

United Insurance Company (PSC)
(Public Shareholding Company)

**INTERIM CONDENSED FINANCIAL
STATEMENTS**

31 MARCH 2018 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed financial statements of United Insurance Company P.S.C. as at 31 March 2018, comprising the interim statement of financial position as at 31 March 2018 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory 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. Consequently, it 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.

For Ernst & Young



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

10 May 2018

Dubai, United Arab Emirates

United Insurance Company (PSC)

INTERIM STATEMENT OF INCOME

For the three months ended 31 March 2018 (Unaudited)

	<i>Notes</i>	<i>Three months ended 31 March (Unaudited)</i>	
		<i>2018 AED</i>	<i>2017 AED</i>
UNDERWRITING INCOME			
Gross premium		29,681,103	28,797,028
Movement in provision for unearned premium		(8,071,146)	(12,753,590)
Movement in premium deficiency reserve		(112,722)	(227,128)
Insurance premium revenue		<u>21,497,235</u>	<u>15,816,310</u>
Reinsurance share of premium		(16,466,871)	(17,058,340)
Movement in provision for reinsurance share of unearned premium		5,281,658	6,772,424
Reinsurance share of premium revenue		<u>(11,185,213)</u>	<u>(10,285,916)</u>
Net insurance premium revenue		10,312,022	5,530,394
Reinsurance commission income		815,167	956,209
Other income		82,165	116,511
Total underwriting income		<u>11,209,354</u>	<u>6,603,114</u>
UNDERWRITING EXPENSES			
Claims incurred		(13,077,223)	(8,935,898)
Reinsurers' share of claims incurred		8,970,661	3,255,824
Net claims incurred		(4,106,562)	(5,680,074)
Commission expenses including third-party administrator fees		(3,142,667)	(401,048)
Other underwriting (expenses)/ income		(662,104)	439,249
General and administration expenses relating to underwriting activities		(6,011,403)	(4,863,070)
Total underwriting expenses		<u>(13,922,736)</u>	<u>(10,504,943)</u>
NET UNDERWRITING LOSS		<u>(2,713,382)</u>	<u>(3,901,829)</u>
Investment income		2,115,496	1,068,530
General and administration expenses not allocated to underwriting activities		(45,981)	(255,951)
Finance costs		-	(134,761)
LOSS FOR THE PERIOD		<u>(643,867)</u>	<u>(3,224,011)</u>
Basic and diluted loss per share (AED)	4	<u>(0.006)</u>	<u>(0.032)</u>

The attached explanatory notes 1 to 16 form part of these interim condensed financial statements.

United Insurance Company (PSC)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2018 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2018 AED</i>	<i>2017 AED</i>
Loss for the period	(643,867)	(3,224,011)
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that would be reclassified to profit or loss in subsequent periods</i>		
Net decrease in fair value of available-for-sale investments	(502,362)	(230,987)
Net realised gain on disposal of available-for-sale investments transferred to income statement	(68,402)	-
Other comprehensive loss for the period	(570,764)	(230,987)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,214,631)	(3,454,998)

The attached explanatory notes 1 to 16 form part of these interim condensed financial statements.

United Insurance Company (PSC)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 (Unaudited)

	<i>Notes</i>	31 March 2018 AED	31 December 2017 AED (Audited)
ASSETS			
Property and equipment		1,406,017	1,503,380
Investment property	5	56,638,000	56,638,000
Financial instruments	6	48,622,697	29,366,848
Insurance contract assets	13	87,289,799	79,371,560
Deferred costs		5,301,148	4,704,927
Insurance receivables	8	34,308,579	30,809,893
Prepayments and other receivables		2,510,584	2,340,607
Statutory deposits	9	6,000,000	6,000,000
Bank balances and cash	10	58,443,099	75,899,513
TOTAL ASSETS		300,519,923	286,634,728
EQUITY AND LIABILITIES			
Equity			
Share capital	11	100,000,000	100,000,000
General reserve	12	1,119,524	1,119,524
Investment revaluation reserve	12	3,262,693	3,833,457
Accumulated losses		(18,191,206)	(17,547,339)
Total equity		86,191,011	87,405,642
Liabilities			
Employees' end of service benefits		1,342,460	1,255,238
Insurance contract liabilities	13	143,975,054	132,637,834
Deferred commission income		1,677,729	1,460,119
Insurance and other payables		67,333,669	63,875,895
Total liabilities		214,328,912	199,229,086
TOTAL EQUITY AND LIABILITIES		300,519,923	286,634,728

The interim condensed financial statements were authorised for issue in accordance with a resolution of the directors on 10 May 2018.

