

Al Dhafra Insurance Company (P.S.C.)

Condensed Interim Financial Statements (Unaudited)
For the three-month period ended 31 March 2021

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements (Un-audited)
For the three months period ended 31 March 2021

Table of contents

	Page
Review report on the condensed interim financial statement	1
Condensed interim statement of financial position	2
Condensed interim statement of comprehensive income	3
Condensed interim statement of changes in equity	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial statements	7 - 18

**Grant Thornton
United Arab Emirates**
Al Kamala Tower
Office No. 1101, Level 11
Zayed 1st Street, Khalidiya
P.O. Box 41255
Abu Dhabi

T +971 2 666 9750
F +971 2 666 9816

[linkd.in/grant-thornton-uae](https://www.linkedin.com/company/grant-thornton-uae)
twitter.com/gtuae

**Review report on the condensed interim financial statements
To the Shareholders of Al Dhafra Insurance Company (P.S.C.)**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Dhafra Insurance Company P.S.C. (the "Company") as at 31 March 2021 and the related condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the three-month period then ended. Management is responsible for the preparation and 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 6 May 2021

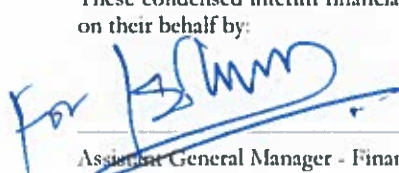


**Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements**

**Condensed interim statement of financial position
As at 31 March 2021**

	Notes	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
ASSETS			
Property and equipment		1,473,534	1,534,096
Intangible assets		3,615,928	3,817,779
Right-of-use-assets	17	5,046,891	5,312,243
Investment properties		65,812,225	65,812,225
Statutory deposits	4	9,980,000	9,980,000
Investments carried at fair value through other comprehensive income	5	186,821,343	170,556,736
Investments carried at fair value through profit and loss	6	39,354,335	40,136,262
Insurance balances receivable	7	117,615,145	106,329,866
Deferred acquisitions costs		21,153,063	16,432,759
Reinsurer's share of unearned premium reserve	8	97,585,395	85,530,265
Reinsurer's share of outstanding claims reserves	8	133,625,475	134,554,763
Reinsurer's share of claims incurred but not reported reserve	8	50,498,340	44,274,346
Reinsurer's share of unexpired risk reserve (premium deficiency reserve)	8	234,443	-
Prepayments and other receivables	7	11,946,363	7,800,394
Deposits	9	138,333,139	183,208,101
Cash and cash equivalents	9	105,579,758	98,881,191
TOTAL ASSETS		988,675,377	974,161,026
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		(4,432,017)	(20,696,624)
Reinsurance reserve		1,101,777	1,101,777
Retained earnings		89,975,760	113,917,671
TOTAL EQUITY		381,645,520	389,322,824
LIABILITIES			
Provision for employees' end of service benefits		8,217,058	8,341,652
Lease liabilities	16	4,675,796	4,872,807
Insurance payables	11	171,552,210	168,494,390
Other payables	11	16,997,917	23,154,394
Unearned commission income		24,747,528	21,847,658
Technical provisions			
Unearned premium reserve	8	140,924,610	122,189,223
Outstanding claims reserve	8	161,066,489	161,604,927
Claims incurred but not reported reserve	8	72,864,049	68,798,559
Unallocated loss adjustment expense reserve	8	4,601,919	4,488,031
Unexpired risk reserve (premium deficiency reserve)	8	1,382,281	1,046,561
TOTAL LIABILITIES		607,029,857	584,838,202
TOTAL EQUITY AND LIABILITIES		988,675,377	974,161,026

These condensed interim financial statements were approved by the Board of Directors on 6 May 2021 and signed on their behalf by:

For 

Assistant General Manager - Finance



General Manager



Board member

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



Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Condensed interim statement of comprehensive income
For the period ended 31 March 2021

