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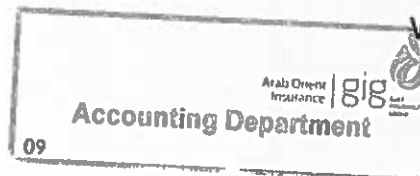
To: Amman Stock Exchange

## Financial Statement for the Quarter Ended 31/03/2020

Attached are the English financial statements of Arab Orient Insurance Co. along with CD. For the quarter ended 31/03/2020 after being audited by our external auditors.

Kindly accept our appreciation and respect

CFO  
Sa'ad Farah



يورسعة عمان  
الدائرة الإدارية والمالية  
الديوان  
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الرقم التسلسلي: ٢٤٩١  
رقم الملف: ٢١٠١٤  
الجهة المختصة: إدارة المراجعة

**ARAB ORIENT INSURANCE**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**31 MARCH 2020**



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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF ARAB ORIENT INSURANCE COMPANY  
AMMAN – JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed financial statements of **ARAB ORIENT INSURANCE COMPANY** a public shareholding company as at 31 March 2020, comprising of interim condensed statement of financial position as at 31 March 2020 and the related interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed statement of cash flows for three months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements 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 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 financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Amman – Jordan  
17 June 2020

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Notes	31 March 2020	31 December 2019
		JD (Unaudited)	JD (Audited)
<b>Assets</b>			
Bank deposits	3	51,987,510	57,022,424
Financial assets at fair value through other comprehensive income	4	3,575,895	3,327,200
Financial assets at amortized cost	5	3,664,501	2,462,111
Investment property		170,464	170,464
<b>Total Investments</b>		<b>59,398,370</b>	<b>62,982,199</b>
Cash and cash equivalents	15	1,616,512	1,271,256
Checks under collection		4,506,120	5,355,202
Accounts receivables	6	32,824,756	26,396,937
Reinsurance receivables	7	1,622,196	1,615,645
Deferred tax assets	8/B	3,641,564	3,647,084
Property and equipment		4,625,658	4,687,709
Intangible assets		482,605	548,855
Right of use assets	13	419,525	486,603
Other assets		3,530,377	2,046,381
<b>Total Assets</b>		<b>112,667,683</b>	<b>109,037,871</b>
<b>Liabilities and Equity</b>			
<b>Liabilities –</b>			
<b>Insurance contract liabilities</b>			
Unearned premium reserve		18,390,013	17,512,746
Premium deficiency reserve		884,000	884,000
Outstanding claims reserve		20,905,647	21,067,253
<b>Total Insurance contract liabilities</b>		<b>40,179,660</b>	<b>39,463,999</b>
Accounts payable	9	6,902,781	6,079,023
Accrued expenses		515,243	726,091
Reinsurance payables	10	25,891,136	23,924,583
Lease contracts obligations	13	327,519	409,100
End of service indemnity provision		1,473,396	1,393,128
Income tax provision	8/A	802,873	-
Other liabilities		570,781	231,247
<b>Total Liabilities</b>		<b>76,663,389</b>	<b>72,227,171</b>
<b>Equity -</b>			
Authorized and paid-in capital	11	21,438,252	21,438,252
Statutory reserve		5,825,651	5,825,651
Fair value reserve		(2,359,884)	(2,590,746)
Retained earnings		5,100,275	3,137,543
<b>Total Equity</b>		<b>30,004,294</b>	<b>27,810,700</b>
Subordinated loan	12	6,000,000	9,000,000
		36,004,294	36,810,700
<b>Total Liabilities and Equity</b>		<b>112,667,683</b>	<b>109,037,871</b>

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

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Notes	31 March 2020 JD	31 March 2019 JD
<b>Revenues –</b>			
Gross written premium		25,965,689	29,159,108
Less: reinsurance share		14,998,515	17,412,119
Net written premium		10,967,174	11,746,989
Net change in unearned premium reserve		(877,267)	(2,487,754)
Net earned premium		10,089,907	9,259,235
Commissions received		3,096,547	2,737,917
Insurance policies issuance fees		966,016	1,160,882
Interest income		783,993	651,187
<b>Total revenues</b>		<b>14,936,463</b>	<b>13,809,221</b>
<b>Claims, losses and expenses</b>			
Paid claims		15,544,880	16,046,877
Less: Recoveries		508,662	1,023,980
Less: Reinsurance share		7,578,796	7,444,548
Net Paid claims		7,457,422	7,578,349
Net change in outstanding claims reserve		(161,606)	(468,876)
Allocated employees' expenses		2,014,447	1,481,653
Allocated general and administrative expenses		641,507	714,886
Excess of loss premium		182,174	163,726
Policies acquisition costs		605,225	633,062
Other expenses		66,314	74,852
<b>Net claims costs</b>		<b>10,805,483</b>	<b>10,177,652</b>
Unallocated employees' expenses		503,612	370,415
Unallocated general and administrative expenses		160,377	178,722
Depreciation and amortization		165,268	159,990
Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		300,000	300,692
Provision for expected credit losses on checks under collection		38,073	4,610
Loss (Gain) from sale of property and equipment		1,734	(3,519)
<b>Total expenses</b>		<b>1,169,064</b>	<b>1,010,910</b>
Profit for the period before tax		2,961,916	2,620,659
Income tax expense	8/A	(808,391)	(646,780)
<b>Profit for the period</b>		<b>2,153,525</b>	<b>1,973,879</b>
		<b>JD/Fils</b>	<b>JD/Fils</b>
Basic and diluted earnings per share for the period	14	0.100	0.092

