

ARAB ORIENT INSURANCE

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2022

**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 2022, comprising of interim consolidated statement of financial position as at 31 March 2022 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
26 April 2022

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	31 March 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Assets			
Bank deposits	4	59,001,111	58,928,609
Financial assets at fair value through other comprehensive income	5	6,337,698	5,331,673
Financial assets at amortized cost	6	11,900,855	11,896,795
Investment property		170,464	170,464
Life policyholder's loans	7	22,703	22,703
Total Investments		77,432,831	76,350,244
Cash on hand and at banks		946,687	1,973,783
Checks under collection		4,910,146	6,865,436
Accounts receivable	8	39,125,832	27,383,698
Reinsurance receivables	9	2,076,419	1,578,623
Deferred tax assets	10/B	3,480,059	3,739,493
Property and equipment		6,474,172	6,567,059
Intangible assets		5,716,987	5,721,735
Right of use assets		336,022	262,602
Other assets		3,442,665	2,030,073
		143,941,820	132,472,746
Discontinued operations' assets		756,655	750,766
Total Assets		144,698,475	133,223,512
Liabilities and Equity			
Liabilities –			
Insurance contract liabilities:			
Unearned premium reserve		27,600,995	18,074,731
Premium deficiency reserve		765,000	684,000
Outstanding claims reserve		29,188,901	28,746,037
Mathematical reserve		511,445	411,619
Total Insurance contract liabilities		58,066,341	47,916,387
Account payable	11	5,382,084	9,348,001
Accrued expenses		397,199	1,309,256
Reinsurance payables	12	27,587,982	21,829,584
Lease contracts obligations		242,631	235,371
Other provisions		2,935,587	2,634,977
Bank overdraft		-	1,199,828
Income tax provision	10/A	1,734,749	2,483,394
Other liabilities		2,270,179	1,248,304
		98,616,752	88,205,102
Liabilities related to discontinued operations' assets		265,672	550,324
Total Liabilities		98,882,424	88,755,426
Equity -			
Authorized and paid-in capital	13	25,438,252	25,438,252
Statutory reserve		6,359,563	6,359,563
Special reserve		40,221	40,221
Fair value reserve		(564,454)	(967,052)
Retained earnings		13,042,469	10,597,102
Total equity		44,316,051	41,468,086
Subordinated loan	14	1,500,000	3,000,000
Net equity		45,816,051	44,468,086
Total Liabilities and Equity		144,698,475	133,223,512

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	Notes	31 March 2022 JD	31 March 2021 JD
Revenues –			
Gross written premium		38,072,175	32,743,075
Less: reinsurance share		16,929,120	15,592,209
Net written premium		21,143,055	17,150,866
Change in premium deficiency reserve		(81,000)	-
Net change in mathematical reserve		(99,826)	-
Net change in unearned premium reserve		(9,526,264)	(6,739,696)
Net earned premium		11,435,965	10,411,170
Commissions received		3,674,044	3,115,199
Insurance policies issuance fees		1,283,746	1,328,670
Interest income		550,865	694,951
Gain from financial assets and investments		303,297	95,823
Other revenues		63	283
Total revenues		17,247,980	15,646,096
Claims, losses and expenses			
Paid claims		16,893,241	13,989,735
Maturity and surrender of insurance policies		-	251
Less: Recoveries		774,336	774,327
Less: Reinsurance share		6,937,276	5,991,811
Net paid claims		9,181,629	7,223,848
Net change in outstanding claims reserve		442,864	(514,594)
Allocated employees' expenses		2,248,429	1,759,820
Allocated general and administrative expenses		787,133	1,385,629
Excess of loss premium		206,676	196,095
Policies acquisition costs		562,801	661,510
Other expenses		81,408	87,886
Net claims costs		13,510,940	10,800,194
Unallocated employees' expenses		562,107	439,951
Unallocated general and administrative expenses		196,785	310,760
Depreciation and amortization		163,428	151,953
Provision (recovery) for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		27,933	(5,874)
Provision for expected credit losses on checks under collection		-	-
Loss from sale of property and equipment		21,004	-
Provision for contingent liabilities		-	700,000
Total expenses		971,257	1,596,790
Profit for the period before tax		2,765,783	3,249,112
Income tax expense	10/A	(294,699)	(1,017,803)
Profit for the period from continuing operations		2,471,084	2,231,309
Discounted operations:			
Loss after tax from discounted operations		(4,673)	-
Profit for the period		2,466,411	2,231,309
Attributable to:			
Company shareholders		2,466,411	2,352,586
Non-controlling interests		-	(121,277)
		2,466,411	2,231,309
		JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit attributable to the Company shareholders	15	0.097	0.109

