

**OMAN INSURANCE COMPANY P.S.C.
AND SUBSIDIARIES**

**Review report and consolidated interim financial information
for the six months period ended 30 June 2017**

OMAN INSUARANCE COMPANY P.S.C. AND SUBSIDIARIES

Contents	Pages
Report on review of consolidated interim financial information	1
Condensed consolidated statement of financial position	2
Condensed consolidated income statement (unaudited)	3 - 4
Condensed consolidated statement of comprehensive income (unaudited)	5
Condensed consolidated statement of changes in equity	6
Condensed consolidated statement of cash flows (unaudited)	7 - 8
Notes to the condensed consolidated financial statements	9 – 47

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Board of Directors of
Oman Insurance Company P.S.C.
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Oman Insurance Company P.S.C. (the "Company") and its Subsidiaries (together referred to as the "Group") as at 30 June 2017 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, "*Interim Financial Reporting*." Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with International Accounting Standard 34, "*Interim Financial Reporting*".

Deloitte & Touche (M.E.)



Signed by:
Musa Ramahi
Registration Number 872
13 August 2017
Dubai, United Arab Emirates

Condensed consolidated statement of financial position
At 30 June 2017

	Notes	30 June 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
ASSETS			
Property and equipment		17,483	21,255
Intangible assets		73,468	78,197
Investment properties		511,364	511,364
Goodwill		15,471	15,365
Deferred tax assets		5,892	9,126
Financial investments	5	1,830,840	1,847,946
Statutory deposits		157,154	121,715
Re-insurance contract assets	6	2,773,518	2,407,487
Deferred acquisition costs		169,583	128,630
Insurance receivables	7	1,664,201	1,531,259
Prepayments and other receivables		123,297	118,214
Bank balances and cash		425,367	465,378
Total assets		7,767,638	7,255,936
EQUITY AND LIABILITIES			
Equity			
Share capital	8	461,872	461,872
Reserves	9	1,477,337	1,477,337
Cumulative changes in fair value of securities		(283,506)	(332,402)
Foreign currency translation reserve		(26,099)	(27,100)
Retained earnings		289,739	352,729
Equity attributable to the Owners of the Company		1,919,343	1,932,436
Non-controlling interests		25,478	24,657
Total equity		1,944,821	1,957,093
Liabilities			
Insurance contract liabilities	6	4,517,170	3,956,799
End of service benefits		34,602	32,769
Bank borrowings	10	262,815	367,732
Deferred commission income		134,767	95,633
Re-insurance deposits retained		68,480	67,322
Insurance payables	11	742,440	680,223
Other payables		62,543	98,365
Total liabilities		5,822,817	5,298,843
Total equity and liabilities		7,767,638	7,255,936



Abdul Aziz Abdulla Al Ghurair
Chairman



Christos Adamantiadis
Chief Executive Officer

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

**Condensed consolidated income statement (unaudited)
for the six months period ended 30 June 2017**

	Three months period ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
	AED '000	AED '000	AED '000	AED '000
Gross insurance premium	985,827	870,706	2,155,226	2,026,333
Less: Insurance premium ceded to reinsurers	(622,898)	(530,701)	(1,277,627)	(1,273,045)
Net retained premium	362,929	340,005	877,599	753,288
Net change in unearned premium	(3,898)	(15,670)	(167,871)	(93,325)
Net earned insurance premium	359,031	324,335	709,728	659,963
Gross claims settled	(586,949)	(542,614)	(1,219,884)	(1,022,363)
Insurance claims recovered from reinsurers	319,321	266,299	715,507	486,985
Net claims settled	(267,628)	(276,315)	(504,377)	(535,378)
Net change in outstanding claims and additional reserves	10,315	40,506	(14,581)	43,360
Net claims incurred	(257,313)	(235,809)	(518,958)	(492,018)
Reinsurance commission income	79,242	79,071	164,010	165,510
Commission expenses	(95,103)	(81,323)	(184,502)	(170,786)
Other income relating to underwriting activities	10,868	11,942	21,712	23,842
Net commission and other income	(4,993)	9,690	1,220	18,566
General and administrative expenses relating to underwriting activities	(71,354)	(68,895)	(148,569)	(142,225)
Net underwriting profit	25,371	29,321	43,421	44,286

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

Condensed consolidated income statement (unaudited)
for the six months period ended 30 June 2017 (continued)

	Three months period ended		Six months period ended	
	2017	30 June	2017	30 June
	AED '000	AED '000	AED '000	AED '000
Net underwriting profit	25,371	29,321	43,421	44,286
Net investment income	17,384	19,128	43,052	39,197
Finance costs	(598)	(337)	(1,333)	(671)
Allowance for doubtful debts	(5,752)	(6,246)	(12,383)	(6,593)
Other expenses	(9,243)	(5,815)	(17,999)	(16,146)
Profit before tax	27,162	36,051	54,758	60,073
Income tax expenses	(1,148)	17	(3,292)	(1,572)
Profit for the period	26,014	36,068	51,466	58,501
Attributable to:				
Owners of the Company	25,298	33,307	51,281	57,603
Non-controlling interests	716	2,761	185	898
	26,014	36,068	51,466	58,501
Basic earnings per share (AED) (Note 12)	0.05	0.07	0.11	0.12

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the six months period ended 30 June 2017**

	Three months period ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
	AED '000	AED '000	AED '000	AED '000
Profit for the period	26,014	36,068	51,466	58,501
Other comprehensive (loss)/income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Net fair value losses on revaluation of investments designated at FVTOCI	(15,839)	(658)	(19,188)	(10,293)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange (loss)/gain on translating foreign operations	2,648	(1,622)	1,637	914
Total other comprehensive loss for the period	(13,191)	(2,280)	(17,551)	(9,379)
Total comprehensive income for the period	12,823	33,788	33,915	49,122
Attributable to:				
Owners of the Company	11,041	31,684	33,094	47,987
Non-controlling interests	1,782	2,104	821	1,135
	12,823	33,788	33,915	49,122

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

Condensed consolidated statement of changes in equity
for the six months period ended 30 June 2017

