

Al Dhafra Insurance Company (P.S.C.)

Condensed Interim Financial Statements (Unaudited)
For the three-month period ended 31 March 2020

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements
For the period ended 31 March 2020

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**The Board of Directors' Report
For the three months period ended 31 March 2020**

The Board of Directors takes pleasure in presenting the unaudited results for the three months period ended 31 March 2020.

The net underwriting income increased to AED 19,607,375 against AED 16,876,575 as at 31 March 2019 or an increase of 16.18%.

Particulars	Three-months period ended 31 March	
	2020 (Unaudited) AED	2019 (Unaudited) AED
<u>Condensed interim statement of comprehensive income</u>		
Gross premiums written	89,494,675	86,580,817
Reinsurance premium ceded	(67,179,283)	(63,088,444)
Net underwriting income	19,607,375	16,876,575
Income from investment properties (rental income)	566,596	583,617
General and administrative expenses	(8,123,658)	(8,446,638)
Profit for the period	13,275,977	21,555,674
Basic and diluted earnings per share	0.13	0.22
	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
<u>Condensed interim statement of financial position</u>		
Shareholders' equity	307,505,873	391,473,146
Total assets	945,906,812	1,024,481,175

On behalf of the Board of Directors


 Chairman
 Date

**Review report on the condensed interim financial information
To the Shareholders of Al Dhafra Insurance Company (P.S.C.)**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Dhafra Insurance Company P.S.C. (the "Company") as at 31 March 2020 and the related condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the three-month period then ended and the related explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on the condensed interim financial information 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 information does not present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the three-month period then ended in accordance with IAS 34 "Interim Financial Reporting".

Other matter

The interim financial statements as at and for the three-month period ended 31 March 2019 were reviewed by another auditor, who expressed an unmodified review conclusion dated 12 May 2019.

The financial statements as at and for the year ended 31 December 2019 were audited by another auditor, who expressed an unmodified opinion on those statements on 17 February 2020.



GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 12 May 2020



Al Dhafra Insurance Company (P.S.C.)
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Condensed interim statement of financial position
For the period ended 31 March 2020

	Notes	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
ASSETS			
Property and equipment		1,992,482	1,985,244
Intangible assets		1,533,887	1,253,615
Right-of-use-assets	18	6,538,169	8,101,123
Investment properties		65,812,225	65,812,225
Statutory deposits	5	9,980,000	9,980,000
Deferred acquisition costs		16,546,163	15,510,242
Investments carried at fair value through other comprehensive income	6	132,810,746	190,053,996
Investments carried at fair value through profit or loss	7	35,918,781	43,826,999
Insurance balances receivable	8	121,329,196	116,875,552
Reinsurer's share of unearned premium reserve	9	106,294,390	98,900,552
Reinsurer's share of outstanding claims reserve	9	144,229,300	130,648,879
Reinsurer's share of claims incurred but not reported reserve	9	45,040,353	37,391,660
Reinsurer's share of unexpired risk reserve (premium deficiency reserve)	9	-	591,565
Prepayments and other receivables	8	12,020,051	6,110,522
Deposits	10	222,081,198	104,367,554
Bank balances and cash	10	23,779,871	193,071,447
TOTAL ASSETS		945,906,812	1,024,481,175
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		100,000,000	100,000,000
Legal reserve		50,000,000	50,000,000
General reserve		145,000,000	145,000,000
Investment revaluation reserve		(62,519,557)	(5,276,307)
Retained earnings		75,025,430	101,749,453
TOTAL EQUITY		307,505,873	391,473,146
LIABILITIES			
Employees' end of service benefits		8,043,243	7,915,825
Insurance payables	12	179,943,456	193,864,669
Other payables	12	18,396,034	29,988,056
Lease liabilities	18	6,294,558	7,669,571
Unearned commission income		24,683,589	24,739,994
Technical provisions			
Unearned premium reserve	9	146,055,719	138,792,481
Outstanding claims reserve	9	176,167,374	161,984,266
Claims incurred but not reported reserve	9	70,948,510	61,124,793
Unallocated loss adjustment expense reserve	9	4,793,110	4,263,508
Unexpired risk reserve (premium deficiency reserve)	9	3,075,346	2,664,866
TOTAL LIABILITIES		638,400,939	633,008,029
TOTAL EQUITY AND LIABILITIES		945,906,812	1,024,481,175

These condensed interim financial statements were approved by the Board of Directors on 12 May 2020 and signed on their behalf by:


Assistant General Manager - Finance


General Manager


Chairman

The accompanying notes from 1 to 19 form an integral part of these condensed interim financial statements.



