

المرجع: م.م. / ٢٠٢٠ /

To: Jordan Securities Commission
Amman Stock Exchange

السادة هيئة الأوراق المالية
السادة بورصة عمان

Date:- 22/07/2020

التاريخ:- ٢٠٢٠/٠٧/٢٢

**Subject: Periodical Financial Report for the
period ending 31 March, 2020.**

**الموضوع: البيانات المالية المرحلية للمرحلة المنتهية
في تاريخ ٣١ آذار ٢٠٢٠.**

Dear Sirs,

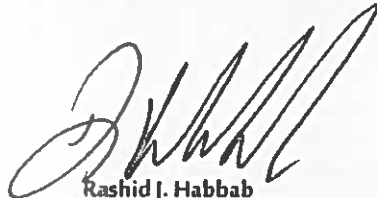
تحية طيبة وبعد.

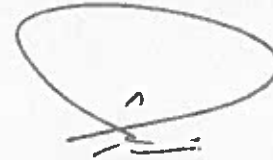
Kindly find attached the Periodical Financial Statement of Arabia Insurance Company – Jordan for the period ending 31 March, 2020 in English Language.

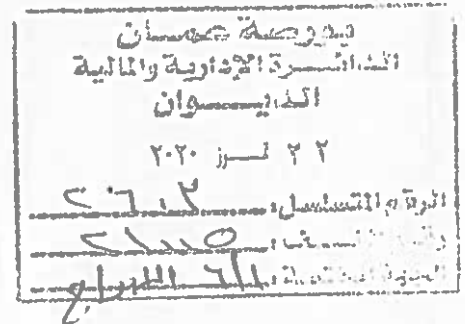
نرفق لكم طيه البيانات المالية المرحلية لشركة التأمين العربية – الأردن للمرحلة المنتهية في تاريخ ٣١ آذار ٢٠٢٠ باللغة الانجليزية.

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام...


Rashid J. Habbab
General Manager


رشيد جودت الهباب
المدير العام



شركة التأمين العربية - الأردن م.ع.م. ARABIA Insurance Co. - Jordan Ltd.



هاتف: +٩٦٢ ٦٥ ٦٣٠ ٥٣٠ • فاكس: +٩٦٢ ٦٥ ٦٢٢ ٣٠٣ • صندوق بريد ٢٠٠٣١ عمان ١١١١٨ الأردن
Tel: +962 6 5 630 530 • Fax: +962 6 5 622 303 • P.O.Box 20031 Amman 11118 Jordan
info@aicj.jo • www.aicj.jo

أ.م.م.

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED INTERIM FINANCIAL INFORMATION
ENDED MARCH 31, 2020 TOGETHER
WITH THE REVIEW REPORT

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED INTERIM FINANCIAL INFORMATION AND REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Review Report	1
Condensed Interim Statement of Financial Position	2
Condensed Interim Statement of Profit or Loss	3
Condensed Interim Statement of Comprehensive Income	4
Condensed Interim Statement of Changes in Shareholders' Equity	5
Condensed Interim Statement of Cash Flows	6
Condensed Notes to the Interim Financial Information	7 - 17

Independent Auditor's Review Report

AM/001586

To the Chairman and Board of Directors Members
Arabia Insurance Company - Jordan
(A Public Shareholding Limited Company)
Amman - The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Arabia Insurance Company - Jordan (A Public Shareholding Limited Company) as of March 31, 2020 and the related statements of profit or loss and comprehensive income and changes in shareholders' equity and condensed interim cash flows for the three-months period ended March 31, 2020, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard No. (34) Relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information 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 from the 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 condensed interim financial information for Arabia Insurance Company - Jordan (A Public Shareholding Limited Company) are not prepared, in all material respects, in accordance with International Accounting Standard No. (34) relating to interim financial reporting.

Other Matter

The accompanying condensed financial statements are a translation of the statutory financial statements in Arabic language to which reference should be made.

