

**United Fidelity Insurance Company
(P.S.C.)**

**Condensed interim financial statements
For the period ended 31 March 2022 (Unaudited)**

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 of 31 March 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three 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.

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

Osama El-Bakry
Registration No. 935
Dubai, United Arab Emirates


27 April 2022


United Fidelity Insurance Company (P.S.C.)

Condensed interim statement of financial position

As at 31 March 2022 (Unaudited)

		<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
	<i>Notes</i>		
ASSETS			
Property and equipment		10,922,450	10,642,875
Investment properties	3	46,799,999	46,799,999
Financial instruments	4	174,905,816	164,611,100
Insurance contract assets	11	186,416,241	145,545,360
Deferred acquisition costs		32,739,791	28,852,761
Insurance receivables	6	137,581,322	88,662,920
Prepayments and other receivables		8,109,879	2,601,474
Statutory deposits	7	10,000,000	10,000,000
Bank balances and cash	8	130,385,184	70,998,762
TOTAL ASSETS		737,860,682	568,715,251
EQUITY AND LIABILITIES			
Equity			
Share capital	9	160,000,000	100,000,000
Statutory reserve	10	1,307,173	1,307,173
General reserve	10	447,524	1,119,524
Reinsurance reserve	10	1,740,629	1,740,629
Investment revaluation reserve	10	19,054,656	13,867,416
Accumulated losses		(16,900,045)	(17,441,337)
TOTAL EQUITY		165,649,937	100,593,405
Liabilities			
Employees' end of service benefits		3,556,283	3,376,247
Insurance contract liabilities	11	352,055,091	298,483,026
Deferred commission income		11,357,463	9,033,649
Insurance and other payables		198,697,186	150,613,492
Lease liability		6,544,722	6,615,432
TOTAL LIABILITIES		572,210,745	468,121,846
TOTAL EQUITY AND LIABILITIES		737,860,682	568,715,251


Chairman


Chief Executive Officer

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

United Fidelity Insurance Company (P.S.C.)

Condensed interim income statement

For the three months ended 31 March 2022 (Unaudited)

	Note	Three months ended 31 March (Unaudited)	
		2022 AED	2021 AED
UNDERWRITING INCOME			
Gross premiums		139,488,827	136,842,956
Movement in provision for unearned premium		(46,566,825)	(43,840,234)
Movement in premium deficiency reserve		(314,135)	(47,822)
Insurance premium revenue		<u>92,607,867</u>	<u>92,954,900</u>
Reinsurance share of premium		(85,336,413)	(75,490,973)
Movement in provision for reinsurance share of unearned premium		36,955,065	30,841,163
Reinsurance share of premium revenue		<u>(48,381,348)</u>	<u>(44,649,810)</u>
Net insurance premium revenue		44,226,519	48,305,090
Reinsurance commission income		4,969,334	3,438,781
Other (expense)/ income		(3,639)	2,019
Total underwriting income		<u>49,192,214</u>	<u>51,745,890</u>
UNDERWRITING EXPENSES			
Claims incurred		(58,528,473)	(45,206,699)
Reinsurers' share of claims incurred		28,593,417	21,024,713
Net claims incurred		<u>(29,935,056)</u>	<u>(24,181,986)</u>
Commission expenses including third-party administrator fees		(16,111,899)	(14,655,842)
Other underwriting expenses		(1,473,593)	(2,325,893)
General and administration expenses relating to underwriting activities		(8,624,334)	(11,368,351)
Total underwriting expenses		<u>(56,144,882)</u>	<u>(52,532,072)</u>
NET UNDERWRITING LOSS		<u>(6,952,668)</u>	<u>(786,182)</u>
Investment income - net		7,616,540	4,710,239
General and administration expenses not allocated to underwriting activities		(122,580)	(85,516)
PROFIT FOR THE PERIOD		<u>541,292</u>	<u>3,838,541</u>
Basic and diluted earnings per share	14	<u>0.003</u>	<u>0.024</u>

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

United Fidelity Insurance Company (P.S.C.)

