

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

Review report and condensed interim financial  
information (Unaudited)

For the nine-month period ended 30 September 2021

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

**Condensed Interim Financial Information (Unaudited)  
For the nine-month period ended 30 September 2021**

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**Table of contents**

	Page
Report on review of condensed interim financial information	1
Condensed interim statement of financial position	2
Condensed interim statement of comprehensive income	3 - 4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial information	7 - 18

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Grant Thornton UAE - Abu Dhabi

Office 1101, 11<sup>th</sup> Floor  
Al Kamala Tower  
Zayed the 1<sup>st</sup> Street  
Khalidiya  
Abu Dhabi, UAE

T +971 2 666 9750

## Report on review of the condensed interim financial information To the Board of Directors 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 September 2021 and the related condensed interim statement of comprehensive income for the three-month and nine-month periods then ended and the condensed interim statements of changes in equity, and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting*’ as issued by the International Accounting Standard Board (IASB). Our responsibility is to express a conclusion on this 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: 10 November 2021



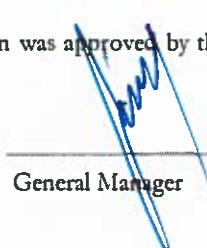
**Al Dhafra Insurance Company P.S.C.  
Condensed Interim Financial Information (Unaudited)**

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

		30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
<b>ASSETS</b>			
Property and equipment		1,405,969	1,534,096
Intangible assets		3,375,955	3,817,779
Right-of-use assets	17	4,516,186	5,312,243
Investment properties		65,812,225	65,812,225
Statutory deposit	4	9,980,000	9,980,000
Investments carried at fair value through other comprehensive income	5	212,936,406	170,556,736
Investments carried at fair value through profit and loss	6	110,681,994	40,136,262
Insurance balances receivable	7	121,284,454	106,329,866
Deferred acquisitions costs		21,401,791	16,432,759
Reinsurer's share of unearned premium reserve	8	96,347,889	85,530,265
Reinsurer's share of outstanding claims reserves	8	167,708,906	134,554,763
Reinsurer's share of claims incurred but not reported reserve	8	69,934,711	44,274,346
Prepayments and other receivables	7	14,334,849	7,800,394
Deposits	9	164,177,233	183,208,101
Cash and cash equivalents	9	7,111,514	98,881,191
<b>TOTAL ASSETS</b>		<b>1,071,010,082</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		21,683,046	(20,696,624)
Reinsurance reserve		1,101,777	1,101,777
Retained earnings		109,278,105	113,917,671
<b>TOTAL EQUITY</b>		<b>427,062,928</b>	<b>389,322,824</b>
<b>LIABILITIES</b>			
Provision for employees' end of service benefits		8,422,025	8,341,652
Lease liabilities	17	4,189,154	4,872,807
Insurance payables	11	161,122,764	168,494,390
Other payables	11	14,607,626	23,154,394
Unearned commission income		22,082,482	21,847,658
<b>Technical provisions</b>			
Unearned premium reserve	8	143,037,735	122,189,223
Outstanding claims reserve	8	191,335,552	161,604,927
Claims incurred but not reported reserve	8	91,126,864	68,798,559
Unallocated loss adjustment expense reserve	8	5,603,839	4,488,031
Unexpired risk reserve (premium deficiency reserve)	8	2,419,112	1,046,561
<b>TOTAL LIABILITIES</b>		<b>643,947,153</b>	<b>584,838,202</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,071,010,082</b>	<b>974,161,026</b>

This condensed interim financial information was approved by the Board of Directors on 10 November 2021 and signed on their behalf by:

  
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 nine-month period ended 30 September 2021**

