

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

**Condensed interim financial statements**  
**For the period ended 30 June 2021 (Unaudited)**

**Grant Thornton  
United Arab Emirates**

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**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 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income for the three months and six months periods then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six month period then ended and explanatory information. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

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

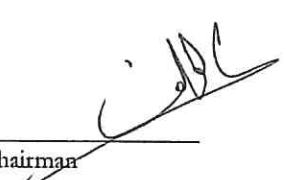
  
Grant Thornton  
Farouk Mohamed




Registration No: 86  
Dubai, 8 August 2021

United Fidelity Insurance Company (Public Shareholding Company)  
Condensed interim statement of financial position  
As at 30 June 2021 (Unaudited)

		<i>30 June</i> <i>2021</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>AED</i> <i>(Audited)</i>
	<i>Notes</i>		
<b>ASSETS</b>			
Property and equipment		9,743,013	10,615,134
Investment properties	3	48,300,198	49,800,198
Financial instruments	4	157,722,279	101,387,714
Insurance contract assets	11	152,337,329	139,465,163
Deferred acquisition costs		40,959,018	32,731,217
Insurance receivables	6	99,851,689	75,417,284
Prepayments and other receivables		4,936,906	4,381,157
Statutory deposits	7	10,000,000	6,000,000
Bank balances and cash	8	77,038,684	92,623,858
<b>TOTAL ASSETS</b>		<b>600,889,116</b>	<b>512,421,725</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	100,000,000	100,000,000
Statutory reserve	10	503,389	503,389
General reserve	10	1,119,524	1,119,524
Investment revaluation reserve		5,887,994	(3,970,627)
Reinsurance reserve		771,153	771,153
Accumulated losses		(18,108,195)	(23,705,917)
<b>Total equity</b>		<b>90,173,865</b>	<b>74,717,522</b>
<b>Liabilities</b>			
Employees' end of service benefits		2,505,800	2,148,660
Insurance contract liabilities	11	327,565,919	292,965,943
Deferred commission income		9,055,411	6,786,372
Insurance and other payables		165,426,135	129,268,073
Lease liability		6,161,986	6,535,155
<b>Total liabilities</b>		<b>510,715,251</b>	<b>437,704,203</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>600,889,116</b>	<b>512,421,725</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 six months ended 30 June 2021 (Unaudited)**

	<i>Note</i>	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
<b>UNDERWRITING INCOME</b>					
Gross premium		<b>93,281,150</b>	73,330,219	<b>230,124,106</b>	182,261,895
Movement in provision for unearned premium		<b>4,933,378</b>	(1,474,865)	<b>(38,906,856)</b>	(45,535,331)
Movement in premium deficiency reserve		<b>36,607</b>	10,084	<b>(11,215)</b>	(97,306)
Insurance premium revenue		<b>98,251,135</b>	71,865,438	<b>191,206,035</b>	136,629,258
Reinsurance share of premium		<b>(40,913,258)</b>	(33,165,660)	<b>(116,404,231)</b>	(90,257,218)
Movement in provision for reinsurance share of unearned premium		<b>(2,891,378)</b>	(3,618,130)	<b>27,949,785</b>	20,389,509
Reinsurance share of premium revenue		<b>(43,804,636)</b>	(36,783,790)	<b>(88,454,446)</b>	(69,867,709)
Net insurance premium revenue		<b>54,446,499</b>	35,081,648	<b>102,751,589</b>	66,761,549
Reinsurance commission income		<b>4,048,579</b>	2,622,790	<b>7,487,360</b>	5,288,064
Other income / (expenses)		<b>326</b>	(4,248)	<b>2,345</b>	27,361
<b>Total underwriting income</b>		<b>58,495,404</b>	37,700,190	<b>110,241,294</b>	72,076,974
<b>UNDERWRITING EXPENSES</b>					
Claims incurred		<b>(59,783,540)</b>	(44,478,303)	<b>(104,990,239)</b>	(107,603,590)
Reinsurers' share of claims incurred		<b>31,679,688</b>	29,074,515	<b>52,704,401</b>	73,433,222
Net claims incurred		<b>(28,103,852)</b>	(15,403,788)	<b>(52,285,838)</b>	(34,170,368)
Commission expenses including third-party administrator fees		<b>(17,544,988)</b>	(9,378,293)	<b>(32,200,830)</b>	(17,495,328)
Other underwriting expenses		<b>(1,286,540)</b>	(2,576,845)	<b>(3,612,433)</b>	(2,850,236)
General and administration expenses relating to underwriting activities		<b>(11,679,394)</b>	(9,657,682)	<b>(23,047,745)</b>	(18,976,147)
<b>Total underwriting expenses</b>		<b>(58,614,774)</b>	(37,016,608)	<b>(111,146,846)</b>	(73,492,079)
<b>NET UNDERWRITING (LOSS)/ INCOME</b>		<b>(119,370)</b>	683,582	<b>(905,552)</b>	(1,415,105)
Investment income		<b>1,960,620</b>	373,178	<b>6,670,859</b>	3,059,226
General and administration expenses not allocated to underwriting activities		<b>(82,069)</b>	(594)	<b>(167,585)</b>	(46,603)
<b>PROFIT FOR THE PERIOD</b>		<b>1,759,181</b>	1,056,166	<b>5,597,722</b>	1,597,518
Basic and diluted earnings per share (AED)	14	<b>0.018</b>	0.011	<b>0.056</b>	0.016

