

Union Insurance Company P.S.C.

Condensed interim financial statements  
*for the six month period ended 30 June 2015*

# Union Insurance Company P.S.C.

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

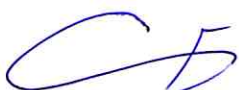
**11 AUG 2015**

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

		(Un-audited) 30 June 2015 AED	(Audited) 31 December 2014 AED
	<i>Notes</i>		
<b>ASSETS</b>			
Property and equipment		16,491,286	16,778,393
Intangible assets		1,937,511	1,662,527
Investment properties		70,390,000	70,390,000
Investment securities	8	175,589,399	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	203,639,486	160,078,935
Insurance and other receivables		349,885,357	279,558,973
Bank balances and cash	12	73,566,348	76,114,835
<b>Total assets</b>		<b>982,199,387</b>	<b>890,437,228</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	11	360,806,009	295,174,657
Insurance and other payables	10	264,990,927	229,612,399
Payable to policyholders' of unit-linked products	20	12,352,449	6,554,831
Provision for employee's end of service benefits		1,547,771	1,659,151
<b>Total liabilities</b>		<b>639,697,156</b>	<b>533,001,038</b>
<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		(4,420,602)	(14,964,755)
Retained earnings / (accumulated losses)		(6,169,149)	19,308,963
<b>Total equity</b>		<b>342,502,231</b>	<b>357,436,190</b>
<b>Total liabilities and equity</b>		<b>982,199,387</b>	<b>890,437,228</b>

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 11 AUG 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 six month period ended 30 June 2015*

		(Un-audited) For the three month period ended 30 June 2015 AED	(Un-audited) For the three month period ended 30 June 2014 AED	(Un-audited) For the six month period ended 30 June 2015 AED	(Un-audited) For the six month period ended 30 June 2014 AED
	Notes				
Gross written premium		158,840,419	155,692,502	331,209,691	294,782,249
Reinsurance ceded		(85,285,641)	(74,118,890)	(168,583,559)	(141,015,152)
Net retained premium		73,554,778	81,573,612	162,626,132	153,767,097
Net change in unearned premium and policyholders' reserve	19	(9,282,414)	(26,151,405)	(32,419,118)	(56,063,435)
<b>Net earned premium</b>		<b>64,272,364</b>	<b>55,422,207</b>	<b>130,207,014</b>	<b>97,703,662</b>
Gross claims incurred	11.1	(85,870,117)	(68,228,633)	(142,719,647)	(113,132,429)
Insurance claims recovered from reinsurers	11.1	49,781,398	40,508,056	71,400,516	63,151,978
<b>Net claims incurred</b>		<b>(36,088,719)</b>	<b>(27,720,577)</b>	<b>(71,319,131)</b>	<b>(49,980,451)</b>
Gross commission earned		14,265,362	9,048,320	25,542,619	21,895,799
Less: commission incurred		(8,161,234)	(2,686,298)	(15,819,765)	(11,958,723)
<b>Net commission earned</b>		<b>6,104,129</b>	<b>6,362,022</b>	<b>9,722,854</b>	<b>9,937,076</b>
Other operational costs related to underwriting activities		(8,492,282)	(3,796,466)	(15,373,240)	(8,452,601)
Net movement in fair value of investments held for unit linked products	20	506,415	-	80,446	-
<b>Underwriting profit</b>		<b>26,301,907</b>	<b>30,267,186</b>	<b>53,317,943</b>	<b>49,207,686</b>
Net investment income / (loss)	17	1,830,507	(48,890,645)	(23,355,845)	8,404,641
General and administrative expenses	18	(18,609,879)	(17,795,847)	(37,366,260)	(33,970,696)
<b>Profit / (loss) for the period</b>		<b>9,522,535</b>	<b>(36,419,306)</b>	<b>(7,404,162)</b>	<b>23,641,631</b>
Basic and diluted earnings / (loss) per share		0.029	(0.110)	(0.022)	0.071

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 six month period ended 30 June 2015*

