

**United Fidelity Insurance Company**  
**(Public Shareholding Company)**

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



# Grant Thornton

An instinct for growth™

**Grant Thornton  
United Arab Emirates**  
Rolex Tower  
Level 23  
Sheikh Zayed Road  
P.O. Box 1620  
Dubai

**T +971 4 388 9925  
F +971 4 388 9915**

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

### ***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of United Fidelity Insurance Company P.S.C. (the “Company”) as at 30 September 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income for the three months and nine months periods then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine 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*


**Grant Thornton  
Farouk Mohamed**



**Registration No: 86  
Dubai, 28 October 2020**

United Fidelity Insurance Company (Public Shareholding Company)  
Condensed interim statement of financial position  
As at 30 September 2020 (Unaudited)

		<i>30 September</i> <i>2020</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2019</i> <i>AED</i> <i>(Audited)</i>
<b>ASSETS</b>			
Property and equipment		10,878,136	11,790,109
Investment properties	3	50,327,660	52,827,660
Financial instruments	4	62,477,698	53,880,080
Insurance contract assets	11	139,850,118	88,061,381
Deferred acquisition costs		25,411,908	15,531,162
Insurance receivables	6	88,697,596	61,840,445
Prepayments and other receivables		4,923,688	4,181,500
Statutory deposits	7	6,000,000	6,000,000
Bank balances and cash	8	91,995,868	69,327,403
<b>TOTAL ASSETS</b>		<b>480,562,672</b>	<b>363,439,740</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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	10	(10,790,201)	710,186
Accumulated losses		(23,533,918)	(26,194,584)
<b>Total equity</b>		<b>66,936,592</b>	<b>75,776,313</b>
<b>Liabilities</b>			
Employees' end of service benefits		2,120,931	1,588,355
Insurance contract liabilities	11	276,039,847	180,944,666
Deferred commission income		5,833,691	4,880,847
Insurance and other payables		122,917,670	92,999,264
Lease liability		6,713,941	7,250,295
<b>Total liabilities</b>		<b>413,626,080</b>	<b>287,663,427</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>480,562,672</b>	<b>363,439,740</b>

  
\_\_\_\_\_  
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)**  
**Condensed interim income statement**  
**For the nine months ended 30 September 2020 (Unaudited)**

	Note	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
		2020 AED	2019 AED	2020 AED	2019 AED
<b>UNDERWRITING INCOME</b>					
Gross premium		80,381,959	62,441,698	262,643,854	162,526,046
Movement in provision for unearned premium		(2,694,667)	(10,827,737)	(48,229,998)	(24,306,586)
Movement in premium deficiency reserve		41,763	(11,277)	(55,543)	(11,277)
Insurance premium revenue		<u>77,729,055</u>	<u>51,602,684</u>	<u>214,358,313</u>	<u>138,208,183</u>
Reinsurance share of premium		(39,632,606)	(40,064,921)	(129,889,824)	(91,760,015)
Movement in provision for reinsurance share of unearned premium		1,253,926	10,168,492	21,643,435	14,051,662
Reinsurance share of premium revenue		<u>(38,378,680)</u>	<u>(29,896,429)</u>	<u>(108,246,389)</u>	<u>(77,708,353)</u>
Net insurance premium revenue		39,350,375	21,706,255	106,111,924	60,499,830
Reinsurance commission income		3,067,168	2,236,378	8,355,232	5,659,835
Other (expense)/income		(3,333)	70	24,028	10,000
<b>Total underwriting income</b>		<u>42,414,210</u>	<u>23,942,703</u>	<u>114,491,184</u>	<u>66,169,665</u>
<b>UNDERWRITING EXPENSES</b>					
Claims incurred		(43,473,138)	(31,086,651)	(151,076,728)	(86,550,413)
Reinsurers' share of claims incurred		22,441,687	23,296,386	95,874,909	61,005,500
Net claims incurred		<u>(21,031,451)</u>	<u>(7,790,265)</u>	<u>(55,201,819)</u>	<u>(25,544,913)</u>
Commission expenses including third-party administrator fees		(10,041,183)	(6,641,670)	(27,536,511)	(17,054,039)
Other underwriting expenses		(1,834,241)	(1,316,225)	(4,684,477)	(1,953,862)
General and administration expenses relating to underwriting activities		(9,723,731)	(8,913,975)	(28,699,878)	(25,639,869)
<b>Total underwriting expenses</b>		<u>(42,630,606)</u>	<u>(24,662,135)</u>	<u>(116,122,685)</u>	<u>(70,192,683)</u>
<b>NET UNDERWRITING LOSS</b>		<u>(216,396)</u>	<u>(719,432)</u>	<u>(1,631,501)</u>	<u>(4,023,018)</u>
Investment income		1,329,573	1,142,017	4,388,799	5,450,393
General and administration expenses not allocated to underwriting activities		(50,029)	(2,120)	(96,632)	(269,121)
<b>PROFIT FOR THE PERIOD</b>		<u>1,063,148</u>	<u>420,465</u>	<u>2,660,666</u>	<u>1,158,254</u>
Basic and diluted earnings per share	14	<u>0.011</u>	<u>0.004</u>	<u>0.027</u>	<u>0.012</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 nine months ended 30 September 2020 (Unaudited)**

