

ARAB ORIENT INSURANCE

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2022



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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 - public shareholding company as at 30 June 2022, comprising of interim consolidated statement of financial position as at 30 June 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 six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Amman – Jordan
27 July 2022

ERNST & YOUNG
Amman - Jordan

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	30 June 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Assets			
Investments-			
Bank deposits	4	59,405,525	58,928,609
Financial assets at fair value through other comprehensive income	5	4,888,421	5,331,673
Financial assets at amortized cost	6	11,905,066	11,896,795
Investment property		170,464	170,464
Life policyholder's loans		22,703	22,703
Total Investments		76,392,179	76,350,244
Cash and cash equivalents		1,588,804	1,973,783
Checks under collection		4,520,137	6,865,436
Accounts receivable	7	32,973,349	27,383,698
Reinsurance receivable	8	2,104,861	1,578,623
Deferred tax assets	9/ B	3,414,104	3,739,493
Property and equipment		6,537,378	6,567,059
Intangible assets		5,663,228	5,721,735
Right of use assets		437,648	262,602
Other assets		3,655,015	2,030,073
		<u>137,286,703</u>	<u>132,472,746</u>
Discontinued operations' assets		760,880	750,766
Total Assets		<u>138,047,583</u>	<u>133,223,512</u>
Liabilities and Equity			
Liabilities –			
Insurance contracts liabilities:			
Unearned premium reserve		25,976,917	18,074,731
Premium deficiency reserve		1,207,000	684,000
Outstanding claims reserve		29,048,525	28,746,037
Mathematical reserve		562,898	411,619
Total Insurance contracts liabilities		<u>56,795,340</u>	<u>47,916,387</u>
Accounts payable	10	6,181,594	9,348,001
Accrued expenses		667,864	1,309,256
Reinsurance payables	11	23,262,876	21,829,584
Lease contracts liabilities		373,983	235,371
Other provisions		2,781,348	2,634,977
Bank Overdraft		-	1,199,828
Income tax provision	9/ A	106,428	2,483,394
Other liabilities		882,596	1,248,304
		<u>91,052,029</u>	<u>88,205,102</u>
Liabilities related to discontinued operations' assets		265,672	550,324
Total Liabilities		<u>91,317,701</u>	<u>88,755,426</u>
Equity -			
Authorized and paid-in capital	12	25,438,252	25,438,252
Statutory reserve		6,359,563	6,359,563
Special reserve		40,221	40,221
Fair value reserve		(1,299,731)	(967,052)
Retained earnings		14,691,577	10,597,102
		<u>45,229,882</u>	<u>41,468,086</u>
Net Equity		45,229,882	41,468,086
Subordinated loan	14	1,500,000	3,000,000
		<u>46,729,882</u>	<u>44,468,086</u>
Total Liabilities and Equity		<u>138,047,583</u>	<u>133,223,512</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 INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022	2021	2022	2021
		JD	JD	JD	JD
Continuing operations -					
Revenues –					
Gross written premium		21,663,373	21,268,279	59,735,548	54,011,354
Less: reinsurance share		11,429,229	9,865,558	28,358,349	25,457,767
Net written premium		10,234,144	11,402,721	31,377,199	28,553,587
Net change in premium deficiency reserve		(442,000)	-	(523,000)	-
Net change in mathematical reserve		(51,453)	-	(151,279)	-
Net change in unearned premium reserve		1,624,078	1,127,173	(7,902,186)	(5,612,523)
Net earned premium		11,364,769	12,529,894	22,800,734	22,941,064
Commissions received		2,225,962	2,671,993	5,900,006	5,787,192
Insurance policies issuance fees		928,299	840,472	2,212,045	2,169,142
Interest income		563,543	727,981	1,114,408	1,054,011
Gain from financial assets and investments		301,169	11,252	604,466	475,996
Other revenues (expenses)		5,780	(283)	5,843	-
Total revenues		15,389,522	16,781,309	32,637,502	32,427,405
Claims, losses and expenses					
Paid claims		17,094,653	17,411,854	33,987,894	31,401,589
Maturity and surrender of insurance policies		6,920	142,180	6,920	142,431
Less: Recoveries		920,578	935,343	1,694,914	1,709,670
Less: Reinsurance share		7,134,948	6,854,403	14,072,224	12,846,214
Net paid claims		9,046,047	9,764,288	18,227,676	16,988,136
Net change in outstanding claims reserve		(140,376)	(840,126)	302,488	(1,354,720)
Allocated employees' expenses		1,909,377	2,623,837	4,157,806	4,383,657
Allocated general and administrative expenses		957,498	530,159	1,744,631	1,915,788
Excess of loss premium		253,822	233,479	460,498	429,574
Policies acquisition costs		614,872	585,094	1,177,673	1,246,604
Other expenses		48,231	134,743	129,639	222,629
Net claims costs		12,689,471	13,031,474	26,200,411	23,831,668
Unallocated employees' expenses		512,448	655,959	1,074,555	1,095,910
Unallocated general and administrative expenses		145,449	159,562	342,234	470,322
Depreciation and amortization		154,797	170,234	318,225	322,187
Provision for (recoveries from) expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		102,998	(2,370)	130,931	(8,244)
(Gains) losses from sale of property and equipment		(22,363)	(75,115)	(1,359)	(75,115)
Provision for contingent liabilities		-	(30,000)	-	670,000
Total expenses		893,329	878,270	1,864,586	2,475,060
Profit for the period from continuing operations before income tax		1,806,722	2,871,565	4,572,505	6,120,677
Income tax expense	9/A	(108,289)	(1,155,175)	(402,988)	(2,172,978)
Profit for the period from continuing operations		1,698,433	1,716,390	4,169,517	3,947,699
Discontinued operations -					
(Loss) profit for the period after tax from discontinued operations		(31,059)	65,855	(35,732)	65,855
Profit for the period		1,667,374	1,782,245	4,133,785	4,013,554
Attributable to:					
Company shareholders		1,667,374	2,239,217	4,133,785	4,591,803
Non-controlling interests		-	(456,972)	-	(578,249)
		1,667,374	1,782,245	4,133,785	4,013,554
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit attributable to the Company's shareholders	15	0/066	0/083	0/163	0/187

