

United Fidelity Insurance Company
(Public Shareholding Company)

Condensed interim financial statements
For the period ended 30 June 2020 (Unaudited)

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**Review report of the Independent Auditor
To the Shareholders of United Fidelity Insurance Company P.S.C.**

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Fidelity Insurance Company P.S.C. (the “Company”) as of 30 June 2020 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 month 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.

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, 27 July 2020**

United Fidelity Insurance Company (Public Shareholding Company)
 Condensed interim statement of financial position
 For the six months ended 30 June 2020 (Unaudited)

		<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
ASSETS			
Property and equipment		11,074,973	11,790,109
Investment property	3	51,827,660	52,827,660
Financial instruments	4	60,307,844	53,880,080
Insurance contract assets	11	139,756,722	88,061,381
Deferred acquisition costs		24,058,726	15,531,162
Insurance receivables	6	79,034,095	61,840,445
Prepayments and other receivables		5,116,280	4,181,500
Statutory deposits	7	6,000,000	6,000,000
Bank balances and cash	8	82,959,844	69,327,403
TOTAL ASSETS		460,136,144	363,439,740
EQUITY AND LIABILITIES			
Equity			
Share capital	9	100,000,000	100,000,000
Statutory reserve	10	141,187	141,187
General reserve	10	1,119,524	1,119,524
Investment revaluation reserve		(14,777,032)	710,186
Accumulated losses		(24,597,066)	(26,194,584)
Total equity		61,886,613	75,776,313
Liabilities			
Employees' end of service benefits		1,933,955	1,588,355
Insurance contract liabilities	11	266,127,053	180,944,666
Deferred commission income		5,598,609	4,880,847
Insurance and other payables		117,697,188	92,999,264
Lease liability		6,892,726	7,250,295
Total liabilities		398,249,531	287,663,427
TOTAL EQUITY AND LIABILITIES		460,136,144	363,439,740


 Chairman


 Chief Executive Office

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

United Fidelity Insurance Company (Public Shareholding Company)
Condensed interim income statement
For the six months ended 30 June 2020 (Unaudited)

	Note	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
		2020 AED	2019 AED	2020 AED	2019 AED
UNDERWRITING INCOME					
Gross premium		73,330,219	41,469,462	182,261,895	100,084,348
Movement in provision for unearned premium		(1,474,865)	5,238,250	(45,535,331)	(13,478,849)
Movement in premium deficiency reserve		10,084	44,925	(97,306)	-
Insurance premium revenue		<u>71,865,438</u>	<u>46,752,637</u>	<u>136,629,258</u>	<u>86,605,499</u>
Reinsurance share of premium		(33,165,660)	(17,962,289)	(90,257,218)	(51,695,094)
Movement in provision for reinsurance share of unearned premium		(3,618,130)	(7,611,755)	20,389,509	3,883,170
Reinsurance share of premium revenue		<u>(36,783,790)</u>	<u>(25,574,044)</u>	<u>(69,867,709)</u>	<u>(47,811,924)</u>
Net insurance premium revenue		35,081,648	21,178,593	66,761,549	38,793,575
Reinsurance commission income		2,622,790	1,812,634	5,288,064	3,423,457
Other (expense)/income		(4,248)	9,686	27,361	9,930
Total underwriting income		<u>37,700,190</u>	<u>23,000,913</u>	<u>72,076,974</u>	<u>42,226,962</u>
UNDERWRITING EXPENSES					
Claims incurred		(44,478,303)	(29,462,146)	(107,603,590)	(55,463,762)
Reinsurers' share of claims incurred		29,074,515	20,070,173	73,433,222	37,709,114
Net claims incurred		<u>(15,403,788)</u>	<u>(9,391,973)</u>	<u>(34,170,368)</u>	<u>(17,754,648)</u>
Commission expenses including third-party administrator fees		(9,378,293)	(5,642,868)	(17,495,328)	(10,412,369)
Other underwriting expenses		(2,576,845)	(701,776)	(2,850,236)	(637,637)
General and administration expenses relating to underwriting activities		(9,657,682)	(8,427,323)	(18,976,147)	(16,725,894)
Total underwriting expenses		<u>(37,016,608)</u>	<u>(24,163,940)</u>	<u>(73,492,079)</u>	<u>(45,530,548)</u>
NET UNDERWRITING INCOME/(LOSS)		<u>683,582</u>	<u>(1,163,027)</u>	<u>(1,415,105)</u>	<u>(3,303,586)</u>
Investment income		373,178	1,956,166	3,059,226	4,308,376
General and administration expenses not allocated to underwriting activities		(594)	(214,483)	(46,603)	(267,001)
PROFIT FOR THE PERIOD		<u>1,056,166</u>	<u>578,656</u>	<u>1,597,518</u>	<u>737,789</u>
Basic and diluted earnings per share (AED)	14	<u>0.011</u>	<u>0.006</u>	<u>0.016</u>	<u>0.007</u>

