

الرقم: 2020/317
التاريخ: 2020/8/6

المنارة للتأمين
٢١٦

السادة / هيئة الأوراق المالية المحترمين
عمان - الأردن

الموضوع: البيانات المالية الموحدة كما في 2020/6/30

تحية طيبة وبعد،،،

نرفق لكم طيه البيانات المالية الموحدة كما في 2020/6/30 لشركة المنارة للتأمين مصادق عليها من المدقق الخارجي حسب الأصول.

- بإضافة الى البيان المالي باللغة الإنجليزية للربع الأول والربع الثاني c.e.o.
- مذقطة CD للبيانات المالية الموحدة

واقبلوا فائق الإحترام،
المدير المالي

المدير العام

وليد القطبي



Al-Manara Insurance Company

Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Unaudited)

30 June 2020

**Al-Manara Insurance Company
Public Shareholding Company**

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Al-Manara Insurance Company
Public Shareholding Company
Interim consolidated statement of financial position as at 30 June 2020

(In Jordanian Dinar)

	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Assets			
Investments			
Bank deposits	3	5,469,115	4,971,088
Financial assets at fair value through other comprehensive income	4	467,687	518,616
Financial assets at amortized cost	5	234,179	234,179
Investment property		1,231,586	1,231,586
Total Investments		7,402,567	6,955,469
Cash on hand and at banks		976,824	1,161,278
Checks under collection		1,310,793	656,340
Accounts receivable	6	3,307,920	1,833,806
Reinsurers receivables	7	217,019	874,936
Deferred tax assets	10	1,130,757	1,130,757
Property and equipment		2,213,284	2,173,787
Other assets		304,266	318,055
Total Assets		16,863,430	15,104,428
Liabilities and Equity			
Liabilities			
Unearned premiums reserve - net		4,037,867	2,633,524
Outstanding claims reserve – net		3,414,530	3,834,735
Total Technical Reserves		7,452,397	6,468,259
Accounts payable	8	1,721,251	2,267,102
Reinsurers payables	9	1,842,459	1,569,773
Other provisions		63,616	70,905
Other liabilities		1,696,433	1,231,515
Total Liabilities		12,776,156	11,607,554
Equity			
Paid – in capital		5,000,000	5,000,000
Statutory reserve		51,517	51,517
Voluntary reserve		-	-
Cumulative change in fair value		(563,270)	(512,340)
Accumulated losses		(400,973)	(1,042,303)
Net Equity		4,087,274	3,496,874
Total Liabilities and Equity		16,863,430	15,104,428

Chairman

General Manager

Financial Manager

“The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report”

Al-Manara Insurance Company
Public Shareholding Company
Interim consolidated statement of profit or loss for the six months ended at 30 June 2020

(In Jordanian Dinar)

	Notes	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Revenues			
Gross written premiums		6,566,570	5,278,513
Less: Reinsurers' share		1,820,827	1,072,449
Net written premiums		4,745,743	4,206,064
Net change in unearned premiums reserve		(1,404,343)	(911,429)
Net earned premiums		3,341,400	3,294,635
Commissions revenues		103,086	91,858
Insurance policies issuance fees		231,626	199,598
Other underwriting revenues		124,339	126,967
Interest income		110,354	165,911
Net profit of financial assets and investments		17,948	32,007
Other revenues		-	742
Total Revenues		3,928,753	3,911,718
Claims, losses and expenses			
Paid claims		2,802,480	4,176,854
Less: Recoveries		390,900	279,240
Less: Reinsurers' share		426,095	716,913
Add : Reinsurers' share from recoveries		2,988	-
Net paid claims		1,988,473	3,180,701
Net change in claims reserve		(420,206)	(746,866)
Allocated employees expenses		482,835	440,144
Allocated administrative expenses		186,859	123,093
Excess of loss premiums		185,172	144,127
Policies acquisition costs		330,332	245,874
Other underwriting expenses		165,975	111,838
Net Claims		2,919,440	3,498,911
Unallocated employees expenses		120,709	110,036
Depreciation		43,249	39,117
Unallocated administrative expenses		46,715	30,773
Doubtful debts	6	156,006	103,630
Provision for expected credit losses		-	-
Other expenses		1304	26,131
Total Expenses		367,983	309,687
Profit (loss) for the period		641,330	103,120
Basic and diluted earnings (losses) per share	11	0,128	0.021

