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التاريخ: 2020/06/03

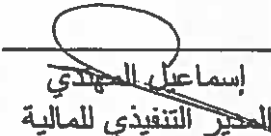
السادة هيئة الأوراق المالية المحترمين  
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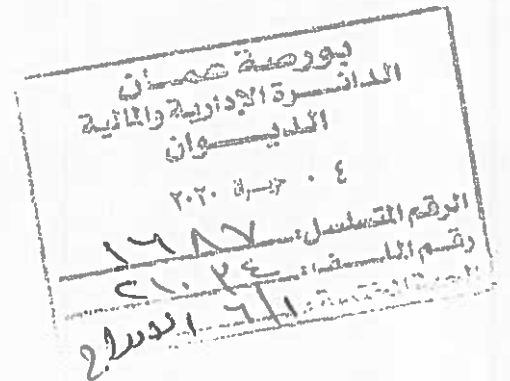
تحية واحتراما،،،

**الموضوع: البيانات المالية للفترة المنتهية في 31 آذار 2020**

بالإشارة إلى الموضوع أعلاه، نرفق لكم البيانات المالية للفترة المنتهية في 31 آذار 2020 للشركة الأولى للتأمين (باللغة الانجليزية).

وتفضلوا بقبول فائق الاحترام ،،،

  
إسماعيل المهدي  
المدير التنفيذي للمالية



FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION FOR  
THE PERIOD ENDED  
MARCH 31, 2020

FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION WITH REVIEW REPORT FOR  
THE INDEPENDENT AUDITOR  
FOR THE THREE MONTHS ENDED MARCH 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Review Report for the Independent Auditor	
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Policyholders' Revenue and Expenses	3
Condensed Consolidated Statement of Profit or Loss	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Changes in Owners' Equity	6
Condensed Consolidated Statement of Changes in Policyholders' Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Information	9 - 22

## Review Report for the independent auditor

AM/ 012534

To the Chairman and Members of the Board of Directors  
First Insurance Company  
(A Public Shareholding Limited Company)  
Amman – Hashimite Kingdom of Jordan

### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of First Insurance Company (A Public Shareholding Limited Company) as of March 31, 2020 and the related condensed consolidated interim statements of policyholders revenue and expenses, profit or loss and comprehensive income for the three month period ended March 31, 2020, and condensed consolidated statements of changes in owners' equity, changes in policyholders' equity and cash flows for the three-month period ended then, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial information in based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed 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 the accompanying condensed consolidated interim financial information are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Amman – The Hashemite Kingdom of Jordan  
May 21, 2020

  
Deloitte & Touche (M.E.) - Jordan

ديلويت أند توش (الشرق الأوسط)  
010105  
Deloitte & Touche (M.E.)

**FIRST INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - THE HASHEMITE KINGDOM OF JORDAN**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<u>ASSETS</u>	<u>Note</u>	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Investments:			
Deposits at banks - net	4	10,663,906	13,047,653
Financial assets at fair value through comprehensive income	24	1,100,978	1,357,495
Financial assets at amortized cost - net	5	6,385,416	6,529,087
Real-estate investments - net		6,756,435	6,769,324
Total Investments		<u>24,906,735</u>	<u>27,703,559</u>
Cash on hand and at banks	6	828,580	480,791
Checks under collection - net		2,798,210	2,806,965
Receivables - net	7	20,464,376	15,344,549
Re-insurers' receivables - net	8	2,686,406	2,390,730
Deferred tax assets		694,294	639,626
Property and equipment - net		5,609,962	5,644,450
Intangible assets - net		940,580	939,698
Projects under construction		4,507,846	4,200,149
Other assets		761,768	585,616
TOTAL ASSETS		<u>64,198,757</u>	<u>60,736,133</u>
<u>LIABILITIES AND POLICY HOLDERS' EQUITY AND OWNERS' EQUITY</u>			
<u>LIABILITIES:</u>			
Unearned contributions reserve - net		9,797,396	8,857,812
Outstanding claims reserve - net		6,902,834	6,154,320
Mathematical reserve - net		256,403	141,316
Total Insurance Contracts Liabilities		<u>16,956,633</u>	<u>15,153,448</u>
Payables	10	2,315,444	2,998,694
Re-insurers' payables	11	10,410,323	8,391,264
Accrued expenses		61,716	63,659
Various provisions		54,129	58,244
Income tax provision	9/A	433,816	409,181
Deferred tax liabilities	9/C	-	934
Other liabilities		870,469	567,225
TOTAL LIABILITIES		<u>31,102,530</u>	<u>27,642,649</u>
<u>POLICY HOLDERS' EQUITY:</u>			
Al-Qard al-hasan granted by owner's equity to cover policy holder's deficit	12	-	-
Reserve to cover deficit (contingency provision)	13	-	145,276
Accumulated deficit for policyholders' fund	14	-	-
Total Policyholders' Equity		<u>-</u>	<u>145,276</u>
<u>OWNERS' EQUITY:</u>			
Authorized and paid-up capital	15	28,000,000	28,000,000
Statutory reserve	16	3,276,493	3,276,493
Financial assets valuation reserve - net after tax		(1,967,680)	(1,715,994)
Retained earnings		3,387,709	3,387,709
Income for the period		399,705	-
Total Owners' Equity		<u>33,096,227</u>	<u>32,948,208</u>
Total Policyholders' and Owners' Equity		<u>33,096,227</u>	<u>33,093,484</u>
TOTAL LIABILITIES AND POLICYHOLDERS' AND OWNERS' EQUITY		<u>64,198,757</u>	<u>60,736,133</u>

