

**Orient Insurance PJSC  
and its subsidiaries**

**Condensed consolidated interim financial  
information**

*for the nine-month period ended 30 September 2020*

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*for the nine month period ended 30 September 2020*

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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 September 2020 condensed consolidated interim financial information of Orient Insurance PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

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

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



*Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2020 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Emilio Pera  
Registration No.: 1146  
Dubai, United Arab Emirates  
Date: **1 November 2020**

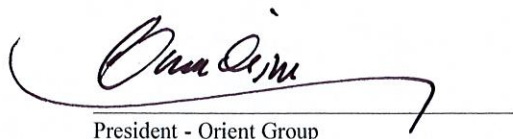
## Orient Insurance PJSC and its subsidiaries

### Condensed consolidated interim statement of financial position

as at

		(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000
<b>Assets</b>			
Property and equipment		98,846	104,797
Investment in an associate	6	66,828	65,478
Held to maturity investments	7	217,784	200,406
Available for sale investments	7	992,213	1,043,438
Investments carried at fair value through profit and loss	7	165,743	144,673
Insurance balances receivable	10	1,157,308	875,793
Statutory deposits	8	68,426	54,495
Reinsurance contract assets	9	2,777,552	2,218,662
Other receivables and prepayments	11	141,995	51,497
Term deposits	12	2,840,695	2,644,097
Cash and cash equivalents	12	334,640	315,148
<b>Total assets</b>		<b>8,862,030</b>	<b>7,718,484</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	255,336	255,336
General reserve	14	1,421,492	1,421,492
Available for sale investments reserve	14	417,042	469,375
Foreign currency translation reserve	14	(110,357)	(93,713)
Retained earnings		410,499	46,905
Proposed dividends		-	100,000
<b>Equity attributable to equity holders of the Company</b>		<b>3,269,012</b>	<b>3,074,395</b>
Non-controlling interests		59,757	49,981
<b>Total equity</b>		<b>3,328,769</b>	<b>3,124,376</b>
<b>Liabilities</b>			
Insurance contract liabilities	9	3,966,471	3,300,406
Unit linked funds reserve		154,108	132,419
Retirement benefit obligation		28,167	25,853
Reinsurance and other payables	15	1,375,421	1,125,322
Lease liabilities		9,094	10,108
<b>Total liabilities</b>		<b>5,533,261</b>	<b>4,594,108</b>
<b>Total liabilities and equity</b>		<b>8,862,030</b>	<b>7,718,484</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 1 November 2020 and signed on their behalf by:



President - Orient Group



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

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

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

	Notes	(Un-audited)		(Un-audited)	
		For the three-month period ended		For the nine-month period ended	
		30 September 2020 AED '000	30 September 2019 AED '000	30 September 2020 AED '000	30 September 2019 AED '000
Gross written premium		787,499	761,359	3,346,499	3,014,691
Reinsurance share of ceded premiums		(524,422)	(504,565)	(2,326,757)	(2,018,087)
<b>Net premium written</b>		<b>263,077</b>	<b>256,794</b>	<b>1,019,742</b>	<b>996,604</b>
Net movement in provision for unearned premiums, mathematical premium reserve and unit-linked funds reserve		24,604	12,720	(173,869)	(137,269)
<b>Net premium earned</b>		<b>287,681</b>	<b>269,514</b>	<b>845,873</b>	<b>859,335</b>
Commission income		51,990	49,042	207,656	191,968
Commission expense		(69,249)	(62,383)	(227,880)	(208,453)
<b>Gross underwriting income</b>		<b>270,422</b>	<b>256,173</b>	<b>825,649</b>	<b>842,850</b>
Gross claims paid		606,345	534,897	1,606,355	1,734,745
Reinsurance share of claims paid		(443,623)	(390,173)	(1,178,801)	(1,259,718)
<b>Net claims paid</b>		<b>162,722</b>	<b>144,724</b>	<b>427,554</b>	<b>475,027</b>
Increase / (decrease) in provision for outstanding claims		123,540	(8,833)	347,174	836
(Increase) / decrease in reinsurance share of outstanding claims		(109,691)	7,980	(323,336)	(17,414)
(Decrease) / increase in incurred but not reported claims reserves		(10,544)	11,973	(23,810)	8,694
Increase / (decrease) in loss adjustment expense reserves		1,017	(3,494)	3,311	(4,228)
<b>Net claims incurred</b>		<b>167,044</b>	<b>152,350</b>	<b>430,893</b>	<b>462,915</b>
<b>Net underwriting income</b>		<b>103,378</b>	<b>103,823</b>	<b>394,756</b>	<b>379,935</b>
Income from investments	17	35,194	42,937	153,067	167,390
Other income		1,346	1,612	4,901	4,638
Share of profit / (loss) from associate		897	783	1,350	(796)
<b>Total income</b>		<b>140,815</b>	<b>149,155</b>	<b>554,074</b>	<b>551,167</b>
General and administrative expenses		(41,449)	(66,553)	(163,552)	(197,377)
<b>Profit before tax</b>		<b>99,366</b>	<b>82,602</b>	<b>390,522</b>	<b>353,790</b>
Income tax (expense) / credit net of deferred taxes	16	(3,431)	1,872	(12,288)	981
<b>Profit after tax</b>		<b>95,935</b>	<b>84,474</b>	<b>378,234</b>	<b>354,771</b>
<b>Attributable to:</b>					
Equity holders of the Company		93,874	82,200	363,594	343,885
Non-controlling interests		2,061	2,274	14,640	10,886
<b>Total profit for the period</b>		<b>95,935</b>	<b>84,474</b>	<b>378,234</b>	<b>354,771</b>
Basic and diluted earnings per share attributable to equity holders of the Company (AED / share)	20	18.77	16.44	72.72	68.78