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021 (Unaudited) AED	2020 (Unaudited) AED	2021 (Unaudited) AED	2020 (Unaudited) AED
Gross premiums written	71,154,305	65,701,352	244,820,336	231,138,506
Reinsurance premium ceded	(47,178,757)	(45,129,278)	(179,026,645)	(173,049,109)
<b>Net premium</b>	<b>23,975,548</b>	<b>20,572,074</b>	<b>65,793,691</b>	<b>58,089,397</b>
Net change in unearned premium	(1,919,415)	(3,123,846)	(10,030,887)	2,153,757
<b>Net premium earned</b>	<b>22,056,133</b>	<b>17,448,228</b>	<b>55,762,804</b>	<b>60,243,154</b>
Commission earned	14,049,671	11,969,403	41,255,991	42,998,750
Commission incurred	(11,920,271)	(8,569,378)	(31,583,642)	(26,126,990)
<b>Gross underwriting income</b>	<b>24,185,533</b>	<b>20,848,253</b>	<b>65,435,153</b>	<b>77,114,914</b>
Gross claims paid	(34,393,424)	(40,735,834)	(102,469,696)	(110,727,948)
Reinsurance share of claims paid	26,244,390	34,394,341	76,669,131	89,668,818
<b>Net claims paid</b>	<b>(8,149,034)</b>	<b>(6,341,493)</b>	<b>(25,800,565)</b>	<b>(21,059,130)</b>
Change in gross outstanding claims reserve	(38,537,750)	7,668,986	(29,730,626)	(9,826,860)
Change in reinsurer's share of outstanding claims reserve	37,961,525	(6,294,800)	33,154,143	10,741,586
Change in claims incurred but not reported reserve, net	1,125,510	759,281	3,332,060	(972,314)
Change in unexpired risk reserve, net	(852,696)	(11,527)	(1,372,551)	1,008,311
Change in unallocated loss adjustment expense reserve	(821,554)	289,104	(1,115,808)	(372,523)
<b>Net claims incurred</b>	<b>(9,273,999)</b>	<b>(3,930,449)</b>	<b>(21,533,347)</b>	<b>(20,480,930)</b>
<b>Underwriting income</b>	<b>14,911,534</b>	<b>16,917,804</b>	<b>43,901,806</b>	<b>56,633,984</b>
Other income relating to underwriting	1,224,166	682,485	1,812,192	2,999,275
General and administrative expenses relating to underwriting	(645,818)	(835,518)	(2,415,577)	(2,681,104)
<b>Net underwriting income</b>	<b>15,489,882</b>	<b>16,764,771</b>	<b>43,298,421</b>	<b>56,952,155</b>
Income from investments, net	3,110,668	3,635,796	14,730,500	10,474,746
Income from investment properties (rental income)	554,477	482,085	1,549,236	1,631,607
Other income, net	-	-	3,500	10,133
<b>Total income</b>	<b>19,155,027</b>	<b>20,882,652</b>	<b>59,581,657</b>	<b>69,068,641</b>
General and administrative expenses	(7,738,048)	(7,677,871)	(24,063,143)	(23,290,452)
Finance cost	(52,693)	(45,015)	(158,079)	(197,364)
<b>PROFIT FOR THE PERIOD</b>	<b>11,364,285</b>	<b>13,159,766</b>	<b>35,360,434</b>	<b>45,580,825</b>
Basic and diluted earnings per share	0.11	0.13	0.35	0.46

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 nine-month period ended 30 September 2021**

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2021 (Unaudited) AED	2020 (Unaudited) AED	2021 (Unaudited) AED	2020 (Unaudited) AED
<b>Profit for the period</b>		<b>11,364,285</b>	<b>13,159,766</b>	<b>35,360,434</b>	<b>45,580,825</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
Change in fair value relating to investments carried at fair value through other comprehensive income	5	<b>11,522,548</b>	<b>12,855,070</b>	<b>42,379,670</b>	<b>(31,385,742)</b>
<b>Other comprehensive income/ (loss) for the period</b>		<b>11,522,548</b>	<b>12,855,070</b>	<b>42,379,670</b>	<b>(31,176,622)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>22,886,833</b>	<b>26,014,836</b>	<b>77,740,104</b>	<b>14,404,203</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 nine-month period ended 30 September 2021**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Reinsura nce 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	-	-	-	-	-	45,580,825	45,580,825
Other comprehensive loss for the period	-	-	-	(31,176,622)	-	-	(31,176,622)
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 September 2020 (Unaudited)	100,000,000	50,000,000	145,000,000	(34,927,566)	-	105,804,915	365,877,349
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	-	-	-	-	-	35,360,434	35,360,434
Other comprehensive income for the period	-	-	-	42,379,670	-	-	42,379,670
Dividends declared and paid	-	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 30 September 2021 (Unaudited)	100,000,000	50,000,000	145,000,000	21,683,046	1,101,777	109,278,105	427,062,928

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 nine-month period ended 30 September 2021**