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

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

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	31 March 2020	31 March 2019
	JD	JD
Profit for the period	2,153,525	1,973,879
<b>Add: Other comprehensive income not be reclassified to profit and loss in subsequent periods</b>		
Changes in fair value of financial assets through other comprehensive income	40,069	(196,979)
<b>Total comprehensive income for the period</b>	<u>2,193,594</u>	<u>1,776,900</u>

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

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Authorized and paid-in capital	Statutory reserve	Fair value reserve	Retained earnings*	Total
	JD	JD	JD	JD	JD
<b>31 March 2020 -</b>					
<b>Balance as at 1 January 2020</b>	21,438,252	5,825,651	(2,590,746)	3,137,543	27,810,700
Profit for the period	-	-	-	2,153,525	2,153,525
Change in fair value of financial assets through other comprehensive income	-	-	40,069	-	40,069
Realized losses from sale of financials assets through other comprehensive income	-	-	190,793	(190,793)	-
<b>Balance as at 31 March 2020</b>	<b>21,438,252</b>	<b>5,825,651</b>	<b>(2,359,884)</b>	<b>5,100,275</b>	<b>30,004,294</b>
<b>31 March 2019 -</b>					
<b>Balance as at 1 January 2019</b>	21,438,252	5,107,646	(2,399,231)	(542,475)	23,604,192
Profit for the period	-	-	-	1,973,879	1,973,879
Change in fair value of financial assets through other comprehensive income	-	-	(196,979)	-	(196,979)
<b>Balance as at 31 March 2019</b>	<b>21,438,252</b>	<b>5,107,646</b>	<b>(2,596,210)</b>	<b>1,431,404</b>	<b>25,381,092</b>

\* Retained earnings include an amount of JD 3,641,564 as at 31 March 2020 (31 December 2019: JD 3,647,084), representing deferred tax assets that cannot be distributed according to the securities commission instructions.

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

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Note	31 March 2020 JD	31 March 2019 JD
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		2,961,916	2,620,659
<b>Adjustment for:</b>			
Interest income		(783,993)	(651,187)
Depreciation and amortization		165,268	159,990
Interest on lease contracts obligations		7,494	4,406
Depreciation on right use assets		67,078	60,890
Loss (profit) from sale of property and equipment		1,734	(3,519)
Net change in outstanding claims reserve		(161,606)	(468,876)
Net change in unearned premium reserve		877,267	2,487,754
End of service indemnity provision		105,580	71,250
Provision for expected credit losses on accounts receivable and provision for doubtful debts and reinsurance receivables		300,000	300,692
Provision for expected credit losses on checks under collection		38,073	4,610
Amortization of financial assets at amortized cost		2,390	2,253
<b>Cash flows from operating activities before changes in working capital</b>		<b>3,581,201</b>	<b>4,588,922</b>
Checks under collection		811,009	(614,755)
Accounts receivable		(6,648,969)	(5,834,492)
Reinsurance receivables		(85,401)	89,259
Other assets		(1,483,996)	(361,097)
Accounts payable		823,758	(1,003,776)
Accrued expenses		(210,848)	(185,584)
Reinsurance payables		1,966,553	3,632,849
Other liabilities		339,534	361,996
Paid from end of services provision		(25,312)	(3,253)
<b>Net cash flows (used in) from operating activities</b>		<b>(932,471)</b>	<b>670,069</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>			
Deposits at banks maturing after three months		5,034,914	985,266
Purchase of property and equipment		(41,664)	(57,497)
Proceeds from sale of property and equipment		2,965	28,343
Purchase of intangible assets		-	(22,161)
Purchase of financial assets at amortized cost		(1,204,780)	-
Financial assets through statement of comprehensive income		(208,626)	-
Lease payments		(89,075)	(84,574)
Interests received		783,993	651,187
<b>Net cash flows from investing activities</b>		<b>4,277,727</b>	<b>1,500,564</b>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>			
Repayment of subordinated loan		(3,000,000)	(2,600,000)
<b>Net cash flows used in financing activities</b>		<b>(3,000,000)</b>	<b>(2,600,000)</b>
<b>Net increase (decrease) in cash and cash equivalent</b>		<b>345,256</b>	<b>(429,367)</b>
Cash and cash equivalents at the beginning of the period	15	1,271,256	2,494,466
<b>Cash and cash equivalents at the end of the period</b>	15	<b>1,616,512</b>	<b>2,065,099</b>

