

Union Insurance Company P.J.S.C.

CONDENSED INTERIM FINANCIAL STATEMENTS

31 MARCH 2018 (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 31 March 2018 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-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.

Other Matters

The interim condensed financial statements of the Company as of 31 March 2017 were reviewed by another auditor whose report dated 14 May 2017 expressed an unqualified conclusion on those interim condensed financial statements. Also, the financial statements as of 31 December 2017 were audited by another auditor whose report dated 18 March 2018 expressed an unqualified opinion on those financial statements.

For Ernst & Young



Ashraf Abu-Sharkh
Partner
Registration No.690

14 May 2018

Dubai, United Arab Emirates

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF INCOME

For the period ended 31 March 2018 (Unaudited)

	<i>Note</i>	<i>Three months ended 31 March</i>	
		<i>2018 AED'000</i>	<i>2017 AED'000</i>
UNDERWRITING INCOME			
Gross written premium		224,438	257,227
Reinsurance ceded		(114,656)	(116,604)
		<u>109,782</u>	<u>140,623</u>
Net change in unearned premium and policyholders' reserve		14,430	(38,524)
		<u>124,212</u>	<u>102,099</u>
Net earned premium		16,559	18,896
Gross commission earned			
		<u>140,771</u>	<u>120,995</u>
UNDERWRITING EXPENSES			
Gross claims incurred		(152,121)	(139,439)
Insurance claims recovered from reinsurers		82,087	72,250
		<u>(70,034)</u>	<u>(67,189)</u>
Net claims incurred		(22,825)	(21,205)
Commission incurred		(15,810)	(17,038)
Administrative expenses			
Other operational costs related to underwriting activities		(13,520)	(12,645)
Net movement in reserve of unit linked products		(4,686)	5,814
		<u>(126,875)</u>	<u>(112,263)</u>
Total underwriting expenses			
		13,896	8,732
UNDERWRITING PROFIT			
Net investment loss		(5,891)	(10,649)
General and administrative expenses		(3,832)	(3,583)
		<u>4,173</u>	<u>(5,500)</u>
PROFIT/ (LOSS) FOR THE PERIOD			
Basic and diluted earnings per share (AED)	3	<u>0.0126</u>	<u>(0.0166)</u>

The attached explanatory notes 1 to 14 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2018 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2018 AED'000</i>	<i>2017 AED'000</i>
Profit/ (loss) for the period	4,173	(5,500)
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that could not be reclassified to profit or loss in subsequent periods:</i>		
Net change in fair value of investments at fair value through other comprehensive income	<u>(1,273)</u>	<u>(6,335)</u>
Other comprehensive loss for the period	<u>(1,273)</u>	<u>(6,335)</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	<u><u>2,900</u></u>	<u><u>(11,835)</u></u>

The attached explanatory notes 1 to 14 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.


INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 (Unaudited)

	<i>Notes</i>	31 March 2018 AED'000	31 December 2017 AED'000 (Audited)
ASSETS			
Property and equipment		26,247	25,378
Intangible assets		2,851	3,148
Investment properties		79,945	79,945
Development work-in-progress	4	82,045	82,045
Investment securities	5	299,383	300,576
Statutory deposit		10,000	10,000
Reinsurance contract assets		520,212	532,022
Insurance and other receivables		592,164	657,309
Cash and bank balances	6	78,547	91,845
TOTAL ASSETS		1,691,394	1,782,268
LIABILITIES			
Insurance contract liabilities		841,760	864,350
Insurance and other payables		397,559	469,960
Payable to policyholders' of unit-linked products		134,598	133,426
Provision for employees' end of service benefits		5,231	5,186
Total liabilities		1,379,148	1,472,922
EQUITY			
Share capital	7	330,939	330,939
Statutory reserve	8	12,098	12,098
Special reserve	8	12,098	12,098
Fair value reserve	8	(9,654)	(8,381)
Accumulated losses		(33,235)	(37,408)
TOTAL EQUITY		312,246	309,346
TOTAL LIABILITIES AND EQUITY		1,691,394	1,782,268

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 14 May, 2018.


