

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

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**30 JUNE 2021 (UNAUDITED)**

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

### ***Introduction***

We have reviewed the accompanying condensed interim financial statements of Union Insurance Company P.J.S.C. (the “Company”), which comprise the interim statement of financial position as at 30 June 2021 and the related interim statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim statements of changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### ***Scope of Review***

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

### ***Basis for Qualified Conclusion***

- 1) The Company’s total assets include investment properties with a gross carrying amount of AED 72.3 million, which has been fully impaired by the Company during the quarter ended 30 June 2021 (note 5). These assets were previously held by a related party (a previous major shareholder) on behalf of the Company, and are now subject to dispute by the related party as disclosed to us by the Company. Due to the lack of further information and in the absence of any alternative procedures that we could perform, we are unable to conclude on the appropriateness or reasonableness of the carrying value of these investment properties.
- 2) We were not provided with a formal approval of the former board of directors’ remuneration paid during 2021 amounting to AED 2.975 million (Note 9). In the absence of any practicable alternative procedures that we could perform in respect of this matter, we were unable to conclude our review of these transactions.

### ***Qualified Conclusion***

Except for the adjustments to the condensed interim financial information that we might have become aware of had it not been for the matters described above, based on our review, nothing has come to our attention that causes us to believe the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Signed by:  
Wardah Ebrahim  
Partner  
Registration No. 1258

9 September 2021

Dubai, United Arab Emirates

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

## INTERIM STATEMENT OF INCOME

For the period ended 30 June 2021 (Unaudited)

	Note	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2021 AED '000</i>	<i>2020 AED '000</i>	<i>2021 AED '000</i>	<i>2020 AED '000</i>
<b>UNDERWRITING INCOME</b>					
Gross written premium		<b>250,452</b>	218,380	<b>500,926</b>	472,740
Reinsurance ceded		<b>(124,996)</b>	(119,629)	<b>(270,307)</b>	(273,386)
		<b>125,456</b>	98,751	<b>230,619</b>	199,354
Net change in unearned premium and policyholders' reserve		<b>(57,799)</b>	(59,682)	<b>(84,135)</b>	(39,592)
Net earned premium		<b>67,657</b>	39,069	<b>146,484</b>	159,762
Gross commission earned		<b>25,655</b>	21,298	<b>49,870</b>	39,966
<b>Total underwriting income</b>		<b>93,312</b>	60,367	<b>196,354</b>	199,728
<b>UNDERWRITING EXPENSES</b>					
Gross claims incurred		<b>(97,376)</b>	(63,174)	<b>(171,238)</b>	(156,091)
Insurance claims recovered from reinsurers		<b>63,295</b>	40,021	<b>103,918</b>	95,306
Net claims incurred		<b>(34,081)</b>	(23,153)	<b>(67,320)</b>	(60,785)
Commission incurred		<b>(20,262)</b>	(24,444)	<b>(43,666)</b>	(49,577)
Administrative expenses		<b>(20,896)</b>	(19,242)	<b>(40,822)</b>	(38,690)
Other operational costs related to underwriting activities		<b>(14,384)</b>	(13,953)	<b>(25,054)</b>	(25,602)
Net movement in reserve of unit linked products		<b>7,194</b>	34,970	<b>3,959</b>	641
<b>Total underwriting expenses</b>		<b>(82,429)</b>	(45,822)	<b>(172,903)</b>	(174,013)
<b>UNDERWRITING PROFIT</b>		<b>10,883</b>	14,545	<b>23,451</b>	25,715
Net investment (loss)/income	5	<b>(67,064)</b>	8,490	<b>(67,407)</b>	(20,685)
General and administrative expenses		<b>(400)</b>	(8,399)	<b>(4,504)</b>	(14,459)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(56,581)</b>	14,636	<b>(48,460)</b>	(9,429)
Basic and diluted earnings per share (AED)	3	<b>(0.171)</b>	0.044	<b>(0.146)</b>	(0.0285)

