

**ARAB ORIENT INSURANCE**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**30 JUNE 2021**

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

## **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of **ARAB ORIENT INSURANCE COMPANY** a public shareholding company as at 30 June 2021, comprising of interim consolidated statement of financial position as at 30 June 2021 and the related interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity, and interim consolidated statement of cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated 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 consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Amman – Jordan  
27 July 2021



**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Notes	30 June 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<b>Assets</b>			
Bank deposits	4	56,498,825	54,556,910
Financial assets at fair value through profit or loss	5	5,817	568
Financial assets at fair value through other comprehensive income	6	4,944,643	3,643,183
Financial assets at amortized cost	7	11,889,122	11,882,009
Investment property		170,464	170,464
Life policyholder's loans		22,865	-
<b>Total Investments</b>		<b>73,531,736</b>	<b>70,253,134</b>
Cash and cash equivalents		1,820,002	907,327
Checks under collection		5,301,967	5,614,430
Accounts receivable	8	34,112,484	28,379,650
Reinsurance receivables	9	1,901,836	1,173,604
Deferred tax assets	10/B	4,314,809	3,634,254
Property and equipment		5,283,967	4,647,145
Intangible assets	3	6,584,846	391,089
Right of use assets		228,959	343,547
Other assets		3,168,118	2,357,580
		<b>136,248,724</b>	<b>117,701,760</b>
Discontinued operations' assets	17	763,724	-
<b>Total Assets</b>		<b>137,012,448</b>	<b>117,701,760</b>
<b>Liabilities and Equity</b>			
<b>Liabilities –</b>			
<b>Insurance contract liabilities:</b>			
Unearned premium reserve		25,305,360	15,720,407
Premium deficiency reserve		884,000	884,000
Outstanding claims reserve		26,126,626	24,909,812
Mathematical reserve		411,619	-
<b>Total Insurance contract liabilities</b>		<b>52,727,605</b>	<b>41,514,219</b>
Accounts payable	11	7,712,788	6,303,108
Accrued expenses		662,396	1,217,816
Reinsurance payables	12	27,102,397	24,100,193
Lease contracts obligations		144,449	307,634
Other provisions		2,501,113	1,604,843
Income tax provision	10/A	1,421,713	2,483,944
Other liabilities		1,434,528	576,350
		<b>93,706,989</b>	<b>78,108,107</b>
Liabilities related to discontinued operations' assets	17	418,705	-
<b>Total Liabilities</b>		<b>94,125,694</b>	<b>78,108,107</b>
<b>Equity -</b>			
Authorized and paid-in capital	13	21,438,252	21,438,252
Statutory reserve		5,825,651	5,825,651
Fair value reserve		(1,676,123)	(2,292,597)
Retained earnings		13,198,572	8,622,347
		<b>38,786,352</b>	<b>33,593,653</b>
Non-controlling interest		1,100,402	-
<b>Net Equity</b>		<b>39,886,754</b>	<b>33,593,653</b>
Subordinated loan	14	3,000,000	6,000,000
		<b>42,886,754</b>	<b>39,593,653</b>
<b>Total Liabilities and Equity</b>		<b>137,012,448</b>	<b>117,701,760</b>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

		For the three months ended 30 June		For the six months ended 30 June	
	Notes	2021 JD	2020 JD	2021 JD	2020 JD
<b>Continuing operations -</b>					
<b>Revenues –</b>					
Gross written premium		21,268,279	21,342,440	54,011,354	47,308,129
Less: reinsurance share		9,865,558	9,931,605	25,457,767	24,930,120
Net written premium		11,402,721	11,410,835	28,553,587	22,378,009
Net change in unearned premium reserve		1,127,173	(1,448,738)	(5,612,523)	(2,326,005)
Net earned premium		12,529,894	9,962,097	22,941,064	20,052,004
Commissions received		2,671,993	2,025,480	5,787,192	5,122,027
Insurance policies issuance fees		840,472	1,107,037	2,169,142	2,073,053
Interest income		727,981	631,486	1,422,932	1,415,479
Gain from financial assets and investments		11,252	302,312	107,075	302,312
Other revenues		(283)	-	-	-
<b>Total revenues</b>		<b>16,781,309</b>	<b>14,028,412</b>	<b>32,427,405</b>	<b>28,964,875</b>
<b>Claims, losses and expenses</b>					
Paid claims		17,411,854	10,573,590	31,401,589	26,118,470
Maturity and surrender of insurance policies		142,180	-	142,431	-
Less: Recoveries		935,343	671,746	1,709,670	1,180,408
Less: Reinsurance share		6,854,403	5,829,525	12,846,214	13,408,321
Net paid claims		9,764,288	4,072,319	16,988,136	11,529,741
Net change in outstanding claims reserve		(840,126)	2,379,914	(1,354,720)	2,218,308
Allocated employees' expenses		2,623,837	1,545,854	4,383,657	3,560,301
Allocated general and administrative expenses		530,159	691,838	1,915,788	1,333,345
Excess of loss premium		233,479	182,173	429,574	364,347
Policies acquisition costs		585,094	455,785	1,246,604	1,061,010
Other expenses		134,743	46,541	222,629	112,855
<b>Net claims costs</b>		<b>13,031,474</b>	<b>9,374,424</b>	<b>23,831,668</b>	<b>20,179,907</b>
Unallocated employees' expenses		655,959	386,463	1,095,910	890,075
Unallocated general and administrative expenses		159,562	172,959	470,322	333,336
Depreciation and amortization		170,234	167,334	322,187	332,602
(Recovery) provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		(2,370)	650,000	(8,244)	950,000
Provision for expected credit losses on checks under collection		-	-	-	38,073
(Gain) loss from sale of property and equipment		(75,115)	6,847	(75,115)	8,581
Provision for contingent liabilities		(30,000)	-	670,000	-
<b>Total expenses</b>		<b>878,270</b>	<b>1,383,603</b>	<b>2,475,060</b>	<b>2,552,667</b>
<b>Profit for the period from continuing operations before income tax</b>					
Income tax expense	10/A	2,871,565	3,270,385	6,120,677	6,232,301
		(1,155,175)	(1,405,305)	(2,172,978)	(2,213,696)
<b>Profit for the period from continuing operations</b>		<b>1,716,390</b>	<b>1,865,080</b>	<b>3,947,699</b>	<b>4,018,605</b>
<b>Discontinued operations -</b>					
Profit for the period after tax from discontinued operations	17	65,855	-	65,855	-
<b>Profit for the period</b>		<b>1,782,245</b>	<b>1,865,080</b>	<b>4,013,554</b>	<b>4,018,605</b>
<b>Attributable to:</b>					
Company shareholders		2,239,217	1,865,080	4,591,803	4,018,605
Non-controlling interests		(456,972)	-	(578,249)	-
		<b>1,782,245</b>	<b>1,865,080</b>	<b>4,013,554</b>	<b>4,018,605</b>
		<b>JD/Fils</b>	<b>JD/Fils</b>	<b>JD/Fils</b>	<b>JD/Fils</b>
Basic and diluted earnings per share from the profit attributable to the Company's shareholders	15	0/083	0/087	0/187	0/187

