

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

Condensed Interim Financial Statements
(Unaudited)

For the six-month period ended 30 June 2020

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements (Un-audited)
For the six months period ended 30 June 2020

Table of contents

	Page
Director's report	1
Review report on the condensed interim financial statement	2
Condensed interim statement of financial position	3
Condensed interim statement of comprehensive income	4 – 5
Condensed interim statement of changes in equity	6
Condensed interim statement of cash flows	7
Notes to the condensed interim financial statements	8 – 19

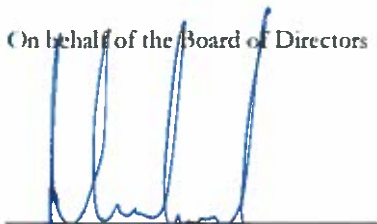
**The Board of Directors' Report
For the six months period ended 30 June 2020**

The Board of Directors takes pleasure in presenting the unaudited results for the six months period ended 30 June 2020.

The net underwriting income increased to AED 40,187,384 against AED 39,602,051 as at 30 June 2019 or an increase of 1.48%.

Particulars	Six months period ended 30 June	
	2020 (Unaudited) AED	2019 (Unaudited) AED
Condensed interim statement of comprehensive income		
Gross premiums written	165,437,154	162,998,598
Reinsurance premium ceded	(127,919,831)	(119,031,652)
Net underwriting income	40,187,384	39,602,051
Income from investment properties (rental income)	1,149,522	1,182,824
General and administrative expenses	(15,612,581)	(17,335,617)
Profit for the period	32,421,059	40,224,851
Basic and diluted earnings per share	0.32	0.40
Condensed interim statement of financial position		
Shareholders' equity	339,862,513	391,473,146
Total assets	992,915,391	1,024,481,175

On behalf of the Board of Directors



Board member

Date



Grant Thornton
United Arab Emirates
Al Kamala Tower
Office No. 1101, Level 11
Zayed 1st Street, Khalidiya
P.O. Box 41255
Abu Dhabi

T +971 2 666 9750
F +971 2 666 9816

Review report on the condensed interim financial statements 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 30 June 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 six-month period then ended. Management is responsible for the preparation and 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 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 statements 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 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other matter

The interim financial statements as at and for the six-month period ended 30 June 2019 were reviewed by another auditor, who expressed an unmodified review conclusion dated 6 August 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 August 2020



Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Condensed interim statement of financial position
As at 30 June 2020

		30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
	Notes		
ASSETS			
Property and equipment		1,797,012	1,985,244
Intangible assets		4,018,695	1,253,615
Right-of-use-assets	17	6,427,464	8,101,123
Investment properties		65,812,225	65,812,225
Statutory deposits	4	9,980,000	9,980,000
Deferred acquisitions costs		15,072,648	15,510,242
Investments carried at fair value through other comprehensive income	5	143,470,724	190,053,996
Investments carried at fair value through profit and loss	6	36,389,712	43,826,999
Insurance balances receivable	7	129,626,862	116,875,552
Reinsurer's share of unearned premium reserve	8	109,444,278	98,900,552
Reinsurer's share of outstanding claims reserves	8	147,685,265	130,648,879
Reinsurer's share of claims incurred but not reported reserve	8	48,966,368	37,391,660
Reinsurer's share of unexpired risk reserve (premium deficiency reserve)	8	-	591,565
Prepayments and other receivables	7	11,370,406	6,110,522
Deposits	9	227,959,648	104,367,554
Cash and cash equivalents	9	34,894,084	193,071,447
TOTAL ASSETS		992,915,391	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		(47,782,636)	(5,276,307)
Retained earnings		92,645,149	101,749,453
TOTAL EQUITY		339,862,513	391,473,146
LIABILITIES			
Employees' end of service benefits		8,173,272	7,915,825
Insurance payables	11	194,424,919	193,864,669
Other payables	11	17,137,408	29,988,056
Lease liabilities	17	6,218,897	7,669,571
Unearned commission income		23,149,972	24,739,994
Technical provisions			
Unearned premium reserve	8	144,058,604	138,792,481
Outstanding claims reserve	8	179,480,112	161,984,266
Claims incurred but not reported reserve	8	74,431,096	61,124,793
Unallocated loss adjustment expense reserve	8	4,925,135	4,263,508
Unexpired risk reserve (premium deficiency reserve)	8	1,053,463	2,664,866
TOTAL LIABILITIES		653,052,878	633,008,029
TOTAL EQUITY AND LIABILITIES		992,915,391	1,024,481,175

