

Al Dhafra Insurance Company P.S.C.

Condensed Interim Financial Information (Un-audited)
For the three-months period ended 31 March 2024

Al Dhafra Insurance Company P.S.C.

Condensed Interim Financial Information (Un-audited) For the three-months period ended 31 March 2024

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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 financial information of Al Dhafra Insurance Company P.S.C (the "Company"), which comprise the statement of condensed interim financial position as at 31 March 2024 and the related condensed interim statement of profit or loss, the 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-months period then ended and other related explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Company. 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 material 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".

Other Matters

The condensed interim financial statements of the Company for the three-month period ended 31 March 2023 were reviewed by another auditor, who expressed an unmodified review conclusion dated 15 May 2023.

The financial statements of the Company for the year ended 31 December 2023 were audited by another auditor, who expressed an unmodified opinion on those statements on 13 February 2024.

For, Crowe Mak



Umesh Narayanappa

Partner

Registration number: 1234

Abu Dhabi, United Arab Emirates


Date: 14 May 2024

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

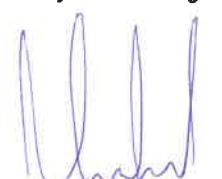
Condensed interim statement of financial position
As at 31 March 2024

		31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
	Notes		
ASSETS			
Property and equipment		733,518	796,119
Intangible assets		3,098,633	3,356,823
Right-of-use assets	17	5,579,372	5,759,263
Investment properties		70,012,225	70,012,225
Statutory deposit	4	9,980,000	9,980,000
Investments carried at fair value through other comprehensive income	5	239,780,166	246,026,664
Investments carried at fair value through profit and loss	6	140,049,670	124,002,913
Insurance contract assets	8	54,414,971	53,608,521
Reinsurance contract assets	8	529,258,265	583,999,781
Prepayments and other receivables	7	16,570,224	7,878,849
Deposits	9	173,140,831	183,932,075
Cash and cash equivalents	9	31,029,703	25,226,125
TOTAL ASSETS		1,273,647,578	1,314,579,358
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		100,000,000	100,000,000
Legal reserve		50,000,000	50,000,000
General reserve		145,000,000	145,000,000
Investment revaluation reserve		52,302,167	58,548,665
Reinsurance reserve		5,113,442	4,723,303
Retained earnings		96,443,318	105,529,846
TOTAL EQUITY		448,858,927	463,801,814
LIABILITIES			
Provision for employees' end of service benefits		7,773,929	7,655,079
Lease liabilities	17	5,333,671	5,939,744
Insurance contract liabilities	8	708,902,876	773,955,713
Reinsurance contract liabilities	8	55,466,776	47,796,208
Other payables	11	47,311,399	15,430,800
TOTAL LIABILITIES		824,788,651	850,777,544
TOTAL EQUITY AND LIABILITIES		1,273,647,578	1,314,579,358

This condensed interim financial information was approved by the Board of Directors on 14 May 2024 and signed on their behalf by:


Assistant General Manager -
Finance


General Manager


Board member

The accompanying notes from 1 to 23 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 profit or loss
As at 31 March 2024

		Three-months ended 31 March 2024	Three-months ended 31 March 2023 Restated (Un-audited)
	Notes	(Un-audited) AED	(Un-audited) AED
Insurance revenue		80,121,463	82,362,195
Insurance service expenses	8, 3.5	(14,293,342)	(69,221,758)
Insurance service result before reinsurance contracts held		65,828,121	13,140,437
Allocation of re-insurance premiums		(62,358,542)	(64,722,690)
Allowance recoverable from reinsurance for incurred claims	8, 3.5	2,922,741	52,512,959
Insurance service result		6,392,320	930,706
Income from investments	14	19,928,910	14,498,568
Income from investment properties	14	596,328	529,031
Total investment income		20,525,238	15,027,599
Net insurance finance (expense)/income for insurance/re-insurance contracts issued/held		(865,545)	2,480,399
Net insurance and investment results		26,052,013	18,438,704
Other finance cost		(113,758)	(109,792)
Other operating expenses		(1,147,007)	(1,356,988)
Other operating income		2,856,245	6,345,485
Profit for the period before tax		27,647,493	23,317,409
Provision for corporate tax		(1,343,882)	-
Profit for the period after tax		26,303,611	23,317,409
Basic and diluted earnings per share	13	0.26	0.23