	Share capital AED '000	Reserves AED '000	Cumulative changes in fair value of securities AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Equity attributable to the Owners of the Company AED '000	Non- controlling interests AED '000	Total AED '000
Balance at 1 January 2016 (audited)	461,872	1,456,956	(387,941)	(24,158)	376,362	1,883,091	31,777	1,914,868
Profit for the period	-	-	-	-	57,603	57,603	898	58,501
Other comprehensive loss for the period	-	-	(10,293)	677	-	(9,616)	237	(9,379)
Total comprehensive income for the period	-	-	(10,293)	677	57,603	47,987	1,135	49,122
Cash dividend (Note 24)	-	-	-	-	(46,187)	(46,187)	-	(46,187)
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	20,674	-	(20,674)	-	-	-
Balance at 30 June 2016 - (unaudited)	461,872	1,456,956	(377,560)	(23,481)	367,104	1,884,891	32,912	1,917,803
Balance at 31 December 2016 (audited)	461,872	1,477,337	(332,402)	(27,100)	352,729	1,932,436	24,657	1,957,093
Profit for the period	-	-	-	-	51,281	51,281	185	51,466
Other comprehensive loss for the period	-	-	(19,188)	1,001	-	(18,187)	636	(17,551)
Total comprehensive income for the period	-	-	(19,188)	1,001	51,281	33,094	821	33,915
Cash dividend (Note 24)	-	-	-	-	(46,187)	(46,187)	-	(46,187)
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	68,084	-	(68,084)	-	-	-
Balance at 30 June 2017 (unaudited)	461,872	1,477,337	(283,506)	(26,099)	289,739	1,919,343	25,478	1,944,821

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

**Condensed consolidated statement of cash flows (unaudited)
for the six months period ended 30 June 2017**

	Six months period ended 30 June	
	2017	2016
	AED'000	AED'000
Cash flows from operating activities		
Profit before tax for the period	54,758	60,073
Adjustments for:		
Depreciation and amortisation	9,920	9,510
Unrealised gain on financial investments at FVTPL	(30,371)	(5,400)
Fair value gain on investment properties	-	(746)
Provision for end of service benefits	4,976	2,633
Allowance for doubtful debts	12,383	6,593
Dividends income from financial investments at FVTPL and FVTOCI	(15,825)	(17,468)
Interest income from financial assets	(27,206)	(33,308)
Amortisation of financial assets	1,396	2,783
Gains on sale of financial investments at FVTPL	271	-
(Gains)/losses on sale of financial investments at amortised cost	(8,592)	2,002
Finance costs	1,333	671
Other investment expenses	13,179	8,532
Rental income from investment properties	(4,501)	(4,385)
Loss on write off of property and equipment	598	-
Unrealised loss on fair valuation of derivatives	-	3,393
Operating cash flows before changes in operating assets and liabilities	12,319	34,883
Increase in reinsurance contract assets	(366,031)	(816,248)
Increase in insurance and other receivables	(149,958)	(391,478)
Increase in deferred acquisition costs	(40,953)	(18,819)
Increase in insurance contract liabilities	548,329	866,211
Increase in insurance and other payables	26,395	231,694
Increase in reinsurance deposits retained	1,158	483
Increase in deferred commission income	39,134	24,797
Net cash generated from/(used in) operations	70,393	(68,477)
End of service benefits paid	(3,143)	(1,332)
Finance costs paid	(1,333)	(671)
Net cash generated from/(used in) operating activities	65,917	(70,480)

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

**Condensed consolidated statement of cash flows (unaudited)
for the six months period ended 30 June 2017 (continued)**

	Six months period ended 30 June	
	2017	2016
	AED'000	AED'000
Cash flows from investing activities		
Purchases of financial investments at FVTOCI	(82,318)	(121,339)
Proceeds from sale of financial investments at FVTOCI	227,761	50,887
Purchases of financial investments at FVTPL	(62,073)	(64,587)
Proceeds from sale of financial investments at FVTPL	95,697	101,026
Increase/(decrease) in unit linked liabilities	12,042	(31,467)
Proceeds from sale of financials investments amortised cost	585,574	68,553
Purchases of financial investments at amortised cost	(729,427)	(64,563)
Dividends income from financial investments at FVTPL and FVTOCI	15,171	12,568
Interest income from deposits and financial investments at FVTPL	27,568	33,319
Other investment expenses	(12,784)	(8,785)
Rental income from investment properties	4,343	4,181
Purchase of property and equipment	(1,232)	(1,248)
Purchase of intangible assets	(602)	(5,290)
Decrease in term deposits maturing after 3 months	36,917	19,004
Increase in statutory deposits	(35,439)	-
Net cash generated from/(used in) investing activities	81,198	(7,741)
Cash flows from financing activities		
Dividends paid	(46,187)	(46,187)
(Decrease)/increase in bank borrowings	(104,917)	125,709
Cash (used in)/generated from financing activities	(151,104)	79,522
Net (decrease)/increase in cash and cash equivalents	(3,989)	1,301
Effects of exchange rate changes on the balances of cash held in foreign currency	895	724
Cash and cash equivalents at the beginning of the period	295,390	181,320
Cash and cash equivalents at the end of the period (Note 13)	292,296	183,345

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

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017**

1. General information

Oman Insurance Company P.S.C., (the “Company”) which was established by an Amiri Decree issued by His Highness, The Ruler of Dubai, as a public shareholding company. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of Insurance Authority of the U.A.E. under registration number 9. The Company is a subsidiary of Mashreq Bank (PSC) incorporated in the Emirate of Dubai. The Company’s registered head office is at P.O. Box 5209, Dubai, United Arab Emirates. The Group comprises Oman Insurance Company P.S.C and its subsidiaries. The Company’s ordinary shares are listed on the Dubai Financial Market, United Arab Emirates.

The licensed activities of the Company are issuing short term and long term insurance contracts and trading in securities. The insurance contracts are issued in connection with property, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and non-participating), group life, personal accident, medical and investment linked products.

The Company also operates in Sultanate of Oman, State of Qatar, and Republic of Turkey.