 Mohammed Hareb Al Mazroei
 Chairman


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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2018 (Unaudited)

	Attributable to equity shareholders of the Company					
	Share capital AED '000	Statutory reserve AED '000	Special reserve AED '000	Fair value reserve AED '000	(Accumulated losses) AED '000	Total AED '000
Balance at 1 January 2018	330,939	12,098	12,098	(8,381)	(37,408)	309,346
Profit for the period	-	-	-	-	4,173	4,173
Other comprehensive loss for the period	-	-	-	(1,273)	-	(1,273)
Total comprehensive (loss)/ income for the period	-	-	-	(1,273)	4,173	2,900
Balance at 31 March 2018	330,939	12,098	12,098	(9,654)	(33,235)	312,246
As at 1 January 2017	330,939	11,076	11,076	(23,342)	(31,269)	298,480
Loss for the period	-	-	-	-	(5,500)	(5,500)
Other comprehensive loss for the period	-	-	-	(6,335)	-	(6,335)
Total comprehensive loss for the period	-	-	-	(6,335)	(5,500)	(11,835)
Balance at 31 March 2017	330,939	11,076	11,076	(29,677)	(36,769)	286,645

Union Insurance Company P.J.S.C.
INTERIM STATEMENT OF CASH FLOWS
For the period ended 31 March 2018 (Unaudited)

	<i>Note</i>	<i>Three month period ended 31 March</i>	
		<i>2018 AED'000</i>	<i>2017 AED'000</i>
OPERATING ACTIVITIES			
Profit / (loss) for the period		4,173	(5,500)
Adjustment for:			
Depreciation and amortisation		686	857
Gain on disposal of investments at FVTPL		(98)	-
Unrealised loss on investments at FVTPL		6,247	9,202
Interest income		(916)	(240)
Dividend income		(43)	(28)
Interest on margin trading account		439	1,461
Provision for employees' end of service benefits		282	-
		<u>10,770</u>	<u>5,752</u>
Increase in insurance and other receivables		65,145	(89,476)
Increase in reinsurance contract assets		11,810	(53,856)
Increase in insurance contract liabilities		(22,590)	81,317
Increase in insurance and other payables		(71,228)	51,867
Employees' end of service benefits paid		(237)	-
		<u>(6,330)</u>	<u>(4,396)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,259)	(425)
Purchase of investments		(21,482)	(299)
Proceeds from disposal of investments at FVTPL		15,253	-
Interest received		916	240
Dividend received		43	28
Decrease in fixed deposit with banks with maturity greater than three months		5,812	-
		<u>(717)</u>	<u>(456)</u>
FINANCING ACTIVITY			
Interest on margin trading account		(439)	(1,461)
		<u>(439)</u>	<u>(1,461)</u>
Net cash used in financing activity			
		<u>(7,486)</u>	<u>(6,313)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January		27,816	22,856
CASH AND CASH EQUIVALENTS AT 31 MARCH	6	<u><u>20,330</u></u>	<u><u>16,543</u></u>

The attached explanatory notes 1 to 14 form part of these condensed interim financial statements.

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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed financial statements of the Company are prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34").

Interim reporting

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2017.

Changes in accounting estimates

The accounting policies are consistent with those used in the previous year. The accounting estimates used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2017.

New standards, interpretations and amendments

The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these interim condensed financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the new insurance contracts standard (IFRS 17). The amendments introduce two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if: (i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVPL; and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for certain designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets. An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies IFRS 9 for the first time. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

The Company has adopted IFRS 9 which sets out guidelines for the classification and measurement of financial assets. Based on a preliminary assessment of the Company's financial assets and financial liabilities as at 31 March 2018, on the basis of the facts and circumstances that exist at that date, the Company has assessed the impact of IFRS 9 on the financial statements. Based on its assessment, the Company does not believe that IFRS 9 will have a material impact on the Company's financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**2.1 BASIS OF PREPARATION (continued)****New standards, interpretations and amendments (continued)****IFRS 15 Revenue from Contracts with Customers**

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. Revenue arising from insurance contracts and from financial instruments is outside the scope of IFRS 15. The impact on the recognition of revenue from other services delivered to customers by the Company is expected to be insignificant.

These condensed financial statements do not include all disclosures and should be read in conjunction with the financial statements for the year ended 31 December 2017. In addition, results for the three months ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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 month period ended 31 March</i>	
	<i>2018</i>	<i>2017</i>
Profit/ (loss) for the period (AED'000)	4,173	(5,500)
Weighted average number of shares outstanding during the period ('000)	330,939	330,939
Earnings per share (AED)	<u>0.0126</u>	<u>(0.0166)</u>

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.

4 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.

