

**ARAB ORIENT INSURANCE**

**PUBLIC SHAREHOLDING COMPANY**

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

**31 MARCH 2021**



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**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 31 March 2021, comprising of interim consolidated statement of financial position as at 31 March 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 three 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  
28 April 2021

*Ernst + Young*

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Notes	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<b>Assets</b>			
Bank deposits	4	53,414,743	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	4,754,898	3,643,183
Financial assets at amortized cost	7	11,885,496	11,882,009
Investment property		170,464	170,464
Life policyholder's loans		22,865	-
<b>Total Investments</b>		<b>70,254,283</b>	<b>70,253,134</b>
Cash and cash equivalents		3,467,177	907,327
Checks under collection		7,258,725	5,614,430
Accounts receivables	8	37,891,573	28,379,650
Reinsurance receivables	9	1,988,849	1,173,604
Deferred tax assets	10/B	4,555,309	3,634,254
Property and equipment		5,342,317	4,647,145
Intangible assets	3	6,606,258	391,089
Right of use assets		286,253	343,547
Other assets		3,442,413	2,357,580
<b>Total Assets</b>		<b>141,093,157</b>	<b>117,701,760</b>
<b>Liabilities and Equity</b>			
<b>Liabilities –</b>			
<b>Insurance contract liabilities:</b>			
Unearned premium reserve		26,432,533	15,720,407
Premium deficiency reserve		884,000	884,000
Outstanding claims reserve		27,110,916	24,909,812
Mathematical reserve		411,619	-
<b>Total Insurance contract liabilities</b>		<b>54,839,068</b>	<b>41,514,219</b>
Accounts payable	11	8,252,829	6,303,108
Accrued expenses		1,310,725	1,217,816
Reinsurance payables	12	28,600,078	24,100,193
Lease contracts obligations		223,015	307,634
End of service indemnity provision		2,459,053	1,604,843
Income tax provision	10/A	2,302,281	2,483,944
Other liabilities		2,191,340	576,350
<b>Total Liabilities</b>		<b>100,178,389</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		(1,863,235)	(2,292,597)
Retained earnings		10,974,933	8,622,347
		36,375,601	33,593,653
Non-controlling interest		1,539,167	-
<b>Total Equity</b>		<b>37,914,768</b>	<b>33,593,653</b>
Subordinated loan	14	3,000,000	6,000,000
		40,914,768	39,593,653
<b>Total Liabilities and Equity</b>		<b>141,093,157</b>	<b>117,701,760</b>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	Note	31 March 2021 JD	31 March 2020 JD
<b>Revenues –</b>			
Gross written premium		32,743,075	25,965,689
Less: reinsurance share		15,592,209	14,998,515
Net written premium		17,150,866	10,967,174
Net change in unearned premium reserve		(6,739,696)	(877,267)
Net earned premium		10,411,170	10,089,907
Commissions received		3,115,199	3,096,547
Insurance policies issuance fees		1,328,670	966,016
Interest income		694,951	783,993
Gain from financial assets and investments		95,823	-
Other revenues		283	-
<b>Total revenues</b>		<b>15,646,096</b>	<b>14,936,463</b>
<b>Claims, losses and expenses</b>			
Paid claims		13,989,735	15,544,880
Maturity and surrender of insurance policies		251	-
Less: Recoveries		774,327	508,662
Less: Reinsurance share		5,991,811	7,578,796
Net paid claims		7,223,848	7,457,422
Net change in outstanding claims reserve		(514,594)	(161,606)
Allocated employees' expenses		1,759,820	2,014,447
Allocated general and administrative expenses		1,385,629	641,507
Excess of loss premium		196,095	182,174
Policies acquisition costs		661,510	605,225
Other expenses		87,886	66,314
<b>Net claims costs</b>		<b>10,800,194</b>	<b>10,805,483</b>
Unallocated employees' expenses		439,951	503,612
Unallocated general and administrative expenses		310,760	160,377
Depreciation and amortization		151,953	165,268
(Recovery) provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		(5,874)	300,000
Provision for expected credit losses on checks under collection		-	38,073
Loss from sale of property and equipment		-	1,734
Provision for contingent liabilities		700,000	-
<b>Total expenses</b>		<b>1,596,790</b>	<b>1,169,064</b>
Profit for the period before tax		3,249,112	2,961,916
Income tax expense	10/A	(1,017,803)	(808,391)
<b>Profit for the period</b>		<b>2,231,309</b>	<b>2,153,525</b>
<b>Attributable to:</b>			
Company shareholders		2,352,586	2,153,525
Non-controlling interests		(121,277)	-
		<b>2,231,309</b>	<b>2,153,525</b>
		JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit attributable to the Company shareholders		0.109	0.100

