

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

Condensed Interim Financial Information (Unaudited)  
For the three-month period ended 31 March 2022

**Al Dhafra Insurance Company P.S.C.**  
**Condensed Interim Financial Information (Un-audited)**  
**For the three-months period ended 31 March 2022**

**Table of contents**

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	<b>Page</b>
Report on review of the 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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## 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 31 March 2022 and the related condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial information in accordance with International Accounting Standard 34 (“IAS 34”) “*Interim Information Reporting*” as issued by the International Accounting Standard Board (IASB). 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*.



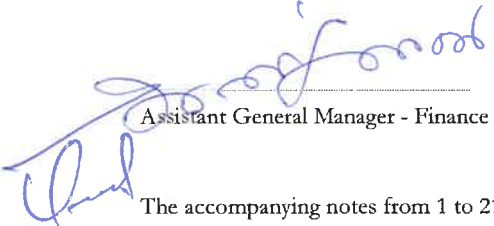
**GRANT THORNTON**  
**Farouk Mohamed**  
**Registration No: 86**  
**Abu Dhabi, United Arab Emirates**  
**Date: 12 May 2022**

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


**Condensed interim statement of financial position  
As at 31 March 2022**

	Notes	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
<b>ASSETS</b>			
Property and equipment		1,195,238	1,270,692
Intangible assets		3,369,262	3,287,444
Right-of-use assets	17	4,018,997	4,305,866
Investment properties		67,912,225	65,812,225
Statutory deposit	4	9,980,000	9,980,000
Investments carried at fair value through other comprehensive income	5	287,823,178	245,695,433
Investments carried at fair value through profit and loss	6	130,911,565	103,340,654
Insurance balance receivable	7	107,440,012	99,869,670
Deferred acquisitions costs		25,158,319	23,221,362
Reinsurer's share of unearned premium reserve	8	102,826,481	89,822,167
Reinsurer's share of outstanding claims reserves	8	181,364,765	181,060,392
Reinsurer's share of claims incurred but not reported reserve	8	69,502,274	70,375,343
Prepayments and other receivables	7	13,540,145	6,861,229
Deposits	9	137,951,608	165,330,125
Cash and cash equivalents	9	58,325,043	49,090,158
<b>TOTAL ASSETS</b>		<b>1,201,319,112</b>	<b>1,119,322,760</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		96,569,818	54,442,073
Reinsurance reserve		2,260,256	2,260,256
Retained earnings		132,720,543	111,398,149
<b>TOTAL EQUITY</b>		<b>526,550,617</b>	<b>463,100,478</b>
<b>LIABILITIES</b>			
Provision for employees' end of service benefits		7,813,696	8,456,579
Lease liabilities	17	3,803,659	4,015,012
Insurance payables	11	167,767,207	156,978,257
Other payables	11	16,957,540	22,279,429
Unearned commission income		25,188,000	21,871,898
<b>Technical provisions</b>			
Unearned premium reserve	8	144,887,096	133,985,913
Outstanding claims reserve	8	209,833,218	208,070,108
Claims incurred but not reported reserve	8	88,681,632	89,971,813
Unallocated loss adjustment expense reserve	8	5,807,947	5,556,468
Unexpired risk reserve (premium deficiency reserve)	8	4,028,500	5,036,805
<b>TOTAL LIABILITIES</b>		<b>674,768,495</b>	<b>656,222,282</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,201,319,112</b>	<b>1,119,322,760</b>

This condensed interim financial information was approved by the Board of Directors on 12 May 2022 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**