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2021 (Unaudited)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2021 AED '000</i>	<i>2020 AED '000</i>	<i>2021 AED '000</i>	<i>2020 AED '000</i>
(Loss)/Profit for the period	<b>(56,581)</b>	14,636	<b>(48,460)</b>	(9,429)
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>				
Net realized loss on disposal of investment at fair value through other comprehensive income:	-	-	-	(165)
Net change in fair value of investments at fair value through other comprehensive income	<b>308</b>	1,691	<b>(28)</b>	(4,006)
<b>Other comprehensive income/ (loss) for the period</b>	<b>308</b>	1,691	<b>(28)</b>	(4,171)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(56,273)</b>	<b>16,327</b>	<b>(48,488)</b>	<b>(13,600)</b>

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Unaudited)

	<i>Notes</i>	<b>30 June 2021 AED'000</b>	<b>31 December 2020 AED'000 (Audited)</b>
<b>ASSETS</b>			
Property and equipment		95,161	102,755
Right-of-use assets		2,156	3,599
Intangible assets		8,596	5,653
Investment properties	5	-	72,270
Investment securities	4	106,066	113,271
Investments held on behalf of policyholders' unit linked products	12	421,939	363,066
Statutory deposit		10,000	10,000
Reinsurance contract assets		525,179	474,433
Insurance and other receivables		462,691	402,325
Cash and bank balances	6	225,199	220,373
<b>Total assets</b>		<b>1,856,987</b>	<b>1,767,745</b>
<b>LIABILITIES</b>			
Bank overdraft		8,595	584
Insurance contract liabilities		790,000	712,256
Insurance and other payables		356,051	363,729
Provision for employees' end of service benefits		11,742	10,962
Payable to policyholders' of unit-linked products	12	421,939	363,066
<b>Total liabilities</b>		<b>1,588,327</b>	<b>1,450,597</b>
<b>EQUITY</b>			
Share capital	7	330,939	330,939
Statutory reserve	8	14,865	14,865
Special reserve	8	14,865	14,865
Reinsurance reserve		2,266	2,266
Fair value reserve	8	(11,302)	(11,274)
Accumulated losses	8	(82,973)	(34,513)
<b>TOTAL EQUITY</b>		<b>268,660</b>	<b>317,148</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,856,987</b>	<b>1,767,745</b>



Abdul Mutaleb M H M Aljaede  
Chief Executive Officer

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2021 (Unaudited)

	<i>Attributable to equity shareholders of the Company</i>						
	<i>Share capital</i> <i>AED '000</i>	<i>Statutory reserve</i> <i>AED '000</i>	<i>Special reserve</i> <i>AED '000</i>	<i>Reinsurance reserve</i> <i>AED '000</i>	<i>Fair value reserve</i> <i>AED '000</i>	<i>Accumulated losses</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
Balance at 1 January 2021 (audited)	330,939	14,865	14,865	2,266	(11,274)	(34,513)	317,148
Loss for the period	-	-	-	-	-	(48,460)	(48,460)
Other comprehensive loss for the period	-	-	-	-	(28)	-	(28)
Total comprehensive income for the period	-	-	-	-	(28)	(48,460)	(48,488)
<b>Balance at 30 June 2021 (unaudited)</b>	<b>330,939</b>	<b>14,865</b>	<b>14,865</b>	<b>2,266</b>	<b>(11,302)</b>	<b>(82,973)</b>	<b>268,660</b>
Balance at 1 January 2020 (audited)	330,939	14,865	14,865	-	(10,268)	(24,560)	325,841
Loss for the period	-	-	-	-	-	(9,429)	(9,429)
Loss on sale of fair value investment held through other comprehensive income	-	-	-	-	(165)	165	-
Other comprehensive loss for the period	-	-	-	-	(4,006)	-	(4,006)
Total comprehensive loss for the period	-	-	-	-	(4,171)	(9,264)	(13,435)
Balance at 30 June 2020 (unaudited)	330,939	14,865	14,865	-	(14,439)	(33,824)	312,406

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

Union Insurance Company P.J.S.C.  
**INTERIM STATEMENT OF CASH FLOWS**  
For the period ended 30 June 2021 (Unaudited)

