

United Fidelity Insurance Company
(Public Shareholding Company)
[Formerly known as United Insurance Company]

Condensed interim financial statements
For the period ended 30 June 2019 (Unaudited)

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**Review report of the Independent Auditor
To the Shareholders of United Fidelity Insurance Company P.S.C
(formerly known as United Insurance Company)**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Fidelity Insurance Company P.S.C. (formerly known as United Insurance Company) (the “Company”) as of 30 June 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income for the three months and six months periods then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six months period then ended and explanatory information. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the 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.

Other matter

The financial statements for the three months period ended 31 March 2019 and for the year ended 31 December 2018 were reviewed and audited by another auditor who expressed an unmodified conclusion and opinion on those statements on 24 April 2019 and 27 February 2019 respectively.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.


**Grant Thornton
Farouk Mohamed**

**Registration No: 86
Dubai, 24 July 2019**



United Fidelity Insurance Company (Public Shareholding Company)
[Formerly known as United Insurance Company]

Condensed interim income statement
For the six months ended 30 June 2019 (Unaudited)

<i>Note</i>	<i>Three months ended</i>		<i>Six months ended</i>		
	<i>30 June</i>		<i>30 June</i>		
	<i>(Unaudited)</i>		<i>(Unaudited)</i>		
	2019	2018	2019	2018	
	AED	AED	AED	AED	
UNDERWRITING INCOME					
Gross premium	41,469,462	23,319,919	100,084,348	53,001,022	
Movement in provision for unearned premium	5,238,250	(683,175)	(13,478,849)	(8,754,321)	
Movement in premium deficiency reserve	44,925	230,963	-	118,241	
Insurance premium revenue	46,752,637	22,867,707	86,605,499	44,364,942	
Reinsurance share of premium	(17,962,289)	(12,127,173)	(51,695,094)	(28,594,044)	
Movement in provision for reinsurance share of unearned premium	(7,611,755)	(619,295)	3,883,170	4,662,363	
Reinsurance share of premium revenue	(25,574,044)	(12,746,468)	(47,811,924)	(23,931,681)	
Net insurance premium revenue	21,178,593	10,121,239	38,793,575	20,433,261	
Reinsurance commission income	1,812,634	820,379	3,423,457	1,635,546	
Other income	9,686	7,600	9,930	89,765	
Total underwriting income	23,000,913	10,949,218	42,226,962	22,158,572	
UNDERWRITING EXPENSES					
Claims incurred	(29,462,146)	(15,836,396)	(55,463,762)	(28,913,619)	
Reinsurers' share of claims incurred	20,070,173	9,830,929	37,709,114	18,801,590	
Net claims incurred	(9,391,973)	(6,005,467)	(17,754,648)	(10,112,029)	
Commission expenses including third-party administrator fees	(5,642,868)	(2,561,586)	(10,412,369)	(5,704,253)	
Other underwriting (expenses)/income	(701,776)	147,670	(637,637)	(514,434)	
General and administration expenses relating to underwriting activities	(8,427,323)	(7,700,987)	(16,725,894)	(13,712,390)	
Total underwriting expenses	(24,163,940)	(16,120,370)	(45,530,548)	(30,043,106)	
NET UNDERWRITING LOSS	(1,163,027)	(5,171,152)	(3,303,586)	(7,884,534)	
Investment income	1,956,166	2,847,709	4,308,376	4,963,205	
General and administration expenses not allocated to underwriting activities	(214,483)	(26,787)	(267,001)	(72,768)	
PROFIT/(LOSS) FOR THE PERIOD	578,656	(2,350,230)	737,789	(2,994,097)	
Basic and diluted earnings/(loss) per share (AED)	4	0.006	(0.024)	0.007	(0.030)

The attached explanatory notes 1 to 16 form part of these condensed interim financial statements.

