

**Al Dhafra Insurance Company P.S.C.**

Review report and condensed interim financial  
information (Unaudited)

For the six-month period ended 30 June 2021

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**  
**For the six-month period ended 30 June 2021**

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**Report on review of 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 30 June 2021 and the related condensed interim statements of income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information 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 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



GRANT THORNTON  
Farouk Mohamed  
Registration No: 86  
Abu Dhabi, United Arab Emirates  
Date: 11 August 2021



**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

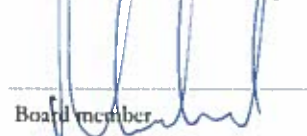
**Condensed interim statement of financial position**  
**As at 30 June 2021**

	Notes	30 June 2021 (Unaudited) AED	31 December 2020 (Audited) AED
<b>ASSETS</b>			
Property and equipment		1,568,418	1,534,096
Intangible assets		3,493,339	3,817,779
Right-of-use assets	17	4,781,538	5,312,243
Investment properties		65,812,225	65,812,225
Statutory deposits	4	9,980,000	9,980,000
Investments carried at fair value through other comprehensive income	5	201,413,858	170,556,736
Investments carried at fair value through profit and loss	6	108,528,878	40,136,262
Insurance balances receivable	7	131,451,388	106,329,866
Deferred acquisitions costs		21,902,913	16,432,759
Reinsurer's share of unearned premium reserve	8	106,280,142	85,530,265
Reinsurer's share of outstanding claims reserves	8	129,747,381	134,554,763
Reinsurer's share of claims incurred but not reported reserve	8	60,692,912	44,274,346
Prepayments and other receivables	7	6,135,751	7,800,394
Deposits	9	148,401,103	183,208,101
Cash and cash equivalents	9	33,225,243	98,881,191
<b>TOTAL ASSETS</b>		<b>1,033,415,089</b>	<b>974,161,026</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
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		10,160,498	(20,696,624)
Reinsurance reserve		1,101,777	1,101,777
Retained earnings		97,913,820	113,917,671
<b>TOTAL EQUITY</b>		<b>404,176,095</b>	<b>389,322,824</b>
<b>LIABILITIES</b>			
Provision for employees' end of service benefits		8,302,283	8,341,652
Lease liabilities	17	4,306,230	4,872,807
Insurance payables	11	183,922,817	168,494,390
Other payables	11	15,684,641	23,154,394
Unearned commission income		23,815,372	21,847,658
<b>Technical provisions</b>			
Unearned premium reserve	8	151,050,572	122,189,223
Outstanding claims reserve	8	152,797,803	161,604,927
Claims incurred but not reported reserve	8	83,010,575	68,798,559
Unallocated loss adjustment expense reserve	8	4,782,285	4,488,031
Unexpired risk reserve (premium deficiency reserve)	8	1,566,416	1,046,561
<b>TOTAL LIABILITIES</b>		<b>629,238,994</b>	<b>584,838,202</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,033,415,089</b>	<b>974,161,026</b>

This condensed interim financial information was approved by the Board of Directors on 11 August 2021 and signed on their behalf by:

For   
Assistant General Manager - Finance

  
General Manager

  
Board member

The accompanying notes from 1 to 21 form an integral part of this condensed interim financial information.



**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Condensed interim statement of comprehensive income**  
**For the six-month period ended 30 June 2021**

