

Union Insurance Company P.J.S.C.

Condensed interim financial information  
*for the six month period ended 30 June 2017*

# Union Insurance Company P.J.S.C.

## Condensed interim financial statements *for the six month period ended 30 June 2017*

<b><i>Contents</i></b>	<b><i>Page</i></b>
Independent auditors' report on review of condensed interim financial information	1
Condensed interim statement of financial position	3
Condensed interim statement of profit or loss	4
Condensed interim statement of profit or loss and other comprehensive income	5
Condensed interim statement of changes in equity	6
Condensed interim statement of cash flows	7
Notes to the condensed interim financial information	8



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## **Independent auditors' report on review of condensed interim financial information**

To the Shareholders of Union Insurance Company P.J.S.C.

### *Introduction*

We have reviewed the accompanying 30 June 2017 condensed interim financial information of Union Insurance Company P.J.S.C. ("the Company"), which comprises:

- the condensed interim statement of financial position as at 30 June 2017;
- the condensed interim statement of profit or loss for the three-month and six-month periods ended 30 June 2017;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2017;
- the condensed interim statement of changes in equity for the six-month period ended 30 June 2017;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2017; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 30 June 2017 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited


Fawzi AbuRass  
Registration No. 968  
Dubai, United Arab Emirates  
Date: **09 AUG 2017**

**Union Insurance Company P.J.S.C.**  
**Condensed interim statement of financial position**  
*as at*

		(Un-audited) 30 June 2017	(Audited) 31 December 2016
	<i>Notes</i>	AED	AED
<b>ASSETS</b>			
Property and equipment		21,383,064	24,113,316
Intangible assets		4,432,240	2,789,972
Investment properties		82,390,000	82,390,000
Investment securities	8	351,901,270	329,406,592
Development work-in-progress	7	78,120,000	78,120,000
Statutory deposit		10,000,000	10,000,000
Reinsurance contract assets	11	469,414,572	380,713,394
Insurance and other receivables		652,603,195	484,700,617
Cash and bank balances	12	75,940,730	79,936,160
<b>Total assets</b>		<b><u>1,746,185,071</u></b>	<b><u>1,472,170,051</u></b>
<b>LIABILITIES</b>			
Insurance contract liabilities	11	815,142,380	673,592,751
Insurance and other payables	10	514,487,005	399,584,892
Payable to policyholders' of unit-linked products	19	114,393,039	97,094,973
Provision for employees' end of service benefits		3,916,877	3,416,877
<b>Total liabilities</b>		<b><u>1,447,939,301</u></b>	<b><u>1,173,689,493</u></b>
<b>EQUITY</b>			
Share capital		330,939,180	330,939,180
Statutory reserve		11,076,401	11,076,401
Special reserve		11,076,401	11,076,401
Fair value reserve		(23,859,648)	(23,342,135)
Accumulated losses		(30,986,564)	(31,269,289)
<b>Total equity</b>		<b><u>298,245,770</u></b>	<b><u>298,480,558</u></b>
<b>Total liabilities and equity</b>		<b><u>1,746,185,071</u></b>	<b><u>1,472,170,051</u></b>

The notes on pages 8 to 19 form an integral part of these condensed interim financial information.

The condensed interim financial information of the Company was authorised for issue and approved by the Board of Directors on **09 AUG 2017** and signed on its behalf by:

  
 Mohammed Hareb Al Mazroei  
 Chairman

  
 Abdul Mutaleb M H M Aljaede  
 Managing Director and Chief  
 Executive Officer

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

**Union Insurance Company P.J.S.C.**  
**Condensed interim statement of profit or loss**  
*for the period ended 30 June*

