

**Orient Insurance PJSC  
and its subsidiaries**

**Condensed consolidated interim financial  
information**

*for the six-month period ended 30 June 2021*

# Orient Insurance PJSC and its subsidiaries

## Condensed consolidated interim financial information

*for the six month period ended 30 June 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 30 June 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 30 June 2021;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2021;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 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 30 June 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: 2 August 2021

## Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of financial position  
as at 30 June

	Notes	(Un-audited) 30 June 2021 AED '000	(Audited) 31 December 2020 AED '000
<b>Assets</b>			
Property and equipment		95,772	94,652
Investment in an associate	6	-	67,635
Held to maturity investments	7	233,033	213,548
Available for sale investments	7	1,642,211	1,239,011
Investments carried at fair value through profit and loss	7	305,472	207,279
Insurance balances receivable	10	1,661,093	1,066,587
Statutory deposits	8	86,855	71,638
Reinsurance contract assets	9	3,312,005	2,680,090
Other receivables and prepayments	11	136,089	59,526
Bank deposits	12	3,139,659	2,811,066
Cash and cash equivalents	12	302,280	371,687
<b>Total assets</b>		<b>10,914,469</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	22,113	13,693
Available for sale investments reserve	14	492,635	457,642
Foreign currency translation reserve	14	(117,967)	(107,527)
Retained earnings		365,675	77,401
Proposed dividends		-	200,000
<b>Equity attributable to equity holders of the Company</b>		<b>3,482,815</b>	<b>3,361,568</b>
Non-controlling interests		103,232	60,346
<b>Total equity</b>		<b>3,586,047</b>	<b>3,421,914</b>
<b>Liabilities</b>			
Insurance contract liabilities	9	4,742,789	3,841,007
Unit linked funds reserve		290,211	194,537
Retirement benefit obligation		28,399	25,494
Lease liabilities		7,248	4,151
Reinsurance and other payables	15	1,815,775	1,395,616
Bank overdraft	12	444,000	-
<b>Total liabilities</b>		<b>7,328,422</b>	<b>5,460,805</b>
<b>Total liabilities and equity</b>		<b>10,914,469</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 2 August 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 30 June

	Notes	(Un-audited) For the three-month period ended		(Un-audited) For the six month period ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		AED '000	AED '000	AED '000	AED '000
Gross written premium	9	1,341,738	1,053,396	2,914,277	2,559,000
Reinsurance share of ceded premiums	9	(831,380)	(664,254)	(1,986,013)	(1,802,335)
<b>Net premium written</b>		<b>510,358</b>	389,142	<b>928,264</b>	756,665
Net movement in provision for unearned premiums, mathematical premium reserve and unit-linked funds reserve	9	(183,623)	(116,699)	(296,946)	(198,473)
<b>Net premium earned</b>		<b>326,735</b>	272,443	<b>631,318</b>	558,192
Commission income		87,356	60,258	179,102	155,666
Commission expense		(90,522)	(71,977)	(177,465)	(158,631)
<b>Gross underwriting income</b>		<b>323,569</b>	260,724	<b>632,955</b>	555,227
Gross claims paid		828,210	400,996	1,413,031	1,000,011
Reinsurance share of claims paid		(663,444)	(286,374)	(1,068,661)	(735,179)
<b>Net claims paid</b>		<b>164,766</b>	114,622	<b>344,370</b>	264,832
(Decrease) / increase in provision for outstanding claims		(106,943)	173,121	(54,490)	223,634
Decrease / (increase) in reinsurance share of outstanding claims		119,778	(169,760)	60,685	(213,645)
Increase / (decrease) in incurred but not reported claims reserves		1,862	5,980	(11,282)	(13,266)
Increase in loss adjustment expense reserves		124	2,214	1,384	2,294
<b>Net claims incurred</b>		<b>179,587</b>	126,177	<b>340,667</b>	263,849
<b>Net underwriting income</b>		<b>143,982</b>	134,547	<b>292,288</b>	291,378
Income from investments	17	42,847	33,343	129,891	117,873
Other income		1,503	1,101	20,953	3,555
Share of profit from investment in an associate	6	-	1,466	365	453
<b>Total income</b>		<b>188,332</b>	170,457	<b>443,497</b>	413,259
General and administrative expenses		(70,392)	(55,425)	(124,715)	(122,103)
<b>Profit before tax</b>		<b>117,940</b>	115,032	<b>318,782</b>	291,156
Income tax expense net of deferred taxes	16	(3,579)	(3,757)	(8,371)	(8,857)
<b>Profit after tax</b>		<b>114,361</b>	111,275	<b>310,411</b>	282,299
<b>Attributable to:</b>					
Equity holders of the Company		106,706	104,500	296,694	269,720
Non-controlling interests		7,655	6,775	13,717	12,579
<b>Total profit for the period</b>		<b>114,361</b>	111,275	<b>310,411</b>	282,299
Basic and diluted earnings per share attributable to equity holders of the Company (AED / share)	21	21.34	20.90	59.34	53.94

