

Union Insurance Company P.S.C.

Condensed interim financial statements  
*for the nine month period ended 30 September 2015*

# Union Insurance Company P.S.C.

## Condensed interim financial statements *for the nine month period ended 30 September 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 30 September 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 30 September 2015;
- the condensed interim statement of profit or loss for the three month and nine month periods ended 30 September 2015;
- the condensed interim statement of profit or loss and other comprehensive income for the three month and nine month periods ended 30 September 2015;
- the condensed interim statement of changes in equity for the nine month period ended 30 September 2015;
- the condensed interim statement of cash flows for the nine month period ended 30 September 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 30 September 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  
Date: 9 November 2015



**Union Insurance Company P.S.C.**  
 Condensed interim statement of financial position  
 as at 30 September 2015

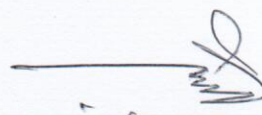
		(Un-audited) 30 September 2015	(Audited) 31 December 2014
	<i>Notes</i>	AED	AED
<b>ASSETS</b>			
Property and equipment		15,575,682	16,778,393
Intangible assets		2,702,760	1,662,527
Investment properties		70,390,000	70,390,000
Investment securities	8	198,493,046	195,153,565
Development work-in-progress	7	80,700,000	80,700,000
Statutory deposit		10,000,000	10,000,000
Reinsurance contract assets	11	253,908,199	160,078,935
Insurance and other receivables		346,625,313	279,558,973
Bank balances and cash	12	86,155,403	76,114,835
<b>Total assets</b>		<u><u>1,064,550,403</u></u>	<u><u>890,437,228</u></u>
<b>LIABILITIES</b>			
Insurance contract liabilities	11	412,686,388	295,174,657
Insurance and other payables	10	294,197,895	229,612,399
Payable to policyholders' of unit-linked products	20	14,350,113	6,554,831
Provision for employees' end of service benefits		1,517,553	1,659,151
<b>Total liabilities</b>		<u><u>722,751,949</u></u>	<u><u>533,001,038</u></u>
<b>EQUITY</b>			
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		(9,574,763)	(14,964,755)
Retained earnings / (accumulated losses)		(1,718,765)	19,308,963
<b>Total equity</b>		<u><u>341,798,454</u></u>	<u><u>357,436,190</u></u>
<b>Total liabilities and equity</b>		<u><u>1,064,550,403</u></u>	<u><u>890,437,228</u></u>

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 9 November 2015 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' review report is set out on page 1.



## Union Insurance Company P.S.C.

### Condensed interim statement of profit or loss

for the nine month period ended 30 September 2015

	(Un-audited) For the three month period ended Notes 30 September 2015 AED	(Un-audited) For the three month period ended 30 September 2014 AED	(Un-audited) For the nine month period ended 30 September 2015 AED	(Un-audited) For the nine month period ended 30 September 2014 AED
Gross written premium	157,562,706	119,034,276	488,772,397	413,816,525
Reinsurance ceded	(77,827,125)	(64,814,266)	(246,410,684)	(205,829,418)
Net retained premium	79,735,581	54,220,010	242,361,713	207,987,107
Net change in unearned premium and policyholders' reserve	(4,250,852)	3,511,237	(36,669,970)	(52,552,198)
<b>Net earned premium</b>	<b>75,484,729</b>	<b>57,731,247</b>	<b>205,691,743</b>	<b>155,434,909</b>
Gross claims incurred	11.1 (108,368,209)	(57,938,932)	(251,087,856)	(171,071,361)
Insurance claims recovered from reinsurers	11.1 64,664,706	25,649,155	136,065,222	88,801,133
<b>Net claims incurred</b>	<b>(43,703,503)</b>	<b>(32,289,777)</b>	<b>(115,022,634)</b>	<b>(82,270,228)</b>
Gross commission earned	13,542,110	8,861,249	39,084,729	30,757,048
Less: commission incurred	(10,601,028)	(8,354,262)	(26,420,793)	(20,312,985)
<b>Net commission earned</b>	<b>2,941,082</b>	<b>506,987</b>	<b>12,663,936</b>	<b>10,444,063</b>
Other operational costs related to underwriting activities	(6,596,207)	(4,443,887)	(21,969,447)	(12,896,488)
Net movement in fair value of investments held for unit linked products	20 (595,941)	-	(515,495)	-
<b>Underwriting profit</b>	<b>27,530,160</b>	<b>21,504,570</b>	<b>80,848,103</b>	<b>70,712,256</b>
Net investment income / (loss)	17 (4,165,689)	19,130,180	(27,521,534)	27,534,821
General and administrative expenses	18 (18,914,087)	(20,526,719)	(56,280,347)	(54,497,415)
<b>Profit / (loss) for the period</b>	<b>4,450,384</b>	<b>20,108,031</b>	<b>(2,953,778)</b>	<b>43,749,662</b>
Basic and diluted earnings / (loss) per share	<b>0.013</b>	0.061	<b>(0.009)</b>	0.132