		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		<b>For the three</b>	For the three	<b>For the six</b>	For the six
		<b>month period</b>	month period	<b>month period</b>	month period
		<b>ended</b>	ended	<b>ended</b>	ended
Notes	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2016
	AED	AED	AED	AED	AED
		(Restated)		(Restated)	
Gross written premium		271,185,919	200,311,545	528,412,558	442,460,192
Reinsurance ceded		(127,985,502)	(86,385,135)	(244,589,266)	(195,641,503)
<b>Net retained premium</b>		<b>143,200,417</b>	113,926,410	<b>283,823,292</b>	246,818,689
Net change in unearned premium and policyholders' reserve		(22,185,652)	(20,016,617)	(60,709,749)	(64,108,999)
<b>Net earned premium</b>		<b>121,014,765</b>	93,909,793	<b>223,113,543</b>	182,709,690
Gross claims incurred	11.1	(108,047,624)	(140,409,327)	(247,486,537)	(298,109,831)
Insurance claims recovered from reinsurers	11.1	42,912,519	89,775,963	115,162,493	189,390,633
<b>Net claims incurred</b>		<b>(65,135,105)</b>	(50,633,364)	<b>(132,324,044)</b>	(108,719,198)
Gross commission earned		13,439,897	15,818,032	32,335,926	33,494,620
Less: commission incurred		(21,006,960)	(14,787,306)	(42,212,236)	(31,388,773)
<b>Net commission (incurred) / earned</b>		<b>(7,567,063)</b>	1,030,726	<b>(9,876,310)</b>	2,105,847
Administrative expenses	18	(20,822,093)	(18,844,064)	(37,859,835)	(35,507,213)
Other operational costs related to underwriting activities		(14,631,073)	(10,514,903)	(27,275,744)	(20,445,355)
Net movement in fair value of investments held for unit linked products	19	(3,757,119)	3,843	2,056,639	(975,472)
<b>Total underwriting expenses</b>		<b>(46,777,348)</b>	(28,324,398)	<b>(72,955,250)</b>	(54,822,193)
<b>Underwriting profit</b>		<b>9,102,312</b>	14,952,031	<b>17,834,249</b>	19,168,299
Net investment income / (loss)	17	822,200	(14,110,808)	(9,826,587)	(19,551,529)
General and other expenses	18	(4,142,196)	(3,475,132)	(7,724,937)	(6,701,967)
<b>Profit / (loss) for the period</b>		<b>5,782,316</b>	(2,633,909)	<b>282,725</b>	(7,085,197)
Basic and diluted earnings / (loss) per share		<b>0.0175</b>	(0.0080)	<b>0.0009</b>	(0.0214)

The notes on pages 8 to 19 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

**Union Insurance Company P.J.S.C.****Condensed interim statement of profit or loss and other comprehensive income***for the period ended 30 June*

	<b>(Un-audited)</b> <b>For the three</b> <b>month period</b> <b>ended</b> <b>30 June 2017</b> <b>AED</b>	(Un-audited) For the three month period ended 30 June 2016 AED (Restated)	<b>(Un-audited)</b> <b>For the six</b> <b>month period</b> <b>ended</b> <b>30 June 2017</b> <b>AED</b>	(Un-audited) For the six month period ended 30 June 2016 AED (Restated)
<b>Profit / (loss) for the period</b>	<b>5,782,316</b>	(2,633,909)	<b>282,725</b>	(7,085,197)
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss :</i>				
Net change in fair value of investments at fair value through other comprehensive income	<b>5,817,393</b>	(9,905,368)	<b>(517,513)</b>	(15,912,355)
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-
<b>Total other comprehensive income / (loss) for the period</b>	<b>5,817,393</b>	(9,905,368)	<b>(517,513)</b>	(15,912,355)
<b>Total comprehensive income / (loss) for the period</b>	<b>11,599,709</b>	(12,539,277)	<b>(234,788)</b>	(22,997,552)

The notes on pages 8 to 19 form an integral part of these condensed interim financial information.

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**Union Insurance Company P.J.S.C.**

**Condensed interim statement of changes in equity (Un-audited)**  
*for the period ended 30 June*

	Attributable to equity shareholders of the Company					Total
	Share capital AED	Statutory reserve AED	Special reserve AED	Fair value reserve AED	(Accumulated losses) AED	
As at 1 January 2016 (restated)	330,939,180	11,076,401	11,076,401	(7,614,194)	(20,839,240)	324,638,548
<b>Total comprehensive income for the period</b>						
Loss for the period (restated)	-	-	-	-	(7,085,197)	(7,085,197)
<b>Other comprehensive income for the period</b>						
Net change in fair value of investments at FVTOCI	-	-	-	(15,912,355)	-	(15,912,355)
<b>Total other comprehensive loss for the period</b>						
<b>Total comprehensive loss for the period</b>						
As at 30 June 2016 (restated)	330,939,180	11,076,401	11,076,401	(23,526,549)	(27,924,437)	301,640,996
As at 1 January 2017	330,939,180	11,076,401	11,076,401	(23,342,135)	(31,269,289)	298,480,558
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	282,725	282,725
<b>Other comprehensive income for the period</b>						
Net change in fair value of investments at FVTOCI	-	-	-	(517,513)	-	(517,513)
<b>Total other comprehensive loss for the period</b>						
<b>Total comprehensive income for the period</b>						
As at 30 June 2017	330,939,180	11,076,401	11,076,401	(23,859,648)	(30,986,564)	298,245,770

The notes on pages 8 to 19 form an integral part of these condensed interim financial information.