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

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

## Orient Insurance PJSC and its subsidiaries

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

	(Un-audited) For the three-month period ended		(Un-audited) For the nine-month period ended	
	30 September 2020 AED '000	30 September 2019 AED '000	30 September 2020 AED '000	30 September 2019 AED '000
<b>Profit after tax</b>	<b>95,935</b>	84,474	<b>378,234</b>	354,771
<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>22,736</b>	24,660	<b>(52,333)</b>	(24,980)
Foreign currency adjustments from translation of foreign operations	<b>(3,514)</b>	4,376	<b>(21,508)</b>	9,475
<b>Other comprehensive income / (loss) for the period</b>	<b>19,222</b>	29,036	<b>(73,841)</b>	(15,505)
<b>Total comprehensive income for the period</b>	<b>115,157</b>	113,510	<b>304,393</b>	339,266
<b>Attributable to:</b>				
Equity holders of the Company	<b>111,989</b>	109,239	<b>294,617</b>	324,020
Non-controlling interests	<b>3,168</b>	4,271	<b>9,776</b>	15,246
	<b>115,157</b>	113,510	<b>304,393</b>	339,266

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 September*

		(Un-audited)	
		For the nine-month	
		period ended	
Notes	30 September	30 September	30 September
	2020	2019	2019
	AED '000	AED '000	AED '000
<b>Cash flows from operating activities</b>			
	390,522	353,790	
Profit before tax for the period			
Adjustments for:			
Depreciation	6,087	4,680	
Interest income	(101,222)	(114,432)	17
Dividend income	(51,860)	(51,616)	17
Share of (profit) / loss from equity accounted investee	(1,350)	796	6
Unrealised loss / (gain) on investments at fair value through profit or loss	619	(1,342)	17
Interest expense	215	-	
Loss / (gain) on on sale of property and equipment	5	(19)	
Realised gain on sale of investments	(604)	-	17
(Reversal) / allowance for doubtful debts	(1,375)	3,906	
<b>Operating cash flows before movements in working capital</b>	<b>241,037</b>	<b>195,763</b>	
Increase in insurance receivables	(280,140)	(91,878)	
Increase in reinsurance contract assets	(558,890)	(222,331)	
Increase in other receivables and prepayments	(16,447)	(72,030)	
Increase in insurance contract liabilities	666,065	315,590	
Increase in unit linked funds reserve	21,689	33,232	
Increase in reinsurance and other payables	238,372	(13,012)	
Increase in retirement benefit obligation	2,314	1,692	
Income tax paid	(572)	(1,522)	16
<b>Net cash generated from operating activities</b>	<b>313,428</b>	<b>145,504</b>	
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	(1,682)	(3,707)	
Proceeds from sale of property and equipment	12	61	
Interest received	27,182	114,432	
Dividend received	51,860	51,616	17
Deposits with bank	(210,529)	(55,573)	
Purchase of investments carried at fair value through profit and loss	(30,450)	(41,109)	
Purchase of held to maturity investments	(75,512)	(95,878)	
Purchase of available for sale investments	(19,363)	(29,592)	
Sale of investments carried at fair value through profit and loss	8,761	7,877	
Sale of held to maturity investments	62,048	84,033	
Sale of available for sale investments	18,576	30,081	
Foreign exchange differences	(2,060)	(15,144)	
<b>Net cash (used in) / generated from investing activities</b>	<b>(171,157)</b>	<b>47,097</b>	
<b>Cash flows from financing activities</b>			
Dividend paid	(100,000)	(100,000)	
Payment of lease liabilities	(1,271)	(526)	
<b>Net cash used in financing activities</b>	<b>(101,271)</b>	<b>(100,526)</b>	
Net increase in cash and cash equivalents	41,000	92,075	
Cash and cash equivalents at 1 January	315,148	234,277	
Movement in foreign currency translation reserve	(21,508)	9,475	
<b>Cash and cash equivalents at 30 September</b>	<b>334,640</b>	<b>335,827</b>	12

