

Orient Insurance PJSC
and its subsidiaries
Condensed consolidated interim financial
information
for the six-month period ended 30 June 2020

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<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim statement of profit or loss	4
Condensed consolidated interim statement of profit or loss and other comprehensive income	5
Condensed consolidated interim statement of cash flows	6
Condensed consolidated interim statement of changes in equity	7
Notes to the condensed consolidated interim financial information	9



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Independent auditors' report on review of condensed consolidated interim financial information

To the Shareholders of Orient Insurance PJSC

Introduction

We have reviewed the accompanying 30 June 2020 condensed consolidated interim financial information of Orient Insurance PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2020;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month periods ended 30 June 2020;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2020;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2020;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2020; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated 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 30 June 2020 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

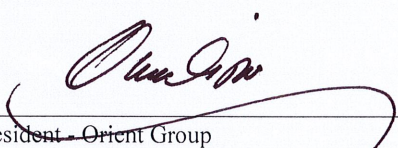
A handwritten signature in blue ink, appearing to read 'Emilio Pera'.

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates
Date: 29 July 2020

Orient Insurance PJSC and its subsidiaries
Condensed consolidated interim statement of financial position
as at

		(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000
Assets			
Property and equipment		100,642	104,797
Investment in an associate	6	65,931	65,478
Held to maturity investments	7	212,200	200,406
Available for sale investments	7	969,184	1,043,438
Investments carried at fair value through profit and loss	7	148,744	144,673
Insurance balances receivable	10	1,429,897	875,793
Statutory deposits	8	54,455	54,495
Reinsurance contract assets	9	2,825,195	2,218,662
Other receivables and prepayments	11	108,897	51,497
Bank deposits	12	2,696,155	2,644,097
Cash and cash equivalents	12	350,278	315,148
Total assets		8,961,578	7,718,484
Equity and Liabilities			
Equity			
Share capital	13	500,000	500,000
Statutory reserve	14	125,000	125,000
Legal reserve	14	250,000	250,000
Exceptional loss reserve	14	255,336	255,336
General reserve	14	1,421,492	1,421,492
Available for sale investments reserve	14	394,306	469,375
Foreign currency translation reserve	14	(105,736)	(93,713)
Retained earnings		316,625	46,905
Proposed dividends		-	100,000
Equity attributable to equity holders of the Company		3,157,023	3,074,395
Non-controlling interests		56,589	49,981
Total equity		3,213,612	3,124,376
Liabilities			
Insurance contract liabilities	9	4,058,657	3,300,406
Unit linked funds reserve		137,440	132,419
Retirement benefit obligation		29,436	25,853
Reinsurance and other payables	15	1,513,044	1,125,322
Lease liabilities		9,389	10,108
Total liabilities		5,747,966	4,594,108
Total liabilities and equity		8,961,578	7,718,484

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34. The condensed consolidated interim financial information of the Group was authorised for issue and approved by the Board of Directors on 29 July 2020 and signed on their behalf by:



President - Orient Group

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 9 to 20 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries
Condensed consolidated interim statement of profit or loss
for the period ended 30 June

	Notes	(Un-audited) For the three-month period ended		(Un-audited) For the six-month period ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		AED '000	AED '000	AED '000	AED '000
Gross written premium		1,053,396	944,593	2,559,000	2,253,332
Reinsurance share of ceded premiums		(664,254)	(571,414)	(1,802,335)	(1,513,522)
Net premium written		389,142	373,179	756,665	739,810
Net movement in provision for unearned premiums, mathematical premium reserve and unit-linked funds reserve		(116,699)	(74,770)	(198,473)	(149,989)
Net premium earned		272,443	298,409	558,192	589,821
Commission income		60,258	56,895	155,666	142,926
Commission expense		(71,977)	(73,034)	(158,631)	(146,070)
Gross underwriting income		260,724	282,270	555,227	586,677
Gross claims paid		400,996	614,174	1,000,011	1,199,848
Reinsurance share of claims paid		(286,374)	(451,658)	(735,179)	(869,545)
Net claims paid		114,622	162,516	264,832	330,303
Increase in provision for outstanding claims		173,121	2,024	223,634	9,669
Increase in reinsurance share of outstanding claims		(169,760)	(16,917)	(213,645)	(25,394)
Increase / (decrease) in incurred but not reported claims reserves		5,980	(662)	(13,266)	(3,279)
Increase / (decrease) in loss adjustment expense reserves		2,214	135	2,294	(734)
Net claims incurred		126,177	147,096	263,849	310,565
Net underwriting income		134,547	135,174	291,378	276,112
Income from investments	17	33,343	32,936	117,873	124,453
Other income		1,101	1,649	3,555	3,026
Share of profit / (loss) from associate		1,466	94	453	(1,579)
Total income		170,457	169,853	413,259	402,012
General and administrative expenses		(55,425)	(67,086)	(122,103)	(130,824)
Profit before tax		115,032	102,767	291,156	271,188
Income tax expense net of deferred taxes	16	(3,757)	1,520	(8,857)	(891)
Profit after tax		111,275	104,287	282,299	270,297
Attributable to:					
Equity holders of the Company		104,500	99,551	269,720	261,685
Non-controlling interests		6,775	4,736	12,579	8,612
Total profit for the period		111,275	104,287	282,299	270,297
Basic and diluted earnings per share attributable to equity holders of the Company (AED / share)	20	20.90	19.91	53.94	52.34