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 30 June

	<b>(Un-audited)</b> <b>For the three-month</b> <b>period ended</b>		<b>(Un-audited)</b> <b>For the six month</b> <b>period ended</b>	
	<b>30 June 2021</b>	30 June 2020	<b>30 June 2021</b>	30 June 2020
	<b>AED '000</b>	AED '000	<b>AED '000</b>	AED '000
<b>Profit after tax</b>	<b>114,361</b>	111,275	<b>310,411</b>	282,299
<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>9,449</b>	(21,935)	<b>34,993</b>	(75,069)
Foreign currency adjustments from translation of foreign operations	<b>(6,206)</b>	(12,212)	<b>(12,551)</b>	(17,994)
<b>Other comprehensive income / (loss) for the period</b>	<b>3,243</b>	(34,147)	<b>22,442</b>	(93,063)
<b>Total comprehensive income for the period</b>	<b>117,604</b>	77,128	<b>332,853</b>	189,236
<b>Attributable to:</b>				
Equity holders of the Company	<b>112,168</b>	76,090	<b>321,247</b>	182,628
Non-controlling interests	<b>5,436</b>	1,038	<b>11,606</b>	6,608
	<b>117,604</b>	77,128	<b>332,853</b>	189,236

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 2021	30 June 2020	
	AED '000	AED '000	
<b>Cash flows from operating activities</b>			
	318,782	291,156	
Profit before tax for the period			
Adjustments for:			
Depreciation	4,302	4,179	
Interest income	(77,825)	(67,137)	17
Dividend income	(49,546)	(51,686)	17
Share of profit from equity accounted investee	(365)	(453)	6
Unrealised (gain) / loss on investments at fair value through profit or loss	(2,520)	950	17
Loss on sale of investment	188	-	
Finance cost on lease liabilities	60	155	
Gain on bargain purchase	(17,836)	-	20(iii)
Allowance for doubtful debts	1,188	(1,536)	
	<b>176,428</b>	<b>175,628</b>	
<b>Operating cash flows before movements in working capital</b>			
Increase in insurance receivables	(453,951)	(552,568)	
Increase in reinsurance contract assets	(383,922)	(606,533)	
Increase in other receivables and prepayments	(14,503)	(8,160)	
Increase in other insurance contract liabilities	590,902	758,251	
Increase in unit linked funds reserve	95,674	5,021	
Increase in reinsurance and other payables	235,230	379,046	
Increase in retirement benefit obligation	1,709	3,583	
	<b>247,567</b>	<b>154,268</b>	
<b>Cash generated from operating activities</b>			
Income tax paid	(233)	(172)	16
	<b>247,334</b>	<b>154,096</b>	
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	(1,100)	(1,266)	
Proceeds from sale of property and equipment	22	-	
Interest received	27,455	17,888	
Dividend received	49,546	51,686	
Deposits with bank	(101,823)	(52,018)	
Acquisition of subsidiary - net of cash acquired	(38,919)	-	
Net purchase of investments carried at fair value through profit and loss	(95,673)	(5,021)	
Purchase of held to maturity investments	(54,280)	(34,816)	
Purchase of available-for-sale investments	(386,681)	(4,329)	
Sale of held to maturity investments	35,602	21,998	
Sale of available-for-sale investments	17,003	3,144	
Foreign exchange differences	1,069	2,679	
	<b>(547,779)</b>	<b>(55)</b>	
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Dividend paid	(200,000)	(100,000)	
Payment of lease liabilities	(411)	(917)	
	<b>(200,411)</b>	<b>(100,917)</b>	
<b>Net cash used in financing activities</b>			
Net (decrease) / increase in cash and cash equivalents	(500,856)	53,124	
Cash and cash equivalents at 1 January	371,687	315,148	
Movement in foreign currency translation reserve	(12,551)	(17,994)	
	<b>(141,720)</b>	<b>350,278</b>	12
<b>Cash and cash equivalents at 30 June</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 30 June