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

Assistant General Manager - Finance

General Manager

Board member

The accompanying notes from 1 to 18 form an integral part of these condensed interim financial statements.



Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Condensed interim statement of comprehensive income
For the period ended 30 June 2020

	Notes	Three months period ended 30 June		Six months period ended 30 June	
		2020 (Unaudited) AED	2019 (Unaudited) AED	2020 (Unaudited) AED	2019 (Unaudited) AED
Gross premiums written		75,942,479	76,417,781	165,437,154	162,998,598
Reinsurance premium ceded		(60,740,548)	(55,943,208)	(127,919,831)	(119,031,652)
Net premium		15,201,931	20,474,573	37,517,323	43,966,946
Net change in unearned premium		5,147,003	3,511,921	5,277,603	4,275,880
Net premium earned		20,348,934	23,986,494	42,794,926	48,242,826
Commission earned		13,321,289	14,389,476	31,029,347	29,142,657
Commission incurred		(8,530,683)	(9,289,876)	(17,557,612)	(18,374,640)
Gross underwriting income		25,139,540	29,086,094	56,266,661	59,010,843
Gross claims paid		(29,142,731)	(44,681,967)	(69,992,114)	(92,606,714)
Reinsurance share of claims paid		23,145,722	33,493,409	55,274,477	68,803,406
Net claims paid		(5,997,009)	(11,188,558)	(14,717,637)	(23,803,308)
Change in gross outstanding claims reserve		(3,312,738)	6,802,628	(17,495,846)	11,587,422
Change in reinsurer's share of outstanding claims reserve		3,455,965	(2,683,986)	17,036,386	(4,548,918)
Change in claims incurred but not reported reserve, net		443,429	723,746	(1,731,595)	(1,986,757)
Change in unexpired risk reserve – net		2,021,883	(153,983)	1,019,838	(153,983)
Change in unallocated loss adjustment expense reserve		(132,025)	88,013	(661,627)	(46,952)
Net claims incurred		(3,520,495)	(6,412,140)	(16,550,481)	(18,952,496)
Underwriting income		21,619,045	22,673,954	39,716,180	40,058,347
Other income relating to underwriting		93,460	1,015,976	2,316,790	1,164,238
General and administrative expenses relating to underwriting		(1,132,496)	(964,454)	(1,845,586)	(1,620,534)
Net underwriting income		20,580,009	22,725,476	40,187,384	39,602,051
Income from investments	14	5,541,788	4,276,525	6,838,950	16,855,943
Income from investment properties (rental income)		582,926	599,207	1,149,522	1,182,824
Other income, net		6,800	18,167	10,133	18,167
Total income		26,711,523	27,619,375	48,185,989	57,658,985
General and administrative expenses		(7,488,923)	(8,888,979)	(15,612,581)	(17,335,617)
Finance cost		(77,518)	(61,219)	(152,349)	(98,517)
PROFIT FOR THE PERIOD		19,145,082	18,669,177	32,421,059	40,224,851
Basic and diluted earnings per share	13	0.19	0.19	0.32	0.40

The accompanying notes from 1 to 18 form an integral part of these condensed interim financial statements.

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Condensed interim statement of comprehensive income
For the period ended 30 June 2020

	Three months period ended		Six months period ended	
	30 June		30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED	AED	AED	AED
Profit for the period	19,145,082	18,669,177	32,421,059	40,224,851
Other comprehensive income/ (loss)				
<i>Items that will not be reclassified to statement of income:</i>				
Gain on sale of investments carried at fair value through other comprehensive income	209,120		209,120	
Change in fair value relating to investments carried at fair value through other comprehensive income	13,002,438	(8,121,666)	(44,240,812)	4,710,864
Other comprehensive income/ (loss) for the period	13,211,558	(8,121,666)	(44,031,692)	4,710,864
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	32,356,640	10,547,511	(11,610,633)	44,935,715

The accompanying notes from 1 to 18 form an integral part of these condensed interim financial statements.

