

Union Insurance Company P.J.S.C.

INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2018 (UNAUDITED)



Ernst & Young
P.O. Box 9267
28th Floor, Al Saqr Business Tower
Sheikh Zayed Road
Dubai, United Arab Emirates

Tel: +971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com/mena

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

Introduction

We have reviewed the accompanying interim condensed financial statements of Union Insurance Company P.J.S.C. (the "Company") as at 30 September 2018, comprising the interim statement of financial position as at 30 September 2018 and the related interim statements of income and comprehensive income for the three-month and nine-month periods, and the related statements of changes in equity and cash flows for the nine-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed 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 interim condensed 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 interim condensed 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 30 September 2017 were reviewed by another auditor whose report dated 13 November 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

Signed by:
Ashraf Abu-Sharkh
Partner
Registration No. 690

12 November 2018

Dubai, United Arab Emirates

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF INCOME

For the period ended 30 September 2018 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2018 AED '000</i>	<i>2017 AED '000</i>	<i>2018 AED '000</i>	<i>2017 AED '000</i>
UNDERWRITING INCOME				
Gross written premium	242,100	273,774	722,255	802,187
Reinsurance ceded	(136,907)	(149,008)	(386,736)	(393,597)
	105,193	124,766	335,519	408,590
Net change in unearned premium and policyholders' reserve	20,244	(457)	26,629	(61,167)
Net earned premium	125,437	124,309	362,148	347,423
Gross commission earned	16,087	16,361	48,479	48,697
Total underwriting income	141,524	140,670	410,627	396,120
UNDERWRITING EXPENSES				
Gross claims incurred	(125,424)	(141,234)	(386,941)	(388,721)
Reinsurer's share of claims incurred	64,501	75,348	202,021	190,510
Net claims incurred	(60,923)	(65,886)	(184,920)	(198,211)
Commission incurred	(25,806)	(19,639)	(68,747)	(61,851)
Administrative expenses	(19,140)	(25,184)	(56,750)	(63,044)
Other operational costs related to underwriting activities	(16,235)	(20,871)	(48,952)	(48,147)
Net movement in reserve of unit linked products	(11,587)	364	(17,167)	2,421
Total underwriting expenses	(72,768)	(65,330)	(191,616)	(170,621)
UNDERWRITING PROFIT	7,833	9,454	34,091	27,288
Net investment income/ (loss)	845	431	(8,977)	(9,396)
General and administrative expenses	(3,639)	(3,848)	(11,050)	(11,573)
PROFIT FOR THE PERIOD	5,039	6,037	14,064	6,319
Basic and diluted earnings per share (AED)	3	0.0182	0.0425	0.0191

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2018 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2018 AED '000</i>	<i>2017 AED '000</i>	<i>2018 AED '000</i>	<i>2017 AED '000</i>
Profit for the period	5,039	6,037	14,064	6,319
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	350	1,419	(2,778)	901
Other comprehensive income/ (loss) for the period	350	1,419	(2,778)	901
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	5,389	7,456	11,286	7,220

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


Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2018 (Unaudited)

	<i>Notes</i>	30 September 2018 AED'000	31 December 2017 AED'000 (Audited)
ASSETS			
Property and equipment		22,784	25,378
Intangible assets		7,002	3,148
Investment properties		79,945	79,945
Development work-in-progress	4	82,045	82,045
Investment securities	5	341,947	300,576
Statutory deposit		10,000	10,000
Reinsurance contract assets		500,224	532,022
Insurance and other receivables		546,282	657,309
Cash and bank balances	6	106,938	91,845
TOTAL ASSETS		1,697,167	1,782,268
LIABILITIES			
Insurance contract liabilities		791,874	864,350
Insurance and other payables		430,966	469,960
Payable to policyholders' of unit-linked products		146,205	133,426
Provision for employees' end of service benefits		7,490	5,186
Total liabilities		1,376,535	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	(11,159)	(8,381)
Accumulated losses		(23,344)	(37,408)
TOTAL EQUITY		320,632	309,346
TOTAL LIABILITIES AND EQUITY		1,697,167	1,782,268

