

**Orient Insurance PJSC
and its subsidiaries**

**REVIEW REPORT AND INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2024 (UNAUDITED)

Orient Insurance PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2024

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Orient Insurance PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2024 which comprise the interim consolidated statement of financial position as at 30 June 2024 and the related interim consolidated statements of profit or loss and comprehensive income for the three months and six months periods then ended and interim consolidated statements of changes in equity and cash flows for the six-months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this 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 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 interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34, “Interim Financial Reporting”.

For Ernst & Young

Thodla Hari Gopal
Registration No: 689

5 August 2024

Dubai, United Arab Emirates

Orient Insurance PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 (Unaudited)

	Notes	30 June 2024 AED'000' (Unaudited)	31 December 2023 AED'000' (Audited)
ASSETS			
Property and equipment		84,725	83,884
Intangible assets		6,448	6,935
Investments held at amortised cost	6	234,269	287,827
Investments carried at FVOCI	6	2,367,802	2,070,031
Investments carried at FVTPL	6	1,249,095	1,021,732
Insurance contract assets	12	168,392	220,183
Reinsurance contract assets	12	5,747,947	3,522,123
Other receivables and prepayments		219,685	77,284
Statutory deposits		113,546	121,717
Bank deposits	7	3,857,668	4,042,651
Cash and cash equivalents	7	584,312	493,414
TOTAL ASSETS		14,633,889	11,947,781
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	500,000	500,000
Statutory reserve		125,000	125,000
Legal reserve		250,000	250,000
Exceptional loss reserve		361,608	361,608
General reserve		1,799,051	1,798,041
Fair value investments reserve		1,061,206	788,100
Foreign currency translation reserve		(309,352)	(255,705)
Retained earnings		720,226	631,066
Reinsurance risk reserve		88,001	73,704
Capital reserve		17,910	17,910
Equity attributable to equity holders of the group		4,613,650	4,289,724
Non-controlling interests		44,975	47,556
TOTAL EQUITY		4,658,625	4,337,280
LIABILITIES			
Retirement benefit obligation		37,395	36,412
Lease liability		7,306	3,984
Other payables		188,518	212,198
Investment contract liabilities		892,465	729,262
Income tax payable	14	41,416	6,068
Deferred tax liabilities	14	20,356	10
Total other liabilities		1,187,456	987,934
Insurance contract liabilities	12	8,126,806	5,685,252
Reinsurance contract liabilities	12	661,002	937,315
Total insurance/reinsurance contract liabilities		8,787,808	6,622,567
TOTAL LIABILITIES		9,975,264	7,610,501
TOTAL EQUITY AND LIABILITIES		14,633,889	11,947,781

The interim condensed consolidated financial statements were authorised for issue and approved by the Board of Directors on 05 August 2024 and signed on their behalf by:


President - Orient Group

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-months period ended 30 June 2024 (Unaudited)

	Notes	<i>Three months period ended</i>		<i>Six months period ended</i>	
		<i>30 June (Unaudited)</i>		<i>30 June (Unaudited)</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Insurance revenue	13	1,809,756	1,579,706	3,599,332	2,976,450
Insurance service expenses	12	(3,314,261)	(1,149,762)	(4,509,720)	(2,087,115)
Net income/ (expenses) from reinsurance contracts held	12	1,578,157	(322,534)	1,102,178	(670,280)
INSURANCE SERVICE RESULTS		73,652	107,410	191,790	219,055
Fair value (loss)/ (gain) on unit-linked investments		(9,451)	33,821	37,146	43,458
Change in fair value of investment contract liabilities		32,056	(19,034)	18,696	(26,449)
Interest income on investments not measured at FVTPL		82,939	80,212	152,785	124,340
Other investment income		9,439	732	165,604	81,953
NET INVESTMENT RESULTS		114,983	95,731	374,231	223,302
Insurance finance expense for insurance contracts issued	12	(103,488)	(22,770)	(159,249)	(47,256)
Reinsurance finance income for reinsurance contracts held	12	61,277	9,315	77,998	35,346
NET INSURANCE FINANCE RESULTS		(42,211)	(13,455)	(81,251)	(11,910)
NET INSURANCE AND INVESTMENT RESULTS		146,424	189,686	484,770	430,447
Other operating income		4,030	4,243	9,249	9,794
Other operating expenses		(22,110)	(28,746)	(35,331)	(47,163)
NET PROFIT BEFORE TAX		128,344	165,183	458,688	393,078
Income tax for the period	14	(13,038)	(9,878)	(43,169)	(15,956)
Deferred tax		131	-	-	-
NET PROFIT AFTER TAX		115,175	155,305	415,519	377,122
Attributable to:					
Shareholders		110,000	148,775	404,467	366,919
Non-controlling interests		5,175	6,530	11,052	10,203
		115,175	155,305	415,519	377,122
Basic and diluted earnings per share (AED)	9	23.04	31.06	83.10	75.42

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-months period ended 30 June 2024 (Unaudited)

	Notes	<i>Three months period ended</i>		<i>Six months period ended</i>	
		<i>30 June (Unaudited)</i>		<i>30 June (Unaudited)</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
NET PROFIT AFTER TAX		115,175	155,305	415,519	377,122
OTHER COMPREHENSIVE INCOME					
<i>Other comprehensive income that will be reclassified to profit or loss in subsequent periods</i>					
Foreign currency adjustments from translation of foreign operations		(8,010)	(5,657)	(73,935)	(34,708)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>					
Net changes in fair value of investments at fair value through other comprehensive income (FVOCI)		(175,952)	98,807	300,117	(6,828)
Total other comprehensive income/ (loss) for the period before deferred tax		(183,962)	93,150	226,182	(41,536)
Deferred tax movement on fair value of investments through other comprehensive income and foreign currency adjustments from translation of foreign translation of foreign operations	14	16,227	-	(20,356)	-
Net other comprehensive (loss)/ income for the period after deferred tax		(167,735)	93,150	205,826	(41,536)
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD, NET OF TAX		(52,560)	248,455	621,345	335,586
Attributable to:					
Shareholders		(57,613)	241,379	623,926	331,266
Non-controlling interests		5,053	7,076	(2,581)	4,320
		(52,560)	248,455	621,345	335,586

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-months period ended 30 June 2024 (Unaudited)

