

Union Insurance Company P.S.C.⁶³⁸

Condensed interim financial statements
for the three month period ended 31 March 2015

Union Insurance Company P.S.C.

Condensed interim financial statements *for the three month period ended 31 March 2015*

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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 2015 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 2015;
- the condensed interim statement of profit or loss for the three month period ended 31 March 2015;
- the condensed interim statement of profit or loss and other comprehensive income for the three month period ended 31 March 2015;
- the condensed interim statement of changes in equity for the three month period ended 31 March 2015;
- the condensed interim statement of cash flows for the three month period ended 31 March 2015; 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 2015 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

12 MAY 2015

Union Insurance Company P.S.C.

Condensed interim statement of financial position

as at 31 March 2015

		(Un-audited) 31 March 2015	(Audited) 31 December 2014
	Notes	AED	AED
ASSETS			
Property and equipment		16,389,784	16,778,393
Intangible assets		2,079,970	1,662,527
Investment properties		70,390,000	70,390,000
Investment securities	8	159,459,479	195,153,565
Development work-in-progress	7	80,700,000	80,700,000
Statutory deposit		10,000,000	10,000,000
Reinsurance contract assets	11	170,177,692	160,078,935
Insurance and other receivables		327,863,713	279,558,973
Bank balances and cash	12	70,191,978	76,114,835
Total assets		907,252,616	890,437,228
LIABILITIES			
Insurance contract liabilities	11	324,264,359	295,174,657
Insurance and other payables	10	239,070,140	229,612,399
Payable to policyholders' of unit-linked products	20	9,266,485	6,554,831
Provision for employee's end of service benefits		1,580,497	1,659,151
Total liabilities		574,181,481	533,001,038
EQUITY			
Share capital		330,939,180	330,939,180
Statutory reserve		11,076,401	11,076,401
Special reserve		11,076,401	11,076,401
Fair value reserve		(11,795,286)	(14,964,755)
Retained earnings / (accumulated losses)		(8,225,561)	19,308,963
Total equity		333,071,135	357,436,190
Total liabilities and equity		907,252,616	890,437,228

The notes on pages 7 to 16 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 _____ and signed on its behalf by :

Mohammed Hareb Al Mazroei
Vice Chairman

12 MAY 2015

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

Independent auditors' review report 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 2015

		(Un-audited) For the three month period ended 31 March 2015 AED	(Un-audited) For the three month period ended 31 March 2014 AED
	<i>Notes</i>		
Gross written premium		172,369,272	139,089,747
Reinsurance ceded		(83,297,918)	(66,896,262)
Net retained premium		89,071,354	72,193,485
Net change in unearned premium and policyholders' reserve	19	(23,136,704)	(29,912,030)
Net earned premium		65,934,650	42,281,455
Gross claims incurred	11.1	(56,849,530)	(44,903,796)
Insurance claims recovered from reinsurers	11.1	21,619,118	22,643,922
Net claims incurred		(35,230,412)	(22,259,874)
Gross commission earned		11,277,257	12,847,479
Less: commission incurred		(7,658,531)	(9,272,425)
Net commission earned		3,618,727	3,575,054
Other operational costs related to underwriting activities		(6,880,958)	(4,656,135)
Net movement in fair value of investments held for unit linked products	20	(425,969)	-
Underwriting profit		27,016,038	18,940,500
Net investment (loss) / income	17	(25,186,352)	57,295,286
General and administrative expenses	18	(18,756,381)	(16,174,849)
Profit / (loss) for the period		(16,926,695)	60,060,937
Basic and diluted (loss) / earnings per share		(0.051)	0.181

The notes on pages 7 to 16 form an integral part of these condensed interim financial statements.

Independent auditors' review report is set out on page 1.

Union Insurance Company P.S.C.

Condensed interim statement of profit or loss and other comprehensive income for the three month period ended 31 March 2015

	(Un-audited) For the three month period ended 31 March 2015 AED	(Un-audited) For the three month period ended 31 March 2014 AED
Profit / (loss) for the period	(16,926,695)	60,060,937
Other comprehensive (loss) / 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	(7,438,360)	9,111,750
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-
Total other comprehensive (loss) / income for the period	(7,438,360)	9,111,750
Total comprehensive (loss) / income for the period	(24,365,055)	69,172,687

The notes on pages 7 to 16 form an integral part of these condensed interim financial statements.

