

Union Insurance Company P.S.C.

Condensed interim financial statements
for the three month period ended 31 March 2016

Union Insurance Company P.S.C.

Condensed interim financial statements *for the three month period ended 31 March 2016*

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Independent auditors' report on review of condensed interim financial information

The Shareholders
Union Insurance Company P.S.C.

Introduction

We have reviewed the accompanying 31 March 2016 condensed interim financial information of Union Insurance Company P.S.C. ("the Company"), which comprises:

- the condensed interim statement of financial position as at 31 March 2016;
- the condensed interim statement of profit or loss for the three month period ended 31 March 2016;
- the condensed interim statement of profit or loss and other comprehensive income for the three month period ended 31 March 2016;
- the condensed interim statement of changes in equity for the three month period ended 31 March 2016;
- the condensed interim statement of cash flows for the three month period ended 31 March 2016; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2016 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: 15 May 2016

Union Insurance Company P.S.C.

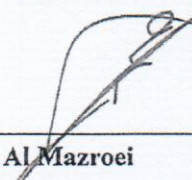
Condensed interim statement of financial position


as at 31 March 2016

		(Un-audited) 31 March 2016	(Audited) 31 December 2015
	Notes	AED	AED
ASSETS			
Property and equipment		13,507,678	14,267,066
Intangible assets		3,450,558	3,188,665
Investment properties		72,890,000	72,890,000
Investment securities	8	248,370,152	253,133,031
Development work-in-progress	7	80,950,000	80,950,000
Statutory deposit		10,000,000	10,000,000
Reinsurance contract assets	11	317,199,110	243,698,902
Insurance and other receivables		440,250,087	340,567,588
Bank balances and cash	12	97,941,222	94,022,832
Total assets		1,284,558,807	1,112,718,084
LIABILITIES			
Insurance contract liabilities	11	536,993,887	421,805,638
Insurance and other payables	10	374,574,190	316,202,879
Payable to policyholders' of unit-linked products	20	34,648,568	30,659,532
Provision for employees' end of service benefits		2,315,701	2,069,350
Total liabilities		948,532,346	770,737,399
EQUITY			
Share capital		330,939,180	330,939,180
Statutory reserve		11,076,401	11,076,401
Special reserve		11,076,401	11,076,401
Fair value reserve		(13,621,181)	(7,614,194)
Accumulated losses		(3,444,340)	(3,497,103)
Total equity		336,026,461	341,980,685
Total liabilities and equity		1,284,558,807	1,112,718,084

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 **15 MAY 2016** and signed on its behalf by :


Mohammed Hareb Al Mazroei
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 three month period ended 31 March 2016

		(Un-audited) For the three month period ended 31 March 2016 AED	(Un-audited) For the three month period ended 31 March 2015 AED
	Notes		
Gross written premium		242,148,647	172,369,272
Reinsurance ceded		(109,256,368)	(83,297,918)
Net retained premium		132,892,279	89,071,354
Net change in unearned premium and policyholders' reserve		(39,588,331)	(23,136,704)
Net earned premium		93,303,948	65,934,650
Gross claims incurred	11.1	(157,700,504)	(56,849,530)
Insurance claims recovered from reinsurers	11.1	99,614,670	21,619,118
Net claims incurred		(58,085,834)	(35,230,412)
Gross commission earned		17,676,588	11,277,257
Less: commission incurred		(16,601,467)	(7,658,531)
Net commission earned		1,075,121	3,618,727
Other operational costs related to underwriting activities		(9,930,452)	(6,880,958)
Net movement in fair value of investments held for unit linked products	20	(979,315)	(425,969)
Underwriting profit		25,383,468	27,016,038
Net investment loss	17	(5,440,721)	(25,186,352)
General and administrative expenses	18	(19,889,984)	(18,756,381)
Profit / (loss) for the period		52,763	(16,926,695)
Basic and diluted earnings / (loss) per share		0.0002	(0.0511)

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

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

Union Insurance Company P.S.C.

Condensed interim statement of profit or loss and other comprehensive income
for the three month period ended 31 March 2016

	(Un-audited) For the three month period ended 31 March 2016 AED	(Un-audited) For the three month period ended 31 March 2015 AED
Profit / (loss) for the period	52,763	(16,926,695)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss :</i>		
Net change in fair value of investments at fair value through other comprehensive income	(6,006,987)	(7,438,360)
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-
Total other comprehensive loss for the period	(6,006,987)	(7,438,360)
Total comprehensive loss for the period	(5,954,224)	(24,365,055)

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

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

Union Insurance Company P.S.C.