	<i>Attributable to equity holders of the company</i>												
	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>Legal reserve AED '000</i>	<i>Exceptional loss reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Reinsurance risk reserve AED '000</i>	<i>Fair value investments reserve AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Capital reserve AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total AED '000</i>	<i>Non-controlling interests AED '000</i>	<i>Total AED '000</i>
As at 1 January 2024	500,000	125,000	250,000	361,608	1,798,041	73,704	788,100	(255,705)	17,910	631,066	4,289,724	47,556	4,337,280
Profit for the period	-	-	-	-	-	-	-	-	-	404,467	404,467	11,052	415,519
Other comprehensive income for the period net of deferred tax	-	-	-	-	-	-	273,106	(53,647)	-	-	219,459	(13,633)	205,826
Transfer to reinsurance risk and general reserve	-	-	-	-	1,010	14,297	-	-	-	(15,307)	-	-	-
Dividends paid (Note 10)	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
As at 30 June 2024 (Unaudited)	500,000	125,000	250,000	361,608	1,799,051	88,001	1,061,206	(309,352)	17,910	720,226	4,613,650	44,975	4,658,625

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-months period ended 30 June 2024 (Unaudited)

	<i>Attributable to equity holders of the company</i>												
	Share capital AED '000	Statutory reserve AED '000	Legal reserve AED '000	Exceptional loss reserve AED '000	General reserve AED '000	Reinsurance risk reserve AED '000	Fair value investments reserve AED '000	Foreign currency translation reserve AED '000	Capital reserve AED '000	Retained earnings AED '000	Total AED '000	Non- controlling interests AED '000	Total AED '000
As at 1 January 2023	500,000	125,000	250,000	334,762	1,682,227	50,026	626,933	(215,349)	17,910	478,218	3,849,727	41,237	3,890,964
Profit for the period	-	-	-	-	-	-	-	-	-	366,919	366,919	10,203	377,122
Changes in other comprehensive income for the period	-	-	-	-	-	-	(6,828)	(28,823)	-	-	(35,651)	(5,885)	(41,536)
Transfer to reinsurance risk reserve	-	-	-	-	-	12,779	-	-	-	(12,779)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
As at 30 June 2023 (Unaudited)	500,000	125,000	250,000	334,762	1,682,227	62,805	620,105	(244,172)	17,910	532,358	3,880,995	45,555	3,926,550

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2024(Unaudited)

	<i>Note</i>	<i>Six months period ended 30 June (Unaudited)</i>	
		<i>2024 AED'000</i>	<i>2023 AED'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax for the period		458,688	393,078
Adjustment for:			
Depreciation for the period		485	5,082
Gain on sale of property and equipment		-	(27)
Unrealised (gain)/ loss on investments carried at FVTPL		(1,080)	1,134
Interest expense on lease liabilities		130	136
Interest income		(152,785)	(123,480)
Dividend income		(120,498)	(67,608)
Cash flows from operating activities		<u>184,940</u>	<u>208,315</u>
Changes in insurance contract assets		51,789	3,141
Changes in reinsurance contract assets		(2,225,824)	(507,572)
Changes in other receivable and prepayments		(142,401)	(32,958)
Changes in insurance contract liabilities		2,441,554	575,061
Changes in reinsurance contract liabilities		(276,313)	(52,291)
Retirement benefit obligation		983	1,445
Lease liability		3,192	(678)
Changes in other payables		(2,538)	(55,588)
Income tax paid		(7,118)	(5,027)
Net cash generated from operating activities		<u>28,264</u>	<u>133,848</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(839)	(7,160)
Interest income		152,785	123,480
Dividend income		120,498	67,608
Movement in deposits with banks		193,154	113,986
Purchase of investments carried at FVTPL		(360,759)	(224,135)
Purchase of investments carried at amortized cost		(188,477)	(110,338)
Purchase of investments carried at FVTOCI		(51,030)	(49,694)
Proceeds from sale of investments carried at FVTPL		297,679	138,622
Proceeds of matured investments carried at amortized cost		240,961	88,144
Proceeds from sale/maturity of investments carried at FVTOCI		27,439	40,557
Net cash generated from investing activities		<u>431,411</u>	<u>181,070</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(1,497)	(1,290)
Dividends paid		(300,000)	(300,000)
Net cash used in financing activities		<u>(301,497)</u>	<u>(301,290)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>158,178</u>	<u>13,628</u>
Cash and cash equivalents as at 1 January		493,414	408,852
Movement in foreign currency translation reserve net of tax		(67,280)	(34,708)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u><u>584,312</u></u>	<u><u>387,772</u></u>

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

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 and 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 in the Insurance Companies Register of the Central Bank of UAE (CBUAE), formerly Insurance Authority (IA). 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. (32) of 2021, relating to commercial companies. The shares of the company are listed on the Dubai Financial Market. The Group is subject to the regulations of UAE Federal Decree Law No:48 of 2023 regarding the Regulation of Insurance Activities. 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 interim condensed consolidated financial information incorporates the interim condensed 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>2024</i>	<i>2023</i>
Arab Orient Insurance company	General and life insurance	Syria	40%	40%
Orient Takaful Insurance company (S.A.E)	General insurance	Egypt	80%	80%
Orient Insurance Limited	General insurance	Srilanka	100%	100%
Orient Sigorta Anomin Sirketi	General insurance	Turkey	100%	100%
Orient Takaful PJSC	General insurance	UAE	95.78%	95.78%

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 company. The ultimate holding company of the Group is Al Futtaim Holding Limited, which is based in Dubai International Financial Centre, Dubai, United Arab Emirates.

Arab Orient Insurance Group

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements are for the six months period ended 30 June 2024 and have been prepared in accordance with IAS 34 Interim Financial Reporting and are presented in United Arab Emirates Dirham (AED), which is also the functional currency of the Group. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The directors consider that there are no material uncertainties that may cast significant doubt over this assumption.