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	1,063,148	420,465	2,660,666	1,158,254
<b>OTHER COMPREHENSIVE INCOME</b>				
<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	3,736,545	2,406,114	(11,255,510)	5,744,626
	3,736,545	2,406,114	(11,255,510)	5,744,626
Net realised loss on disposal of available-for-sale investments transferred to income statement	(249,714)	(397,146)	(744,877)	(397,146)
Impairment of available-for-sale investments	500,000	-	500,000	-
<b>Other comprehensive income / (loss) for the period</b>	<b>3,986,831</b>	<b>2,008,968</b>	<b>(11,500,387)</b>	<b>5,347,480</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>5,049,979</b>	<b>2,429,433</b>	<b>(8,839,721)</b>	<b>6,505,734</b>

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 nine months ended 30 September 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	-	-	-	-	1,158,254	1,158,254
Other comprehensive income for the period	-	-	-	5,347,480	-	5,347,480
Total comprehensive income for the period	-	-	-	5,347,480	1,158,254	6,505,734
Balance at 30 September 2019 (unaudited)	100,000,000	-	1,119,524	1,618,455	(25,832,804)	76,905,175
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	-	-	-	-	2,660,666	2,660,666
Other comprehensive loss for the period	-	-	-	(11,500,387)	-	(11,500,387)
Total comprehensive (loss)/income for the period	-	-	-	(11,500,387)	2,660,666	(8,839,721)
Balance at 30 September 2020 (unaudited)	100,000,000	141,187	1,119,524	(10,790,201)	(23,533,918)	66,936,592

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 nine months ended 30 September 2020 (Unaudited)**