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	31 March 2022 JD	31 March 2021 JD
Profit for the period	2,466,411	2,231,309
Add: Other comprehensive income not to be reclassified to profit and loss in subsequent periods		
Changes in fair value of financial assets through other comprehensive income	381,554	428,983
Total comprehensive income for the period	<u>2,847,965</u>	<u>2,660,292</u>
Total comprehensive income attributable to:		
Company shareholders	2,847,965	2,781,948
Non-controlling interests	-	(121,656)
Total comprehensive income for the period	<u>2,847,965</u>	<u>2,660,292</u>

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	Company shareholders' equity						Non-controlling interest	Total Equity
	Authorized and paid-in capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings*	Total		
	JD	JD	JD	JD	JD	JD	JD	JD
For the period ended 31 March 2022								
Balance as at 1 January 2022	25,438,252	6,359,563	40,221	(967,052)	10,597,102	41,468,086	-	41,468,086
Total comprehensive income for the period	-	-	-	381,554	2,466,411	2,847,965	-	2,847,965
Loss on the sale of financial assets through the statement of other comprehensive income	-	-	-	21,044	(21,044)	-	-	-
Balance as at 31 March 2022	25,438,252	6,359,563	40,221	(564,454)	13,042,469	44,316,051	-	44,316,051
For the period ended 31 March 2021								
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
Balance as at 31 March 2021	21,438,252	5,825,651	-	(1,863,235)	10,974,933	36,375,601	1,539,167	37,914,768

* Retained earnings include an amount of JD 3,480,059 as at 31 March 2022 (31 December 2021: JD 3,739,493), representing deferred tax assets that cannot be distributed according to the securities commission instructions.

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	Notes	31 March 2022 JD	31 March 2021 JD
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before tax		2,765,783	3,249,112
Loss after tax from discounted operations		(4,673)	-
Adjustments for -			
Interest income		(550,865)	(694,951)
Depreciation and amortization		163,428	151,953
Depreciation on right use assets		61,817	57,294
Interest on lease contracts obligations		5,423	4,456
Gain from sale of financial assets at fair value through profit or loss		-	(30)
Amortization of financial assets at amortized cost		(4,060)	5,640
Provision (recovery) for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		27,933	(5,874)
Provision for expected credit losses on checks under collection		-	-
Receivables written-off		-	519,690
Provision for contingent liabilities		-	700,000
Loss from sale of property and equipment		21,004	-
End of service indemnity provision		164,860	516,672
Net change in premium deficiency reserve		81,000	
Net change in unearned premium reserve		9,526,264	6,739,696
Net change in outstanding claims reserve		496,123	(514,594)
Net change in the mathematical reserve		99,826	
Cash flows from operating activities before changes in working capital		12,853,863	10,729,064
Checks under collection		1,955,290	(82,526)
Accounts receivable		(11,742,134)	(7,909,406)
Reinsurance receivables		(528,822)	85,200
Other assets		(1,428,721)	(1,334,961)
Accounts payable		(3,965,917)	552,176
Accrued expenses		(107,620)	(774,065)
Other provisions		148,594	-
Reinsurance payables		5,807,819	3,425,708
Other liabilities		1,021,875	695,191
Paid from end of services provision		(12,844)	(5,000)
Income tax paid	10/ A	(783,910)	(541,662)
Net cash flows from operating activities		3,217,473	4,839,719
CASH FLOW FROM INVESTING ACTIVITIES			
Deposits at banks maturing after three months		(72,502)	241,426
Interests received		550,865	694,951
Purchase of property and equipment		(16,928)	(146,035)
Proceeds from sale of property and equipment		1,048	-
Purchase of financial assets at fair value through other comprehensive income		(624,472)	(403)
Proceeds from sale of financial assets at fair value through profit or loss		-	672
Purchase of intangible assets		(49,524)	(56,702)
Purchase of financial assets at amortized cost		-	(9,127)
Financial assets at fair value through other comprehensive income		-	1,819
Acquisition of a subsidiary – net of cash paid	3	-	(2,032,099)
Bank overdraft		(1,199,828)	-
Net cash flows used in investing activities		(1,411,341)	(1,305,498)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of subordinated loan		(1,500,000)	(3,000,000)
Lease payments		(133,400)	(89,075)
Net cash flows used in financing activities		(1,633,400)	(3,089,075)
Net increase in cash and cash equivalent		172,732	445,146
Cash and cash equivalents at the beginning of the period		1,918,790	7,625,518
Cash and cash equivalents at the end of the period	16	2,091,522	8,070,664

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	Life	
	For the three months ended 31	
	March	
	2022	2021
	JD	JD
Written premiums -		
Direct insurance	202,463	(1,440)
Total premiums	<u>202,463</u>	<u>(1,440)</u>
Less:		
Foreign reinsurance share	62,901	(737)
Net Written premiums	<u>139,562</u>	<u>(703)</u>
Add:		
Mathematical reserve at the beginning of the period	441,874	516,686
Less: reinsurance share	30,255	105,067
Net mathematical reserve at the beginning of the period	<u>411,619</u>	<u>411,619</u>
Less:		
Mathematical reserve at the end of the period	541,700	516,686
Less: reinsurance share	30,255	105,067
Net mathematical reserve at the end of the period	<u>511,445</u>	<u>411,619</u>
Net earned revenues from the written premiums	<u>39,736</u>	<u>(703)</u>