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 2023. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

3 MATERIAL ACCOUNTING POLICIES

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 annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024 and the accounting policy for taxes which has been adopted by the Group due to the implementation of UAE corporate income tax. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 Taxes

Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity and not in the interim condensed consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associate, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

3 MATERIAL ACCOUNTING POLICIES (continued)

The Group offsets deferred tax assets and deferred tax 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 taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group’s interim condensed consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability does not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Judgements and estimates

The preparation of these interim condensed financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2023.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

6 INVESTMENT SECURITIES

	<i>Amortised cost AED'000</i>	<i>Fair value through OCI AED'000</i>	<i>Fair value through profit and loss AED'000</i>	<i>Total AED'000</i>
<i>At 30 June 2024 (Unaudited)</i>				
Quoted equity securities in UAE	-	1,643,757	12,721	1,656,478
Quoted debt security in UAE	-	709,244	-	709,244
Unquoted equity securities outside UAE	-	1	-	1
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	-	-	75,635	75,635
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	-	-	1,160,739	1,160,739
Total equity securities	-	2,353,002	1,249,095	3,602,097
Total other invested assets	235,342	17,974	-	253,316
Less: expected credit losses	(1,073)	(3,174)	-	(4,247)
Total	234,269	2,367,802	1,249,095	3,851,166

	<i>Amortised cost AED'000</i>	<i>Fair value through OCI AED'000</i>	<i>Fair value through profit and loss AED'000</i>	<i>Total AED'000</i>
<i>At 31 December 2023 (Audited)</i>				
Quoted equity securities in UAE	-	1,352,291	11,641	1,363,932
Quoted debt security in UAE	-	700,149	-	700,149
Unquoted equity securities outside UAE	-	1	-	1
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	-	-	88,145	88,145
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	-	-	921,946	921,946
Total equity securities	-	2,052,441	1,021,732	3,074,173
Total other invested assets	287,827	17,590	-	305,417
Less: expected credit losses	-	-	-	-
Total	287,827	2,070,031	1,021,732	3,379,590

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

7 CASH AND CASH EQUIVALENTS

	<i>30 June 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Bank balances and cash	536,737	476,519
Deposits with banks maturing within three months	47,575	16,895
	<u>584,312</u>	<u>493,414</u>
Cash and cash equivalents	584,312	493,414
Bank deposits maturing after three months	3,883,394	4,063,715
Expected credit loss under IFRS 9	(25,726)	(21,064)
	<u>4,441,980</u>	<u>4,536,065</u>
	<u><u>4,441,980</u></u>	<u><u>4,536,065</u></u>
	<i>30 June 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Cash and bank balances:		
Inside UAE:	4,108,094	4,265,933
Outside UAE:	333,886	270,132
	<u>4,441,980</u>	<u>4,536,065</u>
	<u><u>4,441,980</u></u>	<u><u>4,536,065</u></u>

Bank balances include AED 2,575 thousand (31 December 2023: AED 6,141 thousand) under lien against the bank guarantees.

Interest on deposit with banks at fixed rates range from 0.50% - 50% (31 December 2023: 0.50% - 43.50%) per annum.

8 SHARE CAPITAL

	<i>30 June 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Authorised, issued and fully paid 5,000,000 shares of AED 100 each (31 December 2023: 5,000,000 shares of AED 100 each)	<u>500,000</u>	<u>500,000</u>
	<u><u>500,000</u></u>	<u><u>500,000</u></u>

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

9 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	<i>Three months period ended 30 June (Unaudited)</i>		<i>Six months period ended 30 June (Unaudited)</i>	
	<i>2024 AED '000</i>	<i>2023 AED '000</i>	<i>2024 AED '000</i>	<i>2023 AED '000</i>
Net profit after tax	115,175	155,305	415,519	377,122
Less: Attributable to non- controlling interests	(5,175)	(6,530)	(11,052)	(10,203)
Profit attributable to shareholders	110,000	148,775	404,467	366,919
Weighted average number of shares outstanding during the period	5,000,000	5,000,000	5,000,000	5,000,000
Earnings per share (AED)	23.04	31.06	83.10	75.42

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the company by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the company did not issue any new instrument that would impact earnings per share when executed.

10 DIVIDEND PAID

Dividend of AED 60 per share (totaling to AED 300 million) relating to the year 2023 was declared upon approval of the shareholders at the Annual General Meeting held on 25 April 2024. The dividend was paid on 16 May 2024.

11 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim condensed consolidated statement of profit or loss are as follows:

	<i>Six months period ended 30 June (Unaudited)</i>	
	<i>2024 AED'000' (Unaudited)</i>	<i>2023 AED'000' (Unaudited)</i>
Insurance premiums	226,891	189,389
Administrative expenses	22,813	20,597
Cost of repair of vehicles related to claims	7,739	26,703
Interest income	820	4,106
Dividends received	117,111	64,540

Balances with related parties included in the interim consolidated statement of financial position are as follows:

	<i>30 June 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
	Investment securities	1,815,170
Deposits with banks	4,254	3,856
Amounts due from related parties	300,187	163,622
Amounts due to related parties	17,537	34,172

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Assets AED'000	Liabilities AED'000	Net AED'000	Assets AED'000	Liabilities AED'000	Net AED'000
Insurance contracts issued						
General, medical and group life (contracts measured under PAA)	156,111	(7,247,717)	(7,091,606)	207,434	(4,874,107)	(4,666,673)
Individual life business (contracts measured under GMM/VFA)	12,281	(879,089)	(866,808)	12,749	(811,145)	(798,396)
Total insurance contracts issued	168,392	(8,126,806)	(7,958,414)	220,183	(5,685,252)	(5,465,069)
Reinsurance contracts held						
General, medical and group life (contracts measured under PAA)	5,711,235	(628,202)	5,083,033	3,491,181	(905,895)	2,585,286
Individual life business (contracts measured under GMM/VFA)	36,712	(32,800)	3,912	30,942	(31,420)	(478)
Total reinsurance contracts issued	5,747,947	(661,002)	5,086,945	3,522,123	(937,315)	2,584,808