Amman - Jordan
July 6, 2020


Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)

ديلويت آند توش (الشرق الأوسط)
010105

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	Note	JD	JD
ASSETS			
Deposits at banks	4	7,937,888	8,001,953
Financial assets at fair value through profit or loss	21	1,077,625	1,103,375
Financial assets at fair value through other comprehensive income	21	1,934,918	2,078,070
Financial assets at amortized cost	21	1,131,314	1,131,314
Investment property	21	2,110,093	2,123,415
Life policyholders' loans		13,216	13,216
Total Investments		14,205,054	14,451,343
Cash on hand and at banks		614,333	548,396
Cheques under collection	5	1,169,311	1,705,836
Account Receivables - net	6	4,828,085	3,237,987
Insurance and Re-insurance companies' receivable - debit	7	1,090,472	1,705,855
Deferred tax assets	8/d	1,134,229	1,005,911
Property and equipment - net		2,325,236	2,355,619
Intangible assets - net		120,552	125,248
Other assets		2,967,550	2,657,345
TOTAL ASSETS		28,454,822	27,793,540
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Unearned premiums reserve - net		5,814,570	5,862,940
Claims reserve - net		6,248,868	6,388,906
Mathematical reserve - net		535,055	535,055
Total Insurance Contracts Liabilities		12,598,493	12,786,901
Payables	9	1,773,192	1,331,323
Accrued expenses		68,695	56,552
Insurance and Re-Insurance companies' payable - credit	10	2,863,991	2,511,407
End-of-services Indemnity provision		19,496	19,308
Income Tax Provision	8/a	-	-
Deferred tax liabilities	8/d	644,175	557,687
Other liabilities		306,498	226,356
TOTAL LIABILITIES		18,274,540	17,489,534
SHAREHOLDERS' EQUITY:			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,296,344	1,296,344
Voluntary reserve		174,717	174,717
Investments valuation reserve - net after tax	11	(530,395)	(433,564)
Retained earnings		1,264,206	1,266,509
Loss for the period		(24,590)	-
Total Shareholder's Equity		10,180,282	10,304,006
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,454,822	27,793,540

Chairman of the Board of Directors

General Manager

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

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

		For the Three-Month Period Ended March 31,	
	Note	2020 (Reviewed) JD	2019 (Reviewed) JD
<u>Revenue</u>			
Gross written premiums		6,243,507	5,817,904
<u>Less:</u> Re-Insurers' share		3,104,479	2,307,009
Net Written Premiums		3,139,028	3,510,895
Net change in unearned premiums provision		48,369	50,739
Net change in mathematical reserve		-	8,751
Net Written Revenue Premiums		3,187,397	3,570,385
Commissions revenue		223,685	223,851
Insurance policies issuance fees		245,967	247,231
Interest income		125,795	136,207
Net (loss) gain from financial assets and Investments	12	(76,386)	55,603
Other revenue - net		37,235	29,287
Total Revenue		3,743,693	4,262,564
<u>Claims, Losses and Expenses</u>			
Paid claims		5,061,455	5,174,411
<u>Add:</u> Maturity and settlement policies		6,253	8,751
<u>Less:</u> Recoveries		333,271	525,886
Re-insurers' share		1,544,239	1,240,853
Net paid claims		3,190,198	3,416,423
Net change in claims provision		(472,683)	(394,014)
Allocated employees' expenses		291,311	291,498
Allocated general and administrative expenses		139,247	114,986
Excess of loss premiums		60,691	60,082
Policies acquisition cost		337,422	344,212
Other expenses related to underwriting		83,356	93,672
Net Claims Costs		3,629,542	3,926,859
Unallocated employees' expenses		72,828	72,875
Depreciation of property and equipment		38,908	38,994
Unallocated general and administrative expenses		34,812	28,746
(Recovered from) Provision for expected credit loss		-	(787)
Total expenses		146,548	139,828
(Loss) Profit for the period before Tax		(32,397)	195,877
<u>Less:</u> Income tax (expense)		7,807	(46,185)
(Loss) Profit for the Period		(24,590)	149,692
Loss Earnings per Share for the Period	13	(0/003)	0/019

Chairman of the Board of Directors

General Manager

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

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

		<u>For the Three-Month Period Ended March 31,</u>	
	<u>Note</u>	<u>2020(Reviewed)</u>	<u>2019 (Reviewed)</u>
		JD	JD
Profit for the period		(24,590)	149,692
Other Comprehensive Income Items:			
Items not subsequently transferable to condensed interim statement of profit or loss:			
Net change in investment valuation reserve	11	<u>(99,134)</u>	<u>(21,771)</u>
Total Comprehensive (Loss) Income		<u><u>(123,724)</u></u>	<u><u>127,921</u></u>

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

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED NOT AUDITED)