	(Un-audited) For the three month period ended 30 June 2015 AED	(Un-audited) For the three month period ended 30 June 2014 AED	(Un-audited) For the six month period ended 30 June 2015 AED	(Un-audited) For the six month period ended 30 June 2014 AED
<b>Profit / (loss) for the period</b>	<b>9,522,535</b>	<b>(36,419,306)</b>	<b>(7,404,162)</b>	<b>23,641,631</b>
<b>Other comprehensive (loss) / income</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	(91,437)	(6,967,425)	(7,529,797)	2,144,325
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-
<b>Total other comprehensive (loss) / income for the period</b>	<b>(91,437)</b>	<b>(6,967,425)</b>	<b>(7,529,797)</b>	<b>2,144,325</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>9,431,098</b>	<b>(43,386,731)</b>	<b>(14,933,959)</b>	<b>25,785,956</b>

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

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

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

Condensed interim statement of changes in equity (Un-audited)  
for the six month period ended 30 June 2015

	Attributable to equity shareholders of the Company				
	Share capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings/ Accumulated losses
	AED	AED	AED	AED	AED
<b>Balance at 1 January 2014</b>	330,939,180	6,666,580	6,666,580	(7,663,948)	329,368,517
Total comprehensive income for the period	-	-	-	-	-
Profit for the period	-	-	-	-	23,641,631
<b>Other comprehensive income for the period</b>					
Net change in fair value of investments at FVTOCI	-	-	-	2,144,325	-
Total other comprehensive income for the period	-	-	-	2,144,325	-
Total comprehensive income for the period	-	-	-	2,144,325	25,785,956
<b>As at 30 June 2014</b>	330,939,180	6,666,580	6,666,580	(5,519,623)	355,154,473
<b>Balance at 1 January 2015</b>	330,939,180	11,076,401	11,076,401	(14,964,755)	357,436,190
Total comprehensive (loss) / income for the period	-	-	-	-	(7,404,162)
Loss for the period	-	-	-	-	(7,404,162)
<b>Other comprehensive (loss) / income for the period</b>					
Net change in fair value of investments FVTOCI	-	-	-	(7,529,797)	-
Net change in fair value of investments at FVTOCI on disposal	-	-	-	18,073,950	(18,073,950)
Total other comprehensive (loss) / income for the period	-	-	-	10,544,153	(7,529,797)
Total comprehensive (loss) / income for the period	-	-	-	10,544,153	(14,933,959)
<b>As at 30 June 2015</b>	330,939,180	11,076,401	11,076,401	(4,420,602)	342,502,231

The notes on pages 7 to 16 form an integral part of these condensed interim financial statements.  
Independent auditors' review report is set out on page 1.

**Union Insurance Company P.S.C.**  
**Condensed interim statement of cash flows**  
*for the six month period ended 30 June 2015*

	(Un-audited) For the six month period ended 30 June 2015 AED	(Un-audited) For the six month period ended 30 June 2014 AED
<b>Cash flows from operating activities</b>		
Net profit / (loss) for the period	(7,404,162)	23,641,631
<i>Adjustment for:</i>		
Depreciation and amortisation	1,992,283	1,912,493
Gain on disposal of investments at FVTPL	(766,997)	(74,642,178)
Unrealised loss on investments at FVTPL	22,601,934	91,650,568
Interest income	(924,437)	(1,005,024)
Dividend income	-	(1,006,150)
Loss on sale of property and equipment	58,938	699
Interest expense on overdraft	1,932,159	2,970,601
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)
Provision for employees' end of service benefits - net of repayment	(111,380)	344,863
	<u>17,378,338</u>	<u>16,014,362</u>
Increase in insurance and other receivables (including related parties)	(70,326,384)	(84,857,144)
Increase in reinsurance contract assets	(43,560,551)	(37,492,810)
Increase in insurance contract liabilities	65,631,352	80,634,157
Increase in insurance and other payables	18,603,786	69,867,921
<b>Net cash (used in) / generated from operating activities</b>	<u>(12,273,459)</u>	<u>44,166,486</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(2,039,098)	(2,317,968)
Proceeds from sale of property and equipment	-	25,000
Purchase of investments at FVTPL	(181,550,606)	(1,461,153,272)
Proceeds from disposal of investments at FVTPL	156,612,489	1,410,480,338
Proceeds from disposal of investments at FVTQCI	20,935,167	-
Interest received	924,437	1,005,024
Dividend received	-	1,006,150
Income from investment properties	-	1,053,141
(Increase) / decrease in fixed deposit with banks with maturity greater than three months	(3,190,944)	20,269,201
<b>Net cash used in investing activities</b>	<u>(8,308,555)</u>	<u>(29,632,386)</u>
<b>Cash flows from financing activities</b>		
Interest paid on overdraft	(1,932,159)	(2,970,601)
<b>Net cash used in financing activities</b>	<u>(1,932,159)</u>	<u>(2,970,601)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(22,514,173)</u>	<u>11,563,499</u>
Cash and cash equivalents at the beginning of the period	6,269,004	5,764,053
Cash and cash equivalents at the end of the period	<u>(16,245,169)</u>	<u>17,327,552</u>

