federal Law No.8 of 1984. The Company is currently assessing the impact of the new law and expects to be fully compliant on or before the end of the grace period on 30 June 2017. The Company mainly issues short term insurance contracts in connection with motor, marine, fire, engineering, general accident and medical risks (collectively known as general insurance) and group life and individual life risk (collectively referred to as life assurance). The Company also invests its funds in investment securities and properties. The registered address of the Company is P.O. Box 3027, Dubai, United Arab Emirates. The Company operates in United Arab Emirates and most of the insurance policies are issued in the United Arab Emirates. The shares of the Company are listed on the Dubai Financial Market.

During 2010, the Company established a new subsidiary for investment purposes. These interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiary (collectively referred to as the “Group”).

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (“IAS 34”).

Interim reporting

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2015.

Changes in accounting estimates

The accounting policies are consistent with those used in the previous year. The accounting estimates used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2015 except for change in the basis of calculation of unearned premium reserve noted below.

As per Federal Law No.6 of 2007, relating to Establishment of Insurance Authority and regulation of Insurance operations, a new financial regulation for insurance companies was issued on 28 January 2015. The financial regulation provided an alignment period to the insurance companies between one to three years from the publication of financial regulation in Public Gazette from 29 January 2015 to align the operations to the covenants of the regulations therein.

With effect from 1 January 2016, to comply with the new regulations introduced by the Insurance authority of United Arab Emirates, unearned premium reserve for all the classes of insurances is calculated on a time proportion basis except Marine class of business which is calculated at 25%.

Unearned premium reserve

At the end of each reporting period a proportion of net retained premiums of the general insurance, medical and group life business is provided to cover portions of risks which have not expired at the reporting date. Until 31 December 2015, the reserves were calculated in accordance with the requirements of the Insurance Law relating to insurance companies at 40% of annual premiums earned net of reinsurance for all classes of insurance, except marine which was calculated at 25% and unearned premium reserves for medical and group life business were calculated on a time proportion basis.

As a result of the change, profit for the six months period ended 30 June 2016 is lower by AED 7,638 thousand and unearned premium reserve at 30 June 2016 is higher by AED 7,638 thousand.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 June 2016 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

New standards, interpretations and amendments

The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these interim condensed consolidated financial statements. Annual Improvements 2012-2014 cycle which became effective from 1 January 2016 also did not have an impact on the financial position or performance of the Group during the period.

These condensed consolidated financial statements do not include all disclosure and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015. In addition, results for the six months ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

2.2 BASIS OF CONSOLIDATION

The Group comprises of the Company and the under-mentioned subsidiary company.

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ownership</i>
Vattaun Limited	Investment	British Virgin Island	100%

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2016.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 June 2016 (Unaudited)

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period, net of directors' fees, by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Profit for the period (AED'000)	<u>5,546</u>	<u>6,840</u>	<u>28,039</u>	<u>26,088</u>
Weighted average number of shares outstanding during the period ('000)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Earnings per share (AED)	<u>0.055</u>	<u>0.068</u>	<u>0.280</u>	<u>0.261</u>

No figures for diluted earnings has been presented because the Group has not issued any instruments which would have an impact on earnings per share when exercised.

4 PROPERTY AND EQUIPMENT

Included in property and equipment is a land situated in the Emirate of Dubai, United Arab Emirates with a carrying value of AED 44,173 thousand. The Group's Board of Directors has resolved to construct the Group's head office on the land in the foreseeable future.

5 INVESTMENT PROPERTY

Investment property represent the Group's investments in freehold land and building situated in the Emirate of Dubai, United Arab Emirates.

6 ADVANCE FOR INVESTMENT PROPERTY

This represents advance given for an investment property within United Arab Emirates, which is 30% of the total cost of the property and the remaining 70% of the total cost is capital commitment as mentioned in Note 15.

