

Union Insurance Company P.S.C.

Condensed interim financial statements
for the three month period ended 31 March 2014

Union Insurance Company P.S.C.

Condensed interim financial statements

for the three month period ended 31 March 2014

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KPMG Lower Gulf Limited
Level 13, Boulevard Plaza Tower One
Mohammed Bin Rashid Boulevard
PO Box 3800
Downtown Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

Independent auditors' report on review of condensed interim financial information

The Shareholders
Union Insurance Company P.S.C

Introduction

We have reviewed the accompanying 31 March 2014 condensed interim financial information of Union Insurance Company P.S.C ("the Company"), which comprises:

- the condensed interim statement of financial position as at 31 March 2014;
- the condensed interim statement of profit or loss for the three month period ended 31 March 2014;
- the condensed interim statement of comprehensive income for the three month period ended 31 March 2014;
- the condensed interim statement of changes in equity for the three month period ended 31 March 2014;
- the condensed interim statement of cash flows for the three month period ended 31 March 2014; 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2014 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793


13 MAY 2014

Union Insurance Company P.S.C.
Condensed interim statement of financial position
as at 31 March 2014

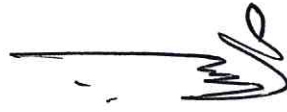
		(Un-audited) 31 March 2014	(Audited) 31 December 2013
	Notes	AED	AED
ASSETS			
Property and equipment		15,181,317	15,050,897
Intangible assets		604,322	646,733
Investment properties		33,000,000	33,000,000
Investments securities	8	316,342,774	176,543,558
Development work-in-progress	7	80,000,000	80,000,000
Statutory deposit		10,000,000	10,000,000
Reinsurance contract assets	11	129,559,849	119,881,044
Insurance and other receivables		194,737,889	151,314,587
Bank balances and cash	12	98,193,226	101,294,617
Total assets		<u>877,619,377</u>	<u>687,731,436</u>
LIABILITIES			
Insurance contract liabilities	11	232,517,482	193,039,464
Insurance and other payables	10	244,346,548	163,249,534
Provision for employee's end of service benefits		2,214,143	2,073,921
Total liabilities		<u>479,078,173</u>	<u>358,362,919</u>
EQUITY			
Share capital		330,939,180	330,939,180
Statutory reserve		6,666,580	6,666,580
Special reserve		6,666,580	6,666,580
Fair value reserve		1,447,802	(7,663,948)
Retained Earnings / Accumulated losses		52,821,062	(7,239,875)
Total equity		<u>398,541,204</u>	<u>329,368,517</u>
Total liabilities and equity		<u>877,619,377</u>	<u>687,731,436</u>

The notes on pages 7 to 15 form an integral part of these condensed interim financial statements.

These condensed interim financial statements were authorised for issue and approved by the board on 13 MAY 2014 and signed on its behalf by :



Mohammed Abdullah Jumaa Al Sari
Chairman



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

Independent auditors' report on review of condensed interim financial information is set out on page 1.

Union Insurance Company P.S.C.
Condensed interim statement of profit or loss
for the three month period ended 31 March 2014

	<i>Notes</i>	(Un-audited) For the three month period ended 31 March 2014 AED	(Un-audited) For the three month period ended 31 March 2013 AED
Gross written premiums		139,089,747	96,249,365
Reinsurance ceded		(66,896,262)	(58,581,503)
Net retained premium		72,193,485	37,667,862
Net change in unearned premium	<i>11.1</i>	(29,912,030)	(5,594,317)
Net earned premiums		42,281,455	32,073,545
Gross claims incurred	<i>11.1</i>	(44,903,796)	(36,130,584)
Insurance claims recovered from reinsurers	<i>11.1</i>	22,643,922	14,500,339
Net claims incurred		(22,259,874)	(21,630,245)
Gross commission earned		12,847,479	9,053,449
Less: commission incurred		(9,272,425)	(4,465,416)
Net commission earned		3,575,054	4,588,033
Other operational costs related to underwriting activities		(4,656,135)	(2,503,175)
Underwriting profit		18,940,500	12,528,158
Net investment income	<i>17</i>	57,295,286	4,204,647
General and administrative expenses	<i>18</i>	(16,174,849)	(14,188,889)
Profit for the period		60,060,937	2,543,916
Basic and diluted earnings per share		0.181	0.008

The notes on pages 7 to 15 form an integral part of these condensed interim financial statements.

Independent auditors' report on review of condensed interim financial information is set out on page 1.