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as at 30 June 2024

30 June 2024 (Unaudited)
Amounts in AED'000

	Liability for Remaining coverage - PAA		Liability for Remaining Coverage - VFA		Liability for Remaining coverage - GMM		LIC for Contracts not under PAA		Liability for incurred claims -PAA		Total
	Excluding loss component	Loss component	Excluding loss component	Loss component	Excluding loss component	Loss component	LIC for Contracts not under PAA	Present value for future cashflows	Risk adj for non-financial risk		
Opening balance of insurance contract assets	207,430	-	211	-	12,542	-	-	-	-	-	220,183
Opening balance of insurance contract liabilities	(2,001,479)	(1,357)	(428,274)	(206)	(334,966)	(11,114)	(36,593)	(2,738,335)	(132,928)	(132,928)	(5,685,252)
Net insurance contract liabilities as at 1 January 2024	(1,794,049)	(1,357)	(428,063)	(206)	(322,424)	(11,114)	(36,593)	(2,738,335)	(132,928)	(132,928)	(5,465,069)
Insurance revenue	3,554,945	-	39,354	-	5,033	-	-	-	-	-	3,599,332
Incurred claims and other expenses	-	-	-	-	-	1,226	(86,176)	(4,793,275)	(27,698)	(27,698)	(4,905,923)
Amortization of insurance acquisition cashflows	(225,938)	-	(6,417)	-	(266)	-	-	-	-	-	(232,621)
Changes in liabilities for incurred claims	-	-	-	-	-	-	65,908	632,032	(71,601)	(71,601)	626,339
Losses on onerous component and reversal of such losses	-	91	-	204	-	2,190	-	-	-	-	2,485
Insurance service expenses	(225,938)	91	(6,417)	204	(266)	3,416	(20,268)	(4,161,243)	(99,299)	(99,299)	(4,509,720)
Insurance service results	3,329,007	91	32,937	204	4,767	3,416	(20,268)	(4,161,243)	(99,299)	(99,299)	(910,388)
Insurance finance expenses recognized in profit or loss	-	-	(54,209)	-	(493)	(208)	-	(104,392)	53	53	(159,249)
Total changes to statement of profit or loss	3,329,007	91	(21,272)	204	4,274	3,208	(20,268)	(4,265,635)	(99,246)	(99,246)	(1,069,637)

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as at 30 June 2024 (continued)

30 June 2024 (Unaudited)
Amounts in AED'000

	Liability for Remaining coverage - PAA		Liability for Remaining Coverage - VFA		Liability for Remaining coverage - GMM		LIC for Contracts not under PAA	Present value for future cashflows	Risk adj for non-financial risk	Total
	Excl. loss component	Loss component	Excl. loss component	Loss component	Excl. loss component	Loss component				
Investment components	-	-	45,707	-	17,797	-	(63,504)	-	-	-
Cash flows										
Premiums received	(4,138,044)	-	(106,025)	-	(21,512)	-	-	-	-	(4,265,581)
Claims & other expenses paid	-	-	-	-	-	-	74,840	2,303,425	-	2,378,265
Acquisition cashflows paid	305,374	-	16,775	-	1,368	-	-	-	-	323,517
Total cashflows	(3,832,670)	-	(89,250)	-	(20,144)	-	74,840	2,303,425	-	(1,563,799)
Foreign currency translation difference	88,402	(7)	-	-	-	-	-	47,717	3,979	140,091
Net insurance contract liabilities as at 30 June 2024	(2,209,310)	(1,273)	(492,878)	(2)	(320,497)	(7,906)	(45,525)	(4,652,828)	(228,195)	(7,958,414)
Closing balance of insurance contract assets	156,111	-	1	-	12,280	-	-	-	-	168,392
Closing balance of insurance contract liabilities	(2,365,421)	(1,273)	(492,879)	(2)	(332,777)	(7,906)	(45,525)	(4,652,828)	(228,195)	(8,126,806)
Net insurance contract liabilities as at 30 June 2024	(2,209,310)	(1,273)	(492,878)	(2)	(320,497)	(7,906)	(45,525)	(4,652,828)	(228,195)	(7,958,414)

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as at 31 December 2023

31 December 2023 (Audited)
Amounts in AED'000

	Liability for remaining coverage - PAA		Liability for remaining coverage - VFA		Liability for remaining coverage - GMM		LIC for Contracts not under PAA		Liability for incurred claims - PAA		Total
	Excluding loss component	Loss component	Excluding loss component	Loss component	Excluding loss component	Loss component	LIC for Contracts not under PAA	Present value for future cashflows	Risk adj for non-financial risk		
Opening balance of insurance contract assets	159,409	-	-	-	-	-	-	-	-	-	159,409
Opening balance of Insurance contract liabilities	(1,426,712)	-	(328,132)	-	(341,022)	(2,128)	(22,459)	(2,417,578)	(102,774)	(102,774)	(4,640,805)
Net insurance contract liabilities as at 1 January 2023	(1,267,303)	-	(328,132)	-	(341,022)	(2,128)	(22,459)	(2,417,578)	(102,774)	(102,774)	(4,481,396)
Insurance revenue	6,298,886	-	62,079	-	11,150	-	-	-	-	-	6,372,115
Incurred claims and other expenses	-	-	-	-	-	439	(198,431)	(4,519,365)	(79,515)	(79,515)	(4,796,872)
Amortization of insurance acquisition cash flows	(446,830)	-	(9,097)	-	(398)	-	-	-	-	-	(456,325)
Changes in liabilities for incurred claims	-	-	-	-	-	-	148,553	648,864	46,053	46,053	843,470
Losses on onerous contracts and reversal of such losses	-	(1,348)	-	(206)	-	(9,383)	-	-	-	-	(10,937)
Insurance service expenses	(446,830)	(1,348)	(9,097)	(206)	(398)	(8,944)	(49,878)	(3,870,501)	(33,462)	(33,462)	(4,420,664)
Insurance service results	5,852,056	(1,348)	52,982	(206)	10,752	(8,944)	(49,878)	(3,870,501)	(33,462)	(33,462)	1,951,451
Insurance finance expenses recognized in profit or loss	-	-	(62,705)	-	(6,508)	(42)	-	(54,099)	268	268	(123,086)
Total changes in statement of profit or loss	5,852,056	(1,348)	(9,723)	(206)	4,244	(8,986)	(49,878)	(3,924,600)	(33,194)	(33,194)	1,828,365

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as at 31 December 2023 (continued)