United Fidelity Insurance Company (Public Shareholding Company)
[Formerly known as United Insurance Company]

Condensed interim statement of comprehensive income
For the six months ended 30 June 2019 (Unaudited)

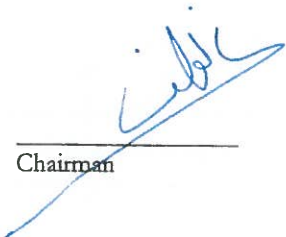
	<i>Three months ended 30 June (Unaudited)</i>		<i>Six months ended 30 June (Unaudited)</i>	
	2019 AED	2018 AED	2019 AED	2018 AED
Profit / (loss) for the period	578,656	(2,350,230)	737,789	(2,994,097)
OTHER COMPREHENSIVE INCOME				
<i>Other comprehensive income that would be reclassified to profit or loss in subsequent periods</i>				
Net increase / (decrease) in fair value of available-for-sale investments	2,966,043	(550,248)	3,338,512	(1,052,610)
Net realised loss on disposal of available-for-sale investments transferred to income statement	-	(418,425)	-	(486,827)
Other comprehensive income / (loss) for the period	2,966,043	(968,673)	3,338,512	(1,539,437)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	3,544,699	(3,318,903)	4,076,301	(4,533,534)

The attached explanatory notes 1 to 16 form part of these condensed interim financial statements.

United Fidelity Insurance Company (Public Shareholding Company)
[Formerly known as United Insurance Company]

Condensed interim statement of financial position
As at 30 June 2019 (Unaudited)

		<i>30 June</i>	<i>31 December</i>
		<i>2019</i>	<i>2018</i>
		<i>AED</i>	<i>AED</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
Property and equipment		3,949,231	1,798,352
Investment property	5	53,750,000	53,750,000
Financial instruments	6	52,239,897	44,734,019
Insurance contract assets	13	87,021,617	85,770,521
Deferred acquisition costs		11,369,989	10,046,687
Insurance receivables	8	59,463,677	61,324,438
Prepayments and other receivables		3,932,290	2,050,476
Statutory deposits	9	6,000,000	6,000,000
Bank balances and cash	10	54,336,840	49,986,925
TOTAL ASSETS		332,063,541	315,461,418
EQUITY AND LIABILITIES			
Equity			
Share capital	11	100,000,000	100,000,000
General reserve	12	1,119,524	1,119,524
Investment revaluation reserve	12	(390,513)	(3,729,025)
Accumulated losses		(26,253,269)	(26,991,058)
Total equity		74,475,742	70,399,441
Liabilities			
Employees' end of service benefits		1,487,186	1,207,996
Insurance contract liabilities	13	170,625,603	162,903,850
Deferred commission income		4,202,467	3,309,533
Insurance and other payables		81,272,543	77,640,598
Total liabilities		257,587,799	245,061,977
TOTAL EQUITY AND LIABILITIES		332,063,541	315,461,418


 Chairman


 Chief Executive Officer

The attached explanatory notes 1 to 16 form part of these condensed interim financial statements.

**United Fidelity Insurance Company (Public Shareholding Company)
[Formerly known as United Insurance Company]**

**Condensed interim statement of changes in equity
For the six months ended 30 June 2019 (Unaudited)**

	<i>Share Capital</i> <i>AED</i>	<i>General reserve</i> <i>AED</i>	<i>Accumulated losses</i> <i>AED</i>	<i>Investment revaluation reserve</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Balance at 31 December 2017 (audited)	100,000,000	1,119,524	(17,547,339)	3,833,457	87,405,642
Loss for the period	-	-	(2,994,097)	-	(2,994,097)
Other comprehensive loss for the period	-	-	-	(1,539,437)	(1,539,437)
Total comprehensive loss for the period	-	-	(2,994,097)	(1,539,437)	(4,533,534)
Balance at 30 June 2018 (unaudited)	100,000,000	1,119,524	(20,541,436)	2,294,020	82,872,108
Balance at 31 December 2018 (audited)	100,000,000	1,119,524	(26,991,058)	(3,729,025)	70,399,441
Profit for the period	-	-	737,789	-	737,789
Other comprehensive income for the period	-	-	-	3,338,512	3,338,512
Total comprehensive income for the period	-	-	737,789	3,338,512	4,076,301
Balance at 30 June 2019 (unaudited)	100,000,000	1,119,524	(26,253,269)	(390,513)	74,475,742

The attached explanatory notes 1 to 16 form part of these condensed interim financial statements.