**Condensed interim statement of comprehensive income
For the three months ended 31 March 2022 (Unaudited)**

	<i>Three months ended 31 March (Unaudited)</i>	
	2022	2021
	AED	AED
Profit for the period	541,292	3,838,541
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that would be reclassified to profit or loss in subsequent periods</i>		
Net increase in fair value of available-for-sale investments	10,520,569	1,670,570
<i>Other comprehensive income that would not be reclassified to profit or loss in subsequent periods</i>		
Net realised loss on disposal of available-for-sale investments transferred to income statement	(5,333,329)	(586,411)
Other comprehensive income for the period	5,187,240	1,084,159
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,728,532	4,922,700

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

United Fidelity Insurance Company (P.S.C.)

Condensed interim statement of changes in equity For the three months ended 31 March 2022 (Unaudited)

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Investment revaluation reserve AED	Accumulated losses AED	Total AED
Balance at 31 December 2020 (audited)	100,000,000	503,389	1,119,524	771,153	(3,970,627)	(23,705,917)	74,717,522
Profit for the period	-	-	-	-	-	3,838,541	3,838,541
Other comprehensive income for the period	-	-	-	-	1,084,159	-	1,084,159
Total comprehensive income for the period	-	-	-	-	1,084,159	3,838,541	4,922,700
Balance at 31 March 2021 (unaudited)	100,000,000	503,389	1,119,524	771,153	(2,886,468)	(19,867,376)	79,640,222
Balance at 31 December 2021 (audited)	100,000,000	1,307,173	1,119,524	1,740,629	13,867,416	(17,441,337)	100,593,405
Shares issued during the period (note 9)	60,000,000	-	-	-	-	-	60,000,000
Transaction cost on issue of shares	-	-	(672,000)	-	-	-	(672,000)
Profit for the period	-	-	-	-	-	541,292	541,292
Other comprehensive income for the period	-	-	-	-	5,187,240	-	5,187,240
Total comprehensive income for the period	-	-	(672,000)	-	5,187,240	541,292	5,187,240
Balance at 31 March 2022 (unaudited)	160,000,000	1,307,173	447,524	1,740,629	19,054,656	(16,900,045)	165,649,937

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

United Fidelity Insurance Company (P.S.C.)

Condensed interim statement of cash flows

For the three months ended 31 March 2022 (Unaudited)

	Notes	Three months ended	
		31 March	
		2022	2021
		AED	AED
		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
Profit for the period		541,292	3,838,541
Adjustments for:			
Change in fair value of investments at FVTPL		3,228,511	(63,141)
Gain on sale of investments at FVTPL		(74,144)	(22,028)
Investment income		(4,937,180)	(3,748,723)
Gain on sale of available-for-sale investment		(5,902,382)	(897,700)
Allowance made for doubtful debts		299,379	266,152
Allowance for doubtful debts written back		-	(76,444)
Depreciation on property and equipment		237,677	278,311
Depreciation on right-to-use assets		278,140	208,410
Provision for employees' end of service benefits		241,590	170,924
Interest on lease liability		65,940	64,710
		(6,021,177)	19,012
Changes in operating assets and liabilities:			
Insurance contract assets		(40,870,881)	(15,460,589)
Deferred acquisition cost		(3,887,030)	(8,056,184)
Insurance and other receivables		(49,217,781)	(39,906,182)
Prepayment and other assets		(5,508,405)	(3,318,543)
Insurance contract liabilities		53,572,065	31,378,327
Deferred commission income		2,323,814	2,253,989
Insurance and other payables		48,083,694	37,327,306
Cash (used in)/generated from operations		(1,525,701)	4,237,136
Employees' end of service benefits paid		(61,554)	(19,085)
Net cash (used in)/generated from operating activities		(1,587,255)	4,218,051
INVESTING ACTIVITIES			
Net movement in fixed deposits		(10,000,000)	20,000,000
Purchase of property and equipment		(532,119)	(50,334)
Proceeds from disposal of available-for-sale investments		21,420,790	3,806,521
Purchase of available-for-sale investments	4	(11,445,758)	(13,648,470)
Interest received		209,285	312,591
Income from investment properties received		330,196	579,892
Dividend income received		4,397,699	2,856,240
Proceeds from sale of investments at FVTPL		3,827,885	3,752,520
Purchase of investments at FVTPL	4	(16,162,377)	(13,657,817)
Net cash (used in)/generated from investing activities		(7,954,399)	3,951,143
FINANCING ACTIVITIES			
Proceeds from issuance of share capital	9	60,000,000	-
Payment of transaction charges towards rights issue		(672,000)	-
Interest paid on lease liability		(65,940)	(64,710)
Payment of lease liability		(333,984)	(186,584)
Net cash generated from/(used in) financing activities		58,928,076	(251,294)
NET CHANGE IN CASH AND CASH EQUIVALENTS		49,386,422	7,917,900
Cash and cash equivalents at 1 January		38,998,762	36,623,858
CASH AND CASH EQUIVALENTS AT 31 MARCH	8	88,385,184	44,541,758