**Condensed interim statement of comprehensive income**  
**For the three-month period ended 31 March 2022**

	Notes	Three-month period ended 31 March 2022 (Unaudited) AED	Three-month period ended 31 March 2021 (Unaudited) AED
Gross premiums written		89,727,660	88,899,661
Reinsurance premium ceded		(69,531,232)	(65,975,936)
<b>Net premium</b>		<b>20,196,428</b>	<b>22,923,725</b>
Net change in unearned premium		2,103,131	(6,680,257)
<b>Net premium earned</b>		<b>22,299,559</b>	<b>16,243,468</b>
Commission earned		13,357,304	13,317,775
Commission incurred		(13,128,358)	(8,919,839)
<b>Gross underwriting income</b>		<b>22,528,505</b>	<b>20,641,404</b>
Gross claims paid		(47,970,168)	(30,928,254)
Reinsurance share of claims paid		38,769,139	22,837,731
<b>Net claims paid</b>		<b>(9,201,029)</b>	<b>(8,090,523)</b>
Change in gross outstanding claims reserve		(1,763,110)	538,438
Change in reinsurer's share of outstanding claims reserve		304,373	(929,288)
Change in claims incurred but not reported reserve, net		417,112	2,158,504
Change in unexpired risk reserve, net		1,008,305	(101,277)
Change in unallocated loss adjustment expense reserve		(251,479)	(113,888)
<b>Net claims incurred</b>		<b>(9,485,828)</b>	<b>(6,538,034)</b>
<b>Underwriting income</b>		<b>13,042,677</b>	<b>14,103,371</b>
Other income relating to underwriting		1,780,724	303,503
General and administrative expenses relating to underwriting		(620,744)	(856,059)
<b>Net underwriting income</b>		<b>14,202,657</b>	<b>13,550,815</b>
Income from investments, net	14	14,743,550	9,818,645
Income from investment properties (rental income)		481,904	521,017
Other income, net		-	3,500
<b>Total income</b>		<b>29,428,111</b>	<b>23,893,977</b>
General and administrative expenses		(8,067,366)	(7,783,195)
Finance cost		(38,351)	(52,693)
<b>PROFIT FOR THE PERIOD</b>		<b>21,322,394</b>	<b>16,058,089</b>
Basic and diluted earnings per share	13	<b>0.21</b>	<b>0.16</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**

**Condensed interim statement of comprehensive income (continued)**  
**For the three-month period ended 31 March 2022**

	Note	Three-month period ended 31 March 2022 (Unaudited) AED	Three-month period ended 31 March 2021 (Unaudited) AED
<b>Profit for the period</b>		<b>21,322,394</b>	<b>16,058,089</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to statement of income:</i>			
Change in fair value relating to investments carried at fair value through other comprehensive income	5	<u>42,127,745</u>	<u>16,264,607</u>
<b>Other comprehensive income for the period</b>		<b>42,127,745</b>	<b>16,264,607</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>63,450,139</b></u>	<u><b>32,322,696</b></u>

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**

**Condensed interim statement of changes in equity  
For the three-month period ended 31 March 2022**

	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 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	-	-	-	-	-	16,058,089	16,058,089
Other comprehensive income for the period	-	-	-	16,264,607	-	-	16,264,607
Dividends declared and paid	-	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 31 March 2021 (Unaudited)	100,000,000	50,000,000	145,000,000	(4,432,017)	1,101,777	89,975,760	381,645,520
Balance as at 1 January 2022 (Audited)	100,000,000	50,000,000	145,000,000	54,442,073	2,260,256	111,398,149	463,100,478
Net profit for the period	-	-	-	-	-	21,322,394	21,322,394
Other comprehensive income for the period	-	-	-	42,127,745	-	-	42,127,745
Dividends declared and paid	-	-	-	-	-	-	-
Balance as at 31 March 2022 (Unaudited)	100,000,000	50,000,000	145,000,000	96,569,818	2,260,256	132,720,543	526,550,617

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**

**Condensed interim statement of cash flows**  
**For the three-month period ended 31 March 2022**

		Three-month period ended 31 March 2022 (Unaudited) AED	Three-month period ended 31 March 2021 (Unaudited) AED
	Notes		
<b>OPERATING ACTIVITIES</b>			
Profit for the period		21,322,394	16,058,089
Adjustments for:			
Unearned premium and unexpired risk reserve, net		(3,111,436)	6,781,534
Change in gross outstanding claims and claims incurred but not reported reserves		724,408	3,640,940
Change in reinsurance share of outstanding claims and claims incurred but not reported reserves		568,696	(5,294,706)
Allowance for impairment on insurance receivable		-	-
Change in fair value of investments carried at fair value through profit or loss	6, 14	(4,597,029)	(1,179,381)
Gain on disposal of investments carried at fair value through profit or loss	14	(238,094)	125,307
Change in FV of investment properties		(2,100,000)	-
Provision for employees' end of service benefits		139,089	130,987
Depreciation of property and equipment and right-of-use asset		471,686	461,765
Amortisation of intangible assets		220,232	238,851
Finance cost		38,351	52,693
Loss on termination of lease contract		37,164	15,648
Gain on disposal of property and equipment		-	(3,500)
Dividend income	14	(8,867,714)	(7,362,819)
Interest income	14	(1,045,449)	(1,403,452)
		<u>3,562,298</u>	<u>12,261,956</u>
Working capital changes:			
Insurance receivable, other receivables and prepayments		(14,203,568)	(16,217,074)
Insurance and other payables		5,467,060	(3,098,657)
Deferred acquisition costs		(1,936,957)	(4,720,304)
Unearned commission income		<u>3,316,102</u>	<u>2,899,870</u>
Cash used in operations		(3,795,065)	(8,874,209)
Employees' end of service benefits paid		(781,972)	(255,580)
Net cash used in operating activities		<u>(4,577,037)</u>	<u>(9,129,789)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(109,361)	(135,851)
Proceeds from disposal of property and equipment		-	3,500
Purchase of intangible assets		(302,050)	(37,000)
Purchase of investments at FVTPL		(26,837,175)	-
Proceeds from disposal of investment carried at fair value through profit and loss		4,101,387	1,836,000
Movement in term deposits		27,378,517	44,874,962
Interest received		999,759	2,189,279
Dividends received		8,867,714	7,362,819
Net cash generated from investing activities		<u>14,098,791</u>	<u>56,093,709</u>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		-	(40,000,000)
Payment of lease liabilities		(286,869)	(265,353)
Net cash used in financing activities		<u>(286,869)</u>	<u>(40,265,353)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>9,234,885</b>	<b>6,698,567</b>
Cash and cash equivalents at the beginning of the period		<u>49,090,158</u>	<u>98,881,191</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	9	<u><b>58,325,043</b></u>	<u>105,579,758</u>

