

Union Insurance Company P.S.C.

Condensed interim financial information  
*for the nine month period ended 30 September 2016*

# Union Insurance Company P.S.C.

## Condensed interim financial information *for the nine month period ended 30 September 2016*

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed interim financial information	1 - 2
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 - 18



KPMG Lower Gulf Limited  
Level 13, Boulevard Plaza Tower One  
Mohammed Bin Rashid Boulevard, Downtown Dubai, UAE  
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

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

The Shareholders

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

*Introduction*

We have reviewed the accompanying 30 September 2016 condensed interim financial information of Union Insurance Company P.S.C. ("the Company"), which comprise:

- the condensed interim statement of financial position as at 30 September 2016;
- the condensed interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2016;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2016;
- the condensed interim statement of changes in equity for the nine-month period ended 30 September 2016;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2016; 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.



**Union Insurance Company P.S.C.**  
*Independent auditors' report on review of  
condensed interim financial information  
30 September 2016*

*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 September 2016 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited  
Vijendra Nath Malhotra  
Registration number: 48  
14 November 2016

# Union Insurance Company P.S.C.

## Condensed interim statement of financial position

as at

		(Un-audited) 30 September 2016	(Audited) 31 December 2015
	Note	AED	AED
<b>ASSETS</b>			
Property and equipment		13,092,353	14,267,066
Intangible assets		3,010,167	3,188,665
Investment properties		72,890,000	72,890,000
Investment securities	8	282,597,593	253,133,031
Development work-in-progress	7	80,950,000	80,950,000
Statutory deposit		10,000,000	10,000,000
Reinsurance contract assets	11	378,635,326	243,698,902
Insurance and other receivables		490,404,361	340,567,588
Bank balances and cash	12	123,074,565	94,022,832
<b>Total assets</b>		<b>1,454,654,365</b>	<b>1,112,718,084</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	11	626,056,139	421,805,638
Insurance and other payables	10	440,438,078	316,202,879
Payable to policyholders' of unit-linked products	20	65,438,946	30,659,532
Provision for employees' end of service benefits		2,415,370	2,069,350
<b>Total liabilities</b>		<b>1,134,348,533</b>	<b>770,737,399</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		(21,914,135)	(7,614,194)
Accumulated losses		(10,872,015)	(3,497,103)
<b>Total equity</b>		<b>320,305,832</b>	<b>341,980,685</b>
<b>Total liabilities and equity</b>		<b>1,454,654,365</b>	<b>1,112,718,084</b>

The notes on pages 8 to 18 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 on 14 November 2016 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.S.C.

## Condensed interim statement of profit or loss

for the period ended 30 September

		(Un-audited) For the three month period ended 30 September 2016 AED	(Un-audited) For the three month period ended 30 September 2015 AED	(Un-audited) For the nine month period ended 30 September 2016 AED	(Un-audited) For the nine month period ended 30 September 2015 AED
	<i>Note</i>				
Gross written premium		216,419,845	157,562,706	658,880,037	488,772,397
Reinsurance ceded		(96,986,350)	(77,827,125)	(292,627,853)	(246,410,684)
Net retained premium		119,433,495	79,735,581	366,252,184	242,361,713
Net change in unearned premium and policyholders' reserve		(19,744,524)	(4,250,852)	(81,160,784)	(36,669,970)
<b>Net earned premium</b>		<b>99,688,971</b>	<b>75,484,729</b>	<b>285,091,400</b>	<b>205,691,743</b>
Gross claims incurred	11.1	(111,347,941)	(108,368,209)	(409,457,772)	(251,087,856)
Insurance claims recovered from reinsurers	11.1	52,501,685	64,664,706	241,892,318	136,065,222
<b>Net claims incurred</b>		<b>(58,846,256)</b>	<b>(43,703,503)</b>	<b>(167,565,454)</b>	<b>(115,022,634)</b>
Gross commission income		19,589,914	13,542,110	53,084,534	39,084,729
Less: commission incurred		(20,623,430)	(10,601,028)	(52,012,203)	(26,420,793)
<b>Net commission earned</b>		<b>(1,033,516)</b>	<b>2,941,082</b>	<b>1,072,331</b>	<b>12,663,936</b>
Other operational costs related to underwriting activities		(12,479,008)	(6,596,207)	(32,924,363)	(21,969,447)
Net movement in fair value of investments held for unit linked products	20	(684,249)	(595,941)	(1,659,721)	(515,495)
<b>Underwriting profit</b>		<b>26,645,942</b>	<b>27,530,160</b>	<b>84,014,193</b>	<b>80,848,103</b>
Net investment loss	17	(9,330,169)	(4,165,689)	(28,881,698)	(27,521,534)
General and administrative expenses	18	(20,298,227)	(18,914,087)	(62,507,407)	(56,280,347)
<b>(Loss) / profit for the period</b>		<b>(2,982,454)</b>	<b>4,450,384</b>	<b>(7,374,912)</b>	<b>(2,953,778)</b>
Basic and diluted (loss) / earnings per share		<u>(0.009)</u>	<u>0.013</u>	<u>(0.022)</u>	<u>(0.009)</u>