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

United Fidelity Insurance Company (P.S.C.)

Notes to the condensed interim financial statements

For the three months ended 31 March 2022 (Unaudited)

1 CORPORATE INFORMATION

United Fidelity Insurance Company (P.S.C.) (the “Company”), is 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 (as amended) 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 Central Bank 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 April 2022.

Federal Law by Decree No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 with an effective date of 2 January 2022, and will entirely replace Federal Law No. 2 of 2015 (as amended) on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

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 31 March 2022, therefore the Company have opted for the temporary exemption from the application of IFRS 9 and defer the implementation date of IFRS 9 until 1 January 2023 along with the implementation of IFRS 17 as per IASB decision dated 17 March 2020.

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 2021. In addition, results for the three months ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. 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 2021.

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 2021, except for application of new standards effective as of 1 January 2022 as several amendments and interpretations apply for the first time in 2022. However, these amendments and interpretations do not have material impact on the condensed interim financial statements of the Company. The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

United Fidelity Insurance Company (P.S.C.)

Notes to the condensed interim financial statements For the three months ended 31 March 2022 (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 judgements 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.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models.

Impairment losses on insurance receivables

The Company reviews its insurance receivables on a regular basis to assess whether a provision for impairment should be recorded in the statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security, and realisation costs. In addition to specific provisions against individually significant insurance receivables, the Company also makes a collective impairment provision against insurance receivables which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for insurance receivables within each grade and is adjusted to reflect current economic changes.

Classification of investment property

The Company makes judgement to determine whether a property qualifies as investment property and follows the guidance of IAS 40 'Investment Property' to consider whether any owner-occupied property is not significant and is classified accordingly as investment property.

Provision for legal cases

Considerable judgement by management is required in the estimation for legal cases arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

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 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 (P.S.C.)

Notes to the condensed interim financial statements For the three months ended 31 March 2022 (Unaudited)

4 FINANCIAL INSTRUMENTS

	<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Available-for-sale investments (a)	101,015,440	99,900,850
Financial asset at fair value through profit or loss (b)	<u>73,890,376</u>	<u>64,710,250</u>
	<u>174,905,816</u>	<u>164,611,100</u>

(a) Available-for-sale investments

	<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
<i>Within UAE</i>		
Quoted shares	<u>101,015,440</u>	<u>99,900,850</u>

Movement during the period/year was as follows:

	<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Fair value at the beginning of the period/year	99,900,850	56,807,308
Purchased during the period/year	11,445,758	67,889,785
Disposed during the period/year	(20,851,737)	(49,655,017)
Net increase in fair value during the period/year	10,520,569	24,858,774
Fair value at the end of the period/year	<u>101,015,440</u>	<u>99,900,850</u>