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

for the three month period ended 31 March 2016

	Attributable to equity shareholders of the Company					Total
	Share capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings/ (Accumulated losses)	AED
	AED	AED	AED	AED	AED	AED
Balance at 1 January 2015	330,939,180	11,076,401	11,076,401	(14,964,755)	19,308,963	357,436,190
Total comprehensive income for the period	-	-	-	-	(16,926,695)	(16,926,695)
Loss for the period	-	-	-	-	-	-
Other comprehensive income for the period						
Net change in fair value of investments at FVTOCI	-	-	-	(7,438,360)	-	(7,438,360)
Net change in fair value of investments at FVTOCI on disposal	-	-	-	10,607,829	(10,607,829)	-
Total other comprehensive income / (loss) for the period	-	-	-	3,169,469	(10,607,829)	(7,438,360)
Total comprehensive income / (loss) for the period	-	-	-	3,169,469	(24,365,055)	(24,365,055)
As at 31 March 2015	330,939,180	11,076,401	11,076,401	(11,795,286)	(8,225,561)	333,071,135
Balance at 1 January 2016	330,939,180	11,076,401	11,076,401	(7,614,194)	(3,497,103)	341,980,685
Total comprehensive income for the period	-	-	-	-	52,763	52,763
Profit for the period	-	-	-	-	-	-
Other comprehensive income for the period						
Net change in fair value of investments at FVTOCI	-	-	-	(6,006,987)	-	(6,006,987)
Net change in fair value of investments at FVTOCI on disposal	-	-	-	-	-	-
Total other comprehensive income / (loss) for the period	-	-	-	(6,006,987)	-	(6,006,987)
Total comprehensive (loss) for the period	-	-	-	(6,006,987)	52,763	(5,954,224)
As at 31 March 2016	330,939,180	11,076,401	11,076,401	(13,621,181)	(3,444,340)	336,026,461

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

Union Insurance Company P.S.C.
Condensed interim statement of cash flows
for the three month period ended 31 March 2016

	Notes	(Un-audited) For the three month period ended 31 March 2016 AED	(Un-audited) For the three month period ended 31 March 2015 AED
Cash flows from operating activities			
Profit / (loss) for the period		52,763	(16,926,695)
<i>Adjustment for:</i>			
Depreciation and amortisation		855,262	1,112,620
Gain on disposal of investments at FVTPL		(39,060)	(740,776)
Unrealised loss on investments at FVTPL		4,131,140	25,394,860
Interest income		(466,701)	(485,801)
Dividend income		(30,000)	-
Gain on sale of property and equipment		(24,792)	-
Interest expense on overdraft		1,599,363	752,354
Provision for employees' end of service benefits		246,351	-
		<u>6,324,326</u>	<u>9,106,562</u>
Increase in insurance and other receivables (including related parties)		(99,682,499)	(48,304,740)
Increase in reinsurance contract assets		(73,500,208)	(10,098,757)
Increase in insurance contract liabilities		115,188,249	29,089,702
Increase in insurance and other payables		55,711,079	9,457,741
Employees' end of service benefits paid		-	(78,654)
Net cash generated from / (used in) operating activities		<u>4,040,947</u>	<u>(10,828,146)</u>
Cash flows from investing activities			
Purchase of property and equipment		(382,979)	(1,200,391)
Proceeds from sale of property and equipment		50,000	58,937
Purchase of investments		(8,806,568)	(85,259,026)
Proceeds from disposal of investments at FVTPL		7,459,420	72,870,984
Proceeds from disposal of investments at FVTOCI		-	18,701,338
Interest received		466,701	485,801
Dividend received		30,000	-
Decrease / (increase) in fixed deposit with banks with maturity greater than three months		8,271,596	(46,740)
Net cash generated from investing activities		<u>7,088,170</u>	<u>5,610,903</u>
Cash flows from financing activities			
Interest paid on overdraft		(1,599,363)	(752,354)
Net cash used in financing activities		<u>(1,599,363)</u>	<u>(752,354)</u>
Net increase / (decrease) in cash and cash equivalents		9,529,754	(5,969,597)
Cash and cash equivalents at the beginning of the period		1,107,242	6,269,004
Cash and cash equivalents at the end of the period	13	<u>10,636,996</u>	<u>299,407</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 three month period ended 31 March 2016

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 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

On 1 April 2015, a new UAE Federal Law No. 2 of 2015 for the Commercial Companies ("UAE Companies Law of 2015") was issued with effective date on 1 July 2015. Companies are allowed to ensure compliance with the new UAE Companies Law of 2015 by 30 June 2016 as per the transitional provisions contained therein. The Company is in the process of adopting the new federal law and will be fully compliant before the transitional provisions deadline.