The notes on pages 8 to 18 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.S.C.

## Condensed interim statement of profit or loss and other comprehensive income

for the period ended 30 September

	(Un-audited) For the three month period ended 30 September 2016 AED	(Un-audited) For the three month period ended 30 September 2015 AED	(Un-audited) For the nine month period ended 30 September 2016 AED	(Un-audited) For the nine month period ended 30 September 2015 AED
(Loss) / profit for the period	(2,982,454)	4,450,384	(7,374,912)	(2,953,778)
<b>Other comprehensive (loss) / 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	1,612,414	(5,245,598)	(14,299,941)	(12,683,958)
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-
<b>Total other comprehensive income / (loss) for the period</b>	<u>1,612,414</u>	<u>(5,245,598)</u>	<u>(14,299,941)</u>	<u>(12,683,958)</u>
<b>Total comprehensive loss for the period</b>	<u>(1,370,040)</u>	<u>(795,214)</u>	<u>(21,674,853)</u>	<u>(15,637,736)</u>

The notes on pages 8 to 18 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.S.C.**

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

	Attributable to equity shareholders of the Company					Total
	Share capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings/ (Accumulated losses)	
	AED	AED	AED	AED	AED	AED
Balance at 1 January 2015	330,939,180	11,076,401	11,076,401	(14,964,755)	19,308,963	357,436,190
Total comprehensive income for the period	-	-	-	-	-	-
Loss for the period	-	-	-	-	(2,953,778)	(2,953,778)
Other comprehensive (loss) / income for the period						
Net change in fair value of investments at FVTOCI	-	-	-	(12,683,958)	-	(12,683,958)
Net change in fair value of investments at FVTOCI on disposal	-	-	-	18,073,950	(18,073,950)	-
Total other comprehensive / (loss) / income for the period	-	-	-	5,389,992	(18,073,950)	(12,683,958)
Total comprehensive (loss) / income for the period	-	-	-	5,389,992	(21,027,728)	(15,637,736)
As at 30 September 2015	330,939,180	11,076,401	11,076,401	(9,574,763)	(1,718,765)	341,798,454
Balance at 1 January 2016	330,939,180	11,076,401	11,076,401	(7,614,194)	(3,497,103)	341,980,685
Total comprehensive income for the period	-	-	-	-	-	-
Loss for the period	-	-	-	-	(7,374,912)	(7,374,912)
Other comprehensive loss for the period						
Net change in fair value of investments at FVTOCI	-	-	-	(14,299,941)	-	(14,299,941)
Total other comprehensive loss for the period	-	-	-	(14,299,941)	-	(14,299,941)
Total comprehensive loss for the period	-	-	-	(14,299,941)	(7,374,912)	(21,674,853)
As at 30 September 2016	330,939,180	11,076,401	11,076,401	(21,914,135)	(10,872,015)	320,305,832

The notes on pages 8 to 18 form an integral part of these condensed interim financial information.



