

Union Insurance Company P.J.S.C.

CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 2020 (UNAUDITED)

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF UNION INSURANCE COMPANY P.J.S.C.

Introduction

We have reviewed the accompanying condensed interim financial statements of Union Insurance Company P.J.S.C. (the “Company”), which comprise the interim statement of financial position as at 30 June 2020 and the related interim statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim statements of changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

12 August 2020

Dubai, United Arab Emirates

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF INCOME

For the period ended 30 June 2020 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
<i>Note</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
UNDERWRITING INCOME				
Gross written premium	218,380	237,988	472,740	482,165
Reinsurance ceded	(119,629)	(135,534)	(273,386)	(273,011)
	98,751	102,454	199,354	209,154
Net change in unearned premium and policyholders' reserve	(59,682)	(10,946)	(39,592)	(25,114)
Net earned premium	39,069	91,508	159,762	184,040
Gross commission earned	21,298	35,867	39,966	54,656
Total underwriting income	60,367	127,375	199,728	238,696
UNDERWRITING EXPENSES				
Gross claims incurred	(63,174)	(99,517)	(156,091)	(208,075)
Insurance claims recovered from reinsurers	40,021	54,035	95,306	113,076
Net claims incurred	(23,153)	(45,482)	(60,785)	(94,999)
Commission incurred	(24,444)	(41,960)	(49,577)	(67,562)
Administrative expenses	(19,242)	(20,719)	(38,690)	(39,784)
Other operational costs related to underwriting activities	(13,953)	(16,323)	(25,602)	(33,669)
Net movement in reserve of unit linked products	34,970	5,409	641	13,771
Total underwriting expenses	(45,822)	(119,075)	(174,013)	(222,243)
UNDERWRITING PROFIT	14,545	8,300	25,715	16,453
Net investment income / (loss)	8,490	4,785	(20,685)	10,794
General and administrative expenses	(8,399)	(4,002)	(14,459)	(7,626)
PROFIT/(LOSS) FOR THE PERIOD	14,636	9,083	(9,429)	19,621
Basic and diluted earnings per share (AED)	0.044	0.027	(0.0285)	0.059

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2020 (Unaudited)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2020 AED '000</i>	<i>2019 AED '000</i>	<i>2020 AED '000</i>	<i>2019 AED '000</i>
Profit/(loss) for the period	14,636	9,083	(9,429)	19,621
OTHER COMPREHENSIVE INCOME				
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>				
Net realized profit (loss) on disposal of investment at fair value through other comprehensive income:	-	228	(165)	228
Net change in fair value of investments at fair value through other comprehensive income	1,691	(98)	(4,006)	2,968
Other comprehensive income/ (loss) for the period	1,691	130	(4,171)	3,196
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	16,327	9,213	(13,600)	22,817

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2020 (Unaudited)

	<i>Notes</i>	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
ASSETS			
Property and equipment		101,730	101,584
Right-of-use assets		5,590	7,680
Intangible assets		6,996	8,229
Investment properties	5	75,195	75,195
Investment securities	4	118,093	184,961
Investments held on behalf of policyholders' unit linked products		285,398	261,026
Statutory deposit		10,000	10,000
Reinsurance contract assets		529,452	518,265
Insurance and other receivables		534,370	496,379
Cash and bank balances	6	186,795	152,844
Total assets		<u><u>1,853,619</u></u>	<u><u>1,816,163</u></u>
LIABILITIES			
Bank overdraft		5,396	3,382
Insurance contract liabilities		795,562	769,771
Insurance and other payables		445,055	447,525
Provision for employees' end of service benefits		9,802	8,618
Payable to policyholders' of unit-linked products		285,398	261,026
Total liabilities		<u><u>1,541,213</u></u>	<u><u>1,490,322</u></u>
EQUITY			
Share capital	7	330,939	330,939
Statutory reserve	8	14,865	14,865
Special reserve	8	14,865	14,865
Fair value reserve	8	(14,439)	(10,268)
Accumulated losses	8	(33,824)	(24,560)
TOTAL EQUITY		<u><u>312,406</u></u>	<u><u>325,841</u></u>
TOTAL LIABILITIES AND EQUITY		<u><u>1,853,619</u></u>	<u><u>1,816,163</u></u>

Mohammed Hareb Al Mazroei
Chairman

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

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2020 (Unaudited)

	<i>Attributable to equity shareholders of</i>		
	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>Special reserve AED '000</i>
Balance at 1 January 2020	330,939	14,865	14,865
Loss for the period	-	-	-
Loss on sale of fair value investment held through other comprehensive income	-	-	-
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	-	-
Balance at 30 June 2020	330,939	14,865	14,865
Balance at 1 January 2019	330,939	12,718	12,718
Profit for the period	-	-	-
Loss on sale of fair value investment held through other comprehensive income	-	-	-
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Balance at 30 June 2019	330,939	12,718	12,718