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 9 to 20 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss and other comprehensive income
for the period ended 30 June

	(Un-audited) For the three-month period ended		(Un-audited) For the six-month period ended	
	30 June 2020 AED '000	30 June 2019 AED '000	30 June 2020 AED '000	30 June 2019 AED '000
Profit after tax	111,275	104,287	282,299	270,297
Other comprehensive income				
<i>Other comprehensive income to be reclassified to profit and loss in subsequent periods:</i>				
Net unrealised loss from available for sale investments	(21,935)	(24,837)	(75,069)	(49,640)
Foreign currency adjustments from translation of foreign operations	(12,212)	2,858	(17,994)	5,099
Other comprehensive loss for the period	(34,147)	(21,979)	(93,063)	(44,541)
Total comprehensive income for the period	77,128	82,308	189,236	225,756
Attributable to:				
Equity holders of the Company	76,090	76,213	182,628	214,781
Non-controlling interests	1,038	6,095	6,608	10,975
	77,128	82,308	189,236	225,756

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

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Orient Insurance PJSC and its subsidiaries
Condensed consolidated interim statement of cash flows
for the period ended 30 June

		(Un-audited)	
		For the six-month	
		period ended	
Notes	30 June 2020	30 June 2019	
	AED '000	AED '000	
Cash flows from operating activities			
	291,156	271,188	
Profit before tax for the period			
Adjustments for:			
	4,179	3,068	
	(67,137)	(72,532)	
17	(51,686)	(51,616)	
17	(453)	1,579	
17	950	(305)	
	155	-	
	-	(26)	
	(1,536)	2,543	
Operating cash flows before movements in working capital			
	175,628	153,899	
	(552,568)	(330,011)	
	(606,533)	(310,716)	
	(8,160)	(47,647)	
	758,251	418,368	
	5,021	27,595	
	379,046	146,261	
	3,583	1,060	
16	(172)	(1,267)	
Net cash generated from operating activities			
	154,096	57,542	
Cash flows from investing activities			
	(1,266)	(1,237)	
	-	30	
	17,888	72,532	
17	51,686	51,616	
	(52,018)	(37,179)	
	(10,666)	(30,804)	
	(34,816)	(47,538)	
	(4,329)	(15,957)	
	5,645	3,209	
	21,998	21,067	
	3,144	15,591	
	2,679	(11,681)	
Net cash generated from investing activities			
	(55)	19,649	
Cash flows from financing activities			
	(100,000)	(100,000)	
	(917)	(526)	
Net cash used in financing activities			
	(100,917)	(100,526)	
	53,124	(23,335)	
	315,148	234,277	
	(17,994)	5,099	
12	350,278	216,041	
Cash and cash equivalents at 30 June			