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

	(Un-audited) For the nine month period ended Note 30 September 2016 AED	(Un-audited) For the nine month period ended 30 September 2015 AED
<b>Cash flows from operating activities</b>		
Loss for the period	(7,374,912)	(2,953,778)
<i>Adjustment for:</i>		
Depreciation and amortisation	2,550,242	2,985,857
Gain on disposal of investments at FVTPL	(39,060)	(657,231)
Unrealised loss on investments at FVTPL	24,361,980	25,585,212
Interest income	(1,203,042)	(1,370,143)
Dividend income	(32,475)	-
(Gain) / loss on sale of property and equipment	(24,785)	58,934
Interest expense on overdraft	4,990,684	3,369,835
Provision for employees' end of service benefits	346,020	-
	<u>23,574,652</u>	<u>27,018,686</u>
Increase in insurance and other receivables (including related parties)	(149,836,773)	(67,066,340)
Increase in reinsurance contract assets	(134,936,424)	(93,829,264)
Increase in insurance contract liabilities	204,250,501	117,511,731
Increase in insurance and other payables	124,235,199	52,090,682
Employees' end of service benefits paid	-	(141,598)
<b>Net cash generated from operating activities</b>	<u>67,287,155</u>	<u>35,583,897</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,222,246)	(2,882,313)
Proceeds from sale of property and equipment	50,000	-
Purchase of investments at FVTPL	(40,767,429)	(221,388,019)
Proceeds from disposal of investments at FVTPL	7,459,420	167,296,714
Proceeds from disposal of investments at FVTOCI	-	20,935,167
Interest received	1,203,042	1,370,143
Dividend received	32,475	-
Decrease / (increase) in fixed deposit with banks with maturity greater than three months	29,003,253	(6,594,572)
<b>Net cash used in investing activities</b>	<u>(4,241,485)</u>	<u>(41,262,880)</u>
<b>Cash flows from financing activities</b>		
Interest paid on overdraft	(4,990,684)	(3,369,835)
<b>Net cash used in financing activities</b>	<u>(4,990,684)</u>	<u>(3,369,835)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	58,054,986	(9,048,818)
Cash and cash equivalents at the beginning of the period	1,107,242	6,269,004
<b>Cash and cash equivalents at the end of the period</b>	<u>13 59,162,228</u>	<u>(2,779,814)</u>

The notes on pages 8 to 18 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.S.C.**

### **Notes to the condensed interim financial information** *for the nine month period ended 30 September 2016*

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

Union Insurance Company P.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 address of the Company's registered corporate office is Union Insurance Building, P. O. Box 1225, Ajman, United Arab Emirates.

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 Ajman and Branch Offices in Abu Dhabi, Dubai, Sharjah 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". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

On 1 April 2015, a new UAE Federal Law No. 2 of 2015 for the Commercial Companies ("UAE Companies Law of 2015") was issued with effective date on 1 July 2015. In June 2016, the UAE cabinet passed a resolution to extend the deadline for existing companies in the UAE to ensure compliance with the new UAE Companies Law from 30 June 2016 to 30 June 2017. The Company is in the process of adopting the new federal law and will be fully compliant before the transitional provisions deadline.

Further, 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 2015.

##### **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.

##### **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.



## Union Insurance Company P.S.C.

### Notes to the condensed interim financial information

for the nine month period ended 30 September 2016

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

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

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 financial statements as at and for the year ended 31 December 2015.

#### 3. Summary of significant accounting policies

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2015.

#### 4. Financial risk management

Aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2015.