**The attached notes 1 to 22 form part of these interim condensed consolidated financial statements**

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	JD	JD	JD	JD
Profit for the period	1,782,245	1,865,080	4,013,554	4,018,605
<b>Add: Other comprehensive income not to be reclassified to profit and loss in subsequent periods</b>				
Change in fair value of financial assets through other comprehensive income	189,741	(298,030)	618,724	(257,961)
<b>Total comprehensive income for the period</b>	<u>1,971,986</u>	<u>1,567,050</u>	<u>4,632,278</u>	<u>3,760,644</u>
<b>Total comprehensive income attributable to:</b>				
Company shareholders	2,426,329	1,567,050	5,208,277	3,760,644
Non-controlling interests	<u>(454,343)</u>	<u>-</u>	<u>(575,999)</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>1,971,986</u>	<u>1,567,050</u>	<u>4,632,278</u>	<u>3,760,644</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

	Company shareholders' equity					Non-controlling interest	Net Equity
	Authorized and paid-in capital	Statutory reserve	Fair value reserve	Retained earnings*	Total		
	JD	JD	JD	JD	JD	JD	JD
<b>30 June 2021 -</b>							
Balance as at 1 January 2021	21,438,252	5,825,651	(2,292,597)	8,622,347	33,593,653	-	33,593,653
Investment in a subsidiary (note 3)	-	-	-	-	-	1,660,823	1,660,823
Total comprehensive income for the period	-	-	616,474	4,591,803	5,208,277	(575,999)	4,632,278
Change in non-controlling interests	-	-	-	(15,578)	(15,578)	15,578	-
<b>Balance as at 30 June 2021</b>	<u>21,438,252</u>	<u>5,825,651</u>	<u>(1,676,123)</u>	<u>13,198,572</u>	<u>38,786,352</u>	<u>1,100,402</u>	<u>39,886,754</u>
<b>30 June 2020 -</b>							
Balance as at 1 January 2020	21,438,252	5,825,651	(2,590,746)	3,137,543	27,810,700	-	27,810,700
Total comprehensive income for the period	-	-	(257,961)	4,018,605	3,760,644	-	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>	<u>-</u>	<u>31,571,344</u>

\* Retained earnings include an amount of JD 4,314,809 as at 30 June 2021 (31 December 2020: JD 3,634,254), representing deferred tax assets that cannot be distributed according to the securities commission instructions.

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

	Notes	30 June 2021 JD	30 June 2020 JD
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit from continuing operations before tax		6,120,677	6,232,301
Profit from discontinued operations before tax		65,855	-
<b>Adjustments for -</b>			
Interest income		(1,422,932)	(1,415,479)
Depreciation and amortization		322,187	332,602
Depreciation on right use assets		114,588	148,032
Interest on lease contracts obligations		8,323	21,701
Gain from sale of financial assets at fair value through profit or loss		(30)	-
Amortization of financial assets at amortized cost		(7,113)	4,818
(Recovery) provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		(8,244)	950,000
Provision for expected credit losses on checks under collection		-	38,073
Receivables written-off	8	520,113	-
Provision for contingent liabilities		670,000	-
(Gain) loss from sale of property and equipment		(75,115)	8,581
End of service indemnity provision		602,732	174,762
Net change in unearned premium reserve		5,612,523	2,326,005
Net change in outstanding claims reserve		(1,269,836)	2,218,308
<b>Cash flows from operating activities before changes in working capital</b>		<b>11,253,728</b>	<b>11,039,704</b>
Checks under collection		1,874,232	(914,727)
Accounts receivable		(4,128,371)	(9,626,124)
Reinsurance receivables		169,116	(1,115,716)
Other assets		(1,087,935)	(1,071,202)
Accounts payable		12,135	840,163
Accrued expenses		(1,252,228)	(252,176)
Reinsurance payables		1,977,518	3,535,499
Other liabilities		(61,621)	868,348
Paid from end of services provision		(49,000)	(25,312)
Income tax paid	10/ A	(2,336,905)	-
<b>Net cash flows from operating activities</b>		<b>6,370,669</b>	<b>3,278,457</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Deposits at banks maturing after three months		(2,249,205)	10,885,754
Interests received		1,422,932	1,415,479
Purchase of property and equipment		(226,830)	(241,208)
Proceeds from sale of property and equipment		92,273	3,704
Purchase of financial assets at fair value through profit or loss		(403)	-
Proceeds from sale of financial assets at fair value through profit or loss		672	-
Purchase of intangible assets		(83,538)	(14,900)
Purchase of financial assets at amortized cost		-	(7,598,582)
Financial assets at fair value through other comprehensive income		1,815	(714,003)
Acquisition of a subsidiary – net of cash paid	3	(2,032,099)	-
Proceeds from sale of financial assets through other comprehensive income		-	505,376
<b>Net cash flows (used in) from investing activities</b>		<b>(3,074,383)</b>	<b>4,241,620</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of subordinated loan		(3,000,000)	(3,000,000)
Lease payments		(171,508)	(182,495)
<b>Net cash flows used in financing activities</b>		<b>(3,171,508)</b>	<b>(3,182,495)</b>
<b>Net increase in cash and cash equivalent</b>		<b>124,778</b>	<b>4,337,582</b>
Cash and cash equivalents at the beginning of the period		7,625,518	1,271,256
<b>Cash and cash equivalents at the end of the period</b>	16	<b>7,750,296</b>	<b>5,608,838</b>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

