

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

**Condensed interim financial statements
For the period ended 30 June 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 30 June 2022 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
Osama El-Bakry
Registration No. 935
Dubai, 9 August 2022




United Fidelity Insurance Company (P.S.C.)
Condensed interim statement of financial position
As at 30 June 2022 (Unaudited)

		<i>30 June 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
ASSETS			
Property and equipment		20,279,851	10,642,875
Investment properties	3	46,799,999	46,799,999
Financial instruments	4	195,086,466	164,611,100
Insurance contract assets	11	203,562,106	145,545,360
Deferred acquisition costs		32,794,811	28,852,761
Insurance receivables	6	145,160,728	88,662,920
Prepayments and other receivables		5,060,823	2,601,474
Statutory deposits	7	10,000,000	10,000,000
Bank balances and cash	8	89,994,273	70,998,762
TOTAL ASSETS		748,739,057	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		2,241,105	13,867,416
Accumulated losses		(16,326,972)	(17,441,337)
Total equity		149,409,459	100,593,405
Liabilities			
Employees' end of service benefits		3,720,169	3,376,247
Insurance contract liabilities	11	365,363,722	298,483,026
Deferred commission income		10,483,653	9,033,649
Insurance and other payables		204,672,677	150,613,492
Lease liability		15,089,377	6,615,432
Total liabilities		599,329,598	468,121,846
TOTAL EQUITY AND LIABILITIES		748,739,057	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 six months ended 30 June 2022 (Unaudited)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		(Unaudited)		(Unaudited)	
		2022	2021	2022	2021
		AED	AED	AED	AED
UNDERWRITING INCOME					
Gross premium	13	103,315,155	93,281,150	242,803,982	230,124,106
Movement in provision for unearned premium		(10,269,286)	4,933,378	(56,836,111)	(38,906,856)
Movement in premium deficiency reserve		(314,126)	36,607	(628,261)	(11,215)
Insurance premium revenue		<u>92,731,743</u>	<u>98,251,135</u>	<u>185,339,610</u>	<u>191,206,035</u>
Reinsurance share of premium		(62,983,704)	(40,913,258)	(148,320,117)	(116,404,231)
Movement in provision for reinsurance share of unearned premium		10,633,241	(2,891,378)	47,588,306	27,949,785
Reinsurance share of premium revenue		<u>(52,350,463)</u>	<u>(43,804,636)</u>	<u>(100,731,811)</u>	<u>(88,454,446)</u>
Net insurance premium revenue		40,381,280	54,446,499	84,607,799	102,751,589
Reinsurance commission income		5,694,782	4,048,579	10,664,116	7,487,360
Other income		3,639	326	-	2,345
Total underwriting income		<u>46,079,701</u>	<u>58,495,404</u>	<u>95,271,915</u>	<u>110,241,294</u>
UNDERWRITING EXPENSES					
Claims incurred		(57,819,715)	(59,783,540)	(116,348,188)	(104,990,239)
Reinsurers' share of claims incurred		35,580,245	31,679,688	64,173,662	52,704,401
Net claims incurred		<u>(22,239,470)</u>	<u>(28,103,852)</u>	<u>(52,174,526)</u>	<u>(52,285,838)</u>
Commission expenses including third-party administrator fees		(14,710,953)	(17,544,988)	(30,822,852)	(32,200,830)
Other underwriting expenses		(1,557,036)	(1,286,540)	(3,030,629)	(3,612,433)
General and administration expenses relating to underwriting activities		(11,568,615)	(11,679,394)	(20,192,949)	(23,047,745)
Total underwriting expenses		<u>(50,076,074)</u>	<u>(58,614,774)</u>	<u>(106,220,956)</u>	<u>(111,146,846)</u>
NET UNDERWRITING LOSS		<u>(3,996,373)</u>	<u>(119,370)</u>	<u>(10,949,041)</u>	<u>(905,552)</u>
Investment income		4,699,897	1,960,620	12,316,437	6,670,859
General and administration expenses not allocated to underwriting activities		(130,451)	(82,069)	(253,031)	(167,585)
PROFIT FOR THE PERIOD		<u>573,073</u>	<u>1,759,181</u>	<u>1,114,365</u>	<u>5,597,722</u>
Basic and diluted earnings per share (AED)	14	<u>0.006</u>	<u>0.018</u>	<u>0.007</u>	<u>0.056</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 six months ended 30 June 2022 (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>	
	2022	2021	2022	2021
	AED	AED	AED	AED
Profit for the period	573,073	1,759,181	1,114,365	5,597,722
OTHER COMPREHENSIVE INCOME				
<i>Item that will be reclassified to profit or loss in subsequent periods</i>				
Net increase in fair value of available-for-sale investments	(6,883,098)	9,165,107	3,637,471	10,835,677
<i>Item that will not be reclassified to profit or loss in subsequent periods</i>				
Net realised gain on disposal of available-for-sale investments transferred to income statement	(9,930,453)	(390,645)	(15,263,782)	(977,056)
Other comprehensive (loss)/ income for the period	(16,813,551)	8,774,462	(11,626,311)	9,858,621
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	(16,240,478)	10,533,643	(10,511,946)	15,456,343