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

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses.
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Financial improvements to IFRS Standards 2014 – 2016 Cycle – Amendments to IFRS 12 *Disclosure of Interest in Other Entities*.

2.2 New and revised IFRS in issue but not yet effective

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

New and revised IFRSs

Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28.

**Effective for
annual periods
beginning on or after**

The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

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

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

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

1 January 2018

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.

1 January 2018

Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.

1 January 2018

Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

1 January 2018

Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model.

1 January 2018

A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets.

A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

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

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

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

Amendments to IFRS 4: Insurance Contracts which introduces the overlay approach and deferral approach towards implementing IFRS 9 before implementing the replacement standard that the IASB Board is developing for IFRS 4.

When IFRS 9 is first applied or 1 January 2021 under deferral approach.

IFRS 15 Revenue from Contracts with Customers

1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

1 January 2018

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

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

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

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

IFRS 16 Leases

1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 17 *Insurance contracts*. The standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

1 January 2021

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for finalised version of IFRS 9 and IFRS 17, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

The application of finalised version of IFRS 9 and IFRS 17 may have significant impact on amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of effects of the application of their standard as the Group is in the process of performing a detailed review.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, “*Interim Financial Reporting*” and also comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group’s transactions are denominated and all values are rounded to the nearest thousand (AED ’000) except when otherwise indicated.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties.

The Group presents its condensed consolidated statement of financial position broadly in order of liquidity.

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2016. In addition, results for the six months period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

3.2 Significant accounting policies

The accounting policies, presentation and methods in these condensed consolidated financial statements are consistent with those used in the annual audited consolidated financial statements for the year ended 31 December 2016.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment properties, property and equipment and financial assets have been disclosed in these condensed consolidated financial statements (Notes 3.4 to 3.6).

3.3 Basis of consolidation

The condensed consolidated financial statements of Oman Insurance P.S.C. and Subsidiaries (the "Group") incorporate the financial statements of the Company and the entities controlled by the Company (its Subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

3. Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated income statement and condensed consolidated statement of other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.4 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the period of retirement or disposal.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

3. Summary of significant accounting policies (continued)

3.4 Investment properties (continued)

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes.

3.5 Property and equipment

Capital work in progress is stated at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other property and equipment are stated at cost less accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The useful lives considered in the calculation of depreciation for the assets are as follows:

	Years
Furniture and equipments	3 - 5
Motor vehicles	5

3.6 Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

3.6.1 Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 *Financial Instruments: Presentation*) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.2 Financial assets at amortised cost and the effective interest method

Debt instruments are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL – see below). They are subsequently measured at amortised cost using the effective interest method less any impairment (see Note 3.6.8 below), with interest income recognised on an effective yield basis in investment income.

Subsequent to initial recognition, the Group is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria are no longer met.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

3.6.3 Cash and cash equivalents

Cash and cash equivalents, which include cash on hand and deposits held with banks with original maturities of three months or less, are classified as financial assets at amortised cost.

3.6.4 Insurance receivables, other receivables and statutory deposits

Insurance receivables, other receivables and statutory deposits are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.5 Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value of securities reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment.

3.6.6 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition (see above).

Investment linked components of insurance contracts are classified as at FVTPL. Any gains or losses arising on remeasurement of these assets and equivalent movements in reserves attributable to policyholders are offset within the same line in the consolidated income statement.

Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.6 Financial assets at fair value through profit or loss (FVTPL) (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 *Revenue*.

3.6.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in profit or loss; and
- for financial assets that designated as at FVTOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in profit or loss.

3.6.8 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as insurance receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.8 Impairment of financial assets (continued)

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of insurance receivables, where the carrying amount is reduced through the use of an allowance account. When an insurance receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.6.9 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

4. Critical accounting judgements and key sources of estimation of uncertainty

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

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

5. Financial investments

The Group's financial investments at the end of reporting period are detailed below.

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
At fair value through profit or loss	291,384	294,908
At fair value through other comprehensive income	415,542	580,173
Measured at amortised cost	1,123,914	972,865
	1,830,840	1,847,946

Financial investments measured at amortised cost include quoted bonds. These bonds carry interests at coupon rates of 1.813% to 7.875% per annum. The Group holds these investments with the objective of receiving the contractual cash flows over the instruments life. The fair value of these bonds at 30 June 2017 is AED 1,125,837 thousand (31 December 2016: AED 973,682 thousand).

The movements in investments are as follows:

	Fair value through profit or loss AED'000	Fair value through OCI AED'000	Amortised cost AED'000	Total AED'000
At 1 January 2016 (audited)	308,955	466,611	962,622	1,738,188
Purchases	135,638	217,288	161,040	513,966
Disposals	(159,569)	(121,378)	(148,567)	(429,514)
Amortisation	-	-	(2,230)	(2,230)
Changes in fair value	9,884	17,652	-	27,536
At 31 December 2016 (audited)	294,908	580,173	972,865	1,847,946
Purchases	62,073	82,318	729,427	873,818
Disposals	(95,968)	(227,761)	(576,982)	(900,711)
Amortisation	-	-	(1,396)	(1,396)
Changes in fair value	30,371	(19,188)	-	11,183
At 30 June 2017 (unaudited)	291,384	415,542	1,123,914	1,830,840

5.1 Reclassification of financial investments measured at FVTPL

On 28 March 2013, management revisited the Group's business model for managing the financial investments and changed its business model for managing investments in debt instruments. Accordingly, the Group reclassified AED 352,391 thousand from FVTPL to amortised cost from 1 April 2013. The business model has been changed from realizing the fair value by disposing of the investment to hold the asset until its maturity so as to collect the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

5. Financial investments (continued)

5.1 Reclassification of financial investments measured at FVTPL (continued)

These bonds carry effective interests at the rates of 2% to 9% per annum at the date of reclassification. The interest income recognized on these investments for the reporting period ended 30 June 2017 is AED 2,277 thousand (30 June 2016: AED 2,453 thousand).

The fair value loss recognised in profit or loss during the year would have been increased by AED 180 thousand (30 June 2016: AED 1,224 thousand) if these financial assets had not been reclassified.