	<i>Nine months ended 30 September</i>	
	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	2,660,666	1,158,254
Adjustments for:		
Investment income	(4,676,332)	(5,461,856)
Gain on sale of available-for-sale investment	(2,272,377)	(988,537)
Allowances written back for doubtful debts	(1,676,420)	(567,222)
Change in fair value of investments at FVTPL	(1,128,779)	-
Amortisation of discount on held-to-maturity investment	(252,610)	-
Gain on disposal of held-to-maturity investment	(168,698)	-
Impairment loss on available-for-sale	500,000	-
Revaluation loss of investment properties	2,500,000	1,000,000
Allowance made for doubtful debts	2,406,478	985,726
Loss on sale of investments at FVTPL	1,085,012	-
Depreciation on property and equipment	761,517	392,177
Depreciation on right to use assets	625,230	-
Provision for employees' end of service benefits	633,650	542,380
Interest expense on lease liability	217,530	-
Gain on disposal of property and equipment	-	(3,083)
Property and equipment written off	-	2,695
	<u>1,214,867</u>	<u>(2,939,466)</u>
Changes in operating assets and liabilities:		
Insurance contract assets	(51,788,737)	(13,993,677)
Deferred acquisition cost	(9,880,746)	(1,869,498)
Insurance and other receivables	(27,587,209)	(10,821,208)
Prepayment and other assets	(742,188)	(1,749,872)
Insurance contract liabilities	95,095,181	18,632,410
Deferred commission income	952,844	759,867
Insurance and other payables	29,918,406	16,122,288
Cash generated from operations	<u>37,182,418</u>	<u>4,140,844</u>
Employees' end of service benefits paid	(101,074)	(87,286)
Net cash generated from operating activities	<u>37,081,344</u>	<u>4,053,558</u>
<b>INVESTING ACTIVITIES</b>		
Net movement in fixed deposits	(14,769,273)	(9,720,139)
Purchase of investments at FVTPL	(34,755,025)	-
Purchase of held-to-maturity investments	(13,676,791)	-
Purchase of available-for-sale investments	(11,306,781)	(4,409,251)
Purchase of property and equipment	(474,774)	(3,366,475)
Proceeds from disposal of investments at FVTPL	25,601,238	-
Proceeds from disposal of available-for-sale investments	12,628,270	3,507,391
Proceeds from disposal of held-to-maturity investments	3,662,969	-
Dividend income received	2,123,358	2,687,817
Interest income received	1,192,239	1,059,286
Income from investment properties received	1,346,302	1,714,753
Proceeds from disposal of property and equipment	-	9,000
Net cash used in investing activities	<u>(28,428,268)</u>	<u>(8,517,618)</u>
<b>FINANCING ACTIVITIES</b>		
Interest paid on lease liability	(217,530)	-
Payment of principal amount of lease liability	(536,354)	-
Net cash used in financing activities	<u>(753,884)</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>7,899,192</u>	<u>(4,464,060)</u>
Cash and cash equivalents at 1 January	<u>38,096,676</u>	<u>18,476,337</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<u>8</u> <u>45,995,868</u>	<u>14,012,277</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 nine months ended 30 September 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.

The condensed interim financial statements were authorised for issue in accordance with a resolution of the directors on 28 October 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 and the activities of the Company are predominantly connected with insurance on 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2020 (Unaudited)**

**2 BASIS OF PREPARATION AND SIGNIFICANT 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 PROPERTIES**

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 orderly 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 values 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 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>	<i>30 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Available-for-sale investments (Note 4(a))	40,627,117	51,676,615	40,627,117	51,676,615
Investments at FVTPL (Note 4(b))	11,401,018	2,203,465	11,401,018	2,203,465
Held-to-maturity investments at amortised cost (Note 4(c))	10,449,563	-	10,893,170	-
	<b>62,477,698</b>	<b>53,880,080</b>	<b>62,921,305</b>	<b>53,880,080</b>

4(a) Available-for-sale investments

	<i>30 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Quoted Equity Securities</i>		
Within UAE	<b>40,627,117</b>	<b>51,676,615</b>

Impairment loss of AED 500,000 has been booked on available-for-sale investments during the period (30 September 2019: AED nil).

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

---

**4 FINANCIAL INSTRUMENTS (continued)**

4(b) Investments at FVTPL

	<i>30 September</i> <i>2020</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2019</i> <i>AED</i> <i>(Audited)</i>
<i>Outside UAE</i>		
Unquoted mutual fund units	<u>11,401,018</u>	<u>2,203,465</u>

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

	<i>30 September</i> <i>2020</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2019</i> <i>AED</i> <i>(Audited)</i>
<i>Outside UAE</i>		
Quoted debt securities	<u>10,449,563</u>	<u>-</u>