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 nine month period ended 30 September 2015

	(Un-audited) For the three month period ended 30 September 2015 AED	(Un-audited) For the three month period ended 30 September 2014 AED	(Un-audited) For the nine month period ended 30 September 2015 AED	(Un-audited) For the nine month period ended 30 September 2014 AED
<b>Profit / (loss) for the period</b>	4,450,384	20,108,031	(2,953,778)	43,749,662
<b>Other comprehensive income / (loss)</b>				
<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	(5,245,598)	1,044,125	(12,683,958)	3,188,450
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-
<b>Total other comprehensive income / (loss) for the period</b>	<u>(5,245,598)</u>	<u>1,044,125</u>	<u>(12,683,958)</u>	<u>3,188,450</u>
<b>Total comprehensive income / (loss) for the period</b>	<u>(795,214)</u>	<u>21,152,156</u>	<u>(15,637,736)</u>	<u>46,938,112</u>

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**Union Insurance Company P.S.C.**

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

*for the nine month period ended 30 September 2015*

	Attributable to equity shareholders of the Company						Total
	Share capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings/ (Accumulated losses)	AED	
<b>Balance at 1 January 2014</b>	AED 330,939,180	AED 6,666,580	AED 6,666,580	AED (7,663,948)	AED (7,239,875)	AED 329,368,517	
Total comprehensive income for the period	-	-	-	-	43,749,662	43,749,662	
<b>Other comprehensive income for the period</b>							
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	
<b>As at 30 September 2014</b>	330,939,180	6,666,580	6,666,580	(4,475,498)	36,509,787	376,306,629	
<b>Balance at 1 January 2015</b>	330,939,180	11,076,401	11,076,401	(14,964,755)	19,308,963	357,436,190	
<b>Total comprehensive income / (loss) for the period</b>	-	-	-	-	(2,953,778)	(2,953,778)	
Loss for the period	-	-	-	-	-	-	
<b>Other comprehensive income / (loss) for the period</b>							
Net change in fair value of investments at FVTOCI	-	-	-	(12,683,958)	-	(12,683,958)	
Net change in fair value of investments at FVTOCI on disposal	-	-	-	18,073,950	(18,073,950)	-	
<b>Total other comprehensive income / (loss) for the period</b>	-	-	-	5,389,992	(18,073,950)	(12,683,958)	
<b>Total comprehensive income / (loss) for the period</b>	-	-	-	5,389,992	(21,027,728)	(15,637,736)	
<b>As at 30 September 2015</b>	330,939,180	11,076,401	11,076,401	(9,574,763)	(1,718,765)	341,798,454	

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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 2015