#### 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 September 2016 (Unaudited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	224,645,157	57,952,436	-	282,597,593
Insurance and other receivables	-	-	451,281,874	451,281,874
Statutory deposit	-	-	10,000,000	10,000,000
Bank balances and cash	-	-	123,074,565	123,074,565
	<u>224,645,157</u>	<u>57,952,436</u>	<u>584,356,439</u>	<u>866,954,032</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	440,438,078	440,438,078
Payable to policyholders' of unit-linked Products	65,438,946	-	-	65,438,946
	<u>65,438,946</u>	<u>-</u>	<u>440,438,078</u>	<u>505,877,024</u>

# Union Insurance Company P.S.C.

## Notes to the condensed interim financial information

for the nine month period ended 30 September 2016

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

At 31 December 2015 (Audited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	180,880,654	72,252,377	-	253,133,031
Insurance and other receivables	-	-	316,056,643	316,056,643
Statutory deposit	-	-	10,000,000	10,000,000
Bank balances and cash	-	-	94,022,832	94,022,832
	<u>180,880,654</u>	<u>72,252,377</u>	<u>420,079,475</u>	<u>673,212,506</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	316,202,879	316,202,879
Payable to policyholders' of unit-linked products	30,659,532	-	-	30,659,532
	<u>30,659,532</u>	<u>-</u>	<u>316,202,879</u>	<u>346,862,411</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

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Financial assets at FVTPL (8.1)	224,645,157	180,880,654
Financial assets at FVTOCI (8.2)	57,952,436	72,252,377
	<u>282,597,593</u>	<u>253,133,031</u>

#### 8.1 Financial assets at FVTPL

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Quoted securities in U.A.E	155,970,114	146,962,072
Quoted equity securities outside U.A.E	264,984	310,771
Unquoted equity securities outside U.A.E	2,971,113	2,948,279
Investments held on behalf of policyholders' of unit linked products	65,438,946	30,659,532
	<u>224,645,157</u>	<u>180,880,654</u>

# Union Insurance Company P.S.C.

## Notes to the condensed interim financial information

for the nine month period ended 30 September 2016

### 8. Investment securities (continued)

#### 8.2 Financial assets at FVTOCI

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Quoted equity securities in U.A.E.	57,652,436	71,952,377
Unquoted equity securities in U.A.E.	300,000	300,000
	<u>57,952,436</u>	<u>72,252,377</u>

#### 8.3 Financial assets - geographic concentration

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
- Within U.A.E.	279,361,496	249,873,981
- Outside U.A.E.	3,236,097	3,259,050
	<u>282,597,593</u>	<u>253,133,031</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 September 2016 (Unaudited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b><u>Financial assets</u></b>				
FVTPL	221,674,044	-	2,971,113	224,645,157
FVTOCI	<u>57,652,436</u>	<u>-</u>	<u>300,000</u>	<u>57,952,436</u>
	279,326,480	-	3,271,113	282,597,593
<b><u>Non financial assets</u></b>				
Investment properties	<u>-</u>	<u>-</u>	<u>72,890,000</u>	<u>72,890,000</u>
	<u>279,326,480</u>	<u>-</u>	<u>76,161,113</u>	<u>355,487,593</u>
<b><u>At 31 December 2015 (Audited)</u></b>				
	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b><u>Financial assets</u></b>				
FVTPL	177,932,375	-	2,948,279	180,880,654
FVTOCI	<u>71,952,377</u>	<u>-</u>	<u>300,000</u>	<u>72,252,377</u>
	249,884,752	-	3,248,279	253,133,031
<b><u>Non financial assets</u></b>				
Investment properties	<u>-</u>	<u>-</u>	<u>72,890,000</u>	<u>72,890,000</u>
	<u>249,884,752</u>	<u>-</u>	<u>76,138,279</u>	<u>326,023,031</u>