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 (Unaudited) AED	2020 (Unaudited) AED	2021 (Unaudited) AED	2020 (Unaudited) AED
Notes				
Gross premiums written	84,766,370	75,942,479	173,666,031	165,437,154
Reinsurance premium ceded	(65,871,952)	(60,740,548)	(131,847,888)	(127,919,831)
<b>Net premium</b>	<b>18,894,418</b>	<b>15,201,931</b>	<b>41,818,143</b>	<b>37,517,323</b>
Net change in unearned premium	(1,431,215)	5,147,003	(8,111,472)	5,277,603
<b>Net premium earned</b>	<b>17,463,203</b>	<b>20,348,934</b>	<b>33,706,671</b>	<b>42,794,926</b>
Commission earned	13,888,545	13,321,289	27,206,320	31,029,347
Commission incurred	(10,743,532)	(8,530,683)	(19,663,371)	(17,557,612)
<b>Gross underwriting income</b>	<b>20,608,216</b>	<b>25,139,540</b>	<b>41,249,620</b>	<b>56,266,661</b>
Gross claims paid	(37,148,018)	(29,142,731)	(68,076,272)	(69,992,114)
Reinsurance share of claims paid	27,587,010	23,145,722	50,424,741	55,274,477
<b>Net claims paid</b>	<b>(9,561,008)</b>	<b>(5,997,009)</b>	<b>(17,651,531)</b>	<b>(14,717,637)</b>
Change in gross outstanding claims reserve	8,268,686	(3,312,738)	8,807,124	(17,495,846)
Change in reinsurer's share of outstanding claims reserve	(3,878,094)	3,455,965	(4,807,382)	17,036,386
Change in claims incurred but not reported reserve, net	48,046	443,429	2,206,550	(1,731,595)
Change in unexpired risk reserve, net	(418,578)	2,021,883	(519,855)	1,019,838
Change in unallocated loss adjustment expense reserve	(180,366)	(132,025)	(294,254)	(661,627)
<b>Net claims incurred</b>	<b>(5,721,314)</b>	<b>(3,520,495)</b>	<b>(12,259,348)</b>	<b>(16,550,481)</b>
<b>Underwriting income</b>	<b>14,886,902</b>	<b>21,619,045</b>	<b>28,990,272</b>	<b>39,716,180</b>
Other income relating to underwriting	284,523	93,460	588,026	2,316,790
General and administrative expenses relating to underwriting	(913,700)	(1,132,496)	(1,769,759)	(1,845,586)
<b>Net underwriting income</b>	<b>14,257,725</b>	<b>20,580,009</b>	<b>27,808,539</b>	<b>40,187,384</b>
Income from investments 14	1,801,187	5,541,788	11,619,832	6,838,950
Income from investment properties (rental income)	473,742	582,926	994,759	1,149,522
Other income, net	-	6,800	3,500	10,133
<b>Total income</b>	<b>16,532,654</b>	<b>26,711,523</b>	<b>40,426,630</b>	<b>48,185,989</b>
General and administrative expenses	(8,541,900)	(7,488,923)	(16,325,095)	(15,612,581)
Finance cost	(52,693)	(77,518)	(105,386)	(152,349)
<b>PROFIT FOR THE PERIOD</b>	<b>7,938,061</b>	<b>19,145,082</b>	<b>23,996,149</b>	<b>32,421,059</b>
Basic and diluted earnings per share 13	0.08	0.19	0.24	0.32

The accompanying notes from 1 to 21 form an integral part of this condensed interim financial information.

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Condensed interim statement of comprehensive income**  
**For the six-month period ended 30 June 2021**

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2021	2020	2021	2020
		(Unaudited) AED	(Unaudited) AED	(Unaudited) AED	(Unaudited) AED
<b>Profit for the period</b>		<b>7,938,061</b>	<b>19,145,082</b>	<b>23,996,149</b>	<b>32,421,059</b>
<b>Other comprehensive income/ (loss)</b>					
<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	5	14,592,515	13,002,438	30,857,122	(44,240,812)
<b>Other comprehensive income/ (loss) for the period</b>		<b>14,592,515</b>	<b>13,211,558</b>	<b>30,857,122</b>	<b>(44,031,692)</b>
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>		<b>22,530,576</b>	<b>32,356,640</b>	<b>54,853,271</b>	<b>(11,610,633)</b>

The accompanying notes from 1 to 21 form an integral part of this condensed interim financial information.