Chairman of the Board of Directors

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THE ACCOMPANYING REVIEW REPORT.

FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED STATEMENT OF POLICYHOLDERS' REVENUE AND EXPENSES  
FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	For the Three-Months	
		Ended March 31,	
		2020 (Reviewed)	2019 (Reviewed)
		JD	JD
<u>Takaful Insurance Revenue:</u>			
Gross written contributions		14,654,566	12,193,185
<u>Less:</u> Re-insurers' share		(8,194,290)	(6,535,968)
Net Written Contributions from Takaful Insurance Operations for Policyholders		6,460,276	5,657,217
Net change in unearned contributions reserve		(939,584)	(1,115,513)
Net change in mathematical reserve		(115,087)	(115,131)
Net Earned Contributions Revenue from Takaful Insurance operations for Policyholders		5,405,605	4,426,573
Commissions' revenue		1,003,268	1,075,789
Takaful policies issuance revenue		686,695	635,071
Policyholders' share of investment income		30,400	45,720
<u>Less:</u> Owners' equity share for managing the investment portfolio		(10,640)	(16,002)
Total Revenue from Takaful Insurance operations for Policyholders'		7,115,328	6,167,151
 <u>Claims, Losses and Expenses from Takaful Insurance Operations:</u>			
Paid claims		7,460,196	7,637,570
<u>Less:</u> Recoveries		(441,269)	(356,689)
Re-insurers' share		(2,935,140)	(3,167,935)
Net Paid Claims from Takaful Insurance Operations		4,083,787	4,112,946
Net change in claims reserve		765,221	203,902
Owners' equity share for managing the operations of takaful insurance	17	2,145,969	1,846,365
Excess of loss contributions		57,010	43,441
Takaful policies acquisition costs		300,152	326,671
Other underwriting expenses		406,929	326,789
Net Claims Costs		7,759,068	6,860,114
 <u>Less:</u> Policyholders' share of Takaful Insurance:			
Expected credit losses		100,000	50,000
Depreciation and amortization		18,976	18,714
Other expenses		66,394	22,467
Total Policyholders' share of Takaful Insurance		185,370	91,181
Policyholders' (Deficit) before tax		(829,110)	(784,144)
<u>Add:</u> Income tax surplus for the period	9/B	215,924	326,549
Policyholders' (Deficit) from Takaful Insurance operations		(613,186)	(457,595)

Chairman of the Board of Directors

Chief Executive Officer

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FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	For the Three-Months	
		Ended March 31,	
		2020	2019
		(Reviewed)	(Reviewed)
		JD	JD
Owners' equity revenue from Al-Takaful Insurance :			
Owners' equity share from management takaful insurance operations	17	2,145,969	1,846,365
Owners' equity share of investments		141,722	119,200
Owners' equity share of profits from financial assets and investments income		106,640	179,830
Owners' equity share for managing the investments portfolio		10,640	16,002
Other revenue		-	12,884
Total Owners' Equity Revenue from General and Takaful Insurance Operations		2,404,971	2,174,281
<u>Claims, losses and expenses from general insurance operations:</u>			
Paid claims		84,796	18,815
<u>Less:</u> Recoveries		-	(22,294)
Reinsurers' share		(68,089)	-
Net paid claims		16,707	(3,479)
Net change in outstanding claims reserve		(16,707)	(5,400)
Net Claims from General Insurance operations		-	(8,879)
Unallocated employees' expenses		886,284	846,665
Unallocated general and administrative expenses		292,326	378,247
Expense for Al Qard Al Hassan granted to policyholders'	12	467,910	314,311
Depreciation and amortization		63,081	36,228
Other Expenses		13,944	-
Total Claims, Losses and Expenses from General Insurance Operations		1,723,545	1,566,572
Income for the period before tax		681,426	607,709
<u>Less:</u> Income tax expense for the period	9/B	(281,721)	(21,881)
Income for the period		399,705	585,828
Earning per share for the period (Basic and Diluted)	18	0/014	0/021