	Note	Authorized and Paid - up Capital	Statutory Reserve	Voluntary Reserve	Investment Revaluation Reserve	Retained Earnings	(Loss) Profit for the period	Total
		JD	JD	JD	JD	JD	JD	JD
For the Three Month Period Ended March 31, 2020 (Reviewed)								
Balance - beginning of the period (Audited)		8,000,000	1,296,344	174,717	(433,564)	1,266,509	-	10,304,006
Total Comprehensive Income		-	-	-	(99,134)	-	(24,590)	(123,724)
Transfer of Loss to retained earnings from sales of financial assets at fair value through comprehensive income		-	-	-	2,303	(2,303)	-	-
Balance - End of the Period		8,000,000	1,296,344	174,717	(530,395)	1,264,206	(24,590)	10,180,282
For the Three Month Period Ended March 31, 2019 (Reviewed)								
Balance - beginning of the period		8,000,000	1,246,512	174,717	(236,544)	925,129	-	10,109,814
Total Comprehensive Income		-	-	-	(21,771)	-	149,692	127,921
Transfers during the period	23	-	-	-	-	-	-	-
Balance - End of the Period		8,000,000	1,246,512	174,717	(258,315)	925,129	149,692	10,237,735

- The retained earnings includes JD 154,770 as of March 31, 2020, representing the cumulative change in the fair value transferred to the retained earnings as a result of implementation IFRS (9). Net losses in the changes in the fair value for financial assets through statement of income amounted JD 253,492 This amount is restricted according to the instructions of Jordan Securities Commission as of March 31, 2020.

- The retained earnings includes JD 1,134,229 as of March 31, 2020, restricted against deferred tax assets (JD 1,005,911 as of December 31, 2019).

- The negative balance of the investments valuation reserve before tax effect is restricted according to the regulatory authority instructions.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

Note	For the Three-Month Period Ended March 31,	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Loss) Profit for the period before tax	(32,397)	195,877
Adjustments:		
Losses from disposal of property and equipment	-	3,358
Depreciation and amortization	38,908	38,994
Investments property depreciation	13,320	13,320
(Recovered from) provision for expected credit loss	-	(787)
Loss (gain) on valuation of financial assets at fair value through statement of profit or loss	85,932	(11,901)
End of service indemnity provision	188	408
Net Change in unearned premiums provision	(48,369)	(50,739)
Net Change in claims provision	(472,683)	(394,041)
Net change in mathematical reserve	-	8,751
Cash flows (used in) Operating Activities before Changes in working capital items	(415,101)	(214,235)
(Increase) decrease in Current Assets:		
Checks under collection	536,525	51,859
Accounts receivable	(1,590,098)	(833,653)
Insurance and re-insurance companies' receivable - debit	615,383	499,112
Other assets	22,441	(41,441)
Increase (decrease) in Current Liabilities:		
Accounts payable	441,869	(50,826)
Accrued Expenses	12,143	1,518
Insurance and re-insurance companies' payable - credit	352,584	(1,219)
Other liabilities	80,142	(77,720)
Net Cash flows from (used in) Operating Activities before taxes paid	55,888	(666,605)
Income tax paid	8/a (9,519)	(38,805)
Net Cash Flows From (used in) Operating Activities	46,369	(705,410)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits at banks (Maturing after Three Months)	595,119	(955,781)
Financial assets at amortized cost	-	-
Life policyholders' loans	-	1,943
(Purchase) of property and equipment	(3,829)	(353)
Proceeds from sale of financial assets at fair value through other comprehensive income	10,000	-
Net Cash Flows From (used in) Investing Activities	601,290	(954,191)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Increase (Decrease) in Cash	647,659	(1,659,601)
Cash and cash equivalents - beginning of the year	2,790,379	6,696,200
Cash and Cash Equivalents - End of the Period	14 3,438,038	5,036,599

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

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Incorporation and Activities

- a. Arabia Insurance Company - Jordan was established in 1975 and registered as a Jordanian Public Shareholding Company under No. (90). with headquarters in Amman - The Hashemite Kingdom of Jordan - , Shmeisani P.O. 20031 Amman 11118 - Jordan and an authorized capital of JD 2 million divided over 2 million shares, with a par value of JD 1 per share. Moreover, the company's Capital was increased in several stages, the last of which was on February of the year 2008 so that it became JD 8 million divided over 8 million shares.

The Company offers all insurance and re-insurance services including insurance against fire, accident, marine, land and credit insurance, vehicle and life insurance.