	Notes	Three-month period ended 31 March 2021 (Unaudited) AED	Three-month period ended 31 March 2020 (Unaudited) AED
Gross premiums written		88,899,661	89,494,675
Reinsurance premium ceded		<u>(65,975,936)</u>	<u>(67,179,283)</u>
Net premium		22,923,725	22,315,392
Net change in unearned premium		<u>(6,680,257)</u>	<u>(871,445)</u>
Net premium earned		16,243,468	21,443,947
Commission earned		13,317,775	17,708,058
Commission incurred		<u>(8,919,839)</u>	<u>(9,026,929)</u>
Gross underwriting income		<u>20,641,404</u>	<u>30,125,076</u>
Gross claims paid		(30,928,254)	(40,849,383)
Reinsurance share of claims paid		<u>22,837,731</u>	<u>32,128,755</u>
Net claims paid		<u>(8,090,523)</u>	<u>(8,720,628)</u>
Change in gross outstanding claims reserve		538,438	(14,183,108)
Change in reinsurer's share of outstanding claims reserve		(929,288)	13,580,421
Change in claims incurred but not reported reserve, net		2,158,504	(2,175,024)
Change in unexpired risk reserve – net		(101,277)	-
Change in unallocated loss adjustment expense reserve		<u>(113,888)</u>	<u>(529,602)</u>
Net claims incurred		<u>(6,538,034)</u>	<u>(12,027,941)</u>
Underwriting income		14,103,371	18,097,135
Other income relating to underwriting		303,503	2,223,330
General and administrative expenses relating to underwriting		<u>(856,059)</u>	<u>(713,090)</u>
Net underwriting income		13,550,815	19,607,375
Income from investments	14	9,818,645	1,297,162
Income from investment properties (rental income)		521,017	566,596
Other income, net		<u>3,500</u>	<u>3,333</u>
Total income		<u>23,893,977</u>	<u>21,474,466</u>
General and administrative expenses		(7,783,195)	(8,123,658)
Finance cost		<u>(52,693)</u>	<u>(74,831)</u>
PROFIT FOR THE PERIOD		<u>16,058,089</u>	<u>13,275,977</u>
Basic and diluted earnings per share	13	<u>0.16</u>	<u>0.13</u>

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

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

**Condensed interim statement of comprehensive income
For the period ended 31 March 2021**

	Note	Three-month period ended 31 March 2021 (Unaudited) AED	Three-month period ended 31 March 2020 (Unaudited) AED
Profit for the period		16,058,089	13,275,977
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	5	16,264,607	(57,243,250)
Other comprehensive income/ (loss) for the period		16,264,607	(57,243,250)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		32,322,696	(43,967,273)

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

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

**Condensed interim statement of changes in equity
For the period ended 31 March 2021**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Reinsurance reserve AED	Retained earnings AED	Total equity AED
Balance as at 1 January 2020 (Audited)	100,000,000	50,000,000	145,000,000	(5,276,307)	-	101,749,453	391,473,146
Net profit for the period	-	-	-	-	-	13,275,977	13,275,977
Other comprehensive loss for the period	-	-	-	(57,243,250)	-	-	(57,243,250)
Dividends declared and paid	-	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 31 March 2020 (Unaudited)	100,000,000	50,000,000	145,000,000	(62,519,557)	-	75,025,430	307,505,873
Balance as at 1 January 2021 (Audited)	100,000,000	50,000,000	145,000,000	(20,696,624)	1,101,777	113,917,671	389,322,824
Net profit for the period	-	-	-	-	-	16,058,089	16,058,089
Other comprehensive income for the period	-	-	-	16,264,607	-	-	16,264,607
Dividends declared and paid	-	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 31 March 2021 (Unaudited)	100,000,000	50,000,000	145,000,000	(4,432,017)	1,101,777	89,975,760	381,645,520