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

**United Fidelity Insurance Company (Public Shareholding Company)**  
**Condensed interim statement of comprehensive income**  
**For the six months ended 30 June 2021 (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>	
	2021	2020	2021	2020
	AED	AED	AED	AED
<b>Profit for the period</b>	<b>1,759,181</b>	<b>1,056,166</b>	<b>5,597,722</b>	<b>1,597,518</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Item that will be reclassified to profit or loss in subsequent periods</i>				
Net increase / (decrease) in fair value of available-for-sale investments	9,165,107	2,701,276	10,835,677	(14,992,055)
<i>Item that will not be reclassified to profit or loss in subsequent periods</i>				
Net realised (loss) / gain on disposal of available-for-sale investments transferred to income statement	(390,645)	45,318	(977,056)	(495,163)
<b>Other comprehensive income / (loss) for the period</b>	<b>8,774,462</b>	<b>2,746,594</b>	<b>9,858,621</b>	<b>(15,487,218)</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>10,533,643</b>	<b>3,802,760</b>	<b>15,456,343</b>	<b>(13,889,700)</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 six months ended 30 June 2021 (Unaudited)**

	Share capital AED	Statutory reserve AED	General reserve AED	Investment revaluation reserve AED	Reinsurance reserve AED	Accumulated losses AED	Total equity AED
Balance at 31 December 2019 (audited)	100,000,000	141,187	1,119,524	710,186	-	(26,194,584)	75,776,313
Profit for the period	-	-	-	-	-	1,597,518	1,597,518
Other comprehensive loss for the period	-	-	-	(15,487,218)	-	-	(15,487,218)
Total comprehensive loss for the period	-	-	-	(15,487,218)	-	1,597,518	(13,889,700)
Balance at 30 June 2020 (unaudited)	100,000,000	141,187	1,119,524	(14,777,032)	-	(24,597,066)	61,886,613
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

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 cash flows**  
**For the six months ended 30 June 2021 (Unaudited)**