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 six month period ended 30 June 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 six month period ended 30 June 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 June 2015 (Unaudited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	148,243,424	27,345,975	-	175,589,399
Insurance and other receivables	-	-	233,519,926	233,519,926
Statutory deposit	-	-	10,000,000	10,000,000
Bank balance and cash	-	-	73,566,348	73,566,348
	<u>148,243,424</u>	<u>27,345,975</u>	<u>317,086,274</u>	<u>492,675,673</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	264,990,927	264,990,927
	<u>-</u>	<u>-</u>	<u>264,990,927</u>	<u>264,990,927</u>

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

## **Notes to the condensed interim financial statements**

*for the six month period ended 30 June 2015 (continued)*

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

At 31 December 2014 (Audited)

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

### **7. Development work-in-progress**

Development work-in-progress represents payments made for acquiring 10% investment in the Meydan Real Estate Project based in U.A.E. The project is promoted by Gulf General Investment Company (P.S.C.), a related party who is acting as custodian of the Company's share of investment in the project.

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

### **8. Investment securities**

	30 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Financial assets at FVTPL (8.1)	148,243,424	139,342,626
Financial assets at FVTOCI (8.2)	27,345,975	55,810,939
	<u>175,589,399</u>	<u>195,153,565</u>

#### **8.1 Financial assets at FVTPL**

	30 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Investments held on behalf of policyholders' of unit linked products	12,352,449	6,554,831
Quoted securities in U.A.E	132,549,526	129,351,965
Quoted equity securities outside U.A.E	380,094	431,658
Unquoted equity securities outside U.A.E	2,961,355	3,004,172
	<u>148,243,424</u>	<u>139,342,626</u>



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

## **Notes to the condensed interim financial statements**

*for the six month period ended 30 June 2015 (continued)*

### **8. Financial assets (continued)**

#### **8.2 Financial assets at FVTOCI**

	30 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Quoted equity securities in U.A.E.	27,045,975	53,470,939
Unquoted equity securities in U.A.E.	300,000	2,340,000
	<u>27,345,975</u>	<u>55,810,939</u>

#### **8.3 Financial assets - geographic concentration**

	30 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
- Within U.A.E.	172,247,950	191,717,735
- Outside U.A.E.	3,341,449	3,435,830
	<u>175,589,399</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 June 2015 (Unaudited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b><u>Financial assets</u></b>				
FVTPL	145,282,069	-	2,961,355	148,243,424
FVTOCI	27,045,975	-	300,000	27,345,975
	<u>172,328,044</u>	<u>-</u>	<u>3,261,355</u>	<u>175,589,399</u>
<b><u>Non financial assets</u></b>				
Investment properties	-	-	70,390,000	70,390,000
	<u>172,328,044</u>	<u>-</u>	<u>73,651,355</u>	<u>245,979,399</u>
 At 31 December 2014 (Audited)	 Level 1 AED	 Level 2 AED	 Level 3 AED	 Total AED
<b><u>Financial assets</u></b>				
FVTPL	136,338,454	-	3,004,172	139,342,626
FVTOCI	53,470,939	-	2,340,000	55,810,939
	<u>189,809,393</u>	<u>-</u>	<u>5,344,172</u>	<u>195,153,565</u>
<b><u>Non financial assets</u></b>				
Investment properties	-	-	70,390,000	70,390,000
	<u>189,809,393</u>	<u>-</u>	<u>75,734,172</u>	<u>265,543,565</u>