	Life	
	For the six months ended	
	30 June	
	2021	2020
	JD	JD
<b>Written premiums -</b>		
Direct insurance	33,956	-
<b>Total premiums</b>	<u>33,956</u>	<u>-</u>
Less:		
Foreign reinsurance share	20,276	-
<b>Net Written premiums</b>	<u>13,680</u>	<u>-</u>
Add:		
Mathematical reserve at the beginning of the period	516,686	-
Less: reinsurance share	105,067	-
<b>Net mathematical reserve at the beginning of the period</b>	<u>411,619</u>	<u>-</u>
Less:		
Mathematical reserve at the end of the period	516,686	-
Less: reinsurance share	105,067	-
<b>Net mathematical reserve at the end of the period</b>	<u>411,619</u>	<u>-</u>
<b>Net earned revenues from the written premiums</b>	<u>13,680</u>	<u>-</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements



**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

	Life	
	For the six months ended	
	30 June	
	2021	2020
	JD	JD
Paid claims	(3,091)	-
Maturity and Surrender of Policies	142,431	-
Less: reinsurance share	16,254	-
<b>Net paid claims</b>	<b>123,086</b>	<b>-</b>
Add:		
Outstanding claims reserve at the end of the period		
Reported	76,828	-
Not reported	6,750	-
Less:		
Reinsurance share	49,013	-
Recoveries	19,214	-
<b>Net outstanding claims reserve at the end of the period</b>	<b>15,351</b>	<b>-</b>
Less:		
Outstanding claims reserve at the beginning of the period		
Reported	100,858	-
Not reported	2,250	-
Less:		
Reinsurance share	68,390	-
Recoveries	19,214	-
<b>Net outstanding claims reserve at the beginning of the period</b>	<b>15,504</b>	<b>-</b>
<b>Net claims cost</b>	<b>122,933</b>	<b>-</b>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

	Life	
	For the six months ended	
	30 June	
	2021	2020
	JD	JD
<b>Net earned revenue from written premiums</b>	13,680	-
Less:		
<b>Net claims cost</b>	122,933	-
	(109,253)	-
Add:		
Commissions received	537	-
Insurance policies issuance fees	874	-
Investment income related to underwriting accounts	(627)	-
<b>Total revenues</b>	(108,469)	-
Less:		
Policies acquisition costs	-	-
Commissions paid	1,006	-
General and administrative expenses related to underwriting accounts	25,223	-
Other expenses related to underwriting accounts	-	-
Other expenses	374	-
<b>Total expenses</b>	26,603	-
<b>Underwriting loss</b>	(135,072)	-

