

Union Insurance Company P.J.S.C.

Condensed interim financial information
for the nine month period ended 30 September 2017

Union Insurance Company P.J.S.C.

Condensed interim financial information

for the nine month period ended 30 September 2017

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



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

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

Introduction

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

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

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

Scope of Review

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



Union Insurance Company P.J.S.C.
*Independent auditors' report on review of
condensed interim financial information (continued)*
30 September 2017

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2017 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 No.: 48
Dubai, United Arab Emirates
Date: **13 NOV 2017**

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

		(Un-audited) 30 September 2017 AED '000	(Audited) 31 December 2016 AED '000
	<i>Notes</i>		
ASSETS			
Property and equipment		22,068	24,113
Intangible assets		4,122	2,790
Investment properties		82,390	82,390
Investment securities	8	285,476	329,406
Development work-in-progress	7	78,120	78,120
Statutory deposit		10,000	10,000
Reinsurance contract assets	11	545,634	380,713
Insurance and other receivables		682,607	484,701
Cash and bank balances	12	129,738	79,937
Total assets		1,840,155	1,472,170
LIABILITIES			
Insurance contract liabilities	11	894,552	673,593
Insurance and other payables	10	513,034	399,585
Payable to policyholders' of unit-linked products	19	122,630	97,095
Provision for employees' end of service benefits		4,239	3,417
Total liabilities		1,534,455	1,173,690
EQUITY			
Share capital		330,939	330,939
Statutory reserve		11,076	11,076
Special reserve		11,076	11,076
Fair value reserve		(8,129)	(23,342)
Accumulated losses		(39,262)	(31,269)
Total equity		305,700	298,480
Total liabilities and equity		1,840,155	1,472,170

The condensed interim financial information of the Company was authorised for issue and approved by the Board of Directors on **13 NOV 2017** and signed on its behalf by:


Mohammed Hareb Al Mazroei
Chairman


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

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.
The notes on pages 8 to 19 form an integral part of these condensed interim financial information.

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

		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		For the three month period ended	For the three month period ended	For the nine month period ended	For the nine month period ended
Notes	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2016
	AED '000	AED '000 (Restated) *	AED '000	AED '000 (Restated) *	AED '000 (Restated) *
Gross written premium		273,774	216,420	802,187	658,880
Reinsurance ceded		(149,008)	(96,986)	(393,597)	(292,628)
Net retained premium		124,766	119,434	408,590	366,252
Net change in unearned premium and policyholders' reserve		(457)	(22,546)	(61,167)	(86,655)
Net earned premium		124,309	96,888	347,423	279,597
Gross claims incurred	11.1	(141,234)	(111,348)	(388,721)	(409,458)
Insurance claims recovered from reinsurers	11.1	75,348	52,501	190,510	241,892
Net claims incurred		(65,886)	(58,847)	(198,211)	(167,566)
Gross commission earned		16,361	19,590	48,697	53,085
Less: commission incurred		(19,639)	(20,623)	(61,851)	(52,012)
Net commission (incurred) / earned		(3,278)	(1,033)	(13,154)	1,073
Administrative expenses	18	(25,184)	(16,910)	(63,044)	(52,417)
Other operational costs related to underwriting activities		(20,871)	(12,479)	(48,147)	(32,924)
Net movement in fair value of investments held for unit linked products	19	364	(685)	2,421	(1,660)
Total underwriting expenses		(48,969)	(31,107)	(121,924)	(85,928)
Underwriting profit		9,454	6,934	27,288	26,103
Net investment income / (loss)	17	431	(9,330)	(9,396)	(28,882)
General and other expenses	18	(3,848)	(3,388)	(11,573)	(10,090)
Profit / (loss) for the period		6,037	(5,784)	6,319	(12,869)
Basic and diluted earnings / (loss) per share		0.0182	(0.0175)	0.0191	(0.0389)

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

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* See note 21

Union Insurance Company P.J.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 2017 AED '000	(Un-audited) For the three month period ended 30 September 2016 AED '000 (Restated) *	(Un-audited) For the nine month period ended 30 September 2017 AED '000	(Un-audited) For the nine month period ended 30 September 2016 AED '000 (Restated) *
Profit / (loss) for the period	6,037	(5,784)	6,319	(12,869)
Other comprehensive income				
<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	1,419	1,612	901	(14,300)
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-
Total other comprehensive income / (loss) for the period	1,419	1,612	901	(14,300)
Total comprehensive income / (loss) for the period	7,456	(4,172)	7,220	(27,169)

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

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* See note 21

Union Insurance Company P.J.S.C.