Chairman of the Board of Directors

Chief Executive Officer

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FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2020

	For the Three-Months	
	Ended March 31,	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Income for the period	399,705	585,828
Comprehensive Income Statement Items:		
<u>Add:</u> Comprehensive income items after tax not to be reclassified		
to profit or loss in the subsequent periods		
Owners' equity share from the change in fair value of financial assets at		
fair value through comprehensive income	(251,686)	176,525
(Loss) on sale of financial assets at fair value through comprehensive income	-	(357,546)
Total Comprehensive Income for the Period	<u>148,019</u>	<u>404,807</u>

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FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Financial Assets				Income for	Net Owners'
	Paid-up Capital	Statutory Reserve	Valuation Reserve - Net	Retained Earnings *	the period	Equity
	JD	JD	JD	JD	JD	JD
<u>For the Three months ended March 31, 2020</u>						
Balance at the beginning of the period (Audited)	28,000,000	3,276,493	(1,715,994)	3,387,709	-	32,948,208
Total comprehensive income for the period	-	-	(251,686)	-	399,705	148,019
Balance - End of the Period (Reviewed)	<u>28,000,000</u>	<u>3,276,493</u>	<u>(1,967,680)</u>	<u>3,387,709</u>	<u>399,705</u>	<u>33,096,227</u>
<u>For the three months ended March 31, 2019</u>						
Balance - beginning of the period (Audited)	28,000,000	3,010,963	(1,874,622)	3,549,146	-	32,685,487
Total comprehensive income for the period	-	-	176,525	(357,546)	585,828	404,807
Balance - End of the Period (Reviewed)	<u>28,000,000</u>	<u>3,010,963</u>	<u>(1,698,097)</u>	<u>3,191,600</u>	<u>585,828</u>	<u>33,090,294</u>

\* An amount from retained earnings equivalent to the negative financial assets valuation reserve balance is restricted in accordance with the related regulation as of March 31, 2020.

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FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY

	Reserve to cover deficit (Contingency provision)		Accumulated Deficit		Qard Hussan granted by Owners' equity to Cover the Policyholders' Deficit		Net Policyholders' Equity	
	JD		Realized	Unrealized	JD		JD	
<u>For the Three months ended March 31, 2020</u>								
Balance at the beginning of the period (audited)	145,276	-	-	-	-	-	145,276	
Policyholders' (deficit) from Takaful Insurance operations	-	(613,186)			-	-	(613,186)	
Transfers from reserve to cover deficit (contingency provision)	-	145,276			-	-	145,276	
Al Qard Al Hassan granted by owners' equity	-	467,910			-	467,910	935,820	
Transfers to policyholders' deficit	(145,276)	-			-	(467,910)	(613,186)	
Balance at the end of the period (reviewed)	-	-			-	-	-	
<u>For the Three Months Ended March 31, 2019</u>								
Balance - beginning of the period (audited)	143,284	-			-	-	143,284	
Policyholders' (deficit) from Takaful Insurance operations	-	(457,595)			-	-	(457,595)	
Transfers from reserve to cover deficit (contingency provision)	(143,284)	143,284			-	-	-	
Al Qard Al Hassan granted by owners' equity	-	-			-	314,311	314,311	
Transfers to accumulated deficit in policy holders'	-	314,311			-	(314,311)	-	
Balance - end of the period (reviewed)	-	-			-	-	-	

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**FIRST INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - THE HASHEMITE KINGDOM OF JORDAN**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020**