United Fidelity Insurance Company (Public Shareholding Company)
[Formerly known as United Insurance Company]

Condensed interim statement of cash flows
For the six months ended 30 June 2019 (Unaudited)

	Note	<i>Six months ended</i>	
		<i>30 June</i>	
		<i>2019</i>	<i>2018</i>
		<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit / (loss) for the period		737,789	(2,994,097)
Adjustments for:			
Investment Income		(4,308,376)	(4,963,205)
Gain on sale of available-for-sale investment		-	355,396
Allowance made for doubtful debts		864,179	(729,006)
Allowance written back for doubtful debts		(458,822)	-
Depreciation on property and equipment		258,923	275,749
Provision for employees' end of service benefits		350,668	273,580
Property and equipment write off		2,704	-
		(2,552,935)	(7,781,583)
Changes in operating assets and liabilities:			
Insurance contract assets		(1,251,096)	(10,039,979)
Deferred acquisition cost		(1,323,302)	(550,402)
Insurance and other receivables		1,455,404	1,307,552
Prepayment and other assets		(1,881,814)	304,968
Insurance contract liabilities		7,721,753	14,977,945
Deferred commission income		892,934	290,061
Insurance and other payables		3,631,945	2,257,538
Cash generated from operations		6,692,889	766,100
Employees' end of service benefits paid		(71,478)	(104,148)
Net cash generated from operating activities		6,621,411	661,952
INVESTING ACTIVITIES			
Net movement in fixed deposits		(9,720,139)	(45,510,588)
Purchase of property and equipment		(2,412,506)	(216,420)
Proceeds from disposal of investments at fair value through profit or loss		-	14,885
Proceeds from disposal of available-for-sale investments		-	2,917,020
Purchase of available-for-sale investments		(4,167,366)	(23,391,572)
Interest income		696,974	673,931
Income from investment properties received		1,087,854	1,565,698
Dividend income		2,523,548	2,368,180
Net cash used in investing activities		(11,991,635)	(61,578,866)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,370,224)	(60,916,914)
Cash and cash equivalents at 1 January		18,476,337	75,899,513
CASH AND CASH EQUIVALENTS AT 30 JUNE	10	13,106,113	14,982,599

The attached explanatory notes 1 to 16 form part of these condensed interim financial statements.

United Fidelity Insurance Company (Public Shareholding Company) [Formerly known as United Insurance Company]

Notes to the condensed interim financial statements For the six months ended 30 June 2019 (Unaudited)

1 CORPORATE INFORMATION

United Fidelity Insurance Company (Public Shareholding Company) (the “Company”), formerly known as United Insurance Company, is a public shareholding company, registered in the Emirate of Ras Al Khaimah by Emiri decree No. 13/76 issued by the ruler of Ras Al Khaimah on 15 June 1976, which was amended by the Emiri decree No. 10/77 issued on 15 December 1977. The company is subject to the regulations of the UAE Federal Law No. (2) of 2015 and the UAE Federal Law No. (6) of 2007 relating to commercial companies in the UAE, and is registered in the Insurance Companies Register of Insurance Authority of U.A.E. under registration number 8.

The Company is domiciled in the United Arab Emirates and the address of the Company’s registered office is P.O. Box 1010, Ras Al Khaimah, United Arab Emirates. The Company’s ordinary shares are listed on Abu Dhabi Securities Exchange, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general insurance. The Company operates through its Head Office in Dubai and branch offices in Abu Dhabi, Ras Al Khaimah, Sharjah and Fujairah.

On 4 November 2018, the company changed its name from United Insurance Company to United Fidelity Insurance Company (PSC).

The condensed interim financial statements were authorised for issue in accordance with a resolution of the directors on 24 July 2019.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The condensed interim financial statements of the Company are prepared in accordance with International Financial Reporting Standard, Interim Financial Reporting (“IAS 34”) issued by the International Accounting Standards Board (IASB) and comply with the applicable requirements of the laws in the U.A.E. 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 determined.

The Company has not early adopted any version of IFRS 9 and the activities of the Company are predominantly connected with insurance on 30 June 2019 therefore the Company have opted for the temporary exemption from the application of IFRS 9 and defer the implementation date of IFRS 9 until 31 December 2021.

SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared on historical cost basis, except for the revaluation of certain financial instruments and investment properties which are stated at fair value. Historically, cost is generally based on the fair value of the consideration given in exchange for assets.

These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual financial statements as at and for the year ended 31 December 2018. In addition, results for the six months ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. The Company’s insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2018.

United Fidelity Insurance Company (Public Shareholding Company)
[Formerly known as United Insurance Company]

Notes to the condensed interim financial statements
For the six months ended 30 June 2019 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of these condensed interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2018, except for adoption of new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company adopted IFRS 16 using the modified retrospective transition approach of adoption with the date of initial application of 1 January 2019. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The standard did not have material impact on condensed interim financial statements as all of the Company's leases are short-term leases.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the condensed interim financial statements of the Company.

Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may substantially be different.

Outstanding claims and technical provisions

The estimation of the ultimate liability (both technical and outstanding) arising from claims made under insurance contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

**United Fidelity Insurance Company (Public Shareholding Company)
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Notes to the condensed interim financial statements
For the six months ended 30 June 2019 (Unaudited)

3 SEGMENTAL INFORMATION

Identification of reportable segments

Primary segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable operating segments as follows:

- The general insurance segment, comprises property, fire, marine, motor, medical, general accident and miscellaneous risks.
- Investment comprises financial assets at fair value through profit or loss, AFS investments, investment properties and fixed deposits.

These segments are the basis on which the Company reports its primary segment information.

	General insurance		Investment		Total	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	AED	AED	AED	AED	AED	AED
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Underwriting income	100,084,348	53,001,022	-	-	100,084,348	53,001,022
Net underwriting loss	(3,303,586)	(7,884,534)	-	-	(3,303,586)	(7,884,534)
Investment income	-	-	4,308,376	4,963,205	4,308,376	4,963,205
Unallocated costs (net)	-	-	(267,001)	(72,768)	(267,001)	(72,768)
(Loss)/income for the period	(3,303,586)	(7,884,534)	4,041,375	4,890,437	737,789	(2,994,097)

**United Fidelity Insurance Company (Public Shareholding Company)
[Formerly known as United Insurance Company]**

Notes to the condensed interim financial statements
For the six months ended 30 June 2019 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Identification of reportable segments (continued)

Primary segment information (continued)

	General insurance		Investment		Total	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	AED	AED	AED	AED	AED	AED
Segment assets	170,544,135	165,838,516	147,220,624	129,994,607	317,764,759	295,833,123
Unallocated assets	-	-	-	-	14,298,782	19,628,295
Total assets	170,544,135	165,838,516	147,220,624	129,994,607	332,063,541	315,461,418
Segment liabilities	256,100,613	243,853,981	-	-	256,100,613	243,853,981
Unallocated liabilities	-	-	-	-	1,487,186	1,207,996
Total liabilities	256,100,613	243,853,981	-	-	257,587,799	245,061,977

The Company's operations are primarily conducted in the United Arab Emirates. General insurance figures reported above include certain assets and liabilities that are common for all two reportable segments. These amounts are not significant and are not reported separately.

United Fidelity Insurance Company (Public Shareholding Company)
[Formerly known as United Insurance Company]

Notes to the condensed interim financial statements
For the six months ended 30 June 2019 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Revenue from underwriting departments

The following is an analysis of the Company's revenues classified by major underwriting departments.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Motor	17,251,997	6,577,478	30,802,327	11,484,765
Marine	1,781,342	706,012	2,890,686	1,426,755
Medical	15,857,014	12,069,722	49,370,264	29,828,424
Fire	2,572,952	1,231,815	6,874,106	4,094,780
Engineering, property, general accidents and others	4,006,157	2,734,892	10,146,965	6,166,298
	41,469,462	23,319,919	100,084,348	53,001,022

4 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Loss for the period (AED)	578,656	(2,350,230)	737,789	(2,994,097)
Weighted average number of shares outstanding during the period	100,000,000	100,000,000	100,000,000	100,000,000
Loss per share (AED)	0.006	(0.024)	0.007	(0.030)

No figures for diluted loss per share are presented as the Company has not issued any instruments which would have an impact on loss per share when exercised.

