

**ARAB ORIENT INSURANCE**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**30 JUNE 2020**



Building a better  
working world

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

**Introduction**

We have reviewed the accompanying interim condensed financial statements of **ARAB ORIENT INSURANCE COMPANY** (a public shareholding company) as at 30 June 2020, comprising of interim statement of financial position as at 30 June 2020 and the related interim statement of income, interim statement of comprehensive income, interim statement of changes in equity, and interim statement of cash flows for six months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting 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

5 August 2020

*Ernst + Young*

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Notes	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>Assets</b>			
Bank deposits	3	50,296,972	57,022,424
Financial assets at fair value through other comprehensive income	4	3,277,866	3,327,200
Financial assets at amortized cost	5	10,055,875	2,462,111
Investment property		170,464	170,464
<b>Total Investments</b>		<b>63,801,177</b>	<b>62,982,199</b>
Cash and cash equivalents	15	1,448,536	1,271,256
Checks under collection		6,231,856	5,355,202
Accounts receivable	6	35,409,128	26,396,937
Reinsurance receivables	7	2,395,294	1,615,645
Deferred tax assets	8/B	3,402,047	3,647,084
Property and equipment		4,715,514	4,687,709
Intangible assets		432,274	548,855
Right of use assets		598,208	486,603
Other assets		3,117,583	2,046,381
<b>Total Assets</b>		<b>121,551,617</b>	<b>109,037,871</b>
<b>Liabilities and Equity</b>			
<b>Liabilities –</b>			
<b>Insurance contracts liabilities:</b>			
Unearned premium reserve		19,838,751	17,512,746
Premium deficiency reserve		884,000	884,000
Outstanding claims reserve		23,285,561	21,067,253
<b>Total Insurance contract liabilities</b>		<b>44,008,312</b>	<b>39,463,999</b>
Accounts payable	9	6,919,186	6,079,023
Accrued expenses		473,915	726,091
Reinsurance payables	10	27,460,082	23,924,583
Lease contracts obligations		507,943	409,100
End of service indemnity provision		1,542,578	1,393,128
Income tax provision	8/A	1,968,662	-
Other liabilities		1,099,595	231,247
<b>Total Liabilities</b>		<b>83,980,273</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		(2,657,914)	(2,590,746)
Retained earnings		6,965,355	3,137,543
<b>Total Equity</b>		<b>31,571,344</b>	<b>27,810,700</b>
Subordinated loan	12	6,000,000	9,000,000
		<b>37,571,344</b>	<b>36,810,700</b>
<b>Total Liabilities and Equity</b>		<b>121,551,617</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 AND SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020	2019	2020	2019
		JD	JD	JD	JD
<b>Revenues –</b>					
Gross written premium		21,342,440	20,421,561	47,308,129	49,580,669
Less: reinsurance share		9,931,605	9,321,710	24,930,120	26,733,829
Net written premium		11,410,835	11,099,851	22,378,009	22,846,840
Net change in unearned premium reserve		(1,448,738)	(2,038,402)	(2,326,005)	(4,526,156)
Net earned premium		9,962,097	9,061,449	20,052,004	18,320,684
Commissions received		2,025,480	1,548,488	5,122,027	4,286,405
Insurance policies issuance fees		1,107,037	1,157,475	2,073,053	2,318,357
Interest income		631,486	665,019	1,415,479	1,316,206
Net gain from financial assets and investments	13	302,312	208,279	302,312	208,279
<b>Total revenues</b>		<b>14,028,412</b>	<b>12,640,710</b>	<b>28,964,875</b>	<b>26,449,931</b>
<b>Claims, losses and expenses</b>					
Paid claims		10,573,590	14,226,190	26,118,470	30,273,067
Less: Recoveries		671,746	958,381	1,180,408	1,982,361
Less: Reinsurance share		5,829,525	7,465,124	13,408,321	14,909,672
Net paid claims		4,072,319	5,802,685	11,529,741	13,381,034
Net change in outstanding claims reserve		2,379,914	1,123,339	2,218,308	654,463
Allocated employees' expenses		1,545,854	1,790,098	3,560,301	3,271,751
Allocated general and administrative expenses		691,838	696,287	1,333,345	1,411,173
Excess of loss premium		182,173	146,474	364,347	310,200
Policies acquisition costs		455,785	510,955	1,061,010	1,144,017
Other expenses		46,541	46,438	112,855	121,290
<b>Net claims costs</b>		<b>9,374,424</b>	<b>10,116,276</b>	<b>20,179,907</b>	<b>20,293,928</b>
Unallocated employees' expenses		386,463	447,523	890,075	817,938
Unallocated general and administrative expenses		172,959	174,071	333,336	352,793
Depreciation and amortization		167,334	160,630	332,602	320,620
Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		650,000	80,525	950,000	381,217
Provision for expected credit losses on checks under collection		-	-	38,073	4,610
Loss (gain) from sale of property and equipment		6,847	1,674	8,581	(1,845)
<b>Total expenses</b>		<b>1,383,603</b>	<b>864,423</b>	<b>2,552,667</b>	<b>1,875,333</b>
Profit for the period before tax		3,270,385	1,660,011	6,232,301	4,280,670
Income tax expense	8/A	(1,405,305)	(266,623)	(2,213,696)	(913,403)
<b>Profit for the period</b>		<b>1,865,080</b>	<b>1,393,388</b>	<b>4,018,605</b>	<b>3,367,267</b>
		<b>JD/Fils</b>	<b>JD/Fils</b>	<b>JD/Fils</b>	<b>JD/Fils</b>
Basic and diluted earnings per share for the period	14	0/087	0/065	0/187	0/157

