

Date: 29/07/2019

Ref: 02/GJ/2019

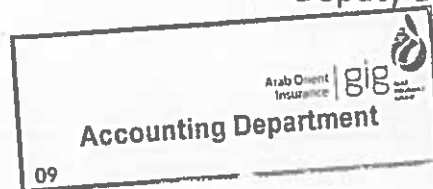
To: Amman Stock Exchange

Interim Condensed Financial Statement for the Period Ended 30/6/2019

Attached are the English financial statements of Arab Orient Insurance Co. For the Period ended 30/6/2019 after being reviewed by our external auditors.

Kindly accept our highly appreciation and respect

CFO
Sa'ad Farah



Deputy Director / Accounting Dept.

Wail Shehadeh

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢١ تموز ٢٠١٩
3801
21014
21014

الرقم المتسلسل:
رقم الملف:
الجهة المختصة:

ARAB ORIENT INSURANCE

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2019

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

Introduction

We have reviewed the accompanying interim condensed financial statements of **ARAB ORIENT INSURANCE COMPANY** (a public shareholding company) as at 30 June 2019, comprising of interim statement of financial position as at 30 June 2019 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. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Explanatory paragraph

The interim condensed financial statements have been prepared for the purposes of Jordan Securities Commission and management and do not require the Insurance department approval.

Amman – Jordan
28 July 2019



ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	<u>Notes</u>	<u>30 June 2019</u>	<u>31 December 2018</u>
		<u>JD</u> (Unaudited)	<u>JD</u> (Audited)
<u>Assets</u>			
Bank deposits	3	49,967,520	47,070,424
Financial assets at fair value through other comprehensive income	4	3,908,293	5,051,191
Financial assets at amortized cost	5	2,466,789	2,471,328
Total Investments		<u>56,342,602</u>	<u>54,592,943</u>
Cash and cash equivalents	15	2,341,367	2,494,466
Checks under collection		4,294,462	4,251,884
Accounts receivable	6	33,630,636	24,881,284
Reinsurance receivable	7	1,425,601	1,322,370
Property and equipment		4,719,435	4,808,393
Intangible assets		562,590	645,220
Deferred tax assets	8	4,753,176	5,722,030
Right of use assets		599,684	-
Other assets		1,615,816	1,427,919
Total Assets		<u>110,285,369</u>	<u>100,146,509</u>
<u>Liabilities and Equity</u>			
<u>Liabilities –</u>			
Insurance contract liabilities:			
Unearned premium reserve		19,364,249	14,838,093
Premium deficiency reserve		884,000	884,000
Outstanding claims reserve		19,432,286	18,777,823
Total Insurance contract liabilities		<u>39,680,535</u>	<u>34,499,916</u>
Accounts payable	9	5,416,335	6,186,513
Accrued expenses		464,575	635,184
Reinsurance payables	10	26,610,134	22,253,293
Lease contracts obligations		457,528	-
Other provisions		1,277,973	1,084,242
Deferred tax liabilities	8	-	55,451
Other liabilities		898,227	227,718
Total Liabilities		<u>74,805,307</u>	<u>64,942,317</u>
Equity -			
Authorized and paid-in capital	11	21,438,252	21,438,252
Statutory reserve		5,107,646	5,107,646
Fair value reserve		(2,261,026)	(2,399,231)
Accumulated losses		(1,172,077)	(542,475)
Profit for the period		3,367,267	-
Net Equity		<u>26,480,062</u>	<u>23,604,192</u>
Subordinated loan	12	9,000,000	11,600,000
		<u>35,480,062</u>	<u>35,204,192</u>
Total Liabilities and Equity		<u>110,285,369</u>	<u>100,146,509</u>

The attached notes from 1 to 19 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 2019 (UNAUDITED)**