Chairman

General Manager

Financial Manager

"The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report"

Al-Manara Insurance Company
Public Shareholding Company
Interim consolidated statement of comprehensive income for the six months ended at 30 June 2020

(In Jordanian Dinar)

	30 June 2020 <u>(Unaudited)</u>	30 June 2019 <u>(Unaudited)</u>
Profit (loss) for the period	641,330	103,120
Other comprehensive income items:		
Change in fair value of financial assets through other comprehensive income	<u>(50,930)</u>	<u>(17,287)</u>
Total comprehensive loss for the period	<u>590,400</u>	<u>85,833</u>

“The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report”

Al-Manara Insurance Company Public
Shareholding Company
Interim consolidated statement of changes in equity for the six months ended at 30 June 2020 (Unaudited)

(In Jordanian Dinar)

	Paid - In Capital	Statutory Reserve	Voluntary Reserve	Cumulative Change in Fair Value	Accumulated Net Losses	Equity
Balance at 1 January 2020	5,000,000	51,517	-	(512,340)	(1,042,302)	3,496,874
Total comprehensive income for the period	-	-	-	(50,930)	641,330	590,400
Balance at 30 June 2020	5,000,000	51,517	-	(563,270)	(400,973)	4,087,274
Balance at 1 January 2019	5,000,000	530,874	17,684	(483,286)	(1,944,981)	3,120,290
Total comprehensive income for the period	-	-	-	(17,287)	103,120	85,833
Balance at 30 June 2019	5,000,000	530,874	17,684	(500,573)	(1,841,862)	3,206,123

“The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report”

Al-Manara Insurance Company
Public Shareholding Company
Interim consolidated statement of cash flows for the six months ended at 30 June 2020

(In Jordanian Dinar)

	Notes	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Operating Activities			
Profit (loss) for the period		641,330	(1,096,267)
Depreciation		43,249	38,932
Provision for expected credit losses		153,798	25,106
Net change in unearned premiums reserve		1,404,343	342,883
Net change in claims reserve		(420,205)	448,864
Changes in working capital			
Checks under collection		(654,453)	(403,304)
Accounts receivable		(1,605,359)	27,677
Reinsurers receivables		635,879	38,679
Other assets		13,789	(67,518)
Accounts payable		(545,851)	(142,684)
Reinsurers payables		272,686	646,787
Other provisions		(7,289)	(2,454)
Other liabilities		464,917	(218,774)
Net cash flows used in operating activities		396,834	(362,073)
Investing Activities			
Property and equipment		(82,746)	(7,480)
Financial investments measured by held to maturity		-	5,463
Financial investments for other comprehensive income		-	15,354
Deposits mature after three months		(270,839)	193,338
Net cash flows from investing activities		(353,585)	213,342
Net change in cash and cash equivalents		43,249	(148,731)
Cash and cash equivalents, beginning of year		1,161,278	1,015,645
Cash and cash equivalents, end of period	12	1,204,527	866,914

"The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report"

Al-Manara Insurance Company
Public Shareholding Company
Interim statement of underwriting revenues for the general insurance for the six months ended at 30 June 2020 (Unaudited)
(In Jordanian Dinar)