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 AND SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	JD	JD	JD	JD
Profit for the period	1,865,080	1,393,388	4,018,605	3,367,267
<b>Add: Other comprehensive income not be reclassified to profit and loss in subsequent periods</b>				
Change in fair value of financial assets through other comprehensive income	(298,030)	(294,418)	(257,961)	(491,397)
<b>Total comprehensive income for the period</b>	<b>1,567,050</b>	<b>1,098,970</b>	<b>3,760,644</b>	<b>2,875,870</b>

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 SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Authorized and paid-in capital	Statutory reserve	Fair value reserve	Retained earnings*	Total
	JD	JD	JD	JD	JD
<b>30 June 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
Total comprehensive income for the period	-	-	(257,961)	4,018,605	3,760,644
Realized losses from sale of financials assets through other comprehensive income	-	-	190,793	(190,793)	-
<b>Balance as at 30 June 2020</b>	<u>21,438,252</u>	<u>5,825,651</u>	<u>(2,657,914)</u>	<u>6,965,355</u>	<u>31,571,344</u>
<b>30 June 2019 -</b>					
<b>Balance as at 1 January 2019</b>	21,438,252	5,107,646	(2,399,231)	(542,475)	23,604,192
Total comprehensive income for the period	-	-	(491,397)	3,367,267	2,875,870
Realized losses from sale of financials assets through other comprehensive income	-	-	629,602	(629,602)	-
<b>Balance as at 30 June 2019</b>	<u>21,438,252</u>	<u>5,107,646</u>	<u>(2,261,026)</u>	<u>2,195,190</u>	<u>26,480,062</u>