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

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Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity (Un-audited)

for the period ended 30 June 2020

Equity Attributable to equity holders of the Company

	Share capital	Statutory reserve	Legal reserve	Exceptional loss reserve	General reserve	Available- for-sale (AFS) investments reserve	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total	Non- Controlling interests	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance as at 1 January 2020	500,000	125,000	250,000	255,336	1,421,492	469,375	(93,713)	46,905	100,000	3,074,395	49,981	3,124,376
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	269,720	-	269,720	12,579	282,299
Other comprehensive loss for the period												
Net unrealised loss from available for sale investments	-	-	-	-	-	(75,069)	-	-	-	(75,069)	-	(75,069)
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	(12,023)	-	-	(12,023)	(5,971)	(17,994)
Total other comprehensive (loss) / income	-	-	-	-	-	(75,069)	(12,023)	269,720	-	182,628	6,608	189,236
Transactions with owners directly recorded in equity												
Dividend paid	-	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Balance as at 30 June 2020	500,000	125,000	250,000	255,336	1,421,492	394,306	(105,736)	316,625	-	3,157,023	56,589	3,213,612

The notes on pages 9 to 20 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity (Un-audited) (continued)

for the period ended 30 June 2019

Equity Attributable to equity holders of the Company

	Share capital	Statutory reserve	Legal reserve	Exceptional loss reserve	General reserve	Available- for-sale (AFS) investments reserve	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total	Non- Controlling interests	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance as at 1 January 2019	500,000	125,000	250,000	230,888	1,146,938	468,689	(95,236)	32,590	100,000	2,758,869	33,796	2,792,665
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	261,685	-	261,685	8,612	270,297
Other comprehensive (loss) / income for the period												
Net unrealised loss from available for sale investments	-	-	-	-	-	(49,640)	-	-	-	(49,640)	-	(49,640)
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	2,736	-	-	2,736	2,363	5,099
Total other comprehensive (loss) / income	-	-	-	-	-	(49,640)	2,736	261,685	-	214,781	10,975	225,756
Transactions with owners directly recorded in equity												
Dividend paid	-	-	-	-	-	-	-	-	(100,000)	(100,000)	(526)	(100,526)
Balance as at 30 June 2019	500,000	125,000	250,000	230,888	1,146,938	419,049	(92,500)	294,275	-	2,873,650	44,245	2,917,895

The notes on pages 9 to 20 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information

1 Legal status and principal activities

Orient Insurance PJSC (the "Company") was incorporated with limited liability on 22 July 1980 in the Emirate of Dubai by a decree of His Highness The Ruler of Dubai and commenced operations on 1 January 1982. The Company was registered in accordance with the UAE Federal Law No. 9 of 1984, as amended, ("The Insurance Companies Law") on 29 December 1984 with registration No. 14. On 2 May 1988 the Company was converted into a public shareholding company in accordance with the requirements of the Insurance Companies Law and has been registered under UAE Federal Law No. 2 of 2015, as amended, relating to commercial companies. The shares of the Company are listed on the Dubai Financial Market. The Company is subject to the regulations of UAE Federal Law No. 6 of 2007, on Establishment of Insurance Authority and organisation of its operations. The registered address of the Company is P.O. Box 27966, Dubai United Arab Emirates.

The Company engages in the business of issuing short term insurance contracts in connection with Property, Engineering, Motor, Marine, Miscellaneous Accidents and Medical (collectively referred to as General Insurance) and Group Life and Individual Life classes (collectively referred to as Life Insurance). The Company also invests its funds in investment securities and deposits with financial institutions.

The condensed consolidated interim financial information incorporate the condensed interim financial information of the Company and its subsidiaries (collectively referred to as "the Group"). Details of the subsidiaries are as follows:

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ownership</i>	
			<i>2020</i>	<i>2019</i>
Arab Orient Insurance Company	General and life insurance	Syria	40%	40%
Orient Takaful Insurance Company (S.A.E)	General insurance	Egypt	60%	60%
Orient Insurance Limited	General insurance	Sri Lanka	100%	100%
Orient Sigorta Anomin Sirketi	General insurance	Turkey	100%	100%

The holding company of the Group is Al Futtaim Development Services Company which is based in Dubai, United Arab Emirates and has control over the Group. The ultimate holding company of the Group is Al Futtaim Private Co. which is based in Dubai, United Arab Emirates.