	motors		marine		aviation		Fire and other property damage		Liability		Medical		Others		Total	
	30-Jun		30-Jun		30-Jun		30-Jun		30-Jun		30-Jun		30-Jun		30-Jun	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Written Premiums:																
Direct insurance	4,195,223	3,504,106	26,281	22,215	-	-	652,339	786,568	315,953	44,986	715,282	423,574	65,103	36,507	5,970,181	4,817,956
Facultative inward reinsurance	195,747	228,503	5,753	6,875	-	2698	184,702	47,230	209,574	161,083	-	-	613	14,168	596,389	460,557
Total premiums	4,390,970	3,732,609	32,034	29,090	-	2698	837,041	833,798	525,527	206,069	715,282	423,574	65,716	50,675	6,566,570	5,278,513
Less:																
Local reinsurance share Foreign reinsurance share	105,197	128,407	-	-	-	-	738	-	-	-	-	5,895	-	-	105,935	134,302
Local reinsurance share Foreign reinsurance share	-	2,509	25,417	24,576	-	-	778,682	719,937	469,844	162,580	397,716	-	43,233	28,545	1,714,892	938,147
Net written premiums	4,285,773	3,601,693	6,617	4,514	-	2698	57,621	113,861	55,683	43,489	317,566	417,679	22,483	22,130	4,745,743	4,206,064
Add:																
Balance at beginning of the period																
Unearned premiums reserve	2,221,844	2,005,828	15,938	17,128	1,648	748	382,954	312,444	158,318	199,646	591,314	519,010	65,862	35,296	3,437,878	3,090,100
Less: Reinsurers' share	35,318	35,468	12,403	13,514	-	-	355,240	294,440	144,374	187,487	227,222	-	29,797	16,043	804,354	546,952
Net beginning unearned premiums	2,186,526	1,970,360	3,535	3,614	1,648	748	27,714	18,004	13,944	12,159	364,092	519,010	36,065	19,253	2,633,524	2,543,148
Less:																
Balance at end of the period																
Unearned premiums reserve Less:	3,734,382	3,004,453	13,209	14,113	755	2551	587,365	531,437	402,352	190,049	617,129	448,017	79,302	45,550	5,434,494	4,236,170
less: Reinsurers' share	49,883	63,859	13,480	12,139	-	-	531,868	494,889	367,567	181,855	387,671	3,860	46,158	24,991	1,396,627	781,593
Net ending unearned premiums	3,684,499	2,940,594	271-	1,974	893	2551	55,497	36,548	34,785	8,194	229,458	444,157	33,144	20,559	4,037,867	3,454,577
Net earned revenues from written premiums	2,787,800	2,631,459	10,423	6,154	893	895	29,838	95,317	34,842	47,454	452,200	492,532	25,404	20,824	3,341,400	3,294,635

“The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report”

Al-Manara Insurance Company
Public Shareholding Company
Interim statement of claims cost for the general insurance for the six months ended at 30 June 2020 (Unaudited)
(In Jordanian Dinar)

2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1,960,931	3,313,551	170	8,097	-	-	164,950	394,307	-	-	676,163	460,716	266	183	2,802,480	4,176,854
340,348	239,448	-	-	-	-	2655	-	-	-	47,897	39,792	-	-	390,900	279,240
-	281,096	-	-	-	-	72	290	-	-	-	-	-	-	72	281,386
-	16670	170	6,275	-	-	150,440	389,485	-	-	275,171	22,969	242	128	426,023	435,527
-	-	-	-	-	-	2988	-	-	-	-	-	-	-	2,988	-
1,620,583	2,776,337	-	1,822	-	-	14,771	4,532	-	-	353,095	397,955	24	55	1,988,473	3,180,701
4,147,802	4,635,462	151,195	109,456	276,716	276,716	762,313	3,057,558	1,193,720	1,135,470	53,236	108,528	54,722	57,002	6,639,704	9,380,192
876,460	1,017,573	5,100	5,600	-	-	17,000	60,000	4,500	4,500	19,897	28,607	553	4,833	923,510	1,121,113
617,553	641,037	149,417	103,254	276,716	276,716	741,817	2,960,354	1,183,720	1,125,470	25,062	-	23,977	24,173	3,018,262	5,131,004
1,130,422	1,008,763	-	-	-	-	-	-	-	-	-	-	-	-	1,130,422	1,008,763
3,276,287	4,003,235	6,878	11,802	-	-	37,496	157,204	14,500	14,500	48,071	137,135	31,298	37,662	3,414,530	4,361,538
2,399,827	2,985,662	1,778	6,202	-	-	20,496	97,204	10,000	10,000	35,280	108,528	30,745	32,829	2,498,126	3,240,425
876,460	1,017,573	5,100	5,600	-	-	17,000	60,000	4,500	4,500	12,791	28,607	553	4,833	916,404	1,121,113
4,387,676	5,224,620	150,325	123,711	-	-	686,883	3,272,681	1,193,720	140,500	137,361	112,647	51,787	56,810	6,884,468	8,930,969
876,460	1,017,573	5,600	5,600	-	-	17,000	52,700	4,500	4,500	18,451	23,270	553	4,833	922,564	1,108,476
580,778	714,605	148,666	116,399	-	-	669,756	3,159,194	1,183,720	130,500	20,288	-	21,206	25,306	2,901,130	4,146,005
1,071,166	785,037	-	-	-	-	-	-	-	-	-	-	-	-	1,071,166	785,037
3,612,192	4,742,551	7,259	12,912	-	-	34,127	166,187	14,500	14,500	135,524	135,917	31,134	36,337	3,834,736	5,108,404
1,284,678	2,037,021	381-	712	-	-	18,140	4,451-	-	-	265,642	399,173	188	1,380	1,568,267	2,433,835