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Condensed interim statement of changes in equity**  
**For the six-month period ended 30 June 2021**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Reinsurance reserve AED	Retained earnings AED	Total equity AED
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)
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
Balance as at 1 January 2021 (Audited)	100,000,000	50,000,000	145,000,000	(20,696,624)	1,101,777	113,917,671	389,322,824
Net profit for the period	-	-	-	-	-	23,996,149	23,996,149
Other comprehensive income for the period	-	-	-	30,857,122	-	-	30,857,122
Dividends declared and paid	-	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 30 June 2021 (Unaudited)	100,000,000	50,000,000	145,000,000	10,160,498	1,101,777	97,913,820	404,176,095

The accompanying notes from 1 to 21 form an integral part of this condensed interim financial information.

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Condensed interim statement of cash flows**  
**For the six-month period ended 30 June 2021**

	Notes	Six months period ended 30 June 2021 (Unaudited) AED	Six months period ended 30 June 2020 (Unaudited) AED
<b>OPERATING ACTIVITIES</b>			
Profit for the period		23,996,149	32,421,059
Adjustments for:			
Unearned premium and unexpired risk reserve, net		8,631,327	(6,297,441)
Change in gross outstanding claims and claims incurred but not reported reserves		5,699,146	31,463,776
Change in reinsurance share of outstanding claims and claims incurred but not reported reserves		(11,611,184)	(28,611,094)
Allowance for impairment on insurance receivable			(5,625)
Change in fair value of investments carried at fair value through profit or loss	6, 14	(1,743,127)	5,895,672
(Loss)/gain on disposal of investments carried at fair value through profit or loss	14	453,788	(137,625)
Provision for employees' end of service benefits		264,163	268,443
Depreciation of property and equipment and right-of-use asset		929,568	938,030
Amortisation of intangible assets		462,176	394,890
Finance cost		105,386	152,349
Loss/(gain) on termination of lease contract		15,649	(43,392)
Gain on disposal of property and equipment		(3,500)	(10,133)
Dividend income	14	(7,697,127)	(8,664,135)
Interest income	14	(2,679,911)	(3,932,862)
		16,822,503	23,831,912
Working capital changes:			
Insurance receivable, other receivables and prepayments		(23,895,372)	(13,207,687)
Insurance and other payables		7,958,674	(12,290,398)
Deferred acquisition costs		(5,470,154)	437,594
Unearned commission income		1,967,714	(1,590,022)
Cash used in operations		(2,616,635)	(2,818,601)
Employees' end of service benefits paid		(303,533)	(10,996)
Net cash used in operating activities		(2,920,168)	(2,829,597)
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(433,185)	(227,108)
Proceeds from disposal of property and equipment		3,500	17,475
Purchase of intangible assets		(137,736)	(3,159,970)
Purchase of investments carried at fair value through profit or loss		(73,258,078)	
Proceeds from disposal of investment carried at fair value through profit and loss		6,154,801	-
Movement in term deposits		34,806,998	(123,592,094)
Interest received		3,118,405	3,365,800
Dividends received		7,697,127	8,664,135
Net cash used in investing activities		(22,048,168)	(114,931,762)
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(40,000,000)	(40,000,000)
Lease liability instalment paid		(687,612)	(416,004)
Net cash used in financing activities		(40,687,612)	(40,416,004)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(65,655,948)	(158,177,363)
Cash and cash equivalents at the beginning of the period		98,881,191	193,071,447
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	9	<b>33,225,243</b>	<b>34,894,084</b>

The accompanying notes from 1 to 21 form an integral part of this condensed interim financial information.



**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Notes to the condensed interim financial information**  
**For the six-month period ended 30 June 2021**

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**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 is registered under the UAE Federal Law No. (2) of 2015 relating to commercial companies. The Company is subject to the regulations of the UAE Federal Law no. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of the Central Bank of the United Arab Emirates ("CBUAE") (formerly, UAE Insurance Authority ("IA")) under registration number 5.

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 came into effect on 2 January 2021. However, some of the amended articles refer to further executive regulations to be issued. The Company is in process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The Federal Decree-Law No. 24 of 2020 which amends certain provisions of the UAE Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations was issued on 27 September 2020 and the amendments came to effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the CBUAE.

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.

