



هيئة الأوراق المالية
الدائرة الإدارية / الديوان
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الرقم المتسلسل ٤٢٦
الجهة المختصة ١٤٢٠ / ١٤٦

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السادة : هيئة الأوراق المالية المحترمين

الموضوع : البيانات المالية السنوية باللغة الانجليزية
للسنة المنتهية في 2020/3/31

مرفق طيه نسخة من البيانات المالية باللغة الانجليزية

المدفقة للشركة المجموعة العربية الاوروبية للتأمين

عن السنة المالية المنتهية في 2020/3/31

و تفضلوا بقبول فائق الاحترام ،،،،،

المدير العام

د. لانا بدر



د. لانا پدر

Serve to Grow ... Grow to Serve

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONDENSED INTERIM FINANCIAL
INFORMATION FOR THE THREE MONTHS ENDED
March 31, 2020

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED INTERIM FINANCIAL INFORMATION AND
REVIEW REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

AM/ 007205

**To the Chairman and Members of the Board of Directors
Euro Arab Insurance Group Company
(Public Shareholding Limited Company)
Amman – Jordan**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Euro Arab Insurance Group Company (a Public Shareholding Limited Company) as of March 31, 2020 and the related condensed interim statements of profit or loss and comprehensive income, changes in shareholding equity and cash flows for the three-month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this 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 entity". 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 causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) related to "Interim Financial Reporting"

Other Matter

The accompanying condensed interim financial information are a translation of the statutory condensed interim financial information in the Arabic language to which reference is to be made.

**Amman – Jordan
July 29, 2020**

Deloitte & Touche (M.E.) – Jordan
ديلويت آند توش (الشرك الأوسط)
010103

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Note</u>	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
		JD	JD
Deposits at banks	4	19,549,358	20,491,534
Financial assets at fair value through profit or loss	5	731,853	974,009
Financial assets at amortized cost	6	-	-
Investment property - net	7	875,964	876,614
Total Investments		<u>21,157,175</u>	<u>22,342,157</u>
Cash on hand and at banks		326,366	394,361
Cheques under collection - net	8	833,262	879,677
Accounts receivable - net	9	10,785,908	7,422,645
Re-insurance receivables - net	10	622,722	771,056
Deferred tax assets	15/b	1,097,628	1,179,483
Property and equipment - net		3,070,345	3,072,586
Intangible assets		9,008	11,875
Other assets	11	1,443,321	313,984
TOTAL ASSETS		<u>39,345,735</u>	<u>36,387,824</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		11,402,812	9,421,034
Claims reserve - net		7,885,805	8,180,269
Mathematical reserve - net		43,255	91,829
Total Insurance Contracts Liabilities		<u>19,331,872</u>	<u>17,693,132</u>
Due to banks	12	1,752,894	1,036,710
Accounts payable	13	3,304,581	2,939,868
Re-insurance companies' payables	14	2,019,458	2,090,473
Other provisions		202,676	354,263
Income tax provision	15/a	231,882	282,734
Other liabilities		771,003	718,259
TOTAL LIABILITIES		<u>27,614,366</u>	<u>25,115,439</u>
<u>SHAREHOLDERS' EQUITY</u>			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,467,751	1,467,751
Voluntary reserve		15,676	15,676
Retained earnings		1,788,958	1,788,958
Income for the period		458,984	-
Total Shareholders' Equity		<u>11,731,369</u>	<u>11,272,385</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>39,345,735</u>	<u>36,387,824</u>

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES FROM (1) TO (25) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION.