	Notes	For the three months ended 30 June 2019		For the six months ended 30 June 2019	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		JD	JD	JD	JD
Revenues –					
Gross written premium		20,421,561	21,393,256	49,580,669	51,273,508
Less: reinsurers share		9,321,710	9,838,246	26,733,829	26,462,425
Net written premium		11,099,851	11,555,010	22,846,840	24,811,083
Net change in unearned premiums reserve		(2,038,402)	(1,248,862)	(4,526,156)	(3,884,358)
Net earned premium		9,061,449	10,306,148	18,320,684	20,926,725
Commissions income		1,548,488	1,543,240	4,286,405	3,810,459
Insurance policies issuance fees		1,157,475	1,557,237	2,318,357	2,718,690
Interest income		665,019	506,276	1,316,206	1,049,684
Net gain from financial assets and investments	13	208,279	454,700	208,279	375,712
Total revenues		12,640,710	14,367,601	26,449,931	28,881,270
Claims, losses and expenses					
Paid claims		14,226,190	16,134,207	30,273,067	37,695,548
Less: Recoveries		958,381	930,036	1,982,361	2,245,576
Less: Reinsurance share		7,465,124	7,049,433	14,909,672	17,594,497
Net paid claims		5,802,685	8,154,738	13,381,034	17,855,475
Net change in outstanding claims reserve		1,123,339	641,569	654,463	(941,495)
Allocated employees' expenses		1,790,098	1,758,520	3,271,751	3,229,730
Allocated general and administrative expenses		696,287	801,072	1,411,173	1,544,746
Excess of loss premium		146,474	240,696	310,200	449,678
Policies acquisition costs		510,955	484,297	1,144,017	1,157,599
Other expenses		46,438	57,871	121,290	180,038
Net Claims		10,116,276	12,138,763	20,293,928	23,475,771
Unallocated employees' expenses		447,523	439,632	817,938	807,433
Unallocated general and administrative expenses		174,071	200,267	352,793	386,186
Depreciation and amortization		160,630	169,221	320,620	340,340
Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivable		80,525	482,000	381,217	1,507,000
Provision for expected credit losses on checks under collection		-	-	4,610	-
(gain) loss from sale of property and equipment		1,674	(1,075)	(1,845)	23,384
Total expenses		864,423	1,290,045	1,875,333	3,064,343
Profit for the period before tax		1,660,011	938,793	4,280,670	2,341,156
Income tax expenses	8	(266,623)	(151,903)	(913,403)	(507,427)
Profit for the period		1,393,388	786,890	3,367,267	1,833,729
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period	14	0/065	0/037	0/157	0/086

The attached notes from 1 to 19 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 2019 (UNAUDITED)**

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	JD	JD	JD	JD
Profit for the period	1,393,388	786,890	3,367,267	1,833,729
Add: Other comprehensive income not be reclassified to profit and loss in subsequent periods				
Change in fair value of financial assets through other comprehensive income	(294,418)	(1,236,546)	(491,397)	(1,315,534)
Total comprehensive income for the period	1,098,970	(449,656)	2,875,870	518,195

The attached notes from 1 to 19 form part of these interim financial statements

**ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)**

	Authorized and paid in capital	Statutory reserve	Fair value reserve	Accumulated losses*	Profit for the period	Total
	JD	JD	JD	JD	JD	JD
30 June 2019 -						
Balance at 1 January 2019	21,438,252	5,107,646	(2,399,231)	(542,475)	-	23,604,192
Profit for the period	-	-	-	-	3,367,267	3,367,267
Change in fair value of financial assets through other comprehensive income	-	-	(491,397)	-	-	(491,397)
Total comprehensive income for the period	-	-	(491,397)	-	3,367,267	2,875,870
Realized losses on sale of financial assets through other comprehensive income	-	-	629,602	(629,602)	-	-
Balance at 30 June 2019	<u>21,438,252</u>	<u>5,107,646</u>	<u>(2,261,026)</u>	<u>(1,172,077)</u>	<u>3,367,267</u>	<u>26,480,062</u>
30 June 2018 -						
Balance at 1 January 2018	21,438,252	4,683,051	-	(3,393,517)	-	22,727,786
IFRS (9) implementation effect	-	-	(62,737)	62,737	-	-
Adjusted balance at 1 January 2018	21,438,252	4,683,051	(62,737)	(3,330,780)	-	22,727,786
Profit for the period	-	-	-	-	1,833,729	1,833,729
Change in fair value of financial assets at fair value through other comprehensive income	-	-	(1,315,534)	-	-	(1,315,534)
Balance at 30 June 2018	<u>21,438,252</u>	<u>4,683,051</u>	<u>(1,378,271)</u>	<u>(3,330,780)</u>	<u>1,833,729</u>	<u>23,245,981</u>

* Accumulated losses include an amount of JD 4,753,176 as at 30 June 2019 (31 December 2018: JD 5,722,030), representing deferred tax assets that cannot be distributed according to the securities commission instructions.

