

**Orient Insurance PJSC  
and its subsidiaries**

Condensed consolidated interim financial  
information

*for the three-month period ended 31 March 2021*

# Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim financial information  
*for the three month period ended 31 March 2021*

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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 31 March 2021 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 31 March 2021;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2021; 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 31 March 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Emilio Pera  
Registration No.: 1146  
Dubai, United Arab Emirates

Date: 10 May 2021

## Orient Insurance PJSC and its subsidiaries

### Condensed consolidated interim statement of financial position

as at

	Notes	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000
<b>Assets</b>			
Property and equipment		97,773	94,652
Investment in an associate	6	-	67,635
Held to maturity investments	7	230,218	213,548
Available for sale investments	7	1,263,377	1,239,011
Investments carried at fair value through profit and loss	7	252,195	207,279
Insurance balances receivable	10	1,497,116	1,066,587
Statutory deposits	8	73,336	71,638
Reinsurance contract assets	9	3,438,559	2,680,090
Other receivables and prepayments	11	150,572	59,526
Bank deposits	12	3,102,092	2,811,066
Cash and cash equivalents	12	285,904	371,687
<b>Total assets</b>		<b>10,391,142</b>	<b>8,882,719</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
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	279,867	279,867
General reserve	14	1,565,492	1,565,492
Reinsurance risk reserve	14	18,797	13,693
Available for sale investments reserve	14	483,186	457,642
Foreign currency translation reserve	14	(113,980)	(107,527)
Retained earnings		262,285	77,401
Proposed dividends		-	200,000
<b>Equity attributable to equity holders of the Company</b>		<b>3,370,647</b>	<b>3,361,568</b>
Non-controlling interests		97,796	60,346
<b>Total equity</b>		<b>3,468,443</b>	<b>3,421,914</b>
<b>Liabilities</b>			
Insurance contract liabilities	9	4,723,896	3,841,007
Unit linked funds reserve		236,706	194,537
Retirement benefit obligation		27,572	25,494
Lease liabilities		7,332	4,151
Reinsurance and other payables	16	1,727,193	1,395,616
Dividend payable	15	200,000	-
<b>Total liabilities</b>		<b>6,922,699</b>	<b>5,460,805</b>
<b>Total liabilities and equity</b>		<b>10,391,142</b>	<b>8,882,719</b>

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 10 May 2021 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 22 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 31 March

		(Un-audited)	
		For the three month	
		period ended	
Notes	31 March 2021	31 March 2020	
	AED '000	AED '000	
	<b>1,572,539</b>	1,505,604	
Gross written premium			
Reinsurance share of ceded premiums	<b>(1,154,633)</b>	(1,138,081)	
<b>Net premium written</b>	<b>417,906</b>	367,523	
Net movement in provision for unearned premiums, mathematical premium reserve and unit-linked funds reserve	<b>(113,323)</b>	(81,774)	
<b>Net premium earned</b>	<b>304,583</b>	285,749	
Commission income	<b>91,746</b>	95,408	
Commission expense	<b>(86,943)</b>	(86,654)	
<b>Gross underwriting income</b>	<b>309,386</b>	294,503	
Gross claims paid	<b>584,821</b>	599,015	
Reinsurance share of claims paid	<b>(405,217)</b>	(448,805)	
<b>Net claims paid</b>	<b>179,604</b>	150,210	
Increase in provision for outstanding claims	<b>52,453</b>	50,513	
Increase in reinsurance share of outstanding claims	<b>(59,093)</b>	(43,885)	
Decrease in incurred but not reported claims reserves	<b>(13,144)</b>	(19,246)	
Increase in loss adjustment expense reserves	<b>1,260</b>	80	
<b>Net claims incurred</b>	<b>161,080</b>	137,672	
<b>Net underwriting income</b>	<b>148,306</b>	156,831	
Income from investments	<b>87,044</b>	84,530	18
Other income	<b>19,450</b>	2,454	
Share of profit / (loss) from investment in an associate	<b>365</b>	(1,013)	6
<b>Total income</b>	<b>255,165</b>	242,802	
General and administrative expenses	<b>(54,323)</b>	(66,678)	
<b>Profit before tax</b>	<b>200,842</b>	176,124	
Income tax expense net of deferred taxes	<b>(4,792)</b>	(5,100)	17
<b>Profit after tax</b>	<b>196,050</b>	171,024	
<b>Attributable to:</b>			
Equity holders of the Company	<b>189,988</b>	165,220	
Non-controlling interests	<b>6,062</b>	5,804	
<b>Total profit for the period</b>	<b>196,050</b>	171,024	
Basic and diluted earnings per share attributable to equity holders of the Company (AED / share)	<b>38.00</b>	33.04	22