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



**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY  
UNDERWRITING REVENUES FOR THE GENERAL INSURANCE  
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD
Direct inward insurance	2,754,751	3,474,454	466,937	448,431	-	25,221	1,551,792	1,194,988	250,305	320,230	19,245,530	21,572,274	1,263,017	1,720,441	25,532,352	28,756,039
Facultative inward insurance business	195,839	188,986	4,349	-	-	-	230,805	211,586	618	742	-	-	1,746	1,755	433,357	403,069
<b>Total written Premium</b>	<b>2,950,590</b>	<b>3,663,440</b>	<b>471,286</b>	<b>448,431</b>	<b>25,221</b>	<b>1,782,597</b>	<b>1,406,574</b>	<b>1,406,574</b>	<b>250,923</b>	<b>320,972</b>	<b>19,245,530</b>	<b>21,572,274</b>	<b>1,264,763</b>	<b>1,722,196</b>	<b>25,965,689</b>	<b>29,159,108</b>
Less:																
Local reinsurance share	183,751	189,747	9,598	12,064	-	-	143,435	143,487	-	-	-	-	13,862	28,890	350,646	374,188
Foreign reinsurance share	19,043	19,704	344,597	357,411	-	25,221	1,102,226	730,079	148,414	257,049	12,162,993	14,390,029	870,596	1,258,438	14,647,369	17,037,931
<b>Net Written Premium</b>	<b>2,747,796</b>	<b>3,453,989</b>	<b>117,091</b>	<b>78,956</b>	<b>-</b>	<b>-</b>	<b>536,936</b>	<b>533,008</b>	<b>102,509</b>	<b>63,923</b>	<b>7,082,537</b>	<b>7,182,245</b>	<b>380,305</b>	<b>434,868</b>	<b>10,967,174</b>	<b>11,746,989</b>
Add:																
Balance at the beginning of the period																
Unearned premium reserve	11,397,809	9,160,063	182,821	188,020	35,905	26,378	5,566,429	5,442,393	422,707	394,077	16,256,149	15,534,285	1,910,604	1,872,001	35,772,424	32,617,217
Less: reinsurance share	527,557	544,680	117,966	120,969	35,905	26,378	5,113,953	5,039,991	360,546	328,565	10,506,005	10,090,911	1,597,746	1,627,630	18,259,578	17,779,124
<b>Net Unearned Premium reserve</b>	<b>10,870,252</b>	<b>8,615,383</b>	<b>64,855</b>	<b>67,051</b>	<b>-</b>	<b>-</b>	<b>452,476</b>	<b>402,402</b>	<b>62,161</b>	<b>65,512</b>	<b>5,750,144</b>	<b>5,443,374</b>	<b>312,858</b>	<b>244,371</b>	<b>17,512,746</b>	<b>14,838,093</b>
Add:																
Balance at the beginning of the period																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Premium deficiency reserve net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>
Less:																
Balance at the end of the period																
Unearned premium reserve	8,762,395	8,189,821	393,819	300,159	20,191	17,903	5,238,840	4,892,912	460,114	393,723	23,908,666	24,671,675	2,115,822	2,434,587	40,899,847	40,900,780
Less: reinsurance share	372,768	425,404	296,027	244,490	20,191	17,903	4,554,097	4,299,408	341,336	306,858	15,244,146	16,237,559	1,681,269	2,043,311	22,509,834	23,574,933
<b>Unearned Premium reserve - net</b>	<b>8,389,627</b>	<b>7,764,417</b>	<b>97,792</b>	<b>55,669</b>	<b>-</b>	<b>-</b>	<b>684,743</b>	<b>593,504</b>	<b>118,778</b>	<b>86,865</b>	<b>8,664,520</b>	<b>8,434,116</b>	<b>434,553</b>	<b>391,276</b>	<b>18,390,013</b>	<b>17,325,847</b>
Less:																
Balance at the end of the period																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Premium deficiency reserve net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>
<b>Net earned written Premium</b>	<b>5,228,421</b>	<b>4,304,955</b>	<b>84,154</b>	<b>90,338</b>	<b>-</b>	<b>-</b>	<b>304,669</b>	<b>341,906</b>	<b>45,892</b>	<b>42,570</b>	<b>4,168,161</b>	<b>4,191,503</b>	<b>258,610</b>	<b>287,963</b>	<b>10,069,937</b>	<b>11,259,235</b>