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

Union Insurance Company P.J.S.C.
INTERIM STATEMENT OF CASH FLOWS
For the period ended 30 June 2020 (Unaudited)

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2020 AED '000</i>	<i>2019 AED '000</i>
OPERATING ACTIVITIES			
(Loss)/ profit for the period		(9,429)	19,621
Adjustment for:			
Depreciation and amortisation		4,139	2,956
Gain on disposal of investments at FVTPL		(534)	(693)
Unrealised loss on investments at FVTPL		25,219	(4,569)
Net movement in fair value of investments held for for unit linked products		(641)	(13,771)
Interest income		(4,056)	(4,309)
Dividend income		(693)	(3,001)
Interest on margin trading account		169	1,264
Provision for employees' end of service benefits		1,685	667
		15,859	(1,835)
Increase in insurance and other receivables		(37,991)	(21,110)
Increase in reinsurance contract assets		(11,187)	(44,550)
Increase in insurance contract liabilities		25,791	31,777
Increase in insurance and other payables		21,902	67,944
Employees' end of service benefits paid		(501)	(669)
Net cash generated from operating activities		13,873	31,557
INVESTING ACTIVITIES			
Purchase of property and equipment		(961)	(1,243)
Purchase of investments		(987)	(16,585)
Purchase of policyholders' of unit-linked products		(23,731)	(31,183)
Proceeds from disposal of investments at FVTPL		32,189	16,964
Proceeds from disposal of investments at FVTOCI		6,974	3,689
Interest received		4,056	4,309
Dividend received		693	3,001
(Increase) / decrease in fixed deposit with banks with maturity greater than three months		(13,511)	10,368
Net cash from / (used in) investing activities		4,722	(10,680)
FINANCING ACTIVITY			
Interest on margin trading account		(169)	(1,264)
Net cash used in financing activity		(169)	(1,264)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		18,426	19,613
Cash and cash equivalents at 1 January		43,967	21,526
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	62,393	41,139

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

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

1 CORPORATE INFORMATION

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.

The condensed interim financial statements were authorized for issue in accordance with a resolution of the directors on 12 August 2020

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The condensed interim financial statements of the Company are prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board (IASB) and also comply with the applicable requirements of the laws in the U.A.E.

These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2019. In addition, results for the six months ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Changes in accounting estimates

The accounting estimates used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2019.

New standards, interpretations and amendments

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed interim financial statements.

3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Profit / (loss) for the period (AED'000)	14,636	9,083	(9,429)	19,621
Weighted average number of shares outstanding during the period ('000)	330,939	330,939	330,939	330,939
Earnings / (loss) per share (AED)	0.044	0.027	(0.0285)	0.059

No figures for diluted earnings per share are presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

4 INVESTMENT SECURITIES

	30 June 2020 AED'000	<i>31 December 2019 AED'000 (Audited)</i>
Financial assets at fair value through profit or loss	103,361	159,084
Financial assets at fair value through other comprehensive income	14,732	25,877
	118,093	184,961

4.1 Investments at fair value through profit or loss

	30 June 2020 AED'000	<i>31 December 2019 AED'000 (Audited)</i>
Quoted equity securities in U.A.E.	53,097	79,197
Quoted equity securities outside U.A.E.	317	7,360
Quoted bond securities in U.A.E.	38,037	37,330
Quoted bond securities outside U.A.E.	-	18,564
Investment in funds outside U.A.E.	5,055	9,734
Unquoted equity securities outside U.A.E.	2,910	2,954
Unquoted equity securities in U.A.E.	3,945	3,945
	103,361	159,084

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

4.2 Investments at fair value through other comprehensive income

	30 June 2020 AED'000	<i>31 December 2019 AED'000 (Audited)</i>
<i>Equity securities</i>		
Quoted equity securities in U.A.E.	5,087	7,859
Fund securities outside U.A.E.	9,345	17,718
Unquoted securities in U.A.E.	300	300
At 31 December	14,732	25,877

4 INVESTMENT SECURITIES (continued)**4.2 Investments at fair value through other comprehensive income (continued)****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:

<i>At 30 June 2020 (Unaudited)</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<u>Financial assets</u>				
FVTPL - financial assets	100,451	-	2,910	103,361
FVTOCI - financial assets	14,432	-	300	14,732
	114,883	-	3,210	118,093
<u>Non financial assets</u>				
Investment properties	-	-	75,195	75,195
	114,883	-	78,405	193,288
<i>At 31 December 2019 (Audited)</i>				
	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<u>Financial assets</u>				
FVTPL — financial assets	156,130	-	2,954	159,084
FVTOCI — financial assets	25,577	-	300	25,877
	181,707	-	3,254	184,961
<u>Non financial assets</u>				
Investment properties	-	-	75,195	75,195
	181,707	-	78,449	260,156

5 INVESTMENT PROPERTIES

Investment properties represent the fair value of the properties which are located in the U.A.E.