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 2015.

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.

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2016 (continued)

2. Basis of preparation (continued)

d) Use of estimates and judgments (continued)

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.

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 2015.

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 2015.

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 2015.

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 period.

6. Classes and categories of financial assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities.

At 31 March 2016 (Unaudited)

<u>Financial assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	182,124,762	66,245,390	-	248,370,152
Insurance and other receivables	-	-	401,950,822	401,950,822
Statutory deposit	-	-	10,000,000	10,000,000
Bank balances and cash	-	-	97,941,222	97,941,222
	<u>182,124,762</u>	<u>66,245,390</u>	<u>509,892,044</u>	<u>758,262,196</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	374,574,190	374,574,190
Payable to policyholders' of unit-linked products	34,648,568	-	-	34,648,568
	<u>34,648,568</u>	<u>-</u>	<u>374,574,190</u>	<u>409,222,758</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2016 (continued)

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

At 31 December 2015 (Audited)

Financial assets	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	180,880,654	72,252,377	-	253,133,031
Insurance and other receivables	-	-	316,056,643	316,056,643
Statutory deposit	-	-	10,000,000	10,000,000
Bank balances and cash	-	-	94,022,832	94,022,832
	<u>180,880,654</u>	<u>72,252,377</u>	<u>420,079,475</u>	<u>673,212,506</u>
Financial liabilities				
Insurance and other payables	-	-	316,202,879	316,202,879
Payable to policyholders' of unit-linked products	30,659,532	-	-	30,659,532
	<u>30,659,532</u>	<u>-</u>	<u>316,202,879</u>	<u>346,862,411</u>

7. Development work-in-progress

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

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

8. Investment securities

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Financial assets at FVTPL (8.1)	182,124,762	180,880,654
Financial assets at FVTOCI (8.2)	66,245,390	72,252,377
	<u>248,370,152</u>	<u>253,133,031</u>

8.1 Financial assets at FVTPL

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Quoted securities in U.A.E	144,208,141	146,962,072
Quoted equity securities outside U.A.E	307,385	310,771
Unquoted equity securities outside U.A.E	2,960,668	2,948,279
Investments held on behalf of policyholders' of unit linked products	34,648,568	30,659,532
	<u>182,124,762</u>	<u>180,880,654</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2016 (continued)

8. Financial assets (continued)

8.2 Financial assets at FVTOCI

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Quoted equity securities in U.A.E.	65,945,390	71,952,377
Unquoted equity securities in U.A.E.	300,000	300,000
	<u>66,245,390</u>	<u>72,252,377</u>

8.3 Financial assets - geographic concentration

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
- Within U.A.E.	245,102,099	249,873,981
- Outside U.A.E.	3,268,053	3,259,050
	<u>248,370,152</u>	<u>253,133,031</u>

9. Fair value hierarchy

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

At 31 March 2016 (Unaudited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<u>Financial assets</u>				
FVTPL	179,164,094	-	2,960,668	182,124,762
FVTOCI	65,945,390	-	300,000	66,245,390
	<u>245,109,484</u>	<u>-</u>	<u>3,260,668</u>	<u>248,370,152</u>
<u>Non financial assets</u>				
Investment properties	-	-	72,890,000	72,890,000
	<u>245,109,484</u>	<u>-</u>	<u>76,150,668</u>	<u>321,260,152</u>
At 31 December 2015 (Audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<u>Financial assets</u>				
FVTPL	177,932,375	-	2,948,279	180,880,654
FVTOCI	71,952,377	-	300,000	72,252,377
	<u>249,884,752</u>	<u>-</u>	<u>3,248,279</u>	<u>253,133,031</u>
<u>Non financial assets</u>				
Investment properties	-	-	72,890,000	72,890,000
	<u>249,884,752</u>	<u>-</u>	<u>76,138,279</u>	<u>326,023,031</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2016 (continued)