Union Insurance Company P.S.C.
Condensed interim statement of comprehensive income
for the three month period ended 31 March 2014

	(Un-audited) For the three month period ended 31 March 2014 AED	(Un-audited) For the three month period ended 31 March 2013 AED
Profit for the period	60,060,937	2,543,916
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	9,111,750	(151,875)
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-
Total other comprehensive loss for the period	<u>9,111,750</u>	<u>(151,875)</u>
Total comprehensive income for the period	<u>69,172,687</u>	<u>2,392,041</u>

The notes on pages 7 to 15 form an integral part of these condensed interim financial statements.

Independent auditors' report on review of condensed interim financial information is set out on page 1.

Union Insurance Company P.S.C.

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

for the three month period ended 31 March 2014

	Attributable to equity shareholders of the Company					Total AED
	Share capital AED	Statutory reserve AED	Special reserve AED	Fair value reserve AED	Retained earnings / Accumulated losses AED	
As at 1 January 2013	330,939,180	-	-	(57,591,327)	(16,531,506)	256,816,347
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,543,916	2,543,916
Other comprehensive income for the period						
Net change in fair value of investments at FVTOCI	-	-	-	(151,875)	-	(151,875)
Net change in fair value of investments at FVTOCI on disposal	-	-	-	(1,229,844)	1,229,844	-
Total other comprehensive income for the period	-	-	-	(1,381,719)	1,229,844	(151,875)
Total comprehensive income for the period	-	-	-	(1,381,719)	3,773,760	2,392,041
As at 31 March 2013	330,939,180	-	-	(58,973,046)	(12,757,746)	259,208,388
Balance at 1 January 2014	330,939,180	6,666,580	6,666,580	(7,663,948)	(7,239,875)	329,368,517
Total Comprehensive income for the period						
Profit for the period	-	-	-	-	60,060,937	60,060,937
Other comprehensive income for the period						
Net change in fair value of investments FVTOCI	-	-	-	9,111,750	-	9,111,750
Total other comprehensive income for the period	-	-	-	9,111,750	-	9,111,750
Total comprehensive income for the period	-	-	-	9,111,750	60,060,937	69,172,687
As at 31 March 2014	330,939,180	6,666,580	6,666,580	1,447,802	52,821,062	398,541,204

The notes on pages 7 to 15 form an integral part of these condensed interim financial statements.

Independent auditors' report on review of condensed interim financial information is set out on page 1.

Union Insurance Company P.S.C.
Condensed interim statement of cash flows
for the three month period ended 31 March 2014

	<i>Notes</i>	(Un-audited) For the three month period ended 31 March 2014 AED	(Un-audited) For the three month period ended 31 March 2013 AED
Cash flows from operating activities			
Net profit for the period		60,060,937	2,543,916
<i>Adjustment for:</i>			
Depreciation and amortization		951,516	789,983
Gain on disposal of financial investments at FVTPL		(48,483,286)	(877,208)
Provision of employees' end of service benefits		250,000	262,389
Unrealised gain on financial assets at FVTPL		(22,818,115)	(884,068)
Interest income		(515,204)	(626,903)
Dividend income		(544,250)	(314,613)
Loss on sale of property and equipment		47	-
Interest expense on overdraft (margin account)		1,432,862	120,713
Income from investment properties		(522,165)	(1,005,013)
Operating cash flows before changes in operating assets and liabilities		(10,187,658)	9,196
Increase in insurance and other receivables (including related parties)		(43,423,302)	(9,757,908)
Increase in reinsurance contract assets		(9,678,805)	(24,572,208)
Increase in insurance contract liabilities		39,478,018	21,473,155
Increase in insurance and other payables		81,097,014	(2,322,656)
Employees' end of service benefits paid		(109,778)	(74,117)
Net cash generated from / (used in) operating activities		57,175,489	(15,244,538)
Cash flows from investing activities			
Purchase of property and equipment		(1,064,572)	(1,360,298)
Proceeds from sale of property and equipment		25,000	-
Purchase of investments at FVTPL		(750,415,112)	(16,633,284)
Proceeds from disposal of investments at FVTPL		691,029,047	12,971,155
Proceeds from disposal of investments at FVTOCI		-	6,515,454
Interest received		515,204	626,903
Dividend received		544,250	314,613
Income from investment properties		522,165	1,005,013
(Increase) / decrease in fixed deposit with banks with maturity greater than 3 months		(10,660)	5,544,633
Net cash (used in) / generated from investing activities		(58,854,678)	8,984,189
Cash flows from financing activities			
Interest paid on overdraft (margin account)		(1,432,862)	(120,713)
Net cash used in financing activities		(1,432,862)	(120,713)
Net decrease in cash and cash equivalents		(3,112,051)	(6,381,062)
Cash and cash equivalents at the beginning of the period		5,764,053	13,568,188
Cash and cash equivalents at the end of the period	<i>13</i>	2,652,002	7,187,126

The notes on pages 7 to 15 form an integral part of these condensed interim financial statements.