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	31 March 2021	31 March 2020
	JD	JD
Profit for the period	2,231,309	2,153,525
<b>Add: Other comprehensive income not to be reclassified to profit and loss in subsequent periods</b>		
Changes in fair value of financial assets through other comprehensive income	428,983	40,069
<b>Total comprehensive income for the period</b>	<u>2,660,292</u>	<u>2,193,594</u>
<b>Total comprehensive income attributable to:</b>		
Company shareholders	2,781,948	2,193,594
Non-controlling interests	(121,656)	-
<b>Total comprehensive income for the period</b>	<u>2,660,292</u>	<u>2,193,594</u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	Company shareholders' equity						
	Authorized and paid-in capital	Statutory reserve	Fair value reserve	Retained earnings*	Total	Non- controlling interest	Total Equity
	JD	JD	JD	JD	JD	JD	JD
<b>31 March 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	-	-	429,362	2,352,586	2,781,948	(121,656)	2,660,292
<b>Balance as at 31 March 2021</b>	<b>21,438,252</b>	<b>5,825,651</b>	<b>(1,863,235)</b>	<b>10,974,933</b>	<b>36,375,601</b>	<b>1,539,167</b>	<b>37,914,768</b>
<b>31 March 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	-	-	40,069	2,153,525	2,193,594	-	2,193,594
Realized losses from sale of financials assets through other comprehensive income	-	-	190,793	(190,793)	-	-	-
<b>Balance as at 31 March 2020</b>	<b>21,438,252</b>	<b>5,825,651</b>	<b>(2,359,884)</b>	<b>5,100,275</b>	<b>30,004,294</b>	<b>-</b>	<b>30,004,294</b>

\* Retained earnings include an amount of JD 4,555,309 as at 31 March 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 21 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	Notes	31 March 2021 JD	31 March 2020 JD
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		3,249,112	2,961,916
<b>Adjustments for -</b>			
Interest income		(694,951)	(783,993)
Depreciation and amortization		151,953	165,268
Depreciation on right use assets		57,294	67,078
Interest on lease contracts obligations		4,456	7,494
Gain from sale of financial assets at fair value through profit or loss		(30)	-
Amortization of financial assets at amortized cost		5,640	2,390
(Recovery) Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		(5,874)	300,000
Provision for expected credit losses on checks under collection		-	38,073
Receivables written-off	8	519,690	-
Provision for contingent liabilities		700,000	-
Loss from sale of property and equipment		-	1,734
End of service indemnity provision		516,672	105,580
Net change in unearned premium reserve		6,739,696	877,267
Net change in outstanding claims reserve		(514,594)	(161,606)
<b>Cash flows from operating activities before changes in working capital</b>		<u>10,729,064</u>	<u>3,581,201</u>
Checks under collection		(82,526)	811,009
Accounts receivable		(7,909,406)	(6,648,969)
Reinsurance receivables		85,200	(85,401)
Other assets		(1,334,961)	(1,483,996)
Accounts payable		552,176	823,758
Accrued expenses		(774,065)	(210,848)
Reinsurance payables		3,425,708	1,966,553
Other liabilities		695,191	339,534
Paid from end of services provision		(5,000)	(25,312)
Income tax paid	10/ A	(541,662)	-
<b>Net cash flows from (used in) operating activities</b>		<u>4,839,719</u>	<u>(932,471)</u>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>			
Deposits at banks maturing after three months		241,426	5,034,914
Interests received		694,951	783,993
Purchase of property and equipment		(146,035)	(41,664)
Proceeds from sale of property and equipment		-	2,965
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		(56,702)	-
Purchase of financial assets at amortized cost		(9,127)	(1,204,780)
Financial assets at fair value through other comprehensive income		1,819	(208,626)
Acquisition of a subsidiary – net of cash paid	3	(2,032,099)	-
<b>Net cash flows (used in) from investing activities</b>		<u>(1,305,498)</u>	<u>4,366,802</u>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>			
Repayment of subordinated loan		(3,000,000)	(3,000,000)
Lease payments		(89,075)	(89,075)
<b>Net cash flows used in financing activities</b>		<u>(3,089,075)</u>	<u>(3,089,075)</u>
<b>Net increase in cash and cash equivalent</b>		445,146	345,256
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	<u>8,070,664</u>	<u>1,616,512</u>