**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 nine months ended 30 September 2020 (Unaudited)

5 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>30 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>	<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable inputs</i>
<b><u>Available - for - sale investments</u></b>					
Quoted investments	40,627,117	51,676,615	Level 1	Quoted bid prices in an active market	N/A
<b><u>Investments at fair value through profit or loss</u></b>					
Unquoted investments	11,401,018	2,203,465	Level 3	Net assets valuation method	N/A
<b><u>Held-to-maturity investments at amortised cost</u></b>					
Quoted investments	10,449,563	-	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:*

	<i>30 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Opening balance	2,203,465	2,203,465
Purchased during the period/year	9,186,268	-
Fair value adjustment	11,285	-
Closing balance	<u>11,401,018</u>	<u>2,203,465</u>

6 INSURANCE RECEIVABLES

	<i>30 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Due from policyholders and brokers	93,534,979	65,994,688
Due from insurance companies	5,783,723	6,543,855
Due from reinsurance companies	1,047,831	495,058
Less: allowance for doubtful debts	<u>(11,668,937)</u>	<u>(11,193,156)</u>
	<u>88,697,596</u>	<u>61,840,445</u>



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

---

**6 INSURANCE RECEIVABLES (continued)**

All of the amounts are due within twelve months of the reporting date. The amounts due from reinsurers are normally settled on a quarterly basis.

Movements in the allowance for doubtful debts were as follows:

	<i>30 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Opening balance	11,193,156	15,869,236
Provided during the period/year	2,406,478	836,792
Allowances written back during the period/year	(1,676,420)	(599,696)
Bad debts written off during the period/year	(254,277)	(4,913,176)
Closing balance	<u>11,668,937</u>	<u>11,193,156</u>

**7 STATUTORY DEPOSITS**

	<i>30 September 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 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Current accounts and cash	26,544,782	31,641,257
Call accounts	19,451,086	6,455,419
Fixed bank deposits	46,000,000	31,230,727
	<u>91,995,868</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 nine months ended 30 September 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 September 2020 AED (Unaudited)</i>	<i>30 September 2019 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Bank balances and cash	91,995,868	55,243,004	69,327,403
Bank deposits with maturity over 3 months	<b>(46,000,000)</b>	<b>(41,230,727)</b>	<b>(31,230,727)</b>
	<b>45,995,868</b>	<b>14,012,277</b>	<b>38,096,676</b>

**9 SHARE CAPITAL**

	<i>30 September 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)	<b>100,000,000</b>	<b>100,000,000</b>

**10 RESERVES**

*Statutory reserve*

In accordance with the UAE Commercial Companies Law and the Group's Article of Association, the Group has resolved not to increase the statutory reserve above an amount equal to 50% of its paid-up share capital. Accordingly, no transfers have been made during the nine months period ended 30 September 2020. The reserve is not available for distribution except in the circumstances stipulated by the law.

*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 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Insurance contract liabilities:</i>		
Unearned premiums	155,849,750	107,619,752
Claims reported unsettled	91,629,896	54,258,728
Claims incurred but not reported	26,476,395	17,528,668
Unallocated loss adjustment expenses	1,511,071	1,020,326
Premium deficiency reserve	572,735	517,192
	<b>276,039,847</b>	<b>180,944,666</b>

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

11 INSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

	<i>30 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Insurance contract assets:</i>		
Unearned premiums	67,944,038	46,300,603
Claims reported unsettled	57,123,996	32,746,274
Claims incurred but not reported	14,782,084	9,014,504
	<u>139,850,118</u>	<u>88,061,381</u>
	<i>30 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
<i>Insurance contract liabilities - net:</i>		
Unearned premiums	87,905,712	61,319,149
Claims reported unsettled	34,505,900	21,512,454
Claims incurred but not reported	11,694,311	8,514,164
Unallocated loss adjustment expenses	1,511,071	1,020,326
Premium deficiency reserve	572,735	517,192
	<u>136,189,729</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 September 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Due from policyholders	6,617,461	2,580,423
Outstanding claims	766,627	466,359