- b. Pursuant to the resolution of the General Assembly for the shareholders on April 30, 2012, the name of the company was changed on May 31, 2012 to "Arabia Insurance Company - Jordan" instead of "General Arabia Insurance Company".
- c. Arabia Insurance Company - Jordan is 51% owned by Arabia Company (Holding Company - Lebanon).

2. Basis of Preparation

- The condensed interim financial information for the three-month period ended March 31, 2020 have been prepared in accordance with International Accounting Standard (IAS) No. 34 (Interim Financial Reporting); as well as the forms prescribed by the Insurance Management.
- The condensed interim financial statements are reported in Jordanian Dinars, which is the Company's functional currency.
- The interim condensed financial statements do not include all the information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report as of December 31, 2019. Moreover, the results for the three-month period ended March 31, 2020 do not necessarily provide an indication of the expected results of operations for the year ending December 31, 2019. The Company's profits for the three-month period ended March 31, 2020 have not been appropriated; as such appropriations will be made at the end of the year.

Judgments, estimates and risk management

The preparation of the condensed 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 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 financial information are reasonable and consistent with the estimates approved for the preparation of the 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 Company's management to conduct an assessment of the expected effects on the Company's business, and conducting a study to review and evaluate potential risks in the interim financial information as of March 31, 2020, based on the foregoing, the Company has taken the following measures to contain the crisis as follows:

- a. The Company has formed a Business continuity planning committee to determine and oversee the implementation of business continuity plan, which are:
 - 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 Company'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 Company's liquidity levels, the Company's management has prepared all scenarios related to stressful situations, knowing that the Company 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 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.

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 Within Three Months	Deposits Maturing after more than Three Months	Total
	JD	JD	JD	JD
Inside Jordan	2,823,705	2,175,000	2,950,000	7,948,705
Expected credit losses *	(3,843)	(2,956)	(4,018)	(10,817)
	<u>2,819,862</u>	<u>2,172,044</u>	<u>2,945,982</u>	<u>7,937,888</u>
				<u>8,001,953</u>

* The movements on the expected credit losses are as follows:

	For the Three Month Period Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance at the Beginning of the Period/ Year	10,817	10,496
IFRS (9) implementation impact	-	-
Amended Balance	<u>10,817</u>	<u>10,496</u>
Add: Additions during the period / year	-	321
Balance at the End of the Period / Year	<u>10,817</u>	<u>10,817</u>

- Interest rates on Bank deposits denominated in Jordanian Dinar range from 5% to 5.85% during the period in the year 2020.
- Deposits collateralized to the order of the Director General of the Insurance Commission in addition to his position amounted to JD 325,000 as of March 31, 2020 and December 31, 2019 at Jordan Ahli Bank and it matures after more than three months.
- There are no restricted balances except for deposits collateralized to the order of the Director General of the Insurance Commission in addition to his position.

Balances with 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 the respective countries which the company owns bank balances in it. 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.

5. Cheques under Collection

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019(Audited)
	JD	JD
Cheques under collection*	1,262,075	1,798,600
Expected credit losses **	<u>(92,764)</u>	<u>(92,764)</u>
	<u>1,169,311</u>	<u>1,705,836</u>

* The maturities of cheques under collection are up to September 6, 2020, knowing that about 27.46% of the cheques were provided by one of the Company's agents.

** The movement on expected credit losses is as follows:

	For the Three Month Period Ended March 31, 2020 (Reviewed)	For Year Ended December 31, 2019 (Audited)
	JD	JD
Balance at the Beginning of the Period/ Year	92,764	32,549
Add: Additions during the period / year	-	75,000
Less: (Recovered) during the period / year	-	(14,785)
Balance at the End of the Period / Year	92,764	92,764

6. Accounts Receivable - net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Policyholders receivable	5,561,979	3,878,285
Agents receivable	4,493	3,466
Brokers receivable	49,082	55,529
Employees receivable	17,407	15,879
Customers and legal cases receivables *	436,414	526,118
	6,069,375	4,479,277
Less: Expected credit losses **	(1,241,290)	(1,241,290)
Receivables - net	4,828,085	3,237,987

* This item included receivables for customers that the Company raised law-suits against them noting that the Company booked full provision against these law-suits.