	Note	<i>Six months ended</i>	
		<i>30 June</i>	<i>2020</i>
		<i>2021</i>	<i>2020</i>
		<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period		5,597,722	1,597,518
Adjustments for:			
Investment income		(4,780,129)	(3,652,421)
Gain on sale of available-for-sale investment		(1,766,123)	(1,036,565)
Loss on sale of investments at FVTPL		(119,882)	756,763
Change in fair value of investments at FVTPL		(1,604,987)	(130,125)
Allowance written back for doubtful debts		(851,009)	(1,172,985)
Allowance made for doubtful debts		766,025	1,460,420
Provision for impairment of investment properties		1,500,000	1,000,000
Depreciation on property and equipment		560,585	503,414
Depreciation on right-to-use asset		416,820	416,820
Provision for employees' end of service benefits		474,640	422,670
Interest expense on lease liability		129,420	145,020
		<u>323,082</u>	<u>310,529</u>
Changes in operating assets and liabilities:			
Insurance contract assets		(12,872,166)	(51,695,341)
Deferred acquisition cost		(8,227,801)	(8,527,564)
Insurance and other receivables		(24,349,421)	(17,481,085)
Prepayment and other assets		(555,749)	(934,780)
Insurance contract liabilities		34,599,976	85,182,387
Deferred commission income		2,269,039	717,762
Insurance and other payables		36,158,062	24,697,924
Cash generated from operations		<u>27,345,022</u>	<u>32,269,832</u>
Employees' end of service benefits paid		(117,500)	(77,070)
Net cash generated from operating activities		<u>27,227,522</u>	<u>32,192,762</u>
<b>INVESTING ACTIVITIES</b>			
Net movement in fixed deposits		25,000,000	(34,769,273)
Purchase of investment at FVTPL		(21,430,439)	(35,507,766)
Purchase of available-for-sale investments		(36,299,437)	(5,679,804)
Proceeds from sale of investment at FVTPL		7,413,286	14,166,941
Proceeds from disposal of available-for-sale investments		7,331,638	5,512,452
Dividend income received		3,263,282	1,995,788
Additions in the property and equipment		(105,284)	(205,098)
Interest income		636,988	800,600
Income from investment properties		879,859	859,155
Net cash used in investing activities		<u>(13,310,107)</u>	<u>(52,827,005)</u>
<b>FINANCING ACTIVITIES</b>			
Interest paid on lease liability		(129,420)	(145,020)
Payment of lease liability		(373,169)	(357,569)
Net cash used in financing activities		<u>(502,589)</u>	<u>(502,589)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<u>13,414,826</u>	<u>(21,136,832)</u>
Cash and cash equivalents at 1 January		36,623,858	38,096,676
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	8	<u>50,038,684</u>	<u>16,959,844</u>

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

**United Fidelity Insurance Company (Public Shareholding Company)**  
**Notes to the condensed interim financial statements**  
**For the six months ended 30 June 2021 (Unaudited)**

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**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 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 8 August 2021.

**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 2021 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 2020. In addition, results for the six months ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. 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 2020.

**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 2020, except for application of new standards effective as of 1 January 2021 as several amendments and interpretations apply for the first time in 2021. 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 (Public Shareholding Company)**  
**Notes to the condensed interim financial statements**  
**For the six months ended 30 June 2021 (Unaudited)**

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**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 (Public Shareholding Company)**  
**Notes to the condensed interim financial statements**  
**For the six months ended 30 June 2021 (Unaudited)**

**4 FINANCIAL INSTRUMENTS**

	<i>Carrying value</i>		<i>Fair value</i>	
	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Available for sale investments (a)	97,399,851	56,807,308	97,399,851	56,807,308
Investment at fair value through profit or loss (b)	60,322,428	44,580,406	60,322,428	44,580,406
	<b>157,722,279</b>	<b>101,387,714</b>	<b>157,722,279</b>	<b>101,387,714</b>

4(a) Available for sale investments

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
<i>Quoted equity securities</i>		
Within UAE	92,595,873	56,807,308
Outside UAE	4,803,978	-
	<b>97,399,851</b>	<b>56,807,308</b>