7 FINANCIAL INSTRUMENTS

	<i>Carrying value</i>		<i>Fair value</i>	
	<i>30 June</i> <i>2016</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2015</i> <i>AED'000</i> <i>(Audited)</i>	<i>30 June</i> <i>2016</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2015</i> <i>AED'000</i> <i>(Audited)</i>
Financial instruments				
At fair value through profit or loss (Note 7.1)	60,227	58,051	60,227	58,051
At fair value through other comprehensive income (Note 7.2)	329,221	329,440	329,221	329,440
Investments held at amortised cost (Note 7.3)	87,688	89,961	86,860	89,389
	<u>477,136</u>	<u>477,452</u>	<u>476,308</u>	<u>476,880</u>

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Unaudited)

7 FINANCIAL INSTRUMENTS (continued)

7.1 FINANCIAL INSTRUMENTS AT FAIR VALUES THROUGH PROFIT OR LOSS

	30 June 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
a) <i>Shares - quoted</i>	4,154	4,130
b) <i>Designated upon initial recognition</i> Bank deposits with maturity over three months - unquoted	56,073	53,921
	<u>60,227</u>	<u>58,051</u>

The entire shares and bank deposits are within the United Arab Emirates.

7.2 FINANCIAL INSTRUMENTS AT FAIR VALUES THROUGH OTHER COMPREHENSIVE INCOME (OCI)

	30 June 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Shares – quoted (within UAE)	309,930	319,240
Shares – quoted (Outside UAE)	9,091	-
Shares – unquoted (within UAE)	10,200	10,200
	<u>329,221</u>	<u>329,440</u>

The fair value changes amounting to AED 2,056 thousand (2015: AED 28,356 thousand) have been recognised in the consolidated statement of comprehensive income.

7.3 DEBT INSTRUMENTS AT AMORTISED COST

	30 June 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
<i>Amortised cost</i>		
Debt securities (within UAE)	10,024	11,896
Debt securities (outside UAE)	77,664	78,065
	<u>87,688</u>	<u>89,961</u>

Debt securities amounting to AED 87,688 thousand (2015: AED 86,286 thousand) are pledged against a bank loan (Note 9). The investments carry interest at an effective rate of 4.28 % per annum (2015: 4.03% per annum). The maturity profile of these debt instruments is shown below:

	30 June 2016 (Unaudited)		
	<i>Less than 5 years AED'000</i>	<i>More than 5 years AED'000</i>	<i>Total AED'000</i>
Debt securities (within UAE)	5,900	4,124	10,024
Debt securities (outside UAE)	40,100	37,564	77,664
	<u>46,000</u>	<u>41,688</u>	<u>87,688</u>

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 June 2016 (Unaudited)

7 FINANCIAL INSTRUMENTS (continued)

7.3 DEBT INSTRUMENTS AT AMORTISED COST (continued)

	<i>31 December 2015 (Audited)</i>		
	<i>Less than 5 years AED '000</i>	<i>More than 5 years AED '000</i>	<i>Total AED '000</i>
Debt securities (within UAE)	7,762	4,134	11,896
Debt securities (outside UAE)	39,637	38,428	78,065
	<u>47,399</u>	<u>42,562</u>	<u>89,961</u>

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	<i>30 June 2016 AED '000 (Unaudited)</i>	<i>30 June 2015 AED '000 (Unaudited)</i>	<i>31 December 2015 AED '000 (Audited)</i>
Bank balances and cash	<u>39,644</u>	<u>27,290</u>	<u>40,805</u>
	<u>39,644</u>	<u>27,290</u>	<u>40,805</u>

Above balance represents the cash and cash equivalents in United Arab Emirates, Europe and GCC.

9 BANK LOAN

	<i>30 June 2016 AED '000 (Unaudited)</i>	<i>31 December 2015 AED '000 (Audited)</i>
Loan I	18,432	18,421
Loan II	18,363	18,363
Loan III	9,455	9,448
	<u>46,250</u>	<u>46,232</u>

Loan I

In 2011, the Group entered into a credit facility agreement for the loan I with an international bank for USD 5 million (equivalent AED 18,432 thousand). The loan facility is secured against investments in debt instruments held at amortised cost amounting to AED 29,399 thousand (31 December 2015: AED 33,294 thousand) (Note 7.3)) used for the Group's investment operations. The loan carries interest at 3 months USD LIBOR plus 1% per annum and the tenure of the loan is directly linked to the maturity period of the debt instruments which are financed by the loan. The debt instruments have maturity periods of 2 to 10 years.