**Union Insurance Company P.J.S.C.**  
**Condensed interim statement of cash flows**  
*for the period ended 30 June*

		(Un-audited) For the six month period ended 30 June 2017 AED	(Un-audited) For the six month period ended 30 June 2016 AED
<b>Cash flows from operating activities</b>			
Profit / (loss) for the period		282,725	(7,085,197)
<i>Adjustment for:</i>			
Depreciation and amortisation	18	1,821,496	1,704,271
Gain on disposal of investments at FVTPL	17	-	(39,060)
Unrealised loss on investments at FVTPL	17	8,708,713	16,718,247
Interest income	17	(762,337)	(874,093)
Dividend income	17	(203,749)	(32,475)
Gain on sale of property and equipment		-	(24,785)
Interest on margin trading account	17	1,500,037	3,182,970
Provision for employees' end of service benefits		500,000	346,020
		<u>11,846,885</u>	<u>13,895,898</u>
Increase in insurance and other receivables		(167,902,578)	(117,401,976)
Increase in reinsurance contract assets		(88,701,178)	(120,638,787)
Increase in insurance contract liabilities		141,549,629	181,726,250
Increase in insurance and other payables		114,902,113	83,034,594
<i>Net cash generated from operating activities</i>		<u>11,694,871</u>	<u>40,615,979</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(733,512)	(1,163,371)
Proceeds from sale of property and equipment		-	50,000
Purchase of investments at FVTPL		(14,422,838)	(40,635,041)
Proceeds from disposal of investments at FVTPL		-	7,459,420
Interest received		762,337	874,093
Dividend received		203,749	32,475
Increase in fixed deposit with banks with maturity greater than three months		(119,290)	30,347,355
<i>Net cash used in investing activities</i>		<u>(14,309,554)</u>	<u>(3,035,069)</u>
<b>Cash flows from financing activities</b>			
Interest on margin trading account		(1,500,037)	(3,182,970)
<i>Net cash used in financing activities</i>		<u>(1,500,037)</u>	<u>(3,182,970)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(4,114,720)</b>	<b>34,397,940</b>
Cash and cash equivalents at 1 January	13	22,855,008	23,395,776
<b>Cash and cash equivalents at 30 June</b>	13	<u>18,740,288</u>	<u>57,793,716</u>

The notes on pages 8 to 19 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

## **Union Insurance Company P.J.S.C.**

### Notes to the condensed interim financial information

#### **1. Legal status and principal activities**

Union Insurance Company P.J.S.C. (the "Company") is incorporated as a public shareholding company and operates in the United Arab Emirates under a trade license issued by the Ajman Municipality. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, concerning establishment of the insurance authority and organisation of its operations, and is registered with the Insurance Companies Register of Insurance Authority of U.A.E., under registration number 67. The Company's registered corporate office is Single Business Tower, Sheikh Zayed Road, P.O. Box 119227, Dubai, United Arab Emirates ("UAE").

The principal activity of the Company is the writing of insurance of all types including life assurance. The Company operates through its Head Office in Dubai and Branch Offices in Abu Dhabi, Dubai, Sharjah, Ajman and Ras Al Khaimah.

#### **2. Basis of preparation**

##### **a) Statement of compliance**

These condensed interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the applicable provisions of UAE Federal Law No. 2 of 2015. They do not include all of the information required for full annual audited financial statements, and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company has complied with the applicable provisions of UAE Federal Law No. 2 of 2015 as at 30 June 2017. Accordingly, the legal name of the Company has been changed from "Union Insurance Company P.S.C." to "Union Insurance Company P.J.S.C."

Under 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. The Company is in the process of aligning the operations with the requirement of the regulations and will be fully aligned before the deadline for alignment period.