\* Retained earnings include an amount of JD 3,402,047 as at 30 June 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 SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Note	30 June 2020 JD	30 June 2019 JD
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		6,232,301	4,280,670
<b>Adjustment for-</b>			
Interest income		(1,415,479)	(1,316,206)
Depreciation and amortization		332,602	320,620
Interest on lease contracts obligations		21,701	20,745
Depreciation on right of use assets		148,032	137,765
Loss (gain) from sale of property and equipment		8,581	(1,845)
Net change in outstanding claims reserve		2,218,308	654,463
Net change unearned premium reserve		2,326,005	4,526,156
End of service indemnity provision		174,762	203,499
Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		950,000	381,217
Provision for expected credit losses on checks under collection		38,073	4,610
Amortization of financial assets at amortized cost		4,818	4,539
<b>Cash flows from operating activities before changes in working capital</b>		<u>11,039,704</u>	<u>9,216,233</u>
Checks under collection		(914,727)	(47,188)
Accounts receivable		(9,626,124)	(9,130,569)
Reinsurance receivables		(1,115,716)	(103,231)
Other assets		(1,071,202)	(272,116)
Accounts payable		840,163	(770,178)
Accrued expenses		(252,176)	(170,609)
Reinsurance payables		3,535,499	4,356,841
Other liabilities		868,348	670,509
Paid from end of service indemnity provision		(25,312)	(9,768)
<b>Net cash flows from operating activities</b>		<u>3,278,457</u>	<u>3,739,924</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Deposits at banks maturing after three months		10,885,754	(2,897,096)
Purchase of property and equipment		(241,208)	(129,672)
Proceeds from sale of property and equipment		3,704	23,925
Purchase of intangible assets		(14,900)	(41,440)
Purchase of financial assets at amortized cost		(7,598,582)	-
Purchase of financial assets through statement of comprehensive income		(714,003)	-
Proceeds from sale of financial assets through statement of comprehensive income		505,376	651,501
Lease payments		(182,495)	(216,447)
Interests received		1,415,479	1,316,206
<b>Net cash flows from (used in) investing activities</b>		<u>4,059,125</u>	<u>(1,293,023)</u>
<b><u>NET CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayment of subordinated loan		(3,000,000)	(2,600,000)
<b>Net cash flows used in financing activities</b>		<u>(3,000,000)</u>	<u>(2,600,000)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		4,337,582	(153,099)
Cash and cash equivalents at beginning of the period		1,271,256	2,494,466
<b>Cash and cash equivalents at the end of the period</b>	15	<u><u>5,608,838</u></u>	<u><u>2,341,367</u></u>

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

**ARAB ORIENT INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM STATEMENT OF UNDERWRITING REVENUES FOR THE GENERAL INSURANCE  
FOR THE SIX MONTHS ENDED 30 JUNE 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
Direct inward insurance	9,137,989	10,025,892	820,769	720,124	-	10,354	2,371,839	1,940,051	456,482	463,300	31,352,764	32,944,321	2,433,520	2,765,689	46,573,363	43,869,751
Facultative inward insurance business	316,638	432,550	4,348	-	-	-	411,141	275,618	892	1,018	-	-	1,747	1,752	734,766	710,938
<b>Total written Premium</b>	<b>9,454,627</b>	<b>10,458,442</b>	<b>825,117</b>	<b>720,124</b>	<b>-</b>	<b>10,354</b>	<b>2,782,980</b>	<b>2,215,669</b>	<b>457,374</b>	<b>464,318</b>	<b>31,352,764</b>	<b>32,944,321</b>	<b>2,435,267</b>	<b>2,767,441</b>	<b>47,308,129</b>	<b>43,580,689</b>
Less:																
Local reinsurance share	294,301	469,406	9,598	16,524	-	-	186,558	168,719	-	-	-	-	23,001	40,268	513,458	694,917
Foreign reinsurance share	226,329	189,218	619,687	568,207	-	10,354	1,761,635	1,226,417	326,413	358,232	19,833,654	21,711,584	1,648,944	1,974,900	24,416,662	23,038,912
<b>Net Written Premium</b>	<b>8,933,997</b>	<b>9,799,818</b>	<b>195,832</b>	<b>135,393</b>	<b>-</b>	<b>-</b>	<b>834,787</b>	<b>820,533</b>	<b>130,961</b>	<b>106,086</b>	<b>11,519,110</b>	<b>11,232,737</b>	<b>763,322</b>	<b>752,273</b>	<b>22,378,009</b>	<b>22,846,340</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	32,617,277
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	18,259,678	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>14,838,393</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	10,050,401	10,419,554	303,823	222,420	11,378	9,466	4,062,905	3,733,625	369,394	325,474	24,530,009	23,567,640	2,194,163	2,483,450	41,522,073	40,761,629
Less: reinsurance share	442,402	537,124	233,092	167,498	11,378	9,466	3,394,504	3,133,142	270,186	243,276	15,576,601	15,285,759	1,755,159	2,021,115	21,683,322	21,397,380
<b>Net unearned Premium reserve – net</b>	<b>9,607,999</b>	<b>9,882,430</b>	<b>70,731</b>	<b>54,922</b>	<b>-</b>	<b>-</b>	<b>668,401</b>	<b>600,483</b>	<b>99,208</b>	<b>82,198</b>	<b>8,953,408</b>	<b>8,281,881</b>	<b>439,004</b>	<b>462,335</b>	<b>19,838,751</b>	<b>19,364,249</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>10,196,250</b>	<b>8,532,771</b>	<b>189,956</b>	<b>147,522</b>	<b>-</b>	<b>-</b>	<b>618,862</b>	<b>622,452</b>	<b>93,914</b>	<b>89,400</b>	<b>8,315,846</b>	<b>8,394,230</b>	<b>637,176</b>	<b>534,309</b>	<b>20,052,004</b>	<b>18,320,684</b>