**2 BASIS OF PREPARATION**

**Statement of compliance**

The condensed interim financial information is prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The condensed interim financial information does 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 2020. In addition, the results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The condensed interim financial information has 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 information is 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 2020, except for the adoption of new standards and interpretations effective 1 January 2021.

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

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**2 BASIS OF PREPARATION (continued)**

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.

**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 information as at and for the six-month period ended 30 June 2021.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**Standards, interpretations and amendments to existing standards that are effective in 2021**

There are no applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that are expected to have a material impact on the condensed interim financial information of the Company.

**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 Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

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**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 Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

**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 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Statutory deposit	10,000,000	10,000,000
Less: 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 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Quoted UAE equity securities	<u>201,413,858</u>	<u>170,556,736</u>

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

	30 June 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Fair value at beginning of period / year	170,556,736	190,053,996
Additions	-	-
Disposals	-	(2,342,460)
Change in fair value	30,857,122	(17,154,800)
Fair value at end of the period / year	<u>201,413,858</u>	<u>170,556,736</u>

**6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	30 June 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Units in investment funds	72,792,450	-
Quoted debt securities	10,507,197	16,584,183
Quoted UAE equity securities	19,546,944	16,723,343
Unquoted equity security	5,682,287	6,828,736
	<u>108,528,878</u>	<u>40,136,262</u>

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

**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 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Fair value at beginning of period / year	40,136,262	43,826,999
Additions	73,258,078	-
Disposals	(6,608,589)	(1,541,615)
Change in fair value (note 14)	1,743,127	(2,149,122)
Fair value at end of the period / year	<u>108,528,878</u>	<u>40,136,262</u>

**7 INSURANCE BALANCES RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES**

	30 June 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Due from policy holders	109,270,966	92,409,118
Due from policy holders - related parties (note 10)	1,230,561	641,565
Due from reinsurance companies	5,436,797	5,324,394
Due from insurance companies, broker and agents	<u>39,222,392</u>	<u>31,798,370</u>
	155,160,716	130,173,447
Less: allowance for impairment	<u>(23,709,328)</u>	<u>(23,843,581)</u>
Insurance balance receivable	131,451,388	106,329,866
Prepayments	2,248,900	1,271,331
Interest receivables	1,920,974	3,375,986
Other receivables	<u>1,965,877</u>	<u>3,153,077</u>
Prepayments and other receivables	6,135,751	7,800,394
	<u>137,587,139</u>	<u>114,130,260</u>

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

<b>8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS</b>		
	<b>30 June 2021 (Unaudited) AED</b>	<b>31 December 2020 (Audited) AED</b>
<b>Insurance contract liabilities</b>		
Outstanding claims reserve	152,797,803	161,604,927
Claims incurred but not reported reserve	83,010,575	68,798,559
Unearned premiums reserve	151,050,572	122,189,223
Unallocated loss adjustment expense reserve	4,782,285	4,488,031
Unexpired risk reserve (premium deficiency reserve)	1,566,416	1,046,561
	<b>393,207,651</b>	<b>358,127,301</b>
<b>Reinsurance contract assets</b>		
Outstanding claims reserve	129,747,381	134,554,763
Claims incurred but not reported reserve	60,692,912	44,274,346
Unearned premiums reserve	106,280,142	85,530,265
	<b>296,720,435</b>	<b>264,359,374</b>
<b>Insurance liabilities – net</b>		
Outstanding claims reserve	23,050,422	27,050,164
Claims incurred but not reported reserve	22,317,663	24,524,213
Unearned premiums reserve	44,770,430	36,658,958
Unallocated loss adjustment expense reserve	4,782,285	4,488,031
Unexpired risk reserve (premium deficiency reserve)	1,566,416	1,046,561
	<b>96,487,216</b>	<b>93,767,927</b>
<b>9 CASH AND CASH EQUIVALENTS</b>		
	<b>30 June 2021 (Unaudited) AED</b>	<b>31 December 2020 (Audited) AED</b>
Cash on hand	280,450	200,410
Current accounts	32,944,793	98,680,781
Term deposits*	148,401,103	183,208,101
Bank balances and cash	181,626,346	282,089,292
Less: term deposits with an original maturity of more than three months	(148,401,103)	(183,208,101)
Cash and cash equivalents	<b>33,225,243</b>	<b>98,881,191</b>

\*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 30 June 2021 (2020: AED 392,227).