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

United Fidelity Insurance Company (Public Shareholding Company)
Condensed interim statement of comprehensive income
For the six months ended 30 June 2020 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	2020	2019	2020	2019
	AED	AED	AED	AED
Profit for the period	1,056,166	578,656	1,597,518	737,789
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	<u>2,701,276</u>	<u>2,966,043</u>	<u>(14,992,055)</u>	<u>3,338,512</u>
	2,701,276	2,966,043	(14,992,055)	3,338,512
Net realised gain / (loss) on disposal of available-for-sale investments transferred to income statement	<u>45,318</u>	<u>-</u>	<u>(495,163)</u>	<u>-</u>
	45,318	-	(495,163)	-
Other comprehensive income / (loss) for the period	<u>2,746,594</u>	<u>2,966,043</u>	<u>(15,487,218)</u>	<u>3,338,512</u>
	2,746,594	2,966,043	(15,487,218)	3,338,512
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>3,802,760</u>	<u>3,544,699</u>	<u>(13,889,700)</u>	<u>4,076,301</u>
	3,802,760	3,544,699	(13,889,700)	4,076,301

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

United Fidelity Insurance Company (Public Shareholding Company)
Condensed interim statement of changes in equity
For the six months ended 30 June 2020 (Unaudited)

	<i>Share capital</i> <i>AED</i>	<i>Statutory</i> <i>reserve</i> <i>AED</i>	<i>General</i> <i>reserve</i> <i>AED</i>	<i>Investment</i> <i>revaluation</i> <i>reserve</i> <i>AED</i>	<i>Accumulated</i> <i>losses</i> <i>AED</i>	<i>Total equity</i> <i>AED</i>
Balance at 31 December 2018 (audited)	100,000,000	-	1,119,524	(3,729,025)	(26,991,058)	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	-	-	-	3,338,512	737,789	4,076,301
Balance at 30 June 2019 (unaudited)	100,000,000	-	1,119,524	(390,513)	(26,253,269)	74,475,742
Balance at 31 December 2019 (audited)	100,000,000	141,187	1,119,524	710,186	(26,194,584)	75,776,313
Profit for the period	-	-	-	-	1,597,518	1,597,518
Other comprehensive loss for the period	-	-	-	(15,487,218)	-	(15,487,218)
Total comprehensive (loss)/income for the period	-	-	-	(15,487,218)	1,597,518	(13,889,700)
Balance at 30 June 2020 (unaudited)	100,000,000	141,187	1,119,524	(14,777,032)	(24,597,066)	61,886,613

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

United Fidelity Insurance Company (Public Shareholding Company)
Condensed interim statement of cashflows
For the six months ended 30 June 2020 (Unaudited)