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

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

**Condensed interim statement of cash flows
For the period ended 31 March 2021**

	Notes	Three months period ended 31 March 2021 (Unaudited) AED	Three months period ended 31 March 2020 (Unaudited) AED
OPERATING ACTIVITIES			
Profit for the period		16,058,089	13,275,977
Adjustments for:			
Unearned premium and unexpired risk reserve, net		6,781,534	871,445
Change in gross outstanding claims and claims incurred but not reported reserves		3,640,940	24,536,427
Change in reinsurance share of outstanding claims and claims incurred but not reported reserves		(5,294,706)	(21,229,114)
Allowance for impairment on insurance receivable		-	5,625
Change in fair value of investments carried at fair value through profit or loss	6, 14	(1,179,381)	7,908,218
Gain on disposal of investments carried at fair value through profit or loss	14	125,307	-
Provision for employees' end of service benefits		130,987	133,843
Depreciation of property and equipment and right-of-use asset		461,765	473,424
Amortisation of intangible assets		238,851	205,688
Finance cost		52,693	74,831
Loss on termination of lease contract		15,648	116,557
Gain on disposal of property and equipment		(3,500)	(3,333)
Dividend income	14	(7,362,819)	(7,120,398)
Interest income	14	(1,403,452)	(2,084,982)
		12,261,956	17,164,208
Working capital changes:			
Insurance receivable, other receivables and prepayments		(16,217,074)	(4,900,093)
Insurance and other payables		(3,098,657)	(25,513,235)
Deferred acquisition costs		(4,720,304)	(1,035,921)
Unearned commission income		2,899,870	(56,405)
		(8,874,209)	(14,341,446)
Cash used in operations		(8,874,209)	(14,341,446)
Employees' end of service benefits paid		(255,580)	(6,425)
Net cash used in operating activities		(9,129,789)	(14,347,871)
INVESTING ACTIVITIES			
Purchase of property and equipment		(135,851)	(220,447)
Proceeds from disposal of property and equipment		3,500	10,675
Purchase of intangible assets		(37,000)	(485,960)
Proceeds from disposal of investment carried at fair value through profit and loss		1,836,000	-
Movement in term deposits		44,874,962	(117,713,644)
Interest received		2,189,279	2,137,622
Dividends received		7,362,819	1,599,053
Net cash generated from/(used in) investing activities		56,093,709	(114,672,701)
FINANCING ACTIVITIES			
Dividends paid		(40,000,000)	(40,000,000)
Lease liability instalment paid		(265,353)	(271,004)
Net cash used in financing activities		(40,265,353)	(40,271,004)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		6,698,567	(169,291,576)
Cash and cash equivalents at the beginning of the period		98,881,191	193,071,447
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	105,579,758	23,779,871

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

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

**Notes to the condensed interim financial statements
For the period ended 31 March 2021**

1 GENERAL INFORMATION

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

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

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

The Company is engaged in insurance and reinsurance of all classes of business with the exception of endowments and annuities. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 319, Abu Dhabi, United Arab Emirates.

The accompanying condensed interim financial statements of the Company for the three-month period ended 31 March 2021 have been authorised for issuance in accordance with a resolution of the Board of Directors on 6 May 2021.

2 BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The condensed interim financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2020. In addition, the results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The condensed interim financial statements have been prepared on the historical cost basis except for the investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income and investment properties.

The condensed interim financial statements are presented in United Arab Emirates Dirhams ("AED"), being the functional and presentation currency of the Company.

Use of estimates and judgements

The preparation of these interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective 1 January 2021.

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

**Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021**

2 BASIS OF PREPARATION (continued)

However, the Company has reviewed the key sources of estimation uncertainties disclosed in the recent annual audited financial statements against the backdrop of Covid-19 pandemic. Management believes that all sources of estimation uncertainty remain similar to those disclosed in the recent annual audited financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

Impact of COVID-19

In response to the spread of the Covid-19 where the Company operates and its resulting disruptions to the social and economic activities in those markets, the Company management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creating of a business contingency plan, to ensure the health and safety of its employees, customers and wider community as well as to ensure the continuity of its services throughout the market. The business operations of the Company currently remain largely unaffected. Based on these factors, the Company management believes that the Covid-19 pandemic has had no material effects on the reported condensed interim financial statements as at and for the three-month period ended 31 March 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

Standards and interpretations in issue but not yet effective

The Company has not early adopted new and revised IFRSs that have been issued but are not yet effective.

