

Union Insurance Company P.S.C.

Condensed interim financial statements
for the nine month period ended 30 September 2014

Union Insurance Company P.S.C.

Condensed interim financial statements *for the nine month period ended 30 September 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 September 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 September 2014;
- the condensed interim statement of profit or loss for the three month and nine month periods ended 30 September 2014;
- the condensed interim statement of profit or loss and other comprehensive income for the three month and nine month periods ended 30 September 2014;
- the condensed interim statement of changes in equity for the nine month period ended 30 September 2014;
- the condensed interim statement of cash flows for the nine month period ended 30 September 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 September 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: 27 October 2014

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

		(Un-audited) 30 September 2014	(Audited) 31 December 2013
	Notes	AED	AED
ASSETS			
Property and equipment		18,307,120	15,050,897
Intangible assets		804,711	646,733
Investment properties	7	75,600,000	33,000,000
Investment securities	9	207,351,344	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	158,158,106	119,881,044
Insurance and other receivables		202,437,028	151,314,587
Bank balances and cash	13	101,101,535	101,294,617
Total assets		<u>854,459,844</u>	<u>687,731,436</u>
LIABILITIES			
Insurance contract liabilities	12	271,198,205	193,039,464
Insurance and other payables	11	197,685,208	163,249,534
Payable to policyholders' of unit-linked products	20	6,891,383	-
Provision for employees' end of service benefits		2,378,419	2,073,921
Total liabilities		<u>478,153,215</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		(4,475,498)	(7,663,948)
Retained earnings / (accumulated losses)		36,509,787	(7,239,875)
Total equity		<u>376,306,629</u>	<u>329,368,517</u>
Total liabilities and equity		<u>854,459,844</u>	<u>687,731,436</u>

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 _____ and signed on its behalf by :

27 OCT 2014

 Mohamad Harib Fadhel Al-Mazrouei

Vice Chairman

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

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

Union Insurance Company P.S.C.

Condensed interim statement of profit or loss

for the nine month period ended 30 September 2014

	(Un-audited) For the three month period ended 30 September 2014 AED	(Un-audited) For the three month period ended 30 September 2013 AED	(Un-audited) For the nine month period ended 30 September 2014 AED	(Un-audited) For the nine month period ended 30 September 2013 AED
Gross written premium	119,034,276	75,696,102	413,816,525	262,584,908
Reinsurance ceded	(64,814,266)	(43,060,005)	(205,829,418)	(158,181,117)
Net retained premium	54,220,010	32,636,097	207,987,107	104,403,791
Net change in unearned premium and policyholders' reserve	3,511,237	(387,223)	(52,552,198)	(4,987,298)
Net earned premium	57,731,247	32,248,874	155,434,909	99,416,493
Gross claims incurred	(57,938,932)	(69,150,936)	(171,071,361)	(142,052,351)
Insurance claims recovered from reinsurers	25,649,155	49,883,905	88,801,133	79,510,108
Net claims incurred	(32,289,777)	(19,267,031)	(82,270,228)	(62,542,243)
Gross commission earned	8,861,249	4,645,429	30,757,048	20,781,215
Less: commission incurred	(8,354,262)	(4,636,310)	(20,312,985)	(11,984,679)
Net commission earned	506,987	9,119	10,444,063	8,796,536
Other operational costs related to underwriting activities	(4,443,887)	(3,692,635)	(12,896,488)	(11,010,857)
Underwriting profit	21,504,570	9,298,327	70,712,256	34,659,929
Net investment income	19,130,180	11,393,259	27,534,821	35,928,598
General and administrative expenses	(20,526,719)	(14,544,768)	(54,497,415)	(43,260,261)
Profit for the period	20,108,031	6,146,818	43,749,662	27,328,266
Basic and diluted earnings per share	0.061	0.019	0.132	0.083

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 nine month period ended 30 September 2014

	(Un-audited) For the three month period ended 30 September 2014 AED	(Un-audited) For the three month period ended 30 September 2013 AED	(Un-audited) For the nine month period ended 30 September 2014 AED	(Un-audited) For the nine month period ended 30 September 2013 AED
Profit for the period	20,108,031	6,146,818	43,749,662	27,328,266
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	1,044,125	2,156,468	3,188,450	3,690,576
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-
Total other comprehensive income for the period	1,044,125	2,156,468	3,188,450	3,690,576
Total comprehensive income for the period	21,152,156	8,303,286	46,938,112	31,018,842