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2. The notes on pages 9 to 20 form an integral part of these condensed consolidated interim financial information.



## Orient Insurance PJSC and its subsidiaries

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

for the period ended 30 September 2020

### Equity Attributable to equity holders of the Company

	Share capital	Statutory reserve	Legal reserve	Exceptional loss reserve	General reserve	Available for sale (AFS) investments reserve	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total	Non- Controlling interests	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance as at 1 January 2020	500,000	125,000	250,000	255,336	1,421,492	469,375	(93,713)	46,905	100,000	3,074,395	49,981	3,124,376
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	363,594	-	363,594	14,640	378,234
<b>Other comprehensive loss for the period</b>												
Net unrealised loss from available for sale investments	-	-	-	-	-	(52,333)	-	-	-	(52,333)	-	(52,333)
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	(16,644)	-	-	(16,644)	(4,864)	(21,508)
<b>Total other comprehensive (loss) / income</b>	-	-	-	-	-	(52,333)	(16,644)	363,594	-	294,617	9,776	304,393
<b>Transactions with owners directly recorded in equity</b>												
Dividend paid	-	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
<b>Balance as at 30 September 2020</b>	<b>500,000</b>	<b>125,000</b>	<b>250,000</b>	<b>255,336</b>	<b>1,421,492</b>	<b>417,042</b>	<b>(110,357)</b>	<b>410,499</b>	<b>-</b>	<b>3,269,012</b>	<b>59,757</b>	<b>3,328,769</b>

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

## Orient Insurance PJSC and its subsidiaries

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

for the period ended 30 September 2019

### Equity Attributable to equity holders of the Company

	Share capital	Statutory reserve	Legal reserve	Exceptional loss reserve	General reserve	Available for sale (AFS) investments reserve	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total	Non- Controlling interests	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance as at 1 January 2019	500,000	125,000	250,000	230,888	1,146,938	468,689	(95,236)	32,590	100,000	2,758,869	33,796	2,792,665
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	343,885	-	343,885	10,886	354,771
<b>Other comprehensive (loss) / income for the period</b>												
Net unrealised loss from available for sale investments	-	-	-	-	-	(24,980)	-	-	-	(24,980)	-	(24,980)
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	5,115	-	-	5,115	4,360	9,475
<b>Total other comprehensive (loss) / income</b>	-	-	-	-	-	(24,980)	5,115	343,885	-	324,020	15,246	339,266
<b>Transactions with owners directly recorded in equity</b>												
Dividend paid	-	-	-	-	-	-	-	-	(100,000)	(100,000)	(526)	(100,526)
Balance as at 30 September 2019	500,000	125,000	250,000	230,888	1,146,938	443,709	(90,121)	376,475	-	2,982,889	48,516	3,031,405