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

	<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
<i>Outside UAE</i>		
Unquoted mutual fund units	25,233,229	27,245,115
Unquoted investments in real estate fund	31,961,130	23,252,460
Quoted bonds	7,451,065	7,613,867
Quoted structured products	6,964,601	4,318,457
Unquoted equity securities	2,280,351	2,280,351
	<u>73,890,376</u>	<u>64,710,250</u>

Movement during the period/year was as follows:

	<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Fair value at the beginning of the period/year	64,710,250	44,580,406
Purchased during the period/year	16,162,377	29,650,760
Disposed during the period/year	(3,753,740)	(11,281,185)
Change in fair value during the period/year	(3,228,511)	1,760,269
Fair value at the end of the period/year	<u>73,890,376</u>	<u>64,710,250</u>

United Fidelity Insurance Company (P.S.C.)

Notes to the condensed interim financial statements For the three months ended 31 March 2022 (Unaudited)

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 2021.

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.

	31 March 2022 AED (Unaudited)	31 December 2021 AED (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Available-for-sale					
Quoted investments	101,015,440	99,900,850	Level 1	Quoted bid prices in an active market	N/A
Financial assets at fair value through profit or loss					
Quoted investments	14,415,666	11,932,324	Level 1	Quoted bid prices in an active market	N/A
Unquoted investments	59,474,710	52,777,926	Level 3	Net assets valuation method	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:

	31 March 2022 AED (Unaudited)	31 December 2021 AED (Audited)
Opening balance	52,777,926	33,626,701
Purchase during the period / year	8,856,750	17,773,343
Fair value adjustment	(2,159,966)	1,377,882
Closing balance	<u>59,474,710</u>	<u>52,777,926</u>

United Fidelity Insurance Company (P.S.C.)

Notes to the condensed interim financial statements For the three months ended 31 March 2022 (Unaudited)

6 INSURANCE RECEIVABLES

	<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Due from policyholders and brokers	140,655,290	88,263,733
Due from insurance companies	2,349,896	4,499,893
Due from reinsurance companies	6,903,465	8,158,206
Less: Allowance for doubtful debts	<u>(12,327,329)</u>	<u>(12,258,912)</u>
	<u>137,581,322</u>	<u>88,662,920</u>

All of the above 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>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Opening balance	12,258,912	11,919,555
Provided during the period / year	299,379	1,986,700
Allowance written back during the period / year	(230,962)	(1,440,341)
Bad debts written off during the period / year	-	(207,002)
Closing balance	<u>12,327,329</u>	<u>12,258,912</u>

7 STATUTORY DEPOSITS

Statutory deposits represent 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 earning an interest per annum of 0.5% (31 December 2021: 0.5%)

8 BANK BALANCES AND CASH

Bank balances and cash included the following:

	<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Current accounts and cash	58,342,239	27,202,460
Call accounts	30,042,945	11,796,302
Bank deposits	<u>42,000,000</u>	<u>32,000,000</u>
	<u>130,385,184</u>	<u>70,998,762</u>

The entire balances are within United Arab Emirates. The annual rate of fixed deposits is 0.47% to 1.4% (31 December 2021: 0.25% to 4.25%). 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>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>	<i>31 March 2021 AED (Unaudited)</i>
Bank balances and cash	130,385,184	70,998,762	80,541,758
Bank deposits with maturity over 3 months	<u>(42,000,000)</u>	<u>(32,000,000)</u>	<u>(36,000,000)</u>
Cash and cash equivalents	<u>88,385,184</u>	<u>38,998,762</u>	<u>44,541,758</u>

United Fidelity Insurance Company (P.S.C.)