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 changes in equity (Un-audited)

for the nine month period ended 30 September 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	-	-	-	-	27,328,266	27,328,266
Other comprehensive income for the period						
Net change in fair value of investments at FVTOCI	-	-	-	3,690,576	-	3,690,576
Net change in fair value of investments at FVTOCI on disposal	-	-	-	(1,229,844)	1,229,844	-
Total other comprehensive income for the period	-	-	-	2,460,732	1,229,844	3,690,576
Total comprehensive income for the period	-	-	-	2,460,732	28,558,110	31,018,842
As at 30 September 2013	330,939,180	-	-	(55,130,595)	12,026,604	287,835,189
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	-	-	-	-	43,749,662	43,749,662
Other comprehensive income for the period						
Net change in fair value of investments at FVTOCI	-	-	-	3,188,450	-	3,188,450
Total other comprehensive income for the period	-	-	-	3,188,450	-	3,188,450
Total comprehensive income for the period	-	-	-	3,188,450	43,749,662	46,938,112
As at 30 September 2014	330,939,180	6,666,580	6,666,580	(4,475,498)	36,509,787	376,306,629

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 nine month period ended 30 September 2014

	<i>Notes</i>	(Un-audited) For the nine month period ended 30 September 2014 AED	(Un-audited) For the nine month period ended 30 September 2013 AED
Cash flows from operating activities			
Net profit for the period		43,749,662	27,328,266
<i>Adjustment for:</i>			
Depreciation and amortisation		2,896,121	2,518,038
Gain on disposal of financial investments at FVTPL		(39,003,548)	(25,461,189)
Provision of employees' end of service benefits		500,000	787,167
Unrealised loss / (gain) on financial assets at FVTPL		31,668,145	(1,558,765)
Interest income		(1,427,207)	(1,749,413)
Dividend income		(1,046,150)	(316,263)
Loss on sale of property and equipment		699	-
Provisions for bad debts		-	3,267
Gain on sale of investment properties		-	(6,040,000)
Interest expense on overdraft (margin account)		3,714,407	668,124
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		(1,562,684)	(2,629,008)
		<u>12,689,445</u>	<u>(6,449,776)</u>
Increase in insurance and other receivables (including related parties)		(67,622,441)	(13,222,852)
Increase in reinsurance contract assets		(38,277,062)	(83,564,655)
Increase in insurance contract liabilities		78,158,741	79,247,226
Increase in insurance and other payables		34,435,674	72,989,424
Employees' end of service benefits paid		(195,502)	(162,698)
Net cash generated from operating activities		<u>19,188,855</u>	<u>48,836,669</u>
Cash flows from investing activities			
Purchase of property and equipment		(6,336,021)	(6,169,263)
Proceeds from sale of property and equipment		25,000	-
Purchase of investments at FVTPL		(1,479,856,312)	(271,270,066)
Proceeds from disposal of investments at FVTPL		1,466,463,762	175,226,040
Proceeds from disposal of investments at FVTOCI		-	6,515,452
Proceeds from sale of investment properties		-	42,340,000
Interest received		1,427,207	1,749,413
Dividend received		1,046,150	316,263
Income from investment properties		1,562,684	2,629,008
Decrease in fixed deposit with banks with maturity greater than three months		9,069,549	(4,707,751)
Net cash used in investing activities		<u>(6,597,981)</u>	<u>(53,370,904)</u>
Cash flows from financing activities			
Interest paid on overdraft (margin account)		(3,714,407)	(668,124)
Net cash used in financing activities		<u>(3,714,407)</u>	<u>(668,124)</u>
Net increase / (decrease) in cash and cash equivalents		8,876,467	(5,202,359)
Cash and cash equivalents at the beginning of the period		<u>5,764,053</u>	<u>13,468,188</u>
Cash and cash equivalents at the end of the period	14	<u><u>14,640,520</u></u>	<u><u>8,265,829</u></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.