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



**ARAB ORIENT INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE  
FOR THE SIX MONTHS ENDED 30 JUNE 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>	6,423,425	8,606,749	225,915	7,193	-	-	2,842,590	578,787	14,677	15,633	16,188,641	19,823,966	423,222	1,240,739	26,118,470	30,273,067
Less:																
Recoveries	1,166,616	1,737,572	175	6,897	-	-	6,997	214,756	1,764	1,239	-	-	4,856	21,897	1,180,408	1,982,361
Local reinsurance share	12,263	284	1,183	-	-	-	143,034	12,903	-	-	-	-	5,980	71,438	162,460	84,625
Foreign reinsurance share	(1,885)	65,547	118,730	66,070	-	-	2,377,852	443,252	450	-	10,493,818	13,246,018	256,896	1,004,160	13,245,861	14,825,047
<b>Net Paid Claims</b>	5,246,431	6,803,346	105,827	(65,774)	-	-	314,707	(92,124)	12,463	14,394	5,694,823	6,577,948	155,490	143,244	11,529,741	13,381,034
<b>Add:</b>																
Outstanding Claims reserve at the end of the period																
Reported	18,489,252	16,297,708	889,521	1,316,713	-	-	5,875,800	1,564,410	617,262	386,391	1,585,599	3,827,273	2,520,555	2,691,915	29,977,989	26,084,410
Not reported	3,297,442	2,633,000	20,000	20,000	-	-	200,000	200,000	30,000	30,000	3,128,388	2,488,629	170,000	170,000	6,845,830	5,541,629
Less:																
Reinsurance share at the end of the period																
Reported	1,092,523	846,882	741,267	1,184,496	-	-	4,466,918	1,325,545	413,459	134,987	990,264	2,575,002	2,065,330	2,411,224	9,769,761	8,478,136
Not reported	-	-	-	-	-	-	-	-	-	-	1,928,788	1,616,921	-	-	1,928,788	1,616,921
Recoveries	1,839,709	2,098,696	-	-	-	-	-	-	-	-	-	-	-	-	1,839,709	2,038,696
<b>Net Outstanding Claims reserve at the end of the period</b>	18,854,462	15,985,130	168,254	152,217	-	-	1,608,882	438,865	233,803	281,404	1,794,935	2,123,979	625,225	450,691	23,285,561	19,432,286
<b>Less:</b>																
Outstanding Claims reserve at the beginning of the period																
Reported	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	30,701,263	24,054,828
Not reported	2,824,242	2,694,200	20,000	20,000	-	-	200,000	200,000	30,000	30,000	2,807,560	2,376,865	170,000	170,000	6,051,802	5,491,065
Less:																
Reinsurance share at the beginning of the period																
Reported	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	18,777,823
<b>Net Claims Cost</b>	6,672,662	7,032,555	150,269	35,401	-	-	1,371,457	(127,688)	10,187	(2,678)	5,269,463	7,009,534	274,011	88,373	13,748,049	14,035,497