Independent auditors' review report 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 2015

	Attributable to equity shareholders of the Company					
	Share capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings / Accumulated losses	Total
	AED	AED	AED	AED	AED	AED
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	-	-	-	-	60,060,937	60,060,937
Profit for the period	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	9,111,750	-	9,111,750
Net change in fair value of investments at FVTOCI	-	-	-	9,111,750	-	9,111,750
Total other comprehensive income for the period	-	-	-	9,111,750	60,060,937	69,172,687
Total comprehensive income for the period	-	-	-	-	-	-
As at 31 March 2014	330,939,180	6,666,580	6,666,580	1,447,802	52,821,062	398,541,204
Balance at 1 January 2015	330,939,180	11,076,401	11,076,401	(14,964,755)	19,308,963	357,436,190
Total comprehensive (loss) / income for the period	-	-	-	-	(16,926,695)	(16,926,695)
Loss for the period	-	-	-	-	-	-
Other comprehensive (loss) / income for the period	-	-	-	(7,438,360)	-	(7,438,360)
Net change in fair value of investments FVTOCI	-	-	-	10,607,829	(10,607,829)	-
Net change in fair value of investments at FVTOCI on disposal	-	-	-	-	-	-
Total other comprehensive (loss) / income for the period	-	-	-	3,169,469	(10,607,829)	(7,438,360)
Total comprehensive (loss) / income for the period	-	-	-	3,169,469	(27,534,524)	(24,365,055)
As at 31 March 2015	330,939,180	11,076,401	11,076,401	(11,795,286)	(8,225,561)	333,071,135

The notes on pages 7 to 16 form an integral part of these condensed interim financial statements.

Independent auditors' review report 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 2015

	(Un-audited) For the three month period ended 31 March 2015 AED	(Un-audited) For the three month period ended 31 March 2014 AED
<i>Notes</i>		
Cash flows from operating activities		
Net (loss) / profit for the period	(16,926,695)	60,060,937
<i>Adjustment for:</i>		
Depreciation and amortization	1,112,620	951,516
Gain on disposal of investments at FVTPL	(740,776)	(48,483,286)
Unrealised loss / (gain) on investments at FVTPL	25,394,860	(22,818,115)
Interest income	(485,801)	(515,204)
Dividend income	-	(544,250)
Loss on sale of property and equipment	-	47
Interest expense on overdraft (margin account)	752,354	1,432,862
Income from investment properties	-	(522,165)
	<u>9,106,562</u>	<u>(10,437,658)</u>
Increase in insurance and other receivables (including related parties)	(48,304,740)	(43,423,302)
Increase in reinsurance contract assets	(10,098,757)	(9,678,805)
Increase in insurance contract liabilities	29,089,702	39,478,018
Increase in insurance and other payables	9,457,741	81,347,014
Employees' end of service benefits paid	(78,654)	(109,778)
Net cash (used in) / generated from operating activities	<u>(10,828,146)</u>	<u>57,175,489</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,200,391)	(1,064,572)
Proceeds from sale of property and equipment	58,937	25,000
Purchase of investments at FVTPL	(85,259,026)	(750,415,112)
Proceeds from disposal of investments at FVTPL	72,870,984	691,029,047
Proceeds from disposal of investments at FVTOCI	18,701,338	-
Interest received	485,801	515,204
Dividend received	-	544,250
Income from investment properties	-	522,165
Increase in fixed deposit with banks with maturity greater than three months	(46,740)	(10,660)
Net cash generated from / (used in) investing activities	<u>5,610,903</u>	<u>(58,854,678)</u>
Cash flows from financing activities		
Interest paid on overdraft (margin account)	(752,354)	(1,432,862)
Net cash used in financing activities	<u>(752,354)</u>	<u>(1,432,862)</u>
Net decrease in cash and cash equivalents	(5,969,597)	(3,112,051)
Cash and cash equivalents at the beginning of the period	6,269,004	5,764,053
Cash and cash equivalents at the end of the period	<u>299,407</u>	<u>2,652,002</u>

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The notes on pages 7 to 16 form an integral part of these condensed interim financial statements.

Independent auditors' review report 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 2015

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 2014, 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 2014.

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 2015 (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 2014.

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 2014.

The adoption of the new and amended standards and interpretations effective 1 January 2015 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 2014.