Notes to the condensed interim financial statements

for the nine month period ended 30 September 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 nine month period ended 30 September 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 September 2014 (Unaudited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	183,980,394	23,370,950	-	207,351,344
Insurance and other receivables (excluding prepayments)	-	-	182,182,685	182,182,685
Statutory deposit	-	-	10,000,000	10,000,000
Bank balance and cash	-	-	101,101,535	101,101,535
	<u>183,980,394</u>	<u>23,370,950</u>	<u>293,284,220</u>	<u>500,635,564</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	197,685,208	197,685,208
	<u>-</u>	<u>-</u>	<u>197,685,208</u>	<u>197,685,208</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the nine month period ended 30 September 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 September 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	<u>26,100,000</u>	<u>600,000</u>
	<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 finalisation 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 nine month period ended 30 September 2014 (continued)

8. Development work-in-progress

	30 September 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 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Financial assets at FVTPL (Note 9.1)	183,980,394	174,121,058
Financial assets at FVTOCI (Note 9.2)	23,370,950	2,422,500
	<u>207,351,344</u>	<u>176,543,558</u>

9.1 Financial assets at FVTPL

	30 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Investments held on behalf of policyholders' of unit linked products (Note 20)	6,891,383	-
Quoted securities in U.A.E	173,341,825	170,304,430
Quoted equity securities outside U.A.E	619,352	641,558
Unquoted equity securities outside U.A.E	3,127,834	3,175,070
	<u>183,980,394</u>	<u>174,121,058</u>

9.2 Financial assets at FVTOCI

	30 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Quoted equity securities in U.A.E.	21,030,950	82,500
Unquoted equity securities in U.A.E.	2,340,000	2,340,000
	<u>23,370,950</u>	<u>2,422,500</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the nine month period ended 30 September 2014 (continued)

9. Financial assets (continued)

9.3 Financial assets - geographic concentration

	30 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
- Within U.A.E.	203,604,158	172,726,930
- Outside U.A.E	3,747,186	3,816,628
	<u>207,351,344</u>	<u>176,543,558</u>

10. Fair value hierarchy

The table below analyses financial and non-financial 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 30 September 2014 (Unaudited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<u>Financial assets</u>				
FVTPL	180,852,560	-	3,127,834	183,980,394
FVTOCI	21,030,950	-	2,340,000	23,370,950
	<u>201,883,510</u>	-	5,467,834	<u>207,351,344</u>
<u>Non financial assets</u>				
Investment properties	-	-	75,600,000	75,600,000
	<u>201,883,510</u>	-	<u>81,067,834</u>	<u>282,951,344</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	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 nine month period ended 30 September 2014 (continued)

11. Insurance and other payables

	30 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Trade payables	77,025,515	56,394,339
Due to insurance and reinsurance companies	74,735,895	78,128,228
Premium reserve withheld	<u>26,152,248</u>	<u>15,459,398</u>
	<u>177,913,658</u>	<u>149,981,965</u>
Unclaimed dividends	2,095,231	2,106,567
Accrued expenses and others	<u>17,676,319</u>	<u>11,161,002</u>
	<u>197,685,208</u>	<u>163,249,534</u>

12. Insurance contract liabilities and reinsurance contract assets

	30 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Gross insurance contract liabilities		
Claims reported unsettled	53,179,974	50,816,399
Claims incurred but not reported	11,145,321	11,389,237
Unearned premiums	<u>206,872,910</u>	<u>130,833,828</u>
Gross insurance contract liabilities	<u>271,198,205</u>	<u>193,039,464</u>
Reinsurer's contract assets		
Claims reported unsettled	(47,898,470)	(47,550,679)
Claims incurred but not reported	(5,094,053)	(5,480,326)
Unearned premiums	<u>(105,165,583)</u>	<u>(66,850,039)</u>
Total reinsurers' contract assets	<u>(158,158,106)</u>	<u>(119,881,044)</u>
Net		
Claims reported unsettled	5,281,504	3,265,720
Claims incurred but not reported	6,051,268	5,908,911
Unearned premiums	<u>101,707,327</u>	<u>63,983,789</u>
	<u>113,040,099</u>	<u>73,158,420</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the nine month period ended 30 September 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 September 2014			Period ended 30 September 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	(168,951,702)	88,839,615	(80,112,087)	(108,662,779)	36,815,809	(71,846,970)
Increase in liabilities	171,071,361	(88,801,133)	82,270,228	142,052,351	(79,510,108)	62,542,243
Total at the end of the period	64,325,295	(52,992,523)	11,332,772	71,674,132	(58,532,877)	13,141,255
Notified claims	53,179,974	(47,898,470)	5,281,504	62,470,612	(52,289,723)	10,180,889
Incurred but not reported	11,145,321	(5,094,053)	6,051,268	9,203,520	(6,243,154)	2,960,366
Total at the end of the period	64,325,295	(52,992,523)	11,332,772	71,674,132	(58,532,877)	13,141,255
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	206,872,910	(105,165,583)	101,707,327	119,260,470	(68,079,412)	51,181,058
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	76,039,082	(38,315,544)	37,723,538	45,857,654	(40,870,357)	4,987,297
Total at the end of the period	206,872,910	(105,165,583)	101,707,327	119,260,470	(68,079,412)	51,181,058