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

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**CLAIMS COST FOR THE GENERAL INSURANCE**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Paid claims</b>	4,078,539	4,676,031	97,105	1,812	-	-	979,711	179,456	13,678	13,318	10,122,932	10,986,460	252,915	189,800	15,544,880	16,046,877
Less:																
Recoveries	494,916	804,667	-	-	-	-	6,783	207,179	1,764	889	-	-	5,199	11,245	508,662	1,023,980
Local reinsurance share	9,845	1,659	1,103	-	-	21,412	(17,008)	-	-	-	-	-	4,160	2,060	36,520	(3,289)
Foreign reinsurance share	(1,128)	48,747	62,949	906	-	746,563	(3,426)	(197)	-	-	6,574,662	7,336,254	159,427	75,356	7,542,276	7,457,837
<b>Net Paid Claims</b>	3,574,906	3,820,958	33,053	906	-	204,953	(7,289)	12,111	12,429	12,111	3,548,270	3,650,206	84,129	101,139	7,457,422	7,578,349
<b>Add:</b>																
Outstanding Claims reserve at the end of the period	17,797,033	15,768,193	952,807	169,713	-	-	4,488,835	1,915,742	616,215	382,036	1,787,046	2,660,897	2,571,121	3,372,453	28,213,037	24,269,034
Not reported	2,981,566	2,633,000	20,000	20,000	-	-	200,000	200,000	30,000	30,000	2,582,099	2,511,161	170,000	170,000	5,983,635	5,564,161
Less:																
Reinsurance share at the end of the period	651,626	873,086	804,716	106,696	-	-	4,129,260	1,637,617	412,201	133,787	1,149,828	1,852,558	2,134,318	3,048,375	9,281,949	7,552,219
Not reported	-	-	-	-	-	-	-	-	-	-	1,602,162	1,709,357	-	-	1,602,132	1,709,357
Recoveries	2,406,964	2,162,672	-	-	-	-	-	-	-	-	-	-	-	-	2,406,964	2,162,672
<b>Net Outstanding Claims reserve at the end of the period</b>	17,720,009	15,365,435	168,091	83,017	-	-	559,575	478,125	234,014	278,249	1,617,155	1,610,043	606,803	494,078	20,905,647	18,308,947
Less:																
Outstanding Claims reserve at the beginning of the period	17,758,449	15,932,658	827,046	105,763	-	-	5,311,038	1,915,364	608,481	394,163	3,371,886	2,978,028	2,824,363	2,728,852	30,701,253	24,054,822
Not reported	2,824,242	2,694,200	20,000	20,000	-	-	200,000	200,000	30,000	30,000	2,907,560	2,376,865	170,000	170,000	6,051,802	5,491,065
Less:																
Reinsurance share at the beginning of the period	1,010,774	861,749	723,234	74,721	-	-	4,958,906	1,640,935	402,402	125,687	2,198,432	2,117,675	2,487,659	2,393,290	11,781,407	7,214,057
Not reported	-	-	-	-	-	-	-	-	-	-	1,760,719	1,544,825	-	-	1,760,719	1,544,825
Recoveries	2,143,686	2,009,188	-	-	-	-	-	-	-	-	-	-	-	-	2,143,686	2,009,188
<b>Net Outstanding Claims reserve at the beginning of the period</b>	17,428,231	15,755,921	123,812	51,042	-	-	552,132	474,429	236,079	298,476	2,220,295	1,692,393	506,704	505,562	21,067,253	18,777,822
Not reported	3,866,684	3,430,472	77,332	32,861	-	-	212,395	(3,593)	10,046	(7,798)	2,945,130	3,567,856	184,228	89,655	7,295,615	7,009,473