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 22 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 31 March

	<b>(Un-audited)</b>	
	<b>For the three month</b>	
	<b>period ended</b>	
	<b>31 March 2021</b>	31 March 2020
	<b>AED '000</b>	AED '000
<b>Profit after tax</b>	<b>196,050</b>	171,024
<b>Other comprehensive income</b>		
<i>Other comprehensive income to be reclassified to profit and loss in subsequent periods:</i>		
Net unrealised gain / (loss) from available for sale investments	<b>25,544</b>	(53,134)
Foreign currency adjustments from translation of foreign operations	<b>(6,345)</b>	(5,782)
<b>Other comprehensive income / (loss) for the period</b>	<b>19,199</b>	(58,916)
<b>Total comprehensive income for the period</b>	<b>215,249</b>	112,108
<b>Attributable to:</b>		
Equity holders of the Company	<b>209,079</b>	106,538
Non-controlling interests	<b>6,170</b>	5,570
	<b>215,249</b>	112,108

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 31 March

		(Un-audited)	
		For the three month	
		period ended	
Notes	31 March 2021	31 March 2020	
	AED '000	AED '000	
<b>Cash flows from operating activities</b>			
	200,842	176,124	
Profit before tax for the period			
Adjustments for:			
	2,106	2,250	
	(34,750)	(33,671)	
18			
	(49,546)	(51,658)	
18			
	(365)	1,013	
6			
	(2,748)	799	
18			
	(52)	(13)	
	32	16	
	(17,836)	-	
21(iii)			
	2,575	(997)	
	<b>100,258</b>	<b>93,863</b>	
<b>Operating cash flows before movements in working capital</b>			
	(291,361)	(466,674)	
	(510,476)	(468,775)	
	(10,286)	(81,163)	
	572,009	514,473	
	42,169	(18,066)	
	156,815	419,546	
	883	822	
	<b>60,011</b>	<b>(5,974)</b>	
	(6,802)	(823)	
17			
	<b>53,209</b>	<b>(6,797)</b>	
<b>Cash flows from investing activities</b>			
	(624)	(1,048)	
	52	13	
	10,079	33,671	
	-	51,658	
	(45,724)	(3,280)	
	(38,919)	-	
	(42,168)	18,066	
	(35,114)	(27,283)	
	(15,225)	(2,234)	
	18,856	19,971	
	15,285	3,118	
	1,164	(2,856)	
	<b>(132,338)</b>	<b>89,796</b>	
<b>Net cash (used in) / generated from investing activities</b>			
<b>Cash flows from financing activities</b>			
	(309)	(392)	
	<b>(309)</b>	<b>(392)</b>	
<b>Net cash used in financing activities</b>			
	(79,438)	82,607	
	371,687	315,148	
	(6,345)	(5,782)	
	<b>285,904</b>	<b>391,973</b>	
12			
<b>Cash and cash equivalents at 31 March</b>			

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 22 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)

for the period ended 31 March

**Equity Attributable to equity holders of the Company**

	Share capital AED '000	Statutory reserve AED '000	Legal reserve AED '000	Exceptional loss reserve AED '000	General reserve AED '000	Reinsurance risk reserve AED '000	Available for sale investments (AFS) reserve AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000	Non-Controlling interests AED '000	Total AED '000
Balance as at 1 January 2021	500,000	125,000	250,000	279,867	1,565,492	13,693	457,642	(107,527)	77,401	200,000	3,361,568	60,346	3,421,914
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	189,988	-	189,988	6,062	196,050
<b>Other comprehensive loss for the period</b>													
Net unrealised gain from available for sale investments	-	-	-	-	-	-	25,544	-	-	-	25,544	-	25,544
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	-	(6,453)	-	-	(6,453)	108	(6,345)
<b>Total other comprehensive income / (loss)</b>	-	-	-	-	-	-	25,544	(6,453)	189,988	-	209,079	6,170	215,249
<b>Transactions with owners directly recorded in equity</b>													
Transfer to reserves	-	-	-	-	-	5,104	-	-	(5,104)	-	-	-	-
Dividend payable (note 15)	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
<b>Change in ownership interests</b>													
Acquisition of subsidiary (note 21)	-	-	-	-	-	-	-	-	-	-	-	31,280	31,280
<b>Balance as at 31 March 2021</b>	<b>500,000</b>	<b>125,000</b>	<b>250,000</b>	<b>279,867</b>	<b>1,565,492</b>	<b>18,797</b>	<b>483,186</b>	<b>(113,980)</b>	<b>262,285</b>	<b>-</b>	<b>3,370,647</b>	<b>97,796</b>	<b>3,468,443</b>