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of measurement

The condensed consolidated interim financial information has been prepared on the historical cost basis except for the following which are measured at fair value:

- i) available-for-sale investments ("AFS"); and
- ii) financial assets at fair value through profit or loss ("FVTPL").

c) Functional and presentation currency

These condensed consolidated interim financial information are presented in U.A.E. Dirhams ("AED") rounded to nearest the thousand, since that is the currency in which the majority of the Group's transactions are denominated.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

2 Basis of preparation (continued)

d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and estimation of key sources of uncertainty were the same as those that applied to the audited annual consolidated financial statements as at and for the year ended 31 December 2019 except the following estimates and judgements which are applicable from 1 January 2020.

e) Impact of COVID-19

On 11 March 2020, the World Health Organization ("WHO") officially declared COVID-19 a global pandemic. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty and governments and authorities have instigated a host of measures to contain the spread of the virus.

This note outlines the steps taken by the Group to estimate the impact of COVID-19 and the judgements applied by management in assessing the values of assets and liabilities as at 30 June 2020.

Insurance risk

In its underwriting segment, the Group is primarily exposed to medical and business interruption policies. The Health Authority in Dubai has instructed all insurers to accept medical claims related to COVID-19 irrespective of cover terms and conditions. The Group anticipates that the impact of medical claims would be immaterial due to low rate of hospitalisation and deferral of elective medical procedures required.

With regards to Business Interruption (BI) policies, the Group has in place pandemic and infectious disease policy exclusions as well. The Group has evaluated all business interruption policies in force for which the Group may have to incur claim payouts. As a result of initial examination of the policies, the Group has determined that these will not have a material impact in relation to the net claims paid due to specific policy exclusions and the support from its reinsurers. Furthermore, the Group has been able to retain major customers during the six-month period ended 30 June 2020 and has generally witnessed renewals and new business across major lines of businesses.

Credit risk

The Group has robust governance in place to ensure the appropriateness of provision against doubtful insurance balance receivables and the resultant estimates are being reviewed continuously by the management.

For the six-month period ended 30 June 2020, the Group has used specific measures to assess probability of impairment and possible defaults or delay in collection or payment of outstanding debts.

Liquidity risk management

In response to COVID-19 outbreak, the Group continues to monitor and respond to all liquidity requirements that are presented. The Group continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in the current extreme stress. As at the reporting date the liquidity position of the Group remains strong and is well placed to absorb and manage the impacts of this disruption.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

3 Significant accounting policies

The Group has consistently applied the accounting policies as applied in the annual consolidated financial statements for the year ended 31 December 2019.

4 Financial risk management

Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2019.

5 Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These condensed consolidated interim financial information were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the period. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

6 Investment in an associate

The investment in an associate represents a 35% (2019: 35%) interest in Orient UNB Takaful PJSC, a public shareholding company registered and incorporated in UAE. The associate commenced its commercial operations in 2017. The principal activity of the associate is issuance of short term takaful contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. The associate also invests its funds in deposits.

Following is the movement in investment in associate:

	(Un-audited)	(Audited)
	30 June	31 December
	2020	2019
	AED'000	AED'000
Balance as at 1 January	65,478	65,089
Group's share of net profit for the period / year	453	389
Investment in associate	<u>65,931</u>	<u>65,478</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

7 Investment securities

At 30 June 2020 (Un-audited)	Held to maturity AED '000	Available for sale AED '000	Fair value through profit and loss AED '000	Total AED '000
Equity Securities				
Quoted equity securities in U.A.E.	-	918,998	11,304	930,302
Unquoted equity securities in U.A.E.	-	35,666	-	35,666
Unquoted equity securities outside U.A.E.	-	1	-	1
Quoted equity securities in U.A.E. held on behalf of policyholders' unit linked products	-	-	62,653	62,653
Quoted equity securities outside U.A.E. held on behalf of policyholders' unit linked products	-	-	74,787	74,787
Total equity securities	-	954,665	148,744	1,103,409
Total other invested assets	212,200	14,519	-	226,719
Total	212,200	969,184	148,744	1,330,128

At 31 December 2019 (Audited)	Held to maturity AED '000	Available for sale AED '000	Fair value through profit and loss AED '000	Total AED '000
Equity Securities				
Quoted equity securities in U.A.E.	-	995,214	12,254	1,007,468
Unquoted equity securities in U.A.E.	-	34,519	-	34,519
Unquoted equity securities outside U.A.E.	-	4	-	4
Quoted equity securities in U.A.E. held on behalf of policyholders' unit linked products	-	-	66,391	66,391
Quoted equity securities outside U.A.E. held on behalf of policyholders' unit linked products	-	-	66,028	66,028
Total equity securities	-	1,029,737	144,673	1,174,410
Total other invested assets	200,406	13,701	-	214,107
Total	200,406	1,043,438	144,673	1,388,517