**The attached notes 1 to 20 form part of these interim financial statements**

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY  
UNDERWRITING PROFITS FOR THE GENERAL INSURANCE  
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	5,228,421	4,304,955	84,154	90,338	-	-	304,669	341,906	45,892	42,570	4,168,161	4,191,503	258,610	287,963	10,089,907	€ 259,235
Less:																
Net claims cost	3,866,684	3,430,472	77,332	32,881	-	-	212,396	(3,593)	10,046	(7,798)	2,945,130	3,567,856	184,228	89,655	7,295,816	7,109,473
Add:																
Commissions received	4,947	5,956	131,009	168,536	-	1,261	531,119	226,198	29,703	130,693	2,188,845	1,806,588	210,924	398,685	3,096,547	€ 2,737,917
Insurance policies issuance fees	74,863	106,776	14,223	11,116	-	252	44,064	41,479	9,539	9,994	762,823	906,946	60,504	84,319	966,016	1,160,882
Total revenues	1,441,547	987,215	152,054	237,109	-	1,513	667,456	613,176	75,088	191,055	4,174,699	3,337,181	345,810	681,312	6,856,654	€ 48,561
Less:																
Insurance policies acquisition costs	99,679	96,987	14,423	19,859	-	-	99,899	90,035	9,223	7,958	304,342	339,294	77,659	78,929	605,225	633,062
Excess of loss premiums	35,218	31,046	13,199	12,936	-	-	104,671	90,178	-	-	-	-	29,086	29,566	182,174	163,726
General and administrative expenses related to underwriting accounts	301,807	275,965	48,207	33,780	-	1,900	182,337	105,956	25,666	24,179	1,968,568	1,625,028	129,369	129,731	2,655,954	2,196,539
Other expenses	-	-	853	512	-	-	4,304	3,472	-	-	59,999	69,794	1,158	1,074	66,314	74,852
Total Expenses	436,704	403,998	76,682	67,087	-	1,900	391,211	289,641	34,889	32,137	2,332,909	2,034,116	237,272	239,300	3,509,667	3,068,179
Underwriting profit	1,004,843	583,217	75,372	170,022	-	(387)	276,245	323,535	40,199	158,918	1,841,790	1,303,065	108,538	442,012	3,346,987	2,980,382

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

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**31 MARCH 2020**

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**(1) GENERAL**

Arab Orient Insurance Company was established in 1996 and registered as a Jordanian public limited shareholding company under No. (309), with a paid in capital of JD 2,000,000 divided into 2,000,000 shares with a par value of JD 1 each. The paid in capital increased several times; most recently during 2014 to reach JD 21,438,252 divided into 21,438,252 shares with a par value of JD 1 each.

Arab Orient Insurance Company is engaged in insurance business against fire, accidents, marine and transportation, and motor insurance, public liability, aviation and medical insurance through its main branch located at Jabal Amman 3rd circle in Amman, and other branches at Marca "licensing services center", Mecca Street, 8<sup>th</sup> Circle, Abdali in Amman city, Aqaba branch in Aqaba City and in Irbid branch in Irbid city.

Arab Orient Insurance Company is 90.45% owned by Gulf Insurance Company as at 31 March 2020 (parent Company). The parent Company is owned by Kuwait projects Holding (ultimate parent).

The interim financial statements were approved by the Board of Directors in its meeting on 15 June 2020

**(2) Basis of preparation**

The interim condensed financial statements for the three months ended 31 March 2020 have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting".

The Jordanian Dinar is the functional and reporting currency of the financial statements.

The financial statements have been prepared on historical cost basis, except for financial assets at fair value through comprehensive income that have been measured at fair value.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual report as at 31 December 2019. In addition, the results for the three months ended 31 March 2020 are not necessarily indicative of the results that may be expected for the year ended 31 December 2020.

### **Changes in accounting policies**

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

#### **Amendments to IFRS 3: Definition of a Business**

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Company did not have to revisit such transactions that occurred in prior periods.

These amendments do not have any impact on the Company's financial statements

#### **Interest Rate Benchmark Reform Amendments to IFRS (9) and IFRS (7)**

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR").

The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

These amendments do not have any impact on the Company's financial statements.

### **Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as change in fair value presented in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The following are details of the management's fundamental assumptions:

- The fiscal year is charged with its income tax expense in accordance with the laws and regulations.
- A provision for impairment is made based on the principles and assumptions approved by the company's management to estimate the provision to be established in accordance with the requirements of IFRS 9.
- The management periodically re-assesses the useful lives of the tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and estimates of expected useful lives in the future, and the impairment loss (if any) is taken into the condensed interim income statement.
- The outstanding claims reserve, and technical reserve are estimated based on technical studies and in accordance with the instructions of the Insurance Administration and in accordance with actuarial studies.
- Provision for legal cases against the company is made based on a legal study prepared by the company's attorney, according to which the potential risks in the future are identified, and those studies are reviewed periodically.

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**31 MARCH 2020**

**(3) BANK DEPOSITS**

	31 March 2020		31 December 2019	
	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to 1 year	Total	Total
	JD	JD	JD	JD
			(Unaudited)	(Audited)
Inside Jordan	7,266,111	44,721,399	51,987,510	57,022,424

Interest rates on bank deposit balances in Jordanian Dinar range between 1.5% to 6.25% during the period of the year 2020 (31 December 2019: 4.5% to 6.25%).