Effective for annual periods beginning on or after 1 January 2022

- Amendments to IAS 1 to address classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date
- Amendments to IAS 16 'Property, Plant and Equipment' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management
- Amendment to IAS 37 amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous
- Amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements
- Annual improvements to IFRS Standards 2018-2020

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

**Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021**

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations in issue but not yet effective (continued)

Effective for annual periods beginning on or after 1 January 2023

- IFRS 17 'Insurance Contracts' which requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.
- Amendment to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 'Insurance Contracts' was published in 2017.

Effective date deferred indefinitely. Adoption is still permitted.

- Amendment to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures (2011)' relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021

4 STATUTORY DEPOSITS

In accordance with the requirements of Federal Law No. (6) of 2007, concerning the formation of Insurance Authority of UAE, the Company maintains the below deposit which cannot be utilized without the consent of the UAE Insurance Authority.

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Statutory deposit	10,000,000	10,000,000
Expected credit losses	(20,000)	(20,000)
	<u>9,980,000</u>	<u>9,980,000</u>

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Quoted UAE equity securities	<u>186,821,343</u>	<u>170,556,736</u>

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

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Fair value at beginning of period / year	170,556,736	190,053,996
Additions	-	-
Disposals	-	(2,342,460)
Change in fair value	16,264,607	(17,154,800)
Fair value at end of the period / year	<u>186,821,343</u>	<u>170,556,736</u>

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Quoted debt securities	14,673,988	16,584,183
Quoted UAE equity securities	17,851,611	16,723,343
Unquoted equity security	6,828,736	6,828,736
	<u>39,354,335</u>	<u>40,136,262</u>

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS
(CONTINUED)

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

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Fair value at beginning of period / year	40,136,262	43,826,999
Additions	-	-
Disposals	(1,961,308)	(1,541,615)
Change in fair value (note 14)	1,179,381	(2,149,122)
Fair value at end of the period / year	<u>39,354,335</u>	<u>40,136,262</u>

7 INSURANCE BALANCES RECEIVABLES, PREPAYMENTS AND OTHER
RECEIVABLES

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Due from policy holders	98,241,692	92,409,118
Due from policy holders - related parties (note 10)	1,304,284	641,565
Due from reinsurance companies	6,865,570	5,324,394
Due from insurance companies, broker and agents	<u>35,047,180</u>	<u>31,798,370</u>
	141,458,726	130,173,447
Less: allowance for impairment	<u>(23,843,581)</u>	<u>(23,843,581)</u>
Insurance balance receivable	117,615,145	106,329,866
Prepayments	2,478,341	1,271,331
Interest receivables	1,573,641	3,375,986
Other receivables	<u>7,894,381</u>	<u>3,153,077</u>
Prepayments and other receivables	11,946,363	7,800,394
	<u>129,561,508</u>	<u>114,130,260</u>

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021

8	INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
	Insurance contract liabilities		
	Outstanding claims reserve	161,066,489	161,604,927
	Claims incurred but not reported reserve	72,864,049	68,798,559
	Unearned premiums reserve	140,924,610	122,189,223
	Unallocated loss adjustment expense reserve	4,601,919	4,488,031
	Unexpired risk reserve (premium deficiency reserve)	1,382,281	1,046,561
		<u>380,839,348</u>	<u>358,127,301</u>
	Reinsurance contract assets		
	Outstanding claims reserve	133,625,475	134,554,763
	Claims incurred but not reported reserve	50,498,340	44,274,346
	Unearned premiums reserve	97,585,395	85,530,265
	Unexpired risk reserve (premium deficiency reserve)	234,443	-
		<u>281,943,653</u>	<u>264,359,374</u>
	Insurance liabilities – net		
	Outstanding claims reserve	27,441,014	27,050,164
	Claims incurred but not reported reserve	22,365,709	24,524,213
	Unearned premiums reserve	43,339,215	36,658,958
	Unallocated loss adjustment expense reserve	4,601,919	4,488,031
	Unexpired risk reserve (premium deficiency reserve)	1,147,838	1,046,561
		<u>98,895,695</u>	<u>93,767,927</u>