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

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

**10. Insurance and other payables**

	30 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Trade payables	105,585,747	107,474,804
Due to insurance and reinsurance companies	89,325,419	80,811,102
Premium reserve withheld	36,570,801	28,946,715
	<u>231,481,967</u>	<u>217,232,621</u>
Unclaimed dividends	2,092,186	2,095,231
Accrued expenses and others	14,642,032	10,284,547
Bank overdraft	16,774,742	-
	<u>264,990,927</u>	<u>229,612,399</u>

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

	30 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
<b>Gross insurance contract liabilities</b>		
Claims reported unsettled	103,805,655	95,770,550
Claims incurred but not reported	13,575,942	13,016,295
Unearned premiums	243,424,412	186,387,812
<b>Gross insurance contract liabilities</b>	<u>360,806,009</u>	<u>295,174,657</u>
<b>Reinsurer's contract assets</b>		
Claims reported unsettled	(72,917,539)	(59,472,031)
Claims incurred but not reported	(7,177,698)	(6,793,328)
Unearned premiums	(123,544,249)	(93,813,576)
<b>Total reinsurers' contract assets</b>	<u>(203,639,486)</u>	<u>(160,078,935)</u>
<b>Net</b>		
Claims reported unsettled	30,888,116	36,298,519
Claims incurred but not reported	6,398,244	6,222,967
Unearned premiums	119,880,163	92,574,236
	<u>157,166,523</u>	<u>135,095,722</u>

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

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

## **11.1 Insurance contract liabilities and reinsurance contract assets (continued)**

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

	Period ended 30 June 2015			Period ended 30 June 2014		
	Gross AED	Reinsurance AED	Net AED	Gross AED	Reinsurance AED	Net AED
<b>Claims</b>						
<i>Outstanding claims at end of period</i>						
Notified claims	103,805,655	(72,917,539)	30,888,116	75,258,273	(46,840,089)	28,418,184
Incurred but not reported	13,575,942	(7,177,698)	6,398,244	10,869,093	(5,042,673)	5,826,420
	<u>117,381,597</u>	<u>(80,095,237)</u>	<u>37,286,360</u>	<u>86,127,366</u>	<u>(51,882,762)</u>	<u>34,244,604</u>
Claims settled in the period	137,552,513	(57,570,638)	79,981,875	116,166,404	(64,300,221)	51,866,183
<i>Outstanding claims at beginning of period</i>						
Notified claims	(95,770,550)	59,472,031	(36,298,519)	(71,693,399)	47,550,679	(24,142,720)
Incurred but not reported	(13,016,295)	6,793,328	(6,222,967)	(11,389,237)	5,480,326	(5,908,911)
	<u>146,147,265</u>	<u>(71,400,516)</u>	<u>74,746,749</u>	<u>119,211,134</u>	<u>(63,151,978)</u>	<u>56,059,156</u>
Increase in recoveries	(3,427,618)	-	(3,427,618)	(6,078,705)	-	(6,078,705)
Claims incurred	<u>142,719,647</u>	<u>(71,400,516)</u>	<u>71,319,131</u>	<u>113,132,429</u>	<u>(63,151,978)</u>	<u>49,980,451</u>
<b>Unearned premium</b>						
Total at the beginning of the period	186,387,812	(93,813,576)	92,574,236	130,833,828	(66,850,039)	63,983,789
Increase during the period	243,424,412	(123,544,249)	119,880,163	214,501,960	(105,491,092)	109,010,868
Release during the period	(186,387,812)	93,813,576	(92,574,236)	(130,833,828)	66,850,039	(63,983,789)
Net increase during the period	<u>57,036,600</u>	<u>(29,730,673)</u>	<u>27,305,927</u>	<u>83,668,132</u>	<u>(38,641,053)</u>	<u>45,027,079</u>
Total at the end of the period	<u>243,424,412</u>	<u>(123,544,249)</u>	<u>119,880,163</u>	<u>214,501,960</u>	<u>(105,491,092)</u>	<u>109,010,868</u>