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	JD	JD	JD	JD
Profit for the period	1,667,374	1,782,245	4,133,785	4,013,554
Add: Other comprehensive income not to be reclassified to profit and loss in subsequent periods				
Change in fair value of financial assets through other comprehensive income	518,370	189,741	899,924	618,724
Total comprehensive income for the period	2,185,744	1,971,986	5,033,709	4,632,278
Total comprehensive income attributable to:				
Company shareholders	2,185,744	2,426,329	5,033,709	5,208,277
Non-controlling interests	-	(454,343)	-	(575,999)
Total comprehensive income for the period	2,185,744	1,971,986	5,033,709	4,632,278

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Company shareholders' equity							Net Equity
	Authorized and paid-in capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings*	Total	Non-controlling interest	
	JD	JD	JD	JD	JD	JD	JD	
30 June 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	-	-	-	899,924	4,133,785	5,033,709	-	5,033,709
Realized gain from sale of financial assets through other comprehensive income	-	-	-	(1,232,603)	1,232,603	-	-	-
Distributed dividends (note 13)	-	-	-	-	(1,271,913)	(1,271,913)	-	(1,271,913)
Balance as at 30 June 2022	25,438,252	6,359,563	40,221	(1,299,731)	14,691,577	45,229,882	-	45,229,882
30 June 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	-	-	-	616,474	4,591,803	5,208,277	(575,999)	4,632,278
Change in non-controlling interests	-	-	-	-	(15,578)	(15,578)	15,578	-
Balance as at 30 June 2021	21,438,252	5,825,651	-	(1,676,123)	13,198,572	38,786,352	1,100,402	39,886,754

* Retained earnings include an amount of JD 3,414,104 as at 30 June 2022 (31 December 2021: JD 3,739,491) which represents deferred tax assets that is restricted from use in accordance with the securities commission instructions.