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

**ARAB ORIENT INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE  
FOR THE SIX MONTHS ENDED 30 JUNE 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>Net earned revenue from written premiums</b>	10,196,250	8,532,771	189,956	147,522	-	-	618,862	622,452	93,914	89,400	8,315,846	8,394,230	637,176	534,309	20,052,004	18,320,684
Less:																
<b>Net claims cost</b>	6,672,662	7,032,555	150,269	35,401	-	-	1,371,457	(127,688)	10,187	(2,678)	5,269,463	7,009,534	274,011	86,373	13,748,049	14,035,497
	3,523,588	1,500,216	39,687	112,121	-	-	(752,595)	750,140	83,727	92,078	3,046,383	1,384,696	363,165	445,936	6,303,955	4,285,187
Add:																
Commissions received	47,699	41,655	239,796	240,723	-	(23)	711,190	353,567	120,273	151,543	3,568,349	2,921,891	434,720	577,049	5,122,027	4,286,405
Insurance policies issuance fees	150,476	207,015	24,718	21,041	-	104	472,567	457,591	13,636	15,488	1,315,656	1,478,868	96,000	138,250	2,073,053	2,318,357
<b>Total revenues</b>	3,721,763	1,748,886	304,201	373,885	-	81	431,162	1,561,298	217,636	259,109	7,930,388	5,785,455	893,885	1,161,235	13,499,035	10,389,949
Less:																
Insurance policies acquisition costs	250,739	277,454	23,526	41,314	-	-	147,462	130,280	11,246	11,401	467,563	506,961	160,474	176,607	1,061,010	1,144,017
Excess of loss premiums	70,436	62,092	26,396	23,809	-	-	209,343	168,838	-	-	-	-	58,172	55,461	364,347	310,200
General and administrative expenses related to underwriting accounts	978,005	987,806	85,352	68,016	-	978	287,877	209,271	47,312	43,855	3,243,191	3,111,611	251,909	261,387	4,893,646	4,582,924
Other expenses	-	-	1,707	938	-	-	6,575	6,154	-	-	102,313	112,424	2,260	1,774	112,855	121,290
<b>Total Expenses</b>	1,299,180	1,327,352	136,981	134,077	-	978	551,257	514,543	58,558	55,256	3,813,067	3,730,996	472,815	495,229	6,431,858	5,258,431
<b>Underwriting profit</b>	2,422,583	421,534	167,220	239,808	-	(897)	(220,095)	1,046,755	159,078	203,853	4,117,321	2,054,459	421,070	666,006	7,067,177	4,531,518

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**  
**30 JUNE 2020**

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**(1) GENERAL**

Arab Orient Insurance Public Shareholding 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 many 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.

The Company is engaged in insurance business against fire, accidents, marine and transportation, 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, 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 30 June 2020 (parent Company). The parent Company is owned by Kuwait Projects Holding (Ultimate Parent).

The interim condensed financial statements were approved by the Board of Directors in its meeting on 5 August 2020.

**(2) Basis of preparation**

The interim condensed financial statements for the six months ended 30 June 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 at the date of the financial statements.

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 six months ended 30 June 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 interim condensed 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 interim condensed 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**  
**30 JUNE 2020**

**(3) BANK DEPOSITS**

	30 June 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	4,385,302	45,911,670	50,296,972	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 30 June 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:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Jordan Kuwait Bank	14,043,944	18,859,188
Egyptian Arab Land Bank	4,576,919	4,576,944
Invest Bank	4,527,992	4,296,663
Capital Bank	4,964,607	4,064,125
Arab Banking Corporation Bank	3,135,303	3,766,009
Jordan Commercial Bank	3,706,671	3,706,671
Audi Bank	3,484,975	3,484,975
Etihad Bank	3,254,079	3,254,079
Cairo Amman Bank	677,000	3,237,628
Societe Generale Bank	3,662,466	3,662,466
Housing Bank for Trade and Finance	2,108,556	2,000,004
Jordan Ahli Bank	1,540,788	1,500,000
Bank of Jordan	613,672	613,672
	50,296,972	57,022,424

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2020**

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

	30 June 2020	31 December 2019	30 June 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	1,242,760	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	-	581,001	-
			<u>3,277,866</u>	<u>3,327,200</u>

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

	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
<b>Inside Jordan-</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	2,000	-	1,440,054	-
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	-	1,430,589	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,330	1,330	950,057	950,496
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	713,625	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	711,050	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	701,118	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	698,732	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	691,011	-
<b>Total financial assets at amortized cost inside Jordan</b>			<u>7,337,236</u>	<u>951,496</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
<b>Outside Jordan-</b>				
Treasury bonds/ Kingdom of Bahrain Government	1,315	1,315	978,672	982,120
Treasury bonds/ Oman Government	1,000	-	562,657	-
Treasury bonds/ Oman Government	1,000	-	542,118	-
Treasury bonds/ Kingdom of Bahrain Government	715	715	527,564	528,495
Treasury bonds/ Oman Government	200	-	107,628	-
<b>Total financial assets at amortized cost outside Jordan</b>			<u>2,718,639</u>	<u>1,510,615</u>
<b>Total financial assets at amortized cost</b>			<u>10,055,875</u>	<u>2,462,111</u>