5 INVESTMENT SECURITIES

	<i>31 March 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Financial assets at fair value through profit or loss	281,925	290,810
Financial assets at fair value through other comprehensive income	17,458	9,766
	<u>299,383</u>	<u>300,576</u>

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 31 March 2018 (Unaudited)

5 INVESTMENT SECURITIES (continued)

5.1 Investments at fair value through profit or loss

	<i>31 March 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Investments held on behalf of policyholders' unit linked products	134,598	133,426
Quoted equity securities in U.A.E.	84,166	85,947
Quoted equity securities outside U.A.E.	459	8,726
Unquoted equity securities outside U.A.E.	2,979	2,962
Unquoted equity securities in U.A.E.	3,945	-
Quoted bond securities outside U.A.E.	44,627	40,551
Quoted bond securities in U.A.E.	4,592	12,081
Investment in funds outside U.A.E.	6,559	7,117
	<u>281,925</u>	<u>290,810</u>

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

5.2 Investments at fair value through other comprehensive income

	<i>31 March 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
<i>Equity securities</i>		
Quoted equity securities in U.A.E.	8,878	9,466
Quoted equity securities outside U.A.E.	6,670	-
Quoted bond securities outside U.A.E.	1,610	-
Unquoted equity securities in U.A.E.	300	300
	<u>17,458</u>	<u>9,766</u>

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 31 March 2018 (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>
Financial assets				
FVTPL - financial assets	278,946	-	2,979	281,925
FVTOCI - financial assets	17,158	-	300	17,458
	<u>296,104</u>	<u>-</u>	<u>3,279</u>	<u>299,383</u>
Non financial assets				
Investment properties	-	-	79,945	79,945
Development work-in-progress (note 4)	-	-	82,045	82,045
	<u>296,104</u>	<u>-</u>	<u>165,269</u>	<u>461,373</u>

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 31 March 2018 (Unaudited)

5 INVESTMENT SECURITIES (continued)

5.2 Investments at fair value through other comprehensive income (continued)

FAIR VALUE HIERARCHY (continued)

<i>At 31 December 2017 (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>
Financial assets				
FVTPL - financial assets	287,848	-	2,962	290,810
FVTOCI - financial assets	9,466	-	300	9,766
	<u>297,314</u>	<u>-</u>	<u>3,262</u>	<u>300,576</u>
Non financial assets				
Investment properties	-	-	79,945	79,945
Development work-in-progress (note 4)	-	-	82,045	82,045
	<u>297,314</u>	<u>-</u>	<u>165,252</u>	<u>462,566</u>

6 CASH AND BANK BALANCES

	<i>31 March 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>	<i>31 March 2017 AED'000</i>
Cash in hand	<u>83</u>	<u>83</u>	<u>83</u>
Bank balances:			
Current accounts	<u>10,685</u>	<u>17,655</u>	<u>4,254</u>
Fixed deposits	<u>67,779</u>	<u>74,107</u>	<u>69,288</u>
	<u>78,464</u>	<u>91,762</u>	<u>73,542</u>
Cash and bank balances	<u>78,547</u>	<u>91,845</u>	<u>73,625</u>
Less: Deposits with original maturities greater than three months	<u>(58,217)</u>	<u>(64,029)</u>	<u>(57,082)</u>
Cash and cash equivalents	<u>20,330</u>	<u>27,816</u>	<u>16,543</u>
Bank balances:			
In U.A.E.	<u>70,685</u>	<u>71,255</u>	<u>69,726</u>
Outside UAE & G.C.C. countries	<u>7,779</u>	<u>20,507</u>	<u>3,816</u>
	<u>78,464</u>	<u>91,762</u>	<u>73,542</u>

Fixed deposit carried interest ranging from 1% to 8% per annum (2017: 1% to 8% per annum). Fixed deposits of AED 62 million (2017: 62 million) have been pledged as security against the overdraft facility.

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 31 March 2018 (Unaudited)

7 SHARE CAPITAL

	<i>31 March 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Issued and fully paid 330,939,180 shares of AED 1 each (2017: 330,939,180 share 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 31 March 2018. 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.

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>31 March 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Premium receivable (included in due from policyholders)	25,932	24,813
Gross outstanding claims (included in claims reported unsettled)	1,040	976
Investment properties	79,945	79,945
Development work-in-progress	<u>82,045</u>	<u>82,045</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 STATEMENTS

At 31 March 2018 (Unaudited)

9 RELATED PARTY TRANSACTIONS (continued)

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

	<i>Three months ended 31 March</i>	
	<i>2018 AED'000</i>	<i>2017 AED'000</i>
Premiums written	1,032	1,832
Claims paid	418	793
Premiums are charged to related parties at rates agreed with management.		
Compensation of key management personnel		
Short-term benefits	600	600
Long-term benefits	35	35

10 CONTINGENT LIABILITIES

	<i>31 March 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Letters of guarantee*	36,553	37,828

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

11 CAPITAL COMMITMENTS

	<i>31 March 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Commitment for the construction of development properties	54,979	54,979

The above commitment for the construction of development properties pertains to Meydan Real Estate Project and 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 5.1 of these condensed interim financial information.