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**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	Life	
	For the three months ended 31	
	March	
	2021	2020
	JD	JD
<b>Written premiums -</b>		
Direct insurance	(1,440)	-
<b>Total premiums</b>	<b>(1,440)</b>	<b>-</b>
Less:		
Foreign reinsurance share	(737)	-
<b>Net Written premiums</b>	<b>(703)</b>	<b>-</b>
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>	<b>411,619</b>	<b>-</b>
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>	<b>411,619</b>	<b>-</b>
<b>Net earned revenues from the written premiums</b>	<b>(703)</b>	<b>-</b>

The attached notes 1 to 21 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 THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	Life	
	For the three months ended 31 March	
	2021	2020
	JD	JD
Paid claims	-	-
Maturity and Surrender of Policies	251	-
Less: reinsurance share	-	-
<b>Net paid claims</b>	<b>251</b>	<b>-</b>
Add:		
Outstanding claims reserve at the end of the period		
Reported	100,858	-
Not reported	3,375	-
Less:		
Reinsurance share	68,390	-
Recoveries	19,214	-
<b>Net outstanding claims reserve at the end of the period</b>	<b>16,629</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>1,376</b>	<b>-</b>

The attached notes 1 to 21 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 THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)**

	Life	
	For the three months ended 31 March	
	2021	2020
	JD	JD
<b>Net earned revenue from written premiums</b>	(703)	-
Less:		
<b>Net claims cost</b>	1,376	-
	(2,079)	-
Add:		
Commissions received	282	-
Insurance policies issuance fees	6	-
<b>Total revenues</b>	(1,791)	-
Less:		
Policies acquisition costs	-	-
General and administrative expenses related to underwriting accounts	-	-
Other expenses related to underwriting accounts	-	-
<b>Total expenses</b>	-	-
<b>Underwriting loss</b>	(1,791)	-