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**UNDERWRITING REVENUES FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021 JD	2020 JD	2021 JD	2020 JD	2021 JD	2020 JD	2021 JD	2020 JD	2021 JD	2020 JD	2021 JD	2020 JD	2021 JD	2020 JD	2021 JD	2020 JD
Direct inward insurance	13,456,307	9,137,989	1,050,625	820,769	-	-	2,064,467	2,371,839	633,181	456,482	33,636,986	31,352,764	2,359,893	2,433,520	53,201,459	46,573,363
Facultative inward insurance business	356,161	316,638	6,846	4,348	-	-	411,382	411,141	338	892	-	-	1,212	1,747	775,939	734,766
<b>Total written Premium</b>	<b>13,812,468</b>	<b>9,454,627</b>	<b>1,057,471</b>	<b>825,117</b>	<b>-</b>	<b>-</b>	<b>2,475,849</b>	<b>2,782,980</b>	<b>633,519</b>	<b>457,374</b>	<b>33,636,986</b>	<b>31,352,764</b>	<b>2,361,105</b>	<b>2,435,267</b>	<b>53,977,398</b>	<b>47,308,129</b>
Less:																
Local reinsurance share	344,657	294,301	7,980	9,598	-	-	124,271	186,558	20,897	-	-	-	19,571	23,001	517,376	513,458
Foreign reinsurance share	154,184	226,329	823,185	619,687	-	-	1,771,177	1,761,635	505,107	326,413	20,055,562	19,833,654	1,610,900	1,648,944	24,920,115	24,416,662
<b>Net Written Premium</b>	<b>13,313,627</b>	<b>8,933,997</b>	<b>226,306</b>	<b>195,832</b>	<b>-</b>	<b>-</b>	<b>580,401</b>	<b>834,787</b>	<b>107,515</b>	<b>130,961</b>	<b>13,581,424</b>	<b>11,519,110</b>	<b>730,634</b>	<b>763,322</b>	<b>28,539,907</b>	<b>22,378,009</b>
Add:																
Balance at the beginning of the period																
Unearned premium reserve	12,777,020	11,397,809	343,336	182,821	39,437	35,905	6,718,367	5,566,429	466,924	422,707	17,229,762	16,256,149	1,932,026	1,910,604	39,506,872	35,772,424
Less: reinsurance share	536,967	527,557	245,065	117,966	39,437	35,905	6,137,498	5,113,953	394,666	360,546	10,873,935	10,506,005	1,586,467	1,597,746	19,814,035	18,259,678
<b>Net Unearned Premium reserve</b>	<b>12,240,053</b>	<b>10,870,252</b>	<b>98,271</b>	<b>64,855</b>	<b>-</b>	<b>-</b>	<b>580,869</b>	<b>452,476</b>	<b>72,258</b>	<b>62,161</b>	<b>6,355,827</b>	<b>5,750,144</b>	<b>345,559</b>	<b>312,858</b>	<b>19,692,837</b>	<b>17,512,746</b>
Add:																
Balance at the beginning of the period																
Premium deficiency reserve	-	-	-	-	28,276	-	-	-	-	-	884,000	884,000	-	-	912,276	884,000
Less: reinsurance share	-	-	-	-	28,276	-	-	-	-	-	-	-	-	-	28,276	-
<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	14,043,087	10,050,401	372,022	303,823	-	11,378	4,257,422	4,062,905	478,041	369,394	26,330,616	24,530,009	2,205,122	2,194,163	47,686,310	41,522,073
Less: reinsurance share	382,789	442,402	282,662	233,092	-	11,378	3,756,561	3,394,504	392,236	270,186	15,846,065	15,576,601	1,720,637	1,755,159	22,380,950	21,683,322
<b>Unearned Premium reserve – net</b>	<b>13,660,298</b>	<b>9,607,999</b>	<b>89,360</b>	<b>70,731</b>	<b>-</b>	<b>-</b>	<b>500,861</b>	<b>668,401</b>	<b>85,805</b>	<b>99,208</b>	<b>10,484,551</b>	<b>8,953,408</b>	<b>484,485</b>	<b>439,004</b>	<b>25,305,360</b>	<b>19,838,751</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>11,893,382</b>	<b>10,196,250</b>	<b>235,217</b>	<b>189,956</b>	<b>-</b>	<b>-</b>	<b>660,409</b>	<b>618,862</b>	<b>93,968</b>	<b>93,914</b>	<b>9,452,700</b>	<b>8,315,846</b>	<b>591,708</b>	<b>637,176</b>	<b>22,927,384</b>	<b>20,052,004</b>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**CLAIMS COST FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Paid claims</b>	11,684,485	6,423,425	93,114	225,915	-	-	547,819	2,842,590	104,958	14,677	17,739,345	16,188,641	1,234,959	423,222	31,404,680	26,118,470
Less:																
Recoveries	1,600,182	1,166,616	2,146	175	-	-	48,544	6,997	7,000	1,764	48,407	-	3,391	4,856	1,709,670	1,180,408
Local reinsurance share	452,508	12,263	1,085	1,183	-	-	67,410	143,034	-	-	-	-	-	5,980	521,003	162,460
Foreign reinsurance share	104,789	(1,885)	15,220	118,730	-	-	291,966	2,377,852	71,360	450	10,996,111	10,493,818	829,511	256,896	12,308,957	13,245,861
<b>Net Paid Claims</b>	<u>9,527,006</u>	<u>5,246,431</u>	<u>74,663</u>	<u>105,827</u>	<u>-</u>	<u>-</u>	<u>139,899</u>	<u>314,707</u>	<u>26,598</u>	<u>12,463</u>	<u>6,694,827</u>	<u>5,694,823</u>	<u>402,057</u>	<u>155,490</u>	<u>16,865,050</u>	<u>11,529,741</u>
Add:																
Outstanding Claims reserve at the end of the period																
Reported	24,460,327	18,489,252	1,238,781	889,521	-	-	3,788,261	5,875,800	630,834	617,262	2,227,601	1,585,599	2,296,983	2,520,555	34,642,787	29,977,989
Not reported	3,442,106	3,297,442	20,591	20,000	-	-	200,773	200,000	30,256	30,000	3,138,916	3,128,388	170,476	170,000	7,003,118	6,845,830
Less:																
Reinsurance share at the end of the period																
Reported	1,335,812	1,092,523	1,117,175	741,267	-	-	2,992,858	4,466,918	427,559	413,459	1,381,877	990,264	1,903,463	2,065,330	9,158,744	9,769,761
Not reported	-	-	-	-	-	-	-	-	-	-	1,893,705	1,928,788	-	-	1,893,705	1,928,788
Recoveries	4,013,573	1,839,709	80,878	-	-	-	100	-	-	-	-	-	387,630	-	4,482,181	1,839,709
<b>Net Outstanding Claims reserve at the end of the period</b>	<u>22,553,048</u>	<u>18,854,462</u>	<u>61,319</u>	<u>168,254</u>	<u>-</u>	<u>-</u>	<u>996,076</u>	<u>1,608,882</u>	<u>233,531</u>	<u>233,803</u>	<u>2,090,935</u>	<u>1,794,935</u>	<u>176,366</u>	<u>625,225</u>	<u>26,111,275</u>	<u>23,285,561</u>
Less:																
Outstanding Claims reserve at the beginning of the period																
Reported	22,689,097	17,758,449	1,239,220	827,046	-	-	4,146,431	5,311,038	721,977	608,481	1,595,132	3,371,886	3,959,655	2,824,363	34,351,512	30,701,263
Not reported	5,942,106	2,824,242	20,602	20,000	-	-	200,796	200,000	30,271	30,000	3,703,082	2,807,560	170,531	170,000	10,067,388	6,051,802
Less:																
Reinsurance share at the beginning of the period																
Reported	1,392,178	1,010,774	1,125,969	723,234	-	-	2,923,801	4,958,906	489,379	402,402	986,314	2,198,432	3,106,822	2,487,659	10,024,463	11,781,407
Not reported	-	-	-	-	-	-	-	-	-	-	2,343,240	1,760,719	-	-	2,343,240	1,760,719
Recoveries	3,957,308	2,143,686	219,068	-	-	-	21,350	-	-	-	-	-	243,465	-	4,441,191	2,143,686
<b>Net Outstanding Claims reserve at the beginning of the period</b>	<u>23,281,717</u>	<u>17,428,231</u>	<u>(85,215)</u>	<u>123,812</u>	<u>-</u>	<u>-</u>	<u>1,402,076</u>	<u>552,132</u>	<u>262,869</u>	<u>236,079</u>	<u>1,968,660</u>	<u>2,220,295</u>	<u>779,899</u>	<u>506,704</u>	<u>27,610,006</u>	<u>21,067,253</u>
<b>Net Claims Cost</b>	<u>8,798,337</u>	<u>6,672,662</u>	<u>221,197</u>	<u>150,269</u>	<u>-</u>	<u>-</u>	<u>(266,101)</u>	<u>1,371,457</u>	<u>(2,740)</u>	<u>10,187</u>	<u>6,817,102</u>	<u>5,269,463</u>	<u>(201,476)</u>	<u>274,011</u>	<u>15,366,319</u>	<u>13,748,049</u>