The accompanying notes from 1 to 23 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 2024

		Three-months ended 31 March 2024	Three-months ended 31 March 2023 Restated
	Note	(Un-audited) AED	(Un-audited) AED
Profit for the period after tax		26,303,611	23,317,409
Other comprehensive income			
Items that will not be reclassified to statement of income:			
Change in fair value relating to investments carried at fair value through other comprehensive income	5	(6,246,498)	(10,644,195)
Other comprehensive loss for the period		(6,246,498)	(10,644,195)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		20,057,113	12,673,214

The accompanying notes from 1 to 23 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 2024

	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 2023, as previously reported	100,000,000	50,000,000	145,000,000	49,703,235	3,488,946	102,809,200	451,001,381
Adjustment on initial application of IFRS 17	-	-	-	-	-	(7,607,799)	(7,607,799)
Restated balance at 1 January 2023	100,000,000	50,000,000	145,000,000	49,703,235	3,488,946	95,201,401	443,393,582
Profit for the period (restated)	-	-	-	-	-	23,317,409	23,317,409
Dividends declared and paid	-	-	-	-	-	(30,000,000)	(30,000,000)
Transfer to re-insurance reserve	-	-	-	-	331,086	(331,086)	-
Other comprehensive loss for the period	-	-	-	(10,644,195)	-	-	(10,644,195)
Balance as at 31 March 2023 (Un-audited)	100,000,000	50,000,000	145,000,000	39,059,040	3,820,032	88,187,724	426,066,796
Balance as at 1 January 2024(audited)	100,000,000	50,000,000	145,000,000	58,548,665	4,723,303	105,529,846	463,801,814
Profit for the period after tax	-	-	-	-	-	26,303,611	26,303,611
Other comprehensive loss for the period	-	-	-	(6,246,498)	-	-	(6,246,498)
Transfer to reinsurance reserve	-	-	-	-	390,139	(390,139)	-
Dividends declared	-	-	-	-	-	(35,000,000)	(35,000,000)
Balance as at 31 March 2024 (Un-audited)	100,000,000	50,000,000	145,000,000	52,302,167	5,113,442	96,443,318	448,858,927

The accompanying notes from 1 to 23 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 2024

		Three-month period ended 31 March 2024	Three-month period ended 31 March 2023 Restated (Un-audited)
	Notes	(Un-audited) AED	(Un-audited) AED
OPERATING ACTIVITIES			
Profit for the period after tax		26,303,611	23,317,409
Adjustments for:			
Change in fair value of investments carried at fair value through profit or loss	6, 14	468,988	(2,743,325)
Gain on disposal of investments carried at fair value through profit or loss	14	(3,761,595)	(2,159,451)
Provision for employees' end of service benefits		127,372	128,453
Depreciation of property and equipment and right-of-use asset		304,635	354,206
Amortisation of intangible assets		321,190	227,984
Finance cost		113,758	109,792
Gain on disposal of property and equipment		(150)	-
Dividend income	14	(14,100,191)	(8,110,287)
Interest income	14	(2,753,367)	(1,686,355)
Cash flows from operating activities		7,150,517	9,438,426
Changes in working capital			
Change in Insurance and reinsurance contract assets/liabilities		(3,447,204)	(19,944,906)
(Decrease)/Increase in other payables		(3,119,401)	5,080,836
(Decrease) in prepayments & other receivables		(7,523,174)	(7,252,238)
Cash used in operations		(7,065,528)	(12,677,882)
Employees' end of service benefits paid		(8,522)	(99,917)
Net cash used in operating activities		(7,074,050)	(12,777,799)
INVESTING ACTIVITIES			
Purchase of property and equipment		(47,143)	(198,014)
Purchase of intangible assets		(63,000)	(133,982)
Purchase of investments at FVTPL		(24,035,878)	(652,394)
Proceeds from disposal of FVTPL investments		11,281,729	11,817,915
Proceeds from disposal of property and equipment		150	-
Movement in term deposits		10,791,244	20,037,850
Dividends received		14,100,191	8,110,287
Interest received		1,585,165	1,811,845
Net cash generated from investing activities		13,612,458	40,793,507
FINANCING ACTIVITIES			
Dividends paid		-	(30,000,000)
Lease liability instalment paid		(734,830)	(284,132)
Net cash used in financing activities		(734,830)	(30,284,132)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,803,578	(2,268,424)
Cash and cash equivalents at the beginning of the period		25,226,125	24,543,655
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	31,029,703	22,275,231