“The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report”

Al-Manara Insurance Company
Public Shareholding Company
Interim statement of underwriting profit (loss) for the general insurance for the six months ended at 30 June 2020 (Unaudited)
(In Jordanian Dinar)

	motors		marine		aviation		Fire and other property		Liability		Medical		Others		Total	
	30-Jun		30-Jun		30-Jun		30-Jun		30-Jun		30-Jun		30-Jun		30-Jun	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net earned revenues from written premiums	2,787,800	2,631,459	10,423	6,154	893	895	29,838	95,317	34,842	47,454	452,200	492,532	25,404	20,824	3,341,400	3,294,635
Less:																
Net claims cost	1,284,678	2,037,021	381-	712	-	-	18,140	4,451-	-	-	265,642	399,173	188	1,380	1,568,267	2,433,835
Add:																
Commissions revenues	-	-	7,576	6,075	-	-	72,050	67,567	17,270	16,725	-	-	6,190	1,491	103,086	91,858
Insurance policies issuance fees	142,802	135,128	1,896	2,086	-	568	39,779	31,354	9,350	7,409	34,406	20,757	3,393	2,296	231,626	199,598
Other revenues	124,339	126,967	-	-	-	-	-	-	-	-	-	-	-	-	124,339	126,967
Total revenues	1,770,263	856,533	20,276	13,603	893	1,463	123,527	198,689	61,462	71,588	220,964	114,116	34,799	23,231	2,232,184	1,279,223
Less:																
Policies acquisition costs	246,197	169,321	2,885	1,962	-	-	52,954	54,682	7,925	6,499	15,757	12,374	4,614	1,036	330,332	245,874
Excess of loss premiums	123,621	68,850	-	-	-	-	12,885	12,435	-	-	48,666	62,842	-	-	185,172	144,127
Allocated administrative expenses	604,785	398,282	933	3,105	-	288	8,132	88,970	7,858	21,989	44,813	45,196	3,173	5,407	669,694	563,237
Other expenses	106,364	67,699	333	493	-	-	6,529	7,702	2,115	343	50,166	35,242	468	359	165,975	111,838
Total expenses	1,080,967	704,152	4,151	5,560	-	288	80,500	163,789	17,898	28,831	159,402	155,654	8,255	6,802	1,351,173	1,065,076
Underwriting profit (loss)	689,296	152,381	16,125	8,043	893	1,175	43,027	34,900	43,564	42,757	61,562	41,538-	26,544	16,429	881,011	214,147

"The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report"

Al-Manara Insurance Company
Public Shareholding Company
Notes to the condensed interim consolidated financial statements (Unaudited)
30 June 2020

(In Jordanian Dinars)

1 . General

Al-Manara Insurance Company (-Previously- Al Bihar Al Arabia for Insurance Company) was incorporated as a public shareholding company during the year 1974 under the number (82) with paid-in capital of JOD (150,000) divided equally into (150,000) shares with par value JOD (1) per share. Many adjustments on the Company's capital, the latest was during the year 2006 to reach an authorized and paid-in capital of JOD (21) Million/share. The General Assembly has resolved in its extraordinary meeting held on 15 June 2014 to decrease the paid - in capital by JOD (14) Million to extinguish accumulated losses as at 31 December 2014 with the same amount, also the General Assembly has resolved in its extraordinary meeting held on 24 April 2017 to decrease the paid - in capital by JOD (2) Million to call treasury stocks and extinguish calling losses and accumulated losses as at 31 December 2016, accordingly the authorized and paid-in capital of the Company became JOD (5) Million/share. The Company's head office is in the Hashemite Kingdom of Jordan.