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Condensed interim statement of changes in equity
For the period ended 30 June 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	-	-	-	-	40,224,851	40,224,851
Other comprehensive income for the period	-	-	-	4,710,864	-	4,710,864
Total comprehensive income for the period	-	-	-	4,710,864	40,224,851	44,935,715
Dividends declared and paid	-	-	-	-	(35,000,000)	(35,000,000)
Balance as at 30 June 2019 (Unaudited)	100,000,000	50,000,000	145,000,000	(4,892,178)	81,273,412	371,381,234
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	-	-	-	-	32,421,059	32,421,059
Other comprehensive loss for the period	-	-	-	(44,031,692)	-	(44,031,692)
Total comprehensive loss for the period	-	-	-	(44,031,692)	32,421,059	(11,610,633)
Dividends declared and paid	-	-	-	-	(40,000,000)	(40,000,000)
Transfer to retained earnings on disposal of investments carried at FVOCI	-	-	-	1,525,363	(1,525,363)	-
Balance as at 30 June 2020 (Unaudited)	100,000,000	50,000,000	145,000,000	(47,782,636)	92,645,149	339,862,513

The accompanying notes from 1 to 18 form an integral part of these condensed interim financial statements.

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Condensed interim statement of cash flows
For the period ended 30 June 2020

		Six months period ended 30 June 2020 AED	Six months period ended 30 June 2019 AED
	Notes		
OPERATING ACTIVITIES			
Profit for the period		32,421,059	40,224,851
Adjustments for:			
Unearned premium and unexpired risk reserve, net		(6,297,441)	(4,121,897)
Change in gross outstanding claims and claims incurred but not reported reserves		31,463,776	(8,632,320)
Change in reinsurance share of outstanding claims and claims incurred but not reported reserves		(28,611,094)	3,627,525
Allowance for impairment on insurance receivable		(5,625)	-
Change in fair value of investments carried at fair value through profit or loss	6, 14	5,895,672	(2,274,807)
Gain on disposal of investments carried at fair value through profit or loss	14	(137,625)	(8,840)
Provision for employees' end of service benefits		268,443	275,500
Depreciation of property and equipment and right-of-use asset		938,030	1,014,289
Amortisation of intangible assets		394,890	245,058
Finance cost		152,349	98,517
Gain on termination of lease contract		(43,392)	-
Gain on disposal of property and equipment		(10,133)	(18,167)
Dividend income	14	(8,664,135)	(9,367,756)
Interest income	14	(3,932,862)	(4,775,271)
		23,831,912	16,286,682
Working capital changes:			
Insurance receivable, other receivables and prepayments		(13,207,687)	(17,233,863)
Insurance and other payables		(12,290,398)	3,169,250
Deferred acquisition costs		437,594	(438,336)
Unearned commission income		(1,590,022)	1,195,082
Cash (used in)/ generated from operations		(2,818,601)	2,978,815
Employees' end of service benefits paid		(10,996)	(146,786)
Net cash (used in)/ generated from operating activities		(2,829,597)	2,832,029
INVESTING ACTIVITIES			
Purchase of property and equipment		(227,108)	(514,338)
Proceeds from disposal of property and equipment		17,475	18,167
Purchase of intangible assets		(3,159,970)	(452,597)
Proceeds from disposal of investment carried at fair value through profit and loss		-	4,176,900
Movement in term deposits		(123,592,094)	12,395,155
Interest received		3,365,800	4,775,271
Dividends received		8,664,135	9,367,756
Net cash (used in)/ generated from investing activities		(114,931,762)	29,766,314
FINANCING ACTIVITIES			
Dividends paid	12	(40,000,000)	(35,000,000)
Lease liability instalment paid		(416,004)	(1,246,219)
Net cash used in financing activities		(40,416,004)	(36,246,219)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(158,177,363)	(3,647,876)
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			
	9	34,894,084	13,398,573

The accompanying notes from 1 to 18 form an integral part of these condensed interim financial statements.