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2021 AED '000</i>	<i>2020 AED '000</i>
<b>OPERATING ACTIVITIES</b>			
(Loss) / Profit for the period		(48,460)	(9,429)
Adjustment for:			
Depreciation and amortisation		3,448	4,139
Gain on disposal of investments at FVTPL		(569)	(534)
Unrealised loss on investments at FVTPL		(1,000)	25,219
Provision for investment properties		72,270	-
Net movement in fair value of investments held for for unit linked products		(3,959)	(641)
Interest income		(3,437)	(4,056)
Dividend income		(495)	(693)
Interest on margin trading account		16	169
Provision for employees' end of service benefits		2,273	1,685
		<b>20,087</b>	<b>15,859</b>
Changes in working capital:			
Increase in insurance and other receivables		(60,366)	(37,991)
Increase in reinsurance contract assets		(50,746)	(11,187)
Increase in insurance contract liabilities		77,744	25,791
Increase in insurance and other payables		54,554	21,902
Cash generated from operations		<b>41,273</b>	<b>14,374</b>
Employees' end of service benefits paid		(1,493)	(501)
Net cash generated from operating activities		<b>39,780</b>	<b>13,873</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(712)	(961)
Purchase of investments		(5,071)	(987)
Purchase of policyholders' of unit-linked products		(54,914)	(23,731)
Proceeds from disposal of investments at FVTPL		13,816	32,189
Proceeds from disposal of investments at FVTOCI		-	6,974
Interest received		3,437	4,056
Dividend received		495	693
Decrease / (increase) in fixed deposit with banks with maturity greater than three months		6,098	(13,511)
Net cash (used in) / generated from investing activities		<b>(36,851)</b>	<b>4,722</b>
<b>FINANCING ACTIVITY</b>			
Interest on margin trading account		(16)	(169)
Net cash used in financing activity		<b>(16)</b>	<b>(169)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>2,913</b>	<b>18,426</b>
Cash and cash equivalents at 1 January		<b>48,244</b>	<b>43,967</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>6</b>	<b>51,157</b>	<b>62,393</b>

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

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

### 1 CORPORATE INFORMATION

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

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

Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The condensed interim financial statements were authorized for issue in accordance with a resolution of the directors on 15 August 2021.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

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

These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2020. In addition, results for the six months ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The Company presents its statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

#### Changes in accounting estimates

The accounting estimates used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020.

#### New standards, interpretations and amendments

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed interim financial statements.

### 3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
(Loss)/Profit for the period (AED'000)	<b>(56,581)</b>	14,636	<b>(48,460)</b>	(9,429)
Weighted average number of shares outstanding during the period ('000)	<b>330,939</b>	330,939	<b>330,939</b>	330,939
(Loss)/earnings per share (AED)	<b>(0.171)</b>	0.044	<b>(0.146)</b>	(0.028)

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



Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

**4 INVESTMENT SECURITIES**

	<b>30 June 2021 AED'000</b>	<i>31 December 2020 AED'000 (Audited)</i>
Financial assets at fair value through profit or loss	<b>99,207</b>	106,384
Financial assets at fair value through other comprehensive income	<b>6,859</b>	6,887
	<b>106,066</b>	113,271

**4.1 Investments at fair value through profit or loss**

	<b>30 June 2021 AED'000</b>	<i>31 December 2020 AED'000 (Audited)</i>
Quoted equity securities in U.A.E.	<b>72,900</b>	71,287
Quoted equity securities outside U.A.E.	<b>735</b>	500
Quoted bond securities in U.A.E.	<b>18,950</b>	22,118
Quoted bond securities outside U.A.E.	-	-
Investment in funds outside U.A.E.	-	5,083
Unquoted equity securities outside U.A.E.	<b>2,973</b>	2,937
Unquoted equity securities in U.A.E.	<b>3,649</b>	4,459
	<b>99,207</b>	106,384

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

**4.2 Investments at fair value through other comprehensive income**

	<b>30 June 2021 AED'000</b>	<i>31 December 2020 AED'000 (Audited)</i>
<i>Equity securities</i>		
Quoted equity securities in U.A.E.	<b>6,559</b>	6,587
Unquoted securities in U.A.E.	<b>300</b>	300
At 31 December	<b>6,859</b>	6,887