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

	Share capital	Statutory reserve	Legal reserve	Exceptional loss reserve	General reserve	Reinsurance risk 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	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	-	-	-	-	-	-	-	-	296,694	-	296,694	13,717	310,411
<b>Other comprehensive loss for the period</b>													
Net unrealised gain from available for sale investments	-	-	-	-	-	-	34,993	-	-	-	34,993	-	34,993
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	-	(10,440)	-	-	(10,440)	(2,111)	(12,551)
<b>Total other comprehensive income / (loss)</b>	-	-	-	-	-	-	34,993	(10,440)	296,694	-	321,247	11,606	332,853
<b>Transactions with owners directly recorded in equity</b>													
Transfer to reserves	-	-	-	-	-	8,420	-	-	(8,420)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
<b>Change in ownership interests</b>													
Acquisition of subsidiary (note 20)	-	-	-	-	-	-	-	-	-	-	-	31,280	31,280
<b>Balance as at 30 June 2021</b>	<b>500,000</b>	<b>125,000</b>	<b>250,000</b>	<b>279,867</b>	<b>1,565,492</b>	<b>22,113</b>	<b>492,635</b>	<b>(117,967)</b>	<b>365,675</b>	<b>-</b>	<b>3,482,815</b>	<b>103,232</b>	<b>3,586,047</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 30 June

	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	-	-	-	-	-	-	-	269,720	-	269,720	12,579	282,299
<b>Other comprehensive loss for</b>												
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)
<b>Total other comprehensive (loss) / income</b>	-	-	-	-	-	(75,069)	(12,023)	269,720	-	182,628	6,608	189,236
<b>Transactions with owners directly recorded in equity</b>												
Dividend paid	-	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
<b>Balance as at 30 June 2020</b>	<b>500,000</b>	<b>125,000</b>	<b>250,000</b>	<b>255,336</b>	<b>1,421,492</b>	<b>394,306</b>	<b>(105,736)</b>	<b>316,625</b>	<b>-</b>	<b>3,157,023</b>	<b>56,589</b>	<b>3,213,612</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 20)	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 30 June 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)

### **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 became a subsidiary from that date (see note 20). 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>30 June</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 20 (iii))	<b>(68,000)</b>	-
	<u><b>-</b></u>	<u>67,635</u>

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 7 Investment securities

At 30 June 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	-	1,006,482	15,261	1,021,743
Quoted debt security in UAE	-	585,106	-	585,106
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	-	-	100,081	100,081
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	-	-	190,130	190,130
	-	-	190,130	190,130
Total equity securities	-	1,626,825	305,472	1,932,297
Total other invested assets	233,033	15,386	-	248,419
<b>Total</b>	<b>233,033</b>	<b>1,642,211</b>	<b>305,472</b>	<b>2,180,716</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
	-	-	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
Total	213,548	1,239,011	207,279	1,659,838

### 8 Statutory deposits

	(Un-audited) 30 June 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	26,000	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	37	73
e) Amounts under lien with Egyptian Financial Supervisory Authority	6,518	10,853
f) Amounts under lien with Turkish Treasury	14,801	11,239
g) Amounts under lien with Central Bank of Bahrain	802	776
	<b>86,855</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

*Six-month period ended 30 June (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	2,914,277	2,559,000	(1,986,013)	(1,802,335)	928,264	756,665
Movement in provision for unearned premiums, mathematical reserve and unit-linked funds reserve	(670,284)	(549,681)	373,338	351,208	(296,946)	(198,473)
Net premium earned	<b>2,243,993</b>	2,009,319	<b>(1,612,675)</b>	(1,451,127)	<b>631,318</b>	558,192

  