** The movement on expected credit losses is as follows:

	For the Three Month Period Ended March 31, 2020 (Reviewed)	For Year Ended December 31, 2019 (Audited)
	JD	JD
Balance at the Beginning of the Period / Year	1,241,290	1,011,290
Add: additions during the period / year	-	230,000
Balance at the End of the Period / Year	1,241,290	1,241,290

7. Insurance and Reinsurance Companies' Receivable - Debit

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Local insurance companies	774,408	912,136
Foreign re-insurance companies	531,222	1,008,877
	1,305,630	1,921,013
Less: Expected credit losses *	(215,158)	(215,158)
Net of re-insurance Accounts Receivable	1,090,472	1,705,855

- * Movement on the expected credit losses is as follows:

	For the Three Month Period Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019(Audited)
	JD	JD
Balance at the beginning of the period / year	215,158	215,158
Additions during the period / year	-	-
(Released) during the period / year	-	-
Ending Balance at the End of Period / Year	215,158	215,158

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

8. Income Tax

a. Income tax provision

- Movement on the income tax provision is as follows:

	For the Three month Period Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019(Audited)
	JD	JD
Balance at the Beginning of the Period / Year	99,456	40,251
Income tax paid on bank interest	9,519	27,976
Income tax paid for the period / year	-	31,229
Income tax (expense) for the period / year	-	(17,280)
Released from deferred tax assets	-	17,280
Balance at the End of the Period / Year – debit*	108,975	99,456

- * The debit balance of income tax provision appears within the other assets as refundable income tax as of March 31, 2020 and December 31, 2019.

b. Income tax in the condensed interim statement of income represents the following:

	For the Three-Month Period Ended March 31, 2020(Reviewed)	2019(Reviewed)
	JD	JD
Income tax expense accrued on the profits of the period	-	-
Deferred tax assets impact	94,295	24,515
Deferred tax liabilities impact	(86,488)	(70,700)
Income Tax (Expense) for the Period	7,807	(46,185)

- The income tax for the Company has been settled up till the end of the year 2015. Moreover, the Annually income returns for the income tax for the years 2016, 2017 and 2018 were filed, and the resulting amounts were paid on time and they have not been reviewed yet from the Income and Sales Tax Department.
- An Income tax provision had been calculated and booked for the three-month period ended March 31, 2020 in compliance with Jordan Income Tax Law. In the opinion of management and its tax consultant, the Company will not have any tax liabilities due to the loss result for the first quarter of 2020.

c. The movement on deferred tax assets and liabilities was as follows:

	For the Three-Month Period Ended March 31, 2020 (Reviewed)		For the Year Ended December 31, 2019(Audited)	
	Assets JD	Liabilities JD	Assets JD	Liabilities JD
Balance at the Beginning of the Period / Year	1,005,911	557,687	783,913	267,451
Amended Balance	1,005,911	557,687	783,913	267,451
Added	131,406	86,488	243,194	290,236
(Released)	(3,088)	-	(21,196)	-
Balance at the End of the Period / Year	1,134,229	644,175	1,005,911	557,687

d. Deferred Tax Assets / Liabilities

The details of this item are as follow:

Accounts included	For the Three-Month Period Ended March 31, 2020 (Reviewed)				For the Year Period Ended December 31, 2019(Audited)	
	Balance – Beginning of the Period JD	Released/Paid Amounts JD	Addition Amounts JD	Balance – End of the Period JD	Deferred Tax JD	Deferred Tax JD
a. Deferred Tax Assets						
Expected credit losses	1,712,951	-	-	1,712,951	445,367	445,367
IBNR provision	1,342,699	4,909	-	1,337,790	347,825	349,102
End-of-service provision	19,308	4,667	3,909	18,550	4,823	5,020
Various provision	946	-	-	946	246	246
Reserve of evaluation on financial assets through other comprehensive income (loss)	585,897	2,303	133,155	716,749	186,355	152,333
Losses from revaluating financial assets through statement of income	167,560	-	85,932	253,492	65,908	43,565
Tax accumulated losses not audited	48,365	-	282,412	330,777	83,705	10,278
	<u>3,877,726</u>	<u>11,879</u>	<u>505,408</u>	<u>4,371,255</u>	<u>1,134,229</u>	<u>1,005,911</u>
b. Deferred Tax Liabilities *						
Claims recoveries	2,144,949	-	332,645	2,477,594	644,175	557,687
	<u>2,144,949</u>	<u>-</u>	<u>332,645</u>	<u>2,477,594</u>	<u>644,175</u>	<u>557,687</u>

- Deferred taxes were calculated based on the effective tax rate of 26%, and in the opinion of company's management and its tax consultant the deferred tax assets will be utilized in the near future.