Independent auditors' report on review of condensed interim financial information is set out on page 1.

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2014

1. Legal status and principal activities

Union Insurance Company P.S.C. - Ajman (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 address of the Company's registered corporate office is Union Insurance Building, P. O. Box 1225, Ajman, United Arab Emirates.

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 Ajman and Branch Offices in Abu Dhabi, Dubai, Sharjah and Ras Al Khaimah.

2. Basis of preparation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

The condensed interim financial statements 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 statements are consistent with those used in the annual financial statements for the year ended 31 December 2013.

c) Functional and presentation currency

These condensed interim 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 denominated.

d) Use of estimates and judgments

The preparation of condensed interim financial statements 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.

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2014 (continued)

2. Basis of preparation (continued)

d) Use of estimates and judgments (continued)

In preparing these condensed interim financial statements, 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 financial statements as at and for the year ended 31 December 2013.

3. Summary of significant accounting policies

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2013 except for the adoption of the new IFRSs which became effective as of 1 January 2014.

The adoption of the new and amended standards and interpretations effective 1 January 2014 did 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 financial statements as at and for the year ended 31 December 2013.

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 statements 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 year.

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 31 March 2014 (Unaudited)

<u>Financial assets</u>	FVTPL	FVTOCI	Amortised	Total
	AED	AED	Cost	AED
			AED	
Financial assets	287,048,524	29,294,250	-	316,342,774
Insurance and other receivables	-	-	156,983,431	156,983,431
Statutory deposit	-	-	10,000,000	10,000,000
Bank balance and cash	-	-	98,193,226	98,193,226
	<u>287,048,524</u>	<u>29,294,250</u>	<u>265,176,657</u>	<u>581,519,431</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	244,346,548	244,346,548
	<u>-</u>	<u>-</u>	<u>244,346,548</u>	<u>244,346,548</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2014 (continued)

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

At 31 December 2013 (Audited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Financial assets	174,121,058	2,422,500	-	176,543,558
Insurance and other receivables	-	-	119,908,372	119,908,372
Statutory deposit	-	-	10,000,000	10,000,000
Bank balance and cash	-	-	101,294,617	101,294,617
	<u>174,121,058</u>	<u>2,422,500</u>	<u>231,202,989</u>	<u>407,746,547</u>
 <u>Financial liabilities</u>				
Insurance and other payables	-	-	163,249,534	163,249,534
	<u>-</u>	<u>-</u>	<u>163,249,534</u>	<u>163,249,534</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.S.C.), a related party who is acting as custodian of the Company's share of investment in the project.

The title deed of the project has been registered in the name of GGICO Real Estate Development L.L.C., a related party. At the end of the reporting period, work on the project has not been started.

8. Financial assets

	31 March 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Financial assets at FVTPL (8.1)	287,048,524	174,121,058
Financial assets at FVTOCI (8.2)	29,294,250	2,422,500
	<u>316,342,774</u>	<u>176,543,558</u>

8.1 Financial assets at FVTPL

	31 March 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Quoted securities in U.A.E	283,191,436	170,304,430
Quoted equity securities outside U.A.E	682,018	641,558
Unquoted equity securities outside U.A.E	3,175,070	3,175,070
	<u>287,048,524</u>	<u>174,121,058</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2014 (continued)

8. Financial assets (continued)

8.2 Financial assets at FVTOCI

	31 March 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Quoted equity securities in U.A.E.	26,954,250	82,500
Unquoted equity securities in U.A.E.	2,340,000	2,340,000
	<u>29,294,250</u>	<u>2,422,500</u>

8.3 Financial assets - geographic concentration

	31 March 2014 (Unaudited) AED	31 December 2013 (Audited) AED
- Within U.A.E.	312,485,686	172,726,930
- Outside U.A.E	3,857,088	3,816,628
	<u>316,342,774</u>	<u>176,543,558</u>