The interest rate on term deposits and current accounts with banks ranges between 0.20% and 3.00% (31 December 2020: 0.50% and 3.00%) 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 Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

**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 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Due from policyholders (note 7)	1,230,561	641,565

Transactions with related parties during the period are as follows

	30 June 2021 (Unaudited) AED	30 June 2020 (Unaudited) AED
Gross premiums written	1,169,190	1,123,657

Claims paid	198,562	480,849
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**Remuneration of key management personnel**

	30 June 2021 (Unaudited) AED	30 June 2020 (Unaudited) AED
Short term benefits	1,174,860	1,174,656
Post-employment benefits	56,980	57,296
	1,231,840	1,231,952

**11 INSURANCE AND OTHER PAYABLES**

	30 June 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Due to policy holders	43,737,854	53,528,607
Due to insurance companies	52,022,749	47,427,301
Due to reinsurance companies	32,996,890	13,439,685
Premium reserve withheld	55,165,324	54,098,797
Insurance payables	183,922,817	168,494,390

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

**11 INSURANCE AND OTHER PAYABLES (CONTINUED)**

	30 June 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Dividend payable	5,283,005	5,269,737
Fee payable to Insurance Authority	-	1,173,886
Deferred income	1,333,902	1,401,598
Remuneration of the Directors	-	4,500,000
Other payables	9,067,734	10,809,173
Other payables	15,684,641	23,154,394
Total insurance and other payables	199,607,458	191,648,784

**12 DIVIDENDS**

On 17 March 2021, the shareholders at the Annual General Assembly approved cash dividends of 0.40 fils per share amounting to AED 40,000,000 (30 June 2020: AED 40,000,000).

**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-month period ended 30 June		Six-month period ended 30 June	
	2021 (Unaudited) AED	2020 (Unaudited) AED	2021 (Unaudited) AED	2020 (Unaudited) AED
Profit for the period (AED)	7,938,061	19,145,082	23,996,149	32,421,059
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)	0.08	0.19	0.24	0.32



**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

**14 INCOME FROM INVESTMENTS**

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED	AED	AED	AED
Dividend income	334,308	1,543,737	7,697,127	8,664,135
Interest income	1,276,459	1,847,880	2,679,911	3,932,862
Change in fair value of investments at fair value through profit or loss (note 6)	563,746	2,012,546	1,743,127	(5,895,672)
(Loss)/gain on sale of investments at fair value through profit or loss	(328,481)	137,625	(453,788)	137,625
Other investment income	(44,845)	-	(46,545)	-
	<b>1,801,187</b>	<b>5,541,788</b>	<b>11,619,832</b>	<b>6,838,950</b>

**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 Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

**15 SEGMENT REPORTING (continued)**

**15.1 Segment revenue and results (continued)**

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

	Six-month period ended 30 June (Unaudited)			2020		
	2021			2020		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	200,872,351	11,257,251	212,129,602	196,466,501	14,154,699	210,621,200
Direct costs	(171,882,079)	(385,786)	(172,267,865)	(156,750,321)	(270,555)	(157,020,876)
Other underwriting income	588,026	-	588,026	2,316,790	-	2,316,790
Other underwriting expenses	(1,769,759)	-	(1,769,759)	(1,845,586)	-	(1,845,586)
Non-cash investment gain / (loss)	-	1,743,126	1,743,126	-	(5,895,672)	(5,895,672)
Segment profit	27,808,539	12,614,591	40,423,130	40,187,384	7,988,472	48,175,856
General and administrative expenses	(16,325,095)	-	(16,325,095)	(15,612,581)	-	(15,612,581)
Finance cost	(105,386)	-	(105,386)	(152,349)	-	(152,349)
Other income	-	3,500	3,500	-	10,133	10,133
Profit for the period	11,378,058	12,618,091	23,996,149	24,422,454	7,998,605	32,421,059

