

المرجع: م.م. / ٢٠٢٠

To: Jordan Securities Commission

Amman Stock Exchange

Date:- 18/11/2020

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ:- ٢٠٢٠/١١/١٨

**Subject: Periodical Financial Report for the
period ending 30 September, 2020 in English
Language.**

**الموضوع: البيانات المالية المرحلية للمرحلة المنتهية
في تاريخ ٣٠ أيلول ٢٠٢٠ باللغة الانجليزية.**

Dear Sirs,

Kindly find attached the Periodical Financial Statement of Arabia
Insurance Company – Jordan for the period ending 30 September,
2020 in English Language.

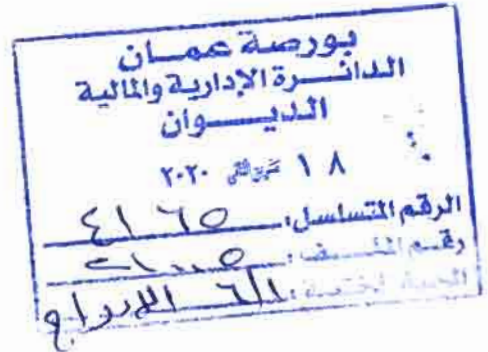
تحية طيبة وبعد،
نرفق لكم طيه البيانات المالية المرحلية لشركة التأمين العربية – الأردن
للمرحلة المنتهية في تاريخ ٣٠ أيلول ٢٠٢٠ باللغة الإنجليزية.

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام...


Rashid J. Habbab
General Manager


رشيد جودت الهباب
المدير العام



ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD
ENDED SEPTEMBER 30, 2020 TOGETHER
WITH THE REVIEW REPORT

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
SEPTEMBER 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
Review Report	
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
Notes to the Condensed Interim Financial Statements	7