Chairman

Chief Executive Officer

The attached explanatory notes 1 to 16 form part of these interim condensed financial statements.

United Insurance Company (PSC)

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018 (Unaudited)

	Share capital AED	Statutory reserve AED	General reserve AED	Accumulated losses AED	Investment revaluation reserve AED	Total AED
Balance at 31 December 2016 (audited)	100,000,000	28,836,750	2,969,044	(138,026,198)	5,402,711	(817,693)
Loss for the period	-	-	-	(3,224,011)	-	(3,224,011)
Other comprehensive loss for the period	-	-	-	-	(230,987)	(230,987)
Total comprehensive loss for the period	-	-	-	(3,224,011)	(230,987)	(3,454,998)
Balance at 31 March 2017 (unaudited)	100,000,000	28,836,750	2,969,044	(141,250,209)	5,171,724	(4,272,691)
Balance at 31 December 2017 (audited)	100,000,000	-	1,119,524	(17,547,339)	3,833,457	87,405,642
Loss for the period	-	-	-	(643,867)	-	(643,867)
Other comprehensive loss for the period	-	-	-	-	(570,764)	(570,764)
Total comprehensive loss for the period	-	-	-	(643,867)	(570,764)	(1,214,631)
Balance at 31 March 2018 (unaudited)	100,000,000	-	1,119,524	(18,191,206)	3,262,693	86,191,011

The attached explanatory notes 1 to 16 form part of these interim condensed financial statements.

United Insurance Company (PSC)

INTERIM STATEMENT OF CASH FLOWS

For the three months ended 31 March 2018 (Unaudited)

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		<i>2018 AED</i>	<i>2017 AED</i>
OPERATING ACTIVITIES			
Loss for the period		(643,867)	(3,224,011)
Adjustments for:			
Decrease in fair value of financial assets at fair value through profit or loss		-	17,930
Investment income		(2,115,496)	(1,081,733)
Gain on sale of available-for-sale investment		114,439	-
Finance cost		-	134,761
Allowance made for doubtful debts, net		(958,304)	(780,707)
Depreciation on property and equipment		137,458	137,962
Provision for employees' end of service benefits		127,600	118,747
		<u>(3,338,170)</u>	<u>(4,677,051)</u>
Changes in operating assets and liabilities:			
Insurance contract assets		(7,918,239)	(3,766,610)
Deferred costs		(596,221)	(1,281,112)
Insurance receivables		(2,540,382)	(11,053,168)
Prepayments and other assets		(169,977)	(2,744,336)
Insurance contract liabilities		11,337,220	13,428,741
Deferred commission income		217,610	375,943
Insurance and other payables		3,457,774	11,127,804
		<u>449,615</u>	<u>1,410,211</u>
Cash generated from operations		449,615	1,410,211
Employees' end of service benefits paid		(40,378)	(104,998)
Finance cost paid		-	(134,761)
		<u>409,237</u>	<u>1,170,452</u>
Net cash generated from operating activities		<u>409,237</u>	<u>1,170,452</u>
INVESTING ACTIVITIES			
Net movement in fixed deposits		(27,510,588)	(146,170)
Purchase of property and equipment		(40,095)	(47,248)
Proceeds from disposal of financial assets at fair value through profit or loss		14,885	23,987
Proceeds from disposal of available-for-sale investments		1,037,546	-
Purchase of available-for-sale investments		(20,879,044)	-
Interest received		302,790	134,583
Income from investment properties received		827,736	923,165
Dividend received		870,531	-
		<u>(45,376,239)</u>	<u>888,317</u>
Net cash (used in) / generated from investing activities		<u>(45,376,239)</u>	<u>888,317</u>
FINANCING ACTIVITY			
Repayment of term loan		-	(525,000)
		<u>-</u>	<u>(525,000)</u>
Net cash used in financing activity		<u>-</u>	<u>(525,000)</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(44,967,002)</u>	<u>1,533,769</u>
Cash and cash equivalents at 1 January		75,899,513	(15,683,541)
CASH AND CASH EQUIVALENTS AT 31 MARCH	10	<u>30,932,511</u>	<u>(14,149,772)</u>

The attached explanatory notes 1 to 16 form part of these interim condensed financial statements.