	Notes	<i>Six months ended</i>	
		<i>30 June</i>	
		<i>2020</i>	<i>2019</i>
		<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period		1,597,518	737,789
Adjustments for:			
Investment income		(3,652,421)	(4,308,376)
Allowance written back for doubtful debts		(1,172,985)	(458,822)
Gain on sale of available-for-sale investment		(1,036,565)	-
Allowance made for doubtful debts		1,460,420	864,179
Provision for impairment of investment properties		1,000,000	-
Amortisation of discount on held-to-maturity investment		(142,841)	-
Loss on sale of investments at FVTPL		756,763	-
Depreciation on property and equipment		503,414	258,923
Depreciation on right-to-use asset		416,820	-
Provision for employees' end of service benefits		422,670	350,668
Interest expense on lease liability		145,020	-
Change in fair value of investments at FVTPL		15,838	-
Property and equipment write off		-	2,704
		<u>313,651</u>	<u>(2,552,935)</u>
Changes in operating assets and liabilities:			
Insurance contract assets		(51,695,341)	(1,251,096)
Deferred acquisition cost		(8,527,564)	(1,323,302)
Insurance and other receivables		(17,481,085)	1,455,404
Prepayment and other assets		(934,780)	(1,881,814)
Insurance contract liabilities		85,182,387	7,721,753
Deferred commission income		717,762	892,934
Insurance and other payables		24,697,924	3,631,945
Cash generated from operations		<u>32,272,954</u>	<u>6,692,889</u>
Employees' end of service benefits paid		(77,070)	(71,478)
Net cash generated from operating activities		<u>32,195,884</u>	<u>6,621,411</u>
INVESTING ACTIVITIES			
Net movement in fixed deposits		(34,769,273)	(9,720,139)
Purchase of investment at FVTPL		(25,458,669)	-
Purchase of held-to-maturity investments		(10,049,097)	-
Purchase of available-for-sale investments		(5,679,804)	(4,167,366)
Proceeds from sale of investment at FVTPL		14,166,941	-
Proceeds from disposal of available-for-sale investments		5,512,452	-
Dividend income received		1,995,788	2,523,548
Purchase of property and equipment		(205,098)	(2,412,506)
Interest income		800,600	696,974
Income from investment properties received		859,155	1,087,854
Other investment expenses		(3,122)	-
Net cash used in investing activities		<u>(52,830,127)</u>	<u>(11,991,635)</u>
FINANCING ACTIVITIES			
Interest paid on lease liability		(145,020)	-
Payment of lease liability		(357,569)	-
Net cash used in financing activities		<u>(502,589)</u>	<u>-</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>(21,136,832)</u>	<u>(5,370,224)</u>
Cash and cash equivalents at 1 January		38,096,676	18,476,337
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	<u>16,959,844</u>	<u>13,106,113</u>

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

United Fidelity Insurance Company (Public Shareholding Company)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

1 CORPORATE INFORMATION

United Fidelity Insurance Company (Public Shareholding Company) (the “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 and life insurance. The Company operates through its Head Office in Dubai and branch offices in Abu Dhabi, Ras Al Khaimah, Sharjah and Fujairah.

These condensed interim financial statements were authorised for issue in accordance with a resolution of the directors on 27 July 2020.

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 as the activities of the Company are predominantly connected with insurance on 30 June 2020 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 2019. In addition, results for the six months ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. 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 2019.

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 2019, except for adoption of new standards effective as of 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the condensed interim financial statements of the Company.

United Fidelity Insurance Company (Public Shareholding Company)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3 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).

4 FINANCIAL INSTRUMENTS

	<i>Carrying value</i>		<i>Fair value</i>	
	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Available for sale investments (Note 4(a))	37,393,314	51,676,615	37,393,314	51,676,615
Investment at fair value through profit or loss (Note 4(b))	12,722,592	2,203,465	12,722,592	2,203,465
Held-to-maturity investment at amortised cost (Note 4(c))	10,191,938	-	10,135,084	-
	60,307,844	53,880,080	60,250,990	53,880,080

4(a) Available for sale investments

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Quoted Equity Securities</i>		
Within UAE	37,393,314	51,676,615

United Fidelity Insurance Company (Public Shareholding Company)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

4 FINANCIAL INSTRUMENTS (continued)

4(b) Investment at fair value through profit or loss

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Outside UAE</i>		
Quoted investments in structured products	6,740,352	-
Unquoted mutual fund units	5,982,240	2,203,465
	<u>12,722,592</u>	<u>2,203,465</u>

4(c) Held-to-maturity investment at amortised cost

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Outside UAE</i>		
Quoted debt securities	10,191,938	-

5 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 2019.