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY  
UNDERWRITING REVENUES FOR THE GENERAL INSURANCE  
FOR THE THREE MONTHS ENDED 31 MARCH 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	7,804,958	2,754,751	613,923	466,937	-	-	1,393,251	1,551,792	402,863	250,305	21,016,335	19,245,530	1,148,824	1,263,017	32,379,854	25,532,332
Facultative inward insurance business	134,378	195,839	883	4,349	-	-	227,896	230,805	338	618	-	-	1,186	1,748	364,661	433,357
<b>Total written Premium</b>	<b>7,939,036</b>	<b>2,850,590</b>	<b>614,806</b>	<b>471,286</b>	<b>-</b>	<b>-</b>	<b>1,621,147</b>	<b>1,782,597</b>	<b>403,201</b>	<b>250,923</b>	<b>21,016,335</b>	<b>19,245,530</b>	<b>1,149,990</b>	<b>1,264,763</b>	<b>32,744,515</b>	<b>25,965,689</b>
Less:																
Local reinsurance share	123,010	183,751	10,281	9,598	-	-	92,757	143,435	-	-	-	-	22,843	13,862	248,891	350,646
Foreign reinsurance share	64,184	19,043	488,070	344,597	-	-	1,119,125	1,102,226	332,490	148,414	12,561,322	12,162,993	778,864	870,596	15,344,055	14,647,869
<b>Net Written Premium</b>	<b>7,751,842</b>	<b>2,747,796</b>	<b>116,455</b>	<b>117,091</b>	<b>-</b>	<b>-</b>	<b>409,265</b>	<b>536,936</b>	<b>70,711</b>	<b>102,509</b>	<b>8,455,013</b>	<b>7,082,537</b>	<b>348,283</b>	<b>380,305</b>	<b>17,151,569</b>	<b>10,967,174</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	5,568,429	466,924	422,707	17,229,762	16,256,149	1,932,028	1,910,804	39,508,872	35,772,424
Less: reinsurance share	538,987	527,557	245,085	117,988	39,437	35,905	6,137,498	5,113,953	394,668	360,546	10,873,935	10,506,005	1,586,467	1,597,740	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	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Premium deficiency reserve net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>
Less:																
Balance at the end of the period	15,313,834	8,762,395	632,484	393,819	28,276	20,191	5,929,519	5,238,840	492,142	460,114	26,260,687	23,908,666	2,054,172	2,115,822	50,711,124	40,899,847
Unearned premium reserve	480,467	372,768	516,995	296,027	28,276	20,191	5,267,370	4,554,097	394,536	341,336	15,886,122	15,244,146	1,602,805	1,661,269	24,278,591	22,509,834
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Unearned Premium reserve - net</b>	<b>14,833,347</b>	<b>8,389,627</b>	<b>113,489</b>	<b>97,792</b>	<b>-</b>	<b>-</b>	<b>662,149</b>	<b>684,743</b>	<b>97,606</b>	<b>118,778</b>	<b>10,274,575</b>	<b>8,664,520</b>	<b>451,367</b>	<b>434,553</b>	<b>26,432,533</b>	<b>18,390,013</b>
Less:																
Balance at the end of the period	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Premium deficiency reserve net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>
Less:																
<b>Net earned written Premium</b>	<b>5,158,548</b>	<b>5,228,421</b>	<b>101,237</b>	<b>84,154</b>	<b>-</b>	<b>-</b>	<b>327,985</b>	<b>304,869</b>	<b>45,363</b>	<b>45,892</b>	<b>4,536,265</b>	<b>4,168,161</b>	<b>242,475</b>	<b>258,610</b>	<b>10,411,873</b>	<b>10,089,907</b>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY  
CLAIMS COST FOR THE GENERAL INSURANCE  
FOR THE THREE MONTHS ENDED 31 MARCH 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>	4,599,246	4,078,539	67,529	97,105	-	-	250,184	979,711	45,816	13,678	8,819,888	10,122,932	207,072	252,915	13,989,735	15,544,880
Less:																
Recoveries	710,836	494,916	696	-	-	-	31,244	6,783	6,200	1,764	22,210	-	3,141	5,199	774,327	508,662
Local reinsurance share	79,320	9,845	1,085	1,103	-	-	28,934	21,412	-	-	-	-	-	4,160	107,339	36,520
Foreign reinsurance share	51,010	(1,128)	2,338	82,949	-	-	140,982	746,563	18,348	(197)	5,593,877	6,574,882	77,921	159,427	5,884,472	7,542,276
<b>Net Paid Claims</b>	3,756,080	3,574,906	63,412	33,053	-	-	51,024	204,953	21,270	12,111	3,203,801	3,548,270	126,010	84,129	7,223,587	7,457,422
Add:																
Outstanding Claims reserve at the end of the period																
Reported	23,183,580	17,797,033	1,210,590	952,807	-	-	4,234,110	4,488,835	687,757	616,215	1,723,706	1,767,048	4,522,489	2,571,121	35,582,222	28,213,057
Not reported	5,039,906	2,981,586	20,585	20,000	-	-	200,797	200,000	30,271	30,000	3,800,013	2,582,099	170,520	170,000	9,282,092	5,983,665
Less:																
Reinsurance share at the end of the period																
Reported	1,394,388	651,626	1,094,527	804,716	-	-	2,955,665	4,129,280	482,559	412,201	1,090,484	1,149,828	3,763,198	2,134,318	10,780,801	9,281,949
Not reported	-	-	-	-	-	-	-	-	-	-	2,253,105	1,602,162	-	-	2,253,105	1,602,162
Recoveries	4,218,088	2,406,964	219,068	-	-	-	21,350	-	-	-	-	-	237,815	-	4,698,121	2,406,964
<b>Net Outstanding Claims reserve at the end of the period</b>	22,610,990	17,720,009	(82,420)	168,091	-	-	1,457,892	559,575	235,469	234,014	2,180,150	1,617,155	892,206	606,803	27,094,287	20,905,647
-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	30,701,283
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	10,087,388	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	2,143,688	219,068	-	-	-	21,350	-	-	-	-	-	243,465	-	4,441,191	2,143,688
<b>Net Outstanding Claims reserve at the beginning of the period</b>	23,281,717	17,428,231	(85,215)	123,812	-	-	1,402,076	552,132	262,889	238,079	1,968,660	2,220,295	779,899	506,704	27,610,006	21,087,253
Net Claims Cost	3,087,353	3,868,684	68,207	77,332	-	-	106,840	212,396	(6,130)	10,046	3,415,291	2,945,130	38,317	184,228	6,707,878	7,295,816