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

1 CORPORATE INFORMATION

United Insurance Company (PSC) (the “Company”) is a public shareholding company, registered in the Emirate of Ras Al Khaimah by Emiri decree No. 13/76 issued by the ruler of Ras Al Khaimah on 15 June 1976, which was amended by the Emiri decree No. 10/77 issued on 15 December 1977. The company is subject to the regulations of the UAE Federal Law No. (2) of 2015 and the UAE Federal Law No. (6) of 2007 relating to commercial companies in the UAE, and is registered in the Insurance Companies Register of Insurance Authority of U.A.E. under registration number 8.

The Company is domiciled in the United Arab Emirates and the address of the Company’s registered office is P.O. Box 1010, Ras Al Khaimah, United Arab Emirates. The Company’s ordinary shares are listed on Abu Dhabi Securities Exchange, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general insurance. The Company operates through its Head Office in Dubai and branch offices in Abu Dhabi, Ras Al Khaimah, Sharjah and Fujairah.

2 SIGNIFICANT 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”) issued by the International Accounting Standards Board (IASB) and also comply with the applicable requirements of the laws in the U.A.E.

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company’s transactions are determined.

These condensed financial statements have been prepared on historical cost basis, except for the revaluation of certain financial instruments and investment properties which are stated at fair value. Historically, cost is generally based on the fair value of the consideration given in exchange for assets.

These interim condensed 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 2017. In addition, results for the three months ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

The Company’s insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2017.

Interim reporting

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of these condensed financial statements are consistent with those used in the audited 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. Annual Improvements 2012-2014 cycle which became effective from 1 January 2018 also did not have an impact on the financial position or performance of the Company during the period.

IFRS 9 Financial Instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company plans to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contracts standard (IFRS 17) of 1 January 2021, applying the temporary exemption from applying IFRS 9 as introduced by the amendments.

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. The Company has performed the assessment and there is no significant impact on the Company.

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

3 SEGMENTAL INFORMATION

Identification of reportable segments

Primary segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable operating segments as follows:

- The general insurance segment, comprises property, fire, marine, motor, medical, general accident and miscellaneous risks.
- Investment comprises financial assets at fair value through profit or loss, AFS investments, investment properties and fixed deposits.

These segments are the basis on which the Company reports its primary segment information.

	<i>General insurance</i>		<i>Investment</i>		<i>Total</i>	
	<i>31 March 2018 AED</i>	<i>31 March 2017 AED</i>	<i>31 March 2018 AED</i>	<i>31 March 2017 AED</i>	<i>31 March 2018 AED</i>	<i>31 March 2017 AED</i>
Gross Premium	29,681,103	28,797,028	-	-	29,681,103	28,797,028
Net Underwriting Loss	(2,713,382)	(3,901,829)	-	-	(2,713,382)	(3,901,829)
Investment Income	-	-	2,115,496	1,068,530	2,115,496	1,068,530
Unallocated costs (net)	-	-	(45,981)	(390,712)	(45,981)	(390,712)
Loss for the period	(643,867)	(643,867)	(643,867)	(643,867)	(643,867)	(3,224,011)

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Identification of reportable segments (continued)

Primary segment information (continued)

	General insurance		Investment		Total	
	31 March 2018 AED	31 December 2017 AED (Audited)	31 March 2018 AED	31 December 2017 AED (Audited)	31 March 2018 AED	31 December 2017 AED (Audited)
Segment assets						
Unallocated assets	135,410,110	123,226,987	132,771,285	86,004,848	268,181,395	209,231,835
					32,338,528	77,402,893
					300,519,923	286,634,728
Segment liabilities						
Unallocated liabilities	212,986,452	197,973,848	-	-	212,986,452	197,973,848
					1,342,460	1,255,238
					214,328,912	199,229,086

The Company's operations are primarily conducted in the United Arab Emirates. General Insurance figures reported above include certain assets and liabilities that are common for all two reportable segments. These amounts are not significant and are not reported separately.