The notes on pages 9 to 22 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 31 March

**Equity Attributable to equity holders of the Company**

	Share capital AED '000	Statutory reserve AED '000	Legal reserve AED '000	Exceptional loss reserve AED '000	General reserve AED '000	Available for sale (AFS) investments reserve AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000	Non- Controlling interests AED '000	Total 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
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	165,220	-	165,220	5,804	171,024
<b>Other comprehensive loss for the period</b>												
Net unrealised loss from available for sale investments	-	-	-	-	-	(53,134)	-	-	-	(53,134)	-	(53,134)
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	(5,548)	-	-	(5,548)	(234)	(5,782)
<b>Total other comprehensive (loss) / income</b>	-	-	-	-	-	(53,134)	(5,548)	165,220	-	106,538	5,570	112,108
<b>Transactions with owners directly recorded in equity</b>												
Dividend payable	-	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
<b>Balance as at 31 March 2020</b>	<b>500,000</b>	<b>125,000</b>	<b>250,000</b>	<b>255,336</b>	<b>1,421,492</b>	<b>416,241</b>	<b>(99,261)</b>	<b>212,125</b>	<b>-</b>	<b>3,080,933</b>	<b>55,551</b>	<b>3,136,484</b>

The notes on pages 9 to 22 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>2021</i>	<i>2020</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	Srilanka	100%	100%
Orient Sigorta Anomin Sirketi	General insurance	Turkey	100%	100%
Orient UNB Takaful P.J.S.C. (note 21)	General insurance	UAE	84%	35%

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.

#### **Arab Orient Insurance Company**

Although the Company owns 40% of Arab Orient Insurance Company, the Company maintains control over the entity as it has power over the investee, exposure or rights to its variable returns and the power to affect the investor's returns due to additional share holding by the ultimate holding company. Accordingly, management has determined that the Group controls the entity.

#### **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 2020, 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").

## **Orient Insurance PJSC and its subsidiaries**

Notes to the condensed consolidated interim financial information (continued)

### **2 Basis of preparation (continued)**

#### **c) Functional and presentation currency**

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

#### **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 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 31 March 2021.

#### **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 lower retention levels of the Group and specific policy exclusions. Furthermore, the Group has been able to retain major customers during the period 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.

#### **Liquidity risk management**

In response to the 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)

### **2 Basis of preparation (continued)**

### **3 Significant accounting policies**

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2020.

### **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 2020.

### **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**

On 16 March 2021, the Group's equity interest in its associate, Orient UNB Takaful PJSC ("Orient UNB"), increased from 35% to 84% and accordingly Orient UNB has become a subsidiary from that date (see note 21). Orient UNB is a public shareholding company registered and incorporated in UAE. Orient UNB commenced its commercial operations in 2017. The principal activity of Orient UNB 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. It also invests its funds in deposits.