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	Life	
	For the three months ended 31 March	
	2022	2021
	JD	JD
Paid claims	32,166	-
Maturity and Surrender of Policies	-	251
Less: reinsurance share	20,058	-
Net paid claims	12,108	251
Add:		
Outstanding claims reserve at the end of the period		
Reported	94,128	100,858
Not reported	13,500	3,375
Less:		
Reinsurance share	62,482	68,390
Recoveries	19,214	19,214
Net outstanding claims reserve at the end of the period	25,932	16,629
Less:		
Outstanding claims reserve at the beginning of the period		
Reported	112,128	100,858
Not reported	13,500	2,250
Less:		
Reinsurance share	70,882	68,390
Recoveries	19,214	19,214
Net outstanding claims reserve at the beginning of the period	35,532	15,504
Net claims cost	2,508	1,376

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	Life	
	For the three months ended	
	31 March	
	2022	2021
	JD	JD
Net earned revenue from written premiums	39,736	(703)
Less:		
Net claims cost	2,508	1,376
	37,228	(2,079)
Add:		
Commissions received	217	282
Insurance policies issuance fees	12,287	6
Total revenues	49,732	(1,791)
Less:		
Policies acquisition costs	128	-
General and administrative expenses related to underwriting accounts	16,143	-
Other expenses related to underwriting accounts	-	-
Total expenses	16,271	-
Underwriting loss	33,461	(1,791)

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
UNDERWRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Direct inward insurance	11,372,130	7,804,658	599,413	613,923	274,557	-	1,496,894	1,393,251	453,532	402,863	22,006,047	21,016,335	1,130,831	1,148,824	37,333,404	32,379,854
Facultative inward insurance business	243,366	134,378	-	883	-	-	292,604	227,896	338	338	-	-	-	1,166	536,308	364,661
Total written Premium	11,615,496	7,939,036	599,413	614,806	274,557	-	1,789,498	1,621,147	453,870	403,201	22,006,047	21,016,335	1,130,831	1,149,990	37,869,712	32,744,515
Less:																
Local reinsurance share	274,960	123,010	19,774	10,281	-	-	24,070	92,757	-	-	-	-	7,267	22,843	326,071	248,891
Foreign reinsurance share	29,109	64,184	469,473	488,070	274,557	-	1,399,432	1,119,125	385,477	332,490	13,155,581	12,561,322	826,519	778,864	16,540,148	15,344,055
Net Written Premium	11,311,427	7,751,842	110,166	116,455	-	-	365,996	409,265	68,393	70,711	8,850,466	8,455,013	297,045	348,283	21,003,493	17,151,569
Add:																
Balance at the beginning of the period																
Unearned premium reserve	9,698,336	12,777,020	271,055	343,336	-	39,437	7,820,770	6,718,367	631,049	466,924	18,564,380	17,229,762	1,558,153	1,932,026	38,543,743	39,506,872
Less: reinsurance share	328,782	536,967	202,321	245,065	-	39,437	6,969,650	6,137,498	557,101	394,666	11,092,248	10,873,935	1,318,910	1,586,467	20,469,012	19,814,035
Net Unearned Premium reserve	9,369,554	12,240,053	68,734	98,271	-	-	851,120	580,869	73,948	72,258	7,472,132	6,355,827	239,243	345,559	18,074,731	19,692,837
Add:																
Balance at the beginning of the period																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	684,000	884,000	-	-	684,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve net	-	-	-	-	-	-	-	-	-	-	684,000	884,000	-	-	684,000	884,000
Less:																
Balance at the end of the period																
Unearned premium reserve	15,436,383	15,313,834	539,942	632,484	226,722	28,276	7,054,906	5,929,519	571,843	492,142	27,720,037	26,260,697	1,821,819	2,054,172	53,371,652	50,711,124
Less: reinsurance share	363,364	480,487	445,805	518,995	226,722	28,276	6,200,571	5,267,370	472,429	394,536	16,567,465	15,986,122	1,494,301	1,602,805	25,770,657	24,278,591
Unearned Premium reserve – net	15,073,019	14,833,347	94,137	113,489	-	-	854,335	662,149	99,414	97,606	11,152,572	10,274,575	327,518	451,367	27,600,995	26,432,533
Less:																
Balance at the end of the period																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	765,000	884,000	-	-	765,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve net	-	-	-	-	-	-	-	-	-	-	765,000	884,000	-	-	765,000	884,000
Net earned written Premium	5,607,962	5,158,548	84,763	101,237	-	-	362,781	327,985	42,927	45,363	5,089,026	4,536,265	208,770	242,475	11,396,229	10,411,873