**(6) ACCOUNTS RECEIVABLE**

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Policy holders' receivables*	40,541,965	31,215,070
Brokers' receivables	2,236,702	2,202,158
Employees' receivables	108,483	103,663
Other receivables	979,756	719,891
	<u>43,866,906</u>	<u>34,240,782</u>
Less: Provision for expected credit losses**	<u>(8,457,778)</u>	<u>(7,843,845)</u>
	<u>35,409,128</u>	<u>26,396,937</u>

\* Policy holders receivables include scheduled payments with the total amount of JD 23,140,843 after 30 June 2020 (JD 17,627,849 as at 31 December 2019).



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

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	7,843,845	8,414,378
Additions	613,933	481,217
Transferred to allowance for doubtful debts to reinsurance receivables	-	173,569
Receivables written off	-	(1,225,319)
Balance at the end of the period / year	<u>8,457,778</u>	<u>7,843,845</u>

**(7) REINSURANCE RECEIVABLES**

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	1,883,863	1,648,871
Foreign reinsurance companies	1,146,551	265,827
	<u>3,030,414</u>	<u>1,914,698</u>
Less: Provision for doubtful debt for reinsurance receivables *	(635,120)	(299,053)
	<u>2,395,294</u>	<u>1,615,645</u>

\* Movements on the provision for doubtful debt for reinsurance receivables were as follows:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	299,053	472,622
Additions	336,067	-
Transferred from provision for expected credit losses on accounts receivable	-	(173,569)
Balance at the end of the period / year	<u>635,120</u>	<u>299,053</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(8) INCOME TAX**

**A- Income tax provision**

Movements on the income tax provision were as follows:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	-	-
Provision for the period/ year	2,018,559	-
Prior years' accumulated losses	(49,897)	-
Balance at the end of the period / year	1,968,662	-

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

	30 June 2020	30 June 2019
	JD	JD
	(Unaudited)	(Unaudited)
Income tax provision for the period	2,018,559	-
Amortization of deferred tax assets	195,137	968,854
Amortization of deferred tax liabilities	-	(55,451)
	2,213,696	913,403

A summary of the reconciliation between accounting profit and taxable profit is as follows:

	30 June 2020	30 June 2019
	JD	JD
	(Unaudited)	(Unaudited)
Accounting profit	6,232,301	4,280,670
Non-taxable profits	(257,409)	(660,904)
Non-deductible expenses	1,788,795	589,325
Taxable profit	7,763,687	4,209,091
Effective income tax rate	35.5%	21.3%
Statutory income tax rate	26%	26%

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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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 Company's tax returns but have not issued its final decision until the date of these interim condensed financial statements.

Income Tax return was submitted for the year 2019, in which the Company's tax returns has not been reviewed by the Income and Sales Department until the date of these interim condensed financial statements. 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**

	30 June 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	JD
					(Unaudited)	(Audited)
<b>Deferred tax assets:</b>						
Provision for expected credit losses on accounts receivable and provision for doubtful debt for reinsurance receivables	6,033,117	1,525,940	-	4,507,177	1,171,866	1,568,611
Impairment loss on financial asset	1,199,000	-	-	1,199,000	311,740	311,740
Provision for incurred but not reported claims	4,291,082	-	625,960	4,917,042	1,278,431	1,115,682
Provision for end of service indemnity	1,428,129	25,312	174,762	1,577,579	410,170	371,314
Premium deficiency reserve	884,000	-	-	884,000	229,840	229,840
Accumulated losses from previous years	191,913	191,913	-	-	-	49,897
	<u>14,027,241</u>	<u>1,743,165</u>	<u>800,722</u>	<u>13,084,798</u>	<u>3,402,047</u>	<u>3,647,084</u>

The movement on deferred tax assets and deferred tax liabilities is as follows:

	Assets		Liabilities	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Balance at the beginning of the period / year	3,647,084	5,722,030	-	55,451
Deductions, net	(245,037)	(2,074,946)	-	(55,451)
Balance at the end of the period / year	<u>3,402,047</u>	<u>3,647,084</u>	<u>-</u>	<u>-</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2020**