Condensed interim statement of changes in equity (Un-audited)

for the period ended 30 September

	Attributable to equity shareholders of the Company				
	Share capital AED '000	Statutory reserve AED '000	Special reserve AED '000	Fair value reserve AED '000	Total (Accumulated losses) AED '000
As at 1 January 2016 (restated)*	330,939	11,076	11,076	(7,614)	324,638
Total comprehensive income for the period					
Loss for the period (restated)*	-	-	-	-	(12,869)
Other comprehensive income for the period					
Net change in fair value of investments at FVTOCI	-	-	-	(14,300)	(14,300)
Total other comprehensive loss for the period	-	-	-	(14,300)	(14,300)
Total comprehensive loss for the period	-	-	-	(14,300)	(27,169)
As at 30 September 2016 (restated)*	330,939	11,076	11,076	(21,914)	297,469
As at 1 January 2017	330,939	11,076	11,076	(23,342)	298,480
Total comprehensive income for the period					
Profit for the period	-	-	-	-	6,319
Other comprehensive income for the period					
Net change in fair value of investments at FVTOCI	-	-	-	901	901
Net change in fair value of investments at FVTOCI on disposal	-	-	-	14,312	(14,312)
Total other comprehensive income / (loss) for the period	-	-	-	15,213	901
Total comprehensive income / (loss) for the period	-	-	-	15,213	7,220
As at 30 September 2017	330,939	11,076	11,076	(8,129)	305,700

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

* See note 21

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

		(Un-audited) For the nine month period ended 30 September 2017 AED '000	(Un-audited) For the nine month period ended 30 September 2016 AED '000
	<i>Notes</i>		
Cash flows from operating activities			
Profit / (loss) for the period		6,319	(12,869)
<i>Adjustment for:</i>			
Depreciation and amortisation	18	2,559	2,550
Gain on disposal of investments at FVTPL	17	(2,715)	(39)
Unrealised loss on investments at FVTPL	17	9,363	24,362
Interest income	17	(1,056)	(1,203)
Dividend income	17	(204)	(32)
Gain on sale of property and equipment		-	(25)
Interest on margin trading account	17	3,169	4,991
Provision for employees' end of service benefits		822	346
		<u>18,257</u>	<u>18,081</u>
Increase in insurance and other receivables		(197,906)	(149,837)
Increase in reinsurance contract assets		(164,921)	(134,936)
Increase in insurance contract liabilities		220,959	209,745
Increase in insurance and other payables		113,449	124,235
<i>Net cash generated from operating activities</i>		<u>(10,162)</u>	<u>67,288</u>
Cash flows from investing activities			
Purchase of property and equipment		(1,846)	(1,222)
Proceeds from sale of property and equipment		-	50
Purchase of investments at FVTPL		(35,924)	(40,767)
Proceeds from disposal of investments at FVTPL		52,234	7,459
Proceeds from disposal of investments at FVTOCI		47,408	-
Interest received		1,056	1,203
Dividend received		204	32
(Increase) / decrease in fixed deposit with banks with maturity greater than three months		(2,695)	37,099
<i>Net cash used in investing activities</i>		<u>60,437</u>	<u>3,854</u>
Cash flows from financing activities			
Interest on margin trading account		(3,169)	(4,991)
<i>Net cash used in financing activities</i>		<u>(3,169)</u>	<u>(4,991)</u>
Net increase in cash and cash equivalents		47,106	66,151
Cash and cash equivalents at 1 January	13	<u>22,856</u>	<u>23,396</u>
Cash and cash equivalents at 30 September	13	<u>69,962</u>	<u>89,547</u>

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

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Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information

1. Legal status and principal activities

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

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

2. Basis of preparation

a) Statement of compliance

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

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

Under Federal Law No. 6 of 2007, relating to Establishment of Insurance Authority and Regulation of Insurance Operations, a new financial regulation for insurance companies was issued on 28 January 2015. The financial regulation provided an alignment period to the Insurance companies between one to three years from the publication of financial regulation in Public Gazette from 29 January 2015 to align the operations to the covenants of the regulations therein. The Company is in the process of aligning the operations with the requirement of the regulations and will be fully aligned before the deadline for alignment period.