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Notes	30 June 2022 JD	30 June 2021 JD
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Profit from continuing operations before tax		4,572,505	6,120,677
(Loss) profit from discontinued operations after tax		(35,732)	65,855
Adjustments for -			
Interest income		(1,114,408)	(1,054,011)
Depreciation and amortization		318,225	322,187
Depreciation on right use assets		127,923	114,588
Interest on lease contracts obligations		12,490	8,323
Gain from sale of financial assets at fair value through profit or loss		-	(30)
Amortization of financial assets at amortized cost		(8,271)	(7,113)
Provision for (recoveries from) expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		130,931	(8,244)
Provision for contingent liabilities		-	670,000
Gain from sale of property and equipment		(1,359)	(75,115)
End of service indemnity provision		221,911	602,732
Net change in Premium deficiency reserve		523,000	-
Net change in unearned premium reserve		7,902,186	5,612,523
Net change in outstanding claims reserve		302,488	(1,269,836)
Net change in mathematical reserve		151,279	-
Cash flows from operating activities before changes in working capital		<u>13,103,168</u>	<u>11,102,536</u>
Checks under collection		2,345,299	1,874,232
Accounts receivable		(5,720,582)	(3,608,258)
Reinsurance receivables		(526,238)	169,116
Other assets		(1,654,141)	(1,087,935)
Accounts payable		(3,166,407)	12,135
Accrued expenses		(641,392)	(1,252,228)
Other provisions		(156)	-
Reinsurance payables		1,433,292	1,977,518
Other liabilities		(365,708)	(61,621)
Paid from end of service provision		(75,384)	(49,000)
Income tax paid	9/ A	<u>(2,713,999)</u>	<u>(2,336,905)</u>
Net cash flows from operating activities		<u>2,017,752</u>	<u>6,739,590</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>			
Deposits at banks maturing after three months		(476,916)	(2,249,205)
Interest received		1,114,408	1,054,011
Purchase of property and equipment		(174,874)	(226,830)
Proceeds from sale of property and equipment		3,628	92,273
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		(57,432)	(83,538)
Purchase of financial assets at fair value through other comprehensive income		(631,818)	1,815
Acquisition of a subsidiary – net cash paid	3	-	(2,032,099)
Proceeds from sale of financial assets through other comprehensive income		1,967,594	-
Bank overdraft		(1,199,828)	-
Net cash flows from (used in) investing activities		<u>544,762</u>	<u>(3,443,304)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>			
Repayment of subordinated loan	14	(1,500,000)	(3,000,000)
Paid distributed dividends	13	(1,271,913)	-
Lease payments		(176,847)	(171,508)
Net cash flows used in financing activities		<u>(2,948,760)</u>	<u>(3,171,508)</u>
Net (decrease) increase in cash and cash equivalent		(386,246)	124,778
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	<u>1,532,544</u>	<u>7,750,296</u>

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Life	
	For the six months ended	
	30 June	
	2022	2021
	JD	JD
Written premiums -		
Direct insurance	514,801	33,956
Total premiums	514,801	33,956
Less:		
Foreign reinsurance share	317,932	20,276
Net premiums	196,869	13,680
Add:		
Mathematical reserve at the beginning of the period	516,686	516,686
Less: reinsurance share	105,067	105,067
Net mathematical reserve at the beginning of the period	411,619	411,619
Less:		
Mathematical reserve at the end of the period	658,905	516,686
Less: reinsurance share	96,007	105,067
Net mathematical reserve at the end of the period	562,898	411,619
Net earned revenues from the written premiums	45,590	13,680

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Life	
	For the six months ended 30 June	
	2022	2021
	JD	JD
Paid claims	61,295	(3,091)
Maturity and surrender of policies	6,920	142,431
Less: reinsurance share	42,229	16,254
Net paid claims	25,986	123,086
Add:		
Outstanding claims reserve at the end of the period		
Reported	83,888	76,828
Not reported	13,500	6,750
Less:		
Reinsurance share	56,404	49,013
Recoveries	19,214	19,214
Net outstanding claims reserve at the end of the period	21,770	15,351
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	12,224	122,933

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Life	
	For the six months ended	
	30 June	
	2022	2021
	JD	JD
Net earned revenues from written premiums	45,590	13,680
Less:		
Net claims cost	12,224	122,933
	33,366	(109,253)
Add:		
Commissions received	1,167	537
Insurance policies issuance fees	19,805	874
Investment income related to underwriting accounts	-	(627)
Total revenues	54,338	(108,469)
Less:		
Policies acquisition costs	248	1,006
General and administrative expenses related to underwriting accounts	50,867	25,223
Other expenses related to underwriting accounts	-	-
Other expenses	-	374
Total expenses	51,115	26,603
Underwriting loss	3,223	(135,072)