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	For the Three Months	
		Ended March 31,	
		2020	2019
		(Reviewed)	(Reviewed)
		JD	JD
<u>Revenue:</u>			
Gross written premiums		9,147,007	9,713,296
<u>Less:</u> Re-insurer's share		(1,444,656)	(1,201,172)
Net Written Premiums		7,702,351	8,512,124
Net change in unearned premiums reserve		(1,981,778)	(2,896,565)
Net change in mathematical reserve		48,574	57,076
Net Earned Written Premiums		5,769,147	5,672,635
Commissions' revenue		107,793	99,213
Insurance policies issuance fees		261,820	290,155
Interest revenue		320,134	304,776
Net (loss) gain from financial assets and investments	16	(51,061)	74,712
Other revenue		72,473	45,624
Total Revenue		6,480,306	6,487,115
<u>Claims, Losses and Expenses:</u>			
Paid claims		5,697,308	6,191,531
<u>Less:</u> Recoveries		(258,554)	(656,641)
Re-insurers' share		(471,939)	(600,258)
Net Paid Claims		4,966,815	4,934,632
Net change in claims reserve		(294,464)	97,047
Allocated employees' expenses		422,394	356,446
Allocated general and administrative expenses		174,654	189,781
Policies acquisition cost		252,180	267,823
Excess of loss		55,750	56,089
Other expenses related to underwritings		129,981	154,905
Net Claims Costs		5,707,310	6,056,723
Unallocated employees' expenses		49,586	45,133
Depreciation and amortization		14,757	34,159
Unallocated general and administrative expenses		43,664	47,445
Expected credit loss provision - net	4&8&10	47,380	197,108
Other expenses		6,065	9,120
Total Expenses		5,868,762	6,389,688
Income for the Period before Tax		611,544	97,427
Income tax expense	15/a	(152,560)	18,386
Income for the Period / Total Comprehensive Income		458,984	115,813
The Company's Shareholders		8,000,000	8,000,000
Earnings per Share for the Period - Basic and Diluted	17	0.057	0.014
<u>Chairman of the Board of Directors</u>			<u>General Manager</u>

THE ACCOMPANYING NOTES FROM (1) TO (25) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION.

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Authorized and Paid - up Capital	Statutory Reserve	Voluntary Reserve	Retained Earnings		Income for the Period	
				Realized	Unrealized	Total	Total
	JD	JD	JD	JD	JD	JD	JD
For the Three Months Ended March 31, 2020:							
Balance - beginning of the year (Audited)	8,000,000	1,467,751	15,676	734,958	1,054,000	1,788,958	11,272,385
Total comprehensive income for the period	-	-	-	-	-	458,984	458,984
Balance - End of the Period (Reviewed)	8,000,000	1,467,751	15,676	734,958	1,054,000	1,788,958	11,731,369
For the Three Months Ended March 31, 2019 (Restated):							
Balance - beginning of the year (Audited)	8,000,000	1,342,268	15,676	328,567	906,752	1,235,319	10,593,263
Transfers during the period	-	-	-	68,124	(68,124)	-	-
Total comprehensive income for the period	-	-	-	-	-	115,813	115,813
Balance - End of the Period (Reviewed)	8,000,000	1,342,268	15,676	396,691	838,628	1,235,319	10,709,076

- Retained earnings includes deferred tax assets in an amount of JD 1,097,628 as of March 31, 2020 (JD 1,179,483 as of December 31, 2019).

THE ACCOMPANYING NOTES FROM (1) TO (25) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM
FINANCIAL INFORMATION.

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	For the Three Months	
		Ended March 31,	2019
		2020	2019
		(Reviewed)	(Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Income for the period before tax		611,544	97,427
Adjustments:			
Depreciation and amortization		14,757	34,159
Unrealized loss from financial assets at fair value through profit or loss	16	81,841	(18,003)
(Gains) from selling financial assets at fair value through profit or loss		(13,709)	-
Expected credit loss provision	4&8&10	47,380	197,108
End of service indemnity provision		1,718	934
Net change in Unearned premiums reserve		1,981,778	2,896,565
Net Change in Claims reserve		(294,464)	97,047
Net Change in Mathematical reserve		(48,574)	(57,076)
(Gain) from selling properties and equipment		-	(3,422)
Cash Flows from Operating Activities before Changes in Working Capital Items		2,382,271	3,244,739
Decrease (increase) in cheques under collection		46,415	(189,101)
(Increase) in accounts receivables		(3,363,263)	(2,893,270)
Decrease (increase) in re-insurance receivables - net		148,334	(285,954)
(Increase) in other assets		(1,229,337)	(218,894)
Increase in accounts payable		364,713	313,806
(Decrease) increase in re-insurance payables		(71,015)	176,682
Increase (decrease) in other liabilities		52,744	(45,999)
Net Cash Flows (used in) from Operating Activities before Income Tax Paid		(1,669,138)	102,009
Income tax paid	15/a	(121,557)	(160,154)
Paid end of service indemnity		(53,305)	(7,500)
Net Cash Flows (used in) Operating Activities		(1,844,000)	(65,645)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in deposits at banks matured within more than three months		(1,783,396)	(8,806,071)
(Increase) in property and equipment and investment properties - net		(8,995)	(30,418)
Proceeds from sale of property and equipment		-	3,584
Proceeds from selling financial assets at fair value through profit or loss		160,315	-
Net Cash Flows (used in) Investing Activities		(1,632,076)	(8,832,905)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to bank	12	716,184	358,221
Net Cash Flows from Financing Activities		716,184	358,221
Net (Decrease) in Cash and Cash Equivalents		(2,759,892)	(8,540,329)
Cash and cash equivalents - beginning of the period		3,340,418	9,018,013
Cash and Cash Equivalents - End of the Period	19	580,526	477,684