9	CASH AND CASH EQUIVALENTS	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
	Cash on hand	307,749	200,410
	Current accounts	105,272,009	98,680,781
	Term deposits*	138,333,139	183,208,101
		<u>243,912,897</u>	<u>282,089,292</u>
	Bank balances and cash	243,912,897	282,089,292
	Less: term deposits with an original maturity of more than three months	<u>(138,333,139)</u>	<u>(183,208,101)</u>
	Cash and cash equivalents	<u>105,579,758</u>	<u>98,881,191</u>

*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 31 March 2021 (2020: AED 392,227).

The interest rate on term deposits and current accounts with banks ranges between 0.50% and 3% (31 December 2020: 0.50% and 3%) per annum. All bank balances are held in local banks in the United Arab Emirates.

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and the companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Due from policyholders (note 7)	<u>1,304,284</u>	<u>641,565</u>

Transactions with related parties during the period are as follows

	31 March 2021 (Unaudited) AED	31 March 2020 (Unaudited) AED
Gross premiums written	<u>795,199</u>	<u>726,821</u>

Claims paid	<u>34,913</u>	<u>360,142</u>
-------------	---------------	----------------

Remuneration of key management personnel

	31 March 2021 (Unaudited) AED	31 March 2020 (Unaudited) AED
Short term benefits	587,430	587,328
Post-employment benefits	<u>28,333</u>	<u>28,648</u>
	<u>615,763</u>	<u>615,976</u>

11 INSURANCE AND OTHER PAYABLES

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Due to policy holders	59,323,957	53,528,607
Due to insurance companies	40,402,915	47,427,301
Due to reinsurance companies	18,227,168	13,439,685
Premium reserve withheld	<u>53,598,170</u>	<u>54,098,797</u>
Insurance payables	<u>171,552,210</u>	<u>168,494,390</u>

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021

11 INSURANCE AND OTHER PAYABLES (CONTINUED)

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Dividend payable	5,283,005	5,269,737
Fee payable to insurance authority	1,523,360	1,173,886
Deferred income	1,496,971	1,401,598
Remuneration of the Directors	-	4,500,000
Other payables	<u>8,694,581</u>	<u>10,809,173</u>
Other payables	<u>16,997,917</u>	<u>23,154,394</u>
Total Insurance and Other Payables	<u>188,550,127</u>	<u>191,648,784</u>

12 DIVIDENDS

On 17 March 2021, the shareholders at the Annual General Assembly approved cash dividends of 0.40 fils per share amounting to AED 40,000,000 (31 March 2020: AED 40,000,000).

13 BASIC AND DILUTED EARNINGS PER SHARE

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

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

	Three months period ended 31 March 2021 (Unaudited) AED	2020 (Unaudited) AED
Profit for the period (AED)	<u>16,058,089</u>	<u>13,275,977</u>
Weighted average number of ordinary shares outstanding during the period	<u>100,000,000</u>	<u>100,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.16</u>	<u>0.13</u>

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021

14 INCOME FROM INVESTMENTS

	31 March 2021 (Unaudited) AED	31 March 2020 (Unaudited) AED
Dividend income	7,362,819	7,120,398
Interest income	1,403,452	2,084,982
Change in fair value of investments at fair value through profit or loss (note 6)	1,179,381	(7,908,218)
Gain on sale of investments at fair value through profit or loss	(125,307)	-
Other investment income/expense	(1,700)	-
	9,818,645	1,297,162

15 SEGMENT REPORTING

15.1 Segment revenue and results

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units are managed separately because they require different approach, technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business - incorporating all classes of general insurance such as fire, marine, motor, medical, general accident and miscellaneous.
- Investments - incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and investment properties and other securities.