31 December 2023 (Audited)

Amounts in AED'000

	Liability for remaining coverage - PAA		Liability for remaining coverage - VFA		Liability for remaining coverage - GMM		LIC for Contracts not under PAA	Present value for future cashflows	Risk adj for non-financial risk	Total
	Excluding loss component	Loss component	Excluding loss component	Loss component	Excluding loss component	Loss component				
Investment component	-	-	66,386	-	59,832	-	(126,218)	-	-	-
Cash flows										
Premiums received	(6,974,863)	-	(183,355)	-	(48,265)	-	-	-	-	(7,206,483)
Claims & other expenses paid	-	-	-	-	-	-	161,962	3,556,215	-	3,718,177
Acquisition cashflows paid	556,691	-	26,761	-	2,787	-	-	-	-	586,239
Total cashflows	(6,418,172)	-	(156,594)	-	(45,478)	-	161,962	3,556,215	-	(2,902,067)
Foreign currency translation difference	39,370	(9)	-	-	-	-	-	47,628	3,040	90,029
Net insurance contract liabilities as at 31 December 2023	(1,794,049)	(1,357)	(428,063)	(206)	(322,424)	(11,114)	(36,593)	(2,738,335)	(132,928)	(5,465,069)
Closing balance of insurance contract assets	207,430	-	211	-	12,542	-	-	-	-	220,183
Closing balance of insurance contract liabilities	(2,001,479)	(1,357)	(428,274)	(206)	(334,966)	(11,114)	(36,593)	(2,738,335)	(132,928)	(5,685,252)
Net insurance contract liabilities as at 31 December 2023	(1,794,049)	(1,357)	(428,063)	(206)	(322,424)	(11,114)	(36,593)	(2,738,335)	(132,928)	(5,465,069)

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of measurement component of insurance contract balances not measured under the PAA

<i>30 June 2024 (Unaudited)</i>	<i>Present value of future cashflows AED '000</i>	<i>Risk adj. for non-financial risk AED '000</i>	<i>CSM AED '000</i>	<i>Total AED '000</i>
Opening balance of insurance contract assets	12,749	-	-	12,749
Opening balance of insurance contract liabilities	(732,199)	(9,283)	(69,663)	(811,145)
Net insurance contract liabilities as at 1 January 2024	(719,450)	(9,283)	(69,663)	(798,396)
<i>Changes that relate to current service</i>				
CSM recognised for the services provided	-	-	11,454	11,454
Change in the risk adjustment for non-financial risk for the risk expired	-	1,313	-	1,313
Experience adjustments-premium and associated cashflows	14,892	-	-	14,892
	14,892	1,313	11,454	27,659
<i>Changes that relate to future service</i>				
Contracts initially recognised in the period	10,806	(707)	(10,209)	(110)
Changes in estimates that results in onerous contract losses or reversals of such losses	-	-	-	-
Changes in estimates that adjust the CSM	-	-	-	-
Experience adjustments-arising from premiums received in the period that relate to future service	19,621	(916)	(16,265)	2,440
	30,427	(1,623)	(26,474)	2,330
<i>Changes that relate to past service</i>				
Adjustments to liabilities for incurred claims	(8,932)	-	-	(8,932)
	(8,932)	-	-	(8,932)
Insurance service result	36,387	(310)	(15,020)	21,057
Insurance finance expenses recognized in profit or loss	(54,444)	(78)	(389)	(54,911)
Total amounts recognised in profit or loss	(18,057)	(388)	(15,409)	(33,854)
Cash flows				
Premiums received	(127,541)	-	-	(127,541)
Claims and other expenses	74,840	-	-	74,840
Acquisition cashflows paid	18,143	-	-	18,143
Total cash flows	(34,558)	-	-	(34,558)
Net insurance contract liabilities as at 30 June 2024	(772,065)	(9,671)	(85,072)	(868,808)
Closing balance of insurance contract assets	12,281	-	-	12,281
Closing balance of insurance contract liabilities	(784,346)	(9,671)	(85,072)	(879,089)
Net insurance contract liabilities as at 30 June 2024	(772,065)	(9,671)	(85,072)	(868,808)

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of measurement component of insurance contract balances not measured under the PAA

<i>31 December 2023(Audited)</i>	<i>Present value of future cashflows AED '000</i>	<i>Risk adj. for non-financial risk AED '000</i>	<i>CSM AED '000</i>	<i>Total AED '000</i>
Opening balance of insurance contract assets	-	-	-	-
Opening balance of insurance contract liabilities	(631,861)	(11,242)	(50,638)	(693,741)
Net insurance contract liabilities as at 1 January 2023	(631,861)	(11,242)	(50,638)	(693,741)
<i>Changes that relate to current service</i>				
CSM recognised for the services provided	-	-	14,801	14,801
Change in the risk adjustment for non-financial risk for the risk expired	-	2,418	-	2,418
Experience adjustments-premium and associated cashflows	10,853	-	-	10,853
	10,853	2,418	14,801	28,072
<i>Changes that relate to future service</i>				
Contracts initially recognised in the period	28,998	(1,210)	(28,324)	(536)
Changes in estimates that results in onerous contract losses or reversals of such losses	-	-	-	-
Changes in estimates that adjust the CSM	(5,209)	846	(4,694)	(9,057)
	23,789	(364)	(33,018)	(9,593)
<i>Changes that relate to past service</i>				
Adjustments to liabilities for incurred claims	(13,771)	-	-	(13,771)
	(13,771)	-	-	(13,771)
Insurance service results	20,871	2,054	(18,217)	4,708
Insurance finance expenses recognized in profit or loss	(68,351)	(95)	(808)	(69,254)
Total amounts recognised in profit or loss	(47,480)	1,959	(19,025)	(64,546)
<i>Cash flows</i>				
Premiums received	(231,980)	-	-	(231,980)
Claims and other expenses paid	162,324	-	-	162,324
Acquisition cashflows paid	29,547	-	-	29,547
Total cashflows	(40,109)	-	-	(40,109)
Net insurance contract liabilities as at 31 December 2023	(719,450)	(9,283)	(69,663)	(798,396)
Closing balance of insurance contract assets	12,749	-	-	12,749
Closing balance of insurance contract liabilities	(732,199)	(9,283)	(69,663)	(811,145)
Net insurance contract liabilities as at 31 December 2023	(719,450)	(9,283)	(69,663)	(798,396)

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of asset for remaining coverage & asset for incurred claims for reinsurance contracts as at 30 June 2024