b) Basis of measurement

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

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

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

c) Functional and presentation currency

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

Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information (continued)

2. Basis of preparation (continued)

d) Use of estimates and judgments

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

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

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

3. Summary of significant accounting policies

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

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

4. Financial risk management

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

5. Interim measurement

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

6. Classes and categories of financial assets and financial liabilities

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

At 30 September 2017 (Un-audited)

Financial assets	FVTPL	FVTOCI	Amortised Cost	Total
	AED '000	AED '000	AED '000	AED '000
Investment securities	275,458	10,018	-	285,476
Insurance and other receivables	-	-	627,593	627,593
Statutory deposit	-	-	10,000	10,000
Cash and bank balances	-	-	129,738	129,738
	275,458	10,018	767,331	1,052,807
Financial liabilities				
Insurance and other payables	-	-	513,034	513,034
Payable to policyholders' of unit-linked products	122,630	-	-	122,630
	122,630	-	513,034	635,664

Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information (continued)

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

At 31 December 2016 (Audited)

<u>Financial assets</u>	<u>FVTPL</u>	<u>FVTOCI</u>	<u>Amortised Cost</u>	<u>Total</u>
	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>
Investment securities	272,882	56,524	-	329,406
Insurance and other receivables	-	-	446,600	446,600
Statutory deposit	-	-	10,000	10,000
Cash and bank balances	-	-	79,937	79,937
	<u>272,882</u>	<u>56,524</u>	<u>536,537</u>	<u>865,943</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	399,585	399,585
Payable to policyholders' of unit-linked products	97,095	-	-	97,095
	<u>97,095</u>	<u>-</u>	<u>399,585</u>	<u>496,680</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.J.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.

8. Investment securities

	30 September 2017 (Un-audited) AED '000	31 December 2016 (Audited) AED '000
Financial assets at fair value through profit or loss	275,458	272,882
Financial assets at fair value through other comprehensive income	10,018	56,524
	<u>285,476</u>	<u>329,406</u>

8.1 Investments at fair value through profit or loss

	30 September 2017 (Un-audited) AED '000	31 December 2016 (Audited) AED '000
Investments held on behalf of policyholders' unit linked products in U.A.E. (Note 19)	122,630	97,095
Quoted equity securities in U.A.E.	88,185	146,832
Quoted equity securities outside U.A.E.	367	333
Unquoted equity securities outside U.A.E.	2,963	2,934
Quoted bond securities outside U.A.E.	61,313	25,688
	<u>275,458</u>	<u>329,406</u>

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

Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information (continued)

8. Investment securities (continued)

8.2 Investments at fair value through other comprehensive income

	30 September 2017 (Un-audited) AED '000	31 December 2016 (Audited) AED '000
<i>Equity securities</i>		
Quoted equity securities in U.A.E.	9,718	56,224
Unquoted securities in U.A.E.	300	300
	10,018	56,524

8.3 Financial assets - geographic concentration

	30 September 2017 (Un-audited) AED '000	31 December 2016 (Audited) AED '000
- Within U.A.E.	220,833	300,451
- Outside U.A.E.	64,643	28,955
	285,476	329,406

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 2017 (Un-audited)	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
Financial assets				
FVTPL - financial assets	272,495	-	2,963	275,458
FVTOCI - financial assets	9,718	-	300	10,018
	282,213	-	3,263	285,476
At 31 December 2016 (Audited)	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
Financial assets				
FVTPL - financial assets	269,948	-	2,934	272,882
FVTOCI - financial assets	56,224	-	300	56,524
	326,172	-	3,234	329,406

Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information (continued)

10. Insurance and other payables

	30 September 2017 (Un-audited) AED '000	31 December 2016 (Audited) AED '000
Trade payables	158,481	155,636
Due to insurance and reinsurance companies	234,712	133,219
Premium reserve withheld	37,289	34,406
	430,482	323,261
Other payables:		
Unclaimed dividends	2,069	2,083
Accrued expenses and others	64,715	50,633
Bank overdraft	15,768	23,608
	513,034	399,585

11. Insurance contract liabilities and reinsurance contract assets

	30 September 2017 (Un-audited) AED '000	31 December 2016 (Audited) AED '000
Gross insurance contract liabilities		
Claims reported unsettled	364,542	290,235
Claims incurred but not reported	116,176	88,082
Unearned premiums	413,834	295,276
Gross insurance contract liabilities	894,552	673,593
Reinsurer's contract assets		
Claims reported unsettled	(291,717)	(226,245)
Claims incurred but not reported	(56,328)	(39,806)
Unearned premiums	(197,589)	(114,662)
Total reinsurers' contract assets	(545,634)	(380,713)
Net		
Claims reported unsettled	72,825	63,990
Claims incurred but not reported	59,848	48,276
Unearned premiums	216,245	180,614
	348,918	292,880