The accompanying notes from 1 to 23 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 (continued)

For the three-month period ended 31 March 2024

1 Legal status and principal activities

Al Dhafra Insurance Company P.S.C. (the "Company"), is a public shareholding company incorporated in Abu Dhabi by an Amiri Decree No. 8 of 1979. The Company is engaged in insurance 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.

On 2 October 2023, the Federal Decree Law No. (48) of 2023 Regulating Insurance Activities was issued and came into effect on 30 November 2023 which repealed the UAE Federal Law No. 6 of 2007. The Companies must within a period not exceeding (6) six months from the date of the enforcement of its provisions from 30 November 2023 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No. (48) of 2023 Regulating Insurance Activities. The Company is in process of performing the necessary amendments to its Articles of Association in order to align with the new provisions and the requirements as approved by the General Assembly of shareholders and subject to regulatory approvals.

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

2 Standards, interpretations, and amendments to existing standards

Standards, interpretations, and amendments to existing standards – Impact of new IFRS

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

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2023, except for application of new standards effective as of 1 January 2024 and several amendments and interpretations apply for the first time in 2024. These standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim financial statements. Management anticipates that these standards will not have any significant impact on these financial statements.

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

New Standards or amendments	Effective date
Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	No effective date set
Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants	January 2024
Amendments to IFRS 16 Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	1 January 2024
Amendments to IFRS 10 and IAS 28- Sale or Construction of assets between an Investor and its associate or joint venture	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	1 January 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2 Climate-related Disclosures	1 January 2024
Amendments to IAS 21 Lack of Exchangeability	1 January 2024

3 Material accounting policy information

3.1 Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as issued by the International Accounting Standard Board (IASB), and in compliance with the applicable requirements of the UAE Federal Decree Law No. 32 of 2021 ("Companies Law"), relating to commercial companies and UAE Federal Decree Law No. (48) of 2023 Regulating Insurance Activities (previously Federal Law no. 6 of 2007, as amended) concerning Financial Regulations for Insurance Companies issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations.

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 2024

3 Material accounting policy information (continued)

3.2 Basis of preparation

These condensed interim financial information have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and is presented in Arab Emirates Dirham (AED) which is the functional currency of the Company.

These condensed interim financial information have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values.

The accounting policies and methods of computation adopted in preparing these condensed interim financial information are consistent with those used in the audited financial statements for the year ended December 31, 2023 which are the latest audited financial statements available.

All aspects of the financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended December 31, 2023.

These condensed interim financial information do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2023.

The condensed result for the three months period ended March 31, 2024 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2024.

The preparation of these condensed interim financial information require the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements as at and for the year ended December 31, 2023 except mentioned in note 3.3 ,3.4 and 3.5.

Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual financial statements for the year ended December 31, 2023, are applicable to the company but do not have any material impact on these condensed interim financial statements.

3.3 Taxation

Current

Provision of current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period.

Income tax expense is recognised in interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year/period. Amounts accrued for income tax expense in interim period may have to be adjusted in a subsequent interim period of that financial year/period if the estimate of the annual income tax rate changes.

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 2024

3 Material accounting policy information

3.3 Taxation (continued)

Deferred taxation

Deferred tax is accounted for in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the condensed interim income statement, except in the case of items credited or charged to condensed interim other comprehensive income or equity in which case it is included in condensed interim other comprehensive income or equity.