		Nine months period ended 30 September 2021 (Unaudited) AED	Nine months period ended 30 September 2020 (Unaudited) AED
	Notes		
<b>OPERATING ACTIVITIES</b>			
Profit for the period		35,360,434	45,580,825
Adjustments for:			
Unearned premium and unexpired risk reserve, net		11,403,438	(3,162,068)
Change in gross outstanding claims and claims incurred but not reported reserves		53,174,739	17,703,378
Change in reinsurance share of outstanding claims and claims incurred but not reported reserves		(58,814,508)	(17,273,267)
Allowance for expected credit losses		-	(62,805)
Change in fair value of investments carried at fair value through profit or loss	6, 14	(1,750,272)	4,810,569
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		398,673	405,846
Depreciation of property and equipment and right-of-use asset		1,396,237	1,341,468
Amortisation of intangible assets		655,570	595,926
Finance cost		158,079	197,364
Gain on termination of lease contract		(45,674)	(43,392)
Gain on disposal of property and equipment		(3,501)	(10,133)
Dividend income	14	(8,737,037)	(9,535,372)
Interest income	14	(4,754,794)	(5,612,318)
		28,895,172	34,798,396
Working capital changes:			
Insurance receivable, other receivables and prepayments		(23,142,014)	(6,060,983)
Insurance and other payables		(15,918,394)	(34,033,540)
Deferred acquisition costs		(4,969,032)	403,977
Unearned commission income		234,823	(1,498,545)
		(14,899,445)	(6,390,695)
Cash used in operations		(318,300)	(98,832)
Employees' end of service benefits paid		(15,217,745)	(6,489,527)
Net cash used in operating activities		(14,899,445)	(6,390,695)
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(472,054)	(314,308)
Proceeds from disposal of property and equipment		3,500	10,133
Purchase of intangible assets		(213,746)	(3,330,835)
Purchase of investments carried at fair value through profit or loss		(75,404,048)	
Proceeds of disposal of investments carried at fair value through profit or loss		6,154,802	1,679,240
Proceeds from disposal of investment carried at fair value through other comprehensive income		-	2,551,580
Movement in term deposits		19,030,868	(88,232,200)
Interest received		8,737,037	5,016,898
Dividends received		6,407,766	9,535,372
Net cash used in investing activities		(35,755,875)	(73,084,120)
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(40,000,000)	(40,000,000)
Payment of lease liabilities		(796,057)	(838,263)
Net cash used in financing activities		(40,796,057)	(40,838,263)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(91,769,677)	(120,411,910)
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	7,111,514	72,659,537

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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2021**

**4 Statutory deposit**

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 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Statutory deposit	10,000,000	10,000,000
Less: Allowance for 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 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Quoted UAE equity securities	<u>212,936,406</u>	<u>170,556,736</u>

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

	30 September 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	42,379,670	(17,154,800)
Fair value at end of the period / year	<u>212,936,406</u>	<u>170,556,736</u>

**6 Investments carried at fair value through profit or loss**

	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Units in investment funds	72,121,095	-
Quoted debt securities	10,579,227	16,584,183
Quoted UAE equity securities	22,299,385	16,723,343
Unquoted equity security	5,682,287	6,828,736
	<u>110,681,994</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 nine-month period ended 30 September 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 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Fair value at beginning of period / year	40,136,263	43,826,999
Additions	75,404,048	-
Disposals	(6,608,590)	(1,541,615)
Change in fair value (note 14)	1,750,273	(2,149,122)
Fair value at end of the period / year	<u>110,681,994</u>	<u>40,136,262</u>

**7 Insurance balances receivables, prepayments and other receivables**

	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Due from policy holders	101,756,995	92,409,118
Due from policy holders - related parties (note 10)	1,133,182	641,565
Due from reinsurance companies	4,083,296	5,324,394
Due from insurance companies, broker and agents	<u>37,952,569</u>	<u>31,798,370</u>
	144,926,042	130,173,447
Less: Allowance for impairment losses	<u>(23,641,588)</u>	<u>(23,843,581)</u>
<b>Insurance balance receivable</b>	<b>121,284,454</b>	<b>106,329,866</b>
Prepayments	2,987,399	1,271,331
Interest receivables	1,723,014	3,375,986
Other receivables	<u>9,624,436</u>	<u>3,153,077</u>
<b>Prepayments and other receivables</b>	<b>14,334,849</b>	<b>7,800,394</b>
	<u>135,619,303</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 nine-month period ended 30 September 2021**