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	5,901,764	4,599,246	45,935	67,529	-	-	593,910	250,184	32,463	45,816	10,177,246	8,819,888	109,757	207,072	16,861,075	13,989,735
Less:																
Recoveries	710,435	710,836	1,782	696	-	-	44,880	31,244	3,125	6,200	13,266	22,210	848	3,141	774,336	774,327
Local reinsurance share	264,948	79,320	717	1,085	-	-	20,268	26,934	-	-	-	-	280	-	286,213	107,339
Foreign reinsurance share	2,667	51,010	28,007	2,336	-	-	477,993	140,982	-	18,346	6,116,898	5,593,877	5,440	77,921	6,631,005	5,884,472
Net Paid Claims	4,923,714	3,758,080	15,429	63,412	-	-	50,769	51,024	29,338	21,270	4,047,082	3,203,801	103,189	126,010	9,169,521	7,223,597
Add:																
Outstanding Claims reserve																
at the end of the period																
Reported	26,439,887	23,183,560	816,136	1,210,590	-	-	4,656,376	4,234,110	737,253	687,757	2,480,693	1,723,706	1,169,525	4,522,499	36,299,870	35,562,222
Not reported	4,756,528	5,039,906	20,539	20,585	-	-	290,832	200,797	30,221	30,271	1,825,433	3,800,013	80,392	170,520	7,003,945	9,262,092
Less:																
Reinsurance share at the end of the period																
Reported	1,638,592	1,394,388	646,156	1,094,527	-	-	3,499,746	2,955,665	447,523	482,559	1,510,150	1,090,464	961,562	3,763,198	8,703,729	10,780,801
Not reported	-	-	-	-	-	-	-	-	-	-	1,089,803	2,253,105	-	-	1,089,803	2,253,105
Recoveries	3,958,769	4,218,088	24,210	219,068	-	-	322	21,350	-	-	-	-	364,013	237,615	4,347,314	4,696,121
Net Outstanding Claims reserve																
at the end of the period	25,599,054	22,610,990	166,309	(82,420)	-	-	1,447,140	1,457,892	319,951	235,469	1,706,173	2,180,150	(75,658)	692,206	29,162,969	27,094,287
Less:																
Outstanding Claims reserve at the																
beginning of the period																
Reported	26,090,788	22,689,097	804,483	1,239,220	-	-	3,242,377	4,146,431	712,753	721,977	2,530,866	1,595,132	1,104,681	3,959,655	34,485,948	34,351,512
Not reported	4,490,906	5,942,106	20,539	20,602	-	-	290,832	200,796	30,221	30,271	2,875,661	3,703,082	80,392	170,531	7,788,551	10,067,388
Less:																
Reinsurance share at the beginning of																
the period																
Reported	1,439,821	1,392,178	650,661	1,125,969	-	-	2,411,737	2,923,801	447,523	489,379	1,538,537	986,314	913,377	3,106,822	7,401,656	10,024,463
Not reported	-	-	-	-	-	-	-	-	-	-	1,713,732	2,343,240	-	-	1,713,732	2,343,240
Recoveries	4,060,061	3,957,308	24,210	219,068	-	-	322	21,350	-	-	-	-	364,013	243,465	4,448,606	4,441,191
Net Outstanding Claims reserve																
at the beginning of the period	25,081,812	23,281,717	150,151	(85,215)	-	-	1,121,150	1,402,076	295,451	262,869	2,154,258	1,968,660	(92,317)	779,899	28,710,505	27,610,006
Net Claims Cost	5,440,956	3,087,353	31,587	66,207	-	-	376,759	106,840	53,838	(6,130)	3,598,997	3,415,291	119,848	38,317	9,621,985	6,707,878