The attached notes from 1 to 19 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 2019 (UNAUDITED)**

	Note	30 June 2019 JD	30 June 2018 JD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		4,280,670	2,341,156
Adjustment for:			
Interest income		(1,316,206)	(1,049,684)
Depreciation and amortization		320,620	340,340
Interest on lease contracts obligations		20,745	-
Depreciation on right of use assets		137,765	-
(Gain) loss from sale of property and equipment		(1,845)	23,384
Net change in outstanding claims reserve		654,463	(941,495)
Net change unearned premium reserve		4,526,156	3,884,358
End of service indemnity provision		203,499	316,581
Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivable		381,217	1,507,000
Provision for expected credit losses on checks under collection		4,610	-
Amortization of financial assets at amortized cost		4,539	4,274
Cash flows from operating activities before changes in working capital		9,216,233	6,425,914
Checks under collection		(47,188)	617,133
Accounts receivable		(9,130,569)	(7,567,815)
Reinsurance receivable		(103,231)	748,919
Other assets		(272,116)	(214,570)
Accounts payable		(770,178)	(5,575,437)
Lease contracts obligation		(216,447)	-
Accrued expenses		(170,609)	(53,669)
Reinsurance payable		4,356,841	6,183,813
Other liabilities		670,509	488,743
Paid from end of service provision		(9,768)	(301,740)
Net cash flows from operating activities		3,523,477	751,291
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Deposits at banks maturing after three months		(2,897,096)	(1,550,163)
Financial assets at fair value through other comprehensive income		651,501	-
Purchase of property and equipment		(129,672)	(65,091)
Proceeds from sale of property and equipment		23,925	4,362
Purchase of intangible assets		(41,440)	(6,289)
Interest received		1,316,206	1,049,684
Net cash flows used in investing activities		(1,076,576)	(567,497)
<u>NET CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Subordinated loan		(2,600,000)	-
Net cash flows used in financing activities		(2,600,000)	-
Net (decrease) increase in cash and cash equivalent		(153,099)	183,794
Cash and cash equivalents at beginning of the period	15	2,494,466	1,242,338
Cash and cash equivalents at the end of the period	15	2,341,367	1,426,132

The attached notes from 1 to 19 form part of these interim financial statements

ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2019 JD	2018 JD	2019 JD	2018 JD	2019 JD	2018 JD	2019 JD	2018 JD	2019 JD	2018 JD	2019 JD	2018 JD	2019 JD	2018 JD	2019 JD	2018 JD
Written Premiums:																
Direct inward insurance	10,025,892	11,110,583	720,124	496,660	10,354	42,817	1,940,051	2,191,192	463,300	253,314	32,944,321	33,877,004	2,765,689	2,637,357	48,869,731	50,608,927
Facultative inward insurance business	432,550	424,297	-	-	-	-	275,618	229,391	1,018	2,095	-	-	1,752	8,798	710,938	664,581
Total Premiums	10,458,442	11,534,880	720,124	496,660	10,354	42,817	2,215,669	2,420,583	464,318	255,409	32,944,321	33,877,004	2,767,441	2,646,155	49,580,669	51,273,508
Less:																
Local reinsurance share	469,406	186,253	16,524	100	-	-	168,719	179,988	-	-	-	-	40,268	54,963	694,917	421,304
Foreign reinsurance share	189,218	220,002	568,207	351,224	10,354	42,817	1,226,417	1,561,321	358,232	150,939	21,711,584	21,719,770	1,974,900	1,995,048	26,038,912	26,041,121
Net Written Premiums	9,799,818	11,128,625	135,393	145,336	-	-	820,533	679,274	106,086	104,470	11,232,737	12,157,234	752,273	596,144	22,846,840	24,811,083
Add:																
Balance at the beginning of the period																
Unearned premium reserve	9,160,063	10,441,001	188,020	171,415	26,378	6,990	5,442,353	5,370,037	394,077	364,925	15,534,285	16,692,507	1,872,001	1,538,037	32,617,217	34,594,912
Less: reinsurance share	544,680	766,354	120,969	91,329	26,378	6,990	5,039,991	4,892,854	328,565	299,056	10,090,911	11,610,763	1,627,630	1,281,664	17,779,124	18,949,010
Net Unearned Premiums reserve	8,615,383	9,674,647	67,051	80,086	-	-	402,402	477,183	65,512	65,869	5,443,374	5,081,744	244,371	256,373	14,838,093	15,635,902
Add:																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	-	-	-	884,000	-
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	-	-	-	884,000	-
Less:																
Balance at the end of the period																
Unearned premium reserve	10,419,554	10,587,690	222,420	186,272	9,466	25,364	3,733,625	3,852,210	325,474	265,685	23,567,640	24,752,797	2,483,450	2,321,053	40,761,629	41,991,071
Less: reinsurance share	537,124	664,891	167,498	123,209	9,466	25,364	3,133,142	3,231,694	243,276	182,920	15,285,759	16,268,160	2,021,115	1,974,573	21,397,380	22,470,811
Net unearned Premiums reserve	9,882,430	9,922,799	54,922	63,063	-	-	600,483	620,516	82,198	82,765	8,281,881	8,484,637	462,335	346,480	19,364,249	19,520,260
Less:																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	-	-	-	884,000	-
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	-	-	-	884,000	-
Net Earned revenue from written Premium	8,532,771	10,880,473	147,522	162,359	-	-	622,452	535,941	89,400	87,574	8,394,230	8,754,341	534,309	506,037	18,320,684	20,926,725