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
UNDERWRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Motor		Marine		Aviation		Fire and other property damages		Social liability		Medical		Other branches		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 insurance	15,219,457	13,456,307	1,104,810	1,050,625	284,072	-	2,717,010	2,064,467	693,114	633,181	36,082,544	33,636,986	1,990,164	2,359,893	58,091,171	53,201,459
Facultative inward reinsurance	541,062	356,161	1,448	6,846	-	-	550,515	411,382	3,722	338	-	-	32,829	1,212	1,129,576	775,939
Written Premiums	15,760,519	13,812,468	1,106,258	1,057,471	284,072	-	3,267,525	2,475,849	696,836	633,519	36,082,544	33,636,986	2,022,993	2,361,105	59,220,747	53,977,398
Less:																
Local reinsurance share	581,789	344,657	36,714	7,980	-	-	61,370	124,271	22,360	20,897	-	-	51,573	19,571	753,806	517,376
Foreign reinsurance share	48,489	154,184	857,494	823,185	284,072	-	2,567,772	1,771,177	561,008	505,107	21,647,486	20,055,562	1,320,290	1,610,900	27,286,611	24,920,115
Net Premiums	15,130,241	13,313,627	212,050	226,306	-	-	638,383	580,401	113,468	107,515	14,435,058	13,581,424	651,130	730,634	31,180,330	28,539,907
Add:																
Balance at the beginning of the period																
Unearned premium reserve	9,698,335	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	38,543,742	39,506,872
Less: reinsurance share	328,781	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	20,469,011	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	-	-	-	-	-	28,276	-	-	-	-	684,000	884,000	-	-	684,000	912,276
Less: reinsurance share	-	-	-	-	-	28,276	-	-	-	-	-	-	-	-	-	28,276
Net Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	684,000	884,000	-	-	684,000	884,000
Less:																
Balance at the end of the period																
Unearned premium reserve	13,685,183	14,043,087	244,154	372,022	166,978	-	5,688,287	4,257,422	530,169	478,041	28,490,084	26,330,616	1,776,924	2,205,122	50,581,779	47,686,310
Less: reinsurance share	377,022	382,789	171,635	282,662	166,978	-	4,948,718	3,756,561	435,219	392,236	17,109,042	15,846,065	1,396,248	1,720,637	24,604,862	22,380,950
Net unearned Premium reserve	13,308,161	13,660,298	72,519	89,360	-	-	739,569	500,861	94,950	85,805	11,381,042	10,484,551	380,676	484,485	25,976,917	25,305,360
Less:																
Balance at the end of the period																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	1,207,000	884,000	-	-	1,207,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	1,207,000	884,000	-	-	1,207,000	884,000
Net earned written Premiums	11,191,634	11,893,382	208,265	235,217	-	-	749,934	660,409	92,466	93,968	10,003,148	9,452,700	509,697	591,708	22,755,144	22,927,384

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Motor		Marine		Aviation		Fire and other property damages		Social liability		Medical		Other branches		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	11,338,162	11,684,485	188,809	93,114	-	-	1,728,657	547,819	94,961	104,958	20,382,774	17,739,345	193,236	1,234,959	33,926,599	31,404,680
Less:																
Recoveries	1,508,756	1,600,182	5,621	2,146	-	-	161,695	48,544	3,700	7,000	13,546	48,407	1,596	3,391	1,694,914	1,709,670
Local reinsurance share	404,158	452,508	717	1,085	-	-	105,754	67,410	-	-	-	-	280	-	510,909	521,003
Foreign reinsurance share	19,605	104,789	105,390	15,220	-	-	1,130,957	291,966	10,712	71,360	12,235,562	10,996,111	16,860	829,511	13,519,086	12,308,957
Net Paid Claims	9,405,643	9,527,006	77,081	74,663	-	-	330,251	139,899	80,549	26,598	8,133,666	6,694,827	174,500	402,057	18,201,690	16,865,050
Add:																
Outstanding Claims reserve at the end of the period																
Reported	27,221,572	24,460,327	937,719	1,238,781	-	-	2,952,682	3,788,261	740,776	630,834	2,926,797	2,227,601	1,165,144	2,296,983	35,944,690	34,642,787
Not reported	3,954,306	3,442,106	20,000	20,591	-	-	290,832	200,773	30,221	30,256	1,956,692	3,138,916	80,392	170,476	6,332,443	7,003,118
Less:																
Reinsurance share at the end of the period																
Reported	1,628,138	1,335,812	713,592	1,117,175	-	-	2,358,026	2,992,858	462,023	427,559	1,775,671	1,381,877	960,347	1,903,463	7,897,797	9,158,744
Not reported	-	-	-	-	-	-	-	-	-	-	1,165,453	1,893,705	-	-	1,165,453	1,893,705
Recoveries	3,822,793	4,013,573	-	80,878	-	-	322	100	-	-	-	-	364,013	387,630	4,187,128	4,482,181
Net Outstanding Claims reserve at the end of the period	25,724,947	22,553,048	244,127	61,319	-	-	885,166	996,076	308,974	233,531	1,942,365	2,090,935	(78,824)	176,366	29,026,755	26,111,275
Less:																
Outstanding Claims reserve at the beginning of the period																
Reported	26,090,788	22,689,097	804,483	1,239,220	-	-	3,242,376	4,146,431	712,753	721,977	2,530,866	1,595,132	1,104,681	3,959,655	34,485,947	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	-	-	-	-	-	-	-	-	-	-	1,713,731	2,343,240	-	-	1,713,731	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)	-	-	1,121,149	1,402,076	295,451	262,869	2,154,259	1,968,660	(92,317)	779,899	28,710,505	27,610,006
Net Claims Cost	10,048,778	8,798,337	171,057	221,197	-	-	94,268	(266,101)	94,072	(2,740)	7,921,772	6,817,102	187,993	(201,476)	18,517,940	15,366,319