# Union Insurance Company P.S.C.

## Notes to the condensed interim financial information

for the nine month period ended 30 September 2016

### 10. Insurance and other payables

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Trade payables	170,994,796	130,677,585
Due to insurance and reinsurance companies	136,068,524	95,522,563
Premium reserve withheld	32,624,494	36,069,417
	<u>339,687,814</u>	<u>262,269,565</u>
Unclaimed dividends	2,085,445	2,088,500
Accrued expenses and others	68,280,404	29,556,280
Bank overdraft	30,384,415	22,288,534
	<u>440,438,078</u>	<u>316,202,879</u>

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

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
<b>Gross insurance contract liabilities</b>		
Claims reported unsettled	260,797,962	168,597,429
Claims incurred but not reported	74,601,714	42,534,345
Unearned premiums	290,656,463	210,673,864
<b>Gross insurance contract liabilities</b>	<u>626,056,139</u>	<u>421,805,638</u>
<b>Reinsurer's contract assets</b>		
Claims reported unsettled	(207,571,115)	(123,180,702)
Claims incurred but not reported	(28,942,081)	(14,301,415)
Unearned premiums	(142,122,130)	(106,216,785)
<b>Total reinsurers' contract assets</b>	<u>(378,635,326)</u>	<u>(243,698,902)</u>
<b>Net</b>		
Claims reported unsettled	53,226,847	45,416,727
Claims incurred but not reported	45,659,633	28,232,930
Unearned premiums	148,534,333	104,457,079
	<u>247,420,813</u>	<u>178,106,736</u>

# Union Insurance Company P.S.C.

Notes to the condensed interim financial information  
for the nine month period ended 30 September 2016

## 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:

Claims	Period ended 30 September 2016			Period ended 30 September 2015		
	Gross AED	Reinsurance AED	Net AED	Gross AED	Reinsurance AED	Net AED
<i>Outstanding claims at end of period</i>						
Notified claims	260,797,962	(207,571,115)	53,226,847	156,579,325	(115,369,639)	41,209,686
Incurred but not reported	74,601,714	(28,942,081)	45,659,633	17,637,859	(10,767,330)	6,870,529
	<u>335,399,676</u>	<u>(236,513,196)</u>	<u>98,886,480</u>	<u>174,217,184</u>	<u>(126,136,969)</u>	<u>48,080,215</u>
Claims settled in the period	301,505,618	(142,861,239)	158,644,379	197,296,537	(76,193,612)	121,102,925
<i>Outstanding claims at beginning of period</i>						
Notified claims	(168,597,429)	123,180,702	(45,416,727)	(95,770,550)	59,472,031	(36,298,519)
Incurred but not reported	(42,534,345)	14,301,415	(28,232,930)	(13,016,295)	6,793,328	(6,222,967)
	<u>425,773,520</u>	<u>(241,892,318)</u>	<u>183,881,202</u>	<u>262,726,876</u>	<u>(136,065,222)</u>	<u>126,661,654</u>
Increase in recoveries	(16,315,748)	-	(16,315,748)	(11,639,020)	-	(11,639,020)
Claims incurred	<u>409,457,772</u>	<u>(241,892,318)</u>	<u>167,565,454</u>	<u>251,087,856</u>	<u>(136,065,222)</u>	<u>115,022,634</u>
Unearned premium						
Total at the end of the period	<u>290,656,463</u>	<u>(142,122,130)</u>	<u>148,534,333</u>	<u>238,469,204</u>	<u>(127,771,230)</u>	<u>110,697,974</u>
Release during the period	210,673,864	(106,216,785)	104,457,079	186,387,812	(93,813,576)	92,574,236
Increase during the period	(290,656,463)	142,122,130	(148,534,333)	(238,469,204)	127,771,230	(110,697,974)
Net increase during the period	<u>(79,982,599)</u>	<u>35,905,345</u>	<u>(44,077,254)</u>	<u>(52,081,392)</u>	<u>33,957,654</u>	<u>(18,123,738)</u>
Total at the beginning of the period	<u>210,673,864</u>	<u>(106,216,785)</u>	<u>104,457,079</u>	<u>186,387,812</u>	<u>(93,813,576)</u>	<u>92,574,236</u>