Al Dhafra Insurance Company (P.S.C.)
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Condensed interim statement of comprehensive income
For the period ended 31 March 2020

	Notes	Three-month period ended 31 March 2020 (Unaudited) AED	Three-month period ended 31 March 2019 (Unaudited) AED
Gross premiums written		89,494,675	86,580,817
Reinsurance premium ceded		(67,179,283)	(63,088,444)
Net premium		22,315,392	23,492,373
Net change in unearned premium and risk reserve		<u>(871,445)</u>	<u>763,959</u>
Net premium earned		21,443,947	24,256,332
Commission earned		17,708,058	14,753,181
Commission incurred		<u>(9,026,929)</u>	<u>(9,084,764)</u>
Gross underwriting income		<u>30,125,076</u>	<u>29,924,749</u>
Gross claims paid		(40,849,383)	(47,924,747)
Reinsurance share of claims paid		<u>32,128,755</u>	<u>35,309,997</u>
Net claims paid		(8,720,628)	(12,614,750)
Change in gross outstanding claims reserve		(14,183,108)	4,784,794
Change in reinsurer's share of outstanding claims reserve		13,580,421	(1,864,932)
Change in claims incurred but not reported reserve, net		(2,175,024)	(2,710,503)
Change in unallocated loss adjustment expense reserve		<u>(529,602)</u>	<u>(134,965)</u>
Net claims incurred		<u>(12,027,941)</u>	<u>(12,540,356)</u>
Underwriting income		18,097,135	17,384,393
Other income relating to underwriting		2,223,330	148,262
General and administrative expenses relating to underwriting		<u>(713,090)</u>	<u>(656,080)</u>
Net Underwriting income		19,607,375	16,876,575
Income from investments	15	1,297,162	12,579,418
Income from investment properties (rental income)		566,596	583,617
Other income, net		<u>3,333</u>	<u>-</u>
Total income		<u>21,474,466</u>	<u>30,039,610</u>
General and administrative expenses		(8,123,658)	(8,446,638)
Finance cost		<u>(74,831)</u>	<u>(37,298)</u>
PROFIT FOR THE PERIOD		<u>13,275,977</u>	<u>21,555,674</u>
Basic and diluted earnings per share	14	<u><u>0.13</u></u>	<u><u>0.22</u></u>

The accompanying notes from 1 to 19 form an integral part of these condensed interim financial statements.

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Condensed interim statement of comprehensive income
For the period ended 31 March 2020

		Three-month period ended 31 March 2020 (Unaudited) AED	Three-month period ended 31 March 2019 (Unaudited) AED
	Note		
Profit for the period		13,275,977	21,555,674
Other comprehensive (loss) income			
<i>Items that will not be reclassified to statement of income:</i>			
Change in fair value relating to investments carried at fair value through other comprehensive income	6	<u>(57,243,250)</u>	<u>12,832,530</u>
Other comprehensive (loss) income for the period		<u>(57,243,250)</u>	<u>12,832,530</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		<u>(43,967,273)</u>	<u>34,388,204</u>

The accompanying notes from 1 to 19 form an integral part of these condensed interim financial statements.