10. Insurance and other payables

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Trade payables	165,727,786	130,677,585
Due to insurance and reinsurance companies	103,025,754	95,522,563
Premium reserve withheld	34,205,872	36,069,417
	<u>302,959,412</u>	<u>262,269,565</u>
Unclaimed dividends	2,088,500	2,088,500
Accrued expenses and others	44,577,512	29,556,280
Bank overdraft	24,948,766	22,288,534
	<u>374,574,190</u>	<u>316,202,879</u>

11. Insurance contract liabilities and reinsurance contract assets

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Gross insurance contract liabilities		
Claims reported unsettled	202,553,195	168,597,429
Claims incurred but not reported	63,912,687	42,534,345
Unearned premiums	270,528,005	210,673,864
Gross insurance contract liabilities	<u>536,993,887</u>	<u>421,805,638</u>
Reinsurer's contract assets		
Claims reported unsettled	(156,647,739)	(123,180,702)
Claims incurred but not reported	(29,299,655)	(14,301,415)
Unearned premiums	(131,251,716)	(106,216,785)
Total reinsurers' contract assets	<u>(317,199,110)</u>	<u>(243,698,902)</u>
Net		
Claims reported unsettled	45,905,456	45,416,727
Claims incurred but not reported	34,613,032	28,232,930
Unearned premiums	139,276,289	104,457,079
	<u>219,794,777</u>	<u>178,106,736</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements
for the three month period ended 31 March 2016 (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 31 March 2016			Period ended 31 March 2015		
	Gross AED	Reinsurance AED	Net AED	Gross AED	Reinsurance AED	Net AED
Claims						
<i>Outstanding claims at end of period</i>						
Notified claims	202,553,195	(156,647,739)	45,905,456	86,920,675	(54,074,708)	32,845,967
Incurred but not reported	63,912,687	(29,299,655)	34,613,032	11,645,748	(5,452,517)	6,193,231
	<u>266,465,882</u>	<u>(185,947,394)</u>	<u>80,518,488</u>	<u>98,566,423</u>	<u>(59,527,225)</u>	<u>39,039,198</u>
Claims settled in the period	111,068,538	(51,149,395)	59,919,143	68,130,215	(28,357,252)	39,772,963
<i>Outstanding claims at beginning of period</i>						
Notified claims	(168,597,429)	123,180,702	(45,416,727)	(95,770,550)	59,472,031	(36,298,519)
Incurred but not reported	(42,534,346)	14,301,417	(28,232,929)	(13,016,295)	6,793,328	(6,222,967)
	<u>166,402,645</u>	<u>(99,614,670)</u>	<u>66,787,975</u>	<u>57,909,793</u>	<u>(21,619,118)</u>	<u>36,290,675</u>
Increase in recoveries	(8,702,141)	-	(8,702,141)	(1,060,263)	-	(1,060,263)
Claims incurred	<u>157,700,504</u>	<u>(99,614,670)</u>	<u>58,085,834</u>	<u>56,849,530</u>	<u>(21,619,118)</u>	<u>35,230,412</u>
Unearned premium						
Total at the end of the period	<u>270,528,005</u>	<u>(131,251,716)</u>	<u>139,276,289</u>	<u>225,697,936</u>	<u>(110,650,467)</u>	<u>115,047,469</u>
Release during the period	210,673,864	(106,216,785)	104,457,079	186,387,812	(93,813,576)	92,574,236
Increase during the period	(270,528,005)	131,251,716	(139,276,289)	(225,697,936)	110,650,467	(115,047,469)
Net increase during the period	<u>(59,854,141)</u>	<u>25,034,931</u>	<u>(34,819,210)</u>	<u>(39,310,124)</u>	<u>16,836,891</u>	<u>(22,473,233)</u>
Total at the beginning of the period	<u>210,673,864</u>	<u>(106,216,785)</u>	<u>104,457,079</u>	<u>186,387,812</u>	<u>(93,813,576)</u>	<u>92,574,236</u>

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2016 (continued)

12. Bank balances and cash

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Cash in hand	102,500	102,500
Bank balances:		
Current accounts	15,045,326	11,188,516
Fixed deposits	82,793,396	82,731,816
	97,838,722	93,920,332
	97,941,222	94,022,832
Bank balances:		
In U.A.E.	87,162,727	88,653,795
In other G.C.C. countries	-	-
Outside UAE & G.C.C. countries	10,675,995	5,266,537
	97,838,722	93,920,332