**The attached notes 1 to 22 form part of these interim condensed consolidated financial statements**

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**UNDERWRITING PROFITS FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Net earned revenue from written premiums</b>	11,893,382	10,196,250	235,217	189,956	-	-	660,409	618,862	93,968	93,914	9,452,700	8,315,846	591,708	637,176	22,927,384	20,052,004
Less:																
<b>Net claims cost</b>	8,798,337	6,672,662	221,197	150,269	-	-	(266,101)	1,371,457	(2,740)	10,187	6,817,102	5,269,463	(201,476)	274,011	15,366,319	13,748,049
Add:																
Commissions received	15,845	47,699	402,396	239,796	-	-	424,402	711,190	210,607	120,273	4,335,502	3,568,349	397,903	434,720	5,786,655	5,122,027
Insurance policies issuance fees	205,816	150,476	38,795	24,718	-	-	67,094	472,567	15,109	13,636	1,594,084	1,315,656	247,370	96,000	2,168,268	2,073,053
<b>Total revenues</b>	<b>3,316,706</b>	<b>3,721,763</b>	<b>455,211</b>	<b>304,201</b>	<b>-</b>	<b>-</b>	<b>1,418,006</b>	<b>431,162</b>	<b>322,424</b>	<b>217,636</b>	<b>8,565,184</b>	<b>7,930,388</b>	<b>1,438,457</b>	<b>893,885</b>	<b>15,515,988</b>	<b>13,499,035</b>
Less:																
Insurance policies acquisition costs	306,866	250,739	26,311	23,526	-	-	156,839	147,462	30,423	11,246	526,129	467,563	199,030	160,474	1,245,598	1,061,010
Excess of loss premiums	94,992	70,436	33,610	26,396	-	-	223,504	209,343	-	-	-	-	77,468	58,172	429,574	364,347
General and administrative expenses related to underwriting accounts	2,110,786	978,005	124,146	85,352	-	-	287,549	287,877	64,982	47,312	3,451,262	3,243,191	235,497	251,909	6,274,222	4,893,646
Other expenses	67,533	-	3,399	1,707	-	-	7,727	6,575	40	-	142,050	102,313	1,506	2,260	222,255	112,855
<b>Total Expenses</b>	<b>2,580,177</b>	<b>1,299,180</b>	<b>187,466</b>	<b>136,981</b>	<b>-</b>	<b>-</b>	<b>675,619</b>	<b>651,257</b>	<b>95,445</b>	<b>58,558</b>	<b>4,119,441</b>	<b>3,813,067</b>	<b>513,501</b>	<b>472,815</b>	<b>8,171,649</b>	<b>6,431,858</b>
<b>Underwriting profit</b>	<b>736,529</b>	<b>2,422,583</b>	<b>267,745</b>	<b>167,220</b>	<b>-</b>	<b>-</b>	<b>742,387</b>	<b>(220,095)</b>	<b>226,979</b>	<b>159,078</b>	<b>4,445,743</b>	<b>4,117,321</b>	<b>924,956</b>	<b>421,070</b>	<b>7,344,339</b>	<b>7,067,177</b>

**The attached notes 1 to 22 form part of these interim condensed consolidated financial statements**

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

---

**(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.

The Group is engaged in life insurance business along with general 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 (parent company) as at 30 June 2021.

The interim condensed consolidated financial statements were approved by the Board of Directors in its meeting on 27 July 2021.

**(2) Basis of preparation**

The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting".

The interim condensed consolidated financial statements have been prepared on historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value at the date of the interim condensed consolidated financial statements.

The financial statements are presented in Jordanian Dinar (JD), which is the functional currency of the Group.

The interim condensed consolidated 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 2020. In addition, the results for the six months ended 30 June 2021 are not necessarily indicative of the results that may be expected for the year ended 31 December 2021.

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

---

**Basis of consolidation of the financial statements**

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The interim condensed consolidated financial statements comprise the financial statements of Arab Orient Insurance Company ("the Company") and its subsidiaries (referred to as "the Group") as at 30 June 2021.

Name of Company	Legal Status	Country	Ownership percentage
Arab Life and Accidents Insurance Company*	Public shareholding company	Jordan	33.3%
Badeyet al Khaleej First Company for Management Consulting	Limited liability	Jordan	100%
The Arabian Gulf Horizons Company for Management Consulting	Limited liability	Jordan	100%

\*The subsidiaries (Badeyet al Khaleej First Company for Management Consulting and The Arabian Gulf Horizons Company for Management Consulting) own 41.3% of Arab Life and Accidents Insurance Company and, therefore, Arab Orient Insurance Company has control over Arab Life and Accidents Insurance Company.

