

Union Insurance Company P.S.C.

Condensed interim financial statements
for the six month period ended 30 June 2014

Union Insurance Company P.S.C.

Condensed interim financial statements

for the six month period ended 30 June 2014

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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 30 June 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 30 June 2014;
- the condensed interim statement of profit or loss for the three month and six month periods ended 30 June 2014;
- the condensed interim statement of profit or loss and other comprehensive income for the three month and six month periods ended 30 June 2014;
- the condensed interim statement of changes in equity for the six month period ended 30 June 2014;
- the condensed interim statement of cash flows for the six month period ended 30 June 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 30 June 2014 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

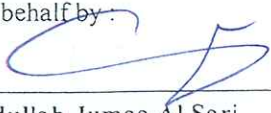
KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793
Date: 11 August 2014

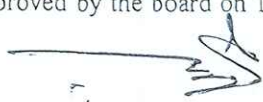
Union Insurance Company P.S.C.
 Condensed interim statement of financial position
 as at 30 June 2014

		(Un-audited) 30 June 2014	(Audited) 31 December 2013
	Notes	AED	AED
ASSETS			
Property and equipment		15,217,787	15,050,897
Intangible assets		859,619	646,733
Investment properties	7	75,600,000	33,000,000
Investments securities	9	215,727,650	176,543,558
Development work-in-progress	8	80,700,000	80,000,000
Statutory deposit		10,000,000	10,000,000
Reinsurance contract assets	12	157,373,854	119,881,044
Insurance and other receivables		219,671,731	151,314,587
Bank balances and cash	13	92,588,915	101,294,617
Total assets		867,739,556	687,731,436
LIABILITIES			
Insurance contract liabilities	12	273,673,621	193,039,464
Insurance and other payables	11	233,117,455	163,249,534
Payable to policyholders' for unit-linked contracts	20	3,375,223	-
Provision for employees' end of service benefits		2,418,784	2,073,921
Total liabilities		512,585,083	358,362,919
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		(5,519,623)	(7,663,948)
Retained earnings / accumulated losses		16,401,756	(7,239,875)
Total equity		355,154,473	329,368,517
Total liabilities and equity		867,739,556	687,731,436

The notes on pages 7 to 17 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 11 August 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 six month period ended 30 June 2014

	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	For the three	For the three	For the six	For the six
	month period	month period	month period	month period
	ended	ended	ended	ended
<i>Notes</i>	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	AED	AED	AED	AED
Gross written premium	155,692,502	90,639,441	294,782,249	186,888,806
Reinsurance ceded	(74,118,890)	(56,539,609)	(141,015,152)	(115,121,112)
Net retained premium	81,573,612	34,099,832	153,767,097	71,767,694
Net change in unearned premium and policyholders' reserve	(26,151,405)	994,242	(56,063,435)	(4,600,075)
Net earned premium	55,422,207	35,094,074	97,703,662	67,167,619
Gross claims incurred	(68,228,633)	(36,770,831)	(113,132,429)	(72,901,415)
Insurance claims recovered from reinsurers	40,508,056	15,125,864	63,151,978	29,626,203
Net claims incurred	(27,720,577)	(21,644,967)	(49,980,451)	(43,275,212)
Gross commission earned	9,048,320	7,082,337	21,895,799	16,135,786
Less: commission incurred	(2,686,298)	(4,105,089)	(11,958,723)	(7,348,369)
Net commission earned	6,362,022	2,977,248	9,937,076	8,787,417
Other operational costs related to underwriting activities	(3,796,466)	(3,592,911)	(8,452,601)	(7,318,222)
Underwriting profit	30,267,186	12,833,444	49,207,686	25,361,602
Net investment (loss) / income	(48,890,645)	20,330,692	8,404,641	24,535,339
General and administrative expenses	(17,795,847)	(14,526,604)	(33,970,696)	(28,715,493)
Profit / (loss) for the period	(36,419,306)	18,637,532	23,641,631	21,181,448
Basic and diluted earnings per share	(0.110)	0.056	0.071	0.064

The notes on pages 7 to 17 form an integral part of these condensed interim financial statements.