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

# **Orient Insurance PJSC and its subsidiaries**

## **Notes to the condensed consolidated interim financial information**

### **1 Legal status and principal activities**

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

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

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

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

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

### **2 Basis of preparation**

#### **a) Statement of compliance**

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

#### **b) Basis of measurement**

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

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

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

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

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

### Notes to the condensed consolidated interim financial information (continued)

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

##### **d) Use of estimates and judgments**

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

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

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

##### **e) Impact of COVID-19**

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

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

##### **Insurance risk**

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

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

##### **Credit risk**

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

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

##### **Liquidity risk management**

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

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

### Notes to the condensed consolidated interim financial information (continued)

#### **3 Significant accounting policies**

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

#### **4 Financial risk management**

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

#### **5 Interim measurement**

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

#### **6 Investment in an associate**

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

Following is the movement in investment in associate:

	<b>(Un-audited)</b>	(Audited)
	<b>30 September</b>	31 December
	<b>2020</b>	2019
	<b>AED'000</b>	AED'000
Balance as at 1 January	<b>65,478</b>	65,089
Group's share of net profit for the period / year	<b>1,350</b>	389
	<b>66,828</b>	65,478

## Orient Insurance PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information (continued)

#### 7 Investment securities

At 30 September 2020 (Un-audited)	Held to maturity AED '000	Available for sale AED '000	Fair value through profit and loss AED '000	Total AED '000
<b>Equity Securities</b>				
Quoted equity securities in U.A.E.	-	944,148	11,635	955,783
Unquoted equity securities in U.A.E.	-	34,381	-	34,381
Unquoted equity securities outside U.A.E.	-	1	-	1
Quoted equity securities in U.A.E. held on behalf of policyholders' unit linked products	-	-	67,199	67,199
Quoted equity securities outside U.A.E. held on behalf of policyholders' unit linked products	-	-	86,909	86,909
Total equity securities	-	978,530	165,743	1,144,273
Total other invested assets	217,784	13,683	-	231,467
<b>Total</b>	<b>217,784</b>	<b>992,213</b>	<b>165,743</b>	<b>1,375,740</b>

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

#### 8 Statutory deposits

	(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000
a) Statutory deposit that cannot be withdrawn without the prior approval of the Ministry of Economy in accordance with Article 42 of Federal Law No. 6 of 2007	10,000	10,000
b) Amounts under lien with Capital Market Authority, Sultanate of Oman	41,724	27,657
c) Amounts under lien with Omani Unified Bureau for the Orange Card (SAOC)	497	478
d) Amounts under lien with Insurance Authority Syria	73	209
e) Amounts under lien with Egyptian Financial Supervisory Authority	4,215	4,199
f) Amounts under lien with Turkish Treasury	11,141	11,202
g) Amounts under lien with Central Bank of Bahrain	776	750
	<b>68,426</b>	<b>54,495</b>

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 9 Insurance contract liabilities and reinsurance contract assets

*Nine-month period ended 30 September (un-audited)*

	Gross		Reinsurers' share		Net	
	2020 AED '000	2019 AED '000	2020 AED '000	2019 AED '000	2020 AED '000	2019 AED '000
Gross premiums	3,346,499	3,014,691	(2,326,757)	(2,018,087)	1,019,742	996,604
Movement in provision for unearned premiums, mathematical reserve and unit-linked funds reserve	(317,935)	(317,526)	144,066	180,257	(173,869)	(137,269)
Net premium earned	<b>3,028,564</b>	2,697,165	<b>(2,182,691)</b>	(1,837,830)	<b>845,873</b>	859,335
	Gross		Reinsurers' share		Net	
	(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000	(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000	(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000
Unearned premium reserve	1,762,347	1,540,528	(1,251,719)	(1,110,881)	510,628	429,647
Mathematical premium reserve	313,657	272,536	(27,325)	(27,000)	286,332	245,536
	<b>2,076,004</b>	1,813,064	<b>(1,279,044)</b>	(1,137,881)	<b>796,960</b>	675,183
Outstanding claims	1,205,303	908,866	(1,011,044)	(720,504)	194,259	188,362
Incurred but not reported claims reserve	653,965	555,437	(471,613)	(349,275)	182,352	206,162
Allocated loss adjustment expense reserve	19,663	13,774	(15,851)	(11,002)	3,812	2,772
Unallocated loss adjustment expense reserve	11,536	9,265	-	-	11,536	9,265
	<b>1,890,467</b>	1,487,342	<b>(1,498,508)</b>	(1,080,781)	<b>391,959</b>	406,561
	<b>3,966,471</b>	3,300,406	<b>(2,777,552)</b>	(2,218,662)	<b>1,188,919</b>	1,081,744