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**

### **Notes to the condensed interim financial information**

#### **For the three-month period ended 31 March 2022**

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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 Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 (as amended) on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

The Federal Decree-Law No. 24 of 2020 which amends certain provisions of the U.A.E Federal Law No. 6 of 2007 on Establishment of Central Bank of the United Arab Emirates and Organization of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the CBUAE.

Federal Law by Decree No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 with an effective date of 2 January 2022 and will entirely replace Federal Law No. 2 of 2015 (as amended) on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the new Companies Law.

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 2021. In addition, the results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 this interim condensed financial information 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 this interim condensed financial information, 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 2021, except for the adoption of new standards and interpretations effective 1 January 2022.

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

**Notes to the condensed interim financial information (continued)  
For the three-month period ended 31 March 2022**

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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 information 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 three-month period ended 31 March 2022.

**3 Significant accounting policies**

**Application of new and revised International Financial Reporting Standards (IFRS)**

**Standards, interpretations and amendments to existing standards that are effective in 2022**

In the current period, the Company has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Company’s future transactions or arrangements.

- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Amendments to IFRS 3 - References to the Conceptual Framework

These amendments do not have a significant impact on the financial information and therefore the disclosures have not been made.

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

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

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**Amendment to standards and interpretations issued but not yet effective**

The new standards and revised IFRSs not yet effective and have not been adopted early by the Group include:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Amendments to IFRS 3 - References to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. Management is currently assessing the impact of the above standards.

**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.

	<b>31 March 2022 (Unaudited) AED</b>	<b>31 December 2021 (Audited) AED</b>
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>

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

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

**5 Investments carried at fair value through other comprehensive income**

	<b>31 March 2022 (Unaudited) AED</b>	<b>31 December 2021 (Audited) AED</b>
Quoted UAE equity securities	<u>287,823,178</u>	<u>245,695,433</u>

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

	<b>31 March 2022 (Unaudited) AED</b>	<b>31 December 2021 (Audited) AED</b>
Fair value at beginning of period / year	245,695,433	170,556,736
Additions	-	177,999
Disposals	-	(177,999)
Change in fair value	42,127,745	75,138,697
Fair value at end of the period / year	<u>287,823,178</u>	<u>245,695,433</u>

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

	<b>31 March 2022 (Unaudited) AED</b>	<b>31 December 2021 (Audited) AED</b>
Managed funds (i)	75,010,361	51,133,441
Quoted UAE equity securities	41,889,916	36,048,600
Quoted debt securities (ii)	8,329,001	10,476,326
Unquoted equity security	5,682,287	5,682,287
	<u>130,911,565</u>	<u>103,340,654</u>

(i) It represents investment in equity and credit funds.

(ii) Quoted debts securities carry interest at a rate ranging from 4.23% to 7.00% (2021: from 4.23% to 7.00%)

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

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

**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:

	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
Fair value at beginning of period / year	103,340,654	40,136,263
Additions	26,837,175	99,192,681
Disposals	(3,863,293)	(43,696,613)
Change in fair value (note 14)	4,597,029	7,708,323
Fair value at end of the period / year	<u>130,911,565</u>	<u>103,340,654</u>