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

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021

15 SEGMENT REPORTING (continued)

15.1 Segment revenue and results (continued)

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

	Three months period ended 31 March (Unaudited)					
	2021			2020		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	102,217,436	9,323,181	111,540,617	107,202,733	9,925,349	117,128,082
Direct costs	(88,114,065)	(162,900)	(88,276,965)	(89,105,598)	(153,373)	(89,258,971)
Other underwriting income	303,503	-	303,503	2,223,330	-	2,223,330
Other underwriting expenses	(856,059)	-	(856,059)	(713,090)	-	(713,090)
Non-cash investment (loss)/gain	-	1,179,381	1,179,381	-	(7,908,218)	(7,908,218)
Segment profit	13,550,815	10,339,662	23,890,477	19,607,375	1,863,758	21,471,133
General and administrative expenses	(7,783,195)	-	(7,783,195)	(8,123,658)	-	(8,123,658)
Finance cost	(52,693)	-	(52,693)	(74,831)	-	(74,831)
Other income	-	3,500	3,500	-	3,333	3,333
Profit for the period	5,714,927	10,343,162	16,058,089	11,408,886	1,867,091	13,275,977

Al Dhafra Insurance Company (P.S.C.)
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021

15 SEGMENT REPORTING (continued)

15.2 Segment assets and liabilities

	As at 31 March 2021 (Unaudited)			As at 31 December 2020 (Audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	442,794,577	440,301,042	883,095,619	405,586,511	469,693,324	875,279,835
Unallocated assets			105,579,758	-	-	98,881,191
Total assets	442,794,577	440,301,042	988,675,377			974,161,026
Segment liabilities	595,434,777	6,312,075	601,746,852	573,059,379	6,509,086	579,568,465
Unallocated liabilities			5,283,005	-	-	5,269,737
Total liabilities	595,434,777	6,312,075	607,029,857			584,838,202
Capital expenditure	172,850	-	172,850	3,662,357	-	3,662,357

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of statutory deposits, investments carried at fair value through other comprehensive income, investments carried at fair value through profit and loss, insurance receivables, deposits, bank balances and cash, and certain other assets. Financial liabilities consist of insurance payables, lease liabilities and certain other liabilities.

The fair values of the financial assets and liabilities are not materially different from their carrying values.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31 March 2021 and 31 December 2020:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 March 2021 (Unaudited)				
Investments at fair value through statement of comprehensive income	186,821,343	-	-	186,821,343
Investments at fair value through profit and loss	32,525,599	-	6,828,736	39,354,335
	219,346,942	-	6,828,736	226,175,678
31 December 2020 (Audited)				
Investments at fair value through statement of comprehensive income	170,556,736	-	-	170,556,736
Investments at fair value through profit and loss	33,307,526	-	6,828,736	40,136,262
	203,864,262	-	6,828,736	210,692,998

Valuation technique:

Level 1: Quoted bid prices in an active market

Level 3: Net assets value based on audited financials

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

**Notes to the condensed interim financial statements (continued)
For the period ended 31 March 2021**

17 LEASING

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

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Current	1,203,375	1,203,375
Non-current	3,472,421	3,669,432
	<u>4,675,796</u>	<u>4,872,807</u>

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

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Right-of-use-assets	<u>5,046,891</u>	<u>5,312,243</u>

18 CONTINGENT LIABILITY

	31 March 2021 (Unaudited) AED	31 December 2020 (Audited) AED
Bank guarantees	<u>18,544,222</u>	<u>18,550,200</u>

19 POST REPORTING DATE EVENTS

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

20 GENERAL

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

21 APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on 6 May 2021.