30 June 2024 (Unaudited)
Amounts in AED'000

	Asset for Remaining coverage - PAA	Asset for Remaining Coverage - VFA	Asset for Remaining coverage - GMM	AIC for Contracts not under PAA	Present value for future cashflows	Risk adj for non-financial risk	Total
	Excluding loss component	Excluding loss component	Excluding loss component	Loss component	Loss component	Loss component	
Opening balance of reinsurance contract assets	1,407,979	2,399	7,998	3,718	3,468	96,010	3,522,123
Opening balance of reinsurance contract liabilities	(905,895)	(10,322)	(21,098)	-	-	-	(937,315)
Net opening balance of reinsurance contracts assets as at 1 January 2024	502,084	(7,923)	(13,100)	3,718	3,468	96,010	2,584,808
Reinsurance premiums	(2,650,435)	(2,907)	(2,473)	-	-	-	(2,656,467)
Amounts recovered on incurred claims and other expenses	-	-	-	(186)	5,022	132,660	3,878,949
Amortization of insurance acquisition cashflows	139,740	-	-	-	-	-	139,740
Changes in asset for incurred claims	-	-	-	(43)	(888)	(30,207)	(264,945)
Recovery on losses on onerous contracts and reversal of such losses	-	736	(32)	2,649	(136)	-	4,901
Net income from reinsurance contracts held	(2,510,695)	(2,939)	(2,609)	1,455	4,134	102,453	1,102,178
Reinsurance finance income recognized in profit or loss	-	(37)	251	144	-	(50)	77,998
Total changes recognized in statement of profit or loss	(2,510,695)	(2,976)	(2,358)	1,599	4,134	102,403	1,180,176

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of asset for remaining coverage & asset for incurred claims for reinsurance contracts as at 30 June 2024 (continued)

30 June 2024 (Unaudited)
Amounts in AED'000

	Asset for Remaining coverage - PAA		Asset for Coverage - VFA		Asset for Remaining coverage - GMM		Asset for incurred claims - PAA		Total
	Excl. loss component	Loss component	Excl. loss component	Loss component	Excl. loss component	Loss component	AIC for Contracts not under PAA	Present value for future cashflows	
Cash flows									
Premiums paid	3,005,734	-	1,935	-	1,917	-	-	-	3,009,586
Claims & other expenses recovered	-	(193,061)	-	-	-	-	(2,511)	(1,434,587)	(1,437,098)
Insurance acquisition cashflows recovered	-	-	-	-	-	-	-	-	(193,061)
Total cashflows	2,812,673	-	1,935	-	1,917	-	(2,511)	(1,434,587)	1,379,427
Foreign currency translation difference	(32,705)	-	-	-	-	-	-	(24,121)	(640)
Net reinsurance contract assets as at 30 June 2024	771,357	736	(8,964)	6,367	(13,541)	5,067	14,983	4,113,167	197,773
Closing balance of reinsurance contract assets	1,399,559	736	2,534	6,367	7,761	5,067	14,983	4,113,167	197,773
Closing balance of reinsurance contract liabilities	(628,202)	-	(11,498)	-	(21,302)	-	-	-	(661,002)
Net reinsurance contract assets as at 30 June 2024	771,357	736	(8,964)	6,367	(13,541)	5,067	14,983	4,113,167	197,773
									5,086,945

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the asset for remaining coverage & asset for incurred claims for reinsurance contracts as at 31 December 2023

31 December 2023 (Audited)
Amounts in AED'000

	Asset for - PAA		Asset for - VFA		Asset for - GMM		AIC for Contracts not under PAA	Present value for future cashflows	Risk adj for non-financial risk	Total
	Excluding loss component	Loss component	Excluding loss component	Loss component	Excluding loss component	Loss component				
Opening balance of reinsurance contract assets	1,115,291	-	-	-	2,767	1,937	1,742	1,891,620	81,738	3,095,095
Opening balance of reinsurance contract liabilities	(693,140)	-	(7,926)	-	(22,798)	497	-	-	-	(723,367)
Net opening balance of reinsurance contracts assets at 1 January 2023	422,151	-	(7,926)	-	(20,031)	2,434	1,742	1,891,620	81,738	2,371,728
Reinsurance premiums	(4,674,929)	-	(5,563)	-	(4,264)	-	-	-	-	(4,684,756)
Amounts recovered on incurred claims and other expenses	-	-	-	-	-	(135)	20,561	3,183,527	53,107	3,257,060
Amortization of insurance acquisition cashflows	285,037	-	-	-	-	-	-	-	-	285,037
Changes in asset for incurred claims	-	-	-	-	-	-	1,337	(397,232)	(37,924)	(433,819)
Recovery on losses on onerous contracts and reversal of such losses	-	652	(344)	3,718	(1,400)	1,125	-	-	-	3,751
Net expenses from reinsurance contracts held	(4,389,892)	652	(5,907)	3,718	(5,664)	990	21,898	2,786,295	15,183	(1,572,727)
Reinsurance finance income recognized in profit or loss	-	-	(233)	-	(30)	44	-	52,537	(72)	52,246
Total changes in statement of profit or loss	(4,389,892)	652	(6,140)	3,718	(5,694)	1,034	21,898	2,838,832	15,111	(1,520,481)

** For the purposes of this analysis the Reinsurance balances have been segregated into the respective components and presented.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the asset for remaining coverage & asset for incurred claims for reinsurance contracts as at 31 December 2023 (continued)

31 December 2023 (Audited)

Amounts in AED'000

	Asset for Remaining coverage - PAA		Asset for Remaining Coverage - VFA		Asset for Remaining coverage - GMM		AIC for Contracts not under PAA		Asset for incurred claims - PAA		Total
	Excluding loss component	Loss component	Excluding loss component	Loss component	Excluding loss component	Loss component	Excluding loss component	Loss component	Present value for future cashflows	Risk adj for non-financial risk	
Cash flows											
Premiums paid	4,710,546	-	6,143	-	12,625	-	-	-	-	-	4,729,314
Claims and other expenses recovered	-	-	-	-	-	-	(10,280)	-	(2,721,752)	-	(2,732,032)
Insurance acquisition cashflows recovered	(225,402)	-	-	-	-	-	-	-	-	-	(225,402)
Total cashflows	4,485,144	-	6,143	-	12,625	-	(10,280)	-	(2,721,752)	-	1,771,880
Foreign currency translation difference	(15,319)	-	-	-	-	-	-	-	(22,161)	(839)	(38,319)
Net reinsurance contract assets as at 31 December 2023	502,084	652	(7,923)	3,718	(13,100)	3,468	13,360	1,986,539	96,010	96,010	2,584,808
Closing balance of reinsurance contract assets	1,407,979	652	2,399	3,718	7,998	3,468	13,360	1,986,539	96,010	96,010	3,522,123
Closing balance of reinsurance contract liabilities	(905,895)	-	(10,322)	-	(21,098)	-	-	-	-	-	(937,315)
Net reinsurance contract assets as at 31 December 2023	502,084	652	(7,923)	3,718	(13,100)	3,468	13,360	1,986,539	96,010	96,010	2,584,808