	(Un-audited) For the nine month period ended 30 September 2015 AED	(Un-audited) For the nine month period ended 30 September 2014 AED
<b>Cash flows from operating activities</b>		
Net profit / (loss) for the period	(2,953,778)	43,749,662
<i>Adjustment for:</i>		
Depreciation and amortisation	2,985,857	2,896,121
Gain on disposal of investments at FVTPL	(657,231)	(39,003,548)
Unrealised loss on investments at FVTPL	25,585,212	31,668,145
Interest income	(1,370,143)	(1,427,207)
Dividend income	-	(1,046,150)
Loss on sale of property and equipment	58,934	699
Interest expense on overdraft	3,369,835	3,714,407
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)
Provision for employees' end of service benefits - net of repayment	(141,598)	304,498
	<u>26,877,088</u>	<u>12,493,943</u>
Increase in insurance and other receivables (including related parties)	(67,066,340)	(67,622,441)
Increase in reinsurance contract assets	(93,829,264)	(38,277,062)
Increase in insurance contract liabilities	117,511,731	78,158,741
Increase in insurance and other payables	52,090,682	34,435,674
<b>Net cash generated from operating activities</b>	<u>35,583,897</u>	<u>19,188,855</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(2,882,313)	(6,336,021)
Proceeds from sale of property and equipment	-	25,000
Purchase of investments	(221,388,019)	(1,479,856,312)
Proceeds from disposal of investments at FVTPL	167,296,714	1,466,463,762
Proceeds from disposal of investments at FVTOCI	20,935,167	-
Interest received	1,370,143	1,427,207
Dividend received	-	1,046,150
Income from investment properties	-	1,562,684
(Increase) / decrease in fixed deposit with banks with maturity greater than three months	(6,594,572)	9,069,549
<b>Net cash used in investing activities</b>	<u>(41,262,880)</u>	<u>(6,597,981)</u>
<b>Cash flows from financing activities</b>		
Interest paid on overdraft	(3,369,835)	(3,714,407)
<b>Net cash used in financing activities</b>	<u>(3,369,835)</u>	<u>(3,714,407)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(9,048,818)	8,876,467
Cash and cash equivalents at the beginning of the period	6,269,004	5,764,053
<b>Cash and cash equivalents at the end of the period</b>	<u>(2,779,814)</u>	<u>14,640,520</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 nine month period ended 30 September 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 nine month period ended 30 September 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 30 September 2015 (Unaudited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised	Total AED
			Cost AED	
Investment securities	136,463,815	62,029,231	-	198,493,046
Insurance and other receivables	-	-	266,939,033	266,939,033
Statutory deposit	-	-	10,000,000	10,000,000
Bank balances and cash	-	-	86,155,403	86,155,403
	<u>136,463,815</u>	<u>62,029,231</u>	<u>363,094,436</u>	<u>561,587,482</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	294,197,895	294,197,895
Payable to policyholders' of unit-linked products	14,350,113	-	-	14,350,113
	<u>14,350,113</u>	<u>-</u>	<u>294,197,895</u>	<u>308,548,008</u>



## Union Insurance Company P.S.C.

Notes to the condensed interim financial statements  
for the nine month period ended 30 September 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	-	-	237,932,868	237,932,868
Statutory deposit	-	-	10,000,000	10,000,000
Bank balances and cash	-	-	76,114,835	76,114,835
	<u>139,342,626</u>	<u>55,810,939</u>	<u>324,047,703</u>	<u>519,201,268</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	229,612,399	229,612,399
Payable to policyholders' of unit-linked products				
	<u>6,554,831</u>	<u>-</u>	<u>-</u>	<u>6,554,831</u>
	<u>6,554,831</u>	<u>-</u>	<u>229,612,399</u>	<u>236,167,230</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

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Financial assets at FVTPL (8.1)	136,463,815	139,342,626
Financial assets at FVTOCI (8.2)	62,029,231	55,810,939
	<u>198,493,046</u>	<u>195,153,565</u>

#### 8.1 Financial assets at FVTPL

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Quoted securities in U.A.E	118,824,726	129,351,965
Quoted equity securities outside U.A.E	321,553	431,658
Unquoted equity securities outside U.A.E	2,967,423	3,004,172
Investments held on behalf of policyholders' of unit linked products	<u>14,350,113</u>	<u>6,554,831</u>
	<u>136,463,815</u>	<u>139,342,626</u>



## Union Insurance Company P.S.C.

Notes to the condensed interim financial statements  
for the nine month period ended 30 September 2015 (continued)

### 8. Financial assets (continued)

#### 8.2 Financial assets at FVTOCI

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Quoted equity securities in U.A.E.	61,729,231	53,470,939
Unquoted equity securities in U.A.E.	300,000	2,340,000
	<u>62,029,231</u>	<u>55,810,939</u>

#### 8.3 Financial assets - geographic concentration

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
- Within U.A.E.	195,204,070	191,717,735
- Outside U.A.E.	3,288,976	3,435,830
	<u>198,493,046</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 30 September 2015 (Unaudited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets</b>				
FVTPL	133,496,392	-	2,967,423	136,463,815
FVTOCI	<u>61,729,231</u>	-	<u>300,000</u>	<u>62,029,231</u>
	195,225,623	-	3,267,423	198,493,046
<b>Non financial assets</b>				
Investment properties	-	-	<u>70,390,000</u>	<u>70,390,000</u>
	<u>195,225,623</u>	-	<u>73,657,423</u>	<u>268,883,046</u>
At 31 December 2014 (Audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets</b>				
FVTPL	136,338,454	-	3,004,172	139,342,626
FVTOCI	<u>53,470,939</u>	-	<u>2,340,000</u>	<u>55,810,939</u>
	189,809,393	-	5,344,172	195,153,565
<b>Non financial assets</b>				
Investment properties	-	-	<u>70,390,000</u>	<u>70,390,000</u>
	<u>189,809,393</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 nine month period ended 30 September 2015 (continued)