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 six months ended 30 June 2022 (Unaudited)

	<i>Share capital</i> <i>AED</i>	<i>Statutory reserve</i> <i>AED</i>	<i>General reserve</i> <i>AED</i>	<i>Investment revaluation reserve</i> <i>AED</i>	<i>Reinsurance reserve</i> <i>AED</i>	<i>Accumulated losses</i> <i>AED</i>	<i>Total equity</i> <i>AED</i>
Balance at 31 December 2020 (audited)	100,000,000	503,389	1,119,524	(3,970,627)	771,153	(23,705,917)	74,717,522
Profit for the period	-	-	-	-	-	5,597,722	5,597,722
Other comprehensive income for the period	-	-	-	9,858,621	-	-	9,858,621
Total comprehensive income for the period	-	-	-	9,858,621	-	5,597,722	15,456,343
Balance at 30 June 2021 (unaudited)	100,000,000	503,389	1,119,524	5,887,994	771,153	(18,108,195)	90,173,865
Balance at 31 December 2021 (audited)	100,000,000	1,307,173	1,119,524	13,867,416	1,740,629	(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	-	-	-	-	-	1,114,365	1,114,365
Other comprehensive loss for the period	-	-	-	(11,626,311)	-	-	(11,626,311)
Total comprehensive (loss)/income for the period	-	-	-	(11,626,311)	-	1,114,365	(10,511,946)
Balance at 30 June 2022 (unaudited)	160,000,000	1,307,173	447,524	2,241,105	1,740,629	(16,326,972)	149,409,459

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 six months ended 30 June 2022 (Unaudited)

	Note	<i>Six months ended</i>	
		<i>30 June</i>	<i>2021</i>
		<i>2022</i>	<i>2021</i>
		<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period		1,114,365	5,597,722
Adjustments for:			
Investment income		(6,033,261)	(4,780,129)
Gain on sale of available-for-sale investment		(13,341,585)	(1,766,123)
Gain on sale of investments at FVTPL		(254,820)	(119,882)
Change in fair value of investments at FVTPL		7,228,291	(1,604,987)
Allowance made for doubtful debts	6	644,342	(84,983)
Provision for impairment of investment properties		-	1,500,000
Depreciation on property and equipment		529,546	560,585
Depreciation on right-to-use asset		1,187,098	416,820
Provision for employees' end of service benefits		492,740	474,640
Interest expense on lease liability		321,398	129,420
		(8,111,886)	323,082
Changes in operating assets and liabilities:			
Insurance contract assets		(58,016,746)	(12,872,166)
Deferred acquisition cost		(3,942,050)	(8,227,801)
Insurance and other receivables		(57,142,150)	(24,349,421)
Prepayment and other assets		(2,459,349)	(555,749)
Insurance contract liabilities		66,880,696	34,599,976
Deferred commission income		1,450,004	2,269,039
Insurance and other payables		54,059,185	36,158,062
Cash (used in)/generated from operations		(7,282,296)	27,345,022
Employees' end of service benefits paid		(148,818)	(117,500)
Net cash (used in)/ generated from operating activities		(7,431,114)	27,227,522
INVESTING ACTIVITIES			
Net movement in fixed deposits		10,000,000	25,000,000
Purchase of investment at FVTPL		(37,755,147)	(21,430,439)
Purchase of available-for-sale investments		(63,592,820)	(36,299,437)
Proceeds from sale of investment at FVTPL		12,234,823	7,413,286
Proceeds from disposal of available-for-sale investments		53,379,584	7,331,638
Dividend income received		4,772,821	3,263,282
Additions in the property and equipment		(1,420,581)	(105,284)
Interest income		602,202	636,988
Other investment expenses		(50,225)	-
Income from investment properties		708,459	879,859
Net cash used in investing activities		(21,120,884)	(13,310,107)
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		(321,398)	(129,420)
Payment of lease liability		(1,459,093)	(373,169)
Net cash generated from/(used in) financing activities		57,547,509	(502,589)
CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January		38,998,762	36,623,858
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	67,994,273	50,038,684

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 six months ended 30 June 2022 (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 (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 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 Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

The Federal Decree-Law No. 25 of 2020 which amends certain provisions of the U.A.E Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organisation of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the CBUAE.