The Company is engaged in the insurance activities including motors, fire and other property damages, personal accidents, marine, transportation, aviation, liability, and medical.

Company's shares are listed in Amman Stock Exchange.

The accompanying condensed interim consolidated financial statements have been approved for issue by the company's Board of Directors on

2 . Summary of Significant Accounting Policies Basis of

Preparation

The condensed interim consolidated financial statements of the company have been prepared in accordance with IAS (34) Interim Financial Reporting.

The condensed interim consolidated financial statements are presented in **Jordanian Dinar** which is the functional currency of the company.

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for the financial assets, which have been measured at fair value.

The condensed interim consolidated financial statements of the company, they do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019.

The condensed interim consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the company.

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the period.

Principles of Consolidation

The interim consolidated financial statements comprise of the financial statements of the Company and its subsidiary where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiary are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiary are eliminated.

Subsidiary are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The following subsidiaries have been consolidated:

Company	Capital	Ownership	Establishment Country
Al Bihar Investment and Trading Company	79,503	100%	Jordan
Overseas for Investment in Real Estates Company	50,000	100%	Jordan
Abar for Investment and Real Estate Development Company	1,500	100%	Jordan

The results of operations of the subsidiary are consolidated in the interim statement of comprehensive income from the acquisition date which is the date on which control over subsidiary is transferred to the Company. The results of operation of the disposed subsidiary are consolidated in the comprehensive income to the disposal date which is the date on which the Company loses control over the subsidiary.

Business Sector

The business sector represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which in measured based on the reports used by the top management of the Company.

The geographic sector relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

Use of Estimates

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

- A provision of doubtful debts is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- The financial period is charged with its related income tax in accordance with regulations.
- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of profit or loss.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to insurance administrations regulation and filed actuarial studies.
- A provision on lawsuits against the Company is made based on the Company's lawyers' studies in which contingent risk is determined; review of such study is performed periodically.
- The management periodically reviews whether a financial asset or group of financial assets is impaired, if so this impairment is taken to the interim consolidated statement of profit or loss.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

Impact of corona pandemic

The spread of the emerging corona virus (Covid-19) in the early 2020s and its outbreak in several geographical regions around the world has caused disturbances to economic activities and businesses, also, this event is witnessing continuous and rapid developments, which require the company's management to make an evaluation of the expected effects on the company's business inside the Kingdom, And making a study to review and assess the potential risks in addition to providing additional disclosures are made in the interim condensed financial statements as of June 30, 2020, Based on the foregoing, the company has taken the following measures to contain the crisis, as follows:

1. There is no information or material event that the company went through during the suspension period
2. The company witnessed a decrease in the size of the written premiums, in addition to a noticeable increase in the size of the returned checks.
3. There are no decisions issued by the Board of Directors during that period.

3 . Bank Deposits

	30 June 2020			31 December 2019
	Deposits mature within (1) month	Deposits mature after (1) month till (3) months	Deposits mature after (3) months till (1) year	Total
Inside Jordan	2931	225,000	5,246,659	4,976,048
Less: provision for expected credit losses /Deposits*	(3)	(225)	(5,247)	(4,960)
Total	2,928	224,775	5,241,412	4,971,088

* The movement on the provision for expected credit losses / Deposits is as follow:

	30 June 2020	31 December 2019
Balance at beginning of the year	4,960	4,800
Impact of adopting IFRS (9)	515	160
Balance at end of the period	5,475	4,960

- The annual interest rates on the deposits ranged between (%4.5) to (%6.25) during the three months ended as at 30 june 2020, (4.5% to 6.25%: 2019).
- Deposits pledged to the favor of the General Secretary of the Ministry of Industry, Trade and Supply in addition his job amounted to JOD (225,000) as at 30 june 2020 and 2019.