8 Statutory deposits

	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000
a) Statutory deposit that cannot be withdrawn without the prior approval of the Ministry of Economy in accordance with Article 42 of Federal Law No.6 of 2007	10,000	10,000
b) Amounts under lien with Capital Market Authority, Sultanate of Oman	27,657	27,657
c) Amounts under lien with Omani Unified Bureau for the Orange Card (SAOC)	478	478
d) Amounts under lien with Insurance Authority Syria	73	209
e) Amounts under lien with Egyptian Financial Supervisory Authority	4,203	4,199
f) Amounts under lien with Turkish Treasury	11,268	11,202
g) Amounts under lien with Central Bank of Bahrain	776	750
	54,455	54,495

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

9 Insurance contract liabilities and reinsurance contract assets

Six-month period ended 30 June (un-audited)

	Gross written premium		Reinsurance share of ceded premiums		Net premium written	
	2020 AED '000	2019 AED '000	2020 AED '000	2019 AED '000	2020 AED '000	2019 AED '000
Gross premiums	2,559,000	2,253,332	(1,802,335)	(1,513,522)	756,665	739,810
Movement in provision for unearned premiums, mathematical reserve and unit-linked funds reserve	(549,681)	(420,746)	351,208	270,757	(198,473)	(149,989)
Net premium earned	2,009,319	1,832,586	(1,451,127)	(1,242,765)	558,192	589,821

	Gross		Reinsurers' share		Net	
	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000
Unearned premium reserve	2,021,632	1,540,528	(1,458,533)	(1,110,881)	563,099	429,647
Mathematical premium reserve	304,615	272,536	(27,456)	(27,000)	277,159	245,536
	2,326,247	1,813,064	(1,485,989)	(1,137,881)	840,258	675,183
Outstanding claims	1,101,086	908,866	(915,109)	(720,504)	185,977	188,362
Incurred but not reported reserve	601,693	555,437	(408,797)	(349,275)	192,896	206,162
Allocated loss adjustment expense reserve	18,702	13,774	(15,300)	(11,002)	3,402	2,772
Unallocated loss adjustment expense reserve	10,929	9,265	-	-	10,929	9,265
	1,732,410	1,487,342	(1,339,206)	(1,080,781)	393,204	406,561
	4,058,657	3,300,406	(2,825,195)	(2,218,662)	1,233,462	1,081,744

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

10 Insurance balances receivable

	(Un-audited)	(Audited)
	30 June	31 December
	2020	2019
	AED '000	AED '000
Inside U.A.E.:		
Due from policyholders	1,190,429	638,925
Due from insurance and reinsurance companies	75,303	76,341
	<u>1,265,732</u>	<u>715,266</u>
Outside U.A.E.:		
Due from policyholders	112,751	75,532
Due from insurance and reinsurance companies	94,029	129,146
	<u>206,780</u>	<u>204,678</u>
Total Insurance Receivable	1,472,512	919,944
Less: Allowance for doubtful debts	(42,615)	(44,151)
	<u>1,429,897</u>	<u>875,793</u>

11 Other receivables and prepayments

	(Un-audited)	(Audited)
	30 June	31 December
	2020	2019
	AED '000	AED '000
Receivable from employees	339	440
Refundable deposits	6,730	6,788
Prepayments	28,011	18,314
Deferred tax asset	7,156	8,311
Accrued interest	56,760	7,511
Others	9,901	10,133
	<u>108,897</u>	<u>51,497</u>

12 Cash and bank balances

	(Un-audited)	(Audited)
	30 June	31 December
	2020	2019
	AED '000	AED '000
Bank balances and cash	236,805	191,635
Deposits with banks maturing within three months	113,473	123,513
Cash and cash equivalents	350,278	315,148
Term deposits	2,696,155	2,644,097
	<u>3,046,433</u>	<u>2,959,245</u>
Cash and bank balances:		
Inside U.A.E.:	2,728,719	2,653,706
Outside U.A.E.:	317,714	305,539
	<u>3,046,433</u>	<u>2,959,245</u>

Bank balances include AED 5,318 thousand (31 December 2019: AED 600 thousand) under lien against the bank guarantees.