**10. Insurance and other payables**

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Trade payables	134,828,964	107,474,804
Due to insurance and reinsurance companies	90,681,986	80,811,102
Premium reserve withheld	33,751,418	28,946,715
	<u>259,262,368</u>	<u>217,232,621</u>
Unclaimed dividends	2,090,843	2,095,231
Accrued expenses and others	20,349,870	10,284,547
Bank overdraft	12,494,814	-
	<u>294,197,895</u>	<u>229,612,399</u>

**11. Insurance contract liabilities and reinsurance contract assets**

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
<b>Gross insurance contract liabilities</b>		
Claims reported unsettled	156,579,325	95,770,550
Claims incurred but not reported	17,637,859	13,016,295
Unearned premiums	238,469,204	186,387,812
<b>Gross insurance contract liabilities</b>	<u>412,686,388</u>	<u>295,174,657</u>
<b>Reinsurer's contract assets</b>		
Claims reported unsettled	(115,369,639)	(59,472,031)
Claims incurred but not reported	(10,767,330)	(6,793,328)
Unearned premiums	(127,771,230)	(93,813,576)
<b>Total reinsurers' contract assets</b>	<u>(253,908,199)</u>	<u>(160,078,935)</u>
<b>Net</b>		
Claims reported unsettled	41,209,686	36,298,519
Claims incurred but not reported	6,870,529	6,222,967
Unearned premiums	110,697,974	92,574,236
	<u>158,778,189</u>	<u>135,095,722</u>



## Union Insurance Company P.S.C.

Notes to the condensed interim financial statements  
for the nine month period ended 30 September 2015 (continued)

### 11.1 Insurance contract liabilities and reinsurance contract assets

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

	Period ended 30 September 2015		Period ended 30 September 2014	
	Gross AED	Reinsurance AED	Gross AED	Net AED
<b>Claims</b>				
<i>Outstanding claims at end of period</i>				
Notified claims	156,579,325	(115,369,639)	84,969,579	37,071,109
Incurred but not reported	17,637,859	(10,767,330)	11,145,321	6,051,268
	<u>174,217,184</u>	<u>(126,136,969)</u>	<u>96,114,900</u>	<u>43,122,377</u>
Claims settled in the period	197,296,537	(76,193,612)	168,951,702	80,112,087
<i>Outstanding claims at beginning of period</i>				
Notified claims	(95,770,550)	59,472,031	(71,693,399)	(24,142,720)
Incurred but not reported	(13,016,295)	6,793,328	(11,389,237)	(5,908,911)
	<u>262,726,876</u>	<u>(136,065,222)</u>	<u>181,983,966</u>	<u>93,182,833</u>
Increase in recoveries	(11,639,020)	-	(10,912,605)	(10,912,605)
<b>Claims incurred</b>	<u>251,087,856</u>	<u>(136,065,222)</u>	<u>171,071,361</u>	<u>82,270,228</u>
<b>Unearned premium</b>				
<b>Total at the end of the period</b>	<u>238,469,204</u>	<u>(127,771,230)</u>	<u>206,872,910</u>	<u>101,707,327</u>
Release during the period	186,387,812	(93,813,576)	130,833,828	63,983,789
Increase during the period	(238,469,204)	127,771,230	(206,872,910)	(101,707,327)
	<u>(52,081,392)</u>	<u>33,957,654</u>	<u>(76,039,082)</u>	<u>(37,723,538)</u>
<b>Total at the beginning of the period</b>	<u>186,387,812</u>	<u>(93,813,576)</u>	<u>130,833,828</u>	<u>63,983,789</u>



## Union Insurance Company P.S.C.

Notes to the condensed interim financial statements  
for the nine month period ended 30 September 2015 (continued)

### 12. Bank balances and cash

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Cash in hand	102,500	100,000
Bank balances:		
Current accounts	9,612,500	6,169,004
Fixed deposits	76,440,403	69,845,831
	<u>86,052,903</u>	<u>76,014,835</u>
	<u>86,155,403</u>	<u>76,114,835</u>
Bank balances:		
In U.A.E.	86,052,903	76,014,835
In other G.C.C. countries	-	-
	<u>86,052,903</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). Fixed deposits of AED 40 million have been pledged as security against the overdraft facility.