	Three-month period ended 30 June (Unaudited)			2020		
	2021			2020		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	98,654,915	1,934,070	100,588,985	89,263,768	4,229,350	93,493,118
Direct costs	(83,768,014)	(222,885)	(83,990,899)	(67,644,723)	(117,182)	(67,761,905)
Other underwriting income	284,523	-	284,523	93,460	-	93,460
Other underwriting expenses	(913,700)	-	(913,700)	(1,132,496)	-	(1,132,496)
Non-cash investment gain	-	563,745	563,745	-	2,012,546	2,012,546
Segment profit	14,257,724	2,274,930	16,532,654	20,580,009	6,124,714	26,704,723
General and administrative expenses	(8,541,900)	-	(8,541,900)	(7,488,923)	-	(7,488,923)
Finance cost	(52,693)	-	(52,693)	(77,518)	-	(77,518)
Other income	-	-	-	-	6,800	6,800
Profit for the period	5,663,131	2,274,930	7,938,061	13,013,568	6,131,514	19,145,082

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

**15 SEGMENT REPORTING (continued)**

**15.2 Segment assets and liabilities**

	As at 30 June 2021 (Unaudited)			As at 31 December 2020 (Audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	466,053,782	534,136,064	1,000,189,846	405,586,511	469,693,324	875,279,835
Unallocated assets	-	-	33,225,243	-	-	98,881,191
<b>Total assets</b>	<b>466,053,782</b>	<b>534,136,064</b>	<b>1,033,415,089</b>	<b>405,586,511</b>	<b>469,693,324</b>	<b>974,161,026</b>
Segment liabilities	618,273,853	5,682,131	623,955,984	573,059,379	6,509,086	579,568,465
Unallocated liabilities	-	-	5,283,010	-	-	5,269,737
<b>Total liabilities</b>	<b>618,273,853</b>	<b>5,682,131</b>	<b>629,238,994</b>	<b>573,059,379</b>	<b>6,509,086</b>	<b>584,838,202</b>
Capital expenditure	570,920	-	570,920	3,662,357	-	3,662,357

**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 2021 and 31 December 2020:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>30 June 2021 (Unaudited)</b>				
Investments at fair value through statement of comprehensive income	128,621,408	72,792,450	-	201,413,858
Investments at fair value through profit and loss	102,846,591	-	5,682,287	108,528,878
	<b>231,467,999</b>	<b>72,792,450</b>	<b>5,682,287</b>	<b>309,942,736</b>
<b>31 December 2020 (Audited)</b>				
Investments at fair value through statement of comprehensive income	170,556,736	-	-	170,556,736
Investments at fair value through profit and loss	33,307,526	-	6,828,736	40,136,262
	<b>203,864,262</b>	<b>-</b>	<b>6,828,736</b>	<b>210,692,998</b>

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Unaudited)**

**Notes to the condensed interim financial information (continued)**  
**For the six-month period ended 30 June 2021**

**16 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Valuation technique:**

Level 1: Quoted bid prices in an active market

Level 3: Net assets value based on audited financials

**17 LEASING**

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

	30 June 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Current	1,203,375	1,203,375
Non-current	3,102,855	3,669,432
	<u>4,306,230</u>	<u>4,872,807</u>

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

	30 June 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Right-of-use assets	<u>4,781,538</u>	<u>5,312,243</u>

**18 CONTINGENT LIABILITY**

	30 June 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Bank guarantees	<u>18,744,222</u>	<u>18,550,200</u>

**19 POST REPORTING DATE EVENTS**

No adjusting or significant non-adjusting events occurred between the reporting date and the date of approval of the condensed interim financial information.

**20 GENERAL**

The figures in the condensed interim financial information are rounded to the nearest Dirham of United Arab Emirates.

**21 APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The condensed interim financial information was approved and authorized for issue by the Board of Directors on 11 August 2021.