Interest on deposit with banks at fixed rates range from 0.05% - 12.20% (31 December 2019: 0.05% - 24.00%) per annum.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

13 Share capital

	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000
Issued and fully paid 5,000,000 shares of AED 100 each (2019: 5,000,000 shares of AED 100 each)	<u>500,000</u>	<u>500,000</u>

14 Reserves

Nature and purpose of reserves

- Statutory reserve

In accordance with the Company's Articles of Association, 10% of the profit for the year should be transferred to statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 25% of the paid up share capital. The Company has resolved not to increase the statutory reserve above an amount equal to 25% of its paid up capital. The reserve can be used for any purpose to be decided by the shareholders upon the recommendation of the Board of Directors.

- Legal reserve

In accordance with the Federal Law no. (2) of 2015 ("the Law") and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to the legal reserve. The Group may resolve to discontinue such transfers when the reserve totals 50% of the paid up share capital which occurred in 2016. The reserve is not available for distribution except in the circumstances stipulated by the law.

- Exceptional loss reserve

For UAE operations, an amount equal to 10% of the net underwriting income for the year is to be transferred to an exceptional loss reserve to ensure that the Company has sufficient solvency to meet exceptional, non-recurring claims which may arise in future years. No transfer has been made during the six month period to 30 June 2020, as this will be based on the results for the year.

For Oman operations, an amount equal to 10% of the outstanding claims (Non-life) for the year and 1% of gross premiums for life assurance is transferred to a contingency loss reserve to ensure that the Company has sufficient solvency to meet exceptional, non-recurring claims which may arise in future years for the Oman branch.

- General reserve

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

- Available-for-sale (AFS) investments reserve

This reserve records fair value changes on available-for-sale financial assets.

- Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

15 Reinsurance and other payables

	(Un-audited)	(Audited)
	30 June	31 December
	2020	2019
	AED '000	AED '000
Payables – Inside UAE	410,384	377,407
Payables – Outside UAE	1,102,660	747,915
	<u>1,513,044</u>	<u>1,125,322</u>
Inside UAE:		
Insurance and reinsurance companies payable	114,809	132,503
Payable to agents and brokers	32,832	28,304
Payable to employees	22,676	27,587
Other payables	240,067	189,013
	<u>410,384</u>	<u>377,407</u>
Outside UAE:		
Insurance / reinsurance companies payable	911,720	565,510
Payable to agents and brokers	467	19,442
Payable to employees	1,649	1,202
Other payables	188,824	161,761
	<u>1,102,660</u>	<u>747,915</u>

16 Income taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group entities operate in the Sultanate of Oman, Egypt, Syria, Turkey and Sri Lanka and are subject to income tax in these countries.

The component of income tax recognised in the condensed consolidated interim statement of profit or loss is as follows:

	(Un-audited)		(Un-audited)	
	For the three-month		For the six-month	
	period ended		period ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	AED '000	AED '000	AED '000	AED '000
Current income tax expense	3,793	214	8,848	2,483
Deferred taxes	(36)	(1,734)	9	(1,592)
Total	<u>3,757</u>	<u>(1,520)</u>	<u>8,857</u>	<u>891</u>
			(Un-audited)	(Audited)
			30 June	31 December
			2020	2019
			AED '000	AED '000
As at 1 January			3,862	4,578
Provisions during the period			8,848	8,399
Less: payments			(172)	(9,509)
Exchange differences			(119)	394
Balance as at the end of the period / year			<u>12,419</u>	<u>3,862</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

17 Income from investments

	(Un-audited) For the three-month period ended		(Un-audited) For the six-month period ended	
	30 June 2020 AED '000	30 June 2019 AED '000	30 June 2020 AED '000	30 June 2019 AED '000
Interest income	33,466	32,826	67,137	72,532
Dividend income	28	331	51,686	51,616
Fair value (loss) / gain on investments carried at fair value through profit or loss	(151)	(221)	(950)	305
	33,343	32,936	117,873	124,453

18 Commitments and contingent liabilities

	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000
a) Commitments		
Commitment for investments	4,090	4,090

b) Contingent liabilities

At 30 June 2020, guarantees, other than those relating to claims for which provisions are held, amounting to AED 38,300 thousand (2019: AED 50,644 thousand) had been issued on behalf of the Group by its banker in the ordinary course of business.