**4 INVESTMENT SECURITIES (continued)**

**4.2 Investments at fair value through other comprehensive income (continued)**

**FAIR VALUE HIERARCHY**

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

<i>At 30 June 2021 (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>
<b><u>Financial assets</u></b>				
FVTPL - financial assets	96,234	-	2,973	99,207
FVTOCI - financial assets	6,559	-	300	6,859
	<b>102,793</b>	<b>-</b>	<b>3,273</b>	<b>106,066</b>
<b><u>Non financial assets</u></b>				
Investment properties (note 5)	-	-	-	-
	<b>102,793</b>	<b>-</b>	<b>3,273</b>	<b>106,066</b>
<i>At 31 December 2020 (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>
<b><u>Financial assets</u></b>				
FVTPL — financial assets (Note 9.1)	103,447	-	2,937	106,384
FVTOCI — financial assets (Note 9.2)	6,587	-	300	6,887
	110,034	-	3,237	113,271
<b><u>Non financial assets</u></b>				
Investment properties (Note 8)	-	-	72,270	72,270
	110,034	-	75,507	185,541

**5 INVESTMENT PROPERTIES**

	<i>30 June 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
At 1 January	72,270	75,195
Changes in fair value	-	(2,925)
Provision for non-existence of assets	(72,270)	-
At period end / year end	<b>-</b>	<b>72,270</b>

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

The above investment properties (AED 72.3 Million) represent purchased assets from a related party during the years 2013 and 2014. The purchased assets comprise a 60 residential unit in a single building and a plot of land of 150,000 square feet with integrated infrastructure. The counterparty (a related party) to the above transactions never fulfilled its obligations to the Company (the Buyer) since the purchase date, and as a result, the Company neither have the title deeds nor possession of the said properties. Accordingly, the Board of Directors of the Company has decided to book a full provision (AED 72.3 Million) against the said assets and proceed with legal action against all involved parties to recover the Company's rights.

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

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

### 6 CASH AND BANK BALANCES

	<b>30 June 2021 AED '000</b>	<b>31 December 2020 AED '000 (Audited)</b>	<b>30 June 2020 AED '000</b>
Cash in hand	<b>50</b>	50	53
Bank balances:			
Current accounts	<b>4,520</b>	2,560	10,641
Fixed deposits	<b>220,629</b>	217,763	176,101
	<b>225,149</b>	220,323	186,742
Cash and bank balances	<b>225,199</b>	220,373	186,795
Less: Deposits with original maturities greater than three months	<b>(165,447)</b>	(171,545)	(119,006)
Less Bank overdraft	<b>(8,595)</b>	(584)	(5,396)
Cash and cash equivalents	<b>51,157</b>	48,244	62,393
Bank balances:			
In U.A.E.	<b>193,342</b>	189,011	155,910
Outside UAE & G.C.C. countries	<b>31,807</b>	31,312	30,832
	<b>225,149</b>	220,323	186,742

Fixed deposit carried interest ranging from 1% to 8.5% per annum (2020: 0.4% to 8.5% per annum). Fixed deposits of AED 13.2 million (2020: AED 36 million) have been pledged as security against the overdraft facility.

### 7 SHARE CAPITAL

	<b>30 June 2021 AED '000</b>	<b>31 December 2020 AED '000 (Audited)</b>
Issued and fully paid 330,939,180 shares of AED 1 each (2020: 330,939,180 shares of AED 1 each)	<b>330,939</b>	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 six months period ended 30 June 2021. 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.

**8 RESERVES (continued)**

**NATURE AND PURPOSE OF RESERVES (continued)**

• **REINSURANCE RESERVE**

In accordance with the requirements of Insurance Authority's Board of Directors Decision No.23 of 2019 Article 34, the Company has created a special reserve to allocate an amount equal to 0.5% of the total reinsurance premiums ceded by the Company in all classes. This reserve shall be accumulated year after year and may not be disposed off without the written approval of the Director General.

**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:

	<b>30 June 2021 AED'000</b>	<b>31 December 2020 AED'000 (Audited)</b>
Premium receivable (included in due from policyholders)	<b>26,292</b>	26,173
Allowance for doubtful receivables	<b>(26,173)</b>	(26,173)
Net insurance and other receivables	<b>119</b>	-
Gross outstanding claims (included in claims reported unsettled)	<b>499</b>	3,130
Investment properties (Note 5)	<b>-</b>	72,270

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

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

	<b>Six months ended 30 June</b>	
	<b>2021 AED'000</b>	<b>2020 AED'000</b>
Premiums written	<b>1,077</b>	1,345
Claims paid	<b>576</b>	512
Premiums are charged to related parties at rates agreed with management.		
<b>Directors' remuneration</b>		
Directors' remuneration	<b>2,975</b>	3,375
Compensation of key management personnel		
Short-term benefits	<b>2,220</b>	2,220
Long-term benefits	<b>165</b>	165

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

### 10 CONTINGENT LIABILITIES

	<b>30 June 2021 AED'000</b>	<i>31 December 2020 AED'000 (Audited)</i>
Letters of guarantee*	<b>13,229</b>	21,121

\*Includes AED 10 million (31 December 2020: AED 10 million) issued in favour of Insurance Authority of U.A.E.