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 9 August 2022.

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 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.

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 six months ended 30 June 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 six months ended 30 June 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 properties

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

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 six months ended 30 June 2022 (Unaudited)

4 FINANCIAL INSTRUMENTS

	<i>30 June</i> <i>2022</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2021</i> <i>AED</i> <i>(Audited)</i>
Available for sale investments (a)	111,829,361	99,900,850
Financial asset at fair value through profit or loss (b)	83,257,105	64,710,250
	<u>195,086,466</u>	<u>164,611,100</u>

4(a) Available for sale investments

	<i>30 June</i> <i>2022</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2021</i> <i>AED</i> <i>(Audited)</i>
<i>Quoted equity securities</i>		
Within UAE	111,829,361	99,900,850
	<u>111,829,361</u>	<u>99,900,850</u>

Movement during the period/year was as follows:

	<i>30 June</i> <i>2022</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2021</i> <i>AED</i> <i>(Audited)</i>
Fair value at the beginning of the period/year	99,900,850	56,807,308
Purchased during the period/year	63,592,820	67,889,785
Disposed during the period/year	(55,301,780)	(49,655,017)
Net increase in fair value during the period/year	3,637,471	24,858,774
Fair value at the end of the period/year	<u>111,829,361</u>	<u>99,900,850</u>

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

	<i>30 June</i> <i>2022</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2021</i> <i>AED</i> <i>(Audited)</i>
<i>Outside UAE</i>		
Quoted bonds	7,118,110	7,613,867
Quoted structured products	3,066,895	4,318,457
Unquoted mutual fund units	33,394,860	27,245,115
Unquoted investments in real estate funds	37,364,413	23,252,460
Unquoted equity securities	2,312,827	2,280,351
	<u>83,257,105</u>	<u>64,710,250</u>

Movement during the period/year was as follows:

	<i>30 June</i> <i>2022</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2021</i> <i>AED</i> <i>(Audited)</i>
Fair value at the beginning of the period/year	64,710,250	44,580,406
Purchased during the period/year	37,755,147	29,650,760
Disposed during the period/year	(11,980,003)	(11,281,185)
Change in fair value during the period/year	(7,228,289)	1,760,269
Fair value at the end of the period/year	<u>83,257,105</u>	<u>64,710,250</u>

United Fidelity Insurance Company (P.S.C.)
Notes to the condensed interim financial statements
For the six months ended 30 June 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.

	<i>30 June 2022</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December 2021</i> <i>AED</i> <i>(Audited)</i>	<i>Fair</i> <i>value</i> <i>hierarchy</i>	<i>Valuation</i> <i>techniques</i> <i>and key inputs</i>	<i>Significant</i> <i>unobservable</i> <i>inputs</i>
<i>Available - for - sale investments</i>					
Quoted investments	111,829,361	99,900,850	Level 1	Quoted bid prices in an active market	N/A
<i>Investment at fair value through profit or loss</i>					
Quoted investments	10,185,005	11,932,324	Level 1	Quoted bid prices in an active market	N/A
Unquoted investments	73,072,100	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:

	<i>30 June</i> <i>2022</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2021</i> <i>AED</i> <i>(Audited)</i>
At 1 January	52,777,926	33,626,701
Purchased during the period/year	29,702,919	17,773,343
Disposal during the period/year	(3,599,000)	-
Fair value adjustment	(5,809,745)	1,377,882
At 31 December	<u>73,072,099</u>	<u>52,777,926</u>

United Fidelity Insurance Company (P.S.C.)
Notes to the condensed interim financial statements
For the six months ended 30 June 2022 (Unaudited)

6 INSURANCE RECEIVABLES

	<i>30 June 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Due from policyholders and brokers	146,255,639	88,263,733
Due from insurance companies	3,874,922	4,499,893
Due from reinsurance companies	7,575,159	8,158,206
Less: allowance for doubtful debts	<u>(12,544,992)</u>	<u>(12,258,912)</u>
	<u>145,160,728</u>	<u>88,662,920</u>