##### **b) Basis of measurement**

The condensed interim financial information have been prepared on the historical cost basis except for the following which are measured at fair value :

- i) financial instruments at fair value through profit or loss ("FVTPL");
- ii) financial instruments at fair value through other comprehensive income ("FVTOCI"); and
- iii) investment properties.

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

##### **c) Functional and presentation currency**

These condensed interim financial information are presented in U.A.E. Dirhams ("AED") since that is the currency in which the majority of the Company's transactions are denominated.

## Union Insurance Company P.J.S.C.

### Notes to the condensed interim financial information

#### 2. Basis of preparation (continued)

##### d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

In preparing these condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 31 December 2016.

#### 3. Summary of significant accounting policies

The accounting policies applied by the Company in the preparation of these condensed interim financial information are consistent with those applied by the Company in its annual audited financial statements as at and for the year ended 31 December 2016 except for the adoption of new IFRS which became effective as of 1 January 2017.

The adoption of the new and amended standards and interpretations have been reflected in these condensed interim financial information as appropriate in terms of disclosures but do not have an impact on the financial position or performance of the Company during the period.

#### 4. Financial risk management

Aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2016.

#### 5. Interim measurement

The nature of the Company's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These condensed interim financial information were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the period.

#### 6. Classes and categories of financial assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities.

##### At 30 June 2017 (Un-audited)

<b><u>Financial assets</u></b>	<b>FVTPL AED</b>	<b>FVTOCI AED</b>	<b>Amortised Cost AED</b>	<b>Total AED</b>
Investment securities	295,894,347	56,006,923	-	351,901,270
Insurance and other receivables	-	-	599,828,903	599,828,903
Statutory deposit	-	-	10,000,000	10,000,000
Cash and bank balances	-	-	75,940,730	75,940,730
	<u>295,894,347</u>	<u>56,006,923</u>	<u>685,769,633</u>	<u>1,037,670,903</u>
<b><u>Financial liabilities</u></b>				
Insurance and other payables	-	-	514,487,005	514,487,005
	<u>-</u>	<u>-</u>	<u>514,487,005</u>	<u>514,487,005</u>

**Union Insurance Company P.J.S.C.**  
Notes to the condensed interim financial information

**6. Classes and categories of financial assets and financial liabilities (continued)**

At 31 December 2016 (Audited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	272,882,156	56,524,436	-	329,406,592
Insurance and other receivables	-	-	446,599,993	446,599,993
Statutory deposit	-	-	10,000,000	10,000,000
Cash and bank balances	-	-	79,936,160	79,936,160
	<u>272,882,156</u>	<u>56,524,436</u>	<u>536,536,153</u>	<u>865,942,745</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	399,584,892	399,584,892
	<u>-</u>	<u>-</u>	<u>399,584,892</u>	<u>399,584,892</u>

**7. Development work-in-progress**

Development work-in-progress represents payments made for acquiring 10% investment in the Meydan Real Estate Project based in U.A.E. The project is promoted by Gulf General Investment Company (P.S.C.), a related party who is acting as custodian of the Company's share of investment in the project.

The title deed of the project has been registered in the name of GGICO Real Estate Development L.L.C., a related party. At the end of the reporting period, work on the project has not been started.

**8. Investment securities**

	<b>30 June 2017 (Un-audited) AED</b>	<b>31 December 2016 (Audited) AED</b>
Financial assets at fair value through profit or loss	<b>295,894,347</b>	272,882,156
Financial assets at fair value through other comprehensive income	<b>56,006,923</b>	56,524,436
	<u><b>351,901,270</b></u>	<u>329,406,592</u>

**8.1 Investments at fair value through profit or loss**

	<b>30 June 2017 (Un-audited) AED</b>	<b>31 December 2016 (Audited) AED</b>
Investments held on behalf of policyholders' unit linked products in U.A.E. (Note 19)	<b>114,393,039</b>	97,094,973
Quoted equity securities in U.A.E.	<b>138,379,778</b>	146,832,051
Quoted equity securities outside U.A.E.	<b>355,871</b>	333,334
Unquoted equity securities outside U.A.E.	<b>2,954,078</b>	2,934,243
Quoted bond securities outside U.A.E.	<b>39,811,581</b>	25,687,555
	<u><b>295,894,347</b></u>	<u>272,882,156</u>

Investments classified at fair value through profit or loss are designated in this category upon initial recognition.