	Note	For the Three Months Ended March 31,	
		2020 (Reviewed)	2019 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
(Loss) for the period before tax		(147,684)	(176,435)
Adjustments:			
Depreciation and amortization		82,057	54,942
Expected credit losses		100,000	50,000
Net change in unearned contributions reserve		939,584	1,115,513
Net change in outstanding claims reserve		748,514	198,502
Net change in mathematical reserve		115,087	115,131
Dividends from financial assets at fair value through comprehensive income		-	(23,475)
Returns from Sukouk		(77,693)	(85,514)
Expense for Al-Qard Al-Hassan granted to policy holders'		467,910	314,311
Net Cash Flows from Operating Activities before Changes in Working Capital		2,227,775	1,562,975
(Increase) decrease in checks under collection		(31,245)	22,579
(Increase) in receivables		(5,179,827)	(2,818,190)
(Increase) in re-insurers' receivables		(295,676)	(780,907)
(Increase) in other assets		(176,152)	(372,642)
(Decrease) increase in accounts payable		(683,250)	1,008,942
(Decrease) increase in accrued expenses		(1,943)	2,744
Increase (decrease) in re-insurance payables		2,019,059	(407,479)
Increase in other liabilities		257,044	239,619
(Decrease) in various provisions		(4,115)	-
Net Cash Flows (used in) Operating Activities before income tax paid		(1,868,330)	(1,542,359)
Income tax paid	9/A	(90,998)	(3,669)
Net Cash Flows (used in) Operating Activities		(1,959,328)	(1,546,028)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in deposits at banks		(4,324,889)	(3,243,878)
Proceeds of dividends from financial assets at fair value through comprehensive income		-	23,475
Change in property equipment & projects under construction, and intangible assets		(48,451)	(20,102)
Proceeds from sale of financial assets at fair value through comprehensive income		-	208,294
(Payments) on projects under construction		(307,697)	(805,839)
Proceeds from Sukouk returns		77,693	85,514
(Payment) to purchase sukouk		-	(141,104)
Maturity of Sukok		143,671	425,400
Net Cash Flows (used in) Investing Activities		(4,459,673)	(3,468,240)
Net (Decrease) in Cash and Cash Equivalent		(6,419,001)	(5,014,268)
Cash and cash equivalent at the beginning of the period		10,145,079	9,043,753
Cash and Cash Equivalent at the end of the period	19	3,726,078	4,029,485

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FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOME OF JORDAN  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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1. Establishment and Activities

First Insurance Company was established on 28 December 2006 and registered as a public shareholding limited company under license No. (424) with an authorized paid-up capital of JD 24 millions of a par value of JD 1 per share.

On April 2, 2015, First Insurance Company acquired a percentage of 76.25% of The Yarmouk Insurance Public Shareholding Limited Company's capital, on November 2, 2015 a final approval took place on the merger between the Yarmouk Insurance Company and the First Insurance Company and the result of the merger will be the First Insurance Company with an authorized and paid up capital of JD 28 million at 1 JD per share.

2. Basis of Preparation

- The accompanying condensed consolidated interim financial information for the company and its subsidiary have been prepared for the three months ended March 31, 2020 in accordance with International Accounting Standard number (34) relating to "Interim Financial Reporting".
- The condensed consolidated interim financial information are stated in Jordanian Dinar which represents the functional currency for the Company and its subsidiaries.
- The condensed consolidated interim financial information doesn't include all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report for the year ended December 31, 2019. Moreover, the results of operations for the Three month period ended March 31, 2020 do not necessarily provide an indication of the results of operations for the year ending December 31, 2020. No appropriation occurred on the profit of the period ended March 31, 2020 which is performed at the end of the financial year.

Judgments, estimates and risk management

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements for the year ended December 31, 2019, except what is mentioned in note number (3).

We believe that our used estimates for the preparation of the interim condensed consolidated financial information are reasonable and consistent with the estimates approved for the preparation of the consolidated financial statements for the year 2019, except for the following:

The occurrence of the outbreak of the Corona virus (COVID-19) at the beginning of the year 2020 and its spread in several geographical regions around the world has caused disturbances to economic activities and businesses, and this event is witnessing continuous and rapid developments, which requires the group management to conduct an assessment of the expected effects on the group's business, and conducting a study to review and evaluate potential risks in the interim consolidated financial information as of March 31, 2020, based on the foregoing, the group has taken the following measures to contain the crisis as follows:

- a. The group has formed a Business continuity planning committee to determine and oversee the implementation of business continuity plan, which are:
  - Providing alternative locations to distribute the employees on, in order to ensure continuity of work and to maintain social separation among employees.
  - Activate working remotely feature for sensitive jobs in order to ensure the continuity of providing service to customers through electronic channels.
  - Maintaining the safety of all employees and clients, through taking all procedures related to the sterilization of branches and workplaces.
- b. In terms of monitoring the impact of the COVID-19 crisis on the group's business results, the management has updated the forward-looking assumptions used in calculation of expected credit losses provision.
- c. As for monitoring the impact of the COVID-19 crisis on the group's liquidity levels, the group's management has prepared all scenarios related to stressful situations, knowing that the group has comfortable levels and a strong solvency margin that enables it to respond to market conditions and economy developments.

### 3. Significant Accounting Policies

The accounting policies adopted in preparing the condensed consolidated interim financial information are consistent with those applied in the year ended December 31, 2019 except for the effect of the adoption of the new and revised standards which are applied on current periods as follow:

#### a. Amendments to IAS 1 and IAS 8 and related to definition of materiality

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted.

#### **Amendments to IFRS 3 and related to definition of a business**

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020,

#### **Amendments to References to the Conceptual Framework in IFRS Standards**

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC 32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Conceptual Framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020, with early application permitted.