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 June 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
At 1 January	12,258,912	11,919,555
Provided during the period / year	644,342	1,986,700
Allowance written back during the period / year	(358,262)	(1,440,341)
Bad debts written off during the period / year	-	(207,002)
Closing balance	<u>12,544,992</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 comprise the following statement of financial position amounts:

	<i>30 June 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Current accounts and cash	26,844,687	27,202,460
Call accounts	41,149,586	11,796,302
Bank deposits	<u>22,000,000</u>	<u>32,000,000</u>
	<u>89,994,273</u>	<u>70,998,762</u>

Bank balances and cash include balances amounting to AED 5.47 million with banks outside United Arab Emirates. The annual fixed bank deposits rate ranges from 0.25% to 2.27% (31 December 2021: 0.25% to 4.25%). All fixed bank deposits with banks mature within different periods not exceeding one year from the financial date of deposit after six months period from the reporting date. 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

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8 BANK BALANCES AND CASH (continued)

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 mentioned below:

	<i>30 June 2022 AED (Unaudited)</i>	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
Bank balances and cash	89,994,273	77,038,684	70,998,762
Bank deposits with maturity over 3 months	<u>(22,000,000)</u>	<u>(27,000,000)</u>	<u>(32,000,000)</u>
Cash and cash equivalents	<u>67,994,273</u>	<u>50,038,684</u>	<u>38,998,762</u>

9 SHARE CAPITAL

	<i>30 June 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)	<u>160,000,000</u>	<u>100,000,000</u>

During the period, the Company issued 60 million shares with a nominal value of AED 1 each. The issued share capital amounting to AED 60 million was paid and subscribed in full on the subscription closure dated 10 January 2022. Transaction costs for the share issue amounted to AED 672 thousand and have been recorded in the general reserve.

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 UAE Commercial Companies 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.

Reinsurance reserve

In accordance with Insurance Authority's Board of Directors' Decision No. 23, Article 34, an amount of AED 969,476 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.

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11 INSURANCE CONTRACT ASSETS AND LIABILITIES

	<i>30 June 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
<i>Insurance contract liabilities:</i>		
Unearned premiums	215,984,768	159,148,657
Premium deficiency reserve	1,359,052	730,791
Claims reported unsettled	123,810,908	111,501,878
Claims incurred but not reported	22,280,647	25,262,220
Unallocated loss adjustment expenses	1,928,347	1,839,480
	<u>365,363,722</u>	<u>298,483,026</u>
	<i>30 June 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
<i>Insurance contract assets:</i>		
Unearned premiums	125,727,243	78,138,937
Claims reported unsettled	65,617,756	55,414,328
Claims incurred but not reported	12,217,107	11,992,095
	<u>203,562,106</u>	<u>145,545,360</u>
	<i>30 June 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
<i>Insurance contract liabilities - net:</i>		
Unearned premiums	90,257,525	81,009,720
Premium deficiency reserve	1,359,052	730,791
Claims reported unsettled	58,193,152	56,087,550
Claims incurred but not reported	10,063,540	13,270,125
Unallocated loss adjustment expenses	1,928,347	1,839,480
	<u>161,801,616</u>	<u>152,937,666</u>

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

	<i>30 June 2022 AED (Unaudited)</i>	<i>31 December 2021 AED (Audited)</i>
<i>Affiliates of major shareholders:</i>		
Due from policyholders	5,181,115	1,742,443
Outstanding claims	263,987	358,187

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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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<i>Affiliates of major shareholders:</i>				
Premiums	2,591,745	2,750,207	8,990,754	15,438,896
Claims	(1,669,370)	(2,774,254)	(3,664,248)	(5,156,251)
<i>Compensation of the key management personnel:</i>				
Remuneration of key management personnel	695,238	686,377	1,822,851	2,541,126

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

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13 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.