Notes to the condensed interim financial information (continued)

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

13

Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information (continued)

12. Bank balances and cash

	30 September 2017 (Un-audited) AED '000	31 December 2016 (Audited) AED '000
Cash in hand	83	83
Bank balances:		
Current accounts	69,879	10,606
Fixed deposits	59,776	69,248
	<u>129,655</u>	<u>79,854</u>
	<u>129,738</u>	<u>79,937</u>
Bank balances:		
In U.A.E.	125,715	75,945
Outside UAE & G.C.C. countries	3,940	3,909
	<u>129,655</u>	<u>79,854</u>

Fixed deposits carried interest ranging from 1% to 8% per annum (2016: 1% to 6% per annum). Fixed deposits of AED 62 million (2016: AED 62 million) have been pledged as security against the overdraft facility.

13. Cash and cash equivalents

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

	30 September 2017 (Un-audited) AED '000	31 December 2016 (Audited) AED '000
Bank balances and cash (refer note 12)	129,738	79,937
Fixed deposits with maturity greater than three months	(59,776)	(57,081)
	<u>69,962</u>	<u>22,856</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 2017 (Un-audited) AED '000	31 December 2016 (Audited) AED '000
Premium receivable (included in due from policyholders)	25,161	24,726
Gross outstanding claims (included in claims reported unsettled)	470	893
Investment properties	82,390	82,390
Development work-in-progress	<u>78,120</u>	<u>78,120</u>

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

Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information (continued)

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	
	2017	2016
	(Un-audited)	(Un-audited)
	AED '000	AED '000
Premiums written	2,964	7,505
Claims paid	2,041	5,131

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

Compensation of key management personnel

Short-term benefits	1,800	1,800
Long-term benefits	105	104

15. Contingent liabilities

	30 September 2017	31 December 2016
	(Un-audited)	(Audited)
	AED '000	AED '000
Letters of guarantee*	37,681	34,080

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

16. Capital commitments

	30 September 2017	31 December 2016
	(Un-audited)	(Audited)
	AED '000	AED '000
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.

17. Net investment loss

	For the nine month period ended 30 September	
	2017	2016
	(Un-audited)	(Un-audited)
	AED '000	AED '000
Interest income	1,056	1,203
Dividend income	204	32
Realised gains on investments	2,715	39
Unrealised losses on investments at fair value through profit or loss	(9,363)	(24,362)
Interest on margin trading account	(3,169)	(4,991)
Others	(839)	(803)
	(9,396)	(28,882)

Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information (continued)

18. General and administrative expenses

	For the nine month period ended 30 September	
	2017	2016
	(Un-audited)	(Un-audited)
	AED '000	AED '000
General and administrative expenses for underwriting operations	63,044	52,417
Other expenses - for investments and centralised operations	11,573	10,090
	<u>74,617</u>	<u>62,507</u>

The above general and administrative expenses include the following costs:

	2017	2016
	(Un-audited)	(Un-audited)
	AED '000	AED '000
Staff costs	49,257	43,776
Rent	4,976	4,323
Depreciation and amortisation	2,559	2,550
Other	17,825	11,858
	<u>74,617</u>	<u>62,507</u>

19. Payable to policyholders' of unit linked products

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

Movement during the period / year:

	30 September 2017	31 December 2016
	(Un-audited)	(Audited)
	AED '000	AED '000
As at 1 January	97,095	40,164
Amount invested by policyholders - net of allocation charges, redemptions, lapses and surrenders	23,114	57,294
Change in fair value	2,421	(363)
	<u>122,630</u>	<u>97,095</u>

Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information (continued)