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
UNDERWRITING PROFITS FOR THE GENERAL INSURANCE
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Motor		Marine		Aviation		Fire and other property damages		Social liability		Medical		Other branches		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 revenues from written premiums	11,191,634	11,893,382	208,265	235,217	-	-	749,934	660,409	92,466	93,968	10,003,148	9,452,700	509,697	591,708	22,755,144	22,927,384
Less:																
Net claims cost	10,048,778	8,798,337	171,057	221,197	-	-	94,268	(266,101)	94,072	(2,740)	7,921,772	6,817,102	187,993	(201,476)	18,517,940	15,366,319
Add:																
Commissions received	13,201	15,845	495,773	402,396	7,854	-	448,437	424,402	274,301	210,607	4,320,705	4,335,502	338,568	397,903	5,898,839	5,786,655
Insurance policies issuance fees	174,338	205,816	31,725	38,795	2,282	-	87,036	67,094	11,864	15,109	1,733,737	1,594,084	151,258	247,370	2,192,240	2,168,268
Total revenues	<u>1,330,395</u>	<u>3,316,706</u>	<u>564,706</u>	<u>455,211</u>	<u>10,136</u>	<u>-</u>	<u>1,191,139</u>	<u>1,418,006</u>	<u>284,559</u>	<u>322,424</u>	<u>8,135,818</u>	<u>8,565,184</u>	<u>811,530</u>	<u>1,438,457</u>	<u>12,328,283</u>	<u>15,515,988</u>
Less:																
Insurance policies acquisition costs	233,530	306,866	7,908	26,311	-	-	190,666	156,839	22,821	30,423	561,074	526,129	161,426	199,030	1,177,425	1,245,598
Excess of loss premiums	60,752	94,992	52,058	33,610	-	-	266,609	223,504	-	-	-	-	81,079	77,468	460,498	429,574
General and administrative expenses related to underwriting accounts	1,557,289	2,110,786	109,309	124,146	28,069	-	322,862	287,549	68,854	64,982	3,565,297	3,451,262	199,890	235,497	5,851,570	6,274,222
Other expenses	-	67,533	3,349	3,399	-	-	6,166	7,727	-	40	119,492	142,050	569	1,506	129,576	222,255
Total Expenses	<u>1,851,571</u>	<u>2,580,177</u>	<u>172,624</u>	<u>187,466</u>	<u>28,069</u>	<u>-</u>	<u>786,303</u>	<u>675,619</u>	<u>91,675</u>	<u>95,445</u>	<u>4,245,863</u>	<u>4,119,441</u>	<u>442,964</u>	<u>513,501</u>	<u>7,619,069</u>	<u>8,171,649</u>
Underwriting profit	<u>(521,176)</u>	<u>736,529</u>	<u>392,082</u>	<u>267,745</u>	<u>(17,933)</u>	<u>-</u>	<u>404,836</u>	<u>742,387</u>	<u>192,884</u>	<u>226,979</u>	<u>3,889,955</u>	<u>4,445,743</u>	<u>368,566</u>	<u>924,956</u>	<u>4,709,214</u>	<u>7,344,339</u>

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; the last of which was during 2021, the authorized and paid in capital became JD 25,438,252 divided into 25,438,252 shares with a par value of JD 1 each.

The Company is engaged in insurance business against fire, accidents, marine and transportation and motor insurance, liability, aviation, medical insurance and life 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 (parent Company) as at 30 June 2022. 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 July 2022.

(2) Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 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 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 six months ended 30 June 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

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

The interim condensed consolidated financial statements comprise the financial statements of Arab Orient Insurance Company (“the Company”) and its subsidiaries (referred to as “the Group”) as at 30 June 2022.

<u>Name of Company</u>	<u>Legal Status</u>	<u>Country</u>	<u>Ownership percentage</u>
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.

The amendments is not applicable to 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 the 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) Merger with 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 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
30 JUNE 2022

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

	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	1,926,867	-	1,926,867
Cash on hand and at banks	295,202	-	295,202
Notes receivables and 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	8,972,383	6,766,521	15,738,904
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	7,099,747	750,000	7,849,747
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	11,000,780	750,000	11,750,780
Add: Consideration received to increase the share capital	2,592,000		2,592,000
Total net assets at fair value	563,603		6,580,124
Less: Non-controlling interest share (25,23%)			(1,660,823)
Total acquired net assets			4,919,301
Consideration paid			4,919,301
Analysis of cash flows on acquisition:			
Net cash acquired with the subsidiary			2,887,202
Consideration paid			(4,919,301)
Acquisition of the subsidiary – net of cash paid			(2,032,099)

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022

(4) BANK DEPOSITS

	30 June 2022			31 December 2021
	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	-	59,405,525	59,405,525	58,928,609

Interest rates on bank deposits balances in Jordanian Dinar range between 3,242% to 4,75% 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 amounted to JD 800,000 as at 30 June 2022 (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:

	30 June 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Jordan Kuwait Bank	16,766,767	18,890,121
Cairo Amman Bank	11,236,142	9,089,310
Capital Bank of Jordan	6,588,915	6,194,243
Jordan Commercial Bank	5,748,830	5,748,830
Societe Generale Bank	5,065,697	5,065,697
Egyptian Arab Land Bank	5,025,743	5,025,743
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
	<u>59,405,525</u>	<u>58,928,609</u>

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022

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

	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	Number of shares	Number of shares	JD	JD
<u>Inside Jordan:</u>				
Listed shares:				
Afaq for Energy	(Unaudited) 1,140,147	(Audited) 1,140,147	(Unaudited) 1,983,856	(Audited) 1,596,206
Afaq for Investment and Real Estate Development	1,541,500	1,541,500	1,618,575	1,618,575
Cairo Amman Bank	113,000	113,000	146,900	157,070
Jordan Electric Power Company	163,013	163,013	242,889	189,095
Safa Bank/ Palestine	9,562	-	7,346	-
Capital Bank of Jordan	-	700,000	-	1,421,000
Amlak Company	-	54	-	54
Total listed shares			3,999,566	4,982,000
Unlisted shares:				
Saraya Aqaba Real Estate Development Company	500,000	500,000	154,880	154,880
Imcan brokerage and trading	12,719	12,719	14,214	14,214
Al-Motarabetah Investment Company	29,851	29,851	9,579	9,579
			178,673	178,673
<u>Outside Jordan:</u>				
Listed shares:				
Gulf warehousing Company	685,000	-	539,182	-
Unlisted shares:				
Iraq International Insurance Company	482,195,655	482,195,655	171,000	171,000
			888,855	349,673
Total financial assets at fair value through other comprehensive income			4,888,421	5,331,673

Movements on the fair value reserve were as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	(967,052)	(2,292,597)
Change in fair value for financial assets at fair value through other comprehensive income	899,924	1,083,719
Realized gains (losses) from sale of financial assets at fair value through other comprehensive income	(1,232,603)	241,826
Balance at the end of the period/ year	(1,299,731)	(967,052)

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022

(6) FINANCIAL ASSETS AT AMORTIZED COST

	30 June 2022	31 December 2021	30 June 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	1,807,092	1,810,386
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,433,073	1,434,941
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,427,274	1,428,150
Treasury bonds/ Hashemite Kingdom of Jordan	1,330	1,330	948,173	948,664
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	712,164	712,555
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	710,404	710,576
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	703,163	702,617
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	701,392	700,682
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	695,649	694,409
Total financial assets at amortized cost inside Jordan			<u>9,139,384</u>	<u>9,143,980</u>
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
Outside Jordan-				
Treasury bonds/ Kingdom of Bahrain Government	1,315	1,315	963,807	524,585
Treasury bonds/ Kingdom of Bahrain Government	715	715	523,528	967,690
Treasury bonds/ Oman Government	1,000	1,000	585,020	578,994
Treasury bonds/ Oman Government	1,000	1,000	580,598	570,191
Treasury bonds/ Oman Government	200	200	112,729	111,355
Total financial assets at amortized cost outside Jordan			<u>2,765,682</u>	<u>2,752,815</u>
Total financial assets at amortized cost			<u>11,905,066</u>	<u>11,896,795</u>

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(7) ACCOUNTS RECEIVABLE

	30 June 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Policy holders' receivables*	38,721,518	33,707,304
Brokers receivables*	2,456,117	2,513,600
Employees' receivables*	106,475	110,199
Other receivables*	1,206,964	1,057,879
	<u>42,491,074</u>	<u>37,388,982</u>
Less: Provision for expected credit losses**	<u>(9,517,725)</u>	<u>(10,005,284)</u>
	<u><u>32,973,349</u></u>	<u><u>27,383,698</u></u>

* Accounts receivable include scheduled payments with the total amount of JD 25,301,619 after 30 June 2022 (JD 17,749,584 as at 31 December 2021).

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

	30 June 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	10,005,284	8,621,128
Balance added from the acquired subsidiary	-	1,980,511
Provision for (recoveries from) the period/ year	31,774	(39,824)
Receivables written-off	(470,323)	(520,114)
Transferred from provision for doubtful debts of reinsurance receivables	(49,010)	(36,417)
Balance at the end of the period/ year	<u><u>9,517,725</u></u>	<u><u>10,005,284</u></u>

(8) REINSURANCE RECEIVABLE

	30 June 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Local insurance companies	2,448,609	1,766,931
Foreign reinsurance companies	690,589	697,862
	<u>3,139,198</u>	<u>2,464,793</u>
Less: Provision for doubtful debt for reinsurance receivables *	<u>(1,034,337)</u>	<u>(886,170)</u>
	<u><u>2,104,861</u></u>	<u><u>1,578,623</u></u>