	<i>General insurance</i>		<i>Medical and life insurance</i>		<i>Investment</i>		<i>Total</i>	
	<i>30 June 2022</i>	<i>30 June 2021</i>	<i>30 June 2022</i>	<i>30 June 2021</i>	<i>30 June 2022</i>	<i>30 June 2021</i>	<i>30 June 2022</i>	<i>30 June 2021</i>
	<i>AED</i>	<i>AED</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>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Gross premium	109,948,001	121,159,204	132,855,981	108,964,902	-	-	242,803,982	230,124,106
Reinsurance share of gross premium	(59,744,762)	(42,837,745)	(88,575,355)	(73,566,486)	-	-	(148,320,117)	(116,404,231)
Net movement in provision for UPR and PDR	5,163,714	(1,642,769)	(15,039,780)	(9,325,517)	-	-	(9,876,066)	(10,968,286)
Net insurance premium revenue	55,366,953	76,678,690	29,240,846	26,072,899	-	-	84,607,799	102,751,589
Reinsurance commission income	10,664,116	7,487,360	-	-	-	-	10,664,116	7,487,360
Other income	-	2,345	-	-	-	-	-	2,345
Total underwriting income	66,031,069	84,168,395	29,240,846	26,072,899	-	-	95,271,915	110,241,294
Claims incurred	(57,725,589)	(47,018,962)	(58,622,599)	(57,971,277)	-	-	(116,348,188)	(104,990,239)
Reinsurers' share of claims incurred	20,382,540	6,988,826	43,791,122	45,715,575	-	-	64,173,662	52,704,401
Net claims incurred	(37,343,049)	(40,030,136)	(14,831,477)	(12,255,702)	-	-	(52,174,526)	(52,285,838)
Commission expenses including third-party administrator fees	(20,353,682)	(22,528,054)	(10,469,170)	(9,672,776)	-	-	(30,822,852)	(32,200,830)
Other underwriting expenses	(2,086,514)	(3,565,439)	(944,115)	(46,994)	-	-	(3,030,629)	(3,612,433)
General and administration expenses relating to underwriting activities	(13,922,912)	(16,709,946)	(6,270,037)	(6,337,799)	-	-	(20,192,949)	(23,047,745)
Total underwriting expenses	(73,706,157)	(82,833,575)	(32,514,799)	(28,313,271)	-	-	(106,220,956)	(111,146,846)
Net underwriting loss	(7,675,088)	1,334,820	(3,273,953)	(2,240,372)	-	-	(10,949,041)	(905,552)
Investment income - net	-	-	-	-	12,316,437	6,670,859	12,316,437	6,670,859
Unallocated general and administration expenses	-	-	-	-	(253,031)	(167,585)	(253,031)	(167,585)
Profit for the period							1,114,365	5,597,722

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13 SEGMENTAL INFORMATION (continued)

Primary segment information (continued)

	General insurance		Medical and life insurance		Investment		Total	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Segment assets	205,577,252	152,453,037	175,940,393	110,608,004	263,886,465	243,411,099	645,404,110	506,472,140
Unallocated assets	-	-	-	-	-	-	103,334,947	62,243,111
Total assets	205,577,252	152,453,037	175,940,393	110,608,004	263,886,465	243,411,099	748,739,057	568,715,251
Segment liabilities	326,266,450	286,876,695	254,253,602	171,253,472	-	-	580,520,052	458,130,167
Unallocated liabilities	-	-	-	-	-	-	18,809,546	9,991,679
Total liabilities	326,266,450	286,876,695	254,253,602	171,253,472	-	-	599,329,598	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.

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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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Medical	58,534,042	39,776,840	131,511,301	107,645,870
Motor	17,601,549	35,425,926	44,483,792	74,448,961
Property	9,787,359	6,220,996	26,972,711	20,175,265
Marine	3,656,138	3,298,337	11,044,973	8,839,281
Engineering, general accidents and others	12,947,483	7,904,020	27,446,523	17,695,695
Group life	788,584	655,031	1,344,682	1,319,034
	103,315,155	93,281,150	242,803,982	230,124,106

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>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Profit for the period (AED)	573,073	1,759,181	1,114,365	5,597,722
Weighted average number of shares outstanding during the period	160,000,000	100,000,000	160,000,000	100,000,000
Earnings per share (AED)	0.004	0.018	0.007	0.056

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 AND COMMITMENTS

Contingent liabilities

At 30 June 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 10,725,942 (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.

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15 CONTINGENCIES AND COMMITMENTS (continued)

Capital and lease commitments

The Company has elected not to recognize 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 30 June 2022, the Company's capital and short-term lease commitments are payable as follows:

	<i>30 June 2022 AED (Unaudited) AED</i>	<i>31 December 2021 AED (Audited) AED</i>
Capital commitments - less than one year	409,905	733,802
Short-term lease commitments - less than one year	178,850	1,291,475
	<u>588,755</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 30 June 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.