The interim condensed financial statements were authorised for issue in accordance with a resolution of the directors on 12 November 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 30 September 2018 (Unaudited)

	<i>Attributable to equity shareholders of the Company</i>					
	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>Special reserve AED '000</i>	<i>Fair value reserve AED '000</i>	<i>(Accumulated losses) AED '000</i>	<i>Total AED '000</i>
Balance at 1 January 2018	330,939	12,098	12,098	(8,381)	(37,408)	309,346
Profit for the period	-	-	-	-	14,064	14,064
Other comprehensive loss for the period	-	-	-	(2,778)	-	(2,778)
Total comprehensive (loss)/ income for the period	-	-	-	(2,778)	14,064	11,286
Balance at 30 September 2018	330,939	12,098	12,098	(11,159)	(23,344)	320,632
As at 1 January 2017	330,939	11,076	11,076	(23,342)	(31,269)	298,480
Profit for the period	-	-	-	-	6,319	6,319
Other comprehensive loss for the period	-	-	-	901	-	901
Total comprehensive (loss)/ income for the period	-	-	-	901	6,319	7,220
As at 30 September 2017	330,939	11,076	11,076	(22,441)	(24,950)	305,700

Union Insurance Company P.J.S.C.
INTERIM STATEMENT OF CASH FLOWS
For the period ended 30 September 2018 (Unaudited)

	<i>Note</i>	<i>Nine months ended 30 September</i>	
		<i>2018 AED '000</i>	<i>2017 AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		14,064	6,319
Adjustment for:			
Depreciation and amortisation		3,002	2,559
Gain on disposal of investments at FVTPL		350	(2,715)
Unrealised loss on investments at FVTPL		12,510	9,363
Interest income		(2,628)	(1,056)
Dividend income		(3,188)	(204)
Interest on margin trading account		1,193	3,169
Provision for employees' end of service benefits		2,718	822
		28,021	18,257
(Decrease)/ Increase in insurance and other receivables		111,027	(197,906)
(Decrease)/ Increase in reinsurance contract assets		31,798	(164,921)
(Decrease)/ Increase in insurance contract liabilities		(72,476)	220,959
(Decrease)/ Increase in insurance and other payables		(18,620)	121,290
Employees' end of service benefits paid		(413)	-
Net cash from/ (used in) operating activities		79,337	(2,321)
INVESTING ACTIVITIES			
Purchase of property and equipment		(4,264)	(1,846)
Proceeds from sale of property and equipment		3	-
Purchase of investments		(81,484)	(35,924)
Proceeds from disposal of investments at FVTPL		24,475	52,234
Proceeds from disposal of investments at FVTOCI		-	47,408
Interest received		2,628	1,056
Dividend received		3,188	204
Change in fixed deposit with banks with maturity greater than three months		1,757	(2,695)
Net cash (used in)/ from investing activities		(53,697)	60,437
FINANCING ACTIVITY			
Interest on margin trading account		(1,193)	(3,169)
Net cash used in financing activity		(1,193)	(3,169)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January	6	13,834	(753)
CASH AND CASH EQUIVALENTS AT 30 SEP		38,281	54,194

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

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 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

New standards, interpretations and amendments (continued)

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (continued)

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 30 September 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.

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.

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 September</i>		<i>Nine months ended 30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
Profit for the period (AED'000)	5,039	6,037	14,064	6,319
Weighted average number of shares outstanding during the period ('000)	330,939	330,939	330,939	330,939
Earnings per share (AED)	0.0152	0.0182	0.0425	0.0191

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 a 10% investment in the Meydan Real Estate Project based in the U.A.E. The project is promoted by 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 a related party. At the end of the reporting period, work on the project has not been started.