The 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 six month period ended 30 June 2014

	(Un-audited) For the three month period ended 30 June 2014 AED	(Un-audited) For the three month period ended 30 June 2013 AED	(Un-audited) For the six month period ended 30 June 2014 AED	(Un-audited) For the six month period ended 30 June 2013 AED
Profit / (loss) for the period	(36,419,306)	18,637,532	23,641,631	21,181,448
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	(6,967,425)	1,815,105	2,144,325	1,534,108
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-
Total other comprehensive (loss) / income for the period	(6,967,425)	1,815,105	2,144,325	1,534,108
Total comprehensive (loss) / income for the period	(43,386,731)	20,452,637	25,785,956	22,715,556

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The 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 six month period ended 30 June 2014

	Attributable to equity shareholders of the Company					Total
	Share capital	Statutory reserve	Special reserve	Fair value reserve	(Accumulated losses) / Retained earnings	
	AED	AED	AED	AED	AED	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	-	-	-	-	21,181,448	21,181,448
Other comprehensive income for the period						
Net change in fair value of investments at FVTOCI	-	-	-	1,534,108	-	1,534,108
Net change in fair value of investments at FVTOCI on disposal	-	-	-	(1,229,844)	1,229,844	-
Total other comprehensive income for the period	-	-	-	304,264	1,229,844	1,534,108
Total comprehensive income for the period	-	-	-	304,264	22,411,292	22,715,556
As at 30 June 2013	<u>330,939,180</u>	<u>-</u>	<u>-</u>	<u>(57,287,063)</u>	<u>5,879,786</u>	<u>279,531,903</u>
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	-	-	-	-	23,641,631	23,641,631
Other comprehensive income for the period						
Net change in fair value of investments FVTOCI	-	-	-	2,144,325	-	2,144,325
Total other comprehensive income for the period	-	-	-	2,144,325	-	2,144,325
Total comprehensive income for the period	-	-	-	2,144,325	23,641,631	25,785,956
As at 30 June 2014	<u>330,939,180</u>	<u>6,666,580</u>	<u>6,666,580</u>	<u>(5,519,623)</u>	<u>16,401,756</u>	<u>355,154,473</u>

The notes on pages 7 to 17 form an integral part of these condensed interim financial statements.

The independent auditors' review report is set out on page 1.

Union Insurance Company P.S.C.
Condensed interim statement of cash flows
for the six month period ended 30 June 2014

	(Un-audited) For the six month period ended 30 June 2014 AED	(Un-audited) For the six month period ended 30 June 2013 AED
Cash flows from operating activities		
Net profit for the period	23,641,631	21,181,448
<i>Adjustment for:</i>		
Depreciation and amortisation	1,912,493	1,621,271
Gain on disposal of financial investments at FVTPL	(74,642,178)	(1,223,507)
Provision of employees' end of service benefits	500,000	524,778
Unrealised loss / (gain) on financial assets at FVTPL	91,650,568	(20,817,650)
Interest income	(1,005,024)	(1,236,560)
Dividend income	(1,006,150)	(316,263)
Loss on sale of property and equipment	699	-
Interest expense on overdraft (margin account)	2,970,601	301,703
Increase in the fair value of investment properties	(26,100,000)	-
Reversal of impairment of development work-in-progress	(700,000)	-
Income from investment properties	(1,053,141)	(1,959,543)
	16,169,499	(1,924,323)
Increase in insurance and other receivables (including related parties)	(84,857,144)	(10,278,346)
Increase in reinsurance contract assets	(37,492,810)	(48,316,523)
Increase in insurance contract liabilities	80,634,157	48,716,866
Increase in insurance and other payables	69,867,921	9,972,257
Employees' end of service benefits paid	(155,137)	(115,202)
Net cash generated from / (used in) operating activities	44,166,486	(1,945,271)
Cash flows from investing activities		
Purchase of property and equipment	(2,317,968)	(4,240,852)
Proceeds from sale of property and equipment	25,000	-
Purchase of investments at FVTPL	(1,461,153,272)	(66,086,134)
Proceeds from disposal of investments at FVTPL	1,410,480,338	46,261,303
Proceeds from disposal of investments at FVTOCI	-	6,515,454
Interest received	1,005,024	1,236,560
Dividend received	1,006,150	316,263
Income from investment properties	1,053,141	1,959,543
Decrease in fixed deposit with banks with maturity greater than 3 months	20,269,201	4,707,273
Net cash used in investing activities	(29,632,386)	(9,330,590)
Cash flows from financing activities		
Interest paid on overdraft (margin account)	(2,970,601)	(301,703)
Net cash used in financing activities	(2,970,601)	(301,703)
Net increase / (decrease) in cash and cash equivalents	11,563,499	(11,577,564)
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	17,327,552	1,990,624