## Union Insurance Company P.J.S.C.

### Notes to the condensed interim financial information

#### 8. Investment securities (continued)

##### 8.2 Investments at fair value through other comprehensive income

	30 June 2017 (Un-audited) AED	31 December 2016 (Audited) AED
<i>Equity securities</i>		
Quoted equity securities in U.A.E.	55,706,923	56,224,436
Unquoted equity securities in U.A.E.	300,000	300,000
	<u>56,006,923</u>	<u>56,524,436</u>

##### 8.3 Financial assets - geographic concentration

	30 June 2017 (Un-audited) AED	31 December 2016 (Audited) AED
- Within U.A.E.	308,779,740	300,451,460
- Outside U.A.E.	43,121,530	28,955,132
	<u>351,901,270</u>	<u>329,406,592</u>

#### 9. Fair value hierarchy

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised :

At 30 June 2017 (Un-audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets</b>				
FVTPL - financial assets	292,940,269	-	2,954,078	295,894,347
FVTOCI - financial assets	55,706,923	-	300,000	56,006,923
	<u>348,647,192</u>	<u>-</u>	<u>3,254,078</u>	<u>351,901,270</u>
At 31 December 2016 (Audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets</b>				
FVTPL - financial assets	269,947,913	-	2,934,243	272,882,156
FVTOCI - financial assets	56,224,436	-	300,000	56,524,436
	<u>326,172,349</u>	<u>-</u>	<u>3,234,243</u>	<u>329,406,592</u>

**Union Insurance Company P.J.S.C.**  
Notes to the condensed interim financial information

**10. Insurance and other payables**

	<b>30 June 2017 (Un-audited) AED</b>	31 December 2016 (Audited) AED
Trade payables	184,384,395	155,635,582
Due to insurance and reinsurance companies	194,600,811	133,219,279
Premium reserve withheld	<u>37,030,233</u>	<u>34,406,341</u>
	<u>416,015,439</u>	<u>323,261,202</u>
Other payables:		
Unclaimed dividends	2,068,553	2,083,251
Accrued expenses and others	72,277,898	50,632,553
Bank overdraft	<u>24,125,115</u>	<u>23,607,886</u>
	<u>514,487,005</u>	<u>399,584,892</u>

**11. Insurance contract liabilities and reinsurance contract assets**

	<b>30 June 2017 (Un-audited) AED</b>	31 December 2016 (Audited) AED
<b>Gross insurance contract liabilities</b>		
Claims reported unsettled	315,069,020	290,234,808
Claims incurred but not reported	109,332,761	88,081,940
Unearned premiums	<u>390,740,599</u>	<u>295,276,003</u>
<b>Gross insurance contract liabilities</b>	<u>815,142,380</u>	<u>673,592,751</u>
<b>Reinsurer's contract assets</b>		
Claims reported unsettled	(250,256,880)	(226,245,007)
Claims incurred but not reported	(52,442,114)	(39,805,724)
Unearned premiums	<u>(166,715,578)</u>	<u>(114,662,663)</u>
<b>Total reinsurers' contract assets</b>	<u>(469,414,572)</u>	<u>(380,713,394)</u>
<b>Net</b>		
Claims reported unsettled	64,812,140	63,989,801
Claims incurred but not reported	56,890,647	48,276,216
Unearned premiums	<u>224,025,021</u>	<u>180,613,340</u>
	<u>345,727,808</u>	<u>292,879,357</u>

## Union Insurance Company P.J.S.C.

### Notes to the condensed interim financial information

#### 11.1 Insurance contract liabilities and reinsurance contract assets

Movements in the insurance contract liabilities and reinsurance contract assets during the period were as follows:

	Period ended 30 June 2017 (un-audited)		Period ended 30 June 2016 (un-audited)	
	Gross AED	Reinsurance AED	Net AED	Net AED
<b>Claims</b>				
<i>Outstanding claims at end of period</i>				
Notified claims	315,069,020	(250,256,880)	64,812,140	46,755,862
Included but not reported	109,332,761	(52,442,114)	56,890,647	39,865,100
	424,401,781	(302,698,994)	121,702,787	86,620,962
Claims settled in the period	210,361,849	(78,514,230)	131,847,619	109,176,532
<i>Outstanding claims at beginning of period</i>				
Notified claims	(290,234,808)	226,245,007	(63,989,801)	(45,416,727)
Included but not reported	(88,081,940)	39,805,724	(48,276,216)	(28,232,929)
	256,446,882	(115,162,493)	141,284,389	122,147,838
Increase in recoveries	(8,960,345)	-	(8,960,345)	(13,428,640)
Claims incurred	247,486,537	(115,162,493)	132,324,044	108,719,198
	390,740,599	(166,715,578)	224,025,021	129,845,623
<b>Unearned premium</b>				
Total at the end of the period	295,276,003	(114,662,663)	180,613,340	121,799,216
Release during the period	(390,740,599)	166,715,578	(224,025,021)	(129,845,623)
Increase during the period	(95,464,596)	52,052,915	(43,411,681)	(8,046,407)
Net movement during the period	295,276,003	(114,662,663)	180,613,340	121,799,216
Total at the beginning of the period				
	267,560,181	(137,714,558)	129,845,623	121,799,216
	228,016,001	(106,216,785)	121,799,216	121,799,216
	(267,560,181)	137,714,558	(88,845,623)	(88,845,623)
	(39,544,180)	31,497,773	(8,046,407)	(8,046,407)
	228,016,001	(106,216,785)	121,799,216	121,799,216

**Union Insurance Company P.J.S.C.**  
Notes to the condensed interim financial information

**12. Bank balances and cash**

	<b>30 June 2017 (Un-audited) AED</b>	31 December 2016 (Audited) AED
Cash in hand	<u>82,500</u>	<u>82,500</u>
Bank balances:		
Current accounts	6,450,968	10,605,808
Fixed deposits	<u>69,407,262</u>	<u>69,247,852</u>
	<u>75,858,230</u>	<u>79,853,660</u>
	<u>75,940,730</u>	<u>79,936,160</u>
Bank balances:		
In U.A.E.	72,042,570	75,945,006
Outside UAE & G.C.C. countries	<u>3,815,660</u>	<u>3,908,654</u>
	<u>75,858,230</u>	<u>79,853,660</u>

Fixed deposits carried interest ranging from 1% to 6% per annum (2016: 1% to 6% per annum). Fixed deposits of AED 62 million (2016: AED 62 million) have been pledged as security against the overdraft facility.

**13. Cash and cash equivalents**

Cash and cash equivalents at the end of the period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	<b>30 June 2017 (Un-audited) AED</b>	31 December 2016 (Audited) AED
Bank balances and cash (refer note 12)	75,940,730	79,936,160
Bank fixed deposits with maturity greater than three months	<u>(57,200,442)</u>	<u>(57,081,152)</u>
	<u>18,740,288</u>	<u>22,855,008</u>

**14. Related party transactions**

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 - (Revised).

At the end of the reporting period, amounts due from/to related parties which are included in the respective account balances are detailed below:

	<b>30 June 2017 (Un-audited) AED</b>	31 December 2016 (Audited) AED
Premium receivable (included in due from policyholders)	25,335,490	24,725,500
Gross outstanding claims (included in claims reported unsettled)	1,097,086	892,900
Investment properties	82,390,000	82,390,000
Development work-in-progress	<u>78,120,000</u>	<u>78,120,000</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given and no expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.



## Union Insurance Company P.J.S.C.

### Notes to the condensed interim financial information

#### 14. Related party transactions (continued)

##### Transactions

During the period, the Company entered into the following transactions with related parties:

	For the six month period ended 30 June	
	2017 (Un-audited) AED	2016 (Un-audited) AED
Premiums written	2,107,937	4,929,033
Claims paid	1,252,566	3,587,808

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

##### Compensation of key management personnel

Short-term benefits	1,200,000	1,200,000
Long-term benefits	70,000	69,424

#### 15. Contingent liabilities

	30 June 2017 (Un-audited) AED	31 December 2016 (Audited) AED
Letters of guarantee*	35,964,858	34,079,577

\*Includes AED 10,000,000 (2016: AED 10,000,000) issued in favour of Insurance Authority of U.A.E.

#### 16. Capital commitments

	30 June 2017 (Un-audited) AED	31 December 2016 (Audited) AED
Commitment for the construction of development properties	54,978,688	54,978,688

The above commitment for the construction of development properties pertains to Meydan Real Estate Project and Dubai Silicon Oasis Project.