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

	30 June 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	886,170	635,120
Balance added from the acquired subsidiary	-	104,167
Provision for the period/ year	99,157	-
Transferred from provision for expected credit losses for checks under collection	-	110,466
Transferred to provision for expected credit losses on accounts receivable	49,010	36,417
Balance at the end of the period/ year	<u>1,034,337</u>	<u>886,170</u>

(9) INCOME TAX

A- Income tax provision

Movements on the income tax provision were as follows:

	30 June 2022	31 December 2021
	JD (Unaudited)	JD (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 tax	66,819	-
Taxes on the investments outside Jordan	10,780	23,477
Income tax paid	(2,713,999)	(3,056,509)
Income tax on bank interests	259,434	(702,828)
Balance at the end of the period/ year	<u>106,428</u>	<u>2,483,394</u>

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

	30 June 2022	30 June 2021
	JD (Unaudited)	JD (Unaudited)
Income tax for the period	-	1,799,017
Taxes on the investments outside Jordan	10,780	-
National contribution tax	66,819	-
Additions on deferred tax assets	325,389	373,961
	<u>402,988</u>	<u>2,172,978</u>

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Arab Orient Insurance Company became exempted 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 2021, 2020 and 2019. The Income and Sales Tax Department have not reviewed the tax returns as at the date of the interim condensed consolidated financial statements. In the opinion of the management and the Company's tax advisor, the income tax provision is sufficient to meet any tax obligations.

B- Deferred tax assets

	30 June 2022				31 December 2021		
	Balance at the beginning of the period	Balances added from 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)
Deferred tax assets:							
Provision for expected credit losses on accounts receivable and provision for doubtful debt for reinsurance receivable	3,321,298	-	-	-	3,321,298	863,537	863,537
Provision for emergencies	600,000	-	(600,000)	-	-	-	156,000
Impairment loss on financial assets	1,199,000	-	-	-	1,199,000	311,740	311,740
Provision for incurred but not reported claims	6,358,482	-	(1,183,557)	-	5,174,925	1,345,481	1,653,205
Provision for end of service indemnity	2,019,887	-	(12,852)	221,911	2,228,946	579,526	525,171
Premium deficiency reserve	884,000	-	-	323,000	1,207,000	313,820	229,840
	<u>14,382,667</u>	<u>-</u>	<u>(1,796,409)</u>	<u>544,911</u>	<u>13,131,169</u>	<u>3,414,104</u>	<u>3,739,493</u>

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Movements on deferred tax assets were as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	3,739,493	3,634,254
Balance added from the acquired subsidiary	141,677	284,291
Released, net	(467,066)	(179,052)
Balance at the end of the period/ year	<u>3,414,104</u>	<u>3,739,493</u>

(10) ACCOUNTS PAYABLE

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Trade and companies' payables	2,599,382	4,740,504
Medical network payables	2,248,078	3,074,458
Agents' payables	764,929	990,423
Garages and vehicles parts payables	543,802	528,082
Employees' payables	25,403	14,534
	<u>6,181,594</u>	<u>9,348,001</u>

(11) REINSURANCE PAYABLES

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Foreign reinsurance companies	22,907,365	21,591,545
Local insurance companies	355,511	238,039
	<u>23,262,876</u>	<u>21,829,584</u>

(12) AUTHORIZED AND PAID-IN CAPITAL

The General Assembly decided in its meeting held on 2 November 2021 to increase the authorized capital by an amount of JD 4,000,000 to become JD 25,438,252 through retained earnings in the amount 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.

The general assembly decided in its meeting held on 31 May 2022, to increase the authorized and paid-in capital to become JD 26,000,000 through distributing free shares to the Company's shareholders, either from the special reserve balance within the shareholders' equity or from retained earnings balance as of 31 December 2021. Legal procedures have not been completed until the date of these interim condensed consolidated financial statements.

(13) DISTRIBUTED DIVIDENDS

The General assembly decided in its extraordinary meeting held on 28 April 2022, to distribute cash dividends to shareholders by 5% of the share capital equivalent to JD 1,271,913.

(14) SUBORDINATED LOAN

On 15 November 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 repayment schedule. During 2019, the Company paid an amount of (USD 3,667,137) equivalent to JD 2,600,000 and during 2020, the Company paid an amount of (USD 4,231,312) equivalent to JD 3,000,000. During 2021, the Company paid an amount of (USD 4,231,312) equivalent to JD 3,000,000. During the first quarter of 2022, the Company paid an amount of (USD 2,118,644) equivalent to JD 1,500,000.