THE ACCOMPANYING NOTES FROM (1) TO (25) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM
FINANCIAL INFORMATION.

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

1. Incorporation and Activities

- Euro Arab Insurance Company was established in 1996 and registered as a Jordanian public company according to the provisional Companies Law No. (1) for the year 1989 and (Amended) Jordan Insurance Regulatory Act (9) of 1995 with a capital of JD 2 million, divided into (2) million shares. The Company was registered in the public shareholding company's register at the Ministry of Industry and Trade in Jordan under No. (304) on January 8, 1996. Moreover, the Company's name was changed, on June 24, 2002, from Amman Insurance Company Ltd to the current name, and its capital was increased in stages over the past years to become JD 8 million, divided into 8 million shares.
- The Company conducts all types of insurance: life, motor, marine, transport, fire and other damages to properties, medical and liability.

2. Basis of Preparation

- The accompanying condensed interim financial information for the three months ended March 31, 2020 have been prepared in accordance with International Accounting Standard (IAS) 34 " Condensed Interim Financial Reporting".
- The Jordanian Dinar is the functional and reporting currency of the condensed interim financial information.
- The condensed interim financial information do not include the whole information and disclosures for the annual financial statements prepared in accordance with the International Financial Reporting Standards which must be read with the Company's annual report as of December 31, 2019. Moreover, the results of March 31, 2020 do not represent any indicator on the expected results for the year ending December 31, 2020, and do not contain appropriation of the income for the three months ended March 31, 2020 which is usually performed at year end.

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 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 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 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.
 - Distribution of leaflets before the start of the quarantine to raise awareness and preventive measures to be followed by employees.
 - The collection department continue to follow up for customers whom receivables matured in order to be collected from them in possible ways.
- 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 Company'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 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

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 During a Period after three Months till One Year	Total
	JD	JD	JD	JD
Inside Jordan	-	254,160	19,315,362	19,569,522
Expected credit loss *	-	-	(20,164)	(20,164)
Inside Jordan		254,160	19,295,198	19,549,358
				20,491,534

* Movement of the expected credit loss is as follow:

	For the Three Months Ended in March 31, 2020 (Reviewed)	For the Year Ended in December 31, 2019 (Audited)
	JD	JD
Balance at the beginning of period/year	19,992	19,107
Add: Additions during the period/year	172	885
Balance at the End of Period/Year	20,164	19,992

- Interest rates on deposits at Banks in Jordanian Dinar ranged from 3.25% to 7% and for the USD was 3.25% during the three months ended at March 31, 2020 (3.25% to 7.25% during the year 2019).
- Deposits collateralized to the order of the Insurance Management amounted to JD 325,000 as of March 31, 2020 and December 31, 2019 for deposits maturing within three months.
- Restricted balances amounted to JD 1,200,000 from Societe General Bank Jordan and amount JD 1,000,000 from Bank of Jordan as of March 31, 2020 and December 31, 2019 against credit facilities granted to the Company by two local banks. The utilized balance amounted to JD 1,752,894 as of March 31, 2020 (JD 1,036,710 as of December 31, 2019).