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

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
<i>Outside UAE</i>		
Quoted bonds	7,660,907	7,449,960
Quoted structured products	3,612,694	3,503,745
Unquoted mutual fund units	27,037,903	20,111,326
Unquoted investments in real estate funds	19,756,433	11,300,625
Unquoted equity securities	2,254,491	2,214,750
	<b>60,322,428</b>	<b>44,580,406</b>

**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 2020.

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

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

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

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

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

**United Fidelity Insurance Company (Public Shareholding Company)**  
**Notes to the condensed interim financial statements**  
**For the six months ended 30 June 2021 (Unaudited)**

**5 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

	<i>30 June 2021</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December 2020</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>
<b><i>Available - for - sale investments</i></b>					
Quoted investments	97,399,851	56,807,308	Level 1	Quoted bid prices in an active market	N/A
<b><i>Investment at fair value through profit or loss</i></b>					
Quoted investments	11,273,601	10,953,705	Level 1	Quoted bid prices in an active market	N/A
Unquoted investments	49,048,827	33,626,701	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>2021</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>AED</i> <i>(Audited)</i>
At 1 January	33,626,701	2,203,465
Purchased during the period/year	14,098,342	33,712,478
Disposal during the period/year	-	(4,446,762)
Fair value adjustment	1,323,784	2,157,520
At 31 December	<u>49,048,827</u>	<u>33,626,701</u>

**6 INSURANCE RECEIVABLES**

	<i>30 June</i> <i>2021</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>AED</i> <i>(Audited)</i>
Due from policyholders and brokers	107,460,091	80,353,204
Due from insurance companies	3,200,009	6,424,345
Due from reinsurance companies	963,603	559,290
Less: allowance for doubtful debts	<u>(11,772,014)</u>	<u>(11,919,555)</u>
	<u>99,851,689</u>	<u>75,417,284</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.

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**6 INSURANCE RECEIVABLES (continued)**

Movements in the allowance for doubtful debts were as follows:

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
At 1 January	11,919,555	11,193,156
Provided during the year	766,025	3,146,983
Allowances written back during the year	(851,009)	(2,035,399)
Bad debts written off during the year	(62,557)	(385,185)
At 31 December	<u>11,772,014</u>	<u>11,919,555</u>

**7 STATUTORY DEPOSITS**

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Restricted bank deposits	<u>10,000,000</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 0.2% to 3.3% (31 December 2020: 0.25% to 4.25%).

**8 BANK BALANCES AND CASH**

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

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Current accounts and cash	16,606,923	8,644,184
Call accounts	33,431,761	27,979,674
Bank deposits	<u>27,000,000</u>	<u>56,000,000</u>
	<u>77,038,684</u>	<u>92,623,858</u>

Bank balances and cash include balances amounting to AED 4.6 million with banks outside United Arab Emirates. The annual fixed bank deposits rate ranges from 0.2% to 3.3% (31 December 2020: 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 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 on the next page:

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**8 BANK BALANCES AND CASH (continued)**

	<i>30 June 2021 AED (Unaudited)</i>	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Bank balances and cash	77,038,684	82,959,844	92,623,858
Bank deposits with maturity over 3 months	<b>(27,000,000)</b>	(66,000,000)	(56,000,000)
Cash and cash equivalents	<b>50,038,684</b>	16,959,844	36,623,858

**9 SHARE CAPITAL**

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Issued and fully paid 100,000,000 shares of AED 1 each (31 December 2020: 100,000,000 shares of AED 1 each)	<b>100,000,000</b>	100,000,000

**10 RESERVES**

***Statutory reserve***

In accordance with the UAE Federal Law No. (2) of 2015 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 771,153 was transferred from retained earnings to reinsurance reserve during the year ended 31 December 2020. The reserve is not available for distribution and will not be disposed of without prior approval from Insurance Authority.