Following is the movement in investment in associate:

	<b>(Un-audited)</b>	(Audited)
	<b>31 March</b>	31 December
	<b>2021</b>	2020
	<b>AED'000</b>	AED'000
Balance as at 1 January	<b>67,635</b>	65,478
Group's share of net profit for the period / year	<b>365</b>	2,157
Transferred to investment in subsidiaries (note 21(iii))	<b>(68,000)</b>	-
	<b>-</b>	<b>67,635</b>

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 7 Investment securities

At 31 March 2021 (Un-audited)	Held to maturity AED '000	Available for sale AED '000	Fair value through profit and loss AED '000	Total AED '000
Quoted equity securities in UAE	-	1,016,261	15,490	1,031,751
Quoted debt security in UAE	-	207,078	-	207,078
Unquoted equity securities in UAE	-	25,370	-	25,370
Unquoted equity securities outside UAE	-	1	-	1
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	-	-	90,968	90,968
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	-	-	145,737	145,737
Total equity securities	-	1,248,710	252,195	1,500,905
Total other invested assets	230,218	14,667	-	244,885
<b>Total</b>	<b>230,218</b>	<b>1,263,377</b>	<b>252,195</b>	<b>1,745,790</b>

At 31 December 2020 (Audited)	Held to maturity AED '000	Available for sale AED '000	Fair value through profit and loss AED '000	Total AED '000
Quoted equity securities in UAE	-	978,871	12,742	991,613
Quoted debt security in UAE	-	209,057	-	209,057
Unquoted equity securities in UAE	-	35,236	-	35,236
Unquoted equity securities outside UAE	-	1	-	1
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	-	-	78,020	78,020
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	-	-	116,517	116,517
Total equity securities	-	1,223,165	207,279	1,430,444
Total other invested assets	213,548	15,846	-	229,394
<b>Total</b>	<b>213,548</b>	<b>1,239,011</b>	<b>207,279</b>	<b>1,659,838</b>

### 8 Statutory deposits

	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 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	16,000	10,000
b) Amounts under lien with Capital Market Authority, Sultanate of Oman	38,219	38,219
c) Amounts under lien with Omani Unified Bureau for the Orange Card (SAOC)	478	478
d) Amounts under lien with Insurance Authority Syria	73	73
e) Amounts under lien with Egyptian Financial Supervisory	6,198	10,853
f) Amounts under lien with Turkish Treasury	11,566	11,239
g) Amounts under lien with Central Bank of Bahrain	802	776
	<b>73,336</b>	<b>71,638</b>

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 9 Insurance contract liabilities and reinsurance contract assets

*Three-month period ended 31 March (un-audited)*

	Gross		Reinsurers' share		Net	
	2021 AED '000	2020 AED '000	2021 AED '000	2020 AED '000	2021 AED '000	2020 AED '000
Gross premiums	1,572,539	1,505,604	(1,154,633)	(1,138,081)	417,906	367,523
Movement in provision for unearned premiums, mathematical reserve and unit-linked funds reserve	(497,244)	(495,438)	383,921	413,664	(113,323)	(81,774)
Net premium earned	<b>1,075,295</b>	1,010,166	<b>(770,712)</b>	(724,417)	<b>304,583</b>	285,749

  

	Gross		Reinsurers' share		Net	
	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000
Unearned premium reserve	2,215,677	1,588,985	(1,650,828)	(1,144,308)	564,849	444,677
Mathematical premium reserve	313,269	310,380	(17,410)	(17,766)	295,859	292,614
	<b>2,528,946</b>	1,899,365	<b>(1,668,238)</b>	(1,162,074)	<b>860,708</b>	737,291
Outstanding claims	1,430,124	1,245,792	(1,204,890)	(1,033,445)	225,234	212,347
Incurred but not reported reserve	730,644	665,397	(547,787)	(469,396)	182,857	196,001
Allocated loss adjustment expense reserve	21,717	18,727	(17,644)	(15,175)	4,073	3,552
Unallocated loss adjustment expense reserve	12,465	11,726	-	-	12,465	11,726
	<b>2,194,950</b>	1,941,642	<b>(1,770,321)</b>	(1,518,016)	<b>424,629</b>	423,626
	<b>4,723,896</b>	3,841,007	<b>(3,438,559)</b>	(2,680,090)	<b>1,285,337</b>	1,160,917

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 10 Insurance balances receivable

	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000
<b>Inside UAE:</b>		
Due from policyholders	1,070,061	779,922
Due from insurance / reinsurance companies	74,631	82,965
	<u>1,144,692</u>	<u>862,887</u>
<b>Outside UAE:</b>		
Due from policyholders	280,513	93,206
Due from insurance / reinsurance companies	119,937	157,805
	<u>400,450</u>	<u>251,011</u>
<b>Total insurance balances receivable</b>	<b>1,545,142</b>	<b>1,113,898</b>
Less: Allowance for doubtful debts	(48,026)	(47,311)
	<u><u>1,497,116</u></u>	<u><u>1,066,587</u></u>