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY  
UNDERWRITING PROFITS FOR THE GENERAL INSURANCE  
FOR THE THREE MONTHS ENDED 31 MARCH 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>	5,156,548	5,228,421	101,237	84,154	-	-	327,985	304,669	45,363	45,892	4,536,265	4,188,161	242,475	258,610	10,411,873	10,089,907
<b>Less:</b>																
<b>Net claims cost</b>	3,087,353	3,866,684	66,207	77,332	-	-	106,840	212,398	(6,130)	10,046	3,415,291	2,945,130	38,317	184,228	6,707,878	7,295,816
<b>Accl:</b>																
Commissions received	15,252	4,947	178,845	131,009	-	-	271,973	531,119	167,956	29,703	2,267,435	2,188,845	193,456	210,924	3,114,917	3,096,547
Insurance policies issuance fees	88,077	74,863	20,288	14,223	-	-	43,747	44,064	8,943	9,539	991,875	762,823	175,756	60,504	1,328,664	966,016
<b>Total revenues</b>	2,174,524	1,441,547	234,141	152,054	-	-	536,885	667,456	226,392	75,088	4,400,284	4,174,699	573,370	345,610	8,147,576	6,856,654
<b>Less:</b>																
Insurance policies acquisition costs	121,068	99,679	11,639	14,423	-	-	96,492	99,899	12,625	9,223	336,351	304,342	83,335	77,659	661,510	605,225
Excess of loss premiums	41,124	35,218	16,785	13,199	-	-	107,512	104,671	-	-	-	-	30,674	29,086	196,095	182,174
General and administrative expenses related to underwriting accounts	1,013,311	301,807	65,598	48,207	-	-	155,264	182,337	33,954	25,668	1,780,021	1,988,568	97,301	129,369	3,145,449	2,655,954
Other expenses	6,102	-	1,717	853	-	-	4,365	4,304	10	-	74,895	59,999	797	1,158	87,866	66,314
<b>Total Expenses</b>	1,181,605	436,704	95,739	76,682	-	-	363,633	391,211	46,589	34,869	2,191,267	2,332,909	212,107	237,272	4,090,940	3,509,667
<b>Underwriting profit</b>	992,919	1,004,843	138,402	75,372	-	-	173,232	276,245	181,803	40,199	2,209,017	1,841,790	361,263	106,538	4,056,636	3,346,987

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

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

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**(1) GENERAL**

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

Arab Orient Insurance Company is engaged in 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 as at 31 March 2021 (parent Company). The parent company is owned by Kuwait Projects Holding (ultimate parent Company).