The attached notes from 1 to 19 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 2019 (UNAUDITED)**

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)																			
	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total				
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018			
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD			
Paid claims	8,606,749	10,768,806	7,193	232,535	-	-	578,787	1,873,502	15,633	78,518	19,823,966	24,027,590	1,240,739	714,597	30,273,067	37,695,548			
Less:																			
Recoveries	1,737,572	2,195,003	6,897	-	-	-	214,756	31,121	1,239	18,183	-	-	21,897	1,269	1,982,361	2,245,576			
Local reinsurance share	284	9,916	-	-	-	-	12,903	68,279	-	-	-	-	71,438	12,718	84,625	90,913			
Foreign reinsurance share	65,547	18,679	66,070	124,078	-	-	443,252	1,515,744	-	34,715	13,246,018	15,281,258	1,004,160	529,110	14,825,047	17,503,584			
Net Paid Claims	6,803,346	8,545,208	(65,774)	108,457	-	-	(92,124)	258,358	14,394	25,620	6,577,948	8,746,332	143,244	171,500	13,381,034	17,855,475			
Add:																			
Outstanding Claims reserve at the end of the period																			
Reported	16,297,708	16,274,716	1,316,713	127,293	-	-	1,564,410	1,866,721	386,391	308,681	3,827,273	3,156,517	2,691,915	2,114,462	26,084,410	23,848,390			
Not reported	2,633,000	2,600,000	20,000	20,000	-	-	200,000	200,000	30,000	30,000	2,488,629	3,547,188	170,000	170,000	5,541,629	6,567,188			
Less:																			
Reinsurance share reported	846,882	964,545	1,184,496	87,675	-	-	1,325,545	1,604,264	134,987	126,380	2,575,002	2,093,963	2,411,224	1,815,093	8,478,136	6,691,920			
Not reported	-	-	-	-	-	-	-	-	-	-	1,616,921	2,353,125	-	-	1,616,921	2,353,125			
Recoveries	2,098,696	1,904,245	-	-	-	-	-	-	-	-	-	-	-	-	2,098,696	1,904,245			
Net Outstanding Claims reserve at the end of the period	15,985,130	16,005,926	152,217	59,618	-	-	438,865	462,457	281,404	212,301	2,123,979	2,256,617	450,691	469,369	19,432,286	19,466,288			
Less:																			
Outstanding Claims reserve at the beginning of the period																			
Reported	15,932,658	15,346,137	105,763	279,437	-	-	1,915,364	2,643,446	394,163	328,361	2,978,028	4,731,485	2,728,852	1,759,884	24,054,828	25,088,750			
Unreported	2,694,200	2,600,000	20,000	20,000	-	-	200,000	200,000	30,000	30,000	2,376,865	4,513,125	170,000	170,000	5,491,065	7,533,125			
Less:																			
Reinsurance share reported	861,749	1,188,029	74,721	164,697	-	-	1,640,935	2,228,545	125,687	163,780	2,117,675	3,006,288	2,393,290	1,360,744	7,214,057	8,112,083			
Not reported	-	-	-	-	-	-	-	-	-	-	1,544,825	2,867,547	-	-	1,544,825	2,867,547			
Recoveries	2,009,188	1,234,462	-	-	-	-	-	-	-	-	-	-	-	-	2,009,188	1,234,462			
Net Outstanding Claims reserve at the beginning of the period	15,755,921	15,523,646	51,042	134,740	-	-	474,429	614,901	298,476	194,581	1,692,393	3,370,775	505,562	559,140	18,777,823	20,407,783			
Net Claims Cost	7,032,555	9,027,488	35,401	33,335	-	-	(127,688)	105,914	(2,678)	43,340	7,009,534	7,632,174	86,373	71,729	14,035,497	16,913,980			

