

Al Dhafra Insurance Company P.S.C.

Condensed Interim Financial Information (Unaudited)
For the six-month period ended 30 June 2024

Al Dhafra Insurance Company P.S.C.

**Condensed Interim Financial Information (Un-audited)
For the six-months period ended 30 June 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 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 30 June 2024 and the related condensed interim statement of profit or loss and, the condensed interim statement of comprehensive income for the three-month and six-month period then ended, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the six-months period then ended and other related explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial information in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with 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 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 information of the Company for the six-month period ended 30 June 2023 were reviewed by another auditor, who expressed an unmodified review conclusion dated 10 August 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

Registered Auditor number: 1234

Abu Dhabi, United Arab Emirates

Date: 13 August 2024

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

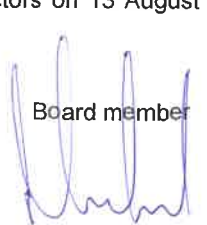
Condensed interim statement of financial position
As at 30 June 2024

		30 June 2024 (Un-audited)	31 December 2023 (Audited)
	Note	AED	AED
ASSETS			
Property and equipment		837,506	796,119
Intangible assets		2,867,738	3,356,823
Right-of-use assets	17	5,399,481	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	231,828,008	246,026,664
Investments carried at fair value through profit and loss	6	124,400,286	124,002,913
Insurance contract assets	8	51,045,498	53,608,521
Reinsurance contract assets	8	723,317,956	583,999,781
Prepayments and other receivables	7	10,655,221	7,878,849
Deposits	9	153,468,851	183,932,075
Cash and cash equivalents	9	45,133,839	25,226,125
TOTAL ASSETS		1,428,946,609	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		44,350,009	58,548,665
Reinsurance reserve		5,612,943	4,723,303
Retained earnings		102,834,821	105,529,846
TOTAL EQUITY		447,797,773	463,801,814
LIABILITIES			
Provision for employees' end of service benefits		7,756,323	7,655,079
Lease liabilities	17	4,915,168	5,939,744
Insurance contract liabilities	8	902,131,977	773,955,713
Reinsurance contract liabilities	8	54,989,770	47,796,208
Other payables	11	11,355,598	15,430,800
TOTAL LIABILITIES		981,148,836	850,777,544
TOTAL EQUITY AND LIABILITIES		1,428,946,609	1,314,579,358

This condensed interim financial information was approved by the Board of Directors on 13 August 2024 and signed on their behalf by:


Assistant General Manager - Finance


General Manager


Board member



The accompanying notes from 1 to 24 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 30 June 2024

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2024	2023	2024	2023
		(Unaudited) AED	(Unaudited) AED	(Unaudited) AED	(Unaudited) AED
Insurance revenue		85,463,689	79,203,874	165,585,152	161,566,069
Insurance service expenses	8,3.5	(258,113,099)	(38,223,576)	(272,406,441)	(107,445,334)
Insurance service result before reinsurance contracts held		(172,649,410)	40,980,298	(106,821,289)	54,120,735
Allocation of re-insurance premiums		(66,794,219)	(60,059,594)	(129,152,761)	(124,782,284)
Allowance recoverable from reinsurance for incurred claims	8,3.5	241,757,666	26,107,623	244,680,407	78,620,582
Insurance service result		2,314,037	7,028,327	8,706,357	7,959,033
Income from investments	14	3,101,458	9,988,187	23,030,368	24,486,755
Income from investments properties	14	443,060	558,175	1,039,388	1,087,206
Total investment income		3,544,518	10,546,362	24,069,756	25,573,961
Net insurance finance (expense)/income for insurance/re-insurance contracts issued/held		(878,764)	(1,779,374)	(1,744,309)	701,025
Net insurance and investment results		4,979,791	15,795,315	31,031,804	34,234,019
Other finance costs		(102,150)	(85,803)	(215,908)	(195,595)
Other operating expenses		(1,260,718)	(953,394)	(2,407,725)	(2,310,381)
Other operating income		2,628,254	1,575,510	5,484,499	7,920,994
Profit for the period before tax		6,245,177	16,331,628	33,892,670	39,649,037
Provision for corporate tax		(809,164)	-	(2,153,046)	-
Add: Deferred tax assets		1,454,991	-	1,454,991	-
Profit for the period after tax		6,891,004	16,331,628	33,194,615	39,649,037
Basic and diluted earnings per share	13	0.07	0.16	0.33	0.40