### 11 CAPITAL COMMITMENTS

	<b>30 June 2021 AED'000</b>	<i>31 December 2020 AED'000 (Audited)</i>
Commitment for the construction of development properties	-	54,979

The above commitment for the construction of development properties pertains to the Meydan Real Estate Project and the Dubai Silicon Oasis Project. Since the Company has provided for the full amount against the investment properties, accordingly there is no capital commitment at the period end 30 June 2021.

### 12 PAYABLE TO POLICYHOLDERS' OF UNIT LINKED PRODUCTS

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

*Movement during the period / year:*

	<b>30 June 2021 AED'000</b>	<i>31 December 2020 AED'000 (Audited)</i>
As at 1 January	<b>363,066</b>	261,026
Amount invested by policyholders - net of allocation charges, redemptions, lapses and surrenders	<b>54,914</b>	92,995
Change in fair value of unit linked products	<b>3,959</b>	9,045
	<b>421,939</b>	363,066

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2021 (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.

#### *Six month period ended 30 June*

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<b>UNDERWRITING INCOME</b>						
Gross written premium	<b>373,839</b>	343,435	<b>127,087</b>	129,305	<b>500,926</b>	472,740
Reinsurance ceded	<b>(226,773)</b>	(208,653)	<b>(43,534)</b>	(64,733)	<b>(270,307)</b>	(273,386)
Net retained premium	<b>147,066</b>	134,782	<b>83,553</b>	64,572	<b>230,619</b>	199,354
Net change in unearned premium and policyholders' reserve	<b>(22,137)</b>	(13,606)	<b>(61,998)</b>	(25,986)	<b>(84,135)</b>	(39,592)
Net earned premium	<b>124,929</b>	121,176	<b>21,555</b>	38,586	<b>146,484</b>	159,762
Gross commission earned	<b>43,489</b>	39,151	<b>6,381</b>	815	<b>49,870</b>	39,966
<b>Total underwriting income</b>	<b>168,418</b>	160,327	<b>27,936</b>	39,401	<b>196,354</b>	199,728
<b>UNDERWRITING EXPENSES</b>						
Net claims incurred	<b>(59,326)</b>	(59,658)	<b>(7,994)</b>	(1,127)	<b>(67,320)</b>	(60,785)
Commission incurred	<b>(33,029)</b>	(26,117)	<b>(10,637)</b>	(23,460)	<b>(43,666)</b>	(49,577)
Administrative expenses	<b>(28,343)</b>	(25,422)	<b>(12,479)</b>	(13,268)	<b>(40,822)</b>	(38,690)
Other operational costs related to underwriting activities	<b>(16,497)</b>	(18,048)	<b>(8,557)</b>	(7,554)	<b>(25,054)</b>	(25,602)
Net movement in fair value of investment held for unit linked products	-	-	<b>3,959</b>	641	<b>3,959</b>	641
<b>Total underwriting expenses</b>	<b>(137,195)</b>	(129,245)	<b>(35,708)</b>	(44,768)	<b>(172,903)</b>	(174,013)
<b>Total underwriting profit / (loss)</b>	<b>31,223</b>	31,082	<b>(7,772)</b>	(5,367)	<b>23,451</b>	25,715
Net investment Profit/ (loss)					<b>(67,407)</b>	(20,685)
General and administrative expenses					<b>(4,504)</b>	(14,459)
<b>Profit / (loss) for the period</b>					<b>(48,460)</b>	(9,429)

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2021 (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.