3.4 Critical accounting estimates and judgements in applying accounting policies

Discount rates

The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2024	2023	2024	2023	2024	2023	2024	2023
Insurance issued								
AED	6.25%	5%	6.25%	5%	6.25%	5%	6.25%	5%
Reinsurance contracts held								
AED	6.25%	5%	6.25%	5%	6.25%	5%	6.25%	5%

3.5 Methodology for Loss Component

The method for calculating the loss component in IFRS 17 involves assessing expected claims payments and expenses, adjusting for volatility through risk adjustment, and factoring in premiums' present value.

Previously, until December 31, 2023, the loss component under IFRS 17 included ultimate loss ratios, which considered large losses. However, in 2024, after reviewing the approach with the appointed actuary, management chose to exclude large losses from determining the period-end insurance contract liability and corresponding reinsurance contract asset. This change reduced the gross loss component from AED 80.583 million (as at December 31, 2023) to AED 22.9 million under insurance contract liabilities and from AED 67.756 million (as at December 31, 2023) to AED 12.5 million under reinsurance contract asset as at March 31, 2024. The reversal is accounted for in the statement of profit or loss through 'insurance service expense' and 'allowance recoverable from reinsurance for incurred claims.' The change in approach, coupled with the natural expiration of risk, results in a net positive impact of AED 2.7 million for the period.

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 2024

4 Statutory deposits

In accordance with the requirements of UAE Federal law No. (48) of 2023 which repeals UAE federal law no.6 of 2007, the Company maintains the below deposit which cannot be utilized without the consent of the Central Bank of United Arab Emirates.

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Statutory deposit	10,000,000	10,000,000
Less: Allowance for expected credit losses	(20,000)	(20,000)
	9,980,000	9,980,000

5 Investments carried at fair value through other comprehensive income.

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Quoted UAE equity securities	239,780,166	246,026,664

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

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Fair value at beginning of period / year	246,026,664	240,956,595
Disposals	-	(3,775,361)
Change in fair value	(6,246,498)	8,845,430
Fair value at end of the period / year	239,780,166	246,026,664

6 Investments carried at fair value through profit or loss

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Managed funds (i)	94,988,693	79,511,873
Quoted UAE equity securities	34,853,697	34,283,128
Quoted debt securities (ii)	3,161,430	3,162,062
Unquoted equity security	7,045,850	7,045,850
	140,049,670	124,002,913

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 2024

6 Investments carried at fair value through profit or loss (continued)

- (i) It represents investment in equity and credit funds.
- (ii) Quoted debts securities carry interest at a rate ranging from 6.375% to 7.00% (2023: from 4.23% to 7.00%)

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

	31 March 2024	31 December 2023
	(Un-audited)	(Audited)
	AED	AED
Fair value at beginning of period / year	124,002,913	116,532,321
Additions	24,035,878	6,300,996
Disposals	(7,520,133)	(16,165,750)
Change in fair value	(468,988)	17,335,346
Fair value at end of the period / year	140,049,670	124,002,913

7 Prepayments and other receivables

	31 March 2024	31 December 2023
	(Un-audited)	(Audited)
	AED	AED
Prepayments	3,046,137	1,092,263
Interest receivables	5,424,159	4,255,957
Other receivables	8,099,928	2,530,629
Prepayments and other receivables	16,570,224	7,878,849

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 2024

8 Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	31 March 2024 (Un-audited)			31 December 2023 (Audited)		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	AED	AED	AED	AED	AED	AED
Insurance contracts issued						
Life and Medical	8,339,311	(30,423,342)	(22,084,031)	11,443,719	(40,541,190)	(29,097,471)
General and Motor	46,075,660	(678,479,534)	(632,403,874)	42,164,802	(733,414,523)	(691,249,721)
Total insurance contracts issued	54,414,971	(708,902,876)	(654,487,905)	53,608,521	(773,955,713)	(720,347,192)
Reinsurance contracts held						
Life and Medical	18,305,450	(22,920)	18,282,530	21,325,900	(104,408)	21,221,492
General and Motor	510,952,815	(55,443,856)	455,508,959	562,673,881	(47,691,800)	514,982,081
Total reinsurance contracts held	529,258,265	(55,466,776)	473,791,489	583,999,781	(47,796,208)	536,203,573