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Revenue from underwriting departments

The following is an analysis of the Company's revenues classified by major underwriting departments.

	<i>Three months ended 31 March</i>	
	<i>2018 AED</i>	<i>2017 AED</i>
Medical	17,758,702	15,183,333
Motor	4,907,287	5,198,161
Engineering, property, general accidents and others	3,431,406	4,189,012
Fire	2,862,965	3,456,565
Marine	720,743	769,957
	<u>29,681,103</u>	<u>28,797,028</u>

4 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended 31 March</i>	
	<i>2018</i>	<i>2017</i>
Loss for the period (AED)	(643,867)	(3,224,011)
Weighted average number of shares outstanding during the period	100,000,000	100,000,000
Loss per share (AED)	<u>(0.006)</u>	<u>(0.032)</u>

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

5 INVESTMENT PROPERTY

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

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).

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

6 FINANCIAL INSTRUMENTS

	<i>Carrying Value</i>		<i>Fair Value</i>	
	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
Available for sale investments (Note 6 a)	46,462,704	27,191,970	46,462,704	27,191,970
Financial asset at fair value through profit or loss (Note 6 b)	2,159,993	2,174,878	2,159,993	2,174,878
	48,622,697	29,366,848	48,622,697	29,366,848

(a) Available for sale investments

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
<i>Quoted Equity Securities</i>		
Within UAE	46,462,704	27,191,970
	46,462,704	27,191,970

(b) Financial assets at fair value through profit or loss

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
<i>Unquoted mutual fund units</i>		
Within U.A.E	11,500	11,500
Outside U.A.E	2,148,493	2,163,378
	2,159,993	2,174,878

7 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2017.

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

7 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Company's financial assets that are measured at fair value on recurring basis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	31 March 2018 AED	31 December 2017 AED (Audited)	<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>
<i>Available - for - sale</i>					
Quoted Investments	46,462,704	27,191,970	Level 1	Quoted bid prices in an active market	N/A
<i>Financial assets at fair value through profit or loss</i>					
Unquoted Investments	2,159,993	2,174,878	Level 3	Net assets valuation method	N/A

There were no transfers between each of the level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Reconciliation of Level 3 Fair value measurement of financial assets measured at fair value:

	31 March 2018 AED	31 December 2017 AED (Audited)
Opening balance	2,174,878	2,101,189
Disposal during the period / year	(14,885)	(4,728)
Fair value adjustment	-	78,417
	<u>2,159,993</u>	<u>2,174,878</u>

8 INSURANCE RECEIVABLES

	31 March 2018 AED	31 December 2017 AED (Audited)
Due from policyholders	38,122,834	29,364,832
Due from insurance companies	6,449,740	9,762,647
Due from reinsurance companies	2,383,802	3,371,907
Less : Allowance for doubtful debts	(12,647,797)	(11,689,493)
	<u>34,308,579</u>	<u>30,809,893</u>

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

8 INSURANCE RECEIVABLES (continued)

All of the above amounts are due within twelve month of the reporting date. The reinsurers' share of claims not paid by the Company at the reporting date are disclosed in note 13. The amounts due from reinsurers are normally settled on a quarterly basis.

Movements in the allowance for impairment of receivables were as follows:

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
At 1 January	11,689,493	19,605,648
Charge for the period / year	1,499,533	1,762,517
Allowance written back during the period / year	(522,612)	(1,447,096)
Bad debts written off during the period / year	(18,617)	(8,231,576)
At end of period / year	<u>12,647,797</u>	<u>11,689,493</u>

9 STATUTORY DEPOSITS

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
Bank deposits:	<u>6,000,000</u>	<u>6,000,000</u>

This represents the amount that cannot be withdrawn without the prior approval of the Ministry of Economy in accordance with Article 42 of Federal Law No. 6 of 2007. The bank deposit expires after one year and is renewable every year and earns an interest per annum of 2.25% (31 December 2017: 2.25%)

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
Current accounts and cash	30,118,785	47,525,578
Call accounts	813,726	28,373,935
Bank deposits	27,510,588	-
	<u>58,443,099</u>	<u>75,899,513</u>