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 2015 (Unaudited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	129,788,235	29,671,243	-	159,459,478
Insurance and other receivables	-	-	251,210,358	251,210,358
Statutory deposit	-	-	10,000,000	10,000,000
Bank balance and cash	-	-	70,191,978	70,191,978
	<u>129,788,235</u>	<u>29,671,243</u>	<u>331,402,336</u>	<u>490,861,814</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	239,070,140	239,070,140
	<u>-</u>	<u>-</u>	<u>239,070,140</u>	<u>239,070,140</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2015 (continued)

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

At 31 December 2014 (Audited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	139,342,626	55,810,939	-	195,153,565
Insurance and other receivables	-	-	189,832,868	189,832,868
Statutory deposit	-	-	10,000,000	10,000,000
Bank balance and cash	-	-	76,114,835	76,114,835
	<u>139,342,626</u>	<u>55,810,939</u>	<u>275,947,703</u>	<u>471,101,268</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	229,612,399	229,612,399
	<u>-</u>	<u>-</u>	<u>229,612,399</u>	<u>229,612,399</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. Investment securities

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Financial assets at FVTPL (8.1)	129,788,235	139,342,626
Financial assets at FVTOCI (8.2)	29,671,243	55,810,939
	<u>159,459,479</u>	<u>195,153,565</u>

8.1 Financial assets at FVTPL

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Investments held on behalf of policyholders' of unit linked products	9,266,485	6,554,831
Quoted securities in U.A.E	117,138,790	129,351,965
Quoted equity securities outside U.A.E	403,564	431,658
Unquoted equity securities outside U.A.E	2,979,396	3,004,172
	<u>129,788,235</u>	<u>139,342,626</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements for the three month period ended 31 March 2015 (continued)

8. Financial assets (continued)

8.2 Financial assets at FVTOCI

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Quoted equity securities in U.A.E.	27,331,243	53,470,939
Unquoted equity securities in U.A.E.	2,340,000	2,340,000
	<u>29,671,243</u>	<u>55,810,939</u>

8.3 Financial assets - geographic concentration

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
- Within U.A.E.	156,076,518	191,717,735
- Outside U.A.E.	3,382,960	3,435,830
	<u>159,459,478</u>	<u>195,153,565</u>

9. Fair value hierarchy

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

At 31 March 2015 (Unaudited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<u>Financial assets</u>				
FVTPL	126,808,839	-	2,979,396	129,788,235
FVTOCI	27,331,243	-	2,340,000	29,671,243
	<u>154,140,082</u>	<u>-</u>	<u>5,319,396</u>	<u>159,459,478</u>
<u>Non financial assets</u>				
Investment properties	-	-	70,390,000	70,390,000
	<u>154,140,082</u>	<u>-</u>	<u>75,709,396</u>	<u>229,849,478</u>
 At 31 December 2014 (Audited)	 Level 1 AED	 Level 2 AED	 Level 3 AED	 Total AED
<u>Financial assets</u>				
FVTPL	136,338,454	-	3,004,172	139,342,626
FVTOCI	53,470,939	-	2,340,000	55,810,939
	<u>189,809,393</u>	<u>-</u>	<u>5,344,172</u>	<u>195,153,565</u>
<u>Non financial assets</u>				
Investment properties	-	-	70,390,000	70,390,000
	<u>189,809,393</u>	<u>-</u>	<u>75,734,172</u>	<u>265,543,565</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements
for the three month period ended 31 March 2015 (continued)

10. Insurance and other payables

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Trade payables	96,926,857	107,474,804
Due to insurance and reinsurance companies	93,235,582	80,811,102
Premium reserve withheld	34,468,060	28,946,715
	<u>224,630,499</u>	<u>217,232,621</u>
Unclaimed dividends	2,093,037	2,095,231
Accrued expenses and others	12,346,604	10,284,547
	<u>239,070,140</u>	<u>229,612,399</u>