20. Segment information

Operating segment information

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

	Nine month period ended 30 September (un-audited)					
	General insurance			Life assurance		Total
	2017	2016	2017	2016	2017	2016
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
		(Restated) *		(Restated) *		(Restated) *
Gross written premium	613,332	464,881	188,855	193,999	802,187	658,880
Reinsurance ceded	(295,917)	(218,429)	(97,680)	(74,199)	(393,597)	(292,628)
Net retained premium	317,415	246,452	91,175	119,800	408,590	366,252
Net change in unearned premium and policyholders' reserve	(33,215)	(46,172)	(27,952)	(40,483)	(61,167)	(86,655)
Net earned premium	284,200	200,280	63,223	79,317	347,423	279,597
Net claims incurred	(195,293)	(158,764)	(2,918)	(8,802)	(198,211)	(167,566)
Net commission earned / (incurred)	5,504	14,677	(18,658)	(13,604)	(13,154)	1,073
Administrative expenses	(45,142)	(36,558)	(17,902)	(15,859)	(63,044)	(52,417)
Other operational costs related to underwriting activities	(20,544)	(25,293)	(27,603)	(7,631)	(48,147)	(32,924)
Decrease in fair value of investment held for unit linked products	-	-	2,421	(1,660)	2,421	(1,660)
Total underwriting expenses	(255,475)	(205,938)	(64,660)	(47,556)	(320,135)	(253,494)
Total underwriting profit / (loss)	28,725	(5,658)	(1,437)	31,761	27,288	26,103
Net investment loss					(9,396)	(28,882)
General and administrative expenses					(11,573)	(10,090)
Profit / (loss) for the period					6,319	(12,869)

* See note 21

Union Insurance Company P.J.S.C.
Notes to the condensed interim financial information (continued)

20. Segment information (continued)

Operating segment information

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

	General insurance		Life assurance		Total	
	30 September 2017 (Un-audited)	31 December 2016 (Audited)	30 September 2017 (Un-audited)	31 December 2016 (Audited)	30 September 2017 (Un-audited)	31 December 2016 (Audited)
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
ASSETS						
Property and equipment	16,551	18,085	5,517	6,028	22,068	24,113
Intangible assets	3,092	2,092	1,030	698	4,122	2,790
Investment properties	61,792	47,000	20,598	35,390	82,390	82,390
Investments securities	122,135	202,687	163,341	126,719	285,476	329,406
Development work in progress	58,590	78,120	19,530	-	78,120	78,120
Statutory deposit	6,000	6,000	4,000	4,000	10,000	10,000
Reinsurance contract assets	512,132	336,868	33,502	43,845	545,634	380,713
Insurance and other receivables	470,618	321,988	211,989	162,713	682,607	484,701
Cash and bank balances	97,303	27,198	32,435	52,739	129,738	79,937
Total assets	1,348,213	1,040,038	491,942	432,132	1,840,155	1,472,170
LIABILITIES						
Insurance contract liabilities	844,093	612,979	50,459	60,614	894,552	673,593
Insurance and other payables	359,013	295,444	154,021	104,141	513,034	399,585
Payable to policyholders of unit linked products	-	-	122,630	97,095	122,630	97,095
Provision for employees' end of service benefits	3,179	2,563	1,060	854	4,239	3,417
Total liabilities	1,206,285	910,986	328,170	262,704	1,534,455	1,173,690
EQUITY						
Share capital					330,939	330,939
Statutory reserve					11,076	11,076
Special reserve					11,076	11,076
Fair value reserve					(8,129)	(23,342)
Accumulated losses					(39,262)	(31,269)
Total equity					305,700	298,480
Total liabilities and equity					1,840,155	1,472,170

Union Insurance Company P.J.S.C.

Notes to the condensed interim financial information (continued)

21. Restatement

On 1 October 2016, the Company aligned the basis of recognising unexpired risk reserves ("URR") to be in line with the requirements of the financial regulations issued under Federal Law No. 6 of 2007 for insurance companies. As a consequence, the effect of this change has resulted in an increase in the insurance contract liabilities as at 30 September 2016 by AED 5.494 million and a corresponding increase in accumulated losses by the same amount. The following table summarises the impact of the restatement.

(a) Impact of restatement on the condensed interim statement of profit or loss for the nine-month period ended 30 September 2016

	As previously reported AED '000	Adjustment AED' 000	Restated AED '000
Net change in unearned premium and policyholders' reserve	(81,161)	(5,494)	(86,655)
Basic and diluted loss per share	(0.022)	(0.017)	(0.039)

Restatement resulted in change in previously reported loss for the nine month period ended 30 September 2016 of AED 7.375 million to a reported loss of AED 12.869 million and consequently a change in previously reported loss per share of AED 0.022 to a reported loss per share of AED 0.039.

22. Comparative figures

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