### 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:

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Bank balances and cash (refer note 12)	86,155,403	76,114,835
Bank fixed deposits with maturity greater than three months	(76,440,403)	(69,845,831)
Bank overdraft	(12,494,814)	-
	<u>(2,779,814)</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:

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Due from policyholders	32,603,870	26,361,867
Equity shares held	97,327,787	71,389,002
Gross outstanding claims	2,649,681	2,307,844
Bank balance	107,480	110,447
Receivable from a related party	48,100,000	48,100,000
Investment properties	70,390,000	70,390,000

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 2015 (continued)

#### 14. 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	
	2015 (Unaudited) AED	2014 (Unaudited) AED
Gross premiums	10,176,417	22,034,052
Claims paid	<u>2,943,715</u>	<u>12,490,704</u>

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	<u>104,138</u>	<u>104,138</u>

#### 15. Contingent liabilities

	30 September 2015 (Unaudited)	31 December 2014 (Audited)
Letters of guarantee*	<u>30,894,577</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

	30 September 2015 (Unaudited)	31 December 2014 (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 nine month period ended 30 September	
	2015 (Unaudited) AED	2014 (Unaudited) AED
Interest on deposits	1,370,143	1,427,207
Dividend income	-	1,046,150
Realised gains on investments	657,231	39,003,548
Unrealised losses on investments at fair value through profit and loss	(25,585,212)	(31,668,145)
Interest on overdraft (margin account)	(3,369,835)	(3,714,407)
Increase in the fair value of investment properties	-	26,800,000
Net rental income from investment properties	-	1,562,684
Others	(593,861)	(6,922,216)
	<u>(27,521,534)</u>	<u>27,534,821</u>



## Union Insurance Company P.S.C.

### Notes to the condensed financial statements

for the nine month period ended 30 September 2015 (continued)

#### 18. General and administrative expenses

	For the nine month period ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	AED	AED
Staff costs	37,473,564	37,693,890
Depreciation and amortization	2,985,857	2,896,121
Other	15,820,926	13,907,404
	<u>56,280,347</u>	<u>54,497,415</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.

	Nine month period ended 30 September					
	General insurance		Life assurance		Total	
	2015	2014	2015	2014	2015	2014
	AED	AED	AED	AED	AED	AED
Gross written premium	356,193,623	300,786,214	132,578,774	113,030,311	488,772,397	413,816,525
Reinsurance ceded	(181,967,976)	(142,275,695)	(64,442,708)	(63,553,723)	(246,410,684)	(205,829,418)
Net retained premium	174,225,647	158,510,519	68,136,066	49,476,588	242,361,713	207,987,107
Net change in unearned premium and policyholders' reserve	(16,624,121)	(35,526,659)	(20,045,849)	(17,025,539)	(36,669,970)	(52,552,198)
Net earned premium	157,601,526	122,983,860	48,090,217	32,451,049	205,691,743	155,434,909
Net claims incurred	(105,056,252)	(76,398,262)	(9,966,382)	(5,871,966)	(115,022,634)	(82,270,228)
Net commission earned	15,646,580	11,397,141	(2,982,644)	(953,078)	12,663,936	10,444,063
Other operational costs related to underwriting activities	(16,068,374)	(8,337,674)	(5,901,073)	(4,558,814)	(21,969,447)	(12,896,488)
Movement in fair value of investment held for unit linked products	-	-	(515,495)	-	(515,495)	-
Total underwriting expenses	(105,478,046)	(73,338,795)	(19,365,594)	(11,383,858)	(124,843,640)	(84,722,653)
Total underwriting profit	52,123,480	49,645,065	28,724,623	21,067,191	80,848,103	70,712,256
Net investment (loss) / income					(27,521,534)	27,534,821
General and administrative expenses					(56,280,347)	(54,497,415)
Profit / (loss) for the period					(2,953,778)	43,749,662

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 nine month period ended 30 September 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 :*

	30 September 2015 (Unaudited) AED	31 December 2014 (Audited) AED
As at 1 January	6,554,831	-
Amount invested by policyholders net of allocation charges	8,310,777	4,677,880
Change in fair value	(515,495)	1,876,951
	<u>14,350,113</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.