Al Dhafra Insurance Company (P.S.C.)
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**Condensed interim statement of changes in equity
For the period ended 31 March 2020**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total equity AED
Balance as at 1 January 2019 (Audited)	100,000,000	50,000,000	145,000,000	(9,603,042)	76,048,561	361,445,519
Net profit for the period	-	-	-	-	21,555,674	21,555,674
Other comprehensive income for the period	-	-	-	12,832,530	-	12,832,530
Total comprehensive income for the period	-	-	-	12,832,530	21,555,674	34,388,204
Dividends declared and paid	-	-	-	-	(35,000,000)	(35,000,000)
Balance as at 31 March 2019 (Unaudited)	100,000,000	50,000,000	145,000,000	3,229,488	62,604,235	360,833,723
Balance as at 1 January 2020 (Audited)	100,000,000	50,000,000	145,000,000	(5,276,307)	101,749,453	391,473,146
Net profit for the period	-	-	-	-	13,275,977	13,275,977
Other comprehensive loss for the period	-	-	-	(57,243,250)	-	(57,243,250)
Total comprehensive loss for the year	-	-	-	(57,243,250)	13,275,977	(43,967,273)
Dividends declared and paid	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 31 March 2020 (Unaudited)	100,000,000	50,000,000	145,000,000	(62,519,557)	75,025,430	307,505,873

The accompanying notes from 1 to 19 form an integral part of these condensed interim financial statements.

Al Dhafra Insurance Company (P.S.C.)
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Condensed interim statement of cash flows
For the period ended 31 March 2020

	Notes	Three-month period ended 31 March 2020 AED	Three-month period ended 31 March 2019 AED
OPERATING ACTIVITIES			
Profit for the period		13,275,977	21,555,674
Adjustments for:			
Unearned premium and unexpired risk reserve, net		871,445	(763,959)
Change in gross outstanding claims and claims incurred but not reported reserves		24,536,427	(1,165,005)
Change in reinsurance share of outstanding claims and claims incurred but not reported reserves		(21,229,114)	1,090,611
Allowance for impairment on insurance receivable		5,625	-
Change in fair value of investments carried at fair value through profit or loss	7,15	7,908,218	(1,932,947)
Gain on disposal of investments carried at fair value through profit or loss	15	-	47,181
Provision for employees' end of service benefits		133,843	165,232
Depreciation of property and equipment and right-of-use asset		473,424	497,654
Amortisation of intangible assets		205,688	104,337
Write-off of intangible assets		-	1,667
Finance cost		74,831	37,298
Loss on termination of lease contract		116,557	-
Gain on disposal of PPE		(3,333)	-
Dividend income	15	(7,120,398)	(8,343,113)
Interest income	15	(2,084,982)	(2,347,025)
		17,164,208	8,947,605
Working capital changes:			
Insurance receivable, other receivables and prepayments		(4,900,093)	(22,632,157)
Insurance and other payables		(25,513,235)	(93,356)
Deferred acquisition costs		(1,035,921)	(385,953)
Unearned commission income		(56,405)	2,523,972
Cash used in operations		(14,341,446)	(11,639,889)
Employees' end of service benefits paid		(6,425)	(36,902)
Net cash used in operating activities		(14,347,871)	(11,676,791)
INVESTING ACTIVITIES			
Purchase of property and equipment		(220,447)	(206,852)
Proceeds from disposal of property and equipment		10,675	-
Purchase of intangible assets		(485,960)	(72,848)
Proceeds from disposal of investment carried at fair value through profit and loss		-	2,340,900
Movement in term deposits		(117,713,644)	33,323,043
Interest received		2,137,622	2,347,025
Dividends received		1,599,053	8,343,113
Net cash (used in) generated from investing activities		(114,672,701)	46,074,381
FINANCING ACTIVITIES			
Dividend paid	13	(40,000,000)	(35,000,000)
Lease liability installment paid		(271,004)	(393,044)
Net cash used in financing activities		(40,271,004)	(35,393,044)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(169,291,576)	(995,454)
Cash and cash equivalents at the beginning of the period		193,071,447	17,046,449
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	23,779,871	16,050,995

The accompanying notes from 1 to 19 form an integral part of these condensed interim financial statements.

Al Dhafra Insurance Company (P.S.C.)
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Notes to the condensed interim financial statements
For the period ended 31 March 2020

1 GENERAL INFORMATION

Al Dhafra Insurance Company (P.S.C.) (the “Company”), is a public shareholding company incorporated in Abu Dhabi by Emiri Decree No. 8 of 1979.

The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company is engaged in insurance and reinsurance of all classes of business with the exception of endowments and annuities. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 319, Abu Dhabi, United Arab Emirates.