5 INVESTMENT PROPERTY

Investment properties represent the fair value of the properties which are located in the U.A.E.

Investment properties are stated at fair value, which has been principally determined based on valuations performed by management. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. Valuations are performed on a periodic basis, at least annually, and the fair value gains and losses are recorded in the statement of income. Fair value of the Company's investment properties are based on unobservable inputs (i.e. Level 3).

United Fidelity Insurance Company (Public Shareholding Company)
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Notes to the condensed interim financial statements
For the six months ended 30 June 2019 (Unaudited)

6 FINANCIAL INSTRUMENTS

	<i>Carrying value</i>		<i>Fair value</i>	
	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Available for sale investments (Note 6 a)	50,036,432	42,530,554	50,036,432	42,530,554
Financial asset at fair value through profit or loss (Note 6 b)	2,203,465	2,203,465	2,203,465	2,203,465
	52,239,897	44,734,019	52,239,897	44,734,019

(a) Available for sale investments

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
<i>Quoted Equity Securities</i> Within UAE	50,036,432	42,530,554

(b) Financial assets at fair value through profit or loss

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
<i>Unquoted mutual fund units</i> Outside UAE	2,203,465	2,203,465

7 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2018.

Fair value of the Company's financial assets that are measured at fair value on recurring basis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

United Fidelity Insurance Company (Public Shareholding Company)
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Notes to the condensed interim financial statements

For the six months ended 30 June 2019 (Unaudited)

7 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>30 June 2019</i>	<i>31 December</i>	<i>Fair</i>	<i>Valuation</i>	<i>Significant</i>
	<i>AED</i>	<i>2018</i>	<i>value</i>	<i>techniques and</i>	<i>unobservable</i>
	<i>(Unaudited)</i>	<i>AED</i>	<i>hierarchy</i>	<i>key inputs</i>	<i>inputs</i>
		<i>(Audited)</i>			
Available - for - sale					
				Quoted bid prices in an active market-	
Quoted investments	50,036,432	42,530,554	Level 1		N/A
Financial assets at fair value through profit or loss					
				Net assets valuation method	
Unquoted investments	2,203,465	2,203,465	Level 3		N/A

There were no transfers between each of the level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Reconciliation of Level 3 Fair value measurement of financial assets measured at fair value:

	<i>30 June</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Opening balance	2,203,465	2,174,878
Disposal during the year	-	(26,385)
Fair value adjustment	-	54,972
	<u>2,203,465</u>	<u>2,203,465</u>

8 INSURANCE RECEIVABLES

	<i>30 June</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Due from policyholders and brokers	65,474,309	57,467,198
Due from insurance companies	4,269,570	4,602,838
Due from reinsurance companies	838,852	15,123,638
Less: Allowance for doubtful debts	<u>(11,119,054)</u>	<u>(15,869,236)</u>
	<u>59,463,677</u>	<u>61,324,438</u>

All of the above amounts are due within twelve month of the reporting date. The reinsurers' share of claims not paid by the Company at the reporting date are disclosed in note 13. The amounts due from reinsurers are normally settled on a quarterly basis.

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8 INSURANCE RECEIVABLES (continued)

Movements in the allowance for impairment of receivables were as follows:

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
At 1 January	15,869,236	11,689,493
Provided during the period / year	864,179	5,349,368
Allowance written back during the period / year	(458,722)	(804,913)
Bad debts written off during the period / year	(5,155,639)	(364,712)
	<u>11,119,054</u>	<u>15,869,236</u>

9 STATUTORY DEPOSITS

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
	<u>6,000,000</u>	<u>6,000,000</u>

This represents the amount that cannot be withdrawn without the prior approval of the Ministry of Economy in accordance with Article 42 of Federal Law No. 6 of 2007. The bank deposit expires after one year and is renewable every year and earns an interest per annum of 2.25% to 3.40% (31 December 2018: 2.25% to 3.40%)

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Current accounts and cash	5,541,668	11,459,134
Call accounts	7,564,445	7,017,203
Bank deposits	41,230,727	31,510,588
	<u>54,336,840</u>	<u>49,986,925</u>

The entire cash and cash equivalents are within United Arab Emirates. The annual rate of fixed deposits is 2.25% - 4.25% (31 December 2018: 2.25% to 3.4%).