### 11 Other receivables and prepayments

	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000
Receivable from employees	14,987	4,339
Refundable deposits	8,355	6,902
Prepayments	18,057	22,279
Deferred tax asset	4,977	5,277
Accrued interest	30,926	4,936
Others	73,270	15,793
	<u>150,572</u>	<u>59,526</u>

### 12 Cash and bank balances

	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000
Bank balances and cash	210,881	263,134
Deposits with banks maturing within three months	75,023	108,553
Cash and cash equivalents	285,904	371,687
Bank deposits maturing after three months	3,102,092	2,811,066
	<u>3,387,996</u>	<u>3,182,753</u>
Cash and bank balances:		
Inside UAE:	2,769,678	2,855,627
Outside UAE:	618,318	327,126
	<u>3,387,996</u>	<u>3,182,753</u>

Bank balances include AED 5,318 thousand (31 December 2020: AED 5,329 thousand) under lien against the bank guarantees.

Interest on deposit with banks at fixed rates range from 0.03% - 19.5% (31 December 2020: 0.04% - 18.25%) per annum.



## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 13 Share capital

	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000
Issued and fully paid 5,000,000 shares of AED 100 each (2020: 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, the Company has resolved not to increase the statutory reserve above an amount equal to 25% of its paid up capital. Accordingly no transfer to statutory reserve has been made during the period. 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 three month period to 31 March 2021, 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.

##### - Reinsurance risk reserve

In accordance with Article 34 of the Insurance Authority's Board of Directors Decision No. (23) of 2019, the Group has created a reinsurance risk reserve amounting to AED 18.8 million, being 0.5% of the total reinsurance contribution ceded by the Group in all classes of business. The Group shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General of the UAE Insurance Authority (currently Central Bank).

##### - 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 Dividend payable

Dividend of AED 40 per share (totalling AED 200 million) relating to the year 2020 were declared upon approval of the shareholders at the Annual General Meeting held on 17 March 2021.

### 16 Reinsurance and other payables

	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000
Payables – Inside UAE	573,670	414,969
Payables – Outside UAE	1,153,523	980,647
	<u>1,727,193</u>	<u>1,395,616</u>
<b>Inside UAE:</b>		
Insurance and reinsurance companies payable	150,818	127,264
Payable to agents and brokers	38,219	31,428
Payable to employees	34,837	31,090
Other payables	349,796	225,187
	<u>573,670</u>	<u>414,969</u>
<b>Outside UAE:</b>		
Insurance / reinsurance companies payable	929,991	762,129
Payable to agents and brokers	429	8,702
Payable to employees	14,846	4,977
Other payables	208,257	204,839
	<u>1,153,523</u>	<u>980,647</u>

### 17 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) 31 March 2021 AED '000	(Un-audited) 31 March 2020 AED '000
Current income tax expense	4,866	5,055
Deferred taxes	(74)	45
<b>Total</b>	<u>4,792</u>	<u>5,100</u>
	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000
As at 1 January	14,741	3,862
Provisions during the period	4,866	11,525
Less: payments	(6,802)	(729)
Exchange differences	(76)	83
Balance as at the end of the period / year	<u>12,729</u>	<u>14,741</u>

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 18 Income from investments

	(Un-audited) 31 March 2021 AED '000	(Un-audited) 31 March 2020 AED '000
Interest income	34,750	33,671
Dividend income	49,546	51,658
Fair value gain / (loss) on investments carried at fair value through profit or loss	<u>2,748</u>	<u>(799)</u>
	<u><u>87,044</u></u>	<u><u>84,530</u></u>

### 19 Commitments and contingent liabilities

	(Un-audited) 31 March 2021 AED '000	(Audited) 31 December 2020 AED '000
a) Commitments		
Commitment for investments	<u><u>2,407</u></u>	<u><u>2,407</u></u>

#### b) Contingent liabilities

At 31 March 2021, guarantees, other than those relating to claims for which provisions are held, amounting to AED 67,927 thousand (*31 December 2020: AED 76,230 thousand*) had been issued on behalf of the Group by its banker in the ordinary course of business.

