

**Orient Insurance PJSC
and its subsidiaries**

Condensed consolidated interim financial
information

for the three-month period ended 31 March 2019

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim financial information

for the three month period ended 31 March 2019

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

To the Shareholders of Orient Insurance PJSC

Introduction

We have reviewed the accompanying 31 March 2019 condensed consolidated interim financial information of Orient Insurance PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2019;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2019;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2019;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2019;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2019; and
- notes to the condensed consolidated interim financial information.

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

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

A handwritten signature in black ink, appearing to be 'EP', written over a faint, illegible stamp or background.

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

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of financial position

as at

		(Un-audited) 31 March 2019	(Audited) 31 December 2018
	Notes	AED '000	AED '000
Assets			
Property and equipment		98,633	97,126
Investment in an associate	6	63,416	65,089
Held to maturity investments	7	158,612	144,938
Available for sale investments	7	1,217,958	1,241,748
Investments carried at fair value through profit and loss	7	108,298	90,314
Insurance balances receivable	10	1,124,727	874,058
Statutory deposits	8	56,558	58,301
Reinsurance contract assets	9	2,340,421	2,009,760
Other receivables and prepayments	11	78,744	59,471
Bank deposits	12	2,213,311	2,207,430
Cash and cash equivalents	12	227,913	234,277
Total assets		7,688,591	7,082,512
Equity and Liabilities			
Equity			
Share capital	13	500,000	500,000
Statutory reserve	14	125,000	125,000
Legal reserve	14	250,000	250,000
Exceptional loss reserve	14	230,888	230,888
General reserve	14	1,146,938	1,146,938
Available for sale investments reserve	14	443,886	468,689
Foreign currency translation reserve	14	(93,999)	(95,236)
Retained earnings		194,724	32,590
Proposed dividends	15	-	100,000
Equity attributable to equity holders of the parent		2,797,437	2,758,869
Non-controlling interests		38,676	33,796
Total Equity		2,836,113	2,792,665
Liabilities			
Insurance contract liabilities	9	3,549,272	3,141,120
Retirement benefit obligation		24,224	23,786
Reinsurance and other payables	16	1,276,761	1,124,941
Lease liabilities		2,221	-
Total liabilities		4,852,478	4,289,847
Total liabilities and equity		7,688,591	7,082,512

The condensed consolidated interim financial information of the Group was authorised for issue and approved by the Board of Directors on 8 May 2019 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 31 March

	Notes	(Un-audited) For the three month period ended	
		31 March 2019 AED '000	31 March 2018 AED '000
Gross written premium		1,308,739	1,199,017
Reinsurance share of ceded premiums		(942,108)	(840,713)
Net premium written		366,631	358,304
Net movement in provision for unearned premiums, mathematical premium reserve and unit-linked funds reserve		(75,219)	(90,628)
Net premium earned		291,412	267,676
Commission income		86,031	75,773
Commission expense		(73,036)	(71,387)
Gross underwriting income		304,407	272,062
Gross claims paid		585,674	542,052
Reinsurance share of claims paid		(417,887)	(401,238)
Net claims paid		167,787	140,814
Increase in provision for outstanding claims		7,645	46,947
Increase in reinsurance share of outstanding claims		(8,477)	(55,719)
Decrease in incurred but not reported claims reserves		(2,617)	(4,040)
(Decrease) / increase in loss adjustment expense reserves		(869)	54
Net claims incurred		163,469	128,056
Net underwriting income		140,938	144,006
Income from investments	18	91,517	74,215
Other income		1,377	3,228
Share of loss from associate	6	(1,673)	(918)
Total income		232,159	220,531
General and administrative expenses		(63,738)	(64,429)
Profit before tax		168,421	156,102
Income tax expenses net of deferred taxes	17	(2,411)	(2,513)
Profit after tax		166,010	153,589
Attributable to:			
Equity holders of the Company		162,134	151,226
Non-controlling interests		3,876	2,363
Total profit for the period		166,010	153,589
Basic and diluted earnings per share attributable to equity holders of the Company (AED)	21	32.43	30.25

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 profit or loss and other comprehensive income
for the period ended 31 March

	(Un-audited)	
	For the three month	
	period ended	
	31 March 2019	31 March 2018
	AED '000	AED '000
Profit after tax	166,010	153,589
Other comprehensive income		
<i>Other comprehensive income to be reclassified to profit and loss in subsequent periods:</i>		
Net unrealised loss from available for sale investments	(24,803)	(24,694)
Foreign currency adjustments from translation of foreign operations	2,241	(346)
Other comprehensive loss for the period	(22,562)	(25,040)
Total comprehensive income for the period	143,448	128,549
Attributable to:		
Equity holders of the Company	138,568	126,049
Non-controlling interests	4,880	2,500
	143,448	128,549