## Orient Insurance PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information (continued)

#### 10 Insurance balances receivable

	(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000
<b>Inside U.A.E.:</b>		
Due from policyholders	896,043	638,925
Due from insurance and reinsurance companies	77,016	76,341
	<u>973,059</u>	<u>715,266</u>
<b>Outside U.A.E.:</b>		
Due from policyholders	124,912	75,532
Due from insurance and reinsurance companies	102,113	129,146
	<u>227,025</u>	<u>204,678</u>
<b>Total insurance receivable</b>	<b>1,200,084</b>	<b>919,944</b>
Less: Allowance for doubtful debts	(42,776)	(44,151)
	<u><b>1,157,308</b></u>	<u><b>875,793</b></u>

#### 11 Other receivables and prepayments

	(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000
Receivable from employees	295	440
Refundable deposits	6,872	6,788
Prepayments	33,177	18,314
Deferred tax asset	6,577	8,311
Accrued interest	81,551	7,511
Others	13,523	10,133
	<u>141,995</u>	<u>51,497</u>

#### 12 Cash and bank balances

	(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000
Bank balances and cash	228,688	191,635
Deposits with banks maturing within three months	105,952	123,513
Cash and cash equivalents	334,640	315,148
Term deposits	2,840,695	2,644,097
	<u>3,175,335</u>	<u>2,959,245</u>
Cash and bank balances:		
Inside U.A.E.:	2,885,357	2,653,706
Outside U.A.E.:	289,978	305,539
	<u>3,175,335</u>	<u>2,959,245</u>

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

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



## Orient Insurance PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information (continued)

#### 13 Share capital

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

#### 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 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 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 nine month period ended 30 September 2020, as this will be based on the results for the year.

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

##### - General reserve

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

##### - Available for sale (AFS) investments reserve

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

##### - Foreign currency translation reserve

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

## Orient Insurance PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information (continued)

#### 15 Reinsurance and other payables

	(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000
Payables – Inside U.A.E	396,965	377,407
Payables – Outside U.A.E	978,456	747,915
	<b>1,375,421</b>	<b>1,125,322</b>
<b>Inside U.A.E:</b>		
Insurance and reinsurance companies payable	131,790	132,503
Payable to agents and brokers	33,527	28,304
Payable to employees	25,885	27,587
Other payables	205,763	189,013
	<b>396,965</b>	<b>377,407</b>
<b>Outside U.A.E:</b>		
Insurance / reinsurance companies payable	781,413	565,510
Payable to agents and brokers	522	19,442
Payable to employees	1,061	1,202
Other payables	195,460	161,761
	<b>978,456</b>	<b>747,915</b>

#### 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) For the three-month period ended		(Un-audited) For the nine-month period ended	
	30 September 2020 AED '000	30 September 2019 AED '000	30 September 2020 AED '000	30 September 2019 AED '000
Current income tax expense	3,451	1,089	12,299	3,572
Deferred taxes	(20)	(2,961)	(11)	(4,553)
<b>Total</b>	<b>3,431</b>	<b>(1,872)</b>	<b>12,288</b>	<b>(981)</b>
			(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000
As at 1 January			3,862	4,578
Provisions during the period / year			12,299	8,399
Less: payments			(572)	(9,509)
Exchange differences			90	394
Balance as at the end of the period / year			<b>15,679</b>	<b>3,862</b>

## 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 nine-month period ended	
	30 September 2020 AED '000	30 September 2019 AED '000	30 September 2020 AED '000	30 September 2019 AED '000
Interest income	34,085	41,900	101,222	114,432
Dividend income	174	-	51,860	51,616
Realised gain on sale of investments	604	-	604	-
Fair value (loss) / gain on investments carried at fair value through profit or loss	331	1,037	(619)	1,342
	<b>35,194</b>	<b>42,937</b>	<b>153,067</b>	<b>167,390</b>

#### 18 Commitments and contingent liabilities

	(Un-audited) 30 September 2020 AED '000	(Audited) 31 December 2019 AED '000
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##### a) Commitments

Commitment for investments	<b>2,407</b>	<b>4,090</b>
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##### b) Contingent liabilities

At 30 September 2020, guarantees, other than those relating to claims for which provisions are held, amounting to AED 37,011 thousand (2019: AED 50,664 thousand) had been issued on behalf of the Group by its banker in the ordinary course of business.