**b. Basis of consolidation of the consolidated condensed interim financial information**

- The consolidated condensed interim financial information include the financial statements of the Company and its subsidiary companies that are subject to its control. In this regard, control is established when the Company has the ability to conduct the main activities of the subsidiary company, it is subject to the variable returns arising from its investment in the subsidiary company, or it has the right to these returns, and it has the ability to influence the returns through its control of the subsidiary company. Intercompany transactions, balances, revenues and expenses are eliminated between the Company and its subsidiaries.
- The results of the subsidiary companies are incorporated into the consolidated condensed statement of profit or loss from the effective date of acquisition, which is the date on which the Company assumes actual control over the subsidiary. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of profit or loss up to the effective date of disposal, which is the date on which the Company loses control over the subsidiary companies.
- Control is achieved when the Company:
  - Has the ability to control the investee.
  - Is subject to variable returns, or have the right to variable returns arising from its association with the investee.
  - Has the ability to use its power to influence the returns of the investee.

The Company re-evaluates whether it controls the investee companies or not, if the facts and circumstances indicate that there are changes to one or more of the control criteria referred to above.

If the Company's voting rights are less than the majority's voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Company the ability to direct the activities of the related subsidiary unilaterally. Moreover, the Company takes into account all the facts and circumstances in assessing whether the Company has enough voting rights in the investee to enable it to control or not. These facts and circumstances include the following:

- The size of voting rights owned by the Company in relation to the size and distribution of other voting rights.
- Potential voting rights held by the Company and any other voting rights held by others or third parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicating that the Company has or does not have an existing responsibility for directing the relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings.

When the Company loses control over any of its subsidiaries, the Company:

- Derecognizes the assets of the subsidiary (including goodwill) and liabilities.
- Derecognizes the carrying amount of any uncontrolled interest.
- Derecognizes the cumulative transfer differences recognized in consolidated owners' equity.
- Derecognizes the fair value of the consideration received.
- Derecognizes the fair value of any investment held.
- Derecognizes any surplus or deficit in the consolidated statement of Profit or Loss.
- Reclassifies the Company's equity previously recognized in other comprehensive income to the statement of income or retained earnings, as appropriate.

The financial information of the subsidiary companies are prepared for the same financial period of the parent Company using the same accounting policies of the parent Company. If the accounting policies adopted by the subsidiary companies differ from those of parent Company, the necessary adjustments to the financial information of the subsidiary companies are made to comply with the accounting policies of the parent Company.

Non-controlling interest represent the unowned part by the company from subsidiary companies owners' equity.

The Company owned the following subsidiaries as of March 31, 2020 through direct or indirect methods:

<u>Company's Name</u>	<u>Principal Activity</u>	<u>Ownership Percentage</u>	<u>Capital</u>	<u>Year of Incorporation</u>
Mulkiyat for Investment and Trade Company	Investment	100%	50,000	2010
Baden for Trade and Investment Company	Investment	100%	5,000	2016

The most important financial information of the subsidiary companies for the period ended March 31, 2020 is as follows:

<u>Company's Name</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenue</u>	<u>Total Expenses</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Mulkiyat for Investment and Trade Company	1,924,560	1,891,226	19,342	36,076
Baden for Trade and Investment Company	155,771	1,508,528	-	-

4. Deposits at Banks - Net  
This item consists of the following:

	March 31, 2020 (Reviewed)						December 31, 2019 (Audited)			
	Deposits maturing within one month			Deposits maturing after a month till three months			Deposits maturing after three months till one year			Total
	Policyholders	Owners' Equity	JD	Policyholders	Owners' Equity	JD	Policyholders	Owners' Equity	JD	
Inside Jordan	-	1,475,732	-	1,450,229	-	-	1,450,229	6,476,015	7,926,244	10,347,271
Outside Jordan	-	-	-	-	-	2,823,155	-	2,823,155	2,823,155	2,785,875
(Less): Expected credit losses provision	-	(10,330)	-	(18,133)	-	(57,030)	(18,133)	(67,360)	(85,493)	(85,493)
	-	1,465,402	-	1,432,096	-	7,766,408	1,432,096	9,231,810	10,663,906	13,047,653

- Return rates on the deposits at banks in Jordanian Dinar ranges from 2.6% to 5.25%, while the return on the foreign deposits in US Dollar from 4.2% to 4.8% as of March 31, 2020.

- Balances at banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of Jordan and central banks of each respective country the Company has accounts in. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. Taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is an impairment, and hence have recorded a loss allowances on these balances.

5. Financial assets at amortized cost - Net

This item consists of the following:

	March 31, 2020 (Reviewed)			December 31, 2019 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Sukuk	990,843	5,400,927	6,391,770	990,340	5,545,101	6,535,441
(Less): Expected credit losses provision	(790)	(5,564)	(6,354)	(790)	(5,564)	(6,354)
	<u>990,053</u>	<u>5,395,363</u>	<u>6,385,416</u>	<u>989,550</u>	<u>5,539,537</u>	<u>6,529,087</u>

- The Sukuk above have fixed return ranges between 2.6 % to 5.99 % annually.