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Orient Insurance PJSC and its subsidiaries
Condensed consolidated interim statement of cash flows
for the period ended 31 March

		(Un-audited)	
		For the three month period ended	
Notes	31 March 2019 AED '000	31 March 2018 AED '000	
Cash flows from operating activities			
	168,421	156,102	
Profit before tax for the period			
Adjustments for:			
	1,534	1,760	
	(39,706)	(30,750)	
18			
	(51,285)	(44,225)	
18			
	1,673	918	
6			
	(526)	760	
18			
	(13)	1	
	2,222	22,587	
	82,320	107,153	
Operating cash flows before movements in working capital			
	(252,891)	(325,310)	
	(330,661)	(420,172)	
	(19,711)	(59,467)	
	408,152	495,026	
	150,423	196,287	
	438	1,190	
17	(927)	(110)	
	37,143	(5,403)	
Net cash generated from / (used in) operating activities			
Cash flows from investing activities			
	(556)	(1,046)	
	13	3	
18	39,706	30,750	
18	51,285	44,225	
	(4,138)	4,350	
	(18,803)	(9,555)	
	(17,325)	(16,786)	
	(5,711)	(8,048)	
	1,345	1,298	
	8,695	4,353	
	5,342	6,302	
	(5,601)	(422)	
	54,252	55,424	
Net cash generated from investing activities			
Cash flows from financing activities			
	(100,000)	-	
	(100,000)	-	
Net cash used in financing activities			
	(8,605)	50,021	
	234,277	251,844	
	2,241	(346)	
12	227,913	301,519	
Cash and cash equivalents at 31 March			

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

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Orient Insurance PJSC and its subsidiaries

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

for the period ended 31 March

Equity Attributable to equity holders of the Company

	Share capital	Statutory reserve	Legal reserve	Exceptional loss reserve	General reserve	Available-for-sale (AFS) investments reserve	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total	Non-Controlling interests	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance as at 1 January 2019	500,000	125,000	250,000	230,888	1,146,938	468,689	(95,236)	32,590	100,000	2,758,869	33,796	2,792,665
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	162,134	-	162,134	3,876	166,010
Other comprehensive income / (loss) for the period												
Net unrealised loss from investments through other comprehensive income	-	-	-	-	-	(24,803)	-	-	-	(24,803)	-	(24,803)
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	1,237	-	-	1,237	1,004	2,241
Total other comprehensive income / (loss)	-	-	-	-	-	(24,803)	1,237	162,134	-	138,568	4,880	143,448
Transactions with owners directly recorded in equity												
Dividend paid	-	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Balance as at 31 March 2019	500,000	125,000	250,000	230,888	1,146,938	443,886	(93,999)	194,724	-	2,797,437	38,676	2,836,113

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 31 March

Equity Attributable to equity holders of the Company

	Share capital AED '000	Statutory reserve AED '000	Legal reserve AED '000	Exceptional loss reserve AED '000	General reserve AED '000	Available- for-sale (AFS) investments reserve AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000	Non- Controlling interests AED '000	Total AED '000
Balance as at 1 January 2018	500,000	125,000	250,000	201,927	884,500	494,020	(86,151)	30,570	100,000	2,499,866	27,014	2,526,880
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	151,226	-	151,226	2,363	153,589
Other comprehensive income / (loss) for the period												
Net unrealised loss from investments through other comprehensive income	-	-	-	-	-	(24,694)	-	-	-	(24,694)	-	(24,694)
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	(483)	-	-	(483)	137	(346)
Total other comprehensive income / (loss)	-	-	-	-	-	(24,694)	(483)	151,226	-	126,049	2,500	128,549
Transactions with owners directly recorded in equity												
Dividend paid	-	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Balance as at 31 March 2018	500,000	125,000	250,000	201,927	884,500	469,326	(86,634)	181,796	-	2,525,915	29,514	2,555,429

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>2019</i>	<i>2018</i>
Arab Orient Insurance Company	General 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%

The holding company of the Group is Al Futtaim Development Services Company which is based in Dubai, United Arab Emirates and has a significant 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 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRSs). This is the first set of the Group's condensed consolidated interim financial information in which IFRS 16 has been applied. Changes to significant accounting policies are described in note 3.

b) Basis of measurement

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

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

c) Functional and presentation currency

These condensed consolidated interim financial information are presented in U.A.E. Dirhams ("AED") rounded to nearest 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.

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 (continued)

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 2018.