6. Insurance contract liabilities and re-insurance contract assets

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Insurance contract liabilities		
Outstanding claims	1,995,075	1,867,591
Additional reserve - IBNR	344,408	317,739
Life assurance fund	222,086	235,138
Unearned premium	1,678,505	1,271,277
Unit linked liabilities	267,593	255,551
Unallocated loss adjustment expenses reserve	9,503	9,503
	4,517,170	3,956,799
Recoverable from re-insurers		
Outstanding claims	1,617,142	1,483,302
Additional reserve - IBNR	211,209	205,477
Unearned premiums	945,167	718,708
	2,773,518	2,407,487
Insurance contract liabilities – net		
Outstanding claims	377,933	384,289
Additional reserve - IBNR	133,199	112,262
Life assurance fund	222,086	235,138
Unearned premiums	733,338	552,569
Unit linked liabilities	267,593	255,551
Unallocated loss adjustment expenses reserve	9,503	9,503
	1,743,652	1,549,312

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

7. Insurance receivables

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Due from policyholders and brokers	1,098,893	941,003
Less: allowance for doubtful debts	(91,916)	(79,412)
Net due from policyholders and brokers	1,006,977	861,591
Due from insurance/reinsurance companies	695,500	707,944
Less: allowance for doubtful debts	(38,276)	(38,276)
Net due from insurance/reinsurance companies	657,224	669,668
Total insurance receivables	1,664,201	1,531,259

7.1 Insurance receivables by location

Inside UAE	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Due from policyholders and brokers	892,243	736,388
Less: allowance for doubtful debts	(74,215)	(62,013)
Net due from policyholders and brokers	818,028	674,375
Due from insurance/reinsurance companies	576,930	555,687
Less: allowance for doubtful debts	(38,276)	(38,276)
Net due from insurance/reinsurance companies	538,654	517,411
Total insurance receivables inside UAE	1,356,682	1,191,786

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

7. Insurance receivables (continued)

7.1 Insurance receivables by location (continued)

Outside UAE

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Due from policyholders and brokers	206,650	204,615
Less: allowance for doubtful debts	(17,701)	(17,399)
Net due from policyholders and brokers	188,949	187,216
Due from insurance/reinsurance companies	118,570	152,257
Total insurance receivables outside UAE	307,519	339,473

Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)

7. Insurance receivables (continued)

7.2 Ageing of insurance receivables

30 June 2017 (Unaudited)

	Not yet due AED'000	Past Due by Number of Days						Total AED'000
		<30 days AED'000	30-90 days AED'000	91-180 days AED'000	181-270 days AED'000	271-360 days AED'000	>360 days AED'000	
Due from policyholders	243,844	167,390	178,559	55,605	34,661	142,973	9,808	832,840
Due from insurance companies	-	52,149	109,601	3,778	31,484	87,965	3,219	288,196
Due from reinsurance companies	15,261	56,993	181,942	24,544	80,361	9,739	188	369,028
Due from brokers	88,478	45,167	5,760	4,350	299	7,753	4,787	156,594
Other receivables	-	708	1,227	976	1,808	11,288	1,536	17,543
Insurance receivables - net	347,583	322,407	477,089	89,253	148,613	259,718	19,538	1,664,201

31 December 2016 (Audited)

	Not yet due AED'000	Past Due by Number of Days						Total AED'000
		<30 days AED'000	30-90 days AED'000	91-180 days AED'000	181-270 days AED'000	271-360 days AED'000	>360 days AED'000	
Due from policyholders	261,144	99,924	275,474	67,087	48,999	2,846	1,768	757,242
Due from insurance companies	8,742	68,909	57,634	20,429	13,716	80,202	826	250,458
Due from reinsurance companies	-	238,508	147,980	22,070	1,386	9,071	195	419,210
Due from brokers	35,532	32,739	21,551	1,660	938	-	-	92,420
Other receivables	2,501	2,321	169	163	325	6,273	177	11,929
Insurance receivables - net	307,919	442,401	502,808	111,409	65,364	98,392	2,966	1,531,259

Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)

7. Insurance receivables (continued)

7.2 Ageing of insurance receivables (continued)

7.2.1 Ageing of insurance receivables by location

Inside UAE

30 June 2017 (Unaudited)

	Not yet due AED'000	<30 days AED'000	Past Due by Number of Days					Total AED'000
			30-90 days AED'000	91-180 days AED'000	181-270 days AED'000	271-360 days AED'000	>360 days AED'000	
Due from policyholders	207,921	116,490	147,967	45,883	27,687	125,258	-	671,206
Due from insurance companies	-	51,850	108,905	2,840	29,958	83,964	-	277,517
Due from reinsurance companies	8,550	31,450	177,265	19,086	24,786	-	-	261,137
Due from Brokers	84,974	44,517	-	-	-	-	-	129,491
Other receivables	-	648	1,124	976	1,761	11,288	1,534	17,331
Insurance receivables - net	301,445	244,955	435,261	68,785	84,192	220,510	1,534	1,356,682

31 December 2016 (Audited)

	Not yet due AED'000	<30 days AED'000	Past Due by Number of Days					Total AED'000
			30-90 days AED'000	91-180 days AED'000	181-270 days AED'000	271-360 days AED'000	>360 days AED'000	
Due from policyholders	141,709	56,182	272,430	64,163	43,856	-	-	578,340
Due from insurance companies	5,510	68,614	56,776	19,911	13,079	75,962	-	239,852
Due from reinsurance companies	-	114,504	143,468	19,587	-	-	-	277,559
Due from Brokers	32,294	32,020	19,922	-	-	-	-	84,236
Other receivables	2,491	2,305	125	163	318	6,219	178	11,799
Insurance receivables - net	182,004	273,625	492,721	103,824	57,253	82,181	178	1,191,786

Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)