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10 CASH AND CASH EQUIVALENTS (continued)

For the purpose of statement of cash flows, cash and cash equivalents include bank balances and cash net of fixed deposits in bank with maturity over three months and fixed deposits under lien. Cash and cash equivalents at the end of the period / year as shown in the statement of cash flows can be reconciled to the related items in the financial items in the statement of financial position as follows:

	<i>30 June</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED</i> <i>(Audited)</i>	<i>30 June</i> <i>2018</i> <i>AED</i> <i>(Unaudited)</i>
Bank balances and cash	54,336,840	49,986,925	60,493,187
Bank deposits with maturity over 3 months	<u>(41,230,727)</u>	<u>(31,510,588)</u>	<u>(45,510,588)</u>
	<u>13,106,113</u>	<u>18,476,337</u>	<u>14,982,599</u>

11 SHARE CAPITAL

	<i>30 June</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED</i> <i>(Audited)</i>
Issued and fully paid 100,000,000 shares of AED 1 each (31 December 2018: 100,000,000 shares of AED 1 each)	<u>100,000,000</u>	<u>100,000,000</u>

12 RESERVES

General Reserve

This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

Investment Revaluation Reserve

This reserve records fair value changes on available-for sale investments.

13 INSURANCE CONTRACT ASSETS AND LIABILITIES

	<i>30 June</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED</i> <i>(Audited)</i>
<i>Insurance contract liabilities:</i>		
Unearned premiums reserve	91,973,496	78,494,655
Claims reported unsettled	59,297,660	68,664,930
Claims incurred but not reported (IBNR)	18,225,693	14,554,037
Unallocated loss adjustment Expenses	<u>1,128,754</u>	<u>1,190,228</u>
	<u>170,625,603</u>	<u>162,903,850</u>

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13 INSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
<i>Insurance contract assets:</i>		
Unearned premiums	42,010,424	38,127,259
Claims reported unsettled	35,634,597	41,112,800
Claims incurred but not reported (IBNR)	9,376,596	6,530,462
	<u>87,021,617</u>	<u>85,770,521</u>
	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
<i>Insurance contract liabilities - net:</i>		
Unearned premiums reserve	49,963,072	40,367,396
Claims reported unsettled	23,663,063	27,552,130
Claims incurred but not reported (IBNR)	8,849,097	8,023,575
Unallocated loss adjustment Expenses	1,128,754	1,190,228
	<u>83,603,986</u>	<u>77,133,329</u>

Insurance contract assets include outstanding balances recoverable from insurance companies and third parties.

14 RELATED PARTY TRANSACTIONS

Related parties represent, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Company's management.

The significant balances outstanding in respect of related parties included in the financial statements are as follows:

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
<i>Affiliates of major shareholders:</i>		
Due from policyholders	11,110,279	2,285,137
Outstanding claims	301,062	268,116

The income and expenses in respect of related parties included in the financial statements are as follows:

	<i>Three months ended 30 June (Unaudited)</i>		<i>Six months ended 30 June (Unaudited)</i>	
	<i>2019 AED</i>	<i>2018 AED</i>	<i>2019 AED</i>	<i>2018 AED</i>
<i>Affiliates of major shareholders:</i>				
Premiums	4,041,418	3,028,245	14,874,240	7,154,225
Claims	(2,482,118)	(2,824,254)	(4,401,915)	(3,007,802)
Legal and consultancy expenses	276,000	276,000	552,000	552,000

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Notes to the condensed interim financial statements
For the six months ended 30 June 2019 (Unaudited)

14 RELATED PARTY TRANSACTIONS (continued)

Compensation of the key management personnel:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June (Unaudited)</i>		<i>30 June (Unaudited)</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Remuneration of key management personnel	973,580	418,559	1,393,128	990,898

The Company has not recorded any impairment of amounts owed by related parties.

15 CONTINGENCIES

Contingent liabilities

At 30 June 2019, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 5,150,691 (31 December 2018: AED 5,150,691).

Legal claims

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Company's income or financial condition.

16 SEASONALITY OF RESULTS

The Company's investment income is dependent on market conditions, its investment activities and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 30 June 2019 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2019.