The attached notes from 1 to 19 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 2019 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	8,532,771	10,880,473	147,522	162,359	-	-	622,452	535,941	89,400	87,574	8,394,230	8,754,341	534,309	506,037	18,320,684	20,926,725
Less:																
Net claims cost	7,032,555	9,027,488	35,401	33,335	-	-	(127,688)	105,914	(2,678)	43,340	7,009,534	7,632,174	88,373	71,729	14,035,497	16,913,980
	1,500,216	1,852,985	112,121	129,024	-	-	750,140	430,027	92,078	44,234	1,384,696	1,122,167	445,936	434,308	4,285,187	4,012,745
Add:																
Commissions received	41,655	48,467	240,723	81,439	(23)	1,987	353,567	454,011	151,543	44,038	2,921,891	2,581,937	577,049	598,580	4,286,405	3,810,459
Insurance policies issuance fees	207,015	312,376	21,041	15,746	104	397	457,591	486,918	15,488	12,284	1,478,868	1,768,139	138,250	122,830	2,318,357	2,718,690
Total revenue	1,748,886	2,213,828	373,885	226,209	81	2,384	1,561,298	1,370,956	259,109	100,556	5,785,455	5,472,243	1,161,235	1,155,718	10,889,949	10,541,894
Less:																
Insurance policies acquisition costs	277,454	369,978	41,314	18,445	-	-	130,280	88,175	11,401	10,183	506,961	526,354	176,607	144,464	1,144,017	1,157,599
Excess of loss premiums	62,092	144,676	23,809	36,809	-	-	168,838	203,991	-	-	-	-	55,461	64,202	310,200	449,678
General and administrative expenses related to underwriting accounts	987,806	1,074,102	68,016	46,248	978	3,987	209,271	225,399	43,855	23,783	3,111,611	3,154,552	261,387	246,405	4,682,924	4,774,476
Other expenses	-	-	938	1,115	-	-	6,154	7,177	-	-	112,424	169,347	1,774	2,399	121,290	180,038
Total Expenses	1,327,352	1,588,756	134,077	102,617	978	3,987	514,543	524,742	55,256	33,966	3,730,996	3,850,253	495,229	457,470	6,258,431	6,561,791
Underwriting profit	421,534	625,072	239,808	123,592	(897)	(1,603)	1,046,755	846,214	203,853	66,590	2,054,459	1,621,990	666,006	698,248	4,631,518	3,980,103

The attached notes from 1 to 19 form part of these interim financial statements

**ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019**

(1) GENERAL

The 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 so that the authorized and paid in capital reached to 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, 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, 8th Circle, Abdali and Abdali- Boulevard in Amman, Aqaba branch in Aqaba City and in Irbid branch in Irbid city.

The Company is 90.45% owned by Gulf Insurance Company as of 30 June 2019.

The interim financial statements were approved by the Board of Directors in its meeting 28 July 2019.

(2) Basis of preparation

The interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting".

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

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

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual report as at 31 December 2018. In addition, the results for the six months ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2019.

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 2018 except for the adoption of new standards effective as of 1 January 2019 shown below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

	2019
	JD
	(Unaudited)
Assets	
Right of use assets	730,337
Prepaid expenses	(102,271)
Liabilities	
Lease contracts obligations	628,066
Total equity	-

a) Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of plant, equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

• *Leases previously accounted for as operating leases*

The Company recognised right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

b) Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

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

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

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

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

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

(3) BANK DEPOSITS

	30 June 2019		31 December 2018
	Deposits matured between 6 months to 1 Year	Total	Total
	JD	JD	JD
		(Unaudited)	(Audited)
Inside Jordan	49,967,520	49,967,520	47,070,424
	49,967,520	49,967,520	47,070,424

Interest rates on bank deposit balances in Jordanian Dinar range from 4.9% to 6.25% during the period of the year 2019.