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

	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
Due from policy holders	88,983,738	85,545,554
Due from policy holders - related parties (note 10)	1,172,987	170,363
Due from reinsurance companies	7,529,899	4,755,730
Due from insurance companies, broker and agents	<u>32,306,124</u>	<u>33,030,521</u>
	129,992,748	123,502,168
Less: allowance for impairment	<u>(22,552,736)</u>	<u>(23,632,498)</u>
<b>Insurance balance receivable</b>	<b>107,440,012</b>	<b>99,869,670</b>
Prepayments	1,966,006	3,063,138
Interest receivables	1,650,226	1,604,536
Other receivables	<u>9,923,913</u>	<u>2,193,555</u>
<b>Prepayments and other receivables</b>	<b>13,540,145</b>	<b>6,861,229</b>
	<u>120,980,157</u>	<u>106,730,899</u>

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

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

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

	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
<b>Insurance contract liabilities</b>		
Outstanding claims reserve	209,833,218	208,070,108
Claims incurred but not reported reserve	88,681,632	89,971,813
Unearned premiums reserve	144,887,096	133,985,913
Unallocated loss adjustment expense reserve	5,807,947	5,556,468
Unexpired risk reserve (premium deficiency reserve)	4,028,500	5,036,805
	<u>453,238,393</u>	<u>442,621,107</u>
<b>Reinsurance contract assets</b>		
Outstanding claims reserve	181,364,765	181,060,392
Claims incurred but not reported reserve	69,502,274	70,375,343
Unearned premiums reserve	102,826,481	89,822,167
Unexpired risk reserve (premium deficiency reserve)	-	-
	<u>353,693,520</u>	<u>341,257,902</u>
<b>Insurance liabilities – net</b>		
Outstanding claims reserve	28,468,453	27,009,716
Claims incurred but not reported reserve	19,179,358	19,596,470
Unearned premiums reserve	42,060,615	44,163,746
Unallocated loss adjustment expense reserve	5,807,947	5,556,468
Unexpired risk reserve (premium deficiency reserve)	4,028,500	5,036,805
	<u>99,544,873</u>	<u>101,363,205</u>

**9 Cash and cash equivalents**

	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
Cash on hand	18,969	393,086
Current accounts	58,306,074	48,697,072
Term deposits*	137,951,608	165,330,125
	<u>196,276,651</u>	<u>214,420,283</u>
Bank balances and cash	196,276,651	214,420,283
Less: Term deposits with an original maturity of more than three months	<u>(137,951,608)</u>	<u>(165,330,125)</u>
Cash and cash equivalents	<u>58,325,043</u>	<u>49,090,158</u>

\*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 31 March 2022 (31 December 2021: AED 392,227).

The interest rate on term deposits and current accounts with banks ranges between 0.46% and 2.8% (31 December 2021: 0.50% and 3%) 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**

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

**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.

	<b>31 March 2022 (Unaudited) AED</b>	31 December 2021 (Audited) AED
Due from policyholders (note 7)	<u>1,172,987</u>	<u>170,363</u>

Transactions with related parties during the period are as follows

	<b>31 March 2022 (Unaudited) AED</b>	31 March 2021 (Unaudited) AED
Gross premiums written	<u>1,269,630</u>	<u>795,199</u>
Claims paid	<u>232,829</u>	<u>34,913</u>

**Remuneration of key management personnel**

	<b>31 March 2022 (Unaudited) AED</b>	31 March 2021 (Unaudited) AED
Short term benefits	587,430	587,430
Post-employment benefits	28,333	28,333
	<u>615,763</u>	<u>615,763</u>

**11 Insurance and other payables**

	<b>31 March 2022 (Unaudited) AED</b>	31 December 2021 (Audited) AED
Due to policy holders	48,168,787	42,118,472
Due to insurance companies	35,186,807	41,774,416
Due to reinsurance companies	26,051,126	15,271,037
Premium reserve withheld	<u>58,360,487</u>	<u>57,814,333</u>
Insurance payables	<u>167,767,207</u>	<u>156,978,258</u>

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

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

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

	<b>31 March 2022 (Unaudited) AED</b>	<b>31 December 2021 (Audited) AED</b>
Dividend payable	5,283,005	5,283,005
Insurance Authority fees reserve	1,594,598	1,238,063
Deferred income	1,399,737	1,338,213
Remuneration of the Directors	-	4,500,000
Other payables	8,680,200	9,920,148
	<u>16,957,540</u>	<u>22,279,429</u>
Total insurance and other payables	<u>184,724,747</u>	<u>179,257,687</u>

**12 Dividends**

On 23 March 2022, the shareholders at the Annual General Assembly approved cash dividends of 0.35 fils per share amounting to AED 35,000,000 (31 March 2021: 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.