**(9) ACCOUNTS PAYABLE**

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Trade and companies' payables	3,237,317	2,743,840
Medical network payables	2,449,812	2,244,301
Agents' payables	886,128	721,674
Garages' payables and vehicles' parts	321,738	346,159
Employees' payables	24,191	23,049
	6,919,186	6,079,023

**(10) REINSURANCE PAYABLES**

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Foreign reinsurance companies	27,323,451	23,839,859
Local insurance companies	136,631	84,724
	27,460,082	23,924,583

**(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 30 June 2020 and 31 December 2019.

**(12) SUBORDINATED LOAN**

On November 15, 2017, Arab Orient Insurance 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.

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2020**

**(13) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS**

	30 June 2020	30 June 2019
	JD (Unaudited)	JD (Unaudited)
Cash dividends	136,818	135,333
Interest on financial assets at amortized costs	165,494	72,946
	<u>302,312</u>	<u>208,279</u>

**(14) BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD**

The profit per share is calculated by dividing the profit for the period by the weighted average number of shares during the period as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Profit for the period (JD)	1,865,080	1,393,388	4,018,605	3,367,267
Weighted average number of shares (Share)	21,438,252	21,438,252	21,438,252	21,438,252
	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share from the period	<u>0/087</u>	<u>0/065</u>	<u>0/187</u>	<u>0/157</u>

**(15) CASH AND CASH EQUIVALENTS**

	30 June 2020	30 June 2019
	JD (Unaudited)	JD (Unaudited)
Cash on hand and bank balances	1,448,536	2,341,367
Add: Bank deposits	50,296,972	49,967,520
Less: deposits at banks mature within the period of more than three months	(45,911,670)	(49,742,520)
Less: restricted deposits to the favor of General Manager of the Insurance Regulatory Commission	(225,000)	(225,000)
Net cash and cash equivalents at the end of the period	<u>5,608,838</u>	<u>2,341,367</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2020**

**(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 30 June 2020 and 31 December 2019.

During 2011 it was agreed with Gulf Insurance Company (Parent Company) to settle all treaty reinsurers' accounts through the Parent Company, where the Company's credit balance as at 30 June 2020 amounted to JD 470,847 for reinsurer (31 December 2019: JD 184,323).

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)	Top Executive Management	30 June 2020	31 December 2019
	JD	JD	JD (Unaudited)	JD (Audited)
<u>Interim Condensed Statement of Financial</u>				
<u>Position Items:</u>				
Time deposits	14,043,944	-	14,043,944	18,859,188
Overdraft account - credit balance	20,661	-	20,661	655,970
Current accounts under demand	742,328	-	742,328	459,105
Deposits on letters of guarantee	353,185	-	353,185	365,744
Accounts receivable/ payable	128,358	751	129,109	111,432
<u>Off-statement of Financial Position Items:</u>				
Letters of guarantee	3,531,850	-	3,531,850	3,657,447

**ARAR ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2020**

	Related party		Total	Total
	Jordan Kuwait Bank (An investment for the ultimate parent Company)	Top Executive Management	30 June 2020	30 June 2019
	JD	JD	JD	JD
			(Unaudited)	(Unaudited)
<u>Interim Condensed Statement of Income Items:</u>				
Bank interest income	354,592	-	354,592	400,162
Insurance premiums	2,284,233	2,672	2,286,905	2,227,577
Bank expenses and commissions	79,312	-	79,312	65,304
Salaries	-	494,832	494,832	509,616
Bonuses	-	269,478	269,478	136,476
Transportation expenses for members of the Board of Directors	-	25,200	25,200	25,200

Top Executive management (salaries, bonuses, and other benefits) are as follows:

	30 June 2020	30 June 2019
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and bonuses	764,310	646,092

**(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 and transportation, fire and property, liability, medical). This sector constitutes 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 3,096,421 as at 30 June 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 against others within its activity is JD 3,680,590 as at 30 June 2020 (31 December 2019: JD 3,621,190).

**(19) CONTINGENT LIABILITIES**

At 30 June 2020, the Company had letters of guarantee amounting JD 3,531,850 (31 December 2019: JD 3,657,447) against which cash margins of JD 353,185 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.