3 Changes in accounting policies, estimates and judgements

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 2018, except the following accounting policies which are applicable from 1 January 2019:

IFRS 16 Leases

The Group has adopted IFRS 16 'Leases', issued in January 2016, with the date of initial application of 1 January 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

Lessee accounting

The Group initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Group initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The Group has assessed that the impact of IFRS 16 is not material on opening retained earnings and as of reporting date has presented right of use assets within 'Property and equipment' and 'Lease liabilities' in the condensed consolidated interim statement of financial position.

Impacts on condensed consolidated interim financial information

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group has recognised AED 2.57 million of right-of-use assets (included in property and equipment) and AED 2.22 million of lease liabilities as at 31 March 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the three-month period ended 31 March 2019, the Group recognised AED 0.41 million of depreciation charges.

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 2018.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

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% (2018: 35%) interest in Orient UNB Takaful PJSC, a public shareholding company registered and incorporated in UAE. The associate commenced its commercial operations in 2017. The principal activity of the associate is issuance of short term takaful contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. The associate also invests its funds in deposits.

Following is the movement in investment in associate:

	(Un-audited)	(Audited)
	31 March	31 December
	2019	2018
	AED'000	AED'000
Balance as at 1 January	65,089	68,317
Group's share of net loss for the period / year	(1,673)	(3,228)
Investment in associate	<u>63,416</u>	<u>65,089</u>

7 Investment securities

At 31 March 2019 (Un-audited)	Held to maturity	Available for sale	Fair value through profit and loss	Total
	AED '000	AED '000	AED '000	AED '000
Equity Securities				
Quoted equity securities in U.A.E.	-	970,644	11,605	982,249
Unquoted equity securities in U.A.E.	-	231,975	-	231,975
Unquoted equity securities outside U.A.E.	-	3	-	3
Unquoted equity securities in U.A.E. held on behalf of policyholders' unit linked products	-	-	53,735	53,735
Unquoted equity securities outside U.A.E. held on behalf of policyholders' unit linked products	-	-	42,958	42,958
Total equity securities	-	1,202,622	108,298	1,310,920
Total other invested assets	158,612	15,336	-	173,948
Total	<u>158,612</u>	<u>1,217,958</u>	<u>108,298</u>	<u>1,484,868</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

7 Investment securities (continued)

At 31 December 2018 (Audited)	Held to maturity AED '000	Available for sale AED '000	Fair value through profit and loss AED '000	Total AED '000
Equity Securities				
Quoted equity securities in U.A.E.	-	995,457	11,079	1,006,536
Unquoted equity securities in U.A.E.	-	231,975	-	231,975
Unquoted equity securities outside U.A.E.	-	3	-	3
Unquoted equity securities in U.A.E. held on behalf of policyholders' unit linked products	-	-	44,797	44,797
Unquoted equity securities outside U.A.E. held on behalf of policyholders' unit linked products	-	-	34,438	34,438
Total equity securities	-	1,227,435	90,314	1,317,749
Total other invested assets	144,938	14,313	-	159,251
Total	144,938	1,241,748	90,314	1,477,000

8 Statutory deposits

	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 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	26,739	22,203
c) Amounts under lien with Omani Unified Bureau for the Orange Card (SAOC)	478	478
d) Amounts under lien with Insurance Authority Syria	178	178
e) Amounts under lien with Egyptian Financial Supervisory Authority	7,281	13,540
f) Amounts under lien with Turkish Treasury	11,132	11,173
g) Amounts under lien with Central Bank of Bahrain	750	729
	56,558	58,301

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

9 Insurance contract liabilities and reinsurance contract assets

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

	Gross written premium		Reinsurance share of ceded premiums		Net premium written	
	2019 AED '000	2018 AED '000	2019 AED '000	2018 AED '000	2019 AED '000	2018 AED '000
Gross premiums	1,308,739	1,199,017	(942,108)	(840,713)	366,631	358,304
Movement in provision for unearned premiums, mathematical reserve and unit-linked funds reserve	(401,740)	(456,634)	326,521	366,006	(75,219)	(90,628)
Net premium earned	906,999	742,383	(615,587)	(474,707)	291,412	267,676