## Union Insurance Company P.S.C.

Notes to the condensed interim financial information  
for the nine month period ended 30 September 2016

### 12. Bank balances and cash

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Cash in hand	102,500	102,500
Bank balances:		
Current accounts	45,961,261	11,188,516
Fixed deposits	77,010,804	82,731,816
	<u>122,972,065</u>	<u>93,920,332</u>
	<u>123,074,565</u>	<u>94,022,832</u>
Bank balances:		
In U.A.E.	98,270,286	88,653,795
Outside UAE & G.C.C. countries	24,701,779	5,266,537
	<u>122,972,065</u>	<u>93,920,332</u>

Fixed deposit carried interest ranging from 1% to 6.1% per annum (2015: 1% to 6.1% per annum). Fixed deposits of AED 62 million (2015: 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:

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Bank balances and cash (refer note 12)	123,074,565	94,022,832
Bank fixed deposits with maturity greater than three months	(33,527,922)	(70,627,056)
Bank overdraft	(30,384,415)	(22,288,534)
	<u>59,162,228</u>	<u>1,107,242</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:

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Due from policyholders	36,508,244	31,556,705
Equity shares held	-	12,000,233
Gross outstanding claims	12,247,280	3,516,976
Investment properties	72,890,000	72,890,000
Development work-in-progress	<u>80,950,000</u>	<u>80,950,000</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.S.C.

## Notes to the condensed interim financial information

for the nine month period ended 30 September 2016

### 14. Related party transactions (continued)

#### Transactions

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

	For the nine month period ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	AED	AED
Gross premiums	7,504,829	10,176,417
Claims paid	5,131,257	2,943,715

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

#### Compensation of key management personnel

Short-term benefits	1,800,000	1,800,000
Long-term benefits	104,138	104,138

### 15. Contingent liabilities

	30 September 2016	31 December 2015
	(Unaudited)	(Audited)
Letters of guarantee*	30,499,577	34,079,577

\*Includes AED 10,000,000 (2015: AED 10,000,000) issued in favour of Insurance Authority of U.A.E.

### 16. Capital commitments

	30 September 2016	31 December 2015
	(Unaudited)	(Audited)
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 nine month period ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	AED	AED
Interest on deposits	1,203,042	1,370,143
Dividend income	32,475	-
Realised gains on investments	39,060	657,231
Unrealised losses on investments at fair value through profit and loss	(24,361,980)	(25,585,212)
Interest on overdraft (margin account)	(4,990,684)	(3,369,835)
Others	(803,611)	(593,861)
	(28,881,698)	(27,521,534)

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

Notes to the condensed interim financial information  
for the nine month period ended 30 September 2016

## **18. General and administrative expenses**

	For the nine month period ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	AED	AED
Staff costs	43,776,108	37,473,564
Depreciation and amortization	2,550,242	2,985,857
Other	16,181,057	15,820,926
	<u>62,507,407</u>	<u>56,280,347</u>