Movement during the period / year:

	<i>31 March 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
As at 1 January	133,426	97,095
Amount invested by policyholders - net of allocation charges, redemptions, lapses and surrenders	5,858	29,658
Change in reserve	(4,686)	6,673
	<u>134,598</u>	<u>133,426</u>

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 31 March 2018 (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 are the basis on which Company reports its primary segment information.

Three month period ended 31 March

	General insurance		Life assurance		Total	
	2018 AED '000	2017 AED '000	2018 AED '000	2017 AED '000	2018 AED '000	2017 AED '000
UNDERWRITING INCOME						
Gross written premium	168,935	201,363	55,503	55,864	224,438	257,227
Reinsurance ceded	(88,886)	(91,100)	(25,770)	(25,504)	(114,656)	(116,604)
Net retained premium	80,049	110,263	29,733	30,360	109,782	140,623
Net change in unearned premium and policyholders' reserve	12,869	(21,520)	1,561	(17,004)	14,430	(38,524)
Net earned premium	92,918	88,743	31,294	13,356	124,212	102,099
Gross commission earned	16,559	17,411	-	1,485	16,559	18,896
Total underwriting income	109,477	106,154	31,294	14,841	140,771	120,995
UNDERWRITING EXPENSES						
Net claims incurred	(69,105)	(64,962)	(929)	(2,227)	(70,034)	(67,189)
Commission incurred	(14,080)	(12,589)	(8,745)	(8,616)	(22,825)	(21,205)
Administrative expenses	(10,027)	(12,285)	(5,783)	(4,753)	(15,810)	(17,038)
Other operational costs related to underwriting activities	(10,511)	(9,713)	(3,009)	(2,932)	(13,520)	(12,645)
Increase in fair value of investment held for unit linked products	-	-	(4,686)	5,814	(4,686)	5,814
Total underwriting expenses	(103,723)	(99,549)	(23,152)	(12,714)	(126,875)	(112,263)
Total underwriting profit	5,754	6,605	8,142	2,127	13,896	8,732
Net investment loss					(5,891)	(10,649)
General and administrative expenses					(3,832)	(3,583)
Profit/ (loss) for the period					4,173	(5,500)

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 31 March 2018 (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 are the basis on which Company reports its primary segment information

	General insurance		Life assurance		Total	
	31 March 2018 AED'000	31 December 2017 AED'000	31 March 2018 AED'000	31 December 2017 AED'000	31 March 2018 AED'000	31 December 2017 AED'000
ASSETS						
Property and equipment	19,685	19,033	6,562	6,345	26,247	25,378
Intangible assets	2,139	2,361	712	787	2,851	3,148
Investment properties	59,959	59,959	19,986	19,986	79,945	79,945
Investments securities	123,589	125,362	175,794	175,214	299,383	300,576
Development work in progress	61,534	61,534	20,511	20,511	82,045	82,045
Statutory deposit	6,000	6,000	4,000	4,000	10,000	10,000
Reinsurance contract assets	496,005	500,354	24,207	31,668	520,212	532,022
Insurance and other receivables	435,440	429,047	156,724	228,262	592,164	657,309
Cash and bank balances	58,909	68,883	19,638	22,962	78,547	91,845
Total assets	1,263,260	1,272,533	428,134	509,735	1,691,394	1,782,268
LIABILITIES						
Insurance contract liabilities	805,886	817,868	35,874	46,482	841,760	864,350
Insurance and other payables	317,146	311,144	80,413	158,816	397,559	469,960
Payable to policyholders of unit linked products	-	-	134,598	133,426	134,598	133,426
Provision for employees' end of service benefits	3,923	3,890	1,308	1,296	5,231	5,186
Total liabilities	1,126,955	1,132,902	252,193	340,020	1,379,148	1,472,922

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 31 March 2018 (Unaudited)

13 SEGMENT INFORMATION (continued)

Operating segment information (continued)

	General insurance		Life assurance		Total	
	31 March 2018 AED'000	31 December 2017 AED'000	31 March 2018 AED'000	31 December 2017 AED'000	31 March 2018 AED'000	31 December 2017 AED'000
EQUITY						
Share capital			330,939	330,939	330,939	330,939
Statutory reserve			12,098	12,098	12,098	12,098
Special reserve			12,098	12,098	12,098	12,098
Fair value reserve			(9,654)	(8,381)	(9,654)	(8,381)
Accumulated losses			(33,235)	(37,408)	(33,235)	(37,408)
Total equity			312,246	309,346	312,246	309,346
Total liabilities and equity			1,691,394	1,782,268	1,691,394	1,782,268

14 SEASONALITY OF RESULTS

Dividend income amounted to AED 43 thousand and AED 28 thousand for the three-month periods ended 31 March 2018 and 31 March 2017 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 31 March 2018 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 2018.