

**Orient Insurance PJSC
and its subsidiaries**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2015 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ORIENT INSURANCE PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Orient Insurance PJSC and its subsidiaries (the “Group”) as of 30 June 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six and three month periods then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Ernst & Young
Signed by:
Anthony O’Sullivan
Partner
Registration No. 687

26 July 2015

Dubai, United Arab Emirates

Orient Insurance PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 AED'000 Unaudited	31 December 2014 AED'000 Audited	30 June 2014 AED'000 Unaudited
ASSETS				
Property and equipment		121,179	123,453	126,946
Investment securities	4	2,012,015	1,484,818	1,329,417
Insurance contract assets	10	1,042,122	993,317	952,520
Insurance receivables		503,668	322,189	389,399
Prepayment and other receivables		42,178	24,472	29,672
Deposits with banks	5	1,020,878	1,128,758	1,067,172
Cash and cash equivalents	6	178,668	237,576	124,008
TOTAL ASSETS		4,920,708	4,314,583	4,019,134
EQUITY AND LIABILITIES				
Equity				
Share capital	7	500,000	500,000	500,000
Statutory reserve	8	125,000	125,000	101,250
Legal reserve	8	200,076	200,076	175,452
Exceptional loss reserve	8	141,170	141,170	123,100
General reserve	8	390,159	390,159	310,603
Retained earnings		198,959	15,274	181,577
Available-for-sale (AFS) reserve	8	1,100,373	791,235	662,904
Foreign currency translation reserve	8	(44,207)	(37,766)	(33,592)
Proposed dividends	9	-	100,000	-
Equity attributable to equity holders of the parent		2,611,530	2,225,148	2,021,294
Non-controlling interest		40,636	40,862	42,760
Total equity		2,652,166	2,266,010	2,064,054
Liabilities				
Insurance contract liabilities	10	1,573,102	1,467,964	1,383,290
Reinsurance payables		393,868	278,875	325,213
Amounts held under reinsurance treaties		148,467	143,941	122,192
Other payables and accruals		153,105	157,793	124,385
Total liabilities		2,268,542	2,048,573	1,955,080
TOTAL EQUITY AND LIABILITIES		4,920,708	4,314,583	4,019,134


President- Orient Group

26 July 2015

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>Unaudited</i> 2015 <i>AED'000</i>	<i>Unaudited</i> 2014 <i>AED'000</i>	<i>Unaudited</i> 2015 <i>AED'000</i>	<i>Unaudited</i> 2014 <i>AED'000</i>
UNDERWRITING INCOME					
Gross premiums					
Insurance contracts premium		623,535	533,536	1,209,938	940,957
Movement in provision for unearned premium		(39,228)	(31,632)	(149,646)	(67,707)
Insurance premium revenue		<u>584,307</u>	<u>501,904</u>	<u>1,060,292</u>	<u>873,250</u>
Less: Reinsurers' share of premium					
Insurance contracts premium		418,687	385,684	828,691	658,722
Movement in provision for unearned premium		(7,012)	(18,543)	(88,971)	(43,993)
		<u>411,675</u>	<u>367,141</u>	<u>739,720</u>	<u>614,729</u>
Net insurance premium revenue		172,632	134,763	320,572	258,521
Commission income		39,865	39,241	89,163	85,678
Total underwriting income		<u>212,497</u>	<u>174,004</u>	<u>409,735</u>	<u>344,199</u>
UNDERWRITING EXPENSES					
Claims paid		173,175	148,944	381,351	245,648
Less: re-insurance share		(108,489)	(93,601)	(258,737)	(150,003)
Net claims		64,686	55,343	122,614	95,645
(Decrease) / Increase in outstanding claims		10,051	(130)	8,926	14,905
Claims incurred		74,737	55,213	131,540	110,550
Commission expenses		43,264	27,921	81,989	57,483
General and administration expenses		41,605	37,536	82,230	76,184
Total underwriting expenses		<u>159,606</u>	<u>120,670</u>	<u>295,759</u>	<u>244,217</u>
NET UNDERWRITING INCOME		<u>52,891</u>	<u>53,334</u>	<u>113,976</u>	<u>99,982</u>
INVESTMENT INCOME					
Interest income		11,178	9,977	22,474	20,134
Dividend income		480	451	50,094	54,562
Other income		2,164	1,116	5,900	2,215
Fair value (loss) gain on investments carried at fair value through profit or loss		1,101	(1,622)	667	(2,548)
		<u>14,923</u>	<u>9,922</u>	<u>79,135</u>	<u>74,363</u>
PROFIT BEFORE TAXATION		<u>67,814</u>	<u>63,256</u>	<u>193,111</u>	<u>174,345</u>
Income tax (credit) expense	11	228	(2,723)	(4,746)	(4,313)
PROFIT FOR THE PERIOD		<u>68,042</u>	<u>60,533</u>	<u>188,365</u>	<u>170,032</u>
Attributable to:					
Owners of the parent		65,854	58,511	183,685	166,989
Non-controlling interest		2,188	2,022	4,680	3,043
		<u>68,042</u>	<u>60,533</u>	<u>188,365</u>	<u>170,032</u>
Basic and diluted earnings per share (AED)					
Attributable to equity holders of the parent	3	<u>13.17</u>	<u>11.70</u>	<u>36.74</u>	<u>33.40</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>Unaudited 2015 AED'000</i>	<i>Unaudited 2014 AED'000</i>	<i>Unaudited 2015 AED'000</i>	<i>Unaudited 2014 AED'000</i>
Profit for the period	68,042	60,533	188,365	170,032
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax</i>				
Exchange differences on translation of foreign operations	(1,116)	(1,824)	(10,561)	(2,487)
Net unrealised (loss) gain on available-for-sale investments	94,934	(20,810)	309,138	304,440
Total other comprehensive income for the period, net of tax	161,860	37,899	486,942	471,985
Attributable to:				
Owner of the parent	160,078	36,925	486,382	470,410
Non-controlling interests	1,782	974	560	1,575
	161,860	37,899	486,942	471,985