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of measurement component of reinsurance contract balances not measured under the PAA

<i>30 June 2024 (Unaudited)</i>	<i>Present value of future cashflows AED '000</i>	<i>Risk adj. for non-financial risk AED '000</i>	<i>CSM AED '000</i>	<i>Total AED '000</i>
Opening balance of reinsurance contract assets	16,466	333	14,143	30,942
Opening balance of reinsurance contract liabilities	(31,420)	-	-	(31,420)
Net reinsurance contract liabilities as at 1 January 2024	(14,954)	333	14,143	(478)
Changes that relate to current service				
CSM recognised for the services provided	-	-	(1,237)	(1,237)
Change in the risk adjustment for non-financial risk for the risk expired	-	(202)	-	(202)
Experience adjustments-relating to insurance service expenses	-	-	-	-
Experience adjustments-relating to incurred claims	(1,658)	-	-	(1,658)
	(1,658)	(202)	(1,237)	(3,097)
Changes that relate to future service				
CSM adjustment for income on initial recognition of onerous underlying contracts	(701)	39	1,169	507
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	1,538	125	1,996	3,659
	837	164	3,165	4,166
Changes that relate to past service				
Adjustments to assets for incurred claims	1,621	-	-	1,621
	1,621	-	-	1,621
Net expense from reinsurance contracts held	800	(38)	1,928	2,690
Reinsurance finance income recognized in statement of profit or loss	77	9	272	358
Total amounts recognised in statement of profit or loss	877	(29)	2,200	3,048
Cash flows				
Premiums paid net of ceding commissions	3,853	-	-	3,853
Recoveries on claims and expenses paid	(2,511)	-	-	(2,511)
Total cash flows	1,342	-	-	1,342
Net reinsurance contract assets as at 30 June 2024	(12,735)	304	16,343	3,912
Closing balance of reinsurance contract assets	20,065	304	16,343	36,712
Closing balance of reinsurance contract liabilities	(32,800)	-	-	(32,800)
Net reinsurance contract assets as at 30 June 2024	(12,735)	304	16,343	3,912

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of measurement component of reinsurance contract balances not measured under the PAA

<i>31 December 2023(Audited)</i>	<i>Present value of future cashflows AED '000</i>	<i>Risk adj. for non-financial risk AED '000</i>	<i>CSM AED '000</i>	<i>Total AED '000</i>
Opening balance of reinsurance contract assets	-	357	6,089	6,446
Opening balance of reinsurance contract liabilities	(30,227)	-	-	(30,227)
Net reinsurance contract liabilities as at 1 January 2023	(30,227)	357	6,089	(23,781)
<i>Changes that relate to current service</i>				
CSM recognised for the services provided	-	-	(1,764)	(1,764)
Change in the risk adjustment for non-financial risk for the risk expired	-	(83)	-	(83)
Experience adjustments-relating to insurance service expenses	2,163	-	-	2,163
	2,163	(83)	(1,764)	316
<i>Changes that relate to future service</i>				
Contracts initially recognised in the period	(630)	88	2,583	2,041
Changes in estimates that adjust the CSM	(4,902)	(42)	6,967	2,023
	(5,532)	46	9,550	4,064
<i>Changes that relate to past service</i>				
Adjustments to assets for incurred claims	11,617	-	-	11,617
	11,617	-	-	11,617
Net expenses from reinsurance contracts held	8,248	(37)	7,786	15,997
Reinsurance finance expense recognized in profit or loss	(499)	13	268	(218)
Total amounts recognised in profit or loss	7,749	(24)	8,054	15,779
<i>Cash flows</i>				
Premiums paid net of ceding commissions	17,804	-	-	17,804
Recoveries on claims and other expenses paid	(10,280)	-	-	(10,280)
Total cashflows	7,524	-	-	7,524
Net reinsurance contract assets as at 31 December 2023	(14,954)	333	14,143	(478)
Closing balance of reinsurance contract assets	16,466	333	14,143	30,942
Closing balance of reinsurance contract liabilities	(31,420)	-	-	(31,420)
Net reinsurance contract assets as at 31 December 2023	(14,954)	333	14,143	(478)

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

13 INSURANCE REVENUE

For the six months period ended 30 June 2024 (Unaudited)

	<i>General AED'000</i>	<i>Life AED'000</i>	<i>Total AED'000</i>
<i>Contracts not measured under PAA</i>			
Expected incurred claims and other expenses after loss component allocation	-	24,988	24,988
Changes in risk adjustment for non-financial risk	-	1,262	1,262
Amortisation of contractual service margin	-	11,454	11,454
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	-	6,945	6,945
	-	44,387	44,387
<i>Contracts measured under PAA</i>	3,440,623	114,322	3,554,945
Total insurance revenue	3,440,623	158,709	3,599,332

For the six months period ended 30 June 2023 (Unaudited)

	<i>General AED'000</i>	<i>Life AED'000</i>	<i>Total AED'000</i>
<i>Contracts not measured under PAA</i>			
Expected incurred claims and other expenses after loss component allocation	-	23,462	23,462
Changes in risk adjustment for non financial risk	-	1,309	1,309
Amortisation of contractual service margin	-	7,483	7,483
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	-	4,862	4,862
	-	37,116	37,116
<i>Contracts measured under PAA</i>	2,799,757	139,577	139,577
Total insurance revenue	2,799,757	176,693	2,976,450

14 INCOME TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute 'substantive enactment' of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.