Balances with banks are assessed to have low credit risk as a result of default, as these banks are subject to high control by the Central Bank of Jordan and central banks in each of the countries in which the Company has bank accounts. Accordingly, the Company's management estimates the provision for loss on bank balances at the end of the reporting period in an amount equal to the expected credit losses over a 12-month period. Considering the historical information of default, the current credit ratings of banks.

5. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	Number of Shares	March 31, 2020 (Reviewed)	Number of Shares	December 31, 2019 (Audited)
	Share	JD	Share	JD
<u>Inside Jordan:</u>				
<u>Quoted shares:</u>				
Arab Jordan Investment Bank	370,664	426,264	370,664	485,569
Cairo Amman Bank	220,000	220,000	170,000	175,100
Bank Al Etihad	-	-	34,382	55,355
Arab Bank	7,614	35,862	7,614	43,781
Jordan Insurance Company	100	207	100	273
Jordan Kuwait Bank	-	-	30,000	75,300
Phoenix Arab Holding	5,000	1,400	5,000	1,600
Ahli Bank	25,000	21,000	25,000	23,750
Jordanian Electronic Power Company	24,000	27,120	24,000	29,281
Bank of Jordan	-	-	40,000	84,000
		731,853		974,009

6. Financial Assets at Amortized Cost

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
<u>Inside Jordan</u>		
Arab Real Estate Development Company's debenture bonds *	300,000	300,000
<u>Less: Provision for Expected Credit Loss</u>	<u>(300,000)</u>	<u>(300,000)</u>
	-	-
<u>Analysis of Bills and Bonds</u>		
Fixed rate	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

- * During 2008, an agreement was signed between the Company and Arab Real Estate Development Company through the custodian (the Housing Bank for Trade and Finance). According to the agreement, the second party shall submit debenture bonds of JD 300,000 to the first party at an interest rate of 10%. These bonds matured on April 1, 2011 and have been renewed based on the General Assembly of Debenture Bondholders' approval to reschedule debenture bonds for six years ending on April 1, 2014. The bonds bear interest at a rate of 11%, and are payable in two installments maturing on April 1, and October 1, of the bond's term. The bonds are unquoted. The bonds together with the interest have not been paid yet during the three months ended March 31, 2020 and December 31, 2019. A full provision for the impairment in value of the bonds has been booked.

7. Investment Properties - Net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Land	753,216	753,216
Buildings *	130,696	130,696
Accumulated depreciation	<u>(7,948)</u>	<u>(7,298)</u>
	<u>875,964</u>	<u>876,614</u>

- The fair value of investment properties was estimated by three certified real estate appraisers as of December 31, 2019, and the average of their estimates amounted to JD 1,330,290 according to the instructions and resolutions issued by Insurance Management.

8. Cheques Under Collection - Net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Cheques under collection *	849,260	893,313
<u>Less: Expected credit loss **</u>	<u>(15,998)</u>	<u>(13,636)</u>
	<u>833,262</u>	<u>879,677</u>

- * The maturities of cheques under collection are up to December 26, 2020.

** Movement on the Expected credit losses was as follows:

	For the Three Months Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance - beginning of the period/year	13,636	7,345
<u>Add: Additions during the period/year</u>	<u>2,362</u>	<u>6,291</u>
Balance – End of the Period/Year	<u>15,998</u>	<u>13,636</u>

9. Accounts Receivable - Net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Policyholders (a)	9,614,174	6,620,309
Brokers	1,867,807	1,540,776
Agents	403,603	359,675
Employees	113,884	94,021
Others	<u>57,781</u>	<u>79,205</u>
Total	12,057,249	8,693,986
<u>Less: Expected credit loss (b)</u>	<u>(1,271,341)</u>	<u>(1,271,341)</u>
Accounts Receivable – Net	<u>10,785,908</u>	<u>7,422,645</u>

(a) These amounts represent debts with a repayment schedule after March 31, 2020 a total of JD 7,258,668 (JD 5,049,861 as of December 31, 2019).