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Note	Six months ended 30 June Unaudited	
		2015 AED'000	2014 AED'000
OPERATING ACTIVITIES			
Profit before tax for the period		193,111	174,345
Adjustments for:			
Depreciation		4,096	4,003
Gain on sale of property and equipment		(3)	(37)
Interest income		(22,474)	(20,134)
Dividend income		(50,094)	(54,562)
Unrealised (gain) / loss on investments at fair value through profit or loss		(667)	2,548
Operating profit before changes in operating assets and liabilities		123,969	106,163
Insurance receivables		(181,479)	(97,600)
Insurance contract assets		(48,805)	(69,093)
Prepayments and other receivables		(17,706)	(14,618)
Insurance contract liabilities		105,138	104,976
Reinsurance payables		114,993	92,934
Amounts held under reinsurance treaties		4,526	(2,579)
Other payables and accruals		(9,434)	(6,278)
Net cash from operating activities		91,202	113,905
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,827)	(7,411)
Proceeds from sale of property and equipment		8	81
Interest income		22,474	20,134
Deposits with banks		107,880	(58,241)
Dividends received		50,094	54,562
Purchase of held to maturity investments		(13,236)	(14,880)
Purchase of available-for-sale investments		(210,521)	(6,914)
Sale of available-for-sale investments		6,365	415
Net cash used in investing activities		(38,763)	(12,254)
FINANCING ACTIVITIES			
Dividends paid		(100,000)	(81,000)
Dividends paid to non –controlling interest		(786)	-
Share capital issued to non-controlling interest		-	4,661
Statutory payment to employees		-	(704)
Net cash used in financing activities		(100,786)	(77,043)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(48,347)	24,608
Cash and cash equivalents at 1 January		237,576	101,887
Movement in foreign currency translation reserve		(10,561)	(2,487)
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	178,668	124,008

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

Attributable to shareholders of the parent

	Share capital AED '000	Statutory reserve AED '000	Legal reserve AED '000	Exceptional loss reserve AED '000	General reserve AED '000	Retained earnings AED '000	Available- for-sale (AFS) reserve AED '000	Foreign currency translation reserve AED '000	Proposed dividend AED '000	Total AED '000	Non-controlling interests AED '000	Total AED '000
As at 1 January 2015 (Audited)	500,000	125,000	200,076	141,170	390,159	15,274	791,235	(37,766)	100,000	2,225,148	40,862	2,266,010
Profit for the period	-	-	-	-	-	183,685	-	-	-	183,685	4,680	188,365
Other comprehensive income	-	-	-	-	-	-	309,138	(6,441)	-	302,697	(4,120)	298,577
Total comprehensive income	-	-	-	-	-	183,685	309,138	(6,441)	-	486,382	560	486,942
Dividend paid (note 9)	-	-	-	-	-	-	-	-	(100,000)	(100,000)	(786)	(100,786)
At 30 June 2015 (Unaudited)	500,000	125,000	200,076	141,170	390,159	198,959	1,100,373	(44,207)	-	2,611,530	40,636	2,652,166