Deposits pledged to the benefit of the General Manager of the Insurance Regulatory Commission deposited in Jordan Kuwait Bank amount to JD 225,000 as at 31 March 2020 and 31 December 2019.

There are no restricted balances except for restricted balances which represent pledged deposits in favor of the General Manager of the Insurance Regulatory Commission.

Below is the distribution of the Company's bank deposits:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Jordan Kuwait Bank	13,783,486	18,859,188
Egyptian Arab Land Bank	4,576,944	4,576,944
Invest Bank	4,296,663	4,296,663
Audi Bank	3,484,975	3,484,975
Capital Bank	4,064,125	4,064,125
Arab Banking Corporation Bank	3,766,009	3,766,009
Jordan Commercial Bank	3,706,671	3,706,671
Al Etihad Bank	3,254,079	3,254,079
Cairo Amman Bank	3,237,628	3,237,628
Societe General Bank	3,662,466	3,662,466
Housing Bank for Trading and Finance	2,000,004	2,000,004
Jordan Ahli Bank	1,540,788	1,500,000
Bank of Jordan	613,672	613,672
	<u>51,987,510</u>	<u>57,022,424</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**31 MARCH 2020**

**(4) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	Number of shares (Unaudited)	Number of shares (Audited)	JD (Unaudited)	JD (Audited)
<b>Listed Shares:</b>				
Afaq for Energy	1,140,147	1,140,147	1,470,789	1,322,570
Afaq for Investment and Real Estate Development	1,541,500	1,541,500	1,341,105	1,402,765
Cairo Amman Bank	113,000	584,335	113,000	601,865
Capital Bank	700,000	-	651,001	-
			<u>3,575,895</u>	<u>3,327,200</u>

**(5) FINANCIAL ASSETS AT AMORTIZED COST**

	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
<b><u>Inside Jordan-</u></b>				
<b>Unlisted Bonds in financial markets</b>				
Arab Real Estate Development Company	120	120	1,200,000	1,200,000
Less: Impairment in financial assets at amortized cost			(1,199,000)	(1,199,000)
			<u>1,000</u>	<u>1,000</u>
<b>Listed bonds in financial markets</b>				
Treasury bonds/ Hashemite Kingdom of Jordan	1,330	1,330	950,279	950,496
<b>Total financial assets at amortized cost inside Jordan</b>			<u>951,279</u>	<u>951,496</u>
<b><u>Outside Jordan-</u></b>				
Treasury bonds/ Kingdom of Bahrain Government	715	715	528,033	528,495
Treasury bonds/ Kingdom of Bahrain Government	1,315	1,315	980,409	982,120
Treasury bonds/ Oman Government	1,000	-	537,730	-
Treasury bonds/ Oman Government	1,000	-	559,992	-
Treasury bonds/ Oman Government	200	-	107,058	-
<b>Total financial assets at amortized cost outside Jordan</b>			<u>2,713,222</u>	<u>1,510,615</u>
<b>Total financial assets at amortized cost</b>			<u>3,664,501</u>	<u>2,462,111</u>



**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(6) ACCOUNTS RECEIVABLE**

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Policy holders receivables*	37,646,987	31,215,070
Brokers receivables	2,241,726	2,202,158
Employees' receivables	134,465	103,663
Other receivables	866,573	719,891
	<u>40,889,751</u>	<u>34,240,782</u>
Less: Provision for expected credit losses**	(8,064,995)	(7,843,845)
	<u>32,824,756</u>	<u>26,396,937</u>

\* Policy holders receivables include scheduled payments with the total amount of JD 21,053,654 after 31 March 2020 (JD 17,627,849 as at 31 December 2019).

\*\* Movements on the provision for expected credit losses were as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	7,843,845	8,414,378
Additions	221,150	481,217
Transferred from allowance for doubtful debts to reinsurance receivables	-	173,569
Receivables written off	-	(1,225,319)
Balance at the end of the period / year	<u>8,064,995</u>	<u>7,843,845</u>

**(7) REINSURANCE RECEIVABLE**

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Local insurance companies	1,715,399	1,648,871
Foreign reinsurance companies	284,700	265,827
	<u>2,000,099</u>	<u>1,914,698</u>
Less: Provision for doubtful debt for reinsurance receivables *	(377,903)	(299,053)
	<u>1,622,196</u>	<u>1,615,645</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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\* Movements on the provision for reinsurance receivables were as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	299,053	472,622
Additions	78,850	-
Transferred to provision for expected credit losses on accounts receivable	-	(173,569)
Balance at the end of the period/ year	<u>377,903</u>	<u>299,053</u>