#### 17. Net investment loss

	For the six month period ended 30 June	
	2017 (Un-audited) AED	2016 (Un-audited) AED
Interest income	762,337	874,093
Dividend income	203,749	32,475
Realised gains on investments	-	39,060
Unrealised losses on investments at fair value through profit or loss	(8,708,713)	(16,718,247)
Interest on margin trading account	(1,500,037)	(3,182,970)
Others	(583,923)	(595,940)
	<u>(9,826,587)</u>	<u>(19,551,529)</u>

**Union Insurance Company P.J.S.C.**  
Notes to the condensed interim financial information

**18. General and administrative expenses**

	<b>For the six month period ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
	<b>AED</b>	<b>AED</b>
General and administrative expenses for underwriting operations	<b>37,859,835</b>	35,507,213
Other expenses - for investments and centralised operations	<b>7,724,937</b>	6,701,967
	<b><u>45,584,772</u></b>	<u>42,209,180</u>

The above general and administration expenses include the following costs:

	<b>2017</b>		<b>2016</b>	
	<b>(Un-audited)</b>		<b>(Un-audited)</b>	
	<b>AED</b>		<b>AED</b>	
Staff costs	<b>31,230,322</b>	29,479,100		
Rent	<b>3,285,484</b>	2,884,736		
Depreciation and amortisation	<b>1,821,496</b>	1,704,271		
Other	<b>9,247,470</b>	8,141,073		
	<b><u>45,584,772</u></b>	<u>42,209,180</u>		

**19. Payable to policyholders' of unit linked products**

The Company issued unit linked policies which have both risk and investment components. The investment portion is invested on behalf of the policyholders as disclosed in note 8.1 of these condensed interim financial information.

*Movement during the period / year:*

	<b>30 June</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>AED</b>	<b>AED</b>
As at 1 January	<b>97,094,973</b>	40,163,569
Amount invested by policyholders - net of allocation charges, redemptions, lapses and surrenders	<b>15,241,427</b>	57,294,440
Change in fair value	<b>2,056,639</b>	(363,036)
	<b><u>114,393,039</u></b>	<u>97,094,973</u>

## Union Insurance Company P.J.S.C.

### Notes to the condensed interim financial information

#### 20. Segment information

##### Operating segment information

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which the Company reports its primary segment information.

	Six month period ended 30 June (un-audited)					
	General insurance		Life assurance		Total	
	2017 AED	2016 AED (Restated)	2017 AED	2016 AED (Restated)	2017 AED	2016 AED (Restated)
Gross written premium	421,039,238	315,848,243	107,373,320	126,611,949	528,412,558	442,460,192
Reinsurance ceded	(193,631,848)	(145,299,915)	(50,957,418)	(50,341,588)	(244,589,266)	(195,641,503)
Net retained premium	227,407,390	170,548,328	56,415,902	76,270,361	283,823,292	246,818,689
Net change in unearned premium and policyholders' reserve	(43,599,859)	(43,654,789)	(17,109,890)	(20,454,210)	(60,709,749)	(64,108,999)
Net earned premium	183,807,531	126,893,539	39,306,012	55,816,151	223,113,543	182,709,690
Net claims incurred	(129,605,288)	(100,701,119)	(2,718,756)	(8,018,079)	(132,324,044)	(108,719,198)
Net commission earned / incurred	4,809,141	10,896,894	(14,685,451)	(8,791,047)	(9,876,310)	2,105,847
Administrative expenses	(27,160,400)	(24,637,463)	(10,699,435)	(10,869,750)	(37,859,835)	(35,507,213)
Other operational costs related to underwriting activities	(18,918,288)	(15,331,377)	(8,357,456)	(5,113,978)	(27,275,744)	(20,445,355)
Increase in fair value of investment held for unit linked products	-	-	2,056,639	(975,472)	2,056,639	(975,472)
Total underwriting expenses	(170,874,835)	(129,773,065)	(34,404,459)	(33,768,326)	(205,279,294)	(163,541,391)
Total underwriting profit / (loss)	12,932,696	(2,879,526)	4,901,553	22,047,825	17,834,249	19,168,299
Net investment loss					(9,826,587)	(19,551,529)
General and administrative expenses					(7,724,937)	(6,701,967)
Profit / (loss) for the period					282,725	(7,085,197)