Notes to the condensed interim financial statements For the three months ended 31 March 2022 (Unaudited)

9 SHARE CAPITAL

	<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Issued and fully paid 160,000,000 shares of AED 1 each (31 December 2021: 100,000,000 shares of AED 1 each)	160,000,000	100,000,000

During the period, the Company issued shares amounting to AED 60 million with a nominal value of AED 1 each, for share capital increase. The issued share capital was paid and subscribed in full, on the subscription closure, dated 10 January 2022.

10 RESERVES

Statutory reserve

In accordance with the UAE Federal Law No. (2) of 2015 (as amended) and the Company's Articles of Association, 10% of the net profit of the Company is transferred to a statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid-up share capital. 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.

Reinsurance reserve

In accordance with CBUAE's Board of Directors' Decision No. 23, Article 34, an amount of AED 969,476 based on the reinsurance share of premium at a rate of 0.5% was transferred from retained earnings to reinsurance reserve during the year ended 31 December 2021. The reserve is not available for distribution, and will not be disposed of without prior approval from Insurance Authority.

Investment revaluation reserve

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

11 INSURANCE CONTRACT ASSETS AND LIABILITIES

	<i>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
<i>Insurance contract liabilities:</i>		
Unearned premiums reserve (UPR)	205,715,482	159,148,657
Premium deficiency reserve (PDR)	1,044,926	730,791
Claims reported unsettled (OS claims)	119,136,353	111,501,878
Claims incurred but not reported (IBNR)	24,209,273	25,262,220
Unallocated loss adjustment expenses (ULAE)	1,949,057	1,839,480
	352,055,091	298,483,026
<i>Insurance contract assets:</i>		
Unearned premiums	115,094,002	78,138,937
Claims reported unsettled	59,413,476	55,414,328
Claims incurred but not reported	11,908,763	11,992,095
	186,416,241	145,545,360
<i>Insurance contract liabilities - net:</i>		
Unearned premiums reserve	90,621,480	81,009,720
Premium deficiency reserve	1,044,926	730,791
Claims reported unsettled	59,722,877	56,087,550
Claims incurred but not reported (IBNR)	12,300,510	13,270,125
Unallocated loss adjustment expenses	1,949,057	1,839,480
	165,638,850	152,937,666

United Fidelity Insurance Company (P.S.C.)
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12 SEGMENTAL INFORMATION

Primary segment information

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

- The general insurance segment, comprises property, engineering, marine, motor, general accident and miscellaneous risks.
- The medical and life segment includes medical and group life.
- Investment comprises financial assets at FVTPL, available-for-sale investments, investment properties and bank deposits.

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

	General insurance		Medical and life insurance		Investment		Total	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	AED	AED	AED	AED	AED	AED	AED	AED
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross premium	65,955,464	68,309,922	73,533,363	68,533,034	-	-	139,488,827	136,842,956
Reinsurance share of gross premium	(35,579,328)	(28,005,786)	(49,757,085)	(47,485,187)	-	-	(85,336,413)	(75,490,973)
Net movement in provision for UPR and PDR	(588,810)	(4,293,603)	(9,337,085)	(8,753,290)	-	-	(9,925,895)	(13,046,893)
Net insurance premium revenue	29,787,326	36,010,533	14,439,193	12,294,557	-	-	44,226,519	48,305,090
Reinsurance commission income	4,969,334	3,438,781	-	-	-	-	4,969,334	3,438,781
Other (expense)/income	(3,639)	2,019	-	-	-	-	(3,639)	2,019
Total underwriting income	34,753,021	39,451,333	14,439,193	12,294,557	-	-	49,192,214	51,745,890
Claims incurred	(32,488,089)	(18,285,183)	(26,040,384)	(26,921,516)	-	-	(58,528,473)	(45,206,699)
Reinsurers' share of claims incurred	9,556,113	(542,079)	19,037,304	21,566,792	-	-	28,593,417	21,024,713
Net claims incurred	(22,931,976)	(18,827,262)	(7,003,080)	(5,354,724)	-	-	(29,935,056)	(24,181,986)
Commission expenses including third-party administrator fees	(10,749,859)	(10,254,167)	(5,362,040)	(4,401,675)	-	-	(16,111,899)	(14,655,842)
Other underwriting expense	(975,938)	(2,056,276)	(497,655)	(269,617)	-	-	(1,473,593)	(2,325,893)
General and administration expenses relating to underwriting activities	(5,961,941)	(8,083,843)	(2,662,393)	(3,284,508)	-	-	(8,624,334)	(11,368,351)
Total underwriting expenses	(40,619,714)	(39,221,548)	(15,525,168)	(13,310,524)	-	-	(56,144,882)	(52,532,072)
Net underwriting (loss)/profit	(5,866,693)	229,785	(1,085,975)	(1,015,967)	-	-	(6,952,668)	(786,182)
Investment income - net	-	-	-	-	7,616,540	4,710,239	7,616,540	4,710,239
Unallocated general and administration expenses	-	-	-	-	-	-	(122,580)	(85,516)
Profit for the period	-	-	-	-	7,616,540	4,710,239	541,292	3,838,541