(b) Movement on the expected credit losses was as follows:

	For the Three Months Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance - beginning of the period/year	1,271,341	1,118,499
<u>Add: Additions during the period/year</u>	<u>-</u>	<u>152,842</u>
Balance – End of the Period/Year	<u>1,271,341</u>	<u>1,271,341</u>

The Company always measures the provision for loss on the accounts receivable in an amount equal to the expected credit losses over the life of the receivables using the simplified method. The expected credit losses on receivables are estimated using a provision matrix by reference to past experience with the customer and an analysis of the current financial position of the debtor, adjusted by factors specific to the receivables, the general economic conditions of the industry in which the receivables operate and an assessment of the current trend as well as the expected direction of the circumstances at the reporting date.

10. Re-insurance Receivables - Net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Local insurance companies	839,916	928,836
Foreign re-insurance companies	63,769	78,337
Total	903,685	1,007,173
<u>Less:</u> Expected credit losses for re-insurance accounts receivable*	<u>(280,963)</u>	<u>(236,117)</u>
Re-insurance Accounts Receivable - Net	<u>622,722</u>	<u>771,056</u>

- The Company follows the policy of settling the receivables of local insurance companies within three months of the claim.

* Movements on the expected credit loss are as follows:

	For the Three Months Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance - beginning of the period/year	236,117	207,718
<u>Add:</u> Additions during the period/year	<u>44,846</u>	<u>28,399</u>
Balance - End of the Period/Year	<u>280,963</u>	<u>236,117</u>

The Company always measures the provision for loss on re-insurance receivables in an amount equal to the expected credit losses over the life of the asset using the simplified methodology. The expected credit losses on reinsurance receivables are estimated using a matrix of provisions based on past experience with the instructor and an analysis of the current financial position of the re-insurer, adjusted by the factors specific to the receivables, the general economic conditions of the industry in which the instructor operates and an assessment of the current trend as well as the expected trend of conditions at the reporting date.

11. Other Assets

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Restricted deposits-Net*	1,014,218	-
Accrued bank interests	281,075	260,955
Prepaid income tax	41,442	22,213
Prepaid expenses	98,160	24,425
Refundable Deposits	8,305	6,179
Other	121	212
	<u>1,443,321</u>	<u>313,984</u>

- * This item represents two deposits held at the Republic of Lebanon in the USD net of expected credit loss in the amount of JD 100,000, noting that its transfer is restricted as of March 31, 2020, due to the financial and economic situation in Lebanon. The provision will be re-evaluated in the light of the economic and credit rating development.

12. Due to Banks

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Local bank – overdraft *	1,114,206	289,304
Local bank – overdraft **	638,688	747,406
	<u>1,752,894</u>	<u>1,036,710</u>

* This amount represents the balance of an overdraft granted to the Company by Society General Bank Jordan at a ceiling of JD 1,200,000 as of March 31, 2020 against 100% cash collaterals. Moreover, the overdraft bears interest at 7.6% calculated on the daily balance, and interest is recorded at the end of every month. The overdraft is due on July 26, 2020.

** This amount represents the balance of an overdraft granted to the Company from the Bank of Jordan at a ceiling of JD 1,000,000 against 100% cash collaterals. Moreover, the overdraft bears interest at 6.75% calculated on the daily balance, and interest is recorded at the end of every month. The overdraft is due on September 28, 2020.

13. Account Payable

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Agent payable	44,644	48,092
Brokers payable	368,576	270,663
Policyholders payable	157,599	220,763
Garages and parts payable	320,200	370,195
Medical network payable	2,299,242	1,877,166
Employees payable	64,753	61,923
Other payables	49,567	91,066
	<u>3,304,581</u>	<u>2,939,868</u>

14. Re-insurance Payables

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Local insurance companies	62,755	67,038
Foreign re-insurance companies	1,956,703	2,023,435
	<u>2,019,485</u>	<u>2,090,473</u>

15. Income Tax

- a. A final settlement has been reached with the Income Tax Department until the end of 2018, and the sales tax has been audited and settled until the end of 2018. Moreover, the income tax return has been submitted for 2019. Income tax for the three months ended March 31, 2020 has been calculated in accordance with the applicable income tax law and in the opinion of the management and its tax advisor, the provision is sufficient to meet any tax liabilities for that period and for open years.