## Union Insurance Company P.J.S.C.

### Notes to the condensed interim financial information

#### 20. Segment information (continued)

##### Operating segment information

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which Company reports its primary segment information

	General insurance		Life assurance		Total	
	30 June 2017 (Un-audited) AED	31 December 2016 (Audited) AED	30 June 2017 (Un-audited) AED	31 December 2016 (Audited) AED	30 June 2017 (Un-audited) AED	31 December 2016 (Audited) AED
<b>ASSETS</b>						
Property and equipment	16,037,298	18,084,987	5,345,766	6,028,329	21,383,064	24,113,316
Intangible assets	3,324,180	2,092,479	1,108,060	697,493	4,432,240	2,789,972
Investment properties	47,000,000	47,000,000	35,390,000	35,390,000	82,390,000	82,390,000
Investments securities	208,521,559	202,686,884	143,379,711	126,719,708	351,901,270	329,406,592
Development work in progress	78,120,000	78,120,000	-	-	78,120,000	78,120,000
Statutory deposit	6,000,000	6,000,000	4,000,000	4,000,000	10,000,000	10,000,000
Reinsurance contract assets	439,429,288	336,868,242	29,985,284	43,845,152	469,414,572	380,713,394
Insurance and other receivables	444,911,232	321,987,313	207,691,963	162,713,304	652,603,195	484,700,617
Cash and bank balances	21,697,362	27,197,187	54,243,368	52,738,973	75,940,730	79,936,160
<b>Total assets</b>	<b>1,265,040,919</b>	<b>1,040,037,092</b>	<b>481,144,152</b>	<b>432,132,959</b>	<b>1,746,185,071</b>	<b>1,472,170,051</b>
<b>LIABILITIES</b>						
Insurance contract liabilities	769,821,632	612,979,287	45,320,748	60,613,464	815,142,380	673,592,751
Insurance and other payables	365,440,145	295,444,272	149,046,860	104,140,620	514,487,005	399,584,892
Payable to policyholders of unit linked products	-	-	114,393,039	97,094,973	114,393,039	97,094,973
Provision for employees' end of service benefits	2,937,658	2,562,658	979,219	854,219	3,916,877	3,416,877
<b>Total liabilities</b>	<b>1,138,199,435</b>	<b>910,986,217</b>	<b>309,739,866</b>	<b>262,703,276</b>	<b>1,447,939,301</b>	<b>1,173,689,493</b>
<b>EQUITY</b>						
Share capital					330,939,180	330,939,180
Statutory reserve					11,076,401	11,076,401
Special reserve					11,076,401	11,076,401
Fair value reserve					(23,859,648)	(23,342,135)
Accumulated losses					(30,986,564)	(31,269,289)
<b>Total equity</b>					<b>298,245,770</b>	<b>298,480,558</b>
<b>Total liabilities and equity</b>					<b>1,746,185,071</b>	<b>1,472,170,051</b>

## Union Insurance Company P.J.S.C.

### Notes to the condensed interim financial information

#### 21. Restatement

On 1 October 2016, the Company has aligned the basis of recognising unexpired risk reserves (“URR”) to be in line with the requirements of the financial regulations issued under Federal Law No. 6 of 2007 for insurance companies. As a consequence, the effect of this change has resulted in an increase in the insurance contract liabilities as at 30 June 2016 by AED 2.693 million and a corresponding increase in accumulated losses by the same amount. The following table summarises the impact of the restatement.

#### (a) Impact of restatement on the condensed interim statement of profit or loss for the six month period ended 30 June 2016

	As previously reported AED	Adjustment AED	Restated AED
Net change in unearned premium and policyholders' reserve	(61,416,260)	(2,692,739)	(64,108,999)
Basic and diluted earnings per share	(0.013)	(0.008)	(0.021)

Restatement resulted in change in previously reported loss for the six month period ended 30 June 2016 of AED 4.392 million to a reported loss of AED 7.085 million and consequently a change in previously reported loss per share of AED 0.013 to a reported loss per share of AED 0.021.

#### 22. Comparative figures

Certain comparative figures have been reclassified where appropriate to confirm with the presentation and accounting policies adopted in these condensed interim financial information.