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For the three months ended 31 March 2022 (Unaudited)

12 SEGMENTAL INFORMATION (continued)

Primary segment information (continued)

	General insurance		Medical and life insurance		Investment		Total	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	AED	AED	AED	AED	AED	AED	AED	AED
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	188,069,392	152,453,037	168,667,962	110,608,004	263,705,815	243,411,099	620,443,169	506,472,140
Unallocated assets	-	-	-	-	-	-	117,417,513	62,243,111
Total assets	188,069,392	152,453,037	168,667,962	110,608,004	263,705,815	243,411,099	737,860,682	568,715,251
Segment liabilities	319,080,423	286,876,695	243,029,317	171,253,472	-	-	562,109,740	458,130,167
Unallocated liabilities	-	-	-	-	-	-	10,101,005	9,991,679
Total liabilities	319,080,423	286,876,695	243,029,317	171,253,472	-	-	572,210,745	468,121,846

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 reportable segments. These amounts are not significant and are not reported separately.

United Fidelity Insurance Company (P.S.C.)

Notes to the condensed interim financial statements For the three months ended 31 March 2022 (Unaudited)

12 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 31 March (Unaudited)</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
Motor	26,882,243	39,023,035
Marine	7,388,835	5,540,944
Medical	72,977,259	67,869,030
Property	17,185,352	13,954,269
Engineering, general accidents and others	14,499,040	9,791,674
Group life	556,098	664,004
	<u>139,488,827</u>	<u>136,842,956</u>

13 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>31 March 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
<i>Affiliates of major shareholders:</i>		
Due from policyholders	1,976,103	1,742,443
Outstanding claims	383,437	358,187

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

	<i>Three months ended 31 March (Unaudited)</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
<i>Affiliates of major shareholders:</i>		
Premiums	6,399,010	12,688,689
Claims	(1,994,878)	(2,381,997)
<i>Compensation of the key management personnel:</i>		
Remuneration of key management personnel	<u>1,127,613</u>	<u>1,854,749</u>

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

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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 as follows:

	<i>Three months ended 31 March (Unaudited)</i>	
		<i>Restated</i>
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
Profit for the period (AED)	541,292	3,838,541
Weighted average number of shares outstanding	160,000,000	160,000,000
Earnings per share (AED)	<u>0.003</u>	<u>0.024</u>

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

15 CONTINGENCIES

Contingent liabilities

At 31 March 2022, 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 10,727,531 (31 December 2021: AED 11,312,676).

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.

Capital and lease commitments

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. At 31 March 2022, the Company's capital and short-term lease commitments are payable as follows:

	<i>31 March 2022 AED (Unaudited) AED</i>	<i>31 December 2021 AED (Audited) AED</i>
Capital commitments - less than one year	483,369	733,802
Short-term lease commitments - less than one year	220,325	1,291,475
	<u>703,694</u>	<u>2,025,277</u>

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 31 March 2022 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 2022.