United Fidelity Insurance Company (Public Shareholding Company)  
Notes to the condensed interim financial statements  
For the nine months ended 30 September 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>Nine months ended</i>	
	<i>30 September (Unaudited)</i>		<i>30 September (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	335,418	253,746	13,947,386	15,127,986
Claims	(2,137,496)	(2,621,183)	(5,852,776)	(7,023,098)
Management fee paid to Fidelity Assurance and Reinsurance SARL	276,000	276,000	828,000	828,000

*Compensation of the key management personnel:*

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September (Unaudited)</i>		<i>30 September (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	461,904	440,387	2,119,401	1,833,515

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 nine months ended 30 September 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 insurance segment, comprises property, fire, marine, motor, medical, life, general accident and miscellaneous risks.
- Investment comprises financial assets at FVTPL, available-for-sale investments, held-to-maturity investments, investment properties and fixed deposits.

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

	<b>Insurance</b>		<b>Investment</b>		<b>Total</b>	
	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2020</b>	<b>30 September 2019</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Gross premium	262,643,854	162,526,046	-	-	262,643,854	162,526,046
Net underwriting loss	(1,631,501)	(4,023,018)	-	-	(1,631,501)	(4,023,018)
Investment income	-	-	4,388,799	5,450,393	4,388,799	5,450,393
Unallocated costs (net)	-	-	(96,632)	(269,121)	(96,632)	(269,121)
(Loss)/profit for the period	(1,631,501)	(4,023,018)	4,292,167	5,181,272	2,660,666	1,158,254

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

**13 SEGMENTAL INFORMATION (continued)**

Identification of reportable segments (continued)

***Primary segment information (continued)***

	<b>Insurance</b>		<b>Investment</b>		<b>Total</b>	
	<b>30 September 2020</b>	<b>31 December 2019</b>	<b>30 September 2020</b>	<b>31 December 2019</b>	<b>30 September 2020</b>	<b>31 December 2019</b>
	<i>AED (Unaudited)</i>	<i>AED (Audited)</i>	<i>AED (Unaudited)</i>	<i>AED (Audited)</i>	<i>AED (Unaudited)</i>	<i>AED (Audited)</i>
<b>Segment assets</b>	264,883,314	175,614,488	158,805,358	137,938,467	423,688,672	313,552,955
Unallocated assets	-	-	-	-	56,874,000	49,886,785
<b>Total assets</b>	<b>264,883,314</b>	<b>175,614,488</b>	<b>158,805,358</b>	<b>137,938,467</b>	<b>480,562,672</b>	<b>363,439,740</b>
<b>Segment liabilities</b>	411,505,149	286,075,072	-	-	411,505,149	286,075,072
Unallocated liabilities	-	-	-	-	2,120,931	1,588,355
<b>Total liabilities</b>	<b>411,505,149</b>	<b>286,075,072</b>	<b>-</b>	<b>-</b>	<b>413,626,080</b>	<b>287,663,427</b>

The Company's operations are primarily conducted in the United Arab Emirates. 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 nine months ended 30 September 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	36,260,679	34,258,319	115,101,108	83,628,583
Motor	28,717,743	18,358,881	100,250,764	49,161,208
Engineering, casualty and others	6,506,248	5,631,218	21,950,161	15,778,183
Property	6,439,517	2,554,022	17,558,882	9,428,128
Marine	2,197,800	1,639,258	7,033,528	4,529,944
Group life	259,972	-	749,411	-
	<b>80,381,959</b>	<b>62,441,698</b>	<b>262,643,854</b>	<b>162,526,046</b>

**14 BASIC AND DILUTED EARNINGS PER SHARE**

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Profit for the period (AED)	1,063,148	420,465	2,660,666	1,158,254
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)	<b>0.011</b>	0.004	<b>0.027</b>	0.012

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

**15 CONTINGENCIES**

***Contingent liabilities***

At 30 September 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. However, the Company has recognised a revaluation loss of AED 2.5 million on its investment properties. Accordingly, results for the period ended 30 September 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.