The accompanying notes from 1 to 24 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 six-month period ended 30 June 2024

		Three-month period ended		Six-month period ended	
		30 June	2023	30 June	2023
	Note	(Unaudited) AED	(Unaudited) AED	(Unaudited) AED	(Unaudited) AED
Profit for the period		6,891,004	16,331,628	33,194,615	39,649,037
Other comprehensive income/ (loss)					
<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/ (loss)	5	(7,952,158)	9,712,452	(14,198,656)	(931,743)
Other comprehensive income/ (loss) for the period		(7,952,158)	9,712,452	(14,198,656)	(931,743)
Total comprehensive income/ (loss) for the period		(1,061,154)	26,044,080	18,995,959	38,717,294

The accompanying notes from 1 to 24 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 six-month period ended 30 June 2024

	Share Capital	Legal reserve	General reserve	Investment revaluation reserve	Reinsurance reserve	Retained earnings	Total equity
	AED	AED	AED	AED	AED	AED	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	-	-	-	-	-	39,649,037	39,649,037
Other comprehensive loss for the period	-	-	-	(931,743)	-	-	(931,743)
Transfer to reinsurance reserve	-	-	-	-	781,583	(781,583)	-
Transfer to retained earnings on disposal of investment through other comprehensive income	-	-	-	-	-	(237,442)	(237,442)
Dividends declared and paid	-	-	-	-	-	(30,000,000)	(30,000,000)
Balance as at 30 June 2023 (Unaudited)	100,000,000	50,000,000	145,000,000	48,771,492	4,270,529	103,831,413	451,873,434
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	-	-	-	-	-	33,194,615	33,194,615
Other comprehensive loss for the period	-	-	-	(14,198,656)	-	-	(14,198,656)
Transfer to reinsurance reserve	-	-	-	-	889,640	(889,640)	-
Dividends declared and paid	-	-	-	-	-	(35,000,000)	(35,000,000)
Balance as at 30 June 2024 (Unaudited)	100,000,000	50,000,000	145,000,000	44,350,009	5,612,943	102,834,821	447,797,773

The accompanying notes from 1 to 24 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 six-month period ended 30 June 2024

		Six-month period ended 30 June 2024	Six-month period ended 30 June 2023
	Notes	(Unaudited) AED	(Unaudited) AED
OPERATING ACTIVITIES			
Profit for the period		33,194,615	39,649,037
Adjustments for:			
Change in fair value of investments carried at fair value through profit or loss	6, 14	492,706	(9,535,145)
Gain on disposal of investments carried at fair value through profit or loss	14	(3,824,219)	(3,078,361)
Provision for employees' end of service benefits		255,858	247,557
Depreciation of property and equipment and right-of-use asset		588,297	711,145
Amortisation of intangible assets		630,052	477,714
Finance cost		215,908	195,595
Gain on disposal of property and equipment		(1,450)	-
Dividend income	14	(14,281,542)	(8,631,789)
Interest income	14	(5,715,325)	(3,680,506)
Cash flow from operating activities		11,554,900	16,355,247
Changes in insurance and reinsurance contract assets/liabilities	8	(1,385,326)	(20,004,971)
Decrease in other payables	11	(4,075,202)	(13,823,800)
Decrease in prepayments and other receivables	7	(2,776,372)	(265,343)
Cash generated/ (used in) from operations		3,318,000	(17,738,867)
Employees' end of service benefits paid		(154,614)	(120,034)
Net cash (used in)/ generated from operating activities		3,163,386	(17,858,901)
INVESTING ACTIVITIES			
Purchase of property and equipment		(254,902)	(373,390)
Purchase of intangible assets		(140,967)	(195,082)
Purchase of investments at FVTPL	6	(25,869,201)	(1,542,813)
Proceeds from disposal of FVTPL investments	5	28,803,341	15,953,711
Proceeds from disposal of FVOCI investments		-	3,315,242
Proceeds from disposal of property and equipment		1,450	-
Redemption of term deposits	9	30,463,224	17,584,848
Dividends received	14	14,281,542	8,631,789
Interest received	14	5,715,325	3,896,539
Net cash generated from investing activities		52,999,812	47,270,844
FINANCING ACTIVITIES			
Dividends paid	12	(35,000,000)	(30,000,000)
Payment of lease liabilities	17	(1,255,484)	(469,634)
Net cash used in financing activities		(36,255,484)	(30,469,634)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		19,907,714	(1,057,691)
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	45,133,839	23,485,964