	Gross		Reinsurers' share		Net	
	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 AED '000	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 AED '000	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 AED '000
Unearned premium reserve	1,746,184	1,363,733	(1,266,326)	(939,894)	479,858	423,839
Mathematical premium reserve	223,318	213,331	(1,828)	(1,300)	221,490	212,031
Unit linked funds' reserve	96,693	79,235	-	-	96,693	79,235
	2,066,195	1,656,299	(1,268,154)	(941,194)	798,041	715,105
Outstanding claims	949,147	947,441	(740,607)	(736,942)	208,540	210,499
Incurred but not reported reserve	507,805	510,770	(321,325)	(321,673)	186,480	189,097
Allocated loss adjustment expense reserve	13,250	12,960	(10,335)	(9,951)	2,915	3,009
Unallocated loss adjustment expense reserve	12,875	13,650	-	-	12,875	13,650
	1,483,077	1,484,821	(1,072,267)	(1,068,566)	410,810	416,255
	3,549,272	3,141,120	(2,340,421)	(2,009,760)	1,208,851	1,131,360

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information

10 Insurance balances receivable

	(Un-audited)	(Audited)
	31 March	31 December
	2019	2018
	AED '000	AED '000
<u>Inside U.A.E.:</u>		
Due from policyholders	911,563	678,373
Due from insurance / reinsurance companies	44,993	44,974
	<u>956,556</u>	<u>723,347</u>
<u>Outside U.A.E.:</u>		
Due from policyholders	109,467	66,892
Due from insurance / reinsurance companies	101,716	124,609
	<u>211,183</u>	<u>191,501</u>
Total Insurance Receivable	1,167,739	914,848
Less: Allowance for doubtful debts	(43,012)	(40,790)
	<u>1,124,727</u>	<u>874,058</u>

11 Other receivables and prepayments

	(Un-audited)	(Audited)
	31 March	31 December
	2019	2018
	AED '000	AED '000
Receivable from employees	1,480	1,725
Refundable deposits	5,997	5,827
Prepayments	24,238	27,073
Others	47,029	24,846
	<u>78,744</u>	<u>59,471</u>

12 Cash and cash equivalents

	(Un-audited)	(Audited)
	31 March	31 December
	2019	2018
	AED '000	AED '000
Bank balances and cash	150,259	169,680
Deposits with banks maturing within three months	77,654	64,597
	<u>227,913</u>	<u>234,277</u>
Cash and cash equivalents	2,213,311	2,207,430
Term deposits	2,441,224	2,441,707
	<u>2,441,224</u>	<u>2,441,707</u>
Cash and cash equivalents:		
Inside U.A.E.:	2,198,984	2,215,142
Outside U.A.E.:	242,240	226,565
	<u>2,441,224</u>	<u>2,441,707</u>

Bank balances include AED 1,433 thousand (31 December 2018: AED 1,562 thousand) under lien against the bank guarantees.

Interest on deposit with banks at fixed rates range from 0.50% -22.50% (31 December 2018: 0.03% -26.50%) per annum.

Orient Insurance PJSC and its subsidiaries

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13 Share capital

	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 AED '000
Issued and fully paid 5,000,000 shares of AED 100 each (2018: 5,000,000 shares of AED 100 each)	<u>500,000</u>	<u>500,000</u>

14 Reserves

Nature and purpose of reserves

- Statutory reserve

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

- Legal reserve

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

- Exceptional Loss Reserve

For UAE operations, an amount equal to 10% of the net underwriting income for the year is to be transferred to an exceptional loss reserve to ensure that the Company has sufficient solvency to meet exceptional, non-recurring claims which may arise in future years. No transfer has been made during the three month period to 31 March 2019, 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.

15 Dividend payable

Dividends of AED 20 per share (totaling AED 100 million) relating to the year 2018 were declared upon approval of the shareholders at the Annual General Meeting held on 4 March 2019.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information

16 Reinsurance and other payables

	(Un-audited)	(Audited)
	31 March	31 December
	2019	2018
	AED '000	AED '000
Payables – Inside UAE	348,602	445,394
Payables – Outside UAE	928,159	679,547
	<u>1,276,761</u>	<u>1,124,941</u>
Inside UAE:		
Insurance and reinsurance companies payable	104,035	82,959
Payable to agents and brokers	29,526	27,567
Payable to employees	20,779	25,865
Other payables	194,262	309,003
	<u>348,602</u>	<u>445,394</u>
Outside UAE:		
Insurance / reinsurance companies payable	739,239	605,655
Payable to agents and brokers	6,933	3,568
Payable to employees	1,207	2,132
Other payables	180,780	68,192
	<u>928,159</u>	<u>679,547</u>

17 Income taxes

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

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

	(Un-audited)	(Un-audited)
	31 March	31 March 2018
	2019	
	AED '000	AED '000
Current income tax expense	2,269	1,010
Deferred taxes	142	1,503
Total	<u>2,411</u>	<u>2,513</u>
	(Un-audited)	(Audited)
	31 March	31 December
	2019	2018
	AED '000	AED '000
As at 1 January	4,578	311
Provisions during the period	2,269	7,472
Less: payments	(927)	(3,177)
Exchange differences	148	(28)
Balance as at the end of the period	<u>6,068</u>	<u>4,578</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information