**11 INSURANCE CONTRACT ASSETS AND LIABILITIES**

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
<b><i>Insurance contract liabilities:</i></b>		
Unearned premiums	202,133,050	163,226,194
Premium deficiency reserve	635,492	624,277
Claims reported unsettled	96,898,165	100,946,189
Claims incurred but not reported	25,952,527	26,322,974
Unallocated loss adjustment expenses	1,946,685	1,846,309
	<b>327,565,919</b>	292,965,943

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**11 INSURANCE CONTRACT ASSETS AND LIABILITIES (continued)**

	<i>30 June</i> <i>2021</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>AED</i> <i>(Audited)</i>
<i>Insurance contract assets:</i>		
Unearned premiums	92,669,128	64,719,343
Claims reported unsettled	46,624,020	60,971,085
Claims incurred but not reported	13,044,181	13,774,735
	<u>152,337,329</u>	<u>139,465,163</u>
	<i>30 June</i> <i>2021</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>AED</i> <i>(Audited)</i>
<i>Insurance contract liabilities - net:</i>		
Unearned premiums	109,463,922	98,506,851
Premium deficiency reserve	635,492	624,277
Claims reported unsettled	50,274,145	39,975,104
Claims incurred but not reported	12,908,346	12,548,239
Unallocated loss adjustment expenses	1,946,685	1,846,309
	<u>175,228,590</u>	<u>153,500,780</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.

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

	<i>30 June</i> <i>2021</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>AED</i> <i>(Audited)</i>
<i>Affiliates of major shareholders:</i>		
Due from policyholders	10,111,969	3,161,857
Outstanding claims	560,498	483,073

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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>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<i>Affiliates of major shareholders:</i>				
Premiums	2,750,207	2,651,891	15,438,896	13,611,967
Claims	(2,774,254)	(1,460,046)	(5,156,251)	(3,715,280)
Management fee paid to Fidelity Assurance and Reinsurance SARL	-	(276,000)	-	(552,000)

*Compensation of the key management personnel:*

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June (Unaudited)</i>		<i>30 June (Unaudited)</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Remuneration of key management personnel	686,377	636,308	2,541,126	2,282,089

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

**United Fidelity Insurance Company (Public Shareholding Company)**  
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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 2021 AED (Unaudited)</i>	<i>30 June 2020 AED (Unaudited)</i>	<i>30 June 2021 AED (Unaudited)</i>	<i>30 June 2020 AED (Unaudited)</i>	<i>30 June 2021 AED (Unaudited)</i>	<i>30 June 2020 AED (Unaudited)</i>	<i>30 June 2021 AED (Unaudited)</i>	<i>30 June 2020 AED (Unaudited)</i>
Gross premium	121,159,204	102,932,026	108,964,902	79,329,869	-	-	230,124,106	182,261,895
Reinsurance share of gross premium	(42,837,745)	(34,101,523)	(73,566,486)	(56,155,695)	-	-	(116,404,231)	(90,257,218)
Net movement in provision for UPR and PDR	(1,642,769)	(21,380,583)	(9,325,517)	(3,862,545)	-	-	(10,968,286)	(25,243,128)
Net insurance premium revenue	76,678,690	47,449,920	26,072,899	19,311,629	-	-	102,751,589	66,761,549
Reinsurance commission income	7,487,360	5,288,064	-	-	-	-	7,487,360	5,288,064
Other income	2,345	27,361	-	-	-	-	2,345	27,361
<b>Total underwriting income</b>	<b>84,168,395</b>	<b>52,765,345</b>	<b>26,072,899</b>	<b>19,311,629</b>	<b>-</b>	<b>-</b>	<b>110,241,294</b>	<b>72,076,974</b>
Claims incurred	(47,018,962)	(63,760,142)	(57,971,277)	(43,843,448)	-	-	(104,990,239)	(107,603,590)
Reinsurers' share of claims incurred	6,988,826	39,006,442	45,715,575	34,426,780	-	-	52,704,401	73,433,222
Net claims incurred	(40,030,136)	(24,753,700)	(12,255,702)	(9,416,668)	-	-	(52,285,838)	(34,170,368)
Commission expenses including third-party administrator fees	(22,528,054)	(10,659,186)	(9,672,776)	(6,836,142)	-	-	(32,200,830)	(17,495,328)
Other underwriting expenses	(3,565,439)	(2,551,596)	(46,994)	(298,640)	-	-	(3,612,433)	(2,850,236)
General and administration expenses relating to underwriting activities	(16,709,946)	(13,569,071)	(6,337,799)	(5,407,076)	-	-	(23,047,745)	(18,976,147)
<b>Total underwriting expenses</b>	<b>(82,833,575)</b>	<b>(51,533,553)</b>	<b>(28,313,271)</b>	<b>(21,958,526)</b>	<b>-</b>	<b>-</b>	<b>(111,146,846)</b>	<b>(73,492,079)</b>
<b>Net underwriting profit/(loss)</b>	<b>1,334,820</b>	<b>1,231,792</b>	<b>(2,240,372)</b>	<b>(2,646,897)</b>	<b>-</b>	<b>-</b>	<b>(905,552)</b>	<b>(1,415,105)</b>
Investment income - net	-	-	-	-	6,670,859	3,059,226	6,670,859	3,059,226
Unallocated general and administration expenses	-	-	-	-	(167,585)	(46,603)	(167,585)	(46,603)
<b>Profit for the period</b>							<b>5,597,722</b>	<b>1,597,518</b>