Fixed deposit carried interest ranging from 1% to 6.1% per annum (2015: 1% to 6.1% per annum). Fixed deposits of AED 62 million (2015: 62 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:

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Bank balances and cash (refer note 12)	97,941,222	94,022,832
Bank fixed deposits with maturity greater than three months	(62,355,460)	(70,627,056)
Bank overdraft	(24,948,766)	(22,288,534)
	10,636,996	1,107,242

14. Related party transactions

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

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

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
Due from policyholders	34,134,082	31,556,705
Equity shares held	-	12,000,233
Gross outstanding claims	10,533,735	3,516,976
Investment properties	72,890,000	72,890,000

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

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2016 (continued)

14. Related party transactions (continued)

Transactions

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

	For the three month period ended 31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	AED	AED
Gross premiums	4,192,971	4,683,265
Claims paid	2,001,850	668,084

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

Compensation of key management personnel

Short-term benefits	600,000	600,000
Long-term benefits	34,712	34,048

15. Contingent liabilities

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Letters of guarantee*	32,419,577	34,079,577

*Includes AED 10,000,000 (2015: AED 10,000,000) issued in favour of Insurance Authority of U.A.E.

16. Capital commitments

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
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

	For the three month period ended 31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	AED	AED
Interest on deposits	466,701	-
Dividend income	30,000	-
Realised gains on investments	39,060	740,776
Unrealised losses on investments at fair value through profit and loss	(4,131,140)	(25,174,775)
Interest on overdraft (margin account)	(1,599,363)	(752,353)
Others	(245,979)	-
	(5,440,721)	(25,186,352)

Notes to the condensed interim financial statements
for the three month period ended 31 March 2016 (continued)

For the three month period ended 31 March	2016 (Unaudited) AED	2015 (Unaudited) AED
	14,554,632	12,338,025
	855,262	1,112,620
	<u>4,480,090</u>	<u>5,305,736</u>
	19,889,934	18,756,381

Operating segment information

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which Company reports its primary segment information.

	Three month period ended 31 March				
	General insurance		Life assurance		Total
	2016 AED	2015 AED	2016 AED	2015 AED	
Gross written premium	181,059,322	137,985,624	61,089,325	34,383,648	242,148,447
Reinsurance ceded	(83,726,574)	(63,307,953)	(25,529,794)	(19,989,965)	(109,256,368)
Net retained premium	97,332,748	74,677,671	35,559,531	14,393,683	132,892,279
Net change in unearned premium and policyholders' reserve	(26,578,299)	(21,393,433)	(13,010,032)	(1,743,271)	(39,588,335)
Net earned premium	70,754,449	53,284,238	22,549,499	12,650,412	93,303,948
Net claims incurred	(54,887,212)	(32,459,546)	(3,198,622)	(2,770,866)	(58,085,834)
Net commission earned	7,331,033	4,321,064	(6,255,912)	(702,337)	1,075,121
Other operational costs related to underwriting activities	(7,322,274)	(5,117,150)	(2,608,178)	(1,763,808)	(9,930,452)
Movement in fair value of investment held for unit linked products	-	-	(979,315)	(425,969)	(979,315)
Total underwriting expenses	(54,878,453)	(33,255,632)	(13,042,027)	(5,662,980)	(67,920,480)
Total underwriting profit	15,875,996	20,028,606	9,507,472	6,987,432	25,383,468
Net investment (loss) / income					(5,440,721)
General and administrative expenses					(19,889,984)
Profit / (loss) for the period					52,763

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

Union Insurance Company P.S.C.

Notes to the condensed interim financial statements

for the three month period ended 31 March 2016 (continued)

20. Payable to policyholders' of unit linked products

The Company issued unit linked policies which has both the risk and investment component. The investment portion is invested on behalf of the policyholders as disclosed in note 8.1 of these financial statements.

Movement during the period :

	31 March 2016 (Unaudited) AED	31 December 2015 (Audited) AED
As at 1 January	30,659,532	6,554,831
Amount invested by policyholders net of allocation charges	4,968,351	25,268,179
Change in fair value	(979,315)	(1,163,478)
	<u>34,648,568</u>	<u>30,659,532</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.