Deposits pledged to the favor of the General Manager of the Insurance Regulatory Commission deposited in Jordan Kuwait Bank amounted to JD 225,000 as of 30 June 2019 and 31 December 2018.

ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 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 are the distribution of deposits at banks:

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Jordan Kuwait Bank	16,811,095	17,065,542
Capital Bank	2,439,518	2,304,283
Audi Bank	2,420,599	2,244,565
Invest Bank	3,824,663	3,723,304
Blom Bank	2,821,006	2,746,616
Etihad Bank	3,167,883	3,086,544
Jordan Commercial Bank	3,607,402	3,514,761
Arab Banking Corporation Bank	3,891,009	3,604,579
Bank of Jordan	1,122,551	1,097,186
Egyptian Arab Land Bank	3,675,399	2,349,713
Cairo Amman Bank	2,560,629	2,000,000
Jordan Ahli Bank	3,625,766	3,333,331
	<u>49,967,520</u>	<u>47,070,424</u>

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

	Number of shares	30 June 2019	31 December 2018
		JD (Unaudited)	JD (Audited)
Listed Shares:			
Cairo Amman Bank	553,581	620,011	736,263
Afaq for Energy Company	1,140,147	1,562,001	2,154,878
Afaq for Investment and Real Estate Development	1,541,500	1,603,160	1,541,500
Dar Al Dawa Development and Investment	114,000	123,121	618,550
Total financial assets at fair value through other comprehensive income		<u>3,908,293</u>	<u>5,051,191</u>

ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019

(5) FINANCIAL ASSETS AT AMORTIZED COST

	Number of bonds	30 June 2019 JD (Unaudited)	31 December 2018 JD (Audited)
Inside Jordan:-			
Unlisted Bonds in financial markets:			
Arab Real Estate Development Company*	120	1,200,000	1,200,000
Less: Impairment in financial assets at amortized cost		(1,199,000)	(1,199,000)
Financial assets at amortized cost - net		<u>1,000</u>	<u>1,000</u>
Bonds listed in financial markets			
Treasury bonds/ Hashemite Kingdom of Jordan**	1,330	<u>950,923</u>	<u>951,338</u>
Total financial assets at amortized cost inside Jordan		<u>951,923</u>	<u>952,338</u>
Outside Jordan:			
Treasury bonds/ Kingdom of Bahrain Government***	715	529,398	530,272
Treasury bonds/ Kingdom of Bahrain Government****	1,315	<u>985,468</u>	<u>988,718</u>
Net financial assets at amortized cost outside Jordan		<u>1,514,866</u>	<u>1,518,990</u>
Total financial assets at amortized cost		<u>2,466,789</u>	<u>2,471,328</u>

- * These bonds matured on April 1, 2011 at fixed annual interest rate of 10%. Interest is paid every six months on October 1st and April 1st of each year, the first payment was on October 1st 2008. The Board of Directors approved in its meeting number (2) held on March 24, 2011 the published amended draft prospectus that was approved by the General Assembly of the bonds owners on March 28, 2011. The prospectus includes extending the maturity date of these bonds to April 1, 2015 and amending the interest rate to become a fixed annual interest rate of 11%, to be paid semiannually on October 1st, and April 1st each year starting from October 1st 2011. The Company did not collect or record any interest from these bonds after the prospectus was modified.

ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019

Following the decision of the General Assembly of the bonds owners in its meeting held on the 26th of October, 2011 the Housing Bank for Trade and Finance, as the trustee, has started the legal procedures against Arab Real Estate Development Company (Arab Corp) and filed a lawsuit under number (3460/2011) at the First Instance Court of Amman to demand the rights of the bonds owners.

Arab Real Estate Development Company bonds are stated at cost less impairment loss for an amount of JD 1,199,000 as of 30 June 2019.

- ** Treasury bonds/ Hashemite Kingdom of Jordan are due on the 31 January 2027 with an interest rate of 5.75% and paid on two equal installments on the 31th of January and 31th of July, until the maturity date of the bond.
- *** Treasury bonds/ Kingdom of Bahrain Government are due on the 12th of October 2028 with an interest rate of 7% and paid on two equal installments on the 12th of October and 12th of April, until the maturity date of the bond.
- **** Treasury bonds/ Kingdom of Bahrain Government are due on the 26 of January 2026 with an interest rate of 7% and paid on two equal installments on the 26th of January and 26th of July, until the maturity date of the bond.