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
UNDERWRITING PROFITS FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from																
written premiums	5,607,962	5,158,548	84,763	101,237	-	-	362,781	327,985	42,927	45,363	5,089,026	4,536,265	208,770	242,475	11,396,229	10,411,873
Less:					-											
Net claims cost	5,440,956	3,087,353	31,587	66,207	-	-	376,759	106,840	53,838	(6,130)	3,598,997	3,415,291	119,848	38,317	9,621,985	6,707,878
Add:					-											
Commissions received	7,812	15,252	257,927	178,845	5,950	-	201,351	271,973	239,187	167,956	2,755,366	2,287,435	206,234	193,456	3,673,827	3,114,917
Insurance policies issuance fees	90,587	88,077	16,656	20,266	2,187	-	46,256	43,747	7,051	8,943	1,039,113	991,875	69,609	175,756	1,271,459	1,328,664
Total revenues	265,405	2,174,524	327,759	234,141	8,137	-	233,629	536,865	235,327	228,392	5,284,508	4,400,284	364,765	573,370	6,719,530	8,147,576
Less:					-											
Insurance policies acquisition costs	114,110	121,068	3,897	11,639	-	-	93,185	96,492	13,925	12,625	260,100	336,351	77,456	83,335	562,673	661,510
Excess of loss premiums	30,376	41,124	26,029	16,785	-	-	124,375	107,512	-	-	-	-	25,896	30,674	206,676	196,095
General and administrative expenses related to underwriting accounts	926,124	1,013,311	47,792	65,598	21,891	-	142,680	155,264	36,188	33,954	1,754,581	1,780,021	90,163	97,301	3,019,419	3,145,449
Other expenses	-	6,102	1,713	1,717	-	-	4,083	4,365	-	10	75,299	74,895	313	797	81,408	87,886
Total Expenses	1,070,610	1,181,605	79,431	95,739	21,891	-	364,323	363,633	50,113	46,589	2,089,980	2,191,267	193,828	212,107	3,870,176	4,090,940
Underwriting profit	(805,205)	992,919	248,328	138,402	(13,754)	-	(130,694)	173,232	185,214	181,803	3,194,528	2,209,017	170,937	361,263	2,849,354	4,056,636

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

(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 2021 to reach JD 25,438,252 divided into 25,438,252 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, 8th Circle, Business park, Abdali in Amman city, Aqaba branch in Aqaba City and in Irbid branch in Irbid city.

Arab Orient Insurance Company is 89.91% owned by Gulf Insurance Company as at 31 March 2022 (parent Company). The Company's financial statements are consolidated with the parent Company.

The interim condensed consolidated financial statements were approved by the Board of Directors in its meeting on 26 April 2022.

(2) Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2022 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 2021. In addition, the results for the three months ended 31 March 2022 are not necessarily indicative of the results that may be expected for the year ended 31 December 2022.

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 2022.

Name of Company	Legal Status	Country	Ownership percentage
Badeyet al Khaleej First Company for Management Consulting*	Limited liability	Jordan	100%
The Arabian Gulf Horizons Company for Management Consulting**	Limited liability	Jordan	100%

* Badeyet Al Khaleej First Company for Management Consulting, a limited liability Company, was established and registered at the Ministry of Industry and Trade on 29 December 2020 with a paid in capital of JD 1,000 and is fully owned by the Arab Orient Insurance Company (Public Shareholding Company). The Company's main objectives are to acquire, sell and mortgage movable and immovable assets to achieve the Company's objectives.

** The Arabian Gulf Horizons Company for Management Consulting, a limited liability Company, was established and registered at the Ministry of Industry and Trade on 29 December 2020, with a paid in capital of JD 1,000 and is fully owned by the Arab Orient Insurance Company (Public Shareholding Company). The Company's main objectives are to acquire, sell and mortgage movable and immovable assets to achieve the Company's objectives.

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

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 consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendments is not applicable to the group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

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 74,8% 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. On 2 November 2021, the final approval was obtained to merge Arab Life and Accident Insurance Company with Arab Orient Insurance Company. The entity resulted from the merger is Arab Orient Insurance Company with an authorized paid in capital of JD 25,438,252 with a par value of JD 1 each.

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2022

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

	Carrying value at the date of acquisition (17 March 2021)	Adjustments	Fair value at the date of acquisition (17 March 2021)
	JD	JD	JD
Assets			
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
Total Investments	<u>1,926,867</u>	<u>-</u>	<u>1,926,867</u>
Cash on hand and at banks	295,202	-	295,202
Checks under collection	1,561,769	153,144	1,714,913
Accounts receivable, net	2,116,333	810,795	2,927,128
Reinsurance receivables	900,445	-	900,445
Deferred tax assets	1,054,516	(770,225)	284,291
Property and equipment, net	652,278	1,373,658	2,025,936
Intangible assets	190,758	5,199,149	5,389,907
Other assets	274,215	-	274,215
Total assets	<u>8,972,383</u>	<u>6,766,521</u>	<u>15,738,904</u>
Technical reserves			
Unearned premium reserve, net	3,972,430	-	3,972,430
Outstanding claims reserve, net	2,715,698	750,000	3,465,698
Mathematical reserve, net	411,619	-	411,619
Total technical provisions	<u>7,099,747</u>	<u>750,000</u>	<u>7,849,747</u>
Accounts payable	1,397,545	-	1,397,545
Accrued expenses	166,974	-	166,974
Reinsurance payables	1,074,177	-	1,074,177
Other provisions	342,538	-	342,538
Other liabilities	919,799	-	919,799
Total liabilities	<u>11,000,780</u>	<u>750,000</u>	<u>11,750,780</u>
Add: Consideration received to increase the capital	2,592,000		2,592,000
Total identifiable net assets at fair value	<u>563,603</u>		<u>6,580,124</u>
Less: Non-controlling interest share (25,23%)			<u>(1,660,823)</u>
Total acquired net assets			<u>4,919,301</u>
Consideration paid			4,919,301
Analysis of cash flows on acquisition:			
Net cash acquired with the subsidiary			2,887,202
Consideration paid			<u>(4,919,301)</u>
Acquisition of the subsidiary – net of cash paid			<u>(2,032,099)</u>