The accompanying condensed interim financial statements of the Company for the three-month period ended 31 March 2020 have been authorised for issuance in accordance with a resolution of the Board of Directors on 12 May 2020.

2 BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The condensed interim financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements as at 31 December 2019. In addition, the results for the three-month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The condensed interim financial statements have been prepared on the historical cost basis except for the investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income and investment properties.

The condensed interim financial statements are presented in United Arab Emirates Dirhams (“AED”), being the functional and presentation currency of the Company.

Use of estimates and judgements

The preparation of these interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended 31 December 2019.

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For the period ended 31 March 2020

3 SIGNIFICANT ACCOUNTING POLICIES

Standards, interpretations and amendments to existing standards that are effective in 2020

The accounting policies adopted in the preparation of the condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2019, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Definition of a Business – Amendments to IFRS 3 Business Combinations
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments (*Amendments regarding pre-replacement issues in the context of the IBOR reform*)
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

These amendments do not have a significant impact on these condensed interim financial statements and therefore the disclosures have not been made.

4 SEASONALITY OF RESULTS AND SIGNIFICANT EVENTS AFFECTING THE OPERATIONS

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. Also, there was an outbreak of a global pandemic (Novel Coronavirus disease), causing significant financial and economic impact on major economies across the globe and affecting multiple industries. As at the date of approval of the financial statements, management is in the process of assessing the impact of the said event on its subsequent period's financial results. Accordingly, results for the period ended 31 March 2020 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2020.

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Notes to the condensed interim financial statements (continued)
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5 STATUTORY DEPOSITS

In accordance with the requirements of Federal Law No. (6) of 2007, concerning the formation of Insurance Authority of UAE, the Company maintains the below deposit which cannot be utilized without the consent of the UAE Insurance Authority.

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Statutory deposit	10,000,000	10,000,000
Expected credit losses	<u>(20,000)</u>	<u>(20,000)</u>
	<u>9,980,000</u>	<u>9,980,000</u>

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Quoted UAE equity securities	<u>132,810,746</u>	<u>190,053,996</u>

The movement in the investments at fair value through other comprehensive income is as follows:

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Fair value at beginning of period / year	190,053,996	184,350,390
Additions	-	5,124,729
Disposals	-	(4,543,227)
Change in fair value	<u>(57,243,250)</u>	<u>5,122,104</u>
Fair value at end of the period / year	<u>132,810,746</u>	<u>190,053,996</u>

7 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Quoted debt securities	14,990,356	16,674,536
Quoted UAE equity securities	12,925,686	19,149,724
Unquoted equity security	<u>8,002,739</u>	<u>8,002,739</u>
	<u>35,918,781</u>	<u>43,826,999</u>

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7 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The movement in investments at fair value through profit or loss is as follows:

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Fair value at beginning of period / year	43,826,999	89,660,167
Additions	-	591,966
Disposals	-	(47,520,147)
Change in fair value (note 15)	<u>(7,908,218)</u>	<u>1,095,013</u>
Fair value at end of the period / year	<u>35,918,781</u>	<u>43,826,999</u>

8 INSURANCE BALANCES RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Due from policy holders	103,695,226	108,655,872
Due from policy holders - related parties (note 11)	784,051	137,393
Due from reinsurance companies	5,965,294	5,678,701
Due from insurance companies, broker and agents	<u>34,805,000</u>	<u>26,329,586</u>
	145,249,571	140,801,552
Less: allowance for impairment	<u>(23,920,375)</u>	<u>(23,926,000)</u>
Insurance balance receivable	<u>121,329,196</u>	<u>116,875,552</u>
Prepayments	1,451,491	1,170,645
Interest receivables	2,306,828	2,359,468
Other receivables	<u>8,261,732</u>	<u>2,580,409</u>
Prepayments and other receivables	<u>12,020,051</u>	<u>6,110,522</u>
	<u>133,349,247</u>	<u>122,986,074</u>