6. Cash on Hand and at Banks

This item consists of the following:

	March 31, 2020 (Reviewed)			December 31, 2019 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Cash on hand	66,801	6,545	73,346	122,316	1,000	123,316
Current accounts at banks	680,126	75,108	755,234	273,889	83,586	357,475
	<u>746,927</u>	<u>81,653</u>	<u>828,580</u>	<u>396,205</u>	<u>84,586</u>	<u>480,791</u>

7. Receivables - Net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Policyholders' receivable	21,239,810	16,185,948
Brokers' receivable	17,240	13,808
Employees' receivable	127,661	116,752
Owners' Equity receivable	80,363	80,870
Other	210,303	98,172
Total	<u>21,675,377</u>	<u>16,495,550</u>
Less: Expected credit losses provision*	<u>(1,211,001)</u>	<u>(1,151,001)</u>
	<u>20,464,376</u>	<u>15,344,549</u>

- \* The movement on expected credit losses provision is as follows:

	For the Three Months Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance at the beginning of the period / year	1,151,001	1,001,001
Additions during the period / year	60,000	150,000
Balance at the end of the period /year	<u>1,211,001</u>	<u>1,151,001</u>

- The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

## 8. Reinsurance Receivables - Net

This item consists of the following:

	March 31, 2020 (Audited)	December 31, 2019 (Reviewed)
	JD	JD
Local insurance companies	1,628,345	1,551,404
Foreign reinsurance companies	1,228,061	1,009,326
Total reinsurance receivables	2,856,406	2,560,730
<u>Less: Expected credit losses provision</u>	<u>(170,000)</u>	<u>(170,000)</u>
	<u>2,686,406</u>	<u>2,390,730</u>

- The Company always measures the loss allowance for reinsurance receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on reinsurance receivables are estimated using a provision matrix by reference to past default experience with the reinsurers and an analysis of the debtor's current financial position, adjusted for factors that are specific to the reinsurers, general economic conditions of the industry in which the reinsurer operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

## 9. Income Tax

### a. Income tax provision

Movement on the income tax provision is as follows:

	March 31, 2020 (Reviewed)			December 31, 2019 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the period / year	41,498	367,683	409,181	53,356	3,545	56,901
Accrued Income tax for the period / year profit	(166,088)	281,721	115,633	(5,169)	479,744	474,575
Income tax paid	-	(90,998)	(90,998)	(6,689)	(115,606)	(122,295)
Balance at end of the period / year	<u>(124,590)</u>	<u>558,406</u>	<u>433,816</u>	<u>41,498</u>	<u>367,683</u>	<u>409,181</u>

- b. Income tax presented in the condensed consolidated statement of policyholders' revenue and expenses and the condensed consolidated statement of profit or loss is as follows:

	For the Three Months Ended in March 31			
	2020 (Reviewed)		2019 (Reviewed)	
	Policyholders'	Owners'	Policyholders	Owners'
	JD	Equity JD	JD	Equity JD
Accrued income tax on the periods profits	(166,088)	281,721	-	60,208
Impact of deferred taxes	(49,836)	-	(326,549)	(38,327)
(Surplus) Income tax expense	(215,924)	281,721	(326,549)	21,881

- The Company has a final settlement with Income and Sales Tax Department until the end of year 2018, and the Company's self-assessment statement for 2019 was accepted by the Income and Sales Tax Department within the sampling system.
- In the opinion of the management and the tax consultant, the Income tax provision is sufficient as of March 31, 2020.

#### 10. Payables

This item consists of the following:

	March 31, 2020 (Reviewed)			December 31, 2019 (Audited)
	Policyholders	Owners'	Total	Total
	JD	Equity JD	JD	JD
Agents' Payable	126,360	-	126,360	139,478
Brokers' Payable	234,323	-	234,323	51,242
Employees' Payable	1,233	5,745	6,978	9,182
Suppliers Payable	565,036	-	565,036	1,333,442
Other*	1,290,754	91,993	1,382,747	1,465,350
Total	2,217,706	97,738	2,315,444	2,998,694

- \* This item includes payables to medical service provider's, loss adjuster, lawyers and consultants.