7. Insurance receivables (continued)

7.2 Ageing of insurance receivables (continued)

7.2.1 Ageing of insurance receivables by location (continued)

Outside UAE

30 June 2017 (Unaudited)

	Not yet due AED'000	Past Due by Number of Days					Total AED'000
		<30 days AED'000	30-90 days AED'000	91-180 days AED'000	181-270 days AED'000	271-360 days AED'000	
Due from policyholders	35,923	50,900	30,592	9,722	6,974	17,715	161,634
Due from insurance companies	-	299	696	938	1,526	4,001	10,679
Due from reinsurance companies	6,711	25,543	4,677	5,458	55,575	9,739	107,891
Due from brokers	3,504	650	5,760	4,350	299	7,753	27,103
Other receivables	-	60	103	-	47	-	212
Insurance receivables - net	46,138	77,452	41,828	20,468	64,421	39,208	307,519

31 December 2016 (Audited)

	Not yet due AED'000	Past Due by Number of Days					Total AED'000
		<30 days AED'000	30-90 days AED'000	91-180 days AED'000	181-270 days AED'000	271-360 days AED'000	
Due from policyholders	119,435	43,742	3,044	2,924	5,143	2,846	178,902
Due from insurance companies	3,232	295	858	518	637	4,239	10,605
Due from reinsurance companies	-	124,004	4,512	2,483	1,387	9,071	141,652
Due from brokers	3,238	719	1,629	1,660	938	-	8,184
Other receivables	10	16	44	-	6	54	130
Insurance receivables - net	125,915	168,776	10,087	7,585	8,111	16,210	339,473

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

7. Insurance receivables (continued)

7.3 Movement in the allowance for doubtful debts

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Balance at beginning of the period/year	117,688	106,903
Allowance made during the period/year	12,383	37,282
Foreign currency exchange differences	121	-
Amounts written off as uncollectible during the period/year	-	(26,497)
Balance at end of the period/year	130,192	117,688

The Group has provided for certain receivables based on estimated recoverable amounts, determined after review of credit quality of specific customers and past default experience. In determining the recoverability of an insurance receivable, the Group considers any change in the credit quality of the customer from the date credit was initially granted up to the reporting date. Accordingly, management believes that no further provision is required in excess of the allowance for doubtful debts that has been provided for.

8. Share capital

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2016: 461,872,125 shares of AED 1 each)	461,872	461,872

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

9. Reserves

	Statutory reserve AED '000	Strategic reserve AED '000	General reserve AED '000	Contingency reserve AED '000	Total AED '000
Balance at 31 December 2015 (audited)	230,936	303,750	913,327	8,943	1,456,956
Balance at 30 June 2016 (unaudited)	230,936	303,750	913,327	8,943	1,456,956
Balance at 31 December 2016 (audited)	230,936	303,750	933,051	9,600	1,477,337
Balance at 30 June 2017 (unaudited)	230,936	303,750	933,051	9,600	1,477,337

10. Bank borrowings

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Short term loan	262,815	367,732

Short term loan was secured by assignment of certain quoted bonds in favour of the lending institution. The term loan carried a fixed interest rate of 1.4% per annum.

11. Insurance payables

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Payables – Inside UAE	561,136	530,533
Payables – Outside UAE	181,304	149,690
	742,440	680,223

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

11. Insurance payables (continued)

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Inside UAE		
Due to policyholders and brokers	112,225	118,520
Due to insurance/reinsurance companies	378,263	350,412
Premiums collected in advance	272	274
Other insurance payables	70,376	61,327
	<u>561,136</u>	<u>530,533</u>
	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Outside UAE		
Due to policyholders and brokers	93,297	78,222
Due to insurance/reinsurance companies	59,728	44,562
Premiums collected in advance	20,839	18,238
Other insurance payables	7,440	8,668
	<u>181,304</u>	<u>149,690</u>

12. Basic earnings per share

	Three months period ended 30 June		Six months period ended 30 June	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Profit for the period attributable to the Owners of the Company (AED '000)	<u>25,298</u>	<u>33,307</u>	<u>51,281</u>	<u>57,603</u>
Weighted average number of shares	<u>461,872,125</u>	<u>461,872,125</u>	<u>461,872,125</u>	<u>461,872,125</u>
Basic earnings per share (AED)	<u>0.05</u>	<u>0.07</u>	<u>0.11</u>	<u>0.12</u>

Basic earnings per share are calculated by dividing the profit for the period attributable to the Owners of the Company by the number of shares outstanding at the end of the reporting period.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

13. Cash and cash equivalents

	Six months period ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	AED '000	AED '000
Deposits with banks maturing within 3 months	80,621	90,390
Bank balances and cash in hand	211,675	92,955
	292,296	183,345

14. Related party transactions

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

- 14.1 At the end of the reporting period, amounts due from/to related parties are included in the following accounts:

	30 June 2017	31 December 2016
	(unaudited)	(audited)
	AED '000	AED '000
Cash and bank balances	113,868	180,688
Bank borrowings	262,815	357,855
Statutory deposits	45,312	10,000
Net insurance receivable	63,224	38,213
Net insurance payable	1,530	1,519

- 14.2 During the period, the Group entered into the following transactions with related parties:

	Three months period ended		Six months period ended	
	2017	30 June	2017	30 June
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED '000	AED '000	AED '000	AED '000
Premium	48,773	42,208	84,501	70,863
Claims	11,902	1,851	26,923	19,788
Interest income	109	91	272	236
Interest expense	852	-	2,069	-
Rental expense	848	1,181	1,687	2,368

Premiums are charged to related parties at rates agreed with management.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

14. Related party transactions (continued)

14.3 Compensation of key management personnel

	Three months period ended		Six months period ended	
	30 June		30 June	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED '000	AED '000	AED '000	AED '000
Directors' fees	-	-	2,250	2,250
Salaries and benefits	1,359	618	1,977	1,236
End of service benefits	27	119	228	119
Total compensation paid to key management personnel	1,386	737	4,455	3,605

15. Contingent liabilities

At 30 June 2017, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 96.52 million (31 December 2016: AED 105 million).

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 expect that the outcome of these court cases will have a material impact on the Group's consolidated financial performance or consolidated financial position.