Current taxes should be measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of the any reporting period. Since no taxes were expected to be paid to or recovered from the tax authorities for the periods ended prior to 31 December 2023, no current tax was accounted for in the financial periods ended before 31 December 2023. Since the Group is expected to pay tax in accordance with the provision of the UAE CT Law on its operational results with effect from 1 January 2024, current taxes have been accounted for in the consolidated financial statements for the period beginning from 1 January 2024.

Deferred taxes should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. As the UAE CT Law was 'substantively enacted' as at 31 December 2023 for the purposes of IAS 12, the Group considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes (if any) for the financial periods ended post 1 June 2023. Based on an assessment conducted by the Group's management, no temporary differences were identified where the deferred tax should have been accounted for prior to 1 January 2024.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

14 INCOME TAX (continued)

Amount recognized in the interim consolidated statement of comprehensive income. The major components of income tax expense for the period ended 30 June 2024:

	<i>Six months period ended 30 June</i>	
	<i>2024 AED'000' (Unaudited)</i>	<i>2023 AED'000' (Unaudited)</i>
Profit or loss		
<i>Current income tax expense:</i>		
Current income tax charge	43,169	15,956
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
	<u> </u>	<u> </u>
Other comprehensive income		
Deferred tax charge	<u>20,356</u>	<u> </u>

Deferred tax recorded in other comprehensive income is calculated by applying 9% UAE CT rate on unrealised gain for investments carried at FVTOCI, expected credit loss on investments carried at FVTOCI and foreign translation adjustments recorded in other comprehensive income.

Liabilities

	<i>30 June 2024 AED'000' (Unaudited)</i>	<i>31 December 2023 AED'000' (Audited)</i>
Income tax payable	41,416	6,068
Deferred tax liabilities	<u>20,356</u>	<u>10</u>

Reconciliation of accounting income

	<i>Six months period ended 30 June</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited)</i>
Profit before tax	458,688	393,078
Effective tax rate	11.79%	4.06%
	<u> </u>	<u> </u>
Corporate tax for the period	54,101	15,956
Adjustment of corporate tax on non-qualifying income	<u>(10,932)</u>	<u> </u>
	<u> </u>	<u> </u>
Current tax charge	43,169	15,956
Movement in Deferred tax	-	-
	<u> </u>	<u> </u>
Total tax expenses recognized in profit and loss	<u>43,169</u>	<u>15,956</u>

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. Effective tax rate represents average tax rate for Group.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

15 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 2023.

16 CAPITAL RISK MANAGEMENT

The solvency regulations identify the required Solvency Margin to be held on consolidated basis in addition to insurance liabilities.

As per Article (8) of Section 2 of the financial regulations issued for insurance companies issued by the CBUAE (formerly the "Insurance Authority"), the Group has to maintain a solvency margin. The Group has incorporated in its policies and procedures the necessary procedures to ensure continuous and full compliance with such regulations.

The table below summarises the consolidated Minimum Capital Requirement ("MCR"), Minimum Guarantee Fund and Solvency Capital Requirement of the Group and the total capital held to meet the required Solvency Margins in line with the requirements of the UAE Insurance Authority. The Group has disclosed the solvency position for the immediately preceding period since the solvency position for current period is not yet finalised.

	<i>31 March 2024 AED'000 (Unaudited)</i>
Minimum Capital Requirement (MCR)	100,000
Solvency Capital Requirement (SCR)	952,253
Minimum Guarantee Fund (MGF)	424,123
Basic Own Funds	3,190,017
MCR Solvency Margin Surplus/ (Deficit)	3,090,017
SCR Solvency Margin Surplus/ (Deficit)	2,237,764
MGF Solvency Margin Surplus/ (Deficit)	2,765,894

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

17 SEGMENT INFORMATION

	General insurance		Life insurance		Total	
	For the six months period ended 30 June 2024 AED '000	For the six months period ended 30 June 2023 AED '000	For the six months period ended 30 June 2024 AED '000	For the six months period ended 30 June 2023 AED '000	For the six months period ended 30 June 2024 AED '000	For the six months period ended 30 June 2023 AED '000
Insurance service result from insurance contracts issued						
Net income/(expense) from reinsurance contracts held	(963,113) 1,114,323	790,389 (602,053)	52,725 (12,145)	98,946 (68,227)	(910,388) 1,102,178	889,335 (670,280)
Insurance service result	151,210	188,336	40,580	30,719	191,790	219,055
Investment Income – net					374,231	223,302
Net Insurance finance expenses					(81,251)	(11,910)
Other operating income					9,429	9,794
Other operating expenses					(33,351)	(47,163)
Profit before tax					458,688	393,078
Income tax expense					(43,169)	(15,956)
Deferred tax expense					-	-
Profit for the period					415,519	377,122

Geographical disclosure is not presented as majority of the revenue is earned from UAE.

Orient Insurance PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

17 SEGMENT INFORMATION (CONTINUED)

30 June 2024 (Unaudited)

Amounts in AED '000

	<i>Non-Life insurance</i>	<i>Life insurance</i>	<i>Total</i>
Segment assets	<u>12,256,314</u>	<u>2,377,575</u>	<u>14,633,889</u>
Segment liabilities	<u>7,907,933</u>	<u>2,046,975</u>	<u>9,954,908</u>

31 December 2023 (Audited)

Amounts in AED '000

	<i>Non-Life insurance</i>	<i>Life insurance</i>	<i>Total</i>
Segment assets	<u>9,751,239</u>	<u>2,196,542</u>	<u>11,947,781</u>
Segment liabilities	<u>5,686,308</u>	<u>1,924,193</u>	<u>7,610,501</u>

18 CONTINGENT LIABILITIES

As at 30 June 2024, guarantees, other than those relating to claims for which provisions are held, amounting to AED 26,554 thousand (31 December 2023: AED 89,702 thousand), had been issued on behalf of the Group by its banker in the ordinary course of business.

The Group, in common with the majority of insurers, is subject to litigation in the normal course of its business. Based on independent legal advice, management does not believe that the outcome of these court cases will have an impact on the Group's profit or financial condition.

19 SUBSEQUENT EVENTS

There have been no events subsequent to the interim consolidated statement of financial position date that would significantly affect the amounts reported in the interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2024.

20 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by Board of Directors and authorized for issue on 5 August 2024.