	Gross		Reinsurers' share		Net	
	(Un-audited) 30 June 2021 AED '000	(Audited) 31 December 2020 AED '000	(Un-audited) 30 June 2021 AED '000	(Audited) 31 December 2020 AED '000	(Un-audited) 30 June 2021 AED '000	(Audited) 31 December 2020 AED '000
Unearned premium reserve	2,278,383	1,588,985	(1,639,021)	(1,144,308)	639,362	444,677
Mathematical premium reserve	373,079	310,380	(17,541)	(17,766)	355,538	292,614
	<b>2,651,462</b>	1,899,365	<b>(1,656,562)</b>	(1,162,074)	<b>994,900</b>	737,291
Outstanding claims	1,313,711	1,245,792	(1,079,208)	(1,033,445)	234,503	212,347
Incurred but not reported reserve	743,038	665,397	(558,319)	(469,396)	184,719	196,001
Allocated loss adjustment expense reserve	22,021	18,727	(17,916)	(15,175)	4,105	3,552
Unallocated loss adjustment expense reserve	12,557	11,726	-	-	12,557	11,726
	<b>2,091,327</b>	1,941,642	<b>(1,655,443)</b>	(1,518,016)	<b>435,884</b>	423,626
	<b>4,742,789</b>	3,841,007	<b>(3,312,005)</b>	(2,680,090)	<b>1,430,784</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)	(Audited)
	30 June	31 December
	2021	2020
	AED '000	AED '000
<b>Inside UAE:</b>		
Due from policyholders	1,148,711	779,922
Due from insurance / reinsurance companies	75,356	82,965
	<u>1,224,067</u>	<u>862,887</u>
<b>Outside UAE:</b>		
Due from policyholders	282,206	93,206
Due from insurance / reinsurance companies	203,319	157,805
	<u>485,525</u>	<u>251,011</u>
<b>Total insurance balances receivable</b>	<b>1,709,592</b>	<b>1,113,898</b>
Less: Allowance for doubtful debts	<b>(48,499)</b>	<b>(47,311)</b>
	<u><b>1,661,093</b></u>	<u><b>1,066,587</b></u>

### 11 Other receivables and prepayments

	(Un-audited)	(Audited)
	30 June	31 December
	2021	2020
	AED '000	AED '000
Receivable from employees	15,128	4,339
Refundable deposits	7,493	6,902
Prepayments	25,323	22,279
Deferred tax asset	3,380	5,277
Accrued interest	59,003	4,936
Others	25,762	15,793
	<u>136,089</u>	<u>59,526</u>

### 12 Cash and bank balances

	(Un-audited)	(Audited)
	30 June	31 December
	2021	2020
	AED '000	AED '000
Bank balances and cash	229,724	263,134
Deposits with banks maturing within three months	72,556	108,553
Cash and cash equivalents in the statement of financial position	<u>302,280</u>	<u>371,687</u>
Less: Bank overdraft availed	<b>(444,000)</b>	-
Cash and cash equivalents in the statement of cash flow	<b>(141,720)</b>	371,687
Bank deposits maturing after three months	<b>3,139,659</b>	2,811,066
	<u><b>2,997,939</b></u>	<u><b>3,182,753</b></u>
Cash and bank balances:		
Inside UAE:	<b>2,386,346</b>	2,855,627
Outside UAE:	<b>611,593</b>	327,126
	<u><b>2,997,939</b></u>	<u><b>3,182,753</b></u>

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

During the period, the Group availed bank overdraft facilities amounting to AED 459,000 thousand which is secured against bank fixed deposits amounting to AED 483,000 thousand. As at reporting date, the Group has utilised AED 100,000 thousand and AED 344,000 thousand of the overdraft facility carrying an interest of 3 months EIBOR plus 2.5% per annum and 2.5% per annum respectively.

Interest on deposit with banks at fixed rates range from 0.03% - 19.10% (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)	(Audited)
	30 June	31 December
	2021	2020
	AED '000	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 six month period to 30 June 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 22.1 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 Reinsurance and other payables

	(Un-audited)	(Audited)
	30 June	31 December
	2021	2020
	AED '000	AED '000
Payables – Inside UAE	676,659	414,969
Payables – Outside UAE	1,139,116	980,647
	<u>1,815,775</u>	<u>1,395,616</u>
<b>Inside UAE:</b>		
Insurance and reinsurance companies payable	162,949	127,264
Payable to agents and brokers	44,747	31,428
Payable to employees	24,208	31,090
Other payables	444,755	225,187
	<u>676,659</u>	<u>414,969</u>
<b>Outside UAE:</b>		
Insurance / reinsurance companies payable	909,275	762,129
Payable to agents and brokers	405	8,702
Payable to employees	16,479	4,977
Other payables	212,957	204,839
	<u>1,139,116</u>	<u>980,647</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
	2021	2020	2021	2020
	AED '000	AED '000	AED '000	AED '000
Current income tax expense	2,038	3,793	6,904	8,848
Deferred taxes	1,541	(36)	1,467	9
<b>Total</b>	<u>3,579</u>	<u>3,757</u>	<u>8,371</u>	<u>8,857</u>
			(Un-audited)	(Audited)
			30 June	31 December
			2021	2020
			AED '000	AED '000
As at 1 January			14,741	3,862
Provisions during the period / year			6,904	11,525
Less: payments			(233)	(729)
Exchange differences			(41)	83
Balance as at the end of the period / year			<u>21,371</u>	<u>14,741</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 2021 AED '000	30 June 2020 AED '000	30 June 2021 AED '000	30 June 2020 AED '000
Interest income	43,075	33,466	77,825	67,137
Dividend income	-	28	49,546	51,686
Fair value gain / (loss) on investments carried at fair value through profit or loss	(228)	(151)	2,520	(950)
	<u>42,847</u>	<u>33,343</u>	<u>129,891</u>	<u>117,873</u>