**8 Insurance contract liabilities and reinsurance contract assets**

	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
<b>Insurance contract liabilities</b>		
Outstanding claims reserve	191,335,552	161,604,927
Claims incurred but not reported reserve	91,126,864	68,798,559
Unearned premiums reserve	143,037,735	122,189,223
Unallocated loss adjustment expense reserve	5,603,839	4,488,031
Unexpired risk reserve (premium deficiency reserve)	2,419,112	1,046,561
	<u>433,523,102</u>	<u>358,127,301</u>
<b>Reinsurance contract assets</b>		
Outstanding claims reserve	167,708,906	134,554,763
Claims incurred but not reported reserve	69,934,711	44,274,346
Unearned premiums reserve	96,347,889	85,530,265
	<u>333,991,506</u>	<u>264,359,374</u>
<b>Insurance liabilities – net</b>		
Outstanding claims reserve	23,626,646	27,050,164
Claims incurred but not reported reserve	21,192,153	24,524,213
Unearned premiums reserve	46,689,846	36,658,958
Unallocated loss adjustment expense reserve	5,603,839	4,488,031
Unexpired risk reserve (premium deficiency reserve)	2,419,112	1,046,561
	<u>99,531,596</u>	<u>93,767,927</u>

**9 Cash and cash equivalents**

	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Cash on hand	16,562	200,410
Current accounts	7,094,952	98,680,781
Term deposits*	164,177,233	183,208,101
	<u>171,288,747</u>	<u>282,089,292</u>
Bank balances and cash	171,288,747	282,089,292
Less: term deposits with an original maturity of more than three months	<u>(164,177,233)</u>	<u>(183,208,101)</u>
Cash and cash equivalents	<u>7,111,514</u>	<u>98,881,191</u>

\*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 30 September 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 nine-month period ended 30 September 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 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Due from policyholders (note 7)	1,133,182	641,565

Transactions with related parties during the period are as follows

	30 September 2021 (Unaudited) AED	30 September 2020 (Unaudited) AED
Gross premiums written	1,341,770	1,285,574
Claims paid	293,235	652,621

**Remuneration of key management personnel**

	30 September 2021 (Unaudited) AED	30 September 2020 (Unaudited) AED
Short term benefits	1,762,290	1,761,984
Post-employment benefits	85,943	86,210
	1,848,233	1,848,194

**11 INSURANCE AND OTHER PAYABLES**

	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Due to policy holders	39,700,583	53,528,607
Due to insurance companies	46,447,192	47,427,301
Due to reinsurance companies	18,830,134	13,439,685
Premium reserve withheld	56,144,855	54,098,797
Insurance payables	161,122,764	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 nine-month period ended 30 September 2021**

**11 Insurance and other payables (continued)**

	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Dividend payable	5,283,005	5,269,737
Fee payable to Insurance Authority	947,718	1,173,886
Deferred income	1,061,987	1,401,598
Remuneration of the Directors	-	4,500,000
Other payables	7,314,916	10,809,173
	<u>14,607,626</u>	<u>23,154,394</u>
Other payables		
	<u>14,607,626</u>	<u>23,154,394</u>
Total insurance and other payables	<u>175,730,390</u>	<u>191,648,784</u>

**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 September 2020: 0.40 fils per share amounting to 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 September 2021 (Unaudited) AED		Nine-month period ended 30 September 2021 (Unaudited) AED	
	2021 (Unaudited) AED	2020 (Unaudited) AED	2021 (Unaudited) AED	2020 (Unaudited) AED
Profit for the period (AED)	<u>11,364,285</u>	<u>13,159,766</u>	<u>35,360,434</u>	<u>45,580,825</u>
Weighted average number of ordinary shares outstanding during the period	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.11</u>	<u>0.13</u>	<u>0.35</u>	<u>0.46</u>