9. Payables

This item consists of the following:

	March 31, 2020 (Reviewed) JD	December 31, 2019(Audited) JD
Agents payable	74,824	72,926
Employees payable	6,826	2,718
Brokers payable	484,838	452,853
Clients payable	994,124	696,256
Medical payable	5,579	2,542
Others	207,001	104,028
	<u>1,773,192</u>	<u>1,331,323</u>

10. Insurance and Re-insurance Companies Payables – credit

This item consists of the following:

	March 31, 2020(Reviewed)	December 31, 2019(Audited)
	JD	JD
Local insurance companies	182,084	242,615
Foreign re-insurance companies	1,549,694	1,194,538
Re-insurers' deposits	1,132,213	1,074,254
	<u>2,863,991</u>	<u>2,511,407</u>

11. Investment Revaluation Reserve – net after tax

This amount represents the (change) in fair value of financial assets at fair value through comprehensive income – net of tax.

The details of this item are as follows:

	March 31, 2020(Reviewed)	December 31, 2019(Audited)
	JD	JD
Balance at the beginning of the Period / Year	(433,564)	(236,544)
Changes in Investment valuation		
Reserve - net of tax	(99,134)	(166,679)
Transfer of gain to retained earnings from sales of financial assets at fair value through comprehensive income	2,303	(30,341)
Balance – End of Period / Year	<u>(530,395)</u>	<u>(433,564)</u>

12. Net (Loss) Gain from Financial Assets and Investments

This item consists of the following:

	For the Three Month Period Ended March 31, 2020(Reviewed)	2019(Reviewed)
	JD	JD
Dividends revenue from financial assets at fair value through other comprehensive income	1,906	40,187
Net change in fair value of financial assets at fair value through statement of income	(85,932)	11,901
Investment property depreciation	(13,320)	(13,320)
Return on Property investments rent	20,960	16,835
	<u>(76,386)</u>	<u>55,603</u>

13. Earnings per Share for the Period

Earnings per share is calculated by dividing the profit for the period by the number shares. The details are as follows:

	For the Three Month Period Ended March 31, 2020(Reviewed)	2019(Reviewed)
	JD	JD
(Loss) / Profit for the period	(24,590)	149,692
Number of shares	8,000,000	8,000,000
Earnings per Share for the Period	<u>(0/003)</u>	<u>0/019</u>

14. Cash and Cash Equivalents – Before Provision

The details of this item are as follows:

	For the Three Month Period Ended March 31, 2020(Reviewed)	2019(Reviewed)
	JD	JD
Cash on hand and at banks	614,333	454,234
Deposits at banks maturing within three months	2,823,705	4,582,365
	<u>3,438,038</u>	<u>5,036,599</u>

15. Transactions with Related Parties

Related parties as defined in International Accounting Standard 24 (*Related Party Disclosures*), include the associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

The following is a summary of the transactions with related parties during the period/year:

	Major Shareholders	Board Members	Top Executive Management	Total	
				March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
Items included in the interim condensed statement of financial position:	JD	JD	JD	JD	JD
Accounts receivable	32,215	572,578	9,000	613,793	325,029
Accounts payable	-	6,229	-	6,229	2,339
				For the Three-Month Period Ended March 31,	
				2020	2019
				(Reviewed)	(Reviewed)
				JD	JD
Items included in the interim condensed statement of profit or loss:					
Underwriting Premiums	44,808	475,751	235	520,794	538,832
Compensations	890	411,429	-	412,319	310,912
Salaries and Rewards	-	-	65,280	65,280	63,450
Travel and Transportation	-	6,515	111	6,626	6,759

The following is a summary of the benefits (salaries, bonuses, and other benefits) for Top executive management:

	For the Three-Month Period Ended March 31,	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Salaries, rewards and other benefits	65,391	63,561
Rewards, transportation, and accommodation allowances for members of the board	6,515	6,648
Total	71,906	70,209

16. Segment Analysis

a. Information about the Company's business sectors:

For administrative purposes, the Company was organized into two sectors of business, the general insurance sector including vehicle insurance, transport insurance, fire insurance, other damage to property, liability insurance and life insurance sector. These two sectors form the basis for the company to show information on key sectors. The above two sectors also include investments and cash management for the Company's own account. Transactions between business segments are carried out on the basis of estimated market prices and on the same terms used with other parties.

b. Geographical Distribution Information

Information regarding the Company's reportable segments is set out below in accordance with "IFRS 8 Operating Segments". IFRS 8 requires reportable segments to be identified on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker ("CODM") and used to allocate resources to the segments and to assess their performance. The Company's main activity is engaging in all insurance business streams. The majority of the Company's revenues, profits and assets relate to its operations in the Hashemite Kingdom of Jordan. Inter-segment sales are charged at arms' length prices.