9. Fair value hierarchy

The table below analyses financial instruments 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 31 March 2014 (Unaudited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<u>Financial assets</u>				
FVTPL	283,873,454	-	3,175,070	287,048,524
FVTOCI	<u>26,954,250</u>	-	<u>2,340,000</u>	<u>29,294,250</u>
	310,827,704	-	5,515,070	316,342,774
<u>Non financial assets</u>				
Investment properties	-	-	<u>33,000,000</u>	<u>33,000,000</u>
	<u>310,827,704</u>	-	<u>38,515,070</u>	<u>349,342,774</u>
At 31 December 2013 (Audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<u>Financial assets</u>				
FVTPL	170,945,988	-	3,175,070	174,121,058
FVTOCI	<u>82,500</u>	-	<u>2,340,000</u>	<u>2,422,500</u>
	171,028,488	-	5,515,070	176,543,558
<u>Non financial assets</u>				
Investment properties	-	-	<u>33,000,000</u>	<u>33,000,000</u>
	<u>171,028,488</u>	-	<u>38,515,070</u>	<u>209,543,558</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2014 (continued)

10. Insurance and other payables

	31 March 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Trade payables	120,522,931	56,394,339
Due to insurance and reinsurance companies	78,100,998	78,128,228
Premium reserve withheld	21,254,575	15,459,398
	<u>219,878,504</u>	<u>149,981,965</u>
Unclaimed dividends	2,106,567	2,106,567
Accrued expenses and others	22,361,477	11,161,002
	<u>244,346,548</u>	<u>163,249,534</u>

11. Insurance contract liabilities and reinsurance contract assets

	31 March 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Gross insurance contract liabilities		
Claims reported unsettled	48,307,933	50,816,399
Claims incurred but not reported	11,247,513	11,389,237
Unearned premiums	172,962,036	130,833,828
Gross insurance contract liabilities	<u>232,517,482</u>	<u>193,039,464</u>
Reinsurer's contract assets		
Claims reported unsettled	(44,727,821)	(47,550,679)
Claims incurred but not reported	(5,765,811)	(5,480,326)
Unearned premiums	(79,066,217)	(66,850,039)
Total reinsurers' contract assets	<u>(129,559,849)</u>	<u>(119,881,044)</u>
Net		
Claims reported unsettled	3,580,112	3,265,720
Claims incurred but not reported	5,481,702	5,908,911
Unearned premiums	93,895,819	63,983,789
	<u>102,957,633</u>	<u>73,158,420</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2014 (continued)

11.1 Insurance contract liabilities and re-insurance contract assets (continued)

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

	Period ended 31 March 2014			Period ended 31 March 2013		
	Gross AED	Reinsurance AED	Net AED	Gross AED	Reinsurance AED	Net AED
Claims						
Notified claims	50,816,399	(47,550,679)	3,265,720	32,471,253	(14,223,411)	18,247,842
Incurred but not reported	11,389,237	(5,480,326)	5,908,911	5,813,307	(1,615,167)	4,198,140
Total at the beginning of the period	62,205,636	(53,031,005)	9,174,631	38,284,560	(15,838,578)	22,445,982
Claims settled in the period	(47,553,986)	25,181,295	(22,372,691)	(40,902,595)	14,336,502	(26,566,093)
Increase in liabilities	44,903,796	(22,643,922)	22,259,874	36,130,584	(14,500,339)	21,630,245
Total at the end of the period	59,555,446	(50,493,632)	9,061,814	33,512,549	(16,002,415)	17,510,134
Notified claims	48,307,933	(44,727,821)	3,580,112	27,599,525	(13,525,150)	14,074,375
Incurred but not reported	11,247,513	(5,765,811)	5,481,702	5,913,025	(2,477,265)	3,435,760
Total at the end of the period	59,555,446	(50,493,632)	9,061,814	33,512,550	(16,002,415)	17,510,135
Unearned premium						
Total at the beginning of the period	130,833,828	(66,850,039)	63,983,789	73,402,816	(27,209,056)	46,193,760
Increase during the period	172,962,036	(79,066,217)	93,895,819	99,647,981	(51,617,426)	48,030,555
Release during the period	(130,833,828)	66,850,039	(63,983,789)	(73,402,816)	27,209,056	(46,193,760)
Net increase during the period	42,128,208	(12,216,178)	29,912,030	26,245,165	(24,408,370)	1,836,795
Total at the end of the period	172,962,036	(79,066,217)	93,895,819	99,647,981	(51,617,426)	48,030,555

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2014 (continued)