Loan II

During previous year, the Group entered into credit facility agreements with an international bank for AED 18,363 thousand. The loan facilities are secured against investments in debt instruments held at amortised cost amounting to AED 27,041 thousand (31 December 2015: AED 27,208 thousand) (Note 7.3) used for the Group's investment operations and carries interest at 1 month USD LIBOR plus 0.5% per annum. The tenure of the loans are directly linked to the maturity period of the debt instruments which are financed by the loan. The debt instruments have maturity periods of 1 to 34 years.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 June 2016 (Unaudited)

9 BANK LOAN (continued)

Loan III

During previous year, the Group entered into credit facility agreements with a local bank for AED 9,455 thousand. The loan facilities are secured against investments in debt instruments held at amortised cost amounting to AED 27,573 thousand (31 December 2015: AED 25,784 thousand) (Note 7.3) used for the Group's investment operations and carries interest at 3 months USD LIBOR plus 1.1% per annum. The tenure of the loans are directly linked to the maturity period of the debt instruments which are financed by the loan. The debt instruments have maturity periods of 4 to 15 years.

10 SHARE CAPITAL

	<i>30 June 2016 AED '000 (Unaudited)</i>	<i>31 December 2015 AED '000 (Audited)</i>
<i>Issued and fully paid</i>		
100,000,000 shares of AED 1 each (2015: 100,000,000 shares of AED 1 each)	<u>100,000</u>	<u>100,000</u>

11 RESERVES

NATURE AND PURPOSE OF RESERVES

- **STATUTORY RESERVE**

In accordance with the UAE Commercial Companies Law and the Group's Article of Association, the Group has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. Accordingly, no transfers have been made during the six months period ended 30 June 2016. The reserve is not available for distribution except in the circumstances stipulated by the law.

- **GENERAL RESERVE**

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

- **CUMULATIVE CHANGES IN FAIR VALUE OF INVESTMENTS**

This reserve records fair value changes on financial instrument held at fair value through other comprehensive income.

12 PROPOSED DIVIDENDS

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Cash dividend for 2015 of AED 0.25 per share (declared and paid)	<u>25,000</u>	-
Cash dividend for 2014 of AED 0.25 per share (declared and paid)	-	<u>25,000</u>
	<u>25,000</u>	<u>25,000</u>
Proposed for approval at Annual General Meeting: (2015: Cash dividend of AED 0.25 per share)	-	<u>25,000</u>
	-	<u>25,000</u>

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Unaudited)

13 SEGMENTAL INFORMATION

Primary segment information

For management purposes, the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

- The general insurance segment, comprises motor, marine, fire, engineering and general accident.
- The medical and life segment, includes individual and group life and medical insurance.
- Investment comprises investment and cash management for the Group's own account.

Transactions between operating segments are conducted at estimated market rates on an arm's length basis. Operating segment information is presented below:

Operating segment information is presented below:

	<i>Three months ended 30 June</i>					
	<i>General insurance</i>		<i>Medical and Life assurance</i>		<i>Total</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
UNDERWRITING INCOME						
Insurance premium revenue	46,334	55,088	48,119	43,791	94,453	98,879
Reinsurers' share of premium	(39,161)	(41,067)	(35,019)	(27,477)	(74,180)	(68,544)
Net insurance premium revenue	7,173	14,021	13,100	16,314	20,273	30,335
Reinsurance commission income	9,866	9,636	443	348	10,309	9,984
Other income	26	16	373	(117)	399	(101)
	17,065	23,673	13,916	16,545	30,981	40,218
UNDERWRITING EXPENSES						
Claims incurred	66,863	34,082	46,763	25,435	113,626	59,517
Reinsurers' share of claims incurred	(60,323)	(25,094)	(38,438)	(16,594)	(98,761)	(41,688)
Net claims incurred	6,540	8,988	8,325	8,841	14,865	17,829
Commission expenses	4,845	5,419	2,663	5,727	7,508	11,146
Excess of loss reinsurance premium	158	127	-	-	158	127
General and administration expenses relating to underwriting activities	2,536	1,824	1,883	1,539	4,419	3,363
Other expenses	50	-	155	2,071	205	2,071
	14,129	16,358	13,026	18,178	27,155	34,536
NET UNDERWRITING INCOME	2,936	7,315	890	(1,633)	3,826	5,682
TOTAL INVESTMENT INCOME					3,098	2,527
Unallocated other expenses					(1,378)	(1,369)
PROFIT FOR THE PERIOD					5,546	6,840

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 June 2016 (Unaudited)

13 SEGMENTAL INFORMATION (continued)

	<i>Six months ended 30 June</i>					
	<i>General insurance</i>		<i>Medical and Life assurance</i>		<i>Total</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
UNDERWRITING INCOME						
Insurance premium revenue	62,121	94,995	114,160	99,542	176,281	194,537
Reinsurers' share of premium	(47,183)	(69,751)	(80,551)	(62,832)	(127,734)	(132,583)
Net insurance premium revenue	14,938	25,244	33,609	36,710	48,547	61,954
Reinsurance commission income	18,172	16,805	1,263	850	19,435	17,655
Other income	50	33	1,244	337	1,294	370
	<u>33,160</u>	<u>42,082</u>	<u>36,116</u>	<u>37,897</u>	<u>69,276</u>	<u>79,979</u>
UNDERWRITING EXPENSES						
Claims incurred	162,561	60,086	89,340	48,697	251,901	108,783
Reinsurers' share of claims incurred	(152,091)	(43,178)	(72,726)	(34,292)	(224,817)	(77,470)
Net claims incurred	10,470	16,908	16,614	14,405	27,084	31,313
Commission expenses	8,359	9,423	8,656	14,693	17,015	24,116
Excess of loss reinsurance premium	316	289	-	-	316	289
General and administration expenses relating to underwriting activities	4,250	3,296	4,562	3,901	8,812	7,197
Other expenses	116	-	2,741	3,376	2,857	3,376
	<u>23,511</u>	<u>29,916</u>	<u>32,573</u>	<u>36,375</u>	<u>56,084</u>	<u>66,291</u>
NET UNDERWRITING INCOME	<u>9,649</u>	<u>12,166</u>	<u>3,543</u>	<u>1,522</u>	<u>13,192</u>	<u>13,688</u>
TOTAL INVESTMENT INCOME					17,663	14,972
Unallocated other expenses					(2,816)	(2,572)
PROFIT FOR THE PERIOD					<u>28,039</u>	<u>26,088</u>

For operational and management reporting purposes, the Group is organised as one geographical segment.

14 SEASONALITY OF RESULTS

Dividend income amounted to AED 1,714 thousand and AED 14,605 thousand for the three month and six month periods ended 30 June 2016, respectively, and AED 1,738 thousand and AED 12,645 thousand for the three month and six month periods ended 30 June 2015, respectively. Dividend income depends on market conditions, investment activities of the Group and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 30 June 2016 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2016.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 June 2016 (Unaudited)

15 CONTINGENCIES AND COMMITMENTS

Guarantees

At 30 June 2016, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 10,363 thousand (31 December 2015: AED 10,320 thousand).

Legal claims

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Group's income or financial condition.

Capital commitments

The Group's capital commitment on investment property is payable as follows:

	<i>30 June 2016 AED'000 (Unaudited)</i>	<i>31 December 2015 AED'000 (Audited)</i>
Less than 1 year	1,800	2,880
Between one and two years	10,801	8,642
	<u>12,601</u>	<u>11,522</u>