The accompanying notes from 1 to 24 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 six-month period ended 30 June 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.

The company is subject to the regulations of the U.A.E. Federal Decree Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended), issued by the Central Bank of UAE and is registered in the Insurance Companies Register of the Central Bank of the UAE, under registration number 005.

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 six-month period ended 30 June 2024

3 Material accounting policy information (continued)

3.2 Basis of preparation

This 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.

This 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 this 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.

This 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 six- months period ended June 30, 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 Tax

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 six-month period ended 30 June 2024

3 Material accounting policy information (continued)

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 27.75 million under insurance contract liabilities and from AED 67.756 million (as at December 31, 2023) to AED 18.97 million under reinsurance contract asset as at June 30, 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 5.66 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 six-month period ended 30 June 2024

4 Statutory deposit

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

	30 June 2024 (Unaudited) 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

	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED
Quoted UAE equity securities	231,828,008	246,026,664

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

	30 June 2024 (Unaudited) 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	(14,198,656)	8,845,430
Fair value at end of the period / year	231,828,008	246,026,664

6 Investments carried at fair value through profit or loss

	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED
Managed funds (i)	78,351,464	79,511,873
Quoted UAE equity securities	34,367,087	34,283,128
Quoted debt securities (ii)	3,160,685	3,162,062
Unquoted equity security	8,521,050	7,045,850
	124,400,286	124,002,913

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

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

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	AED	AED
Fair value at beginning of period / year	124,002,913	116,532,321
Additions	25,869,201	6,300,996
Disposals	(28,803,341)	(20,296,569)
Profit on disposal	3,824,219	4,130,668
Change in fair value (Note 14)	(492,706)	17,335,497
Fair value at end of the period / year	124,400,286	124,002,913

7 Prepayments and other receivables

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	AED	AED
Prepayments	2,716,827	1,092,263
Interest receivables	4,233,269	4,255,957
Other receivables	2,250,134	2,530,629
Deferred tax assets	1,454,991	-
	10,655,221	7,878,849