12. Bank balances and cash

	31 March 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Cash in hand	<u>102,000</u>	<u>102,000</u>
Bank balances:		
Current accounts	2,550,002	5,662,053
Fixed deposits	<u>95,541,224</u>	<u>95,530,564</u>
	<u>98,091,226</u>	<u>101,192,617</u>
	<u>98,193,226</u>	<u>101,294,617</u>
Bank balances:		
In U.A.E.	98,091,226	101,192,617
In other G.C.C. countries	-	-
	<u>98,091,226</u>	<u>101,192,617</u>

Fixed deposit carried interest ranging from 2% to 2.25% per annum (2013: 2% to 2.25% per annum)

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:

	31 March 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Bank balances and cash (refer note 12)	98,193,226	101,294,617
Bank fixed deposits with maturity greater than three months	<u>(95,541,224)</u>	<u>(95,530,564)</u>
	<u>2,652,002</u>	<u>5,764,053</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). The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At the end of the reporting period, amounts due from/to related parties which are included in the respective account balances are detailed below:

	31 March 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Due from policyholders	9,048,941	9,570,929
Equity shares held	66,751,249	67,701,637
Gross outstanding claims	3,097,608	180,304
Advance for investment property	16,500,000	16,500,000
Cash and cash equivalents	<u>89,632</u>	<u>122,889</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 year for bad or doubtful debts in respect of the amounts owed by related parties.

Union Insurance Company P.S.C.

Notes to the condensed financial statements

for the three month period ended 31 March 2014 (continued)

14. Related party transactions (continued)

Transactions

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

	For the three month period ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
	AED	AED
Gross premiums	5,483,986	1,021,841
Claims paid	1,158,364	372,502
Other receivables collected	-	9,800,000
	<u> </u>	<u> </u>

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

Compensation of key management personnel

Short-term benefits	600,000	600,000
Long-term benefits	34,048	34,048
	<u> </u>	<u> </u>

15. Contingent liabilities

	31 March 2014	31 December 2013
	(Unaudited)	(Audited)
Letters of guarantee*	<u>32,575,796</u>	<u>31,536,266</u>

*Includes AED 10,000,000 (2013: AED 10,000,000) issued in favour of Insurance Authority of U.A.E.

16. Capital commitments

	31 March 2014	31 December 2013
	(Unaudited)	(Audited)
Commitment for the construction of development properties	<u>44,368,688</u>	<u>44,368,688</u>

The above commitment for the construction of development properties pertains to Meydan Real Estate Project.

17. Net investment income

	For the three month period ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
	AED	AED
<i>Income from investment securities</i>		
Dividend income	544,250	314,613
Realised gains on investments	48,483,286	877,208
Unrealised gains on investments fair value through profit and loss	9,178,447	2,128,526
Interest on margin account	(1,432,862)	(120,713)
Net income from Investment properties	<u>522,165</u>	<u>1,005,013</u>
	<u>57,295,286</u>	<u>4,204,647</u>

Union Insurance Company P.S.C.

Notes to the condensed financial statements

for the three month period ended 31 March 2014 (continued)

18. General and administrative expenses

	For the three month period ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
	AED	AED
Staff costs	10,569,115	7,839,573
Depreciation and amortization	951,516	789,983
Other	4,654,218	5,559,333
	<u>16,174,849</u>	<u>14,188,889</u>

19. Segment information

Primary segment information

For management purposes the Company is organised into two business segments, Underwriting and investments. These segments are the basis on which the Company reports its primary segment information.

	Three months period ended 31 March 2014			Three months period ended 31 March 2013		
	Underwriting (unaudited)	Investments (unaudited)	Total (unaudited)	Underwriting (unaudited)	Investments (unaudited)	Total (unaudited)
	AED	AED	AED	AED	AED	AED
Segment revenue	139,089,747	-	139,089,747	96,249,365	-	96,249,365
Segment result	18,940,500	57,295,286	76,235,786	12,528,158	4,204,647	16,732,805
Unallocated costs (net)			(16,174,849)			(14,188,889)
			<u>60,060,937</u>			<u>2,543,916</u>
	31 March 2014 (Unaudited)			31 December 2013 (Audited)		
	AED			AED		
Segment assets	312,510,398	446,142,774	758,653,172	254,028,257	306,343,558	560,371,815
Unallocated assets			118,966,205			127,359,621
Total assets			<u>877,619,377</u>			<u>687,731,436</u>
Segment liabilities	474,757,463	-	474,757,463	354,182,431	-	354,182,431
Unallocated liabilities			4,320,710			4,180,488
Total liabilities			<u>479,078,173</u>			<u>358,362,919</u>

20. Comparative figures

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