Consolidation of subsidiaries begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income and expenses, gains and losses relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non- controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained in the subsidiary.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, in the event that the group has directly excluded its assets or liabilities.

The financial statements of the Company and the subsidiary are prepared for the same financial year, using the same accounting policies.

All intra-group transactions, balances, income, expenses between members of the Group are eliminated in full on consolidation.



### **Changes in accounting policies**

The accounting policies used in the preparation of the interim consolidated condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

#### **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

### **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 interim statement of income.
- 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.

### **(3) Acquisition of a subsidiary**

#### **Acquisition of Arab Life and Accidents Insurance Company**

Arab Orient Insurance Company and the subsidiaries have acquired 74.7% of the voting shares of Arab Life and Accidents Insurance Company – Public Shareholding Company during the first quarter of 2021. The total purchase price of the acquisition was JD 4,919,301 with an average price of JD 0.55 per share. An amount of JD 2,592,000 was used to increase the share capital of Arab Life and Accidents Insurance Company.

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

The fair value of the identifiable assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition were:

	Fair value at the date of acquisition (17 March 2021)	Carrying value at the date of acquisition (17 March 2021)
	JD	JD
<b>Assets</b>		
Bank deposits	1,213,963	1,213,963
Financial assets at fair value through profit or loss	5,488	5,488
Financial assets at fair value through other comprehensive income	684,551	684,551
Life policyholder's loans	22,865	22,865
<b>Total Investments</b>	<b>1,926,867</b>	<b>1,926,867</b>
Cash and cash equivalents	295,202	295,202
Checks under collection	1,561,769	1,561,769
Accounts receivable, net	2,116,333	2,116,333
Reinsurance receivables	900,445	900,445
Deferred tax assets	1,054,516	1,054,516
Property and equipment, net	652,278	652,278
Intangible assets*	6,207,279	190,758
Other assets	274,215	274,215
<b>Total assets</b>	<b>14,988,904</b>	<b>8,972,383</b>
<b>Technical reserves</b>		
Unearned premium reserve, net	3,972,430	3,972,430
Outstanding claims reserve, net	2,715,698	2,715,698
Mathematical reserve, net	411,619	411,619
<b>Total technical provisions</b>	<b>7,099,747</b>	<b>7,099,747</b>
Accounts payable	1,397,545	1,397,545
Accrued expenses	166,974	166,974
Reinsurance payables	1,074,177	1,074,177
Other reserves	342,538	342,538
Other liabilities	919,799	919,799
<b>Total liabilities</b>	<b>11,000,780</b>	<b>11,000,780</b>
Add: Consideration received to increase the capital	2,592,000	
<b>Total identifiable net assets at fair value</b>	<b>6,580,124</b>	
Less: Non-controlling interest share (25.24%)	(1,660,823)	
<b>Total acquired net assets</b>	<b>4,919,301</b>	
Consideration paid	4,919,301	
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	2,887,202	
Consideration paid	(4,919,301)	
Acquisition of the subsidiary – net of cash paid	(2,032,099)	

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

\* This acquisition has resulted in a difference between the consideration paid and net of identifiable assets and liabilities by JD 6,016,521. Management has initially allocated this amount as a license for life insurance business. The Company will prepare a purchase price allocation report to reflect any adjustment to the provisional amount on Arab Life and Accidents Insurance assets and liabilities within one year from the acquisition date according to IFRS (3). Management expects to finalize the report during the year 2021.

**(4) BANK DEPOSITS**

	30 June 2021		31 December 2020
	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to 1 year	Total
	JD	JD	JD
			(Unaudited)
			(Audited)
Inside Jordan	7,029,288	49,469,537	56,498,825
			54,556,910

Interest rates on bank deposit balances in Jordanian Dinar range between 2.73% to 6.65% during the period of the year 2021 (2020: 1.5% to 6.25%).

Deposits pledged to the benefit of the General Manager of the Insurance Regulatory Commission amount to JD 1,356,350 as at 30 June 2021 (2020: deposited in Jordan Kuwait Bank JD 233,000).

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 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Jordan Kuwait Bank	12,324,884	15,446,892
Cairo Amman Bank	8,895,567	4,905,567
Invest Bank	6,911,780	6,662,876
Capital Bank	6,194,243	5,966,532
Societe General Bank	4,923,558	4,857,989
Egyptian Arab Land Bank	4,821,713	4,821,713
Jordan Commercial Bank	3,905,783	3,905,783
Al Etihad Bank	3,433,120	3,433,120
Arab Banking Corporation Bank	2,835,775	2,377,674
Jordan Ahli Bank	1,614,426	1,540,788
Bank of Jordan	637,976	637,976
	56,498,825	54,556,910

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

**(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	30 June 2021	31 December 2020	30 June 2021	31 December 2020
<b>Listed shares:</b>	Number of shares (Unaudited)	Number of shares (Audited)	JD (Unaudited)	JD (Audited)
Afaq for Energy Company	4,700	-	5,734	-
Jordan Press Foundation Company	362	-	83	-
Arab Life and Accident Insurance Company	-	800	-	568
			<u>5,817</u>	<u>568</u>

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

	30 June 2021	31 December 2020	30 June 2021	31 December 2020
<b><u>Inside Jordan:</u></b>	Number of shares (Unaudited)	Number of shares (Audited)	JD (Unaudited)	JD (Audited)
<b>Listed Shares:</b>				
Afaq for Energy Company	1,140,147	1,140,147	1,390,978	1,219,957
Afaq for Investment and Real Estate Development Company	1,541,500	1,541,500	1,618,576	1,618,576
Cairo Amman Bank	113,000	113,000	151,420	118,650
Capital Bank	700,000	700,000	1,092,000	686,000
Jordan Electric Power Company	219,310	-	276,496	-
Amlak Company	54	-	54	-
Jordan Press Foundation Company	6,513	-	1,496	-
Royal Jordanian Airlines	7,500	-	1,950	-
			<u>4,532,970</u>	<u>3,643,183</u>