**(8) INCOME TAX**

**A- Income tax provision**

Movements on the income tax provision were as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Provision for the period/ year	852,770	-
Prior years accumulated losses	(49,897)	-
Balance at the end of the period/ year	<u>802,873</u>	<u>-</u>

The income tax expense appears in the interim condensed statement of income represents the following:

	31 March 2020	31 March 2019
	JD (Unaudited)	JD (Unaudited)
Income tax provision for the period/year	852,770	-
Additions on deferred tax assets	(44,379)	-
Amortization of deferred tax assets	-	702,231
Amortization of deferred tax liabilities	-	(55,451)
	<u>808,391</u>	<u>646,780</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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A summary of the reconciliation between accounting profit and taxable profit is as follows:

	31 March 2020	31 March 2019
	JD (Unaudited)	JD (Unaudited)
Accounting profit	2,961,916	2,620,659
Non-taxable profits	(216,104)	-
Non-deductible expenses	534,074	285,119
Taxable profit	3,279,886	2,905,778
Effective income tax rate	27%	25%
Statutory income tax rate	26%	24%

Final settlement for income tax was reached with the Income and Sales Tax Department until 31 December 2016. Income tax return was submitted for the years 2018 and 2017. The Income and Sales Tax Department have reviewed the tax returns but have not issued its final decision.

Income Tax return was submitted for the year 2019, which has not been reviewed by the Income and Sales Department. In the opinion of the management and the company's tax advisor, the income tax provision is sufficient to meet any tax obligations.

**B- Deferred tax assets**

	31 March 2020			31 December 2019		
	Balance at the beginning of the period	Released Amounts	Additions	Balance at the end of the period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
<b>Deferred tax assets:</b>						
Provision for expected credit losses on accounts receivable and provision for doubtful debt for reinsurance receivable	6,033,117	-	-	6,033,117	1,568,610	1,568,610
Impairment loss on financial asset	1,199,000	-	-	1,199,000	311,740	311,740
Provision for incurred but not reported claims, net	4,291,082	-	90,421	4,381,503	1,139,191	1,115,682
Provision for end of service indemnity	1,428,129	25,312	105,580	1,508,397	392,183	371,314
Premium deficiency reserve	884,000	-	-	884,000	229,840	229,840
Accumulated losses from previous years	191,913	191,913	-	-	-	49,897
	14,027,241	217,225	196,001	14,006,017	3,641,564	3,647,084

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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Movements on deferred tax assets and deferred tax liabilities were as follows:

	Assets		Liabilities	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	3,647,084	5,722,030	-	55,451
Deductions, net	(5,520)	(2,074,946)	-	(55,451)
Balance at the end of the period/year	3,641,564	3,647,084	-	-

**(9) ACCOUNTS PAYABLE**

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Trade and companies' payables	2,731,775	2,743,840
Medical network payables	2,863,807	2,244,301
Agents' payables	890,997	721,674
Garages payables and vehicles parts	394,681	346,159
Employees' payables	21,521	23,049
	6,902,781	6,079,023

**(10) REINSURANCE PAYABLES**

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Foreign reinsurance companies	25,780,855	23,839,859
Local insurance companies	110,281	84,724
	25,891,136	23,924,583

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(11) AUTHORIZED AND PAID-IN CAPITAL**

The authorized and paid in capital is JD 21,438,252 divided into 21,438,252 shares at par value of JD 1 each as at 31 March 2020 and 31 December 2019.

**(12) SUBORDINATED LOAN**

On November 15, 2017, the Company borrowed from Gulf Insurance Group an amount of USD (16,361,071) equivalent to JD 11,600,000 as a subordinated loan to increase the Company solvency margin in line with the Insurance Administration Instruction No.3 of 2002 and the decisions issued there under. This loan bears no interest and no maturity or repayment schedule. During 2019, the Company paid back an amount of USD (3,667,137) equivalent to JD 2,600,000. On 19 January 2020, the Company paid back an amount of USD (4,231,312) equivalent to JD 3,000,000.

**(13) RIGHT OF USE ASSETS AND LEASE CONTRACTS OBLIGATIONS**

Movements of right of use assets account were as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	486,603	762,522
Depreciation for the period/ year	(67,078)	(275,919)
Balance at the end of the period/ year	<u>419,525</u>	<u>486,603</u>

Movements of lease contracts obligations account were as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	409,100	678,305
Finance costs for the period/ year	7,494	44,354
Lease payments during the period/ year	(89,075)	(313,559)
Balance at the end of the period/ year	<u>327,519</u>	<u>409,100</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(14) BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD**

	For the three months ended	
	31 March	
	2020	2019
	(Unaudited)	(Unaudited)
Profit for the period (JD)	2,153,525	1,973,879
Weighted average number of shares (Share)	21,438,252	21,438,252
	JD/Fils	JD/Fils
Basic and diluted earnings per share from the period	0,100	0,092