Notes

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The notes on pages 7 to 17 form an integral part of these condensed interim financial statements.

The 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 six month period ended 30 June 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 six month period ended 30 June 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.

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 30 June 2014 (Unaudited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	193,400,825	22,326,825	-	215,727,650
Insurance and other receivables (excluding prepayments)	-	-	199,265,218	199,265,218
Statutory deposit	-	-	10,000,000	10,000,000
Bank balance and cash	-	-	92,588,915	92,588,915
	<u>193,400,825</u>	<u>22,326,825</u>	<u>301,854,133</u>	<u>517,581,783</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	233,117,455	233,117,455
	<u>-</u>	<u>-</u>	<u>233,117,455</u>	<u>233,117,455</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the six month period ended 30 June 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
Investment securities	174,121,058	2,422,500	-	176,543,558
Insurance and other receivables (excluding prepayments)	-	-	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>163,249,534</u>	<u>163,249,534</u>

7. Investment properties (within UAE)

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
At 1 January	33,000,000	68,700,000
Transfer from advances for investments	16,500,000	-
Disposals	-	(36,300,000)
Changes in fair value	26,100,000	600,000
	<u>75,600,000</u>	<u>33,000,000</u>

The carrying amount of investment property is the fair value of the property as determined by an independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued and is reviewed by the Board of Directors on a periodic basis. Fair values were determined based on income valuation approach, sales comparative approach and open market value basis.

During the period, an advance for investments was transferred to investment property on finalization of the co-investor agreement of the property with the counter party. A revaluation gain is recognised on this investment property amounting to AED 21 million based on the fair value as of reporting date. A revaluation gain of AED 5.1 million was recognised on other investment properties.

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the six month period ended 30 June 2014 (continued)

8. Development work-in-progress

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Fair value at 1 January	80,000,000	80,000,000
Reversal of impairment	700,000	-
	<u>80,700,000</u>	<u>80,000,000</u>

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 yet started.

9. Investment securities

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Financial assets at FVTPL (9.1)	193,400,825	174,121,058
Financial assets at FVTOCI (9.2)	22,326,825	2,422,500
	<u>215,727,650</u>	<u>176,543,558</u>

9.1 Financial assets at FVTPL

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Investments held on behalf of policyholders' of unit linked contracts (Note 20)	3,375,223	-
Quoted securities in U.A.E	186,314,674	170,304,430
Quoted equity securities outside U.A.E	535,858	641,558
Unquoted equity securities outside U.A.E	3,175,070	3,175,070
	<u>193,400,825</u>	<u>174,121,058</u>

9.2 Financial assets at FVTOCI

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Quoted equity securities in U.A.E.	19,986,825	82,500
Unquoted equity securities in U.A.E.	2,340,000	2,340,000
	<u>22,326,825</u>	<u>2,422,500</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the six month period ended 30 June 2014 (continued)