Investment properties are stated at fair value, which has been principally determined based on valuations performed by management. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. Valuations are performed on a periodic basis, at least annually, and the fair value gains and losses are recorded in the statement of income. Fair value of the Company's investment properties are based on unobservable inputs (i.e. Level 3).

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

6 CASH AND BANK BALANCES

	30 June 2020 AED '000	31 December 2019 AED '000 (Audited)	30 June 2019 AED '000
Cash in hand	<u>53</u>	<u>52</u>	<u>52</u>
Bank balances:			
Current accounts	10,641	1,807	8,497
Fixed deposits	176,101	150,985	134,530
	<u>186,742</u>	<u>152,792</u>	<u>143,027</u>
Cash and bank balances	186,795	152,844	143,079
Less: Deposits with original maturities greater than three months	(119,006)	(105,495)	(88,179)
Less Bank overdraft	(5,396)	(3,382)	(13,761)
Cash and cash equivalents	<u>62,393</u>	<u>43,967</u>	<u>41,139</u>
Bank balances:			
In U.A.E.	155,910	122,469	115,373
Outside UAE & G.C.C. countries	30,832	30,323	27,654
	<u>186,742</u>	<u>152,792</u>	<u>143,027</u>

Fixed deposit carried interest ranging from 1% to 8.5% per annum (2019: 1% to 8.5% per annum). Fixed deposits of AED 36 million (2019: AED 36 million) have been pledged as security against the overdraft facility.

7 SHARE CAPITAL

	30 June 2020 AED '000	31 December 2019 AED '000 (Audited)
Issued and fully paid 330,939,180 shares of AED 1 each (2019: 330,939,180 shares of AED 1 each)	<u>330,939</u>	<u>330,939</u>

8 RESERVES

NATURE AND PURPOSE OF RESERVES

- STATUTORY RESERVE**

In accordance with the UAE Commercial Companies Law and the Company's Article of Association, the Company has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. Accordingly, no transfers have been made during the three months period ended 30 June 2020. The reserve is not available for distribution except in the circumstances stipulated by the law.

- SPECIAL RESERVE**

In accordance with its Articles of Association, the Board of Directors may transfer 10% of annual net profits, if any, to a special reserve until an Ordinary General Meeting upon a proposal suspends it. The special reserve can be utilised for the purposes determined by the Ordinary General Meeting upon recommendations of the Board of Director.

- FAIR VALUE RESERVE**

The fair value reserve comprises the cumulative net change in fair value of financial assets designated as fair value through other comprehensive income.

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

9 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:

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Premium receivable (included in due from policyholders)	26,546	25,996
Allowance for doubtful receivables	(8,721)	(4,721)
Net insurance and other receivables	17,825	21,275
Gross outstanding claims (included in claims reported unsettled)	501	652

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.

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

	<i>Six months ended 30 June</i>	
	<i>2020 AED'000</i>	<i>2019 AED'000</i>
Premiums written	1,345	1,627
Claims paid	512	669
Premiums are charged to related parties at rates agreed with management.		
Compensation of key management personnel		
Short-term benefits	2,220	2,220
Long-term benefits	165	165

10 CONTINGENT LIABILITIES

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Letters of guarantee*	43,866	38,114

*Includes AED 10,000 thousand (31 December 2019: AED 10,000 thousand) issued in favour of Insurance Authority of U.A.E.

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

11 CAPITAL COMMITMENTS

	30 June 2020 AED'000	31 December 2019 AED'000 (Audited)
Commitment for the construction of development properties	54,979	54,979

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

12 PAYABLE TO POLICYHOLDERS' OF UNIT LINKED PRODUCTS

The Company issued unit linked policies which has both the risk and investment component. The investment portion is invested on behalf of the policyholders as disclosed in note 4.1 of these condensed interim financial information.

Movement during the period / year:

	30 June 2020 AED'000	31 December 2019 AED'000 (Audited)
As at 1 January	261,026	150,035
Amount invested by policyholders - net of allocation charges, redemptions, lapses and surrenders	23,731	91,214
Change in fair value of unit linked products	641	19,777
	285,398	261,026

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

13 SEGMENT INFORMATION

Operating segment information

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments provide its primary segment information.