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 2024

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component Un-audited AED	Loss component Un-audited AED	Estimates of the present value of future cash flows Un-audited AED	Risk adjustment Un-audited AED	
2024					
Insurance contract liabilities as at 1 January	40,814,016	80,583,626	552,891,644	46,057,906	720,347,192
Insurance revenue	80,121,463	-	-	-	80,121,463
Insurance service expenses	(10,196,256)	57,680,884	(69,136,039)	7,358,069	(14,293,342)
Incurred claims and other expenses	-	-	(74,120,111)	-	(74,120,111)
Losses on onerous contracts and reversals (Note 3.5)	-	57,680,884	-	-	57,680,884
Changes to liabilities for incurred claims	-	-	4,984,072	7,358,069	12,342,141
Acquisition cashflows amortisation	(10,196,256)	-	-	-	(10,196,256)
Insurance service result	69,925,207	57,680,884	(69,136,039)	7,358,069	65,828,121
Insurance finance expense	-	-	(7,493,523)	(703,378)	(8,196,901)
Total changes in the statement of comprehensive income	69,925,207	57,680,884	(76,629,562)	6,654,691	57,631,220
Cash flows					
Premiums received	109,862,410	-	-	-	109,862,410
Claims and other expenses paid	-	-	(55,327,377)	-	(55,327,377)
Directly attributable expenses paid	-	-	(7,098,063)	-	(7,098,063)
Insurance acquisition cash flows	(55,665,035)	-	-	-	(55,665,035)
Total cash flows	54,197,375	-	(62,425,440)	-	(8,228,066)
Net insurance contract liabilities as at 31 March	25,086,183	22,902,742	567,095,766	39,403,215	654,487,905

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 2024

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss	Loss component	Estimates of	Risk	
	component		the present	adjustment	
	Audited	Audited	value of future	Audited	Audited
	AED	AED	cash flows	AED	AED
2023					
Insurance contract liabilities as at 1 January	29,996,781	39,824,856	368,466,310	31,955,658	470,243,605
Insurance revenue	320,617,883	-	-	-	320,617,883
Insurance service expenses	(45,121,330)	(40,758,770)	(403,387,918)	(12,504,465)	(501,772,483)
Incurred claims and other expenses	-	-	(226,251,320)	-	(226,251,320)
Losses on onerous contracts and reversals	-	(40,758,770)	-	-	(40,758,770)
Changes to liabilities for incurred claims	-	-	(177,136,598)	(12,504,465)	(189,641,063)
Acquisition cashflows amortisation	(45,121,330)	-	-	-	(45,121,330)
Insurance service result	275,496,553	(40,758,770)	(403,387,918)	(12,504,465)	(181,154,600)
Insurance finance expense	-	-	(14,930,818)	(1,597,783)	(16,528,601)
Total changes in the statement of comprehensive income	275,496,553	(40,758,770)	(418,318,736)	(14,102,248)	(197,683,201)
Cash flows					
Premiums received	321,919,965	-	-	-	321,919,965
Claims and other expenses paid	-	-	(196,090,628)	-	(196,090,628)
Directly attributable expenses paid	-	-	(37,802,774)	-	(37,802,774)
Insurance acquisition cash flows	(35,606,177)	-	-	-	(35,606,177)
Total cash flows	286,313,788	-	(233,893,402)	-	52,420,386
Net insurance contract liabilities as at 31 December	40,814,016	80,583,626	552,891,644	46,057,906	720,347,192