5 INVESTMENT SECURITIES

	<i>30 September 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Financial assets at fair value through profit or loss	312,857	290,810
Financial assets at fair value through other comprehensive income	29,090	9,766
	341,947	300,576

Union Insurance Company P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2018 (Unaudited)

5 INVESTMENT SECURITIES (continued)

5.1 Investments at fair value through profit or loss

	<i>30 September 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Investments held on behalf of policyholders' unit linked products	146,205	133,426
Quoted equity securities in U.A.E.	79,074	85,947
Quoted equity securities outside U.A.E.	-	8,726
Unquoted equity securities outside U.A.E.	3,450	2,962
Unquoted equity securities in U.A.E.	3,945	-
Quoted bond securities outside U.A.E.	53,421	40,551
Quoted bond securities in U.A.E.	16,535	12,081
Investment in funds in U.A.E.	3,670	-
Investment in funds outside U.A.E.	6,557	7,117
	<u>312,857</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>30 September 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
<i>Equity securities</i>		
Quoted equity securities in U.A.E.	8,278	9,466
Quoted equity securities outside U.A.E.	20,512	-
Unquoted equity securities in U.A.E.	300	300
	<u>29,090</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 30 September 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	309,407	-	3,450	312,857
FVTOCI - financial assets	28,790	-	300	29,090
	<u>338,197</u>	<u>-</u>	<u>3,750</u>	<u>341,947</u>
Non financial assets				
Investment properties	-	-	79,945	79,945
Development work-in-progress (note 4)	-	-	82,045	82,045
	<u>338,197</u>	<u>-</u>	<u>165,740</u>	<u>503,937</u>

As of 30 September 2018, the Company does not have any investments in or other exposure to Abraaj Holdings, its subsidiaries or any of the funds managed by the Abraaj Holdings or any of its subsidiaries.

Union Insurance Company P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2018 (Unaudited)

5 INVESTMENT SECURITIES (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)	-	-	-	-
	<u>297,314</u>	<u>-</u>	<u>83,207</u>	<u>380,521</u>

6 CASH AND BANK BALANCES

	<i>30 September 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>	<i>30 September 2017 AED'000</i>
Cash in hand	<u>83</u>	<u>83</u>	<u>83</u>
Bank balances:			
Current accounts	25,897	17,655	69,879
Fixed deposits	80,958	74,107	59,776
	<u>106,855</u>	<u>91,762</u>	<u>129,655</u>
Cash and bank balances	<u>106,938</u>	<u>91,845</u>	<u>129,738</u>
Less: Deposits with original maturities greater than three months	(62,272)	(64,029)	(59,776)
Less Bank overdraft*	(6,385)	(13,982)	(15,768)
Cash and cash equivalents	<u>38,281</u>	<u>13,834</u>	<u>54,194</u>
Bank balances:			
In U.A.E.	96,231	71,255	93,948
Outside UAE & G.C.C. countries	10,625	20,507	35,707
	<u>106,856</u>	<u>91,762</u>	<u>129,655</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: AED 62 million) have been pledged as security against the overdraft facility.

*Bank overdraft are classified with insurance and other payables in the interim statement of financial position as at 30 September 2018.

Union Insurance Company P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2018 (Unaudited)

7 SHARE CAPITAL

	<i>30 September 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)	330,939	330,939

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 September 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>30 September 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Premium receivable (included in due from policyholders)	26,382	24,813
Gross outstanding claims (included in claims reported unsettled)	427	976
Investment properties	79,945	79,945
Development work-in-progress	82,045	82,045

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 INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2018 (Unaudited)

9 RELATED PARTY TRANSACTIONS (continued)

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

	<i>Nine months ended 30 September</i>	
	<i>2018 AED'000</i>	<i>2017 AED'000</i>
Premiums written	1,665	1,183
Claims paid	1,118	786
Premiums are charged to related parties at rates agreed with management.		
Compensation of key management personnel		
Short-term benefits	1,800	1,200
Long-term benefits	105	70

10 CONTINGENT LIABILITIES

	<i>30 September 2018 AED'000</i>	<i>31 December 2017 AED'000 (Audited)</i>
Letters of guarantee*	37,298	37,828

*Includes AED 10,000 thousand (31 December 2017: AED 10,000 thousand) issued in favour of Insurance Authority of U.A.E.

11 CAPITAL COMMITMENTS

	<i>30 September 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 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 5.1 of these condensed interim financial information.