4 . Financial Assets at Fair Value Through Other Comprehensive Income

	30 June 2020	31 December 2019
Inside Jordan:		
Investments in listed shares	135,270	186,200
Investments in unlisted shares	128,366	128,366
Total	263,636	314,566
Outside Jordan:		
Investments in unlisted shares	204,050	204,050
Total	467,686	518,616

5 . Financial Assets at Amortized Cost

	30 June 2020	31 December 2019
Inside Jordan:		
Arab Real Estate Development Company bonds – net *	-	-
	30 June 2020	31 December 2019
Outside Jordan:		
NCH.NAC (-previously-Global Kuwait bonds)**	234,179	234,179
AL Dar Investment bonds / Kuwait - net ***	-	-
Total	234,179	234,179
Grand total	234,179	234,179

* Arab Real Estate Development Company bonds matured during the year 2011 but not yet collected, an impairment provision has been recorded for the full value of the bonds which amounted to JOD (500,000).

** This item represents investment in bonds issued by Global Investment House - Kuwait (the main shareholder) with an amount of JOD (1) million, at an interest rate 7%, these bonds matured on 24 November 2013, the general assembly of bonds holders has resolved in its meeting held on 22 November 2012 to reschedule these bonds and they became to the favor of NAC company with an amount of JOD (750,000) and JOD (250,000) to the favor of NCH company, an impairment provision amounted to JOD (550,000) has been recorded against these bonds, NAC company has redeemed JOD (131,798) during the year 2015 and JOD (6,330) during the year 2016 and JOD (9,230) during the year 2018. During the year 2019 our company recovered JOD (68,463) from the value of the bonds by NCH.

	Bond's value	Redemption	Impairment provision	Total
30 june 2020				
NAC	750,000	(147,358)	(412,500)	190,142
NCH	250,000	(68,463)	(137,500)	44,037
	1,000,000	(215,821)	(550,000)	234,179
31 December 2019				
NAC	750,000	(147,358)	(412,500)	190,142
NCH	250,000	(68,463)	(137,500)	44,037
	1,000,000	(215,821)	(550,000)	234,179

*** This item represents investment in bonds issued by AL Dar Investment Company - Kuwait with an amount of KWD (500,000) which represents JOD (1,333,250) with Murabaha rate of 7.5% annually, these bonds matured during the year 2009 and haven't been redeemed, as a result a full impairment provision has been recorded. During the year 2013 the bonds have been rescheduled supervised by Kuwait central bank, we was received JOD (72,717) as the first batch of the schedule value, and the related impairment provision has been reversed.

6. Accounts Receivable

	30 June 2020	31 December 2019
Policy holders	4,191,254	2,680,399
Agents receivable	195,680	195,529
Brokers receivable	304,452	267,237
Employees receivable	66,653	55,984
Others	104,044	57,575
Total	4,862,083	3,256,724
Less: provision for expected credit losses/ accounts receivable	(1,554,163)	(1,422,918)
Net Accounts Receivable	3,307,920	1,833,806

* Movements on provision for expected credit losses / accounts receivable is as follows:

	30 June 2020	31 December 2019
Balance at beginning of the year	1,422,918	1,416,646
Provision for the period	132,798	6438
Bad debit	(1,553)	(166)
Balance at end of the period	1,554,163	1,422,918

7 . Reinsurers Receivables

	30 June 2020	31 December 2019
Local insurance companies	613,041	517,073
Foreign reinsurance companies	581,170	1,313,017
Provision for expected credit losses / reinsurers receivables *	(977,192)	(955,154)
Net reinsurers receivables	217,019	874,936

* Movements on provision for expected credit losses / reinsurers receivables is as follows:

	30 June 2020	31 December 2019
Balance at beginning of the year	955,154	828,360
Provision for the period	(22,038)	126,794
Balance at end of the period	977,192	955,154

8 . Accounts Payable

	30 June 2020	31 December 2019
Policy holders	1,186,589	1,844,535
Agents payable	5,899	2,006
Brokers payable	281,746	177,414
Employees payables	9,020	6,645
Other	237,997	236,502
	<u>1,721,251</u>	<u>2,267,102</u>

9 . Reinsurers Payables

	30 June 2020	31 December 2019
Local insurance companies	663,636	529,706
Foreign reinsurance companies	1,178,823	1,040,067
	<u>1,842,459</u>	<u>1,569,773</u>

10. Income Tax

A – Income tax status

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2015.
- The income tax returns for the years 2016, 2017, 2018 and 2019 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- No income tax provision has been taken on the Company's results of operations for three mounts ended at 30 June 2020 as the Company has accepted accumulated losses.
- In the opinion of management and the tax consultant the Company will benefit from deferred tax assets in the future according to the future business plan.