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

	For the three months ended		For the six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (JD)	1,667,374	1,782,245	4,133,785	4,013,554
Weighted average number of shares (Share)	25,438,252	21,438,252	25,438,252	21,438,252
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit for the period	0/066	0/083	0/163	0/187

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(16) CASH AND CASH EQUIVALENTS

	30 June 2022	30 June 2021
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	1,588,804	1,820,002
Add: Deposits at banks	59,405,525	56,498,825
Add: Deposits at banks with original maturity date more than three months	(59,405,525)	(49,236,537)
Less: Restricted deposits to the favor of General Manager of the Insurance Regulatory Commission	(800,000)	(1,356,350)
Add: Cash related to discontinued operations' assets	743,740	24,356
Net cash and cash equivalents at the end of the period/ year	<u>1,532,544</u>	<u>7,750,296</u>

(17) DISCONTINUED OPERATIONS

The Board of Directors of Arab Life and Accidents Insurance Company (the acquired Company) decided, on a previous date, to close Palestine's branches and, therefore, Palestine's branches' assets were classified as discontinued operations' assets and its obligations as liabilities related to discontinued operations' assets as at 30 June 2022. In additions, the results of these branches were presented in the statement of income within discontinued operations for the period ended 30 June 2022.

(18) RELATED PARTY BALANCES AND TRANSACTIONS

The Group entered into transactions with major shareholders, board members and directors within the normal activities of the Company using insurance premium and commercial commission. All related parties' balances are considered performing and no provision has been taken against them as at 30 June 2022.

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

	Related parties			Total	
	Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company) JD	Gulf Insurance Group (Parent Company) JD	Top Executive Management JD	30 June 2022 JD (Unaudited)	31 December 2021 JD (Audited)
<u>Interim Consolidated Statement of Financial Position Items:</u>					
Time deposits	16,766,767	-	-	16,766,767	18,890,121
Debit current accounts	143,014	-	-	143,014	457,494
Current accounts	648,079	-	-	648,079	505,906
Deposits on letters of guarantee	369,294	-	-	369,294	443,127
Accounts receivable/ payable	(61,063)	155,097	11,277	105,311	(1,973,990)
Overdraft account	-	-	-	-	(1,199,828)
Subordinated loan	-	1,500,000	-	1,500,000	3,000,000

Off-statement of interim consolidated Financial Position Items:

Letters of guarantee	3,692,940	-	-	3,692,940	4,431,270
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	Related parties		Total	
	Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company) JD	Top Executive Management JD	30 June 2022 JD (Unaudited)	30 June 2021 JD (Unaudited)
<u>Interim consolidated Statement of Income Items:</u>				
Bank interest income	259,586	-	259,586	157,582
Insurance premiums	2,511,552	10,540	2,522,092	2,409,557
Bank expenses and interest	63,197	-	63,197	76,040
Salaries	-	503,604	503,604	472,832
Bonuses	-	343,725	343,725	329,578
Transportation for members of the Board of Directors	-	25,200	25,200	33,410
Bonuses for members of the Board of Directors	-	37,500	37,500	237,500
Board of Directors committees' bonuses	-	1,600	1,600	2,600

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

	30 June 2022	30 June 2021
	JD (Unaudited)	JD (Unaudited)
Salaries and bonuses	<u>847,329</u>	<u>802,410</u>

(19) ANALYSIS OF MAIN SECTORS

Information on the Company's business sectors

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

(20) LAWSUITS BY AND AGAINST THE GROUP

The Group appears as defendant in a number of lawsuits, the Group booked a sufficient provision to meet any obligations towards these lawsuits. In the opinion of the Group's management and legal consultant, the provision for a total amount of JD 5,577,017 as at 30 June 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 is JD 8,192,484 as at 30 June 2022 (31 December 2021: JD 9,025,292).

(21) CONTINGENT LIABILITIES

The Group had letters of guarantee amounting JD 3,692,940 as at 30 June 2022 (31 December 2021: 4,456,841) against cash margins in the amount of JD 369,294 (31 December 2021: JD 443,127).

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(22) STATEMENT OF FINANCIAL POSITION FOR LIFE

	30 June 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Assets -		
Financial assets at fair value through other comprehensive income	-	75,660
Financial assets at amortized cost	585,020	-
Life policyholders' loans	22,703	22,703
Total investments	607,723	98,363
Cash on hand and at banks	33,565	24,407
Accounts receivable	207,347	951,735
Total assets	848,635	1,074,505
Liabilities and head office current account -		
Technical reserves		
Outstanding claim reserve, net	21,770	35,532
Mathematical reserve, net	562,898	411,619
Total technical reserves	584,668	447,151
Accounts payable	161,623	594,875
Reinsurance payables	376,396	198,823
Other liabilities	116,446	7,000
Total Liabilities	654,465	800,698
Head office current account	(390,498)	(173,344)
Total liabilities	848,635	1,074,505