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9 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Insurance contract liabilities		
Outstanding claims reserve	176,167,374	161,984,266
Claims incurred but not reported reserve	70,948,510	61,124,793
Unearned premiums reserve	146,055,719	138,792,481
Unallocated loss adjustment expense reserve	4,793,110	4,263,508
Unexpired risk reserve (premium deficiency reserve)	<u>3,075,346</u>	<u>2,664,866</u>
	<u>401,040,059</u>	<u>368,829,914</u>
Reinsurance contract assets		
Outstanding claims reserve	144,229,300	130,648,879
Claims incurred but not reported reserve	45,040,353	37,391,660
Unearned premiums reserve	106,294,390	98,900,552
Unexpired risk reserve (premium deficiency reserve)	-	591,565
	<u>295,564,043</u>	<u>267,532,656</u>
Insurance liabilities - net		
Outstanding claims reserve	31,938,074	31,335,387
Claims incurred but not reported reserve	25,908,157	23,733,133
Unearned premiums reserve	39,761,329	39,891,929
Unallocated loss adjustment expense reserve	4,793,110	4,263,508
Unexpired risk reserve (premium deficiency reserve)	<u>3,075,346</u>	<u>2,073,301</u>
	<u>105,476,016</u>	<u>101,297,258</u>

10 CASH AND CASH EQUIVALENTS

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Cash on hand	118,238	176,961
Current accounts	23,661,633	192,894,486
Term deposits*	<u>222,081,198</u>	<u>104,367,554</u>
Bank and cash balances	245,861,069	297,439,001
Less: term deposits with an original maturity of more than three months	<u>(222,081,198)</u>	<u>(104,367,554)</u>
Cash and cash equivalents	<u>23,779,871</u>	<u>193,071,447</u>

*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 31 March 2020 (2019: AED 392,220).

The interest rate on term deposits and current accounts with banks ranges between 0.60% and 4.00% (31 December 2019: 0.55% and 4.10%) per annum. All cash and cash equivalents are held in local banks in the United Arab Emirates.

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11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and the companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Due from policyholders (note 8)	<u>784,051</u>	<u>137,393</u>

Transactions with related parties during the period are as follows

	31 March 2020 (Unaudited) AED	31 March 2019 (Unaudited) AED
Gross premiums written	<u>726,821</u>	<u>757,946</u>
Claims paid	<u>360,142</u>	<u>97,501</u>

Remuneration of key management personnel

	31 March 2020 (Unaudited) AED	31 March 2019 (Unaudited) AED
Short term benefits	587,328	587,430
Post-employment benefits	<u>28,648</u>	<u>28,333</u>
	<u>615,976</u>	<u>615,763</u>

12 INSURANCE AND OTHER PAYABLES

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Due to policyholders	52,470,103	57,193,698
Due to insurance companies	49,655,093	56,900,548
Due to reinsurance companies	20,553,771	21,819,973
Premium reserve withheld	<u>57,264,489</u>	<u>57,950,450</u>
Insurance payables	<u>179,943,456</u>	<u>193,864,669</u>

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12 INSURANCE AND OTHER PAYABLES (CONTINUED)

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Dividend payable	5,475,715	5,475,715
Fee payable to insurance authority	1,753,484	1,385,998
Deferred income	1,478,588	1,351,767
Remuneration of the Directors	-	4,500,000
Other payables	<u>9,688,247</u>	<u>17,274,576</u>
Other payables	<u>18,396,034</u>	<u>29,988,056</u>
	<u>198,339,490</u>	<u>223,852,725</u>

13 DIVIDENDS

On 17 March 2020, the shareholders at the Annual General Assembly approved cash dividends of 0.40 fils per share amounting to AED 40,000,000 (31 March 2019: AED 35,000,000).

14 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

	Three month period ended 31 March 2020	2019
Profit for the period (AED)	<u>13,275,977</u>	<u>21,555,674</u>
Weighted average number of ordinary shares outstanding during the period	<u>100,000,000</u>	<u>100,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.13</u>	<u>0.22</u>

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15 INCOME FROM INVESTMENTS

	31 March 2020 (Unaudited) AED	31 March 2019 (Unaudited) AED
Dividend income	7,120,398	8,343,113
Interest income	2,084,982	2,347,025
Change in fair value of investments at fair value through profit or loss (note 7)	(7,908,218)	1,932,947
Loss on sale of investments at fair value through profit or loss	-	(47,181)
Other investment income	-	3,514
	<u>1,297,162</u>	<u>12,579,418</u>

16 SEGMENT REPORTING

16.1 Segment revenue and results

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units are managed separately because they require different approach, technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business - incorporating all classes of general insurance such as fire, marine, motor, medical, general accident and miscellaneous.
- Investments - incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and investment properties and other securities.