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the nine month period ended 30 September 2014 (continued)

13. Bank balances and cash

	30 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Cash in hand	<u>81,350</u>	<u>102,000</u>
Bank balances:		
Current accounts	14,559,170	5,662,053
Fixed deposits	86,461,015	<u>95,530,564</u>
	101,020,185	<u>101,192,617</u>
	101,101,535	<u>101,294,617</u>
Bank balances:		
In U.A.E.	101,020,185	101,192,617
In other G.C.C. countries	<u>-</u>	<u>-</u>
	101,020,185	<u>101,192,617</u>

Fixed deposit carried interest ranging from 1.75% to 6% 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 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Bank balances and cash (refer note 13)	101,101,535	101,294,617
Bank fixed deposits with maturity greater than three months	(86,461,015)	(95,530,564)
	14,640,520	<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 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
Due from policyholders	19,045,721	9,570,929
Equity shares held	55,809,162	67,701,637
Gross outstanding claims	1,591,074	180,304
Advance for investment property	-	16,500,000
Investment properties	37,500,000	-
Cash and cash equivalents	187,501	<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 nine month period ended 30 September 2014 (continued)

15. Related party transactions (continued)

Transactions

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

	For the nine month period ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	AED	AED
Gross premiums	22,034,052	16,473,502
Claims paid	12,490,704	1,679,531
Other receivables collected	-	34,300,000

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

Compensation of key management personnel

Short-term benefits	1,800,000	1,800,000
Long-term benefits	104,138	103,278

16. Contingent liabilities

	30 September 2014	31 December 2013
	(Unaudited)	(Audited)
Letters of guarantee*	32,634,578	31,536,266

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

17. Capital commitments

	30 September 2014	31 December 2013
	(Unaudited)	(Audited)
Commitment for the construction of development properties	44,368,688	44,368,688

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

18. General and administrative expenses

	For the nine month period ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	AED	AED
Staff costs	37,693,890	25,185,182
Depreciation and amortization	2,896,121	2,518,038
Other	13,907,404	15,557,041

Union Insurance Company P.S.C.

Notes to the condensed financial statements

for the nine month period ended 30 September 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.

	Nine months period ended 30 September 2014			Nine months period ended 30 September 2013		
	Underwriting (unaudited)	Investments (unaudited)	Total (unaudited)	Underwriting (unaudited)	Investments (unaudited)	Total (unaudited)
	AED	AED	AED	AED	AED	AED
Segment revenue	413,816,525	-	413,816,525	262,584,908	-	262,584,908
Segment result	70,712,256	27,534,821	98,247,077	34,659,929	35,928,598	70,588,527
Unallocated costs (net)			(54,497,415)			(43,260,261)
			43,749,662			27,328,266
	30 September 2014 (Unaudited) AED			31 December 2013 (Audited) AED		
Segment assets	364,245,200	363,951,344	728,196,544	254,028,257	306,343,558	560,371,815
Unallocated assets			126,263,300			127,359,621
Total assets			854,459,844			687,731,436
Segment liabilities	473,679,565	-	473,679,565	354,182,431	-	354,182,431
Unallocated liabilities			4,473,650			4,180,488
Total liabilities			478,153,215			358,362,919

Union Insurance Company P.S.C.

Notes to the condensed financial statements

for the nine month period ended 30 September 2014 (continued)

20. Payable to policyholders' of unit linked products

During the period 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 9.1 of these financial statements.

Movement during the period :

	30 September 2014 (Unaudited) AED	31 December 2013 (Audited) AED
As at 1 January	-	-
Amount invested by policyholders	<u>6,891,383</u>	-
	<u><u>6,891,383</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.