18 Income from investments

	(Un-audited) 31 March 2019 AED '000	(Un-audited) 31 March 2018 AED '000
Interest income	39,706	30,750
Dividend income	51,285	44,225
Fair value gain / (loss) on investments carried at fair value through profit or loss	526	(760)
	<u>91,517</u>	<u>74,215</u>

19 Commitments and contingent liabilities

	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 AED '000
a) Commitments		
Commitment for investments	<u>5,719</u>	<u>5,719</u>

b) Contingent liabilities

At 31 March 2019, guarantees, other than those relating to claims for which provisions are held, amounting to AED 20,305 thousand (2018: AED 24,636 thousand) had been issued on behalf of the Group by its banker in the ordinary course of business.

20 Fair value of financial instruments

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

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

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

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

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

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

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

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

Orient Insurance PJSC and its subsidiaries

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20 Fair value of financial instruments (continued)

31 March 2019 (Un-audited)

<u>Financial assets</u>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<u>Financial assets held-for-trading:</u>				
Equity securities	11,605	-	-	11,605
Investments held on behalf of policy holders of unit linked products	96,693	-	-	96,693
	108,298	-	-	108,298
<u>Available-for-sale financial assets:</u>				
Banking sector	966,237	-	200,000	1,166,237
Other sector	19,743	-	31,978	51,721
	985,980	-	231,978	1,217,958

31 December 2018 (Audited)

<u>Financial assets</u>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<u>Financial assets held-for-trading:</u>				
Equity securities	11,079	-	-	11,079
Investments held on behalf of policy holders of unit linked products	79,235	-	-	79,235
	90,314	-	-	90,314
<u>Available-for-sale financial assets:</u>				
Banking Sector	991,013	-	200,000	1,191,013
Other Sector	18,757	-	31,978	50,735
	1,009,770	-	231,978	1,241,748

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

31 March 2019 (Un-audited)

	At 1 January 2019 AED '000	Purchase AED '000	Sales AED '000	Total gain or loss recorded equity AED '000	At 31 March 2019 AED '000
<u>Available-for-sale financial assets:</u>					
Banking sector	200,000	-	-	-	200,000
Other sectors	31,978	-	-	-	31,978
Total	231,978	-	-	-	231,978

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Notes to the condensed consolidated interim financial information

20 Fair value of financial instruments (continued)

31 December 2018 (Audited)

	At 1 January 2018 AED '000	Purchase AED '000	Sales AED '000	Total gain or loss recorded in equity AED '000	At 31 December 2018 AED '000
<u>Available-for-sale financial assets:</u>					
Banking sector	200,000	-	-	-	200,000
Other sectors	29,831	2,147	-	-	31,978
Total	229,831	2,147	-	-	231,978

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

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

	(Un-audited) 31 March 2019 AED '000	(Un-audited) 31 March 2018 AED '000
Profit after tax for the period	166,010	153,589
Less : Attributable to non-controlling interests	(3,876)	(2,363)
Profit attributable to shareholders	162,134	151,226
Weighted average number of shares outstanding during the year ('000)	5,000	5,000
Earnings per share (AED)	32.43	30.25

22 Segment information

	General insurance		Life insurance		Total	
	(Un-audited) AED '000	(Un-audited) AED '000	(Un-audited) AED '000	(Un-audited) AED '000	(Un-audited) AED '000	(Un-audited) AED '000
Total premiums written	1,195,615	1,076,976	113,124	122,041	1,308,739	1,199,017
Gross underwriting income	276,953	244,261	27,454	27,801	304,407	272,062
Net underwriting income	122,734	125,566	18,204	18,440	140,938	144,006
General and administration expenses	(52,084)	(54,038)	(11,654)	(10,391)	(63,738)	(64,429)
Net technical profit	70,650	71,528	6,550	8,049	77,200	79,577
Investment and other income					91,221	76,525
Profit before tax					168,421	156,102
Income tax expense net of deferred taxes					(2,411)	(2,513)
Profit after tax					166,010	153,589

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information

22 Segment information (continued)

	General insurance		Life insurance		Investments		Total	
	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 AED '000	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 AED '000	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 AED '000	(Un-audited) 31 March 2019 AED '000	(Audited) 31 December 2018 AED '000
Segment assets	3,531,160	2,917,885	339,278	356,807	3,818,153	3,807,820	7,688,591	7,082,512
Segment liabilities	4,214,860	3,662,913	637,618	626,934	-	-	4,852,478	4,289,847