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 2024

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

2024	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component Un-audited AED	Loss component Un-audited AED	Estimates of the present value of future cash flows Un-audited AED	Risk adjustment Un-audited AED	Total Un-audited AED
Reinsurance contract assets as at 1 January	34,961,886	67,558,749	438,641,861	42,837,285	583,999,781
Reinsurance contract liabilities as at 1 January	(46,579,387)	197,462	(1,324,394)	(89,889)	(47,796,208)
Net reinsurance contract assets/(liabilities)	(11,617,501)	67,756,211	437,317,467	42,747,396	536,203,573
An allocation of reinsurance premiums	(62,358,542)	-	-	-	(62,358,542)
Amounts recoverable from reinsurers for incurred claims	12,062,966	(55,193,482)	52,773,885	(6,720,628)	2,922,741
Amounts recoverable for incurred claims and other expenses	-	-	56,545,814	-	56,545,814
Loss-recovery on onerous underlying contracts and adjustments (Note 3.5)	-	(55,193,482)	-	-	(55,193,482)
Acquisition cashflows amortization	12,062,966	-	-	-	12,062,966
Changes to amounts recoverable for incurred claims	-	-	(3,771,929)	(6,770,628)	(10,492,557)
Net income or expense from reinsurance contracts held	(50,295,576)	(55,193,482)	52,773,885	(6,720,628)	(59,435,801)
Reinsurance finance income	-	-	6,678,534	652,821	7,331,355
Total changes in the statement of comprehensive income	(50,295,576)	(55,193,482)	59,452,419	(6,067,807)	(52,104,446)
Cash flows					
Premiums paid	116,450,106	-	-	-	116,450,106
Amount received	-	-	(56,545,814)	-	(56,545,814)
Insurance acquisition cash flow	(70,211,930)	-	-	-	(70,211,930)
Total cash flows	46,238,176	-	(56,545,814)	-	(10,307,638)
Net reinsurance contract assets/(liabilities) as at 31 March	(15,674,901)	12,562,729	440,224,072	36,679,589	473,791,489
Reinsurance contract assets as at 31 March	36,768,053	11,350,487	444,261,815	36,877,910	529,258,265
Reinsurance contract liabilities as at 31 March	(52,442,954)	1,212,242	(4,037,743)	(198,321)	(55,466,776)
Net reinsurance contract assets/(liabilities) as at 31 March	(15,674,901)	12,562,729	440,224,072	36,679,589	473,791,489

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 2024

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

2023	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component Audited AED	Loss component Audited AED	Estimates of the present value of future cash flows Audited AED	Risk adjustment Audited AED	Total Audited AED
Reinsurance contract assets as at 1 January	14,553,408	28,991,300	247,900,478	27,925,314	319,370,500
Reinsurance contract liabilities as at 1 January	(20,824,855)	-	(1,630,023)	(61,660)	(22,516,538)
Net reinsurance contract assets/(liabilities)	(6,271,447)	28,991,300	246,270,455	27,863,654	296,853,962
Allocation of reinsurance premiums	(247,708,191)	-	-	-	(247,708,191)
Amounts recoverable from reinsurers for incurred claims	48,123,054	38,764,911	323,329,893	13,490,559	423,708,417
Amounts recoverable for incurred claims and other expenses	-	-	144,596,404	-	144,596,404
Loss-recovery on onerous underlying contracts and adjustments	-	38,764,911	-	-	38,764,911
Acquisition cashflows amortization	48,217,554	-	-	-	48,217,554
Changes to amounts recoverable for incurred claims	-	-	178,733,489	13,490,559	192,224,048
Changes in non-performance risk of reinsurer	(94,500)	-	-	-	(94,500)
Net income or expense from reinsurance contracts held	(199,585,137)	38,764,911	323,329,893	13,490,559	176,000,226
Reinsurance finance income	-	-	12,313,522	1,393,183	13,706,705
Total changes in the statement of comprehensive income	(199,585,137)	38,764,911	335,643,415	14,883,742	189,706,931
Cash flows					
Premiums paid	259,864,119	-	-	-	259,864,119
Amount received	-	-	(144,596,403)	-	(144,596,403)
Insurance acquisition cash flows	(65,625,036)	-	-	-	(65,625,036)
Total cash flows	194,239,083	-	(144,596,403)	-	49,642,680
Net reinsurance contract assets/(liabilities) as at 31 December	(11,617,501)	67,756,211	437,317,467	42,747,396	536,203,573
Reinsurance contract assets as at 31 December	34,961,886	67,558,749	438,641,861	42,837,285	583,999,781
Reinsurance contract liabilities as at 31 December	(46,579,387)	197,462	(1,324,394)	(89,889)	(47,796,208)
Net reinsurance contract assets/(liabilities) as at 31 December	(11,617,501)	67,756,211	437,317,467	42,747,396	536,203,573