B - Deferred tax assets

This item consists of the following:

	30 June 2020	31 December 2019
Tax accepted accumulated losses	(4,711,488)	(4,711,488)
Statutory tax rate	24%	24%
Deferred tax assets at period end	<u>1,130,757</u>	<u>1,130,757</u>

* Movements on deferred tax asset were as follows:

	30 June 2020	31 December 2019
Beginning balance	1,130,757	1,240,293
Utilized deferred tax asset	-	(109,536)
Ending balance	<u>1,130,757</u>	<u>1,130,757</u>

11 . Basic and Diluted (Earning) Loss Per Share

	30 June 2020	30 June 2019
Profit (Loss) for the period	641,330	103,120
Weighted average number of shares	5,000,000	5,000,000
Basic and diluted Loss per share	0,128	0.020

12 . Cash and Cash Equivalents

The cash and cash equivalents that appear in the interim condensed consolidated statement of cash flows represent the following:

	30 June 2020	30 June 2019
Cash on hand and at banks	976,824	520,292
Deposits at banks mature within three months	227,703	497,797
	1,204,527	1,017,589

13 . Related Party Transactions

- The Company has engaged into transactions with major shareholders, sister companies, board members and directors in the Company within the normal activities of the Company using insurance prices and commercial commissions.
- Below is a summary of related parties' transactions during the period:

	30 June 2020	31 December 2019
<u>Items of consolidated statement of financial position:</u>		
Financial assets at amortized cost	234,179	234,179
<u>Items of consolidated statement of comprehensive income:</u>		
Income from financial assets at amortized cost	-	-

- The remunerations of members of key management (salaries, bonuses, and other benefits) are as follows:

	30 June 2020	30 June 2019
Salaries and bonuses of key management	188,227	191,502
Board of directors' remunerations and transportations	51,600	28,150
	239,827	219,652

14 . Analysis of Main Sectors

Background information on the Company's business segments

For management purposes, the Company measures its insurance segments in accordance with the reports used by executive manager and the company's primary decision maker to include General insurance sector which comprised fire, accidents, marine, medical, and motor insurance. This sector is the base used by the Company to disclose information related to key sectors, the mentioned sector also includes the Company's investments and cash management. The activities between the business sectors are performed based on commercial basis.

15 . Capital Management

- The Company manages its capital in line with the regulations of the Ministry of Industry, Trade and Supply- Insurance Administration. These requirements were designed to ensure a suitable margin. Additional targets have been assigned by the Company to maintain strong credit rating and high capital margin in order to support its business and maximize shareholders value.
- The Company manages its capital structure and makes necessary adjustments in light of changes in business conditions. No changes were made in the objectives, policy or processes during the current and previous years.
- The Company's solvency margin as at 30 June 2020 is below than the minimum margin determined by Insurance Administration which amounts to (150%).

	30 June 2020	31 December 2019
Available capital (A)	5,111,062	4,520,661
Capital requirements to meet		
Assets risks	2,816,466	2,564,017
Underwriting liabilities	1,014,550	1,035,988
Reinsurers' credit risk	18,394	102,812
Total capital requirements (B)	3,849,411	3,702,817
Solvency margin (A) / (B)	133%	122%

16 . Lawsuits against the Company

There are lawsuits filed against the Company amounting to JOD (2,092,351) as at 30 June 2020, against (2018: JOD 2,235,371).

In the opinion of the Company's management and its lawyer, no obligations shall arise that exceeds the allocated amounts within the net claims reserve.

17 . Contingent Liabilities

The Company has bank guarantees of JOD (18,642) as at 30 June 2020 VS deposit cash with the same value amount.