11. Insurance contract liabilities and reinsurance contract assets

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Gross insurance contract liabilities		
Claims reported unsettled	86,920,675	95,770,550
Claims incurred but not reported	11,645,748	13,016,295
Unearned premiums	225,697,936	186,387,812
Gross insurance contract liabilities	<u>324,264,359</u>	<u>295,174,657</u>
Reinsurer's contract assets		
Claims reported unsettled	(54,074,708)	(59,472,031)
Claims incurred but not reported	(5,452,517)	(6,793,328)
Unearned premiums	(110,650,467)	(93,813,576)
Total reinsurers' contract assets	<u>(170,177,692)</u>	<u>(160,078,935)</u>
Net		
Claims reported unsettled	32,845,967	36,298,519
Claims incurred but not reported	6,193,231	6,222,967
Unearned premiums	115,047,469	92,574,236
	<u>154,086,667</u>	<u>135,095,722</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements
for the three month period ended 31 March 2015 (continued)

11.1 Insurance contract liabilities and reinsurance contract assets (continued)

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

	Period ended 31 March 2015			Period ended 31 March 2014		
	Gross AED	Reinsurance AED	Net AED	Gross AED	Reinsurance AED	Net AED
Claims						
<i>Outstanding claims at end of period</i>						
Notified claims	86,920,675	(54,074,708)	32,845,967	72,062,018	(44,727,821)	27,334,197
Incurred but not reported	11,645,748	(5,452,517)	6,193,231	11,247,513	(5,765,811)	5,481,702
	<u>98,566,423</u>	<u>(59,527,225)</u>	<u>39,039,198</u>	<u>83,309,531</u>	<u>(50,493,632)</u>	<u>32,815,899</u>
Claims settled in the year	68,130,215	(28,357,252)	39,772,963	47,553,986	(25,181,295)	22,372,691
<i>Outstanding claims at beginning of period</i>						
Notified claims	(95,770,550)	59,472,031	(36,298,519)	(71,693,399)	47,550,679	(24,142,720)
Incurred but not reported	(13,016,295)	6,793,328	(6,222,967)	(11,389,237)	5,480,326	(5,908,911)
	<u>57,909,793</u>	<u>(21,619,118)</u>	<u>36,290,675</u>	<u>47,780,881</u>	<u>(22,643,922)</u>	<u>25,136,959</u>
Increase in recoveries	(1,060,263)	-	(1,060,263)	(2,877,085)	-	(2,877,085)
Claims incurred	<u>56,849,530</u>	<u>(21,619,118)</u>	<u>35,230,412</u>	<u>44,903,796</u>	<u>(22,643,922)</u>	<u>22,259,874</u>
Unearned premium						
Total at the beginning of the period	<u>186,387,812</u>	<u>(93,813,576)</u>	<u>92,574,236</u>	<u>130,833,828</u>	<u>(66,850,039)</u>	<u>63,983,789</u>
Increase during the period	225,697,936	(110,650,467)	115,047,469	172,962,036	(79,066,217)	93,895,819
Release during the period	(186,387,812)	93,813,576	(92,574,236)	(130,833,828)	66,850,039	(63,983,789)
Net increase during the period	<u>39,310,124</u>	<u>(16,836,891)</u>	<u>22,473,233</u>	<u>42,128,208</u>	<u>(12,216,178)</u>	<u>29,912,030</u>
Total at the end of the period	<u>225,697,936</u>	<u>(110,650,467)</u>	<u>115,047,469</u>	<u>172,962,036</u>	<u>(79,066,217)</u>	<u>93,895,819</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements for the three month period ended 31 March 2015 (continued)

12. Bank balances and cash

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Cash in hand	100,000	100,000
Bank balances:		
Current accounts	199,407	6,169,004
Fixed deposits	69,892,571	69,845,831
	<u>70,091,978</u>	<u>76,014,835</u>
	<u>70,191,978</u>	<u>76,114,835</u>
Bank balances:		
In U.A.E.	70,091,978	76,014,835
In other G.C.C. countries	-	-
	<u>70,091,978</u>	<u>76,014,835</u>

Fixed deposit carried interest ranging from 1% to 6.1% per annum (2014: 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 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Bank balances and cash (refer note 12)	70,191,978	76,114,835
Bank fixed deposits with maturity greater than three months	(69,892,571)	(69,845,831)
	<u>299,407</u>	<u>6,269,004</u>

14. Related party transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 - (Revised).

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

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Due from policyholders	28,895,981	26,361,867
Equity shares held	76,104,253	71,389,002
Gross outstanding claims	2,558,596	2,307,844
Bank balance	114,659	110,447
Receivable from a related party	48,100,000	48,100,000
Investment properties	<u>70,390,000</u>	<u>70,390,000</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 2015 (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	
	2015	2014
	(Unaudited)	(Unaudited)
	AED	AED
Gross premiums	4,683,265	5,483,986
Claims paid	<u>668,084</u>	<u>1,158,364</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	<u>34,048</u>	<u>34,048</u>

15. Contingent liabilities

	31 March 2015	31 December 2014
	(Unaudited)	(Audited)
Letters of guarantee*	<u>34,549,230</u>	<u>32,773,411</u>

*Includes AED 10,000,000 (2014: AED 10,000,000) issued in favour of Insurance Authority of U.A.E.