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 2024

9 Cash and cash equivalents

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Cash on hand	15,308	229,227
Current accounts	31,014,395	24,996,898
Term deposits*	173,140,831	183,932,075
Bank balances and cash	204,170,534	209,158,200
Less: Term deposits with an original maturity of more than three-months	(173,140,831)	(183,932,075)
Cash and cash equivalents	31,029,703	25,226,125

*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 31 March 2024 (31 December 2023: AED 392,227).

The interest rate on term deposits and current accounts with banks ranges between 0.05% and 5.80% (31 December 2023: 0.50% and 5.85%) per annum. All bank balances are held in local banks in the United Arab Emirates.

10 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and the companies of which 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.

	Nature of relationships	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Due from policy holder (related parties)	Affiliates	1,162,777	290,866

Transactions with related parties during the period are as follows:

	Nature of relationships	Three-month period ended 31 March 2024 (Un-audited) AED	Three-month period ended 31 March 2023 (Un-audited) AED
Gross premiums written	Affiliates	1,225,093	1,164,130
Claims paid	Affiliates	334,555	161,288

Remuneration of key management personnel

	31 March 2024 (Un-audited) AED	31 March 2023 (Un-audited) AED
Remuneration of management personnel	587,430	587,430
Remuneration to the directors	4,000,000	3,375,000
Post-employment benefits	28,101	28,333
	4,615,531	3,990,763

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 2024

11 Other payables

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Dividend payable	35,789,107	789,107
Authority supervision reserve	1,624,661	1,258,077
Deferred income	1,475,683	1,388,629
Provision for corporate tax	1,343,882	-
Provision for directors remuneration	-	3,375,000
Other payables	7,078,066	8,619,987
	47,311,399	15,430,800

12 Dividends

On 26 March 2024, the shareholders at the Annual General Assembly approved cash dividends of 0.35 fils per share amounting to AED 35,000,000 (2023: 0.30 fils per share amounting to AED 30,000,000).

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 ended 31 March 2024 (Un-audited) AED	Three-Month ended 31 March 2023 Restated (Un-audited) AED
Profit for the period (AED)	26,303,611	23,317,409
Weighted average number of ordinary shares outstanding during the period	100,000,000	100,000,000
Basic and diluted earnings per share (AED)	0.26	0.23

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 2024

14 Income from investments, net

	Three-month ended 31 March 2024 (Un-audited) AED	Three-month ended 31 March 2023 (Un-audited) AED
Dividend income	14,100,191	8,110,287
Interest income	2,753,367	1,686,355
Change in fair value of investments at fair value through profit or loss	(468,988)	2,743,325
Realised Gain on sale of investments at fair value through profit or loss	3,761,595	2,159,451
Foreign exchange gain on investment	11,901	-
Investment expense	(229,156)	(200,850)
	<hr/>	<hr/>
Income from investments	19,928,910	14,498,568
Income from investment properties	596,328	529,031
Income from investments, net	<hr/> 20,525,238 <hr/>	<hr/> 15,027,599 <hr/>

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 2024

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:

	For the three-month ended 31 March 2024			For the three-month ended 31 March 2023		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Insurance revenue	80,121,463	-	80,121,463	82,362,195	-	82,262,195
Insurance service expenses	(14,293,342)	-	(14,293,342)	(69,221,758)	-	(69,221,758)
Insurance service result before reinsurance contracts held	65,828,121	-	65,828,121	13,140,437	-	13,140,437
Allocation of reinsurance premiums	(62,358,542)	-	(62,358,542)	(64,722,690)	-	(64,722,690)
Amounts recoverable from reinsurance	2,922,741	-	2,922,741	52,512,959	-	52,512,959
Net income from reinsurance contracts held	(59,435,801)	-	(59,435,801)	(12,209,731)	-	(12,209,731)
Investment income	-	20,525,238	20,525,238	-	15,027,599	15,027,599
Finance expenses from insurance contracts issued	(8,196,901)	-	(8,196,901)	16,673,227	-	16,673,227
Finance income from reinsurance contracts held	7,331,356	-	7,331,356	(14,192,828)	-	(14,192,828)
Net insurance and financial result	5,526,775	20,525,238	26,052,013	3,411,105	15,027,599	18,438,704
Other underwriting income	2,856,245	-	2,856,245	6,345,485	-	6,345,485
Other operating cost	(1,260,765)	-	(1,260,765)	(1,466,780)	-	(1,466,780)
Profit for the period before tax	7,122,255	20,525,238	27,647,493	8,289,810	15,027,599	23,317,409
Provision for corporate tax	-	-	(1,343,882)	-	-	-
Profit for the period after tax	7,122,255	20,525,238	26,303,611	8,289,810	15,027,599	23,317,409

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 2024

15.2 Segment assets and liabilities

	As at 31 March 2024 (Un-audited)		
	Underwriting AED	Investments AED	Total AED
Total assets	<u>640,684,684</u>	<u>632,962,894</u>	<u>1,273,647,578</u>
Total liabilities	<u>823,255,922</u>	<u>1,532,729</u>	<u>824,788,651</u>

	As at 31 December 2023 (Audited)		
	Underwriting AED	Investments AED	Total AED
Total assets	<u>680,625,481</u>	<u>633,953,877</u>	<u>1,314,579,358</u>
Total liabilities	<u>849,327,870</u>	<u>1,449,674</u>	<u>850,777,544</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 2024

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 2024 and 31 December 2023:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 March 2024 (Un-audited)				
Investments at fair value through other comprehensive income	239,780,166	-	-	239,780,166
Investments at fair value through profit and loss	38,015,127	94,988,693	7,045,850	140,049,670
	<u>277,795,293</u>	<u>94,988,693</u>	<u>7,045,850</u>	<u>379,829,836</u>
31 December 2023 (Audited)				
Investments at fair value through other comprehensive income	246,026,664	-	-	246,026,664
Investments at fair value through profit and loss	37,445,190	79,511,873	7,045,850	124,002,913
	<u>283,471,854</u>	<u>79,511,873</u>	<u>7,045,850</u>	<u>370,029,577</u>

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

17 Leasing

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

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Current	1,273,425	847,420
Non-current	4,060,246	5,092,324
	<u>5,333,671</u>	<u>5,939,744</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 2024

17 Leasing (continued)

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

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Right-of-use assets	5,579,372	5,759,263

18 Contingent liability

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Bank guarantees	11,914,421	11,914,421

19 Capital risk management

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the period. The Company is subject to solvency regulations which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins.

	31 March 2024 (Un-audited) AED	31 December 2023 (Audited) AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	147,483,953	145,125,233
Minimum Guarantee Fund (MGF)	49,161,318	48,375,078
Basic Own Funds	244,736,056	270,445,136
MCR Solvency Margin - Minimum Capital Requirement (Surplus)	144,736,056	170,445,136
MCR Solvency Margin - Solvency Capital Requirement (Surplus)	97,252,103	125,319,903
MGF Solvency Margin - Minimum Guarantee Fund (Surplus)	195,574,738	222,070,058

20 Post reporting date events

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

21 General

The figures in the condensed interim financial information are rounded to the nearest Dirham of 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 2024

22 Restated

The company has restated comparative figures for the period ended 31 March 2023 due to change in insurance contract measurement approach from general measurement model (GMM) to premium allocation approach (PAA). Due to change in measurement approach, there has been no impact on the profit for the period.

23 Approval of condensed interim financial information

The condensed interim financial information was approved and authorized for issue by the Board of Directors on 14 May 2024.