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)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

5 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
<u>Available - for - sale investments</u>					
Quoted investments	37,393,314	51,676,615	Level 1	Quoted bid prices in an active market	N/A
<u>Investment at fair value through profit or loss</u>					
Quoted investments	6,740,352	-	Level 1	Quoted bid prices in an active market	N/A
Unquoted investments	5,982,240	2,203,465	Level 3	Net assets valuation method	N/A
<u>Held-to-maturity investment at amortised cost</u>					
Quoted investments	10,191,938	-	Level 1	Quoted bid process in an active market	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:

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
At 1 January	2,203,465	2,203,465
Purchased during the period	3,723,286	-
Fair value adjustment	55,489	-
At 31 December	<u>5,982,240</u>	<u>2,203,465</u>

6 INSURANCE RECEIVABLES

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Due from policyholders and brokers	84,684,567	65,994,688
Due from insurance companies	4,609,419	6,543,855
Due from reinsurance companies	1,004,069	495,058
Less: allowance for doubtful debts	<u>(11,263,960)</u>	<u>(11,193,156)</u>
	<u>79,034,095</u>	<u>61,840,445</u>

United Fidelity Insurance Company (Public Shareholding Company)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

6 INSURANCE RECEIVABLES (continued)

All of the amounts are due within twelve months 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.

Movements in the allowance for doubtful debts were as follows:

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
At 1 January	11,193,156	15,869,236
Provided during the year	1,460,420	836,792
Allowances written back during the year	(1,172,985)	(599,696)
Bad debts written off during the year	(216,631)	(4,913,176)
At 31 December	<u>11,263,960</u>	<u>11,193,156</u>

7 STATUTORY DEPOSITS

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Restricted bank deposits	<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 1% to 4.25% (31 December 2019: 1.30% to 4.25%).

8 BANK BALANCES AND CASH

Bank balances and cash comprise the following statement of financial position amounts:

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Current accounts and cash	10,888,294	31,641,257
Call accounts	6,071,550	6,455,419
Fixed bank deposits	<u>66,000,000</u>	<u>31,230,727</u>
	<u>82,959,844</u>	<u>69,327,403</u>

The entire bank balances and cash are within United Arab Emirates. The annual rate of fixed bank deposits is 1% to 4.25% (31 December 2019: 1.30% to 4.25%). All fixed bank deposits with banks mature within different periods not exceeding one year from the financial date of deposit after three months period from the reporting date.

United Fidelity Insurance Company (Public Shareholding Company)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

8 BANK BALANCES AND CASH (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 2020 AED (Unaudited)</i>	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Bank balances and cash	82,959,844	54,336,840	69,327,403
Bank deposits with maturity over 3 months	(66,000,000)	(41,230,727)	(31,230,727)
	16,959,844	13,106,113	38,096,676

9 SHARE CAPITAL

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Issued and fully paid 100,000,000 shares of AED 1 each (31 December 2019: 100,000,000 shares of AED 1 each)	100,000,000	100,000,000

10 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.

11 INSURANCE CONTRACT ASSETS AND LIABILITIES

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Insurance contract liabilities:</i>		
Unearned premiums	153,155,083	107,619,752
Premium deficiency reserve	614,498	517,192
Claims reported unsettled	89,452,707	54,258,728
Claims incurred but not reported	21,688,432	17,528,668
Unallocated loss adjustment expenses	1,216,333	1,020,326
	266,127,053	180,944,666

United Fidelity Insurance Company (Public Shareholding Company)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

11 INSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Insurance contract assets:</i>		
Unearned premiums	66,690,112	46,300,603
Claims reported unsettled	61,136,228	32,746,274
Claims incurred but not reported	11,930,382	9,014,504
	<u>139,756,722</u>	<u>88,061,381</u>
	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Insurance contract liabilities - net:</i>		
Unearned premiums	86,464,971	61,319,149
Premium deficiency reserve	614,498	517,192
Claims reported unsettled	28,316,479	21,512,454
Claims incurred but not reported	9,758,050	8,514,164
Unallocated loss adjustment expenses	1,216,333	1,020,326
	<u>126,370,331</u>	<u>92,883,285</u>

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

12 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.