Movement during the period / year:

	<i>30 September 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	29,946	29,658
Change in reserve	(17,167)	6,673
	<u>146,205</u>	<u>133,426</u>

Union Insurance Company P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 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.

Nine month period ended 30 September

	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	507,576	613,332	214,679	188,855	722,255	802,187
Reinsurance ceded	(280,658)	(295,917)	(106,078)	(97,680)	(386,736)	(393,597)
Net retained premium	226,918	317,415	108,601	91,175	335,519	408,590
Net change in unearned premium and policyholders' reserve	38,217	(33,215)	(11,588)	(27,952)	26,629	(61,167)
Net earned premium	265,135	284,200	97,013	63,223	362,148	347,423
Gross commission earned	47,655	46,845	824	1,852	48,479	48,697
Total underwriting income	312,790	331,045	97,837	65,075	410,627	396,120
UNDERWRITING EXPENSES						
Net claims incurred	(181,103)	(195,293)	(3,817)	(2,918)	(184,920)	(198,211)
Commission incurred	(44,063)	(41,341)	(24,684)	(20,510)	(68,747)	(61,851)
Administrative expenses	(38,969)	(45,142)	(17,781)	(17,902)	(56,750)	(63,044)
Other operational costs related to underwriting activities	(35,782)	(20,544)	(13,170)	(27,603)	(48,952)	(48,147)
Net movement in fair value of investment held for unit linked products	-	-	(17,167)	2,421	(17,167)	2,421
Total underwriting expenses	(299,917)	(302,320)	(76,619)	(64,512)	(376,536)	(368,832)
Total underwriting profit/ (loss)	12,873	28,725	21,218	(1,437)	34,091	27,288
Net investment loss					(8,977)	(9,396)
General and administrative expenses					(11,050)	(11,573)
Profit for the period					14,064	6,319

Union Insurance Company P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 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	
	30 September 2018 AED '000	31 December 2017 AED '000	30 September 2018 AED '000	31 December 2017 AED '000	30 September 2018 AED '000	31 December 2017 AED '000
ASSETS						
Property and equipment	17,089	19,033	5,695	6,345	22,784	25,378
Intangible assets	5,251	2,361	1,751	787	7,002	3,148
Investment properties	59,959	59,959	19,986	19,986	79,945	79,945
Investments securities	146,806	125,362	195,141	175,214	341,947	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	468,600	500,354	31,624	31,668	500,224	532,022
Insurance and other receivables	394,417	429,047	151,865	228,262	546,282	657,309
Cash and bank balances	80,203	68,883	26,735	22,962	106,938	91,845
Total assets	<u>1,239,859</u>	<u>1,272,533</u>	<u>457,308</u>	<u>509,735</u>	<u>1,697,167</u>	<u>1,782,268</u>
LIABILITIES						
Insurance contract liabilities	746,534	817,868	45,340	46,482	791,874	864,350
Insurance and other payables	351,752	311,144	79,214	158,816	430,966	469,960
Payable to policyholders of unit linked products		-	146,205	133,426	146,205	133,426
Provision for employees' end of service benefits	5,617	3,890	1,873	1,296	7,490	5,186
Total liabilities	<u>1,103,903</u>	<u>1,132,902</u>	<u>272,632</u>	<u>340,020</u>	<u>1,376,535</u>	<u>1,472,922</u>

Union Insurance Company P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2018 (Unaudited)

13 SEGMENT INFORMATION (continued)

Operating segment information (continued)

	General insurance		Life insurance		Total	
	30 September 2018 AED '000	31 December 2017 AED '000	30 September 2018 AED '000	31 December 2017 AED '000	30 September 2018 AED '000	31 December 2017 AED '000
EQUITY						
Share capital					330,939	330,939
Statutory reserve					12,098	12,098
Special reserve					12,098	12,098
Fair value reserve					(11,159)	(8,381)
Accumulated losses					(23,344)	(37,408)
Total equity					320,632	309,346
Total liabilities and equity					1,697,167	1,782,268

14 SEASONALITY OF RESULTS

Dividend income amounted to AED 3,188 thousand and AED 204 thousand for the nine-month periods ended 30 September 2018 and 30 September 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 30 September 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.