(6) ACCOUNTS RECEIVABLE

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Policy holders *	39,299,420	30,560,159
Brokers receivables	2,138,109	2,116,559
Employees' receivables	117,376	65,832
Other receivables	860,789	553,112
	42,415,694	33,295,662
Less: Provision for expected credit losses**	(8,785,058)	(8,414,378)
Accounts receivable, net	33,630,636	24,881,284

- * Includes scheduled payment amounted to JD 20,552,358 after 30 June 2019 (JD 14,883,127 as of 31 December 2018).

ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019

** Movement on the provision for expected credit losses consists of the following:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	8,414,378	6,940,953
Additions	381,217	1,473,425
Transferred to allowance for doubtful debts for reinsurance receivables	(10,537)	-
Balance at the end of the period / year	8,785,058	8,414,378

(7) REINSURANCE RECEIVABLES

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	1,626,424	1,488,033
Foreign reinsurance companies	282,336	306,959
	1,908,760	1,794,992
Less: Provision for doubtful debt for reinsurance receivables *	(483,159)	(472,622)
Reinsurance receivables, net	1,425,601	1,322,370

* Movement on the provision for doubtful debts for reinsurance receivables consists of the following:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	472,622	384,047
Additions	-	88,575
Transferred from provision for expected credit losses on accounts receivable	10,537	-
Balance at the end of the period/ year	483,159	472,622

ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019

(8) INCOME TAX

A. Income tax provision

The movement on the income tax provision is as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Provision for the period/ year	-	64,830
Income tax paid during the period/ year	-	(64,830)
Balance at the end of the period/ year	-	-

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

	30 June 2019	30 June 2018
	JD	JD
	(Unaudited)	(Unaudited)
Deferred tax assets	968,854	507,427
Deferred tax liabilities	(55,451)	-
	913,403	507,427

Summary of reconciliation of the accounting profit to taxable profit:

	30 June 2019	30 June 2018
	JD	JD
	(Unaudited)	(Unaudited)
Accounting profit	4,280,670	2,341,156
Non-taxable profits	(660,904)	(1,218,314)
Non-deductible expenses	589,325	1,823,581
Taxable profit	4,209,091	2,946,423
Effective income tax rate	22%	17%
Statutory income tax rate	24%	24%

Final settlement for income tax between the Company and Income and Sales Tax Department was reached until the end of the year 2016. Income tax return was submitted for the years 2018 and 2017 and it is still not reviewed by Income and Sales Tax Department until the date of financial statements, and sales tax until 31 December 2016. In the opinion of the management and the tax consultant the provision taken is sufficient to meet any tax obligations.

ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019

B. Deferred tax asset

	30 June 2019				31 December 2018
	Beginning Balance	Released Amounts	Additions	Ending Balance	Deferred Tax
	JD	JD	JD	JD	JD
Deferred tax asset:					
Provision for expected credit losses on accounts receivables and provision for doubtful debts for reinsurance receivables	8,887,000	-	-	8,887,000	2,132,880
Provision for expected credit losses for checks under collection	52,317	-	-	52,317	12,556
Impairment loss on financial asset	1,199,000	-	-	1,199,000	287,760
Provision for incurred but not reported claims, net	3,946,240	21,532	-	3,924,708	941,930
Provision for end of service indemnity	1,084,242	9,768	203,499	1,277,973	306,714
Premium deficiency provision	884,000	-	-	884,000	212,160
Profit for the period	7,788,987	4,209,091	-	3,579,896	859,176
	<u>23,841,786</u>	<u>4,240,391</u>	<u>203,499</u>	<u>19,804,894</u>	<u>5,722,030</u>

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

	Deferred tax assets		Deferred tax liabilities	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Balance at beginning of the period/ year	5,722,030	6,690,252	55,451	55,451
Additions (deductions)	(968,854)	(968,222)	(55,451)	-
Balance at the end of the period/ year	<u>4,753,176</u>	<u>5,722,030</u>	<u>-</u>	<u>55,451</u>

**ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019**

(9) ACCOUNTS PAYABLE

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Agent's payables	965,995	682,170
Employees payables	21,179	13,130
Garages payables and vehicles parts	392,075	441,288
Medical network payables	1,718,348	2,236,406
Trade and companies payables	2,318,738	2,813,519
	<u>5,416,335</u>	<u>6,186,513</u>

(10) REINSURANCE PAYABLE

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	121,286	95,783
Foreign reinsurance companies	26,488,848	22,157,510
	<u>26,610,134</u>	<u>22,253,293</u>

(11) AUTHORIZED AND PAID IN CAPITAL

Authorized and paid in capital amounted to JD 21,438,252 divided into 21,438,252 shares with a par value of JD 1 each as at 30 June 2019.