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>30 June 2021 AED'000</i>	<i>31 December 2020 AED'000</i>	<i>30 June 2021 AED'000</i>	<i>31 December 2020 AED'000</i>	<i>30 June 2021 AED'000</i>	<i>31 December 2020 AED'000</i>
<b>ASSETS</b>						
Property and equipment	71,371	77,066	23,790	25,689	95,161	102,755
Right-of-use assets	1,617	2,699	539	900	2,156	3,599
Intangible assets	6,447	4,240	2,149	1,413	8,596	5,653
Investment properties	-	54,202	-	18,068	-	72,270
Investments securities	82,633	84,996	23,433	28,275	106,066	113,271
Investments held on behalf of policyholders' unit linked products	-	-	421,939	363,066	421,939	363,066
Statutory deposit	6,000	6,000	4,000	4,000	10,000	10,000
Reinsurance contract assets	344,000	330,531	181,179	143,902	525,179	474,433
Insurance and other receivables	352,753	305,079	109,938	97,246	462,691	402,325
Cash and bank balances	128,698	129,346	96,501	91,027	225,199	220,373
<b>Total assets</b>	<b>993,519</b>	<b>994,159</b>	<b>863,468</b>	<b>773,586</b>	<b>1,856,987</b>	<b>1,767,745</b>
<b>LIABILITIES</b>						
Due to Banks	8,595	584	-	-	8,595	584
Insurance contract liabilities	581,171	544,695	208,829	167,561	790,000	712,256
Insurance and other payables	265,764	288,941	90,287	74,788	356,051	363,729
Provision for employees' end of service benefits	8,806	8,221	2,936	2,741	11,742	10,962
Payable to policyholders of unit linked products	-	-	421,939	363,066	421,939	363,066
<b>Total liabilities</b>	<b>864,336</b>	<b>842,441</b>	<b>723,991</b>	<b>608,156</b>	<b>1,588,327</b>	<b>1,450,597</b>

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

13 SEGMENT INFORMATION (continued)

Operating segment information (continued)

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>30 June 2021 AED'000</i>	<i>31 December 2020 AED'000</i>	<i>30 June 2021 AED'000</i>	<i>31 December 2020 AED'000</i>	<i>30 June 2021 AED'000</i>	<i>31 December 2020 AED'000</i>
<b>EQUITY</b>						
Share capital					<b>330,939</b>	330,939
Statutory reserve					<b>14,865</b>	14,865
Special reserve					<b>14,865</b>	14,865
Reinsurance Reserve					<b>2,266</b>	2,266
Fair value reserve					<b>(11,302)</b>	(11,274)
Accumulated losses					<b>(82,973)</b>	(34,513)
<b>Total equity</b>					<b>268,660</b>	317,148
<b>Total liabilities and equity</b>					<b>1,856,987</b>	1,767,745



#### 14 SEASONALITY OF RESULTS

Dividend income amounted to AED 495 thousand and AED 693 thousand for the six-month periods ended 30 June 2021 and 30 June 2020, respectively. Dividend income depends on market conditions, investment activities of the Company and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 30 June 2021 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 2021.

#### 15 COVID-19 IMPACT ASSESSMENT

The Covid19 Pandemic that started during first quarter 2020 is still continuing. UAE has vaccinated a majority of the residents and therefore it is expected that the influence of the pandemic will reduce substantially during the current year. However, The worldwide effect is still on. The second wave and identification of new variants of the virus across the world is a worrying factor.

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

UAE has been very proactive in containment measures and seamless vaccinations to its residents. This has helped in ensuring the economy is running without any difficulty. The economic opening and the preventive measures have helped in the economic growth and stability of business though business in the tourism trade such as Airlines, Leisure and hospitality sectors continue to be affected.

Union Insurance Company had a marginal impact to its business due the current circumstances. The economy of Dubai has now opened up and we expect this opening to improve the overall business. On the operational front, the Company's robust and proactive action in enabling Work from Home facility and abiding by the Government directives on movement and congregation in offices etc during the 2020 have helped the company to run the business as usual. The company has no material exposure to airline or travel and tourism industry. There is expected impact on Medical insurance claims due to Covid-19 but is well compensated by reduction in normal claims. The company's reinsurance arrangement covers the impact of the claims. Due to possible reduction in workforce, the company expects ILOE claims, though the past year's experience show insignificant impact so far and these are well covered by reinsurance arrangements. The Company's well rated and long standing reinsurers will stand by the company in fulfilling the claims needs. On this count, the Company does not expect any net impact to its finances.

The Company is solvent and has sufficient liquidity to cater to the current needs for settlement of claims and providers. The Company has seen improvement in collections and overall receivable position has improved over previous year.

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