#### 11. Reinsurance Payables:

This item consists of the following:

	March 31, 2020 (Reviewed)			December 31, 2019 (Audited)
	Policyholders	Owners'	Total	Total
	JD	Equity JD	JD	JD
Local insurance companies	571,529	6,123	577,652	686,232
Foreign insurance companies	9,791,923	40,748	9,832,671	7,705,032
	10,363,452	46,871	10,410,323	8,391,264

## 12. Al Qard Al Hassan Granted by the Owners to Cover the Policyholders' Fund Deficit

This item consists of the following:

	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Balance at the beginning of the period / year	-	-
Policyholders' (deficit) surplus during the period / year	(613,186)	-
Al Qard Al Hassan granted by shareholders to cover the deficit for the period	467,910	-
Transferred from fund reserve deficit (contingency provision)	145,276	-
Balance at the end of the period / year	-	-

## 13. Reserve to Cover Policyholders' Fund Deficit (Contingency Provision)

- This account represents what has been transferred from the policyholders' fund surplus during this year and previous years.
- Below is a summary movement of the reserve to cover deficit (contingency provision):

	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Balance at the beginning of the period / year	145,276	143,284
Transfers from reserve to cover the policyholders' fund deficit	(145,276)	1,992
Balance at the end of the period / year	-	145,276

## 14. Policyholders Accumulated Fund Deficit

This item consists of the following:

	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Balance at the beginning of the period / year	-	-
Policyholders' (deficit) during the period / year	(613,186)	1,992
Transfers from reserve to cover fund deficit (contingency provision)	145,276	(1,992)
Transferred from Al Qard Al Hasan to cover the fund deficit for the period/ year	467,910	-
Balance at the end of the period / year	-	-

## 15. Capital

The paid-up capital is 28 million JD as of March 31, 2020 and December 31, 2019 divided into 28 million shares, par value of each share is 1 JD.

## 16. Statutory Reserve

The amounts collected in this account represent the transferred annualized profit before tax of 10% during the year and prior years in accordance with the Companies Law and is not distributable to shareholders.

## 17. Owner's Equity Share for Takaful Operations Management

- The contractual relationship between owners' equity and policyholders represents an agent relationship to manage the insurance business through a specialized staff which were appointed for this mission.

- Wakala fees for first quarter of the year 2020 were determined at 17% for Motors department (2019: 17%) and 22% for Medical department less the administrative fees (2019: 22%) and 22% for life department (2019: 22%) and 25% for marine department (2019: 25%) and 7% for aviation department (2019: 7%) and 20% for fire department and other damages (2019: 20%) and 25% for the liability and other departments (2019: 25%) and decreasing it to a rate of 10% for policies issued from the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for 100% reinsured policies, 10% of the premium were deducted while it should not exceed 90% from the reinsurances commission. As for investing policyholders' surplus, the contractual relation between the shareholders and policyholders is based on the Islamic trading (Modaraba) against a percentage of 35% from the investments gain in 2020.
- The determined compensation for the investment management is based on the Islamic principles (Modaraba & Wakala) based on budgets prepared by the Company and on a fair basis to the policyholders. The Company has a strict separation between the assets and liabilities of the policyholders and shareholders and hence the investment returns of the assets of the policyholders are determined accurately.

#### 18. Earnings per Share for the Period

Earnings per share is calculated by dividing the net earnings for the period over the weighted average common stock and it is calculated as follows:

	For the Three Months Ended March 31,	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Net shareholders' profit for the period	<u>399,705</u>	<u>585,828</u>
	Share	Share
Weighted average number of shares	<u>28,000,000</u>	<u>28,000,000</u>
	JD / Share	JD / Share
Earnings per share for the period – (basic and diluted)	<u>- /014</u>	<u>- /021</u>

#### 19. Cash and Cash Equivalents

Cash and cash equivalents in the condensed consolidated statement of cash flow consist of the amount shown in the condensed consolidated interim statement of financial position, which are details as follows:

	For the Three Months Ended March 31,	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Cash on hand and at banks	828,580	937,259
Add: Bank deposits maturing within three months	<u>2,897,498</u>	<u>3,092,226</u>
Cash and cash equivalents at the end of the period	<u>3,726,078</u>	<u>4,029,485</u>

## 20. Main Segments Analysis

### a. Information on the Company's Operating Segments

The Company was organized to include the general takaful sector (general insurance), in accordance with the reports used by the Executive Manager and the Group's primary decision maker which comprised (motors, marine, fire, accidents, medical and aviation insurance). This sector is the base used by the company to disclose information related to key sectors, the above mentioned sector also includes the company's investments and cash above management. Transactions between business sectors are based on estimated market prices with the same terms used with other.