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2022

(4) BANK DEPOSITS

	31 March 2022				31 December 2021
	Deposits maturing in 1 month	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to 1 year	Total	Total
	JD	JD	JD	JD	JD
				(Unaudited)	(Audited)
Inside Jordan	414,350	-	58,586,761	59,001,111	58,928,609

Interest rates on bank deposit balances in Jordanian Dinar range between 2.75% to 4.5% during the period of the year 2022 (2021: 2.73% to 4.5%).

Deposits pledged to the benefit of the General Manager of the Insurance Regulatory Commission deposited in Jordan Kuwait Bank amount to JD 639,350 as at 31 March 2022 (31 December 2021: JD 647,350)

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 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Jordan Kuwait Bank	16,757,025	18,890,121
Cairo Amman Bank	11,236,142	9,089,310
Capital Bank	6,194,243	6,194,243
Jordan Commercial Bank	5,748,830	5,748,830
Societe General Bank	5,065,697	5,065,697
Egyptian Arab Land Bank	5,025,743	5,025,743
Al Etihad Bank	3,557,639	3,557,639
Arab Banking Corporation Bank	3,087,714	3,087,714
Jordan Ahli Bank	1,673,192	1,614,426
Bank of Jordan	654,886	654,886
	59,001,111	58,928,609

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2022

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

	31 March 2022	31 December 2021	31 March 2022	31 December 2021
<u>Inside Jordan:</u>	Number of shares (Unaudited)	Number of shares (Audited)	JD (Unaudited)	JD (Audited)
Listed Shares:				
Afaq for Energy Company	1,140,147	1,140,147	1,961,052	1,596,206
Afaq for Investment and Real Estate Development Company	1,541,500	1,541,500	1,618,575	1,618,575
Cairo Amman Bank	113,000	113,000	158,200	157,070
Capital Bank	700,000	700,000	1,477,000	1,421,000
Jordan Electric Power Company	163,013	163,013	211,917	189,095
Amlak Company	-	54	-	54
			<u>5,426,744</u>	<u>4,982,000</u>
Unlisted shares:				
Saraya Aqaba Real Estate Development Company	500,000	500,000	154,880	154,880
Imcan Brokerage and Trading	11,062	11,062	14,214	14,214
Al-Motarabetah Investment Company	29,851	29,851	9,579	9,579
			<u>178,673</u>	<u>178,673</u>
<u>Outside Jordan:</u>				
Listed shares:				
Gulf Warehousing Company	685,000	-	561,281	-
			<u>5,988,025</u>	<u>4,982,000</u>
Unlisted shares:				
Iraq International Insurance Company	482,195,655	482,195,655	171,000	171,000
			<u>349,673</u>	<u>349,673</u>
Financial assets at fair value through other comprehensive income			<u>6,337,698</u>	<u>5,331,673</u>

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2022

(6) FINANCIAL ASSETS AT AMORTIZED COST

	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
Inside Jordan-				
Unlisted Bonds in financial markets				
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>
Listed bonds in financial markets				
Treasury bonds/ Hashemite Kingdom of Jordan	2,500	2,500	1,808,750	1,810,386
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,434,014	1,434,941
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,427,715	1,428,150
Treasury bonds/ Hashemite Kingdom of Jordan	1,330	1,330	948,421	948,664
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	712,361	712,555
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	710,491	710,576
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	702,888	702,617
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	701,034	700,682
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	695,024	694,409
Total financial assets at amortized cost inside Jordan			<u>9,141,698</u>	<u>9,143,980</u>
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
Outside Jordan-				
Treasury bonds/ Kingdom of Bahrain Government	715	715	524,061	524,585
Treasury bonds/ Kingdom of Bahrain Government	1,315	1,315	965,763	967,690
Treasury bonds/ Oman Government	1,000	1,000	575,328	578,994
Treasury bonds/ Oman Government	1,000	1,000	581,972	570,191
Treasury bonds/ Oman Government	200	200	112,033	111,355
Total financial assets at amortized cost outside Jordan			<u>2,759,157</u>	<u>2,752,815</u>
Total financial assets at amortized cost			<u>11,900,855</u>	<u>11,896,795</u>

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2022

(7) LIFE POLICYHOLDER'S LOANS

	31 March 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Loans to life policyholders which do not exceed the surrender value	22,703	22,703

The maturity date of life policy holder's loans extends as follows:

	31 March 2022					31 December 2021
	From 1 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 months to 1 year	More than 1 year	Total
	JD	JD	JD	JD	JD	JD
						(Unaudited) (Audited)
Loans to life policyholders which do not exceed the surrender value	-	-	-	-	22,703	22,703 22,703

(8) ACCOUNTS RECEIVABLE

	31 March 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Policy holders' receivables*	45,542,725	33,707,304
Brokers receivables*	2,491,238	2,513,600
Employees' receivables*	111,327	110,199
Other receivables*	962,392	1,057,879
	49,107,682	37,388,982
Less: Provision for expected credit losses**	(9,981,850)	(10,005,284)
	39,125,832	27,383,698

* Policy holders receivables include scheduled payments with the total amount of JD 26,761,543 after 31 March 2022 (JD 17,749,584 as at 31 December 2021).

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2022

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

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	10,005,284	8,621,128
Balance related to the merged Company	-	1,980,511
Transferred to a provision for doubtful receivables for re-insurance receivables (note 9)	(23,434)	(36,417)
Receivables written-off	-	(520,114)
Recovered provision	-	(39,824)
Balance at the end of the period / year	9,981,850	10,005,284

(9) REINSURANCE RECEIVABLE

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Local insurance Companies	2,264,660	1,766,931
Foreign reinsurance Companies	749,296	697,862
	3,013,956	2,464,793
Less: Provision for doubtful debt for reinsurance receivables *	(937,537)	(886,170)
	2,076,419	1,578,623

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

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	886,170	635,120
Balance related to the merged Company	-	104,167
Provision for the year	27,933	-
Transferred from allowance for expected credit losses for checks under collection	-	110,466
Transferred to provision for expected credit losses on accounts Receivable (note 8)	23,434	36,417
Balance at the end of the period/ year	937,537	886,170

(10) INCOME TAX

A- Income tax provision

Movements on the income tax provision were as follows:

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	2,483,394	2,483,944
Provision for the period/ year	-	3,735,310
National contribution	35,265	-
Accrued taxes for investments outside Jordan	-	23,477
Income tax paid	(783,910)	(3,056,509)
Income tax paid on interest income		(702,828)
Balance at the end of the period/ year	1,734,749	2,483,394

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

	31 March 2022	31 March 2021
	JD	JD
	(Unaudited)	(Unaudited)
Income tax provision for the period	-	884,342
National contribution	35,265	-
Additions on deferred tax assets	259,434	133,461
	294,699	1,017,803

Arab Orient Insurance Company became exempt from income tax as at 17 November 2021 for a period of three years due to its merger with Arab Life and Accident Insurance Company, in accordance with the decision of the prime ministry No. (12583) dated 19 November 2015 in accordance with Article (8/B) of Investment Law No. 30 of 2014.

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.

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B- Deferred tax assets

	31 March 2022				31 December 2021	
	Balance at the beginning of the period	Balances related to the merged Company	Released Amounts	Additions	Balance at the end of the period	Deferred Tax
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Audited)
Deferred tax assets:						
Provision for expected credit losses on accounts receivable and provision for doubtful debt for reinsurance receivables	3,321,298	-	-	-	3,321,298	863,537
Provision for employee bonuses	600,000	-	600,000	-	-	156,000
Impairment loss on financial asset	1,199,000	-	-	-	1,199,000	311,740
Provision for incurred but not reported claims	6,358,482	-	430,840	-	5,927,642	1,541,187
Provision for end of service indemnity	2,019,887	-	12,844	164,860	2,171,903	564,695
Premium deficiency reserve	884,000	-	119,000	-	765,000	198,900
	<u>14,382,667</u>	<u>-</u>	<u>1,162,684</u>	<u>164,860</u>	<u>13,384,843</u>	<u>3,480,059</u>
						<u>3,739,493</u>

Movements on deferred tax assets were as follows:

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	3,739,493	3,634,254
Acquisition of a subsidiary	-	284,291
Deductions, net	(259,434)	(179,052)
Balance at the end of the period/year	<u>3,480,059</u>	<u>3,739,493</u>

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(11) ACCOUNTS PAYABLE

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Trade and companies' payables	1,171,126	4,740,504
Medical network payables	2,580,194	3,074,458
Agents' payables	1,033,639	990,423
Garages payables and vehicles parts	574,420	528,082
Employees' payables	22,705	14,534
	<u>5,382,084</u>	<u>9,348,001</u>

(12) REINSURANCE PAYABLES

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Foreign reinsurance Companies	26,893,814	21,591,545
Local insurance Companies	694,168	238,039
	<u>27,587,982</u>	<u>21,829,584</u>

(13) AUTHORIZED AND PAID-IN CAPITAL

The General Assembly decided in its meeting held on November 2, 2021 to increase the authorized capital by an amount of JD 4,000,000 to become JD 25,438,252 through retained earnings of JD 3,848,264 and an amount of JD 151,736 from the non-controlling interest as a result of the merger.