- Movement on the income tax provision was as follows:

	For the Three Months Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance - beginning of the period / year	282,734	225,479
Income tax paid	(121,557)	(288,616)
Income tax paid for bank interest	-	(161,568)
Income tax expense for the period / year	70,705	507,439
Balance - End of the Period / Year	231,882	282,734

- Income tax in the condensed interim statement of profit or loss represents the following:

	For the Three Months Ended March 31, 2020 (Reviewed)	2019 (Audited)
	JD	JD
Expense tax incurred for the period	70,705	(107,898)
Deferred tax assets for the period - net	81,855	50,721
Implementation of the new tax percentage	-	75,563
	152,560	18,386

b. Deferred tax assets:

	For the Three Months Ended March 31, 2020 (Reviewed)				December 31, 2019 (Audited)	
	Balance at the Beginning of the Period	Amounts Released	Amounts Added	Balance at the End of the Period	Deferred Tax	Deferred Tax
Deferred Tax Assets	JD	JD	JD	JD	JD	JD
Accounts Included						
Expected credit loss - deposits for banks	19,992	-	172	20,164	5,243	5,191
Expected credit loss - on restricted transferable deposit	-	-	100,000	100,000	26,000	
Expected Credit Loss - cheques under-collection	13,636		2,362	15,998	4,159	3,541
Expected credit loss-receivable	1,271,341	-	-	1,271,341	330,549	330,541
Expected credit loss - re-insurance accounts (debit)	236,117	-	44,846	280,963	73,050	61,391
Expected credit loss - financial assets at fair value through profit or loss (Historical)	229,565	-	81,841	311,406	80,966	59,681
Expected credit loss financial assets at amortized cost	300,000	-	-	300,000	78,000	78,000
Unreported claims reserve	2,113,562	392,462	-	1,721,100	447,486	549,521
End-of-service indemnity provision	72,263	53,305	1,718	20,676	5,375	18,781
Other liabilities provision	280,000	100,000	-	180,000	46,800	72,801
	4,536,476	545,767	230,939	4,221,648	1,097,628	1,179,481

- The deferred taxes were calculated according to the tax rates prescribed by the applicable Income Tax and law that the Company is subject to at a rate of 26% as of March 31, 2020 and December 31, 2019.

16. Net Gain (Loss) of Financial Assets and Investments

The details are as follows:

	For the Three Months Ended March 31,	
	2020	2019
	(Reviewed)	(Reviewed)
	JD	JD
Gain on sale of financial assets at fair value through profit or loss	13,709	32,555
Net change in fair value for financial assets through profit or loss (unearned)	(81,841)	18,003
Income from leasing investments propriety	17,071	24,154
	<u>(51,061)</u>	<u>74,712</u>

17. Earnings per Share for the Period

This item consists of the following:

	For the Three Months Ended March 31,	
	2020	2019
	(Reviewed)	(Audited)
	JD	JD
Income for the period	458,984	115,813
Outstanding shares	8,000,000	8,000,000
Earnings per Share for the Period- Dinar	<u>0/057</u>	<u>0/014</u>

18. Dividends

On June 15, 2020, the General Assembly approved the Board of Directors' recommendation to distribute 7.5% of capital as cash dividends to shareholders for the year 2019, which is equivalent to JD 600,000 (JD 320,000 for the year 2018).

19. Cash and Cash Equivalents

Cash and cash equivalent shown in the condensed interim statement of cash flows consists of the following amounts:

	For the Three Months Ended March 31,	
	2020	2019
	(Reviewed)	(Reviewed)
	JD	JD
Cash on hand and at banks	326,366	148,264
Deposits at banks maturing within Three months	254,160	6,596,959
Cash and Cash Equivalents	<u>580,526</u>	<u>6,745,223</u>

20. Balances and Transactions with Related Parties

Related parties, as defined in IAS 24 (related party disclosures), include associates companies, major shareholders, directors and other key management personnel of the Company, and entities that are jointly controlled, jointly controlled or significantly affected by it. The balances and movements resulting from transactions with related parties are as follows:

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

Discription	Board of Directors	Executive Management	Total	
			March 31, 2020	December 31, 2019
			(Reviewed)	(Audited)
	JD	JD	JD	JD
<u>Condensed Interim Statement of Financial Position Items:</u>				
Accounts receivable	1,339	7,720	9,059	5,252
Accounts payables	6,938	61,781	68,719	68,680
<u>Condensed Interim Statement of Profit or Loss Items:</u>				
	For the Three Months Ended March 31, 2020 and 2019			
	JD	JD	JD	JD
Policies revenues	1,339	7,720	9,059	43,984
Expenses paid	6,938	61,781	68,719	843