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**13 SEGMENTAL INFORMATION (continued)**

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

	<b>General insurance</b>		<b>Medical and life insurance</b>		<b>Investment</b>		<b>Total</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Segment assets</b>	154,141,547	153,543,721	139,006,489	94,069,943	233,022,477	207,187,912	526,170,513	454,801,576
Unallocated assets	-	-	-	-	-	-	74,718,603	57,620,149
<b>Total assets</b>	<b>154,141,547</b>	<b>153,543,721</b>	<b>139,006,489</b>	<b>94,069,943</b>	<b>233,022,477</b>	<b>207,187,912</b>	<b>600,889,116</b>	<b>512,421,725</b>
<b>Segment liabilities</b>	282,541,694	277,622,372	219,505,771	151,398,016	-	-	502,047,465	429,020,388
Unallocated liabilities	-	-	-	-	-	-	8,667,786	8,683,815
<b>Total liabilities</b>	<b>282,541,694</b>	<b>277,622,372</b>	<b>219,505,771</b>	<b>151,398,016</b>	<b>-</b>	<b>-</b>	<b>510,715,251</b>	<b>437,704,203</b>

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>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Medical	39,776,840	28,808,337	107,645,870	79,185,405
Motor	35,425,926	33,614,022	74,448,961	71,533,021
Property	6,220,996	2,825,572	20,175,265	11,119,365
Marine	3,298,337	1,883,600	8,839,281	4,835,728
Engineering, general accidents and others	8,559,051	6,198,688	19,014,729	15,588,376
	<b>93,281,150</b>	<b>73,330,219</b>	<b>230,124,106</b>	<b>182,261,895</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>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Profit for the period (AED)	1,759,181	1,056,166	5,597,722	1,597,518
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>0.018</b>	0.011	<b>0.056</b>	0.016

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 2021, 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 10,723,191 (31 December 2020: 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.

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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 2021, the Company's capital and short-term lease commitments are payable as follows:

	<i>30 June</i> <i>2021</i> <i>AED</i> <i>(Unaudited)</i> <i>AED</i>	<i>31 December</i> <i>2020</i> <i>AED</i> <i>(Audited)</i> <i>AED</i>
Capital commitments - less than one year	85,175	67,004
Short-term lease commitments - less than one year	2,182,950	2,174,475
	<u>2,268,125</u>	<u>2,241,479</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. Further, the Company is continuing to monitor the impact of COVID-19 on its financial performance. To date, there has been no significant impact on the credit risk or instances of default. Accordingly, results for the period ended 30 June 2021 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 2021.