**Unlisted shares:**

Saraya Aqaba Real Estate Development Company	500,000	-	216,880	-
Imcan brokerage and trading	12,719	-	14,214	-
Al-Motarabetah Investment Company	29,851	-	9,579	-
			<u>240,673</u>	<u>-</u>

**Outside Jordan:**

**Unlisted shares:**

Iraq International Insurance Company	482,195,655	-	171,000	-
			<u>171,000</u>	<u>-</u>

**Financial assets at fair value through  
other comprehensive income**

<u>4,944,643</u>	<u>3,643,183</u>
------------------	------------------

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

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

	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	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	2,500	2,500	1,813,594	1,816,719
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,436,755	1,438,517
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,429,002	1,429,830
Treasury bonds/ Hashemite Kingdom of Jordan	1,330	1,330	949,142	949,606
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	712,934	713,302
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	710,744	710,907
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	702,087	701,573
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	699,992	699,323
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	693,207	692,042
<b>Total financial assets at amortized cost inside Jordan</b>			<u>9,148,457</u>	<u>9,152,819</u>
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	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	971,460	975,119
Treasury bonds/ Kingdom of Bahrain Government	715	715	525,610	526,602
Treasury bonds/ Oman Government	1,000	1,000	560,303	567,757
Treasury bonds/ Oman Government	1,000	1,000	573,244	550,907
Treasury bonds/ Oman Government	200	200	110,048	108,805
<b>Total financial assets at amortized cost outside Jordan</b>			<u>2,740,665</u>	<u>2,729,190</u>
<b>Total financial assets at amortized cost</b>			<u>11,889,122</u>	<u>11,882,009</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

**(8) ACCOUNTS RECEIVABLE**

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Policy holders' receivables*	41,806,881	33,835,945
Brokers receivables*	2,336,450	2,299,861
Employees' receivables*	116,728	71,955
Other receivables*	1,192,996	793,017
	<u>45,453,055</u>	<u>37,000,778</u>
Less: Provision for expected credit losses**	<u>(11,340,571)</u>	<u>(8,621,128)</u>
	<u>34,112,484</u>	<u>28,379,650</u>

\* Accounts receivable include scheduled payments with the total amount of JD 19,436,331 after 30 June 2021 (JD 18,631,187 as at 31 December 2020).

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

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	8,621,128	7,843,845
Balance related to the acquired subsidiary	3,247,800	-
(Recovery) provision for the period/ year	(8,244)	994,358
Receivables written-off	<u>(520,113)</u>	<u>(217,075)</u>
Balance at the end of the period/ year	<u>11,340,571</u>	<u>8,621,128</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

**(9) REINSURANCE RECEIVABLE**

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Local insurance companies	2,360,940	1,507,667
Foreign reinsurance companies	279,905	301,057
	2,640,845	1,808,724
Less: Provision for doubtful debt for reinsurance receivables *	(739,009)	(635,120)
	1,901,836	1,173,604

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

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	635,120	299,053
Balance related to the acquired subsidiary	103,889	-
Additions	-	336,067
Balance at the end of the period/ year	739,009	635,120

**(10) INCOME TAX**

**A- Income tax provision**

Movements on the income tax provision were as follows:

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	2,483,944	-
Provision for the period/ year	1,799,017	3,321,306
Income tax paid	(2,336,905)	(787,465)
Income tax on bank interests	(524,343)	-
Prior years' income tax	-	(49,897)
Balance at the end of the period/ year	1,421,713	2,483,944



**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

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

	30 June 2021 JD (Unaudited)	30 June 2020 JD (Unaudited)
Income tax provision for the period	1,799,017	2,018,559
Additions on deferred tax assets	373,961	195,137
	<u>2,172,978</u>	<u>2,213,696</u>

Final settlement for income tax was reached with the Income and Sales Tax Department until 31 December 2018.

Income tax return was submitted for the years 2020 and 2019. The Income and Sales Tax Department have not reviewed the tax returns as at the date of the interim condensed consolidated 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 2021					31 December 2020	
	Balance at the beginning of the period JD	Balances related to the acquired subsidiary JD	Released Amounts JD	Additions JD	Balance at the end of the period JD	Deferred Tax JD (Unaudited)	Deferred Tax JD (Audited)
<b>Deferred tax assets:</b>							
Provision for expected credit losses on accounts receivable and provision for doubtful debt for reinsurance receivable	3,805,113	-	483,815	-	3,321,298	863,537	989,329
Provision for employee bonuses	600,000	-	600,000	300,000	300,000	78,000	156,000
Impairment loss on financial assets	1,199,000	-	-	-	1,199,000	311,740	311,740
Provision for incurred but not reported claims	5,763,948	1,081,519	1,729,304	-	5,116,163	1,330,202	1,498,626
Provision for end of service indemnity	1,725,844	29,846	-	143,732	1,899,422	493,850	448,719
Premium deficiency reserve	884,000	-	-	-	884,000	229,840	229,840
Uncollected accrued revenues	-	110,800	-	-	110,800	28,808	-
Prior years accumulated losses	-	2,833,666	-	931,071	3,764,737	978,832	-
	<u>13,977,905</u>	<u>4,055,831</u>	<u>2,813,119</u>	<u>1,374,803</u>	<u>16,595,420</u>	<u>4,314,809</u>	<u>3,634,254</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

Movements on deferred tax assets were as follows:

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	3,634,254	3,647,084
Balance related to the acquired subsidiary	1,054,516	-
Deductions, net	(373,961)	(12,830)
Balance at the end of the period/ year	4,314,809	3,634,254

**(11) ACCOUNTS PAYABLE**

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Trade and companies' payables	4,205,737	2,720,834
Medical network payables	2,299,652	2,550,231
Agents' payables	858,120	706,963
Garages payables and vehicles parts	329,438	308,958
Employees' payables	19,841	16,122
	7,712,788	6,303,108

**(12) REINSURANCE PAYABLES**

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Foreign reinsurance companies	26,838,951	24,029,442
Local insurance companies	263,446	70,751
	27,102,397	24,100,193

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

---

**(13) 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 2021 and 31 December 2020.

**(14) 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 and during 2020, the Company paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000. During the first half of 2021, the Company paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000.