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

**(2) Basis of preparation**

The interim condensed consolidated financial statements for the three months ended 31 March 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 consolidated 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 three months ended 31 March 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**  
**31 MARCH 2021**

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**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 31 March 2021.

<u>Name of Company</u>	<u>Legal Status</u>	<u>Country</u>	<u>Ownership percentage</u>
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 41.4% of Arab Life and Accidents Insurance Company and, therefore, Arab Orient Insurance Company has control over Arab Life and Accidents Insurance Company.

Consolidation of a subsidiary 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, and
- The ability to use its power over the investee to affect its returns

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

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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 statement of comprehensive 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 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.
- 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 condensed 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**  
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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**  
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\* 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**

	31 March 2021			31 December 2020
	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to 1 year	Total	Total
	JD	JD	JD	JD
			(Unaudited)	(Audited)
Inside Jordan	3,894,487	48,811,256	52,705,743	54,556,910
Outside Jordan	709,000	-	709,000	-
	<u>4,603,487</u>	<u>48,811,256</u>	<u>53,414,743</u>	<u>54,556,910</u>

Interest rates on bank deposit balances in Jordanian Dinar range between 2.70% to 4.65% 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 deposited in Jordan Kuwait Bank amount to JD 233,000 as at 31 March 2021 and 31 December 2020.

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
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There are no restricted balances except for restricted balances which represent pledged deposits in favor of the General Manager of the Insurance Regulatory Commission.

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

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Jordan Kuwait Bank	9,030,810	15,446,892
Cairo Amman Bank	8,895,567	4,905,567
Invest Bank	6,662,876	6,662,876
Capital Bank	5,966,532	5,966,532
Societe General Bank	4,923,379	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	2,813,561	2,377,674
Jordan Ahli Bank	1,614,426	1,540,788
Bank of Jordan	637,976	637,976
Housing Bank (Palestine's branch) – outside Jordan	709,000	-
	<u>53,414,743</u>	<u>54,556,910</u>

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

	31 March 2021	31 December 2020	31 March 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>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
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**(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	31 March 2021	31 December 2020	31 March 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	1,390,979	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	138,990	118,650
Capital Bank	700,000	700,000	924,000	686,000
Jordan Electric Power Company	219,310	-	267,558	-
Amlak Company	54	-	54	-
Jordan Press Foundation Company	6,513	-	1,498	-
Royal Jordanian Airlines	7,500	-	1,575	-
			<u>4,343,230</u>	<u>3,643,183</u>
<b>Unlisted shares:</b>				
Saraya Aqaba Real Estate Development Company	500,000	-	216,880	-
imcan brokerage and trading	12,719	-	14,209	-
Al-Motarabetah Investment Company	29,851	-	9,579	-
			<u>240,668</u>	<u>-</u>
<b><u>Outside Jordan:</u></b>				
<b>Unlisted shares:</b>				
Iraq International Insurance Company	482,195,655	-	171,000	-
			<u>171,000</u>	<u>-</u>
<b>Financial assets at fair value through other comprehensive income</b>			<u>4,754,898</u>	<u>3,643,183</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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**(7) FINANCIAL ASSETS AT AMORTIZED COST**