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements
For the period ended 30 June 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 six-month period ended 30 June 2020 have been authorised for issuance in accordance with a resolution of the Board of Directors on 12 August 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 six-month period ended 30 June 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.

However, the Company has reviewed the key sources of estimation uncertainties disclosed in the recent annual audited financial statements against the backdrop of Covid-19 pandemic. Management believes that all sources of estimation uncertainty remain similar to those disclosed in the recent annual audited financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

2 BASIS OF PREPARATION (continued)

Impact of COVID-19

In response to the spread of the Covid-19 where the Company operates and its resulting disruptions to the social and economic activities in those markets, the Company management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creating of a business contingency plan, to ensure the health and safety of its employees, customers and wider community as well as to ensure the continuity of its services throughout the market. The business operations of the Company currently remain largely unaffected. Based on these factors, the Company management believes that the Covid-19 pandemic has had no material effects on the reported condensed interim financial statements as at and for the six-month period ended 30 June 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*);
- Amendments to IFRS 16 regarding Covid-19 related rent concession.

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

Standards and interpretations in issue but not yet effective

The Company has not early adopted new and revised IFRSs that have been issued but are not yet effective.

Effective for annual periods beginning on or after 1 January 2022

- Amendments to IAS 1 to address classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date
- Amendments to IAS 16 'Property, Plant and Equipment' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management
- Amendment to IAS 37 amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous
- Amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements
- Annual improvements to IFRS Standards 2018-2020

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations in issue but not yet effective (continued)

Effective for annual periods beginning on or after 1 January 2023

- IFRS 17 'Insurance Contracts' which requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.
- Amendment to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 'Insurance Contracts' was published in 2017.

Effective date deferred indefinitely. Adoption is still permitted.

- Amendment to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures (2011)' relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

4 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.

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

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Quoted UAE equity securities	<u>143,470,724</u>	<u>190,053,996</u>

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

	30 June 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	(2,342,460)	(4,543,227)
Change in fair value	<u>(44,240,812)</u>	<u>5,122,104</u>
Fair value at end of the period / year	<u>143,470,724</u>	<u>190,053,996</u>

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Quoted debt securities	16,264,305	16,674,536
Quoted UAE equity securities	13,296,671	19,149,724
Unquoted equity security	<u>6,828,736</u>	<u>8,002,739</u>
	<u>36,389,712</u>	<u>43,826,999</u>

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

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

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

	30 June 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	(1,541,615)	(47,520,147)
Change in fair value (note 14)	(5,895,672)	1,095,013
Fair value at end of the period / year	<u>36,389,712</u>	<u>43,826,999</u>

7 INSURANCE BALANCES RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Due from policy holders	110,982,255	108,655,872
Due from policy holders - related parties (note 10)	1,178,514	137,393
Due from reinsurance companies	3,896,527	5,678,701
Due from insurance companies, broker and agents	<u>37,489,941</u>	<u>26,329,586</u>
	153,547,237	140,801,552
Less: allowance for impairment	<u>(23,920,375)</u>	<u>(23,926,000)</u>
Insurance balance receivable	129,626,862	116,875,552
Prepayments	925,426	1,170,645
Interest receivables	2,926,530	2,359,468
Other receivables	<u>7,518,450</u>	<u>2,580,409</u>
Prepayments and other receivables	11,370,406	6,110,522
	<u>140,997,268</u>	<u>122,986,074</u>