**(15) BASIC AND DILUTED EARNINGS PER SHARE FROM THE PROFIT FOR THE PERIOD**

	For the three months ended 30 June		For the six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Profit for the period (JD)	1,782,245	1,865,080	4,013,554	4,018,605
Weighted average number of shares (Share)	21,438,252	21,438,252	21,438,252	21,438,252
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit for the period	0/083	0/087	0/187	0/187

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

---

**(16) CASH AND CASH EQUIVALENTS**

	30 June 2021	30 June 2020
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	1,820,002	1,448,536
Add: Deposits at banks	56,498,825	50,296,972
Add: Deposits at banks with original maturity date more than three months	(49,236,537)	(45,911,670)
Less: Restricted deposits to the favor of General Manager of the Insurance Regulatory Commission	(1,356,350)	(225,000)
Cash related to discontinued operations' assets	24,356	-
Net cash and cash equivalents at the end of the period/ year	<u>7,750,296</u>	<u>5,608,838</u>

**(17) DISCONTINUED OPERATIONS**

The Board of Directors of Arab Life and Accidents Insurance Company (the acquired Company) decided, on a previous date, to close Palestine's branches and, therefore, Palestine's branches' assets were classified as discontinued operations' assets and its obligations as liabilities related to discontinued operations' assets as at 30 June 2021. In additions, the results of these branches were presented in the statement of income within discontinued operations for the period ended 30 June 2021.

**(18) RELATED PARTY TRANSACTIONS**

The Group 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 2021.

During 2011 it was agreed with Gulf Insurance Company (Parent Company) to settle all treaty reinsurers' accounts through Gulf Insurance Company, where the Company's credit balance as at 30 June 2021 amounted to JD 707,628 for Gulf Insurance Company (31 December 2020: JD 982,141).

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

Below is a summary of related parties balances and transactions during the period/ year:

	Related parties			Total	Total
	Jordan Kuwait Bank (Shareholder -Subsidiary of the ultimate parent Company) JD	Hamza Ahmad Tantash (Shareholder) JD	Top Executive Management JD	30 June 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<u>Interim Consolidated Statement of Financial Position Items:</u>					
Time deposits	12,324,885	-	-	12,324,885	15,446,892
Overdraft account – under demand	(222,775)	-	-	(222,775)	(707,233)
Current accounts	981,355	-	-	981,355	1,323,563
Deposits on letters of guarantee	502,275	-	-	502,275	470,304
Accounts receivable/ payable	(103,716)	(4,142)	(71,916)	(179,774)	106,315
<u>Off-statement of interim consolidated Financial Position Items:</u>					
Letters of guarantee	5,022,750	-	-	5,022,750	4,703,040
	Related parties			Total	Total
	Jordan Kuwait Bank (Shareholder- Subsidiary of the ultimate parent Company) JD	Hamza Ahmad Tantash (Shareholder) JD	Top Executive Management JD	30 June 2021 JD (Unaudited)	30 June 2020 JD (Unaudited)
<u>Interim consolidated Statement of Income Items:</u>					
Bank interest income	157,582	-	-	157,582	354,592
Insurance premiums	2,396,632	876	12,049	2,409,557	2,286,905
Bank expenses and commissions	76,040	-	-	76,040	79,312
Salaries	-	-	2,040,046	2,040,046	494,832
Bonuses	-	-	329,578	329,578	269,478
Transportation expenses for members of the Board of Directors	-	-	33,410	33,410	25,200
Bonuses expenses for members of the Board of Directors	-	-	237,500	237,500	-
Board of Directors committees' bonus	-	-	2,600	2,600	-

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2021**

---

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

	30 June 2021	30 June 2020
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and bonuses	1,586,017	764,310

**(19) ANALYSIS OF MAIN SECTORS**

*Information on the Company's business sectors*

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

**(20) LAWSUITS BY AND AGAINST THE GROUP**

The Group appears as defendant in a number of lawsuits, the Group booked a sufficient provision to meet any obligations towards these lawsuits. In the opinion of the Group's management and legal consultant, the provision for a total amount of JD 7,388,901 as at 30 June 2021 (31 December 2020: JD 3,331,916) is sufficient to meet any obligations towards these lawsuits. Total amount of the cases raised by the Group within its activity is JD 7,307,837 as at 30 June 2021 (31 December 2020: JD 3,223,040).

**(21) CONTINGENT LIABILITIES**

At 30 June 2021, the Group had letters of guarantee amounting JD 5,050,894 (31 December 2020: 4,703,040) against which cash margins of JD 503,682 are held (31 December 2020: JD 470,304).

**(22) CORONAVIRUS SPREAD (COVID – 19) AND ITS IMPACT ON THE GROUP**

As a result of the continuing impact of the Corona Virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and procedures imposed by the Jordanian government, neighboring countries and the rest of the world, the Group's management prepared a study to determine the extent of the impact of Corona Virus on the Group's activities and its financial date to take appropriate measures to enable it to continue its activities in light of the current circumstances, as operational activities may be affected by global developments that currently affect various economic and geographical sectors.

The (Covid-19) pandemic has not resulted in a material impact on the Group's activities, including gross written premiums and paid claims. The Group's management believes that it maintains the necessary liquidity to meet its obligations on their maturity date for a period of at least one year from the date of these interim condensed consolidated financial statements.