	31 March 2021	31 December 2020	31 March 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	1,815,167	1,816,719
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,437,642	1,438,517
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,429,419	1,429,830
Treasury bonds/ Hashemite Kingdom of Jordan	1,330	1,330	949,376	949,606
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	713,119	713,302
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	710,826	710,907
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	701,828	701,573
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	699,655	699,323
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	692,620	692,042
<b>Total financial assets at amortized cost inside Jordan</b>			<u>9,150,652</u>	<u>9,152,819</u>
	31 March 2021	31 December 2020	31 March 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	715	715	526,110	526,602
Treasury bonds/ Kingdom of Bahrain Government	1,315	1,315	973,303	975,119
Treasury bonds/ Oman Government	1,000	1,000	570,468	567,757
Treasury bonds/ Oman Government	1,000	1,000	555,545	550,907
Treasury bonds/ Oman Government	200	200	109,418	108,805
<b>Total financial assets at amortized cost outside Jordan</b>			<u>2,734,844</u>	<u>2,729,190</u>
<b>Total financial assets at amortized cost</b>			<u>11,885,496</u>	<u>11,882,009</u>

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

**(8) ACCOUNTS RECEIVABLE**

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Policy holders' receivables*	45,660,430	33,835,945
Brokers receivables*	2,364,588	2,299,861
Employees' receivables*	124,364	71,955
Other receivables*	1,085,555	793,017
	<u>49,234,937</u>	<u>37,000,778</u>
Less: Provision for expected credit losses**	<u>(11,343,364)</u>	<u>(8,621,128)</u>
	<u>37,891,573</u>	<u>28,379,650</u>

\* Policy holders receivables include scheduled payments with the total amount of JD 23,668,608 after 31 March 2021 (JD 18,631,187 as at 31 December 2020).

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

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	8,621,128	7,843,845
Balance related to the acquired subsidiary	3,247,800	-
Additions	-	994,358
Receivables written-off	(519,690)	(217,075)
Recovered provision	(5,874)	-
Balance at the end of the period / year	<u>11,343,364</u>	<u>8,621,128</u>

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**(9) REINSURANCE RECEIVABLE**

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	2,398,986	1,507,667
Foreign reinsurance companies	328,872	301,057
	<u>2,727,858</u>	<u>1,808,724</u>
Less: Provision for doubtful debt for reinsurance receivables *	(739,009)	(635,120)
	<u><u>1,988,849</u></u>	<u><u>1,173,604</u></u>

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

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	635,120	299,053
Transferred to provision for expected credit losses on accounts receivable	103,889	-
Additions	-	336,067
Balance at the end of the period/ year	<u><u>739,009</u></u>	<u><u>635,120</u></u>

**(10) INCOME TAX**

**A- Income tax provision**

Movements on the income tax provision were as follows:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	2,483,944	-
Provision for the period/ year	884,342	3,321,306
Income tax paid	(541,662)	(787,465)
Income tax on bank interests	(524,343)	-
Prior years accumulated losses	-	(49,897)
Balance at the end of the period/ year	<u><u>2,302,281</u></u>	<u><u>2,483,944</u></u>

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

	31 March 2021	31 March 2020
	JD	JD
	(Unaudited)	(Unaudited)
Income tax provision for the period	884,342	852,770
Additions on deferred tax assets	133,461	(44,379)
	<u>1,017,803</u>	<u>808,391</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 reviewed the tax returns but have not issued its final decision 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**

	31 March 2021				31 December 2020		
	Balance at the beginning of the period	Balances related to the acquired subsidiary	Released Amounts	Additions	Balance at the end of the period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD
						(Unaudited)	(Audited)
<b>Deferred tax assets:</b>							
Provision for expected credit losses on accounts receivable and provision for doubtful debt for reinsurance receivable	3,805,113	-	-	-	3,805,113	989,329	989,329
Provision for employee bonuses	600,000	-	600,000	150,000	150,000	39,000	156,000
Impairment loss on financial asset	1,199,000	-	-	-	1,199,000	311,740	311,740
Provision for incurred but not reported claims, net	5,763,948	4,055,831	122,968	-	9,696,811	2,521,171	1,498,626
Provision for end of service indemnity	1,725,844	-	-	59,653	1,785,497	464,229	448,719
Premium deficiency reserve	884,000	-	-	-	884,000	229,840	229,840
	<u>13,977,905</u>	<u>4,055,831</u>	<u>722,968</u>	<u>209,653</u>	<u>17,520,421</u>	<u>4,555,309</u>	<u>3,634,254</u>