### 20 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.

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:

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 20 Fair value of financial instruments (continued)

#### 31 March 2021 (Un-audited)

<u>Financial assets</u>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<b><u>Financial assets held-for-trading:</u></b>				
Equity securities	15,490	-	-	15,490
Investments held on behalf of policy holders of unit linked products	236,705	-	-	236,705
	<u>252,195</u>	<u>-</u>	<u>-</u>	<u>252,195</u>
<b><u>Available-for-sale financial assets:</u></b>				
Banking sector	1,013,310	207,078	-	1,220,388
Other sector	17,619	-	25,370	42,989
	<u>1,030,929</u>	<u>207,078</u>	<u>25,370</u>	<u>1,263,377</u>

#### 31 December 2020 (Audited)

<u>Financial assets</u>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<b><u>Financial assets held-for-trading:</u></b>				
Equity securities	12,742	-	-	12,742
Investments held on behalf of policy holders of unit linked products	194,537	-	-	194,537
	<u>207,279</u>	<u>-</u>	<u>-</u>	<u>207,279</u>
<b><u>Available-for-sale financial assets:</u></b>				
Banking Sector	976,147	209,057	-	1,185,204
Other Sector	18,570	-	35,237	53,807
	<u>994,717</u>	<u>209,057</u>	<u>35,237</u>	<u>1,239,011</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:

#### 31 March 2021 (Un-audited)

	At 1 January 2021 AED '000	Purchase AED '000	Sales AED '000	Total gain or loss recorded in equity AED '000	At 31 March 2021 AED '000
<b><u>Available-for-sale financial assets:</u></b>					
Other sectors	35,237	-	-	(9,867)	25,370
Total	<u>35,237</u>	<u>-</u>	<u>-</u>	<u>(9,867)</u>	<u>25,370</u>

#### 31 December 2020 (Audited)

	At 1 January 2020 AED '000	Purchase AED '000	Sales AED '000	Total gain or loss recorded in equity AED '000	At 31 December 2020 AED '000
<b><u>Available-for-sale financial</u></b>					
Other sectors	34,522	2,826	(1,147)	(964)	35,237
Total	<u>34,522</u>	<u>2,826</u>	<u>(1,147)</u>	<u>(964)</u>	<u>35,237</u>

## **Orient Insurance PJSC and its subsidiaries**

Notes to the condensed consolidated interim financial information (continued)

### **21 Acquisition of subsidiary**

On 16 March 2021, the Group acquired an additional 49% of the shares and voting interests in Orient UNB Takaful PJSC ("Orient UNB"). As a result, the Group's equity interest in Orient UNB increased from 35% to 84%, obtaining control of Orient UNB.

From the date of acquisition, Orient UNB contributed gross written premium of AED 34,808 thousand and profit after tax of AED 1,525 thousand to the Group's results. If the acquisition had occurred on 1 January 2021, management estimates that consolidated gross written premium would have been AED 1,642 million, and consolidated profit after tax for the period would have been AED 197 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

#### *i Purchase consideration*

The purchase consideration (also referred to as "purchase price") of the acquisition has been allocated to the assets acquired and liabilities assumed using their preliminary fair values at the acquisition date. The computation of the purchase consideration and its allocation to the net assets of Orient UNB – based on their respective fair values as of 16 March 2021 is presented below. The allocation of the purchase price may be modified within a period of twelve months from the date of business combination, as more information is obtained about the fair value of assets acquired and liabilities assumed.

Against the acquisition of additional equity share, the Group has transferred the cash consideration amounting to AED 77,170 thousand.

#### *ii Identifiable assets acquired and liabilities assumed*

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	<b>(Un-audited)</b> <b>AED '000</b>
Property and equipment	<b>4,940</b>
Insurance balances receivable	<b>141,743</b>
Statutory deposits	<b>6,000</b>
Reinsurance contract assets	<b>247,993</b>
Other receivables and prepayments	<b>8,064</b>
Bank deposits	<b>241,080</b>
Cash and cash equivalents	<b>38,251</b>
Insurance contract liabilities	<b>(310,880)</b>
Retirement benefit obligation	<b>(1,195)</b>
Lease liabilities	<b>(3,395)</b>
Reinsurance and other payables	<b>(178,315)</b>
	<b><u>194,286</u></b>

Insurance balance receivable comprises gross contractual amounts due of AED 143,043 thousand, of which AED 1,300 thousand was expected to be uncollected at the date of acquisition.