19 Fair value of financial instruments

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

19 Fair value of financial instruments (continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 June 2020 (Un-audited)

<u>Investment securities</u>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<u>Investments at fair value through profit and loss:</u>				
Equity securities	11,304	-	-	11,304
Investments held on behalf of policy holders of unit linked products	137,440	-	-	137,440
	<u>148,744</u>	<u>-</u>	<u>-</u>	<u>148,744</u>
<u>Available-for-sale investments:</u>				
Banking sector	916,687	-	-	916,687
Other sector	16,830	-	35,667	52,497
	<u>933,517</u>	<u>-</u>	<u>35,667</u>	<u>969,184</u>

31 December 2019 (Audited)

<u>Investment securities</u>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<u>Investments at fair value through profit and loss:</u>				
Equity securities	12,254	-	-	12,254
Investments held on behalf of policy holders of unit linked products	132,419	-	-	132,419
	<u>144,673</u>	<u>-</u>	<u>-</u>	<u>144,673</u>
<u>Available-for-sale investments:</u>				
Banking Sector	991,013	-	-	991,013
Other Sector	17,903	-	34,522	52,425
	<u>1,008,916</u>	<u>-</u>	<u>34,522</u>	<u>1,043,438</u>

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

30 June 2020 (Un-audited)

	At 1 January 2020 AED '000	Purchase / transfer AED '000	Sales AED '000	Total gain or loss recorded equity AED '000	At 30 June 2020 AED '000
<u>Available-for-sale investments:</u>					
Other sectors	34,522	1,145	-	-	35,667
Total	<u>34,522</u>	<u>1,145</u>	<u>-</u>	<u>-</u>	<u>35,667</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

19 Fair value of financial instruments (continued)

31 December 2019 (Audited)

	At 1 January 2019 AED '000	Purchase AED '000	Sales AED '000	Total gain or loss recorded in equity AED '000	At 31 December 2019 AED '000
<u>Available-for-sale investments:</u>					
Banking sector	200,000	-	(200,000)	-	-
Other sectors	31,978	1,625	-	919	34,522
Total	231,978	1,625	(200,000)	919	34,522

20 Basic and diluted earnings per share attributable to equity holders of the parent

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	(Un-audited) For the three-month period ended		(Un-audited) For the six-month period ended	
	30 June 2020 AED '000	30 June 2019 AED '000	30 June 2020 AED '000	30 June 2019 AED '000
Profit after tax for the period	111,275	104,287	282,299	270,297
Less : Attributable to non-controlling interests	(6,775)	(4,736)	(12,579)	(8,612)
Profit attributable to shareholders	104,500	99,551	269,720	261,685
Weighted average number of shares outstanding during the period ('000)	5,000	5,000	5,000	5,000
Earnings per share (AED)	20.90	19.91	53.94	52.34

There is no dilution effect to the basic earnings per share.

21 Segment information

	General insurance		Life insurance		Total	
	(Un-audited) 30 June 2020 AED '000	(Un-audited) 30 June 2019 AED '000	(Un-audited) 30 June 2020 AED '000	(Un-audited) 30 June 2019 AED '000	(Un-audited) 30 June 2020 AED '000	(Un-audited) 30 June 2019 AED '000
Total premiums written	2,340,724	2,045,457	218,276	207,875	2,559,000	2,253,332
Gross underwriting income	514,406	534,882	40,821	51,795	555,227	586,677
Net underwriting income	274,767	242,089	16,611	34,023	291,378	276,112
General and administration expenses	(100,681)	(110,076)	(21,422)	(20,748)	(122,103)	(130,824)
Net technical profit	174,086	132,013	(4,811)	13,275	169,275	145,288
Investment and other income					121,881	125,900
Profit before tax					291,156	271,188
Income tax expense net of deferred taxes					(8,857)	(891)
Profit after tax					282,299	270,297

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

21 Segment information (continued)

	General insurance		Life insurance		Investments		Total	
	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000	(Un-audited) 30 June 2020 AED '000	(Audited) 31 December 2019 AED '000
Segment assets	4,422,096	3,218,545	392,813	347,352	4,146,669	4,152,587	8,961,578	7,718,484
Segment liabilities	4,965,145	3,913,048	782,821	681,060	-	-	5,747,966	4,594,108