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

Description	For the Three Months Ended March 31,	
	2020 (Reviewed) JD	2019 (Reviewed) JD
Salaries and benefits	127,648	141,649
Board of Directors' transportation fees	10,500	10,500
	<u>138,148</u>	<u>152,149</u>

21. Lawsuits Raised Against the Company

There are lawsuits raised against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 2,940,226 as of March 31, 2020 (JD 3,055,924 as of December 31, 2019). In the opinion of the Company's management and its lawyer, the claims provision in the condensed interim financial information is sufficient to cover these liabilities.

22. Contingent Liabilities

The Company was contingently liable for bank guarantees of JD 901,189 as of March 31, 2020 (JD 959,573 as of December 31, 2019).

23. Approval of Condensed Interim Financial Information

The condensed interim financial information of the Company has been approved by the Company's Board of Directors on June 15, 2020.

24. Information on Geographical Distribution

The information related to the disclosed sectors of the company is shown below, according to the International Financial Reporting Standard No. (8). IFRS 8 requires determination of sectors that can be based on internal reports that are regularly reviewed by the Company's chief operating decision maker, and used to allocate resources to the segments and assess their performance. The main activity of the company is the practice of various insurance activities. The Company's revenues, profits and assets include expectations in the Hashemite Kingdom of Jordan. Inter-sectoral sales are recorded at normal selling prices.

Concentration of the assets and liabilities according to the geographical and sectorial distribution is as follows:

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)	
	Assets	Liabilities*	Assets	Liabilities*
	JD	JD	JD	JD
<u>According to Geographical Area</u>				
Inside Jordan	38,218,399	6,424,241	35,156,404	5,398,872
Other Middle East countries and Asia	1,214,420	1,066,893	1,221,673	901,057
Europe	7,167	887,671	6,554	1,120,238
Africa	8,746	2,139	3,193	2,139
	<u>39,448,732</u>	<u>8,380,944</u>	<u>36,387,824</u>	<u>7,422,306</u>

* Except for insurance contracts liabilities.

Concentration of assets and liabilities related to accounts receivable (before provisions) and accounts payable according to sector is as follows:

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>According to Sector</u>				
Public sector	748,661	743	760,322	2,103
Private sector				
Companies and institutions	11,559,703	4,971,491	8,351,061	4,658,719
Individuals	652,568	351,828	58,904	309,513
	<u>12,960,932</u>	<u>5,324,062</u>	<u>9,701,287</u>	<u>4,970,335</u>

25. Fair Value Hierarchy

a. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis

The fair value is the price that is delivered for asset selling or payment transferred or organized obligation between parties in an active market at a measured timing regardless if the price was directly noticeable or evaluated using different technic. Upon evaluating the fair value of assets or liabilities, the Company takes consideration the assets and liabilities nature or the obligation if the parties has considered the nature of obligation upon pricing and the time measured.

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value		The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)				
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value through Profit or Loss						
Shares that have available market price	731,853	974,009	Level One	Stated Prices in financial markets	Not Applicable	Not Applicable
Total	731,853	974,009				

There were no transfers between Level 1 and Level 2 during March 31, 2020 and 2019 .

b. The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the condensed interim financial information of the Company approximates their fair value. Moreover, the Company's management believes that the carrying value of the items below is equivalent to their fair value. This is due to either short-term maturity or interest rate repricing during the year.

Financial Assets of Non-specified Fair Value	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)	
	Book Value	Fair Value	Fair Value	Fair Value
	JD	JD	JD	JD
Deposit at banks	19,549,358	19,830,433	20,491,534	20,752,489
Investments properties	875,964	1,330,290	876,614	1,330,290
Total Financial Assets of Non-specified Fair Value	20,425,322	21,160,723	21,368,148	22,082,779

The fair value of the financial assets and liabilities for Level 2 have been determined according to agreed pricing models, which reflect the credit risk of the parties dealt with and fair value from independent real estate appraisals.