The Group is in the process of undertaking comprehensive purchase price allocation which is expected to complete within twelve months from the date of business combinations. This may result in different values being attributed to the assets, liabilities and contingent liabilities acquired, and hence, change in the accounting for the acquisition.

## **Orient Insurance PJSC and its subsidiaries**

Notes to the condensed consolidated interim financial information (continued)

### **21 Acquisition of subsidiary (continued)**

#### **iii Bargain purchase**

Bargain purchase arising from the acquisition has been recognised as follows:

	<b>(Un-audited) AED '000</b>
Fair value of identifiable net assets	<b>194,286</b>
Fair value of pre-existing interest in Orient UNB	<b>(68,000)</b>
Fair value of consideration transferred	<b>(77,170)</b>
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Orient UNB	<b>(31,280)</b>
	<b><u>17,836</u></b>

The gain on bargain purchase of AED 17,836 thousand has been included in 'other income' in the condensed consolidated interim statement of profit or loss.

### **22 Basic and diluted earnings per share attributable to equity holders of the Company**

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:

	<b>(Un-audited)</b>	(Un-audited)
	<b>31 March 2021</b>	31 March 2020
	<b>AED '000</b>	AED '000
Profit after tax for the period	<b>196,050</b>	171,024
Less : Attributable to non-controlling interests	<b>(6,062)</b>	(5,804)
Profit attributable to shareholders	<b><u>189,988</u></b>	<u>165,220</u>
Weighted average number of shares outstanding during the period ('000)	<b><u>5,000</u></b>	<u>5,000</u>
Earnings per share (AED)	<b><u>38.00</u></b>	<u>33.04</u>

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

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 23 Segment information

#### *Identification of reportable segments*

For management purposes the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

- The general insurance segment comprises motor, marine, fire, engineering, general accident and medical.
- The life segment includes individual and group life insurance.
- Investment comprises investment and cash management for the Group's own account.

Transactions between operating segments are conducted at estimated market rates. Operating segment information is presented below:

	<b>General insurance</b>		<b>Life insurance</b>		<b>Total</b>	
	<b>(Un-audited)</b>	(Un-audited)	<b>(Un-audited)</b>	(Un-audited)	<b>(Un-audited)</b>	(Un-audited)
	<b>31 March</b>	31 March	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2021</b>	2020	<b>2021</b>	2020	<b>2021</b>	2020
	<b>AED '000</b>	AED '000	<b>AED '000</b>	AED '000	<b>AED '000</b>	AED '000
Total premiums written	<b>1,443,904</b>	1,392,762	<b>128,635</b>	112,842	<b>1,572,539</b>	1,505,604
Gross underwriting income	<b>273,231</b>	263,120	<b>36,155</b>	31,383	<b>309,386</b>	294,503
Net underwriting income	<b>128,147</b>	141,062	<b>20,159</b>	15,769	<b>148,306</b>	156,831
General and administration expenses	<b>(41,042)</b>	(56,509)	<b>(13,281)</b>	(10,169)	<b>(54,323)</b>	(66,678)
Net technical profit	<b>87,105</b>	84,553	<b>6,878</b>	5,600	<b>93,983</b>	90,153
Investment and other income					<b>106,859</b>	85,971
<b>Profit before tax</b>					<b>200,842</b>	176,124
Income tax expense net of deferred taxes					<b>(4,792)</b>	(5,100)
<b>Profit after tax</b>					<b>196,050</b>	171,024

**Orient Insurance PJSC and its subsidiaries**

Notes to the condensed consolidated interim financial information (continued)

**23 Segment information (continued)**

Details of segment assets and liabilities as at 31 March 2021 is presented below:

	<b>General insurance</b>		<b>Life insurance</b>		<b>Investments</b>		<b>Total</b>	
	<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>
Segment assets	<b>5,076,655</b>	3,888,381	<b>393,269</b>	384,161	<b>4,921,218</b>	4,610,177	<b>10,391,142</b>	8,882,719
Segment liabilities	<b>6,015,706</b>	4,594,258	<b>906,993</b>	866,547	-	-	<b>6,922,699</b>	5,460,805