	<b>Three-month period ended 31 March 2022 (Unaudited) AED</b>	<b>2021 (Unaudited) AED</b>
Profit for the period (AED)	<u>21,322,394</u>	16,058,089
Weighted average number of ordinary shares outstanding during the period	<u>100,000,000</u>	100,000,000
Basic and diluted earnings per share (AED)	<u>0.21</u>	0.16



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

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

**14 Income from investments, net**

	31 March 2022 (Unaudited) AED	31 March 2021 (Unaudited) AED
Dividend income	8,867,714	7,362,819
Interest income	1,045,449	1,403,452
Change in fair value of investments at fair value through profit or loss (note 6)	4,597,029	1,179,381
Gain on sale of investments at fair value through profit or loss	238,094	(125,307)
Foreign exchange gain on investments	9,839	-
Other investment or loss	(14,575)	(1,700)
	<u>14,743,550</u>	<u>9,818,645</u>

**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.

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

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

**15 Segment reporting (continued)**

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

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

	Three-month period ended 31 March (Unaudited)					
	2022			2021		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	103,084,964	10,801,863	113,886,827	102,217,436	9,323,181	111,540,617
Direct costs	(90,042,287)	(173,438)	(90,215,725)	(88,114,065)	(162,900)	(88,276,965)
Other underwriting income	1,780,724	-	1,780,724	303,503	-	303,503
Other underwriting expenses	(620,744)	-	(620,744)	(856,059)	-	(856,059)
Non-cash investment gain	-	4,597,029	4,597,029	-	1,179,381	1,179,381
Segment profit	14,202,657	15,225,454	29,428,111	13,550,815	10,339,662	23,890,477
General and administrative expenses	(8,067,366)	-	(8,067,366)	(7,783,195)	-	(7,783,195)
Finance cost	(38,351)	-	(38,351)	(52,693)	-	(52,693)
Other income	-	-	-	-	3,500	3,500
Profit for the period	6,096,940	15,225,454	21,322,394	5,714,927	10,343,162	16,058,089

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

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

**15 Segment reporting (continued)**

**15.2 Segment assets and liabilities**

	As at 31 March 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	508,415,493	634,578,576	1,142,994,069	480,074,165	590,158,437	1,070,232,602
Unallocated assets	-	-	58,325,043	-	-	49,090,158
<b>Total assets</b>	<b>508,415,493</b>	<b>634,578,576</b>	<b>1,201,319,112</b>	<b>480,074,165</b>	<b>590,158,437</b>	<b>1,119,322,760</b>
Segment liabilities	664,244,095	5,241,395	669,485,490	645,548,054	5,391,224	650,939,278
Unallocated liabilities	-	-	5,283,005	-	-	5,283,005
<b>Total liabilities</b>	<b>664,244,095</b>	<b>5,241,395</b>	<b>674,768,495</b>	<b>645,548,054</b>	<b>5,391,224</b>	<b>656,222,283</b>
Capital expenditure	411,411	-	411,411	846,235	-	846,235

**16 Fair value of financial instruments**

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of statutory deposit, 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 31 March 2022 and 31 December 2021:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>31 March 2022 (Unaudited)</b>				
Investments at fair value through statement of comprehensive income	287,823,178	-	-	287,823,178
Investments at fair value through profit and loss	50,218,917	75,010,361	5,682,287	130,911,565
	<b>338,042,095</b>	<b>75,010,361</b>	<b>5,682,287</b>	<b>418,734,743</b>
<b>31 December 2021 (Audited)</b>				
Investments at fair value through statement of comprehensive income	245,695,433	-	-	245,695,433
Investments at fair value through profit and loss	46,524,926	51,133,441	5,682,287	103,340,654
	<b>292,220,359</b>	<b>51,133,411</b>	<b>5,682,287</b>	<b>349,036,087</b>

**Valuation technique:**

Level 1: Quoted bid prices in an active market

Level 2: Valuation based on selected observable market inputs

Level 3: Net assets value based on audited financials

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

**Notes to the condensed interim financial information (continued)**  
**For the three-month period ended 31 March 2022**

**17 Leasing**

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

	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
Current	1,195,243	1,195,243
Non-current	2,608,416	2,819,769
	<u>3,803,659</u>	<u>4,015,012</u>

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

	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
Right-of-use assets	<u>4,018,997</u>	<u>4,305,866</u>

**18 Contingent liability**

	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
Bank guarantees	<u>11,964,421</u>	<u>16,044,222</u>

**19 Post reporting date events**

On 5 May 2022, the Central Bank of the United Arab Emirates has increased interest rates by 50 basis points. There is no impact of this announcement on the financial information of the Company for the three-month period ended 31 March 2022.

No other 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 information**

The condensed interim financial information was approved and authorized for issue by the Board of Directors on 12 May 2022.