The entire cash and cash equivalents are within United Arab Emirates. The annual rate of fixed deposits is 2.25% - 2.65% (31 December 2017: 2.25%). The company has overdraft limit of AED 15,000,000 and the entire amount is unutilised. Bank overdraft carries interest at base lending rate of 3.25% to 4.5% per annum (31 December 2017: 3.25% to 4.5%)

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

10 CASH AND CASH EQUIVALENTS (continued)

For the purpose of statement of cash flows, cash and cash equivalents include bank balances and cash net of fixed deposits in bank with maturity over three months and fixed deposits under lien. Cash and cash equivalents at the end of the period / year as shown in the statement of cash flows can be reconciled to the related items in the financial items in the statement of financial position as follows:

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>	<i>31 March 2017 AED (Unaudited)</i>
Bank balances and cash	58,443,099	75,899,513	21,548,906
Bank deposits with maturity over 3 months	(27,510,588)	-	(20,897,000)
Bank overdraft	-	-	(14,801,678)
	<u>30,932,511</u>	<u>75,899,513</u>	<u>(14,149,772)</u>

11 SHARE CAPITAL

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
Issued and fully paid 100,000,000 shares of AED 1 each (2017: 100,000,000 shares of AED 1 each)	<u>100,000,000</u>	<u>100,000,000</u>

12 RESERVES

General Reserve

This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

Investment Revaluation Reserve

This reserve records fair value changes on available-for sale investments.

13 INSURANCE CONTRACT ASSETS AND LIABILITIES

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
<i>Insurance contract liabilities:</i>		
Claims reported unsettled	81,276,756	77,937,129
Unearned premiums reserve	46,902,839	38,831,693
Claims incurred but not reported (IBNR)	12,852,733	13,041,846
Premium deficiency reserve	1,518,862	1,406,140
Unallocated loss adjustment Expenses	1,423,864	1,421,026
	<u>143,975,054</u>	<u>132,637,834</u>

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

13 INSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
<i>Insurance contract assets:</i>		
Claims reported unsettled	56,321,671	53,287,730
Unearned premiums	24,818,892	19,537,234
Claims incurred but not reported (IBNR)	6,149,236	6,546,596
	<u>87,289,799</u>	<u>79,371,560</u>
<i>Insurance contract liabilities - net</i>		
Claims reported unsettled	24,955,085	24,649,399
Unearned premiums	22,083,947	19,294,459
Claims incurred but not reported (IBNR)	6,703,497	6,495,250
Premium deficiency reserve	1,518,862	1,406,140
Unallocated loss adjustment expenses	1,423,864	1,421,026
	<u>56,685,255</u>	<u>53,266,274</u>

Insurance contract assets include outstanding balances recoverable from insurance companies and third parties.

14 RELATED PARTY TRANSACTIONS

Related parties represent, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Company's management.

The significant balances outstanding at 31 March in respect of related parties included in the financial statements are as follows:

	<i>31 March 2018 AED</i>	<i>31 December 2017 AED (Audited)</i>
<i>Affiliates of major shareholders:</i>		
Due from policyholders	5,107,010	2,443,819
Outstanding claims	376,512	519,685

The income and expenses in respect of related parties included in the financial statements are as follows:

Affiliates of major shareholders:

	<i>Three months ended 31 March</i>	
	<i>2018 AED</i>	<i>2017 AED</i>
Premiums	4,125,980	9,155,526
Claims	(183,548)	2,219,546

United Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018 (Unaudited)

14 RELATED PARTY TRANSACTIONS (continued)

Compensation of the key management personnel:

	<i>Three months ended 31 March</i>	
	<i>2018 AED</i>	<i>2017 AED</i>
Employee benefits	<u>572,339</u>	<u>298,606</u>

The Company has not recorded any impairment of amounts owed by related parties.

15 CONTINGENCIES

Contingent liabilities

At 31 March 2018, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 5,150,691 (31 December 2017: AED 5,356,819).

Legal claims

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Company's income or financial condition.

16 SEASONALITY OF RESULTS

The Company's investment income is dependent on market conditions, its investment activities and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 31 March 2018 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2018.