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

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

	30 June 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	7,235,878	(28,443,059)	(21,207,181)	11,443,719	(40,541,190)	(29,097,471)
General and Motor	43,809,620	(873,688,918)	(829,879,298)	42,164,802	(733,414,523)	(691,249,721)
Total insurance contracts issued	51,045,498	(902,131,977)	(851,086,479)	53,608,521	(773,955,713)	(720,347,192)
Reinsurance contracts held						
Life and Medical	17,150,430	(149,184)	17,001,246	21,325,900	(104,408)	21,221,492
General and Motor	706,167,526	(54,840,586)	651,326,940	562,673,881	(47,691,800)	514,982,081
Total reinsurance contracts held	723,317,956	(54,989,770)	668,328,186	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 six-month period ended 30 June 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 Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	
2024 (unaudited)					
Insurance contract liabilities as at 1 January	40,814,016	80,583,626	552,891,644	46,057,906	720,347,192
Insurance revenue	165,585,152	-	-	-	165,585,152
Insurance service expenses	(21,015,601)	52,835,662	(309,007,193)	4,780,691	(272,406,441)
ncurred claims and other expenses	-	-	(162,342,295)	-	(162,342,295)
Losses on onerous contracts and reversals (Note 3.5)	-	52,835,662	-	-	52,835,662
Changes to liabilities for incurred claims	-	-	(146,664,898)	4,780,691	(141,884,207)
Acquisition cashflows amortization	(21,015,601)	-	-	-	(21,015,601)
Insurance service result	144,569,551	52,835,662	(309,007,193)	4,780,691	(106,821,289)
Insurance finance expense	-	-	(15,101,483)	(1,417,497)	(16,518,980)
Total changes in the statement of comprehensive income	144,569,551	52,835,662	(324,108,676)	3,363,194	(123,340,269)
Cash flows					
Premiums received	255,408,841	-	-	-	255,408,841
Claims and other expenses paid	-	-	(154,962,244)	-	(154,962,244)
Directly attributable expenses paid	-	-	(14,978,240)	-	(14,978,240)
Insurance acquisition cash flows	(78,069,339)	-	-	-	(78,069,339)
Total cash flows	177,339,502	-	(169,940,484)	-	7,399,018
Net insurance contract liabilities as at 30 June	73,583,967	27,747,964	707,059,836	42,694,712	851,086,479

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

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

Contracts measured under the PAA (continued)

2023 (Audited)	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cashflows AED	Risk adjustment AED	
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 amortization	(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)
<i>Cash flows</i>					
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 six-month period ended 30 June 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 (unaudited)	Assets for remaining coverage		Amounts recoverable on incurred claims		Total Unaudited AED
	Excluding loss recovery component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited 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	(129,152,761)	-	-	-	(129,152,761)
Amounts recoverable from reinsurers for incurred claims	22,172,015	(48,784,503)	275,018,198	(3,725,303)	244,680,407
Amounts recoverable for incurred claims and other expenses	-	-	126,823,318	-	126,823,318
Loss-recovery on onerous underlying contracts and adjustments (Note3.5)	-	(48,784,503)	-	-	(48,784,503)
Acquisition cashflow amortization	25,965,519	-	-	-	25,965,519
Changes to amounts recoverable for incurred claims	-	-	148,194,880	(3,725,303)	144,469,577
Changes in non-performance risk of reinsurer	(3,793,504)	-	-	-	(3,793,504)
Net income or expense from reinsurance contracts held	(106,980,746)	(48,784,503)	275,018,198	(3,725,303)	115,527,646
Reinsurance finance income	-	-	13,459,060	1,315,605	14,774,665
Total changes in the statement of comprehensive income	(106,980,746)	(48,784,503)	288,477,258	(2,409,698)	130,302,311
Cash flows					
Premiums paid	205,082,981	-	-	-	205,082,981
Amount received	-	-	(126,823,318)	-	(126,823,318)
Insurance acquisition cashflows	(76,437,362)	-	-	-	(76,437,362)
Total cash flows	128,645,619	-	(126,823,318)	-	1,822,301
Net reinsurance contract assets/(liabilities) as at 30 June	10,047,372	18,971,708	598,971,407	40,337,698	668,328,185
Reinsurance contract assets as at 30 June	67,624,475	15,636,080	599,694,299	40,363,101	723,317,956
Reinsurance contract liabilities as at 30 June	(57,577,103)	3,335,628	(722,892)	(25,403)	(54,989,770)
Net reinsurance contract assets/(liabilities) as at 30 June	10,047,372	18,971,708	598,971,407	40,337,698	668,328,186