16. Commitments

	30 June 2017	31 December 2016
	(unaudited)	(audited)
	AED '000	AED '000
16.1 Purchase commitments		
Commitments in respect of uncalled subscription of certain shares held as investments	13,311	12,721
Capital commitments towards acquisitions of property and equipment and intangible assets	-	295

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

16. Commitments (continued)

16.2 Operating lease commitments

At the end of the reporting period, minimum lease commitments under non-cancellable operating lease agreements are as follows:

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Within one year	8,526	2,632
Second to fifth year	4,654	1,407

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

17. Locations of assets

As required by Securities and Commodities Authority notification dated 12 October 2008, the locations of assets are disclosed below:

	30 June 2017 (unaudited)			31 December 2016 (audited)		
	In U.A.E. AED '000	In other countries AED '000	Total AED '000	In U.A.E. AED '000	In other countries AED '000	Total AED '000
Property and equipment	14,896	2,587	17,483	18,837	2,418	21,255
Investment properties	511,364	-	511,364	511,364	-	511,364
Financial investments at FVTOCI	162,598	252,944	415,542	326,431	253,742	580,173
Financial investments at FVTPL	2,436	288,948	291,384	3,079	291,829	294,908
Financial investments at amortised cost	845,526	278,388	1,123,914	523,652	449,213	972,865
Bank balances and cash	222,772	202,595	425,367	275,877	189,501	465,378
	<u>1,759,592</u>	<u>1,025,462</u>	<u>2,785,054</u>	<u>1,659,240</u>	<u>1,186,703</u>	<u>2,845,943</u>

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

18. Segment information

For management purposes, the Group is organised into three business segments, general insurance, life insurance including medical and investments. The general insurance segment comprises property, motor, general accident, aviation and marine risks. The life insurance segment includes individual life (participating and non-participating), medical, group life and personal accident as well as investment linked products. Investment comprises investments (financial and non-financial), deposits with banks and cash management for the Group's own accounts.

These segments are the basis on which the Group reports its primary segment information to the Chief Operating Decision Maker.

Segmental information is presented below:

18.1 Segment premium and results by operating segments

	Six months period ended 30 June (unaudited)					
	General insurance		Life assurance and medical		Total	
	2017 AED '000	2016 AED '000	2017 AED '000	2016 AED '000	2017 AED '000	2016 AED '000
Gross insurance premium	1,109,640	974,526	1,045,586	1,051,807	2,155,226	2,026,333
Net underwriting profit	24,641	36,008	18,780	8,278	43,421	44,286
Net investment income					43,052	39,197
Finance costs					(1,333)	(671)
Allowance for doubtful debts					(12,383)	(6,593)
Other expenses - net					(17,999)	(16,146)
Profit before tax					54,758	60,073
Income tax expense					(3,292)	(1,572)
Profit for the period					51,466	58,501
Attributable to:						
Owners of the Company					51,281	57,603
Non-controlling interests					185	898
Profit for the period					51,466	58,501

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

18. Segment information (continued)

18.2 Segment results by geographical distribution

	Six months period ended 30 June (unaudited)					
	GCC		Turkey		Total	
	2017 AED '000	2016 AED '000	2017 AED '000	2016 AED '000	2017 AED '000	2016 AED '000
Gross insurance premium	2,040,657	1,903,264	114,569	123,069	2,155,226	2,026,333
Net underwriting profit	41,632	40,065	1,789	4,221	43,421	44,286
Net investment income	38,063	34,558	4,989	4,639	43,052	39,197
Finance costs	(1,333)	(671)	-	-	(1,333)	(671)
Allowance for doubtful debts	(12,208)	(6,406)	(175)	(187)	(12,383)	(6,593)
Other expenses – net	(14,722)	(10,595)	(3,277)	(5,551)	(17,999)	(16,146)
Profit before tax	51,432	56,951	3,326	3,122	54,758	60,073
Income tax credit	-	-	(3,292)	(1,572)	(3,292)	(1,572)
Profit for the period	51,432	56,951	34	1,550	51,466	58,501
Attributable to:						
Owners of the Company	51,265	56,815	16	788	51,281	57,603
Non-controlling interests	167	136	18	762	185	898
Profit for the period	51,432	56,951	34	1,550	51,466	58,501

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

18. Segment information (continued)

18.3 Segment assets and liabilities by operating segments

	30 June 2017 (unaudited)			
	General insurance AED '000	Life assurance and medical AED '000	Investment AED '000	Total AED '000
Segment assets	2,332,937	3,092,497	2,342,204	7,767,638
Segment liabilities	3,668,374	2,154,443	-	5,822,817
Capital expenditure	1,834	-	-	1,834
Depreciation	2,797	2,289	-	5,086

	31 December 2016 (audited)			
	General insurance AED '000	Life assurance and medical AED '000	Investment AED '000	Total AED '000
Segment assets	2,105,549	2,791,077	2,359,310	7,255,936
Segment liabilities	3,338,271	1,960,572	-	5,298,843
Capital expenditure	15,942	-	-	15,942
Depreciation	10,412	8,519	-	18,931

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

18. Segment information (continued)

18.4 Geographical information of segment assets and liabilities

	30 June 2017 (unaudited)		
	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	7,319,394	448,244	7,767,638
Segment liabilities	5,430,645	392,172	5,822,817
Capital expenditure	1,834	-	1,834
Depreciation	4,630	456	5,086

	31 December 2016 (audited)		
	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	6,852,450	403,486	7,255,936
Segment liabilities	4,970,089	328,754	5,298,843
Capital expenditure	15,942	-	15,942
Depreciation	18,020	911	18,931

19. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

19.1 Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values except for financial investments measured at amortised cost of which fair value is determined based on the quoted market prices and disclosed in Note 5 of these condensed consolidated financial statements.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

19. Fair value measurements (continued)

19.2 Fair value of financial and non-financial items carried at fair value

19.2.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of assets and liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2016.