Following is the distribution of Revenues, Expenses, and Capital Expenditures according to the geographical distribution:

	Inside Jordan		Outside Jordan		Total	
	March 31, 2020(Reviewed)	December 31, 2019(Audited)	March 31, 2020(Reviewed)	December 31, 2019(Audited)	March 31, 2020(Reviewed)	December 31, 2019(Audited)
	JD	JD	JD	JD	JD	JD
Total Assets	27,495,154	26,469,373	959,668	1,324,167	28,454,822	27,793,540
	For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,	
	2020 (Reviewed)	2019 (Reviewed)	2020 (Reviewed)	2019 (Reviewed)	2020 (Reviewed)	2019 (Reviewed)
	JD	JD	JD	JD	JD	JD
Total Revenue	3,538,070	4,027,073	205,623	235,491	3,743,693	4,262,564
Capital Expenditures	3,829	353	-	-	3,829	353

17. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. The lawsuits at courts with determined amounts with a total of JD 856,079 as at March 31, 2020 (around to JD 674,527 December 31, 2019). The Company has taken sufficient provisions to meet any obligations in respect of these cases. In the opinion of the Company's management and its lawyer, the Company will not incur obligations in excess of the provision within the net claims provision. However, the net lawsuits against others are equivalent to JD 1.997 Million as of March 31, 2020

18. Contingent Liabilities

There are commitments by the company against bank guarantees of JD 407,458 as of March 31, 2020 (bank guarantees amounting to JD 508,211 as of December 31, 2019).

19. Approval of interim condensed financial information

These interim condensed financial information were approved by the Board of Directors and authorized for issuance on June 25, 2020.

20. 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 Company 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 Company 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 Company 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 financial statements as of December 31, 2019, except for updating the forward-looking assumptions to determine the likelihood of 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 Company continues to update its plans to seek and respond to them.

21. Fair Value Hierarchy

a. Fair value financial assets measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of the financial period. The following table shows how the fair value of these financial assets is determined. (Valuation techniques and key input).

Financial Assets	Fair Value		Fair Value Level	Methods of evaluation and inputs used	Significant Intangible Inputs	Relationship between significant intangibles inputs and fair value
	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)				
	JD	JD				
Financial assets at fair value through statement of profit or loss:						
Quoted shares	1,077,625	1,103,375	Level 1	As Stock Market	Not Applied	Not Applied
Financial Assets at fair value through other comprehensive income:						
Quoted shares	1,874,918	2,018,070	Level 1	As Stock Market	Not Applied	Not Applied
Unquoted shares	60,000	60,000	Level 2	At Cost	Not Applied	Not Applied
	1,934,918	2,078,070				
Total Financial Assets at Fair Value	3,012,543	3,181,445				

There were no transfers between Level 1 and Level 2 during the first three month-period ended March 31, 2020 and during the year 2019.

b. Financial Assets and Financial Liabilities Not Measured at Fair Value on a Recurring Basis:

Except as shown in the table below, we believe that the carrying amount of the financial assets and financial liabilities at fair value in the Company's condensed interim financial statements approximates their fair value because of their short term maturity or reprising of interest during the period.

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		Fair value level
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not determined at fair value					
Deposits at banks	7,937,888	8,097,760	8,001,953	8,194,030	Level 2
Financial assets at Amortized cost	1,131,314	1,164,080	1,131,314	1,226,224	Level 2
Property investment	2,110,093	2,423,878	2,123,415	2,423,878	Level 2
Total Financial assets not determined at fair value	11,179,295	11,685,718	11,256,682	11,844,132	

For the items listed above, fair value of level 2 financial assets at fair value has been determined according to an agreed upon pricing model, which reflect credit risks to the parties dealt with, as for property investment the fair value considered by the real estate appraisers according to latest valuation reports to these assets.