### b. Geographical Distribution

This note represents the geographical distribution of the Company's operation. The Company mainly conducts its operations in the kingdom, representing local and regional operations

The following is the distribution of the Company's revenue and capital expenditures according to geographical sector:

	For the three Month Ended March 31, (Reviewed)					
	Inside Jordan		Outside Jordan		Total	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Total revenue	6,112,060	5,091,362	1,003,268	1,075,789	7,115,328	6,167,151
Capital expenditures	356,148	825,941	-	-	356,148	825,941

## 21. Related Party Balances and transactions

Related parties, as defined in International Accounting Standard number (24) "Related Party Disclosures"; include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Below is a summary of related parties' activities and balances due to related party transactions:

	Related Party			Total	
	Major Owners' Equity and Board of Directors	Top Management	Sister Company	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD	JD	JD	JD
<u>Condensed Consolidated Statement of Financial Position Items</u>					
Accounts receivable	80,363	50,689	-	131,052	139,586
Accounts payable	12,514	1,025	-	13,539	14,237
Deposit at banks outside Jordan	-	-	2,823,155	2,823,155	2,785,875

			For the Three Months Ended March 31	
			2020	2019
			(Reviewed)	(Reviewed)
			JD	JD
<u>Condensed Consolidated Statement of Comprehensive Income</u>				
Investments revenue	-	-	59,117	23,585
Takaful Insurance contribution	1,523	-	1,523	2,193

Below is a summary of the executive management salaries, bonuses benefits:  
March 31,

	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Salaries and bonuses	337,633	293,609
Total	337,633	293,609

## 22. Lawsuits against the Company

There are lawsuits held against the Company for various types of claims, the determined lawsuits at courts is about JD 969,203 as of March 31, 2020 (JD 994,231 as of December 31, 2019). In the management and the legal advisors' opinion, the Company will not have claims that exceed the outstanding claims provision amount.

## 23. Approval of Interim Condensed Financial Information

These interim condensed financial information were approved by the Board of Directors and authorized for issue on May 10, 2020.

## 24. Fair Value Hierarchy

### a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

The fair value is the price that is received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

In assessing the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants take those characteristics into account when pricing the asset or liability at the measurement date.

Some of the financial assets and financial liabilities of the Company are estimated at fair value at the end of each financial period. The following table provides information about the manner in which financial assets and financial liabilities are determined (Evaluation methods and input used):

Financial assets / liabilities	Fair Value		Fair Value Level	Evaluation Method and Used Entries	Relation between	
	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)			Significant Intangible Entries	Significant Intangible Entries and Fair Value
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through comprehensive income						
Shares with quoted prices	977,156	1,074,324	First Level	Prices stated in financial markets	N/A	N/A
Shares with un-quoted prices	123,822	283,171	Third Level	Based on the latest available financial information	N/A	N/A
Total	1,100,978	1,357,495				

There were no transfers between first level and second level during the three months of March 31, 2020 and the ended year December 31, 2019.

**b. Fair Value of Financial Assets and Financial Liabilities Continuously Undetermined at Fair Value**

Except for what is stated in the schedule below, we believe that the carrying amount of the financial assets and financial liabilities stated in the Company's condensed consolidated interim financial information approximates their fair value. Moreover, the Company's management believes that the book value of the items below approximates their fair value due to either their short-term maturity or the re-pricing of interest rates during the period.

	March 31, 2020		December 31, 2019		Fair Value Layer
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
<b>Financial assets not evaluated</b>					
Deposits at banks	10,663,906	13,697,940	13,047,653	13,697,940	Third Level
Real-estate investments	6,756,435	7,212,643	6,769,324	7,212,643	Third Level
Financial assets at amortized cost	6,385,416	6,732,436	6,529,087	6,732,436	Third Level
<b>Total</b>	<b>23,805,757</b>	<b>27,643,019</b>	<b>26,346,064</b>	<b>27,643,019</b>	

For the items shown above the fair value of assets and liabilities for the first and second level were determined according to agree upon pricing models that reflects credit risks related to the parties that are being dealt with.

**25. Impact of COVID-19**

During March 2020, the World Health Organization classified Covid-19 virus as a world pandemic, which effected the supply and demand and therefore had a negative impact on global markets, also the pandemic changed the social behavior due to quarantine applied by the governments.

The Group has a documented business continuity plan that has been activated to ensure the safe and stable continuation of its business operations. Business Continuity Planning Committee has been formed to determine and oversee the implementation of all business continuity plans associated with the effect of COVID-19, which include measures to address and mitigate any identified key operational and financial issues.

The Group has performed its assessment of the COVID-19 impact and concluded that there are no significant changes in its financial position and performance as at the period ended March 31, 2020. Based on that assessment, the Group has concluded that significant changes are not required as of March 31, 2020 in its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of December 31, 2019, except for updating the forward-looking assumptions to determine the likelihood of expected credit losses.

The effects of COVID-19 on Insurance business continues to evolve, hence there are significant risks and uncertainties associated with it future impact on business, and therefore, the Group continues to update its plans to seek to respond to them.