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	<i>Attributable to shareholders of the parent</i>											
	<i>Share capital</i> <i>AED '000</i>	<i>Statutory reserve</i> <i>AED '000</i>	<i>Legal reserve</i> <i>AED '000</i>	<i>Exceptional loss reserve</i> <i>AED '000</i>	<i>General reserve</i> <i>AED '000</i>	<i>Retained earnings</i> <i>AED '000</i>	<i>Available-for-sale (AFS) reserve</i> <i>AED '000</i>	<i>Foreign currency translation reserve</i> <i>AED '000</i>	<i>Proposed dividend</i> <i>AED '000</i>	<i>Non-controlling interests</i> <i>Total AED '000</i>	<i>Total AED '000</i>	
As at 1 January 2014 (Audited)	405,000	101,250	175,452	123,100	405,603	15,010	358,464	(32,573)	81,000	1,632,306	36,806	1,669,112
Profit for the period	-	-	-	-	-	166,989	-	-	-	166,989	3,043	170,032
Other comprehensive income	-	-	-	-	-	-	304,440	(1,019)	-	303,421	(1,468)	301,953
Total comprehensive income	-	-	-	-	-	166,989	304,440	(1,019)	-	470,410	1,575	471,985
Issue of share capital (note 7)	95,000	-	-	-	(95,000)	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-	-	-	-	4,661	4,661
Statutory payment to employees	-	-	-	-	-	(422)	-	-	-	(422)	(282)	(704)
Dividend paid (note 9)	-	-	-	-	-	-	-	-	(81,000)	(81,000)	-	(81,000)
At 30 June 2014 (Unaudited)	500,000	101,250	175,452	123,100	310,603	181,577	662,904	(33,592)	-	2,021,294	42,760	2,064,054

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2015 (Unaudited)

1 CORPORATE INFORMATION

Orient Insurance PJSC (the “Company”) is a Public Shareholding Company and is registered under the Federal Law No. 8 of 1984 (as amended) relating to commercial companies in the UAE and also registered in accordance with the UAE Federal Law No. 6 of 2007, as amended (“The Insurance Companies Law”). The Company mainly issues short term insurance contracts in connection with property, motor, marine, fire and engineering, general accident risks and medical (collectively known as general insurance) and group life and individual life classes (collectively referred as life insurance). The Company also invests its funds in investment securities and properties. The registered address of the Company is P.O. Box 27966, Dubai, United Arab Emirates. The holding company of the Group is Al Futtaim Development Services Company which is based in Dubai, United Arab Emirates and has a significant influence over the Group.

These interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) and the group’s share of the results.

The Group comprises of the parent and the under-mentioned subsidiary companies.

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

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2014.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)**

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

These amendments are not relevant to the Group and thus do not impact the Group's accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12 and thus this amendment does not impact the Group's accounting policy.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)****Annual Improvements 2010-2012 Cycle:***IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

Orient Insurance PJSC has no joint arrangements, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). This amendment does not impact the accounting policy of the Group.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment is not relevant for the Group as it does not have any investment properties. Thus, this amendment does not impact the accounting policy of the Group.