## Union Insurance Company P.S.C.

### Notes to the condensed interim financial statements for the six month period ended 30 June 2015 (continued)

#### 12. Bank balances and cash

	30 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Cash in hand	100,000	100,000
Bank balances:		
Current accounts	429,573	6,169,004
Fixed deposits	73,036,775	69,845,831
	<u>73,466,348</u>	<u>76,014,835</u>
	<u>73,566,348</u>	<u>76,114,835</u>
Bank balances:		
In U.A.E.	73,466,348	76,014,835
In other G.C.C. countries	-	-
	<u>73,466,348</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 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Bank balances and cash (refer note 12)	73,566,348	76,114,835
Bank fixed deposits with maturity greater than three months	(73,036,775)	(69,845,831)
Bank overdraft	(16,774,742)	-
	<u>(16,245,169)</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 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
Due from policyholders	28,946,898	26,361,867
Equity shares held	66,052,873	71,389,002
Gross outstanding claims	3,362,987	2,307,844
Bank balance	69,157	110,447
Receivable from a related party	48,100,000	48,100,000
Investment properties	<u>70,390,000</u>	<u>70,390,000</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given and no expense has been recognised in the year for bad or doubtful debts in respect of the amounts owed by related

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

## **Notes to the condensed financial statements**

*for the six month period ended 30 June 2015 (continued)*

### **14. Related party transactions (continued)**

#### **Transactions**

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

	<b>For the six month period ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>AED</b>	<b>AED</b>
Gross premiums	6,551,825	17,418,940
Claims paid	1,746,702	4,143,886

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	69,425

### **15. Contingent liabilities**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Letters of guarantee*	34,780,994	32,773,411

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

### **16. Capital commitments**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Commitment for the construction of development properties	54,978,688	54,978,688

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**

	<b>For the six month period ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>AED</b>	<b>AED</b>
Interest on deposits	924,437	1,005,024
Dividend income	-	1,006,150
Realised gains on investments	766,997	74,642,178
Unrealised (losses) on investments at fair value through profit and loss	(22,601,934)	(91,650,568)
Interest on overdraft (margin account)	(1,932,159)	(2,970,601)
Increase in the fair value of investment properties	-	26,800,000
Net rental income from investment properties	-	1,053,141
Others	(513,186)	(1,480,683)
	<b>(23,355,845)</b>	<b>8,404,641</b>



Notes to the condensed financial statements  
for the six month period ended 30 June 2015 (continued)

For the six month period ended 30 June	2015 (Unaudited)	2014 (Unaudited)
	AED	AED
	24,879,936	23,123,770
	1,992,283	1,912,493
	10,494,041	8,934,433
	<u>37,366,260</u>	<u>33,970,696</u>

### 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.

	Six month period ended 30 June				
	General insurance		Life insurance		Total
	2015 AED	2014 AED	2015 AED	2014 AED	
Gross written premium	257,307,121	219,755,697	73,902,570	75,026,552	331,209,691
Reinsurance ceded	(127,669,851)	(98,862,614)	(40,913,708)	(42,152,538)	(168,583,559)
Net retained premium	129,637,270	120,893,083	32,988,862	32,874,014	162,626,132
Net change in unearned premium and policyholders' reserve	(24,759,129)	(43,732,047)	(7,659,989)	(12,331,388)	(32,419,118)
Net earned premium	104,878,141	77,161,036	25,328,873	20,542,626	130,207,014
Net claims incurred	(65,682,224)	(45,559,594)	(5,636,907)	(4,420,857)	(71,319,131)
Net commission earned	11,100,749	10,125,630	(1,377,895)	(188,554)	9,722,854
Other operational costs related to underwriting activities	(11,645,922)	(5,433,626)	(3,727,318)	(3,018,975)	(15,373,240)
Movement in fair value of investment held for unit linked products	-	-	80,446	-	80,446
Total underwriting expenses	(66,227,397)	(40,867,590)	(10,661,674)	(7,628,386)	(76,889,071)
Total underwriting profit	38,650,744	36,293,446	14,667,199	12,914,240	53,317,943
Net investment (loss) / income					(23,355,845)
General and administrative expenses					(37,366,260)
Profit / (loss) for the period					(7,404,162)

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 six month period ended 30 June 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 June 2015 (Unaudited) AED	31 December 2014 (Audited) AED
As at 1 January	6,554,831	-
Amount invested by policyholders net of allocation charges and	5,717,172	4,677,880
Change in fair value	80,446	1,876,951
	<u>12,352,449</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.