Six month period ended 30 June

	<i>General insurance</i>		<i>Life assurance</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
UNDERWRITING INCOME			
Gross written premium	343,435	340,047	129,305
Reinsurance ceded	(208,653)	(201,798)	(64,733)
Net retained premium	134,782	138,249	64,572
Net change in unearned premium and policyholders' reserve	(13,606)	8,363	(25,986)
Net earned premium	121,176	146,612	38,586
Gross commission earned	39,151	32,361	815
Total underwriting income	160,327	178,973	39,401
UNDERWRITING EXPENSES			
Net claims incurred	(59,658)	(91,114)	(1,127)
Commission incurred	(26,117)	(28,756)	(23,460)
Administrative expenses	(25,422)	(28,882)	(13,268)
Other operational costs related to underwriting activities	(18,048)	(23,527)	(7,554)
Net movement in fair value of investment held for unit linked products	-	-	641
Total underwriting expenses	(129,245)	(172,279)	(44,768)
Total underwriting profit	31,082	6,694	(5,367)
Net investment Profit/ (loss)			
General and administrative expenses			

Profit for the period

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

13 SEGMENT INFORMATION (continued)

Operating segment information (continued)

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments provide its primary segment information.

	<i>General insurance</i>		<i>Life assurance</i>
	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000</i>	<i>30 June 2020 AED'000</i>
ASSETS			
Property and equipment	76,298	76,188	25,432
Right-of-use assets	4,193	5,760	1,397
Intangible assets	5,247	6,172	1,749
Investment properties	56,396	56,396	18,799
Investments securities	92,599	126,424	25,494
Investments held on behalf of policyholders' unit linked products	-	-	285,398
Development work in progress	-	-	-
Statutory deposit	6,000	6,000	4,000
Reinsurance contract assets	410,852	396,309	118,600
Insurance and other receivables	435,445	379,444	98,925
Cash and bank balances	107,195	91,891	79,600
Total assets	1,194,225	1,144,584	659,394
LIABILITIES			
Due to Banks	5,396	3,382	-
Insurance contract liabilities	654,386	625,103	141,176
Insurance and other payables	377,598	364,310	67,457
Provision for employees' end of service benefits	7,351	6,463	2,451
Payable to policyholders of unit linked products	-	-	285,398
Total liabilities	1,044,731	999,258	496,482

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

13 SEGMENT INFORMATION (continued)

Operating segment information (continued)

	<u>General insurance</u>		<u>Life assurance</u>
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
EQUITY			
Share capital			
Statutory reserve			
Special reserve			
Fair value reserve			
Accumulated losses			
Total equity			
Total liabilities and equity			

14 SEASONALITY OF RESULTS

Dividend income amounted to AED 693 thousand and AED 3,001 thousand for the six-month periods ended 30 June 2020 and 30 June 2019, respectively. Dividend income depends on market conditions, investment activities of the Company and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 30 June 2020 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2020.

15 COVID-19 IMPACT ASSESSMENT

Covid-19 has spread across the Globe and is declared as a pandemic. Countries are and have taken steps to arrest the spread of this virus. Various measures are being put in place including travel ban, restrictions in public movement etc. UAE has taken wise measures in containing and treating the virus.

The various measures taken for the containment of this virus has resulted in economic disruption though the scale varies from country to country. The industries that are generally impacted are airline, travel and leisure & tourism.

Union Insurance Co has thus so far not seen any major impact to its business due the current circumstances. The economy of Dubai has opened up during June 2020 and we expect this opening to improve the overall business.

On the operational front, the Company's robust and proactive action in enabling Work from Home facility and abiding by the Government directives on movement and congregation in offices etc have helped the company to run the business as usual. The business so far is line with the budget. The company estimates and is confident that the business for the rest of the year will be close to the budget of the company. The company has no material exposure to airline or travel and tourism industry. There is expected impact on Medical insurance claims due to Covid-19 but is well compensated by reduction in normal claims. The company's reinsurance arrangement covers the impact of the claims. Due to possible reduction in workforce, the company expects ILOE claims and these are well covered by reinsurance arrangements. The Company's well rated and long standing reinsurers will stand by the company in fulfilling the claims needs. On this count, the Company does not expect any net impact to its finances.

The investment market has reduced substantially and this has an effect on the financial results of the company. During the second quarter investment values have gone up and thereby reduced the unrealised loss as compared to quarter one.

The Company is solvent and has sufficient liquidity to cater to the current needs for settlement of claims and providers. The collection process has been slow and this is understandable. The Company has seen improvement in collections during the month of June 2020 and expect this to gather speed in the coming months.

Overall the Company is in position to withstand the current impact of the Covid-19 and will emerge stronger with the experience.