### 18 Commitments and contingent liabilities

	(Un-audited) 30 June 2021 AED '000	(Audited) 31 December 2020 AED '000
a) Commitments		
Commitment for investments	<u>2,407</u>	<u>2,407</u>

#### b) Contingent liabilities

At 30 June 2021, guarantees, other than those relating to claims for which provisions are held, amounting to AED 48,825 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.

### 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.

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)

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

#### 30 June 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	15,261	-	-	15,261
Investments held on behalf of policy holders of unit linked products	290,211	-	-	290,211
	<u>305,472</u>	<u>-</u>	<u>-</u>	<u>305,472</u>
<b><u>Available-for-sale financial assets:</u></b>				
Banking sector	1,003,401	585,106	-	1,588,507
Other sector	18,467	-	35,237	53,704
	<u>1,021,868</u>	<u>585,106</u>	<u>35,237</u>	<u>1,642,211</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:

#### 30 June 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 30 June 2021 AED '000
<b><u>Available-for-sale financial assets:</u></b>					
Other sectors	35,237	-	-	-	35,237
Total	<u>35,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,237</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 assets:</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)

### **20 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 155,550 thousand and profit after tax of AED 6,473 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 2,984 million, and consolidated profit after tax for the period would have been AED 311 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) 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>194,286</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)

### 20 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>17,836</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.

### 21 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) For the three-month period ended</b>		<b>(Un-audited) For the six-month period ended</b>	
	<b>30 June 2021 AED '000</b>	30 June 2020 AED '000	<b>30 June 2021 AED '000</b>	30 June 2020 AED '000
Profit after tax for the period	<b>114,361</b>	111,275	<b>310,411</b>	282,299
Less : Attributable to non-controlling interests	<b>(7,655)</b>	(6,775)	<b>(13,717)</b>	(12,579)
Profit attributable to shareholders	<b>106,706</b>	104,500	<b>296,694</b>	269,720
Weighted average number of shares outstanding during the period ('000)	<b>5,000</b>	5000	<b>5,000</b>	5,000
Earnings per share (AED)	<b>21.34</b>	20.90	<b>59.34</b>	53.94

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)

### 22 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:

	General insurance		Life insurance		Total	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	30 June	30 June	30 June	30 June	30 June	30 June
	2021	2020	2021	2020	2021	2020
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Total premiums written	<b>2,593,064</b>	2,340,724	<b>321,213</b>	218,276	<b>2,914,277</b>	2,559,000
Gross underwriting income	<b>570,769</b>	514,406	<b>62,186</b>	40,821	<b>632,955</b>	555,227
Net underwriting income	<b>260,062</b>	274,767	<b>32,226</b>	16,611	<b>292,288</b>	291,378
General and administration expenses	<b>(105,974)</b>	(100,681)	<b>(18,741)</b>	(21,422)	<b>(124,715)</b>	(122,103)
Net technical profit	<b>154,088</b>	174,086	<b>13,485</b>	(4,811)	<b>167,573</b>	169,275
Investment and other income					<b>151,209</b>	121,881
<b>Profit before tax</b>					<b>318,782</b>	291,156
Income tax expense net of deferred taxes					<b>(8,371)</b>	(8,857)
<b>Profit after tax</b>					<b>310,411</b>	282,299

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 22 Segment information (continued)

Details of segment assets and liabilities as at 30 June 2021 is presented below:

	General insurance		Life insurance		Investments		Total	
	(Un-audited) 30 June 2021 AED '000	(Audited) 31 December 2020 AED '000	(Un-audited) 30 June 2021 AED '000	(Audited) 31 December 2020 AED '000	(Un-audited) 30 June 2021 AED '000	(Audited) 31 December 2020 AED '000	(Un-audited) 30 June 2021 AED '000	(Audited) 31 December 2020 AED '000
Segment assets	<b>5,097,678</b>	3,888,381	<b>409,561</b>	384,161	<b>5,407,230</b>	4,610,177	<b>10,914,469</b>	8,882,719
Segment liabilities	<b>6,268,446</b>	4,594,258	<b>1,059,976</b>	866,547	-	-	<b>7,328,422</b>	5,460,805