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

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

**14 Income from investments**

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021 (Unaudited) AED	2020 (Unaudited) AED	2021 (Unaudited) AED	2020 (Unaudited) AED
Dividend income	1,039,910	871,237	8,737,037	9,535,372
Interest income	2,074,883	1,679,456	4,754,794	5,612,318
Change in fair value of investments at fair value through profit or loss (note 6)	7,146	1,085,103	1,750,273	(4,810,569)
(Loss)/gain on sale of investments at fair value through profit or loss	-	-	(453,788)	137,625
Other investment loss	(11,271)	-	(57,816)	-
	<b>3,110,668</b>	<b>3,635,796</b>	<b>14,730,500</b>	<b>10,474,746</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 nine-month period ended 30 September 2021**

**15 Segment reporting (continued)**

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

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

	Nine-month period ended 30 September (Unaudited)					
	2021			2020		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	286,076,327	15,110,389	301,186,716	274,137,256	17,422,703	291,559,959
Direct costs	(242,174,523)	(580,926)	(242,755,449)	(217,503,272)	(505,781)	(218,009,053)
Other underwriting income	1,812,192	-	1,812,192	2,999,275	-	2,999,275
Other underwriting expenses	(2,415,577)	-	(2,415,577)	(2,681,104)	-	(2,681,104)
Non-cash investment gain / (loss)	-	1,750,273	1,750,273	-	(4,810,569)	(4,810,569)
Segment profit	43,298,419	16,279,736	59,578,155	56,952,155	12,106,353	69,058,508
General and administrative expenses	(24,063,143)	-	(24,063,143)	(23,290,452)	-	(23,290,452)
Finance cost	(158,079)	-	(158,079)	(197,364)	-	(197,364)
Other income	-	3,500	3,500	10,133	-	10,133
Profit for the period	19,077,196	16,283,236	35,360,432	33,474,472	12,106,353	45,580,825

	Three-month period ended 30 September (Unaudited)					
	2021			2020		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	85,203,976	3,853,138	89,057,114	77,670,755	3,268,004	80,938,759
Direct costs	(70,292,444)	(195,140)	(70,487,584)	(60,752,951)	(235,226)	(60,988,177)
Other underwriting income	1,224,166	-	1,224,166	682,485	-	682,485
Other underwriting expenses	(645,818)	-	(645,818)	(835,518)	-	(835,518)
Non-cash investment gain	-	7,147	7,147	-	1,085,103	1,085,103
Segment profit	15,489,880	3,665,145	19,155,025	16,764,771	4,117,881	20,882,652
General and administrative expenses	(7,738,048)	-	(7,738,048)	(7,677,871)	-	(7,677,871)
Finance cost	(52,693)	-	(52,693)	(45,015)	-	(45,015)
Other income	-	-	-	-	-	-
Profit for the period	7,699,138	3,665,145	11,364,283	9,041,885	4,117,881	13,159,766

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

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

**15 Segment reporting (continued)**

**15.2 Segment assets and liabilities**

	As at 30 September 2021 (Unaudited)			As at 31 December 2020 (Audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	500,310,710	563,587,858	1,063,898,568	405,586,511	469,693,324	875,279,835
Unallocated assets	-	-	7,111,514	-	-	98,881,191
<b>Total assets</b>	<b>500,310,710</b>	<b>563,587,858</b>	<b>1,071,010,082</b>	<b>405,586,511</b>	<b>469,693,324</b>	<b>974,161,026</b>
Segment liabilities	633,374,008	5,290,140	638,664,148	573,059,379	6,509,086	579,568,465
Unallocated liabilities	-	-	5,283,005	-	-	5,269,737
<b>Total liabilities</b>	<b>633,374,008</b>	<b>5,290,140</b>	<b>643,947,153</b>	<b>573,059,379</b>	<b>6,509,086</b>	<b>584,838,202</b>
Capital expenditure	685,800	-	685,800	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 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 September 2021 and 31 December 2020:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>30 September 2021 (Unaudited)</b>				
Investments at fair value through statement of comprehensive income	212,936,406	-	-	212,936,406
Investments at fair value through profit and loss	102,254,412	-	5,682,287	110,681,994
	<b>315,190,818</b>	<b>-</b>	<b>5,682,287</b>	<b>323,618,400</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 nine-month period ended 30 September 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 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Current	1,203,375	1,203,375
Non-current	2,985,779	3,669,432
	<u>4,189,154</u>	<u>4,872,807</u>

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

	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Right-of-use assets	<u>4,516,186</u>	<u>5,312,243</u>

**18 Contingent liability**

	30 September 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Bank guarantees	<u>18,544,222</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 10 November 2021.