19.2.2 Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

Financial assets	30 June 2017 (unaudited) AED'000	Fair value as at 31 December 2016 (audited) AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments – FVTOCI	298,385	314,075	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted equity investments – FVTOCI	117,157	266,098	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/historical financial information.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Quoted debt instruments – FVTPL	21,408	37,549	Level 1	Quoted bid prices in an active market.	None.	NA
Unit linked investments – FVTPL	269,976	257,359	Level 3	Net assets values of the funds	Net assets value	Higher the net assets value, higher the fair value.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

19. Fair value measurements (continued)

19.2 Fair value of financial and non-financial items carried at fair value (continued)

19.2.2 Fair value of the Group's financial assets that are measured at fair value on recurring basis (continued)

Financial assets	30 June 2017 (unaudited) AED'000	Fair value as at 31 December 2017 (audited) AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted debt instruments – amortized costs	1,109,390	958,226	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted debt instruments – amortized costs	16,447	15,456	Level 3	Net assets values of the funds.	Net assets value	Higher the net assets value, higher the fair value.

19.2.3 Reconciliation of level 3 fair value measurements

19.2.3.1 Reconciliation of unit linked investments – at fair value through profit or loss, movements in level 3 financial assets measured at fair values:

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Balance at the beginning of the period/year	257,359	292,065
Additions during the period/year	62,073	101,081
Disposals during the period/year	(78,053)	(139,542)
Fair value changes	28,597	3,755
Balance at the end of the period/year	269,976	257,359

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

19. Fair value measurements (continued)

19.2 Fair value of financial and non-financial items carried at fair value (continued)

19.2.3 Reconciliation of level 3 fair value measurements (continued)

19.2.3.2 Reconciliation of unquoted equity instruments – at fair value through other comprehensive income, movements in level 3 financial assets measured at fair values:

	30 June 2017 (unaudited) AED '000	31 December 2016 (audited) AED '000
Balance at beginning of the period/year	266,098	133,530
Additions during the period/year	-	106,165
Disposals during the period/year	(151,437)	(16,643)
Losses recognised in other comprehensive income	2,496	43,046
Balance at the end of the period/year	117,157	266,098

20. Capital risk management

The Group's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of Its Operations;
- to protect its policy holders' interests;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the Shareholders and benefits for other stakeholders; and
- to provide an adequate return to the Shareholders by pricing insurance contracts commensurately with the level of risk.

The solvency regulations identify the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

20. Capital risk management (continued)

New Regulations to be enforced end of 2017:

The table below summarizes the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as per the Section 2 of the new Financial Regulations for the Insurance Companies which will be enforced at the end of 2017 as per the alignment period of the same regulations.

	30 June 2017 AED'000 Unaudited	31 December 2016 AED'000 Audited
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	990,248	806,114
Minimum Guarantee Fund (MGF)	365,763	358,320
Own Funds		
Basic Own Funds	1,170,231	1,012,392
Ancillary Own Funds	-	-
Minimum Capital Requirement Surplus (over MCR)	1,070,231	912,392
Minimum Capital Requirement Surplus (over SCR)	179,982	206,278
Minimum Capital Requirement Surplus (over MGF)	804,467	654,072

The Company believes that the above surplus, calculated as per the prevalent Insurance Authority Regulations is not an accurate reflection of the actual solvency position of the Company.

Actual Regulation

Based on the actual regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2016: AED 100 million) against which the paid up capital of the Company is AED 462 million (31 December 2016: AED 462 million).

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

21. Summary of the actuary's report on the technical provisions

This note provides a summary of the actuarial technical provisions calculated and certified by the Appointed Actuary.

The table below provides a summary of the gross of reinsurance technical provisions and related reinsurance assets.

INSURANCE ACTIVITY & TECHNICAL PROVISIONS CATEGORY	AS AT 30 JUNE 2017 (UNAUDITED)			AS AT 31 DECEMBER 2016 (AUDITED)		
	GROSS	RI	NET	GROSS	RI	NET
	AED '000			AED '000		
Personal Insurance and Fund Accumulation Operations						
Outstanding claims provisions (OS)	98,529	(65,639)	32,890	92,247	(60,554)	31,693
Provisions for unearned premiums (UPR)	50,978	(21,983)	28,995	37,739	(12,247)	25,492
Provisions for claims incurred but not reported (IBNR)	27,519	(17,760)	9,759	28,731	(18,908)	9,823
Unallocated loss adjustment expenses reserve (ULAE)	429	-	429	429	-	429
Mathematical Reserves:	489,679	-	489,679	490,689	-	490,689
<i>Unit-Linked</i>	267,593	-	267,593	255,551	-	255,551
<i>Non Unit-Linked</i>	222,086	-	222,086	235,138	-	235,138
Sub-Total	667,134	(105,382)	561,752	649,835	(91,709)	558,126
Property and Liability Insurance Operations						
Outstanding claims provisions (OS)	1,896,546	(1,551,503)	345,043	1,775,344	(1,422,748)	352,596
Provisions for unearned premiums (UPR)	1,627,527	(923,184)	704,343	1,233,538	(706,461)	527,077
Provisions for claims incurred but not reported (IBNR)	316,889	(193,449)	123,440	289,008	(186,569)	102,439
Unallocated loss adjustment expenses reserve (ULAE)	9,074	-	9,074	9,074	-	9,074
Sub-Total	3,850,036	(2,668,136)	1,181,900	3,306,964	(2,315,778)	991,186
Total	4,517,170	(2,773,518)	1,743,652	3,956,799	(2,407,487)	1,549,312

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)****21. Summary of the actuary's report on the technical provisions (continued)****Personal insurance and fund accumulation operations**

This category includes Individual Life, Group Life and Credit Life business. Technical provisions were calculated for the UAE and Oman operations separately. Generally acceptable actuarial techniques were implemented in the determination of the gross and net technical provisions figures.

Judgment is required in calculating the provisions and is exercised particularly through the choice of assumptions where discretion is permitted. In turn, the assumptions used are based where possible on recent experience investigations and market information where necessary. Technical provisions are most sensitive to assumptions regarding discount rates and mortality/morbidity rates. The discount rate assumption used where applicable is set to 3.00% which is within the range of assumptions used by market peers and is reasonable with regard to the actual earnings of the Company based on the year-to-date asset information and analysis after allowing for risk adjustment. The Company does not hold enough credible mortality experience to conduct a full mortality study as the size of the portfolio does not generate sufficient claims to make the experience statistically significant. A crude estimate of the expected net mortality cost indicated that the expected mortality rate used is materially higher than the realized mortality claims in recent years proving that the basis includes sufficient prudence margins.