**(15) CASH AND CASH EQUIVALENTS**

	31 March	31 December
	2020	2019
	JD	JD
	(Unaudited)	(Audited)
Cash on hand and bank balances	1,616,512	1,271,256
Add: Bank deposits	51,987,510	57,022,424
Less: deposits at banks mature within the period of more than three months	(51,762,510)	(56,797,424)
Less: restricted deposits to the favor of General Manager of the Insurance Regulatory Commission	(225,000)	(225,000)
	1,616,512	1,271,256

**(16) RELATED PARTY TRANSACTIONS**

The Company entered into transactions with major shareholders, board members and directors in the Company within the normal activities of the Company using insurance premium and commercial commission. All debts provided to related parties are considered working and no provision has been taken for them as at 31 March 2020.

During 2011 it was agreed with Gulf Insurance Company (Major Shareholder and member of the Board of Directors) to settle all treaty reinsurers' accounts through Gulf Insurance Company, where the Company's credit balance as at 31 March 2020 amounted to JD 694,013 for reinsurer (31 December 2019: JD 184,323).

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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Below is a summary of related parties balances and transactions during the period / year:

	Related party		Total	Total
	Jordan Kuwait Bank (An investment for the ultimate parent Company) JD	Top Executive Management JD	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<u>Interim Condensed Statement of Financial Position Items:</u>				
Time deposits	13,783,486	-	13,783,486	18,859,188
Overdraft account - credit balance	814,425	-	814,425	655,970
Current accounts under demand	821,136	-	821,136	459,105
Deposits on letters of guarantee	371,970	-	371,970	365,744
Accounts receivable/ payable	936,729	1,029	937,758	111,432

Off-statement of Financial Position Items:

Letters of guarantee	3,719,700	-	3,719,700	3,657,447
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	Related party		Total	Total
	Jordan Kuwait Bank (An investment for the ultimate parent Company) JD	Top Executive Management JD	31 March 2020 JD (Unaudited)	31 March 2019 JD (Unaudited)
<u>Interim Condensed Statement of Income Items:</u>				
Bank interest income	210,824	-	210,824	176,686
Insurance premiums	2,256,691	1,978	2,258,669	2,200,360
Bank expenses and commissions	46,071	-	46,071	34,898
Salaries	-	247,416	247,416	209,948
Bonuses	-	268,528	268,528	79,420
Transportation expenses for members of the Board of Directors	-	12,600	12,600	50,400
Bonuses expenses for members of the Board of Directors	-	-	-	85,000
Board of Directors committees' bonus	-	1,200	1,200	3,200

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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Top Executive management (salaries, bonuses, and other benefits) are as follows:

	31 March 2020	31 March 2019
	JD (Unaudited)	JD (Unaudited)
Salaries and bonuses	515,368	289,368

**(17) ANALYSIS OF MAIN SECTORS**

*Information on the Company's business sectors*

For management purposes the Company was organized to include the general insurance sector including (insurance on motor, marine, fire and property, liability, medical). This sector constitute the basis that the Company uses to show information related to key sectors. The above sector also includes investments and cash management for the Company account. The activities between the business sectors are performed based on commercial basis, under the same terms as with others.

**(18) LAWSUITS BY AND AGAINST THE COMPANY**

The Company appears as defendant in a number of lawsuits, the Company booked a sufficient provision to meet any obligations towards these lawsuits. In the opinion of the Company's management and legal consultant, the provision for a total amount of JD 4,454,894 as at 31 March 2020 (31 December 2019: JD 3,351,336) is sufficient to meet any obligations towards these lawsuits. Total amount of the cases raised by the Company within its activity is JD 3,665,590 as at 31 March 2020 (31 December 2019: JD 3,621,190).

**(19) CONTINGENT LIABILITIES**

At 31 March 2020, the Company had letters of guarantee amounting JD 3,719,700 (31 December 2019: 3,657,447) against which cash margins of JD 371,970 are held (31 December 2019: JD 365,744).

**(20) CORONAVIRUS SPREAD (COVID – 19) AND ITS IMPACT ON THE COMPANY**

As a result of the continued impact of the Corona virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and measures imposed by the Jordanian Government and neighboring countries and the rest of the world, it is possible that operational activities may be affected by global developments that currently affect various economic and geographical sectors. The management has prepared a preliminary study to determine the impact of the Corona virus on the Company's activities and the financial performance of the Company to take appropriate measures to enable it to continue its activities in light of the current circumstances. Also, the management is preparing a detailed study to determine the impact of the virus on the Company's operations and the possibility of recovering its assets and meeting its obligations.