(12) SUBORDINATED LOAN

On November 15, 2018, the Company has borrowed from Gulf Insurance Group an amount of USD 16,361,071 which is equivalent to JD 11,600,000 as a subordinated loan to raise the company solvency margin in line with the insurance administration instruction No.3 of 2002 and the decisions issues there under. This loan bear no interest payable and no maturity or repayment schedule. The Company paid an amount of (USD 3,667,137) which is equivalent to JD 2,600,000. The subordinated loan as at 30 June 2019 is (USD 12,693,935) which is equivalent to JD 9,000,000.

**ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019**

(13) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

	30 June 2019	30 June 2018
	JD	JD
	(Unaudited)	(Unaudited)
Cash dividends	135,333	302,503
Interest on financial assets at amortized costs	72,946	73,209
	<u>208,279</u>	<u>375,712</u>

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

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

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (JD)	1,393,388	786,890	3,367,267	1,833,729
Weighted average number of shares (Shares)	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>0/065</u>	<u>0/037</u>	<u>0/157</u>	<u>0/086</u>

The diluted earnings per share for the period is equal to the basic earnings per share.

(15) CASH AND CASH EQUIVALENTS

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Cash on hand and bank balances	2,341,367	2,494,466
Add: deposits at banks	49,967,520	47,070,424
Less: deposits at banks mature within the period of more than three months	(49,742,520)	(46,845,424)
Less: restricted deposits to the favor of general manager of the insurance regulatory commission (note 3)	(225,000)	(225,000)
Net Cash and cash equivalent at the end of the period/ year	<u><u>2,341,367</u></u>	<u><u>2,494,466</u></u>

ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019

(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 2019

During 2011, it was agreed with Gulf Insurance Company (Major Shareholder and member of the Board of Directors) to settle all treaty reinsurers' accounts through Gulf Insurance Company, where the company's credit balance as at 30 June 2019 amounted to JD 633,841 for reinsureres.

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

	Related party		Total
	Jordan Kuwait	Top Executive	30 June
	Bank	Management	30 June
	JD	JD	2019
			(Unaudited)
Statement of Financial Position Items:			(Audited)
Time deposits	16,811,095	-	16,811,095
Overdraft account - credit balance	1,382,420	-	1,382,420
Current accounts under demand	835,015	-	835,015
Deposits on letters of guarantee	268,233	-	268,233
Accounts receivable/(payable)	1,148,020	7,933	1,155,953
			(19,695)

Off-statement of Financial Position Items:

Letters of guarantee	2,682,330	-	2,682,330	2,997,490
----------------------	-----------	---	-----------	-----------

	Related party		Total
	Jordan Kuwait	Top Executive	30 June
	Bank	Management	2019
	JD	JD	2019
			(Unaudited)
Statement of Income Items:			(Unaudited)
Bank interest income	400,162	-	400,162
Insurance premiums	2,218,176	9,401	2,227,577
Bank expenses and commissions	65,304	-	65,304
Salaries	-	509,616	509,616
Bonuses	-	136,476	136,476
Transportation expenses for members of the Board of Directors	-	25,200	25,200

**ARAB ORIENT INSURANCE
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2019**

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

	30 June 2019	30 June 2018
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and bonuses	646,092	523,353

(17) ANALYSIS OF MAIN SECTORS

Information on the Company's business sectors.

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

(18) LAWSUITS BY AND AGAINST THE COMPANY

The company appears as defendant in a number of lawsuits, the company booked a sufficient provision to meet any obligations towards these lawsuits. In the opinion of the company's legal consultant, the provision for a total amount of JD 3,086,458 is sufficient to meet any obligations towards these lawsuits. Total amount of the cases raised by the company within its activity is JD 2,978,597 as at 30 June 2019.

(19) CONTINGENT LIABILITIES

At 30 June 2019, the Company had letters of guarantee amounting JD 2,682,330 against which cash margins of JD 268,233 are held.