9. Financial assets (continued)

9.3 Financial assets - geographic concentration

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
- Within U.A.E.	212,016,722	172,726,930
- Outside U.A.E	3,710,928	3,816,628
	<u>215,727,650</u>	<u>176,543,558</u>

10. 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 30 June 2014 (Unaudited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<u>Financial assets</u>				
FVTPL	190,225,755	-	3,175,070	193,400,825
FVTOCI	19,986,825	-	2,340,000	22,326,825
	210,212,580	-	5,515,070	215,727,650
<u>Non financial assets</u>				
Investment properties	-	-	75,600,000	75,600,000
	210,212,580	-	81,115,070	291,327,650
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	82,500	-	2,340,000	2,422,500
	171,028,488	-	5,515,070	176,543,558
<u>Non financial assets</u>				
Investment properties	-	-	33,000,000	33,000,000
	171,028,488	-	38,515,070	209,543,558

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the six month period ended 30 June 2014 (continued)

11. Insurance and other payables

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Trade payables	124,457,468	56,394,339
Due to insurance and reinsurance companies	74,734,151	78,128,228
Premium reserve withheld	22,297,844	15,459,398
	<u>221,489,463</u>	<u>149,981,965</u>
Unclaimed dividends	2,106,567	2,106,567
Accrued expenses and others	9,521,425	11,161,002
	<u>233,117,455</u>	<u>163,249,534</u>

12. Insurance contract liabilities and reinsurance contract assets

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Gross insurance contract liabilities		
Claims reported unsettled	48,302,568	50,816,399
Claims incurred but not reported	10,869,093	11,389,237
Unearned premiums	214,501,960	130,833,828
	<u>273,673,621</u>	<u>193,039,464</u>
Reinsurer's contract assets		
Claims reported unsettled	(46,840,089)	(47,550,679)
Claims incurred but not reported	(5,042,673)	(5,480,326)
Unearned premiums	(105,491,092)	(66,850,039)
	<u>(157,373,854)</u>	<u>(119,881,044)</u>
Total reinsurers' contract assets		
Net		
Claims reported unsettled	1,462,479	3,265,720
Claims incurred but not reported	5,826,420	5,908,911
Unearned premiums	109,010,868	63,983,789
	<u>116,299,767</u>	<u>73,158,420</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the six month period ended 30 June 2014 (continued)

12.1 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 30 June 2014			Period ended 30 June 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	(116,166,404)	64,300,221	(51,866,183)	(72,239,871)	24,764,926	(47,474,945)
Increase in liabilities	113,132,429	(63,151,978)	49,980,451	72,901,415	(29,626,203)	43,275,212
Total at the end of the period	59,171,661	(51,882,762)	7,288,899	38,946,104	(20,699,855)	18,246,249
Notified claims	48,302,568	(46,840,089)	1,462,479	33,221,525	(18,192,713)	15,028,812
Incurred but not reported	10,869,093	(5,042,673)	5,826,420	5,724,580	(2,507,143)	3,217,437
Total at the end of the period	59,171,661	(51,882,762)	7,288,899	38,946,105	(20,699,856)	18,246,249
Unearned premium						
Total at the beginning of the period	130,833,828	(66,850,039)	63,983,789	73,402,816	(27,209,055)	46,193,761
Increase during the period	214,501,960	(105,491,092)	109,010,868	121,458,137	(70,664,301)	50,793,836
Release during the period	(130,833,828)	66,850,039	(63,983,789)	(73,402,816)	27,209,055	(46,193,761)
Net increase during the period	83,668,132	(38,641,053)	45,027,079	48,055,321	(43,455,246)	4,600,075
Total at the end of the period	214,501,960	(105,491,092)	109,010,868	121,458,137	(70,664,301)	50,793,836

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the six month period ended 30 June 2014 (continued)