3 BASIC AND DILUTED EARNINGS PER SHARE

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:

	<i>Six months ended 30 June Unaudited</i>	
	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Profit after tax for the period	188,365	170,032
Less: Attributable to minority interest	(4,680)	(3,043)
Profit attributable to shareholders	183,685	166,989
Weighted average number of shares outstanding during the period ('000)	5,000	5,000
Earnings per share (AED)	36.74	33.40

No figures for diluted earnings per share are presented as the Group has not issued any instruments which would have an impact on earnings per share when exercised.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2015 (Unaudited)

4 INVESTMENT SECURITIES

	<i>Carrying value</i>			<i>Fair value</i>		
	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
Investment securities						
At fair value through profit or loss (Note 4.1)	2,136	2,136	2,082	2,136	2,136	2,082
Held for trading (Note 4.2)	12,137	11,470	12,382	12,137	11,470	12,382
Available for sale (Note 4.3)	1,872,364	1,359,070	1,226,671	1,872,364	1,359,070	1,226,671
Held to maturity (Note 4.4)	125,378	112,142	88,282	125,378	112,142	88,282
	2,012,015	1,484,818	1,329,417	2,012,015	1,484,818	1,329,417

4.1 INVESTMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
Managed portfolios – (outside UAE)	2,136	2,136	2,082
	2,136	2,136	2,082

4.2 INVESTMENT SECURITIES HELD FOR TRADING

	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
Shares – quoted (within UAE)	12,137	11,470	12,382
	12,137	11,470	12,382

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2015 (Unaudited)

4.3 INVESTMENT SECURITIES AVAILABLE FOR SALE

	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
<i>Equity</i>			
Quoted (within UAE)	1,609,981	1,292,408	1,164,274
Quoted – Investment held on behalf of policy holders of unit linked products (within UAE)	9,480	6,588	2,338
Unquoted (within UAE)	233,390	42,028	41,476
	<u>1,852,851</u>	<u>1,341,024</u>	<u>1,208,088</u>
<i>Debt</i>			
Quoted (within UAE)	9,825	9,625	9,600
Unquoted (outside UAE)	9,688	8,421	8,983
	<u>19,513</u>	<u>18,046</u>	<u>18,583</u>
	<u><u>1,872,364</u></u>	<u><u>1,359,070</u></u>	<u><u>1,226,671</u></u>

Unquoted equity and debt securities are carried at cost due to the unpredictable nature of future cash flows and the lack of suitable other methods for arriving at reliable fair values.

4.4 INVESTMENT SECURITIES HELD TO MATURITY

	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
<i>Amortised cost</i>			
Debt – unquoted (outside UAE)	125,378	112,142	88,282
	<u>125,378</u>	<u>112,142</u>	<u>88,282</u>

Debt securities amounting to AED 125,378 thousand (2014: AED 112,142 thousand) include investments under lien to comply with insurance regulatory requirements in Egypt. The investments carry interest at an effective rate of 11.46% per annum (2014: 11.17% per annum). The maturity profile of these debt instruments is shown below:

	<i>30 June 2015 Unaudited</i>		
	<i>Less than 5 years AED'000</i>	<i>More than 5 years AED'000</i>	<i>Total AED'000</i>
Debt – unquoted (outside UAE)	101,310	24,068	125,378
	<u>101,310</u>	<u>24,068</u>	<u>125,378</u>

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2015 (Unaudited)

4.4 INVESTMENT SECURITIES HELD TO MATURITY (continued)

	<i>31 December 2014 Audited</i>		
	<i>Less than 5 years AED'000</i>	<i>More than 5 years AED'000</i>	<i>Total AED'000</i>
Debt – unquoted (outside UAE)	112,142	-	112,142
	112,142	-	112,142
	<i>30 June 2014 Unaudited</i>		
	<i>Less than 5 years AED'000</i>	<i>More than 5 years AED'000</i>	<i>Total AED'000</i>
Debt – unquoted (outside UAE)	88,282	-	88,282
	88,282	-	88,282

5 DEPOSITS WITH BANKS

Deposits with banks include the following:

	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
<i>Statutory deposits:</i>			
a) Statutory deposit that cannot be withdrawn without the prior approval of the Ministry of Economy in accordance with Article 42 of Federal Law No.6 of 2007	10,000	10,000	10,000
b) Amounts under lien with Capital Market Authority, Sultanate of Oman towards license of Muscat branch	22,273	21,939	16,303
c) Amounts under lien with Omani Unified Bureau for the Orange Card (SAOC)	478	478	478
d) Amounts under lien with Insurance Authority Syria	422	513	614
e) Amounts under lien with Egyptian Financial Supervisory Authority	35,214	36,277	27,480
f) Amounts under lien with Turkish Treasury, Turkey	9,493	10,264	10,405
	77,880	79,471	65,280
<i>Other deposits:</i>			
Fixed term deposits maturing after three months	942,998	1,049,287	1,001,892
	1,020,878	1,128,758	1,067,172