Under the net premium method used, the premium taken into account in calculating technical provisions is determined actuarially, based on the valuation assumptions regarding discount rates, mortality and disability. The difference between this premium and the actual premium payable provides sufficient margin for expenses. An expense adequacy test has also been performed indicating that available implicit expense margins in the valuation basis is adequate to cover the total projected expenses for Individual Life, Group Life and Unit linked business. The valuation methodology does not allow for voluntary early termination of the life insurance contracts by the policyholder, hence no assumption is required for persistency. The technical provision determined with no lapse allowance is considered to be prudent.

Property and liability insurance operations

This category includes health and other general insurance lines of business (LOBs). Technical provisions were calculated separately for UAE and for Turkey operations. No discounting of technical provisions was employed.

Outstanding claims provisions are estimated based on known facts at the date of estimation. Case estimates are set by claims technicians and established case setting procedures. Ultimate claims are estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that the past claims development experience can be used to project future claims development and hence ultimate claims. As such, these methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident period. IBNR claims are estimated by subtracting outstanding claims provisions from ultimate claims estimates.

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

21. Summary of the actuary's report on the technical provisions (continued)

Claim development is separately analysed for each LOB. The assumptions used in most non-life actuarial projection techniques, including future rates of claims inflation or loss ratio assumptions, are implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future, for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures in order to arrive at a point estimate for the ultimate cost of claims that represents the likely outcome, from a range of possible outcomes, taking account of all the uncertainties involved.

22. Net premiums written

The tables below represents a breakdown of the premiums written by the Group for each category of insurance as defined by the Insurance Authority

22.1 Gross premiums - Direct Business

	Three months period ended 30 June		Six months period ended 30 June	
	2017 (unaudited) AED '000	2016 (unaudited) AED '000	2017 (unaudited) AED '000	2016 (unaudited) AED '000
Property and liability insurance operations	725,779	657,027	1,715,074	1,521,888
Insurance of persons & fund accumulation operations	38,381	49,535	88,885	206,850
Total	<u>764,160</u>	<u>706,562</u>	<u>1,803,959</u>	<u>1,728,738</u>

22.2 Gross Premiums - Reinsurance Assumed

	Three months period ended 30 June		Six months period ended 30 June	
	2017 (unaudited) AED '000	2016 (unaudited) AED '000	2017 (unaudited) AED '000	2016 (unaudited) AED '000
Property and liability insurance operations	220,200	152,881	344,063	276,447
Insurance of persons & fund accumulation operations	1,467	11,263	7,204	21,148
Total	<u>221,667</u>	<u>164,144</u>	<u>351,267</u>	<u>297,595</u>

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

22. Net premiums written (continued)

22.3 Reinsurance premiums ceded

	Three months period ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED '000	AED '000	AED '000	AED '000
Property and liability insurance operations	607,990	509,194	1,236,430	1,147,882
Insurance of persons & fund accumulation operations	14,908	21,507	41,197	125,163
Total	622,898	530,701	1,277,627	1,273,045

22.4 Net premiums written

	Three months period ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED '000	AED '000	AED '000	AED '000
Property and liability insurance operations	337,989	300,714	822,707	650,453
Insurance of persons & fund accumulation operations	24,940	39,291	54,892	102,835
Total	362,929	340,005	877,599	753,288

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

23. Net claims paid

The tables below represents a breakdown of the claims settled by the Group for each category of insurance as defined by the Insurance Authority

23.1 Gross claims settled - Direct Business

	Three months period ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED '000	AED '000	AED '000	AED '000
Property and liability insurance operations	506,904	451,514	1,037,330	859,766
Insurance of persons & fund accumulation operations	34,344	37,096	66,724	78,106
Total	541,248	488,610	1,104,054	937,872

23.2 Gross Claims Settled - Reinsurance Assumed

	Three months period ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED '000	AED '000	AED '000	AED '000
Property and liability insurance operations	37,155	52,007	103,023	77,893
Insurance of persons & fund accumulation operations	8,546	1,997	12,807	6,598
Total	45,701	54,004	115,830	84,491

**Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2017 (continued)**

23. Net claims paid (continued)

23.3 Reinsurance share of claims settled

	Three months period ended 30 June		Six months period ended 30 June	
	2017 (unaudited) AED '000	2016 (unaudited) AED '000	2017 (unaudited) AED '000	2016 (unaudited) AED '000
Property and liability insurance operations	299,061	250,164	680,768	455,235
Insurance of persons & fund accumulation operations	20,260	16,135	34,739	31,750
Total	<u>319,321</u>	<u>266,299</u>	<u>715,507</u>	<u>486,985</u>

23.4 Net claims settled

	Three months period ended 30 June		Six months period ended 30 June	
	2017 (unaudited) AED '000	2016 (unaudited) AED '000	2017 (unaudited) AED '000	2016 (unaudited) AED '000
Property and liability insurance operations	244,998	253,357	459,585	482,424
Insurance of persons & fund accumulation operations	22,630	22,958	44,792	52,954
Total	<u>267,628</u>	<u>276,315</u>	<u>504,377</u>	<u>535,378</u>

24. Dividends

At the Annual General Meeting held on 21 March 2017, the shareholders approved a cash dividend distribution of 10% amounting to AED 46,187 thousand (AED 10 fils per share) for 2016. A cash dividend of 10% amounting to AED 46,187 thousand (AED 10 fils per share) was declared in the Annual General Meeting held on 15 March 2016 for the year 2015.

25. Seasonality of results

Net investment income includes dividend income of AED 15,825 thousand for the six months period ended 30 June 2017 (30 June 2016: AED 17,468 thousand), which is of a seasonal nature.

26. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 August 2017.