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

Notes to the condensed interim financial information (continued)
For the six-month period ended 30 June 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 (Audited)	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment 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
An 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 cashflow 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 flow	(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 six-month period ended 30 June 2024

9 Cash and cash equivalents

	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED
Cash on hand	132,587	229,227
Current accounts	45,001,252	24,996,898
Term deposits*	153,468,851	183,932,075
	<hr/>	<hr/>
Bank balances and cash	198,602,690	209,158,200
Less: Term deposits with an original maturity of more than three months	(153,468,851)	(183,932,075)
	<hr/>	<hr/>
	45,133,839	25,226,125
	<hr/>	<hr/>

*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 30 June 2024 (31 December 2023: AED 392,227).

The interest rate on term deposits and current accounts with banks ranges between 0.50% 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	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED
Due from policyholders	Affiliates	1,096,912	290,886

Transactions with related parties during the period are as follows:

	Nature of relationships	30 June 2023 (Unaudited) AED	30 June 2023 (Unaudited) AED
Gross premiums written	Affiliates	1,402,126	1,411,291
Claims paid	Affiliates	495,323	601,153

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

Notes to the condensed interim financial information (continued)
For the six-month period ended 30 June 2024

10 Related party transactions and balances (continued)

Remuneration of key management personnel

	30 June 2024 (Unaudited) AED	30 June 2023 (Unaudited) AED
Remuneration of management personnel	1,174,860	1,174,860
Remuneration to the directors paid	4,000,000	3,375,000
Post-employment benefits	56,749	56,891
	5,231,609	4,606,751

11 Other payables

	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED
Dividend payable	2,441	789,107
Authority supervision reserve	872,457	1,258,077
Deferred income	1,397,661	1,388,629
Provision for directors remuneration	-	3,375,000
Provision for corporate tax	2,153,046	-
Other payables	6,929,993	8,619,987
	11,355,598	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) which has been paid in current quarter.

13 Basic and diluted earnings per share

Basic earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

	Three-month period ended 30 June 2024		Six-month period ended 30 June 2024	
	(Unaudited) AED	(Unaudited) AED	(Unaudited) AED	(Unaudited) AED
Profit for the period after tax	6,891,004	16,331,628	33,194,615	39,649,037
Weighted average number of ordinary shares outstanding during the period	100,000,000	100,000,000	100,000,000	100,000,000
Basic and diluted earnings per share	0.07	0.16	0.33	0.40

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

Notes to the condensed interim financial information (continued)
For the six-month period ended 30 June 2024

14 Income from investments, net

	Three-month period ended 30 June		Six-month period ended 30 June	
	2024 (Unaudited) AED	2023 (Unaudited) AED	2024 (Unaudited) AED	2023 (Unaudited) AED
Dividend income	181,351	521,502	14,281,542	8,631,789
Interest income	2,961,958	1,994,151	5,715,325	3,680,506
Change in fair value of investments at fair value through profit or loss	(23,718)	6,791,820	(492,706)	9,535,145
Gain on sale of investments at fair value through profit or loss	188,890	918,910	3,950,485	3,078,361
Investment expense	(207,023)	(238,196)	(424,278)	(439,046)
Income from investments	3,101,458	9,988,187	23,030,368	24,486,755
Income from investment properties	443,060	558,175	1,039,388	1,087,206
Income from investments, net	3,544,518	10,546,362	24,069,756	25,573,961

Al Dhafra Insurance Company P.S.C.