Interest on bank deposits are ranging from 0.1% to 12.68% (31 December 2014: 0.8% to 11.4%) per annum.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2015 (Unaudited)

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following statement of financial position amounts:

	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
Bank balances and cash	109,776	100,541	100,586
Deposits with banks maturing within three months	68,892	137,035	23,422
	<u>178,668</u>	<u>237,576</u>	<u>124,008</u>

7 SHARE CAPITAL

	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
<i>Issued and fully paid (5,000,000 shares of AED 100 each)</i>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

The shareholders approved an increase in the share capital of AED 95 million by the capitalisation of general reserve in the extraordinary meeting held on 27 February 2014. The legal formalities in respect of the increase in the share capital were completed during the prior period.

8 RESERVES

Nature and purpose of reserves

- **STATUTORY RESERVE**

In accordance with the Company's Articles of Association, 10% of the net profit for the year is required to be transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the statutory reserve is equal to 25% of paid up capital. No transfer has been made during the six month period to 30 June 2015, as this will be based on the results for the year. 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 Commercial Companies 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. No transfer has been made during the six month period to 30 June 2015, as this will be based on the results for the year. The reserve is not available for distribution except in the circumstances stipulated by the law.

- **EXCEPTIONAL LOSS RESERVE**

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 Group 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 2015, as this will be based on the results for the year.

- **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.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2015 (Unaudited)

8 RESERVES (continued)

Nature and purpose of reserves (continued)

- **AVAILABLE-FOR-SALE (AFS) 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.

9 PROPOSED DIVIDENDS

Dividends of AED 20 per share (totalling to AED 100 million) relating to the year 2014 were declared upon approval of the shareholders at the Annual General Meeting and paid during the period (2014: AED 20 per share).

10 INSURANCE CONTRACT ASSETS AND LIABILITIES

	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
Insurance contract liabilities			
Unearned premium reserve	942,257	807,348	759,450
Payable to policy holders of unit linked products	9,480	6,588	2,338
Deferred acquisition cost	(4,002)	(2,218)	(615)
Outstanding claims	625,367	656,246	622,117
	<u>1,573,102</u>	<u>1,467,964</u>	<u>1,383,290</u>
Reinsurance assets			
Unearned premium reserve	638,326	554,205	528,809
Deferred acquisition cost	(3,029)	(1,587)	(307)
Outstanding claims	406,825	440,699	424,018
	<u>1,042,122</u>	<u>993,317</u>	<u>952,520</u>

11 INCOME TAXES

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total 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 interim condensed consolidated statement of profit or loss is as follows:

	<i>Six months ended 30 June Unaudited</i>	
	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Current income tax expense	<u>4,746</u>	<u>4,313</u>

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2015 (Unaudited)

11 INCOME TAXES (continued)

Movements in the income tax payable recognised in the consolidated statement of financial position are as follows:

	<i>30 June 2015 AED'000 Unaudited</i>	<i>31 December 2014 AED'000 Audited</i>	<i>30 June 2014 AED'000 Unaudited</i>
Provision as at 1 January	2,427	1,840	1,840
Provided during the period	4,746	5,798	4,313
Taxes paid during the period	(499)	(5,074)	(476)
Exchange differences	(315)	(137)	(117)
	<u>6,359</u>	<u>2,427</u>	<u>5,560</u>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

12 OPERATING SEGMENTS

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 on an arm's length basis.

The operating segment information for the Group for the period is presented below:

	<i>Six months ended 30 June Unaudited</i>					
	<i>General insurance</i>		<i>Life insurance</i>		<i>Total</i>	
	<i>2015 AED'000</i>	<i>2014 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Total underwriting income	<u>361,674</u>	<u>306,350</u>	<u>48,061</u>	<u>37,849</u>	<u>409,735</u>	<u>344,199</u>
Net underwriting income	<u>105,301</u>	<u>86,939</u>	<u>8,675</u>	<u>13,043</u>	<u>113,976</u>	<u>99,982</u>
Total investment income					79,135	74,363
Less:- Income Tax					(4,746)	(4,313)
Profit for the period					<u>188,365</u>	<u>170,032</u>

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2015 (Unaudited)