13. Bank balances and cash

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Cash in hand	<u>80,991</u>	<u>102,000</u>
Bank balances:		
Current accounts	17,246,561	5,662,053
Fixed deposits	<u>75,261,363</u>	<u>95,530,564</u>
	<u>92,507,924</u>	<u>101,192,617</u>
	<u>92,588,915</u>	<u>101,294,617</u>
Bank balances:		
In U.A.E.	92,507,924	101,192,617
In other G.C.C. countries	-	-
	<u>92,507,924</u>	<u>101,192,617</u>

Fixed deposit carried interest ranging from 1.75% to 2% per annum (2013: 2% to 2.25% per annum)

14. Cash and cash equivalents

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

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Bank balances and cash (refer note 13)	92,588,915	101,294,617
Bank fixed deposits with maturity greater than three months	<u>(75,261,363)</u>	<u>(95,530,564)</u>
	<u>17,327,552</u>	<u>5,764,053</u>

15. 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:

	30 June 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Due from policyholders	15,408,298	9,570,929
Equity shares held	50,901,256	67,701,637
Gross outstanding claims	1,023,006	180,304
Advance for investment property	-	16,500,000
Investment properties	37,500,000	-
Cash and cash equivalents	<u>152,857</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 six month period ended 30 June 2014 (continued)

15. Related party transactions (continued)

Transactions

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

	For the six month period ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	AED	AED
Gross premiums	17,418,940	12,845,385
Claims paid	4,143,886	1,024,773
Other receivables collected	-	29,400,000
	<u><u> </u></u>	<u><u> </u></u>

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

Compensation of key management personnel

Short-term benefits	1,200,000	1,200,000
Long-term benefits	69,425	68,096
	<u><u> </u></u>	<u><u> </u></u>

16. Contingent liabilities

	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
Letters of guarantee*	31,677,834	31,536,266
	<u><u> </u></u>	<u><u> </u></u>

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

17. Capital commitments

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

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

18. General and administrative expenses

	For the six month period ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	AED	AED
Staff costs	23,123,770	19,276,565
Depreciation and amortization	1,912,493	1,621,271
Other	8,934,433	7,817,657
	<u><u>33,970,696</u></u>	<u><u>28,715,493</u></u>

Union Insurance Company P.S.C.

Notes to the condensed financial statements
for the six month period ended 30 June 2014 (continued)

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.

	Six months period ended 30 June 2014			Six months period ended 30 June 2013		
	Underwriting (unaudited)	Investments (unaudited)	Total (unaudited)	Underwriting (unaudited)	Investments (unaudited)	Total (unaudited)
	AED	AED	AED	AED	AED	AED
Segment revenue	294,782,249	-	294,782,249	186,888,806	-	186,888,806
Segment result	49,207,686	8,404,641	57,612,327	25,361,602	24,535,339	49,896,941
Unallocated costs (net)			(33,970,696)			(28,715,493)
			23,641,631			21,181,448
		30 June 2014 (Unaudited) AED			31 December 2013 (Audited) AED	
Segment assets	381,281,576	372,327,650	753,609,226	254,028,257	306,343,558	560,371,815
Unallocated assets			114,130,330			127,359,621
Total assets			867,739,556			687,731,436
Segment liabilities	508,059,732	-	508,059,732	354,182,431	-	354,182,431
Unallocated liabilities			4,525,351			4,180,488
Total liabilities			512,585,083			358,362,919

Union Insurance Company P.S.C.

Notes to the condensed financial statements

for the six month period ended 30 June 2014 (continued)

20. Payable to policyholders' of unit linked contracts

During the period the Company issued unit linked contracts which has both the risk and investment component. The investment portion is invested on behalf of the policyholders as disclosed in note 9.1 of these financial statements.

Movement during the period :

	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	AED	AED
As at 1 January	-	-
Amount invested by policyholders	<u>3,375,223</u>	-
	<u><u>3,375,223</u></u>	<u><u>-</u></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.