Condensed Interim Financial Information

Notes to the condensed interim financial information (continued)

For the six-month period ended 30 June 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 six-month ended 30 June 2024 (Unaudited)			For the six-month ended 30 June 2023 (Unaudited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Insurance revenue	165,585,152	-	165,585,152	161,566,069	-	161,566,069
Insurance service expenses	(272,406,441)	-	(272,406,441)	(107,445,334)	-	(107,445,334)
Insurance service result before reinsurance contracts held	(106,821,289)	-	(106,821,289)	54,120,735	-	54,120,735
Allocation of reinsurance premiums	(129,152,761)	-	(129,152,761)	(124,782,284)	-	(124,782,284)
Amounts recoverable from reinsurance	244,680,407	-	244,680,407	78,620,582	-	78,620,582
Net income from reinsurance contracts held	115,527,646	-	115,527,646	(46,161,702)	-	(46,161,702)
Investment income	-	24,069,756	24,069,756	-	25,573,961	25,573,961
Net insurance finance (expense)/income for insurance/re-insurance contracts issued/held	(1,744,309)	-	(1,744,309)	701,025	-	701,025
Net insurance and financial result	6,962,048	24,069,756	31,031,804	8,660,058	25,573,961	34,234,019
Other finance cost	(215,908)	-	(215,908)	(195,595)	-	(195,595)
Other operating income	5,484,499	-	5,484,499	7,920,994	-	7,920,994
Other operating expense	(2,407,725)	-	(2,407,725)	(2,310,381)	-	(2,310,381)
Profit for the period before tax	9,822,914	24,069,756	33,892,670	14,075,076	25,573,961	39,649,037
Provision for corporate tax (net)	-	-	(698,055)	-	-	-
Profit for the period after tax	9,822,914	24,069,756	33,194,615	14,075,076	25,573,961	39,649,037

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

Notes to the condensed interim financial information (continued)
For the six-month period ended 30 June 2024

15 Segment reporting (continued)

15.2 Segment assets and liabilities

	As at 30 June 2024 (Un-audited)		
	Underwriting AED	Investments AED	Total AED
Total assets	839,257,239	589,689,370	1,428,986,608
Total liabilities	979,682,130	1,466,706	981,148,834

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

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

Notes to the condensed interim financial information (continued)
For the six-month period ended 30 June 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 30 June 2024 and 31 December 2023:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
30 June 2024 (Unaudited)				
Investments at fair value through other comprehensive income	231,828,008	-	-	231,828,008
Investments at fair value through profit and loss	37,527,772	78,351,464	8,521,050	124,400,286
	<u>269,355,780</u>	<u>78,351,464</u>	<u>8,521,050</u>	<u>356,228,294</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:

	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED
Current	1,273,425	847,420
Non-current	3,641,743	5,092,324
	<u>4,915,168</u>	<u>5,939,744</u>

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

Condensed interim statement of profit or loss
As at 30 June 2024

17 Leasing (continued)

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

	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED
Right-of-use assets	5,399,481	5,759,263

18 Contingent liability

	30 June 2024 (Unaudited) 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 period. 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.

	30 June 2024 AED (Unaudited)	31 December 2023 AED (Audited)
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	160,219,092	145,125,233
Minimum Guarantee Fund (MGF)	53,406,364	48,375,078
Basic Own Funds	239,916,888	270,445,136
MCR Solvency Margin - Minimum Capital Requirement (Surplus)	139,916,888	170,445,136
MCR Solvency Margin - Solvency Capital Requirement (Surplus)	79,697,796	125,319,903
MGF Solvency Margin – Minimum Guarantee Fund (Surplus)	186,510,524	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.

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

Notes to the condensed interim financial information (continued)
For the six-month period ended 30 June 2024

21 Re-classification

During the current period, management has decided to reclassified balances related to general and administrative expenses relating to underwriting to insurance service expense within statement of profit or loss, to provide better understanding of the operation.

22 Significant events

Heavy rainfall in UAE:

During the period, UAE witnessed unprecedented heavy rainfall causing widespread disruption across the country which led to a significant increase in insurance claims. As the Entity has adequate coverage against such huge losses through various re-insurance arrangements, this event did not cause subsequent impact on net insurance service results of the Company.

23 General

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

24 Approval of condensed interim financial information

The condensed interim financial information was approved and authorized for issue by the Board of Directors on 13 August 2024.