#### 19 Fair value of financial instruments

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

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

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

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

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

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

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

## Orient Insurance PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information (continued)

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

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

##### 30 September 2020 (Un-audited)

<u>Investment securities</u>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<b><u>Investments at fair value through profit and loss:</u></b>				
Equity securities	11,635	-	-	11,635
Investments held on behalf of policy holders of unit linked products	154,108	-	-	154,108
	<u>165,743</u>	<u>-</u>	<u>-</u>	<u>165,743</u>
<b><u>Available for sale investments:</u></b>				
Banking sector	941,462	-	-	941,462
Other sector	16,369	-	34,382	50,751
	<u>957,831</u>	<u>-</u>	<u>34,382</u>	<u>992,213</u>

##### 31 December 2019 (Audited)

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

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

##### 30 September 2020 (Un-audited)

	At 1 January 2020 AED '000	Purchase / transfer AED '000	Sales AED '000	Total gain or loss recorded in equity AED '000	At 30 September 2020 AED '000
<b><u>Available for sale investments:</u></b>					
Other sectors	34,522	2,825	(1,147)	(1,818)	34,382
<b>Total</b>	<u>34,522</u>	<u>2,825</u>	<u>(1,147)</u>	<u>(1,818)</u>	<u>34,382</u>

## Orient Insurance PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information (continued)

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

31 December 2019 (Audited)

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

#### 20 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:

	(Un-audited) For the three-month period ended		(Un-audited) For the nine-month period ended	
	30 September 2020 AED '000	30 September 2019 AED '000	30 September 2020 AED '000	30 September 2019 AED '000
Profit after tax for the period	95,935	84,474	378,234	354,771
Less : Attributable to non-controlling interests	(2,061)	(2,274)	(14,640)	(10,886)
Profit attributable to equity holders	<b>93,874</b>	82,200	<b>363,594</b>	343,885
Weighted average number of shares outstanding during the period ('000)	<b>5,000</b>	5,000	<b>5,000</b>	5,000
Earnings per share (AED)	<b>18.77</b>	16.44	<b>72.72</b>	68.78

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

#### 21 Segment information

	General insurance		Life insurance		Total	
	(Un-audited) 30 September 2020 AED '000	(Un-audited) 30 September 2019 AED '000	(Un-audited) 30 September 2020 AED '000	(Un-audited) 30 September 2019 AED '000	(Un-audited) 30 September 2020 AED '000	(Un-audited) 30 September 2019 AED '000
Gross written premium	3,025,221	2,716,165	321,278	298,526	3,346,499	3,014,691
Gross underwriting income	762,647	767,467	63,002	75,383	825,649	842,850
Net underwriting income	371,239	334,056	23,517	45,879	394,756	379,935
General and administrative expenses	(134,456)	(165,960)	(29,096)	(31,417)	(163,552)	(197,377)
Net technical profit	236,783	168,096	(5,579)	14,462	231,204	182,558
Investment and other income					159,318	171,232
<b>Profit before tax</b>					<b>390,522</b>	353,790
Income tax expense net of deferred taxes					(12,288)	981
<b>Profit after tax</b>					<b>378,234</b>	354,771

## Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

### 21 Segment information (continued)

	<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>30 September</b>	31 December	<b>30 September</b>	31 December	<b>30 September</b>	31 December	<b>30 September</b>	31 December
	<b>2020</b>	2019	<b>2020</b>	2019	<b>2020</b>	2019	<b>2020</b>	2019
	<b>AED '000</b>	AED '000	<b>AED '000</b>	AED '000	<b>AED '000</b>	AED '000	<b>AED '000</b>	AED '000
Segment assets	<b>4,088,496</b>	3,218,545	<b>421,845</b>	347,352	<b>4,351,689</b>	4,152,587	<b>8,862,030</b>	7,718,484
Segment liabilities	<b>4,688,330</b>	3,913,048	<b>844,931</b>	681,060	-	-	<b>5,533,261</b>	4,594,108