The authorized and paid in capital is JD 25,438,252 divided into 25,438,252 shares at par value of JD 1 each as at 31 March 2022 and 31 December 2021.

(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 2021, the Company paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000. During the first quarter of 2022, the Company paid back an amount of (USD 2,118,644) equivalent to JD 1,500,000.

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

	For the three months ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Profit for the period (JD)	2,466,411	2,352,586
Weighted average number of shares (Share)	25,438,252	21,438,252
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period	0,097	0,109
Basic and diluted earnings per share for the period from continuing operations	0,097	0,109

(16) CASH AND CASH EQUIVALENTS

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	946,687	3,467,177
Add: Deposits at banks	59,001,111	53,414,743
Less: Deposits at banks with original maturity date of three months or less	(57,947,411)	(48,578,256)
Less: Restricted deposits to the favor of General Manager of the Insurance Regulatory Commission	(639,350)	(233,000)
Add: Cash related to assets available for sale	730,485	-
Net cash and cash equivalents at the end of the period/ year	2,091,522	8,070,664

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(17) RELATED PARTY TRANSACTIONS

The group entered into transactions with major shareholders, board members and directors in the Company within the normal activities of the Company using insurance premium and commercial commission. All debts provided to related parties are considered working and no provision has been taken for them as at 31 March 2022.

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

	Related party			Total	Total
	Jordan Kuwait				
	Bank	Gulf			
	(Shareholder-	Insurance			
	Subsidiary of the	Company			
	ultimate parent	(Parent	Top Executive	31 March	31
	Company))	company)	Management	2022	December
	JD	JD	JD	JD	JD
				(Unaudited)	(Audited)
<u>Interim Consolidated Statement of</u>					
<u>Financial Position Items:</u>					
Time deposits	16,757,025	-	-	16,757,025	18,890,121
Overdraft account – under demand	(1,403,070)	-	-	(1,403,070)	457,494
Current accounts	970,533	-	-	970,533	505,906
Deposits on letters of guarantee	458,667	-	-	458,667	443,127
Accounts receivable/ payable	(185,781)	(838,335)	11,054	(1,013,062)	(1,973,990)
Bank overdraft	-	-	-	-	(1,199,828)
<u>Off-statement of interim consolidated</u>					
<u>Financial Position Items:</u>					
Letters of guarantee	4,586,670	-	-	4,586,670	4,431,270

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	Related party		Total	Total
	Jordan Kuwait Bank (Shareholder- Subsidiary of the ultimate parent Company)	Top Executive Management	31 March 2022	31 March 2021
	JD	JD	JD (Unaudited)	JD (Unaudited)
<u>Interim consolidated Statement of Income</u>				
<u>Items:</u>				
Bank interest income	138,186	-	138,186	85,790
Insurance premiums	2,488,171	2,904	2,491,075	2,356,787
Bank expenses and commissions	34,369	-	34,369	60,575
Salaries	-	256,788	256,788	247,416
Bonuses	-	337,975	337,975	328,628
Transportation expenses for members of the Board of Directors	-	12,600	12,600	12,600
Bonuses expenses for members of the Board of Directors	-	18,750	18,750	193,750
Board of Directors committees' bonus	-	1,200	1,200	600

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

	31 March 2022	31 March 2021
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and bonuses	594,763	576,044

(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 5,738,465 as at 31 March 2022 (31 December 2021: JD 5,400,513) 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 2022 (31 December 2021: JD 9,025,292).

(20) CONTINGENT LIABILITIES

At 31 March 2022, the Group had letters of guarantee amounting JD 4,586,670 (31 December 2021: 4,456,841) against which cash margins of JD 458,667 (31 December 2021: JD 445,077).

(21) DIVIDENDS

The Board of Directors, in its meeting held on February 24, 2022, recommended to the General Assembly of Shareholders to approve the distribution of 5% cash dividends to the shareholders which is equivalent to JD 1,271,912. This recommendation is subject to the approval of the Central Bank.

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(22) STATEMENT OF FINANCIAL POSITION FOR LIFE

	31 March 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Assets -		
Financial assets at fair value through the statement of other comprehensive income	-	75,660
Life policyholders' loans	22,703	22,703
Total investments	22,703	98,363
Cash on hand and at banks	30,557	24,407
Account receivable	913,587	951,735
Total assets	966,847	1,074,505
Liabilities and head office current account		
Technical reserves -		
Outstanding claim reserve, net	25,932	35,532
Mathematical reserve, net	511,445	411,619
Total technical reserves	537,377	447,151
Accounts payable	273,105	594,875
Reinsurance payables	217,114	198,823
Other liabilities	116,526	7,000
Total Liabilities	606,745	800,698
Fair value reserve	-	-
Head office current account	(177,275)	(173,344)
Total liabilities	966,847	1,074,505