16. Capital commitments

	31 March 2015	31 December 2014
	(Unaudited)	(Audited)
Commitment for the construction of development properties	<u>54,978,688</u>	<u>54,978,688</u>

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

17. Net investment (loss) / income

	For the three month period ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
	AED	AED
<i>Income from investment securities</i>		
Dividend income	-	544,250
Realised gains on investments	740,776	48,483,286
Unrealised (losses) / gains on investments at fair value through profit and loss	(25,174,775)	9,178,447
Interest on margin account	(752,353)	(1,432,862)
<i>Net income from investment properties</i>	<u>-</u>	<u>522,165</u>
	<u>(25,186,352)</u>	<u>57,295,286</u>

Union Insurance Company P.S.C.

Notes to the condensed financial statements
for the three month period ended 31 March 2015 (continued)

18. General and administrative expenses

	For the three month period ended 31 March		
	2015	2014	
	(Unaudited)	(Unaudited)	
	AED	AED	
Staff costs	12,338,025	10,569,115	
Depreciation and amortization	1,112,620	951,516	
Other	5,305,736	4,654,218	
	<u>18,756,381</u>	<u>16,174,849</u>	

19. 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.

	Three months period ended 31 March					
	General insurance		Life assurance		Total	
	2015	2014	2015	2014	2015	2014
	AED	AED	AED	AED	AED	AED
Gross written premium	137,985,624	103,269,784	34,383,648	35,819,963	172,369,272	139,089,747
Reinsurance ceded	(63,307,953)	(41,070,797)	(19,989,965)	(25,825,465)	(83,297,918)	(66,896,262)
Net retained premium	74,677,671	62,198,987	14,393,683	9,994,498	89,071,354	72,193,485
Net change in unearned premium and policyholders' reserve	(21,393,433)	(29,214,347)	(1,743,271)	(697,683)	(23,136,704)	(29,912,030)
Net earned premium	<u>53,284,238</u>	<u>32,984,640</u>	<u>12,650,412</u>	<u>9,296,815</u>	<u>65,934,650</u>	<u>42,281,455</u>
Net claims incurred	(32,459,546)	(20,997,636)	(2,770,866)	(1,262,238)	(35,230,412)	(22,259,874)
Net commission earned	4,321,064	3,309,112	(702,337)	265,942	3,618,727	3,575,054
Other operational costs related to underwriting activities	(5,117,150)	(3,006,267)	(1,763,808)	(1,649,868)	(6,880,958)	(4,656,135)
Movement in fair value of investment held for unit linked products	-	-	(425,969)	-	(425,969)	-
Total underwriting expenses	<u>(33,255,632)</u>	<u>(20,694,791)</u>	<u>(5,662,980)</u>	<u>(2,646,164)</u>	<u>(38,918,612)</u>	<u>(23,340,955)</u>
Total underwriting profit	<u>20,028,606</u>	<u>12,289,849</u>	<u>6,987,432</u>	<u>6,650,651</u>	<u>27,016,038</u>	<u>18,940,500</u>
Net investment (loss) / income					(25,186,352)	57,295,286
General and administrative expenses					(18,756,381)	(16,174,849)
Profit / (loss) for the period					<u>(16,926,695)</u>	<u>60,060,937</u>

Segmental information based on assets and liabilities is not presented due to unavailability.

Union Insurance Company P.S.C.

Notes to the condensed financial statements

for the three month period ended 31 March 2015 (continued)

20. 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 8.1 of these financial statements.

Movement during the period :

	31 March 2015 (Unaudited) AED	31 December 2014 (Audited) AED
As at 1 January	6,554,831	-
Amount invested by policyholders net of allocation charges and	3,137,623	4,677,880
Change in fair value	(425,969)	1,876,951
	<u>9,266,485</u>	<u>6,554,831</u>

21. 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.