12 OPERATING SEGMENTS (continued)

	<i>General Insurance</i>		<i>Life Insurance</i>		<i>Investments</i>		<i>Total</i>	
	<i>30 June 2015</i>	<i>31 December 2014</i>	<i>30 June 2015</i>	<i>31 December 2014</i>	<i>30 June 2015</i>	<i>31 December 2014</i>	<i>30 June 2015</i>	<i>31 December 2014</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Segment assets	<u>1,688,002</u>	<u>1,533,066</u>	<u>199,813</u>	<u>167,941</u>	<u>3,032,893</u>	<u>2,613,576</u>	<u>4,920,708</u>	<u>4,314,583</u>
Segment liabilities	<u>2,074,654</u>	<u>1,885,632</u>	<u>193,888</u>	<u>162,941</u>	<u>-</u>	<u>-</u>	<u>2,268,542</u>	<u>2,048,573</u>

13 CONTINGENT LIABILITIES

	<i>30 June 2015</i>	<i>31 December 2014</i>	<i>30 June 2014</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
<i>Guarantees</i>			
Bank guarantees other than those relating to claims for which provisions are held	<u>4,075</u>	<u>19,550</u>	<u>7,831</u>

Bank guarantees have been issued in the normal course of business.

	<i>30 June 2015</i>	<i>31 December 2014</i>	<i>30 June 2014</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
<i>Capital commitment</i>			
Commitment for investments	<u>21,771</u>	<u>21,771</u>	<u>21,752</u>
	<u>21,771</u>	<u>21,771</u>	<u>21,752</u>

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2015 (Unaudited)

14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

A. Determination of fair value and fair value hierarchy (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<i>30 June 2015</i>				
Financial assets held-for-trading:				
Equity securities	12,137	-	-	12,137
Financial assets designated at fair value through profit or loss:				
Equity securities	-	-	2,136	2,136
Available-for-sale financial assets:				
Equity securities	1,619,461	-	-	1,619,461
Debt securities	9,825	-	-	9,825
	<u>1,641,423</u>	<u>-</u>	<u>2,136</u>	<u>1,643,559</u>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<i>31 December 2014</i>				
Financial assets held-for-trading:				
Equity securities	11,470	-	-	11,470
Financial assets designated at fair value through profit or loss:				
Equity securities	-	-	2,136	2,136
Available-for-sale financial assets:				
Equity securities	1,298,996	-	-	1,298,996
Debt securities	9,625	-	-	9,625
	<u>1,320,091</u>	<u>-</u>	<u>2,136</u>	<u>1,322,227</u>

Financial instruments recorded at fair value

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2015 (Unaudited)

14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Financial instruments recorded at fair value (continued)

Non market observable inputs means that fair values are determined in whole part or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset classes in this category are unlisted equity investments limited partnerships. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data.

Movements in level 3 financial instruments measured at fair value

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 2015

	<i>At 1 January 2015 AED'000</i>	<i>Total gain or loss recorded in profit and loss AED'000</i>	<i>Purchase AED'000</i>	<i>Sales AED'000</i>	<i>Total gain or loss recorded in equity AED'000</i>	<i>Transfer from level 1 AED'000</i>	<i>At 30 June 2015 AED'000</i>
Financial assets designated at fair value through profit or loss							
Equity securities	2,136	-	-	-	-	-	2,136
Total	2,136	-	-	-	-	-	2,136

31 December 2014

	<i>At 1 January 2014 AED'000</i>	<i>Total gain or loss recorded in profit and loss AED'000</i>	<i>Purchase AED'000</i>	<i>Sales AED'000</i>	<i>Total gain or loss recorded in equity AED'000</i>	<i>Transfer from level 1 AED'000</i>	<i>At 31 December 2014 AED'000</i>
Financial assets designated at fair value through profit or loss							
Equity securities	1,902	234	-	-	-	-	2,136
Total	1,902	234	-	-	-	-	2,136

15 SEASONALITY OF RESULTS

Dividend income amounting to AED 50,094 thousand for six months ended 30 June 2015 and AED 54,562 thousand for six months ended 30 June 2014 depends on market conditions, investment activities of the Group and declaration of profits by the investee companies, which are of seasonal nature. Accordingly, results for the period ended 30 June 2015 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2015.