## **19. Segment information**

### *Operating segment information*

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

	Nine month period ended 30 September (Unaudited)				Total
	General insurance		Life insurance		
	2016	2015	2016	2015	
	AED	AED	AED	AED	AED
Gross written premium	464,880,860	356,193,623	193,999,177	132,578,774	658,880,037
Reinsurance ceded	(218,429,117)	(181,967,976)	(74,198,736)	(64,442,708)	(292,627,853)
Net retained premium	246,451,743	174,225,647	119,800,441	68,136,066	366,252,184
Net change in unearned premium and policyholders' reserve	(43,070,744)	(16,624,121)	(38,090,040)	(20,045,849)	(81,160,784)
Net earned premium	<u>203,380,999</u>	<u>157,601,526</u>	<u>81,710,401</u>	<u>48,090,217</u>	<u>285,091,400</u>
Net claims incurred	(158,763,425)	(105,056,252)	(8,802,029)	(9,966,382)	(167,565,454)
Net commission earned / incurred	14,676,649	15,646,580	(13,604,318)	(2,982,644)	1,072,331
Other operational costs related to underwriting activities	(25,292,727)	(16,068,374)	(7,631,636)	(5,901,073)	(32,924,363)
Movement in fair value of investment held for unit linked products	-	-	(1,659,721)	(515,495)	(1,659,721)
Total underwriting expenses	<u>(169,379,503)</u>	<u>(105,478,046)</u>	<u>(31,697,704)</u>	<u>(19,365,594)</u>	<u>(201,077,207)</u>
Total underwriting profit	<u>34,001,496</u>	<u>52,123,480</u>	<u>50,012,697</u>	<u>28,724,623</u>	<u>84,014,193</u>
Net investment loss					80,848,103
General and administrative expenses					(28,881,698)
Loss for the period					<u>(62,507,407)</u>
					<u>(7,374,912)</u>
					<u>(2,953,778)</u>



**Union Insurance Company P.S.C.**  
**Notes to the condensed interim financial information**  
*for the nine month period ended 30 September 2016*

**19 Segment information (continued)**

*Operating segment information*

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

	General insurance		Life insurance		Total
	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED	30 September 2016 (Unaudited) AED
<b>ASSETS</b>					
Property and equipment	9,819,265	9,903,133	3,273,088	4,363,933	13,092,353
Intangible assets	2,257,625	3,188,665	752,542	-	3,010,167
Investment properties	37,500,000	37,500,000	35,390,000	35,390,000	72,890,000
Investment securities	186,239,323	199,880,649	96,358,270	53,252,382	282,597,593
Development work in progress	80,950,000	80,950,000	-	-	80,950,000
Statutory deposit	6,000,000	6,000,000	4,000,000	4,000,000	10,000,000
Reinsurance contract assets	343,334,734	208,555,338	35,300,592	35,143,564	378,635,326
Insurance and other receivables	343,934,469	256,960,202	146,469,892	83,607,386	490,404,361
Bank balances and cash	44,440,018	37,848,382	78,634,547	56,174,450	123,074,565
<b>Total assets</b>	<b>1,054,475,434</b>	<b>840,786,369</b>	<b>400,178,931</b>	<b>271,931,715</b>	<b>1,454,654,365</b>
					<b>1,112,718,084</b>
<b>LIABILITIES</b>					
Insurance contract liabilities	575,930,174	375,176,242	50,125,965	46,629,396	626,056,139
Insurance and other payables	314,489,642	258,510,630	125,948,436	57,692,249	440,438,078
Payable to policyholders' of unit-linked products	-	-	65,438,946	30,659,532	65,438,946
Provision for employees' end of service benefits	1,811,528	1,552,012	603,842	517,338	2,415,370
<b>Total liabilities</b>	<b>892,231,344</b>	<b>635,238,884</b>	<b>242,117,189</b>	<b>135,498,515</b>	<b>1,134,348,533</b>
					<b>770,737,399</b>
<b>EQUITY</b>					
Share capital	-	-	-	-	330,939,180
Statutory reserve	-	-	-	-	11,076,401
Special reserve	-	-	-	-	11,076,401
Fair value reserve	-	-	-	-	(21,914,135)
Accumulated losses	-	-	-	-	(10,872,015)
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>320,305,832</b>
					<b>341,980,685</b>
<b>Total liabilities and equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,454,654,365</b>
					<b>1,112,718,084</b>

## Union Insurance Company P.S.C.

### Notes to the condensed interim financial information

for the nine month period ended 30 September 2016

#### 20. 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 8.1 of these financial information.

*Movement during the period :*

	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
As at 1 January	30,659,532	6,554,831
Amount invested by policyholders net of allocation charges	36,439,135	25,268,179
Change in fair value	(1,659,721)	(1,163,478)
	<u>65,438,946</u>	<u>30,659,532</u>