Information regarding the Company's reportable segments is presented below:

	Three-month period 31 March 2020 (Unaudited)			Three-month period 31 March 2019 (Unaudited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	107,202,733	9,925,349	117,128,082	103,857,970	11,735,748	115,593,718
Direct costs	(89,105,598)	(153,373)	(89,258,971)	(86,473,577)	(507,327)	(86,980,904)
Other underwriting income	2,223,330	-	2,223,330	148,260	-	148,260
Other underwriting expenses	(713,090)	-	(713,090)	(656,080)	-	(656,080)
Non-cash investment (loss)/gain	-	(7,908,218)	(7,908,218)	-	1,934,616	1,934,616
Segment profit	19,607,375	1,863,758	21,471,133	16,876,573	13,163,037	30,039,610
General and administrative expenses	(8,123,658)	-	(8,123,658)	(8,446,638)	-	(8,446,638)
Finance cost	(74,831)	-	(74,831)	(37,298)	-	(37,298)
Other income	-	3,333	3,333	-	-	-
Profit for the period	<u>11,408,886</u>	<u>1,867,091</u>	<u>13,275,977</u>	<u>8,392,637</u>	<u>13,163,037</u>	<u>21,555,674</u>

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16 SEGMENT REPORTING (continued)

16.2 Segment assets and liabilities

	As at 31 March 2020 (Unaudited)			As at 31 December 2019 (Audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	455,523,991	466,602,950	922,126,941	610,440,398	220,969,330	831,409,728
Unallocated assets			<u>23,779,871</u>			<u>193,071,447</u>
Total assets			<u>945,906,812</u>			<u>1,024,481,175</u>
Segment liabilities	624,994,387	7,930,837	632,925,224	618,352,282	9,180,029	627,532,311
Unallocated liabilities			<u>5,475,715</u>			<u>5,475,718</u>
Total liabilities			<u>638,400,939</u>			<u>633,008,029</u>
Capital expenditure	<u>706,407</u>	<u>-</u>	<u>706,407</u>	<u>2,141,672</u>	<u>-</u>	<u>2,141,672</u>

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of accounts receivable, bank balances and cash and certain other assets. Financial liabilities consist of accounts payable and certain other liabilities.

The fair values of the financial assets and liabilities are not materially different from their carrying values.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31 March 2020 and 31 December 2019:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 March 2020 (Unaudited)				
Investments at fair value through statement of comprehensive income	132,810,746	-	-	132,810,746
Investments at fair value through profit and loss	27,916,042	-	8,002,739	35,918,781
	<u>160,726,788</u>	<u>-</u>	<u>8,002,739</u>	<u>168,729,527</u>
31 December 2019 (Audited)				
Investments at fair value through statement of comprehensive income	190,053,996	-	-	190,053,996
Investments at fair value through profit and loss	35,824,260	-	8,002,739	43,826,999
	<u>225,878,256</u>	<u>-</u>	<u>8,002,739</u>	<u>233,880,995</u>

Valuation technique:

Level 1: Quoted bid prices in an active market
Level 3: Net assets value based on audited financials

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18 LEASING

Lease liabilities are presented in the condensed interim statement of financial position as follows:

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Current	1,197,694	2,348,198
Non-current	5,096,864	5,321,373
	<u>6,294,558</u>	<u>7,669,571</u>

Carrying amount of right of use assets as presented in the condensed interim statement of financial position is as follows:

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Right-of-use-assets	<u>6,538,169</u>	<u>8,101,123</u>

19 CONTINGENT LIABILITY

	31 March 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Bank guarantees	<u>18,572,625</u>	<u>18,706,187</u>