Affiliates of major shareholders:

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

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Due from policyholders	9,714,717	2,580,423
Outstanding claims	<u>703,569</u>	<u>466,359</u>

United Fidelity Insurance Company (Public Shareholding Company)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

12 RELATED PARTY TRANSACTIONS (continued)

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June (Unaudited)</i>		<i>30 June (Unaudited)</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<i>Affiliates of major shareholders:</i>				
Premiums	2,651,891	4,041,418	13,611,967	14,874,240
Claims	(1,460,046)	(2,482,118)	(3,715,280)	(4,401,915)
Legal and consultancy expenses	276,000	276,000	552,000	552,000

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>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Remuneration of key management personnel	461,737	973,580	1,657,497	1,393,128

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

United Fidelity Insurance Company (Public Shareholding Company)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

13 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.

	<i>General insurance</i>		<i>Investment</i>		<i>Total</i>	
	<i>30 June 2020</i>	<i>30 June 2019</i>	<i>30 June 2020</i>	<i>30 June 2019</i>	<i>30 June 2020</i>	<i>30 June 2019</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Gross premium	182,261,895	100,084,348	-	-	182,261,895	100,084,348
Net underwriting loss	(1,415,105)	(3,303,586)	-	-	(1,415,105)	(3,303,586)
Investment income	-	-	3,059,226	4,308,376	3,059,226	4,308,376
Unallocated costs (net)	-	-	(46,603)	(267,001)	(46,603)	(267,001)
(Loss)/income for the period	(1,415,105)	(3,303,586)	3,012,623	4,041,375	1,597,518	737,789

United Fidelity Insurance Company (Public Shareholding Company)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

13 SEGMENTAL INFORMATION (continued)

Identification of reportable segments (continued)

Primary segment information (continued)

	General insurance		Investment		Total	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	AED	AED	AED	AED	AED	AED
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	253,965,823	175,614,488	178,135,504	137,938,467	432,101,327	313,552,955
Unallocated assets	-	-	-	-	28,034,817	49,886,785
Total assets	253,965,823	175,614,488	178,135,504	137,938,467	460,136,144	363,439,740
Segment liabilities	396,315,576	286,075,072	-	-	396,315,576	286,075,072
Unallocated liabilities	-	-	-	-	1,933,955	1,588,355
Total liabilities	396,315,576	286,075,072	-	-	398,249,531	287,663,427

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)
Notes to the condensed interim financial statements
For the six months ended 30 June 2020 (Unaudited)

13 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>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Medical	28,808,337	15,857,014	79,329,868	49,370,264
Motor	33,614,022	17,251,997	71,533,021	30,802,327
Property	2,825,572	2,572,952	11,119,365	6,874,106
Marine	1,883,600	1,781,342	4,835,728	2,890,686
Engineering, general accidents and others	6,198,688	4,006,157	15,443,913	10,146,965
	73,330,219	41,469,462	182,261,895	100,084,348

14 BASIC AND DILUTED EARNINGS 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>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Profit for the period (AED)	1,056,166	578,656	1,597,518	737,789
Weighted average number of shares outstanding during the period	100,000,000	100,000,000	100,000,000	100,000,000
Earnings per share (AED)	0.011	0.006	0.016	0.007

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

15 CONTINGENCIES

Contingent liabilities

At 30 June 2020, 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 6,650,691 (31 December 2019: AED 6,650,691).

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. Further, the Company is continuing to monitor the impact of COVID-19 on its financial performance. To date, there has been no significant impact on the credit risk or instances of default. Accordingly, results for the period ended 30 June 2020 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 2020.