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Movements on deferred tax assets were as follows:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	3,634,254	3,647,084
Acquisition of a subsidiary	1,054,516	-
Deductions, net	(133,461)	(12,830)
Balance at the end of the period/year	<u>4,555,309</u>	<u>3,634,254</u>

**(11) ACCOUNTS PAYABLE**

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Trade and companies' payables	3,235,415	2,720,834
Medical network payables	3,372,482	2,550,231
Agents' payables	845,655	706,963
Garages payables and vehicles parts	787,429	308,958
Employees' payables	11,848	16,122
	<u>8,252,829</u>	<u>6,303,108</u>

**(12) REINSURANCE PAYABLES**

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Foreign reinsurance companies	28,388,442	24,029,442
Local insurance companies	211,636	70,751
	<u>28,600,078</u>	<u>24,100,193</u>

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**(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 31 March 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 quarter 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 FOR THE PERIOD**

	For the three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
Profit for the period (JD)	2,352,586	2,153,525
Weighted average number of shares (Share)	21,438,252	21,438,252
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share from the period	<u>0,109</u>	<u>0,100</u>

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**(16) CASH AND CASH EQUIVALENTS**

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	3,467,177	1,616,512
Add: Deposits at banks	53,414,743	51,987,510
Add: Deposits at banks with original maturity date of three months or less	(48,578,256)	(51,762,510)
Less: Restricted deposits to the favor of General Manager of the Insurance Regulatory Commission	(233,000)	(225,000)
Net cash and cash equivalents at the end of the period/ year	<u>8,070,664</u>	<u>1,616,512</u>

**(17) RELATED PARTY TRANSACTIONS**

The Company entered into transactions with major shareholders, board members and directors in the Company within the normal activities of the Company using insurance premium and commercial commission. All debts provided to related parties are considered working and no provision has been taken for them as at 31 March 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 31 March 2021 amounted to JD 465,326 for Gulf Insurance Company (31 December 2020: JD 982,141).

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

	Related party		Total	Total
Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company)	Top Executive Management		31 March 2021	31 December 2020
	JD	JD	JD	JD
			(Unaudited)	(Audited)
<u>Interim Consolidated Statement of Financial Position Items:</u>				
Time deposits	9,030,810	-	9,030,810	15,446,892
Overdraft account – under demand	(1,004,592)	-	(1,004,592)	(707,233)
Current accounts	1,083,669	-	1,083,669	1,323,563
Deposits on letters of guarantee	530,262	-	530,262	470,304
Accounts receivable/ payable	821,041	3,145	824,186	106,315
<u>Off-statement of interim consolidated Financial Position Items:</u>				
Letters of guarantee	5,302,620	-	5,302,620	4,703,040
	Related party		Total	Total
Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company)	Top Executive Management		31 March 2021	31 March 2020
	JD	JD	JD	JD
			(Unaudited)	(Unaudited)
<u>Interim consolidated Statement of Income Items:</u>				
Bank interest income	85,790	-	85,790	210,824
Insurance premiums	2,354,373	2,414	2,356,787	2,258,669
Bank expenses and commissions	60,575	-	60,575	46,071
Salaries	-	247,416	247,416	247,416
Bonuses	-	328,628	328,628	268,528
Transportation expenses for members of the Board of Directors	-	12,600	12,600	12,600
Bonuses expenses for members of the Board of Directors	-	193,750	193,750	-
Board of Directors committees' bonus	-	600	600	1,200

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

	31 March 2021	31 March 2020
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and bonuses	576,044	515,368

**(18) 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 constitute 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.

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

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 6,356,930 as at 31 March 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 5,408,908 as at 31 March 2021 (31 December 2020: JD 3,223,040).

**(20) CONTINGENT LIABILITIES**

At 31 March 2021, the Group had letters of guarantee amounting JD 5,330,106 (31 December 2020: 4,703,040) against which cash margins of JD 531,636 are held (31 December 2020: JD 470,304).

**(21) 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.