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Insurance contract liabilities		
Outstanding claims reserve	179,480,112	161,984,266
Claims incurred but not reported reserve	74,431,096	61,124,793
Unearned premiums reserve	144,058,604	138,792,481
Unallocated loss adjustment expense reserve	4,925,135	4,263,508
Unexpired risk reserve (premium deficiency reserve)	1,053,463	2,664,866
	403,948,410	368,829,914
Reinsurance contract assets		
Outstanding claims reserve	147,685,265	130,648,879
Claims incurred but not reported reserve	48,966,368	37,391,660
Unearned premiums reserve	109,444,278	98,900,552
Unexpired risk reserve (premium deficiency reserve)	-	591,565
	306,095,911	267,532,656
Insurance liabilities – net		
Outstanding claims reserve	31,794,847	31,335,387
Claims incurred but not reported reserve	25,464,728	23,733,133
Unearned premiums reserve	34,614,326	39,891,929
Unallocated loss adjustment expense reserve	4,925,135	4,263,508
Unexpired risk reserve (premium deficiency reserve)	1,053,463	2,073,301
	97,852,499	101,297,258

9 CASH AND CASH EQUIVALENTS

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Cash on hand	127,014	176,961
Current accounts	34,767,070	192,894,486
Term deposits*	227,959,648	104,367,554
Bank balances and cash	262,853,732	297,439,001
Less: term deposits with an original maturity of more than three months	(227,959,648)	(104,367,554)
Cash and cash equivalents	34,894,084	193,071,447

*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 30 June 2020 (2019: AED 392,220).

The interest rate on term deposits and current accounts with banks ranges between 0.66% and 3.40% (31 December 2019: 0.55% and 4.10%) per annum. All bank balances are held in local banks in the United Arab Emirates.

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

10 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.

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Due from policyholders (note 7)	1,178,514	137,393

Transactions with related parties during the period are as follows

	30 June 2020 (Unaudited) AED	30 June 2019 (Unaudited) AED
Gross premiums written	1,123,657	1,035,399

Claims paid	480,849	221,486
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Remuneration of key management personnel

	31 June 2020 (Unaudited) AED	30 June 2019 (Unaudited) AED
Short term benefits	1,174,656	1,174,860
Post-employment benefits	57,296	56,981
	1,231,952	1,231,841

11 INSURANCE AND OTHER PAYABLES

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Due to policy holders	69,648,913	57,193,698
Due to insurance companies	48,068,544	56,900,548
Due to reinsurance companies	21,126,765	21,819,973
Premium reserve withheld	55,580,697	57,950,450
Insurance payables	194,424,919	193,864,669

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

11 INSURANCE AND OTHER PAYABLES (CONTINUED)

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Dividend payable	5,475,715	5,475,715
Fee payable to insurance authority	1,133,383	1,385,998
Deferred income	1,133,033	1,351,767
Remuneration of the Directors	-	4,500,000
Other payables	9,395,277	17,274,576
	<hr/>	<hr/>
Other payables	17,137,408	29,988,056
	<hr/>	<hr/>
	211,562,327	223,852,725

12 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 (30 June 2019: AED 35,000,000).

13 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 months period ended 30 June 2020 AED		Six months period ended 30 June 2020 AED	
		2019 AED		2019 AED
Profit for the period (AED)	19,145,082	18,669,177	32,421,059	40,224,851
Weighted average number of ordinary shares outstanding during the period	100,000,000	100,000,000	100,000,000	100,000,000
Basic and diluted earnings per share (AED)	0.19	0.19	0.32	0.40

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

14 INCOME FROM INVESTMENTS

	Three months period ended		Six months period ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	(Unaudited) AED	(Unaudited) AED	(Unaudited) AED	(Unaudited) AED
Dividend income	1,543,737	1,024,643	8,664,135	9,367,756
Interest income	1,847,880	2,428,246	3,932,862	4,775,271
Change in fair value of investments at fair value through profit or loss (note 6)	2,012,546	341,860	(5,895,672)	2,274,807
Gain on sale of investments at fair value through profit or loss	137,625	56,021	137,625	8,840
Other investment income	-	425,755	-	429,269
	5,541,788	4,276,525	6,838,950	16,855,943

15 SEGMENT REPORTING

15.1 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:

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

15 SEGMENT REPORTING (continued)

15.1 Segment revenue and results (continued)

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

	Six months period ended 30 June (Unaudited)			2019		
	2020					
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	196,466,501	14,154,699	210,621,200	192,141,255	16,080,167	208,221,422
Direct costs	(156,750,321)	(270,555)	(157,020,876)	(152,082,908)	(375,670)	(152,458,578)
Other underwriting income	2,316,790	-	2,316,790	1,164,238	-	1,164,238
Other underwriting expenses	(1,845,586)	-	(1,845,586)	(1,620,534)	-	(1,620,534)
Non-cash investment (loss)/gain	-	(5,895,672)	(5,895,672)	-	2,334,270	2,334,270
Segment profit	40,187,384	7,988,472	48,175,856	39,602,051	18,038,767	57,640,818
General and administrative expenses	(15,612,581)	-	(15,612,581)	(17,335,616)	-	(17,335,616)
Finance cost	(152,349)	-	(152,349)	(98,517)	-	(98,517)
Other income	-	10,133	10,133	-	18,166	18,166
Profit for the period	24,422,454	7,998,605	32,421,059	22,167,918	18,056,933	40,224,851

	Three months period ended 30 June (Unaudited)			2019		
	2020					
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	89,263,768	4,229,350	93,493,118	88,283,285	4,344,419	92,627,704
Direct costs	(67,644,723)	(117,182)	(67,761,905)	(65,609,331)	131,657	(65,477,674)
Other underwriting income	93,460	-	93,460	1,015,978	-	1,015,978
Other underwriting expenses	(1,132,496)	-	(1,132,496)	(964,454)	-	(964,454)
Non-cash investment gain	-	2,012,546	2,012,546	-	399,654	399,654
Segment profit	20,580,009	6,124,714	26,704,723	22,725,478	4,875,730	27,601,208
General and administrative expenses	(7,488,923)	-	(7,488,923)	(8,888,978)	-	(8,888,978)
Finance cost	(77,518)	-	(77,518)	(61,219)	-	(61,219)
Other income	-	6,800	6,800	-	18,166	18,166
Profit for the period	13,013,568	6,131,514	19,145,082	13,775,281	4,893,896	18,669,177

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

15 SEGMENT REPORTING (continued)

15.2 Segment assets and liabilities

	As at 30 June 2020 (Unaudited)			As at 31 December 2019 (Audited)		
	Underwriting	Investments	Total	Underwriting	Investments	Total
	AED	AED	AED	AED	AED	AED
Segment assets	474,408,998	483,612,309	958,021,307	610,440,398	220,969,330	831,409,728
Unallocated assets			34,894,084	-	-	193,071,447
Total assets	474,408,998	483,612,309	992,915,391	610,440,398	220,969,330	1,024,481,175
Segment liabilities	639,721,987	7,855,176	647,577,163	618,352,282	9,180,029	627,532,311
Unallocated liabilities			5,475,715	-	-	5,475,718
Total liabilities	639,721,987	7,855,176	653,052,878	618,352,282	9,180,029	633,008,029
Capital expenditure	3,387,078	-	3,387,078	2,141,672	-	2,141,672

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of statutory deposits, investments carried at fair value through other comprehensive income, investments carried at fair value through profit and loss, insurance receivables, deposits, bank balances and cash, and certain other assets. Financial liabilities consist of insurance payables, lease liabilities 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 30 June 2020 and 31 December 2019:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
30 June 2020 (Unaudited)				
Investments at fair value through statement of comprehensive income	143,470,724	-	-	143,470,724
Investments at fair value through profit and loss	29,560,976	-	6,828,736	36,389,712
	<u>173,031,700</u>	<u>-</u>	<u>6,828,736</u>	<u>179,860,436</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

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 June 2020

17 LEASING

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

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Current	1,146,694	2,348,198
Non-current	5,072,203	5,321,373
	<u>6,218,897</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:

	30 June 2020 (Unaudited) AED	31 December 2019 (Audited) AED
Right-of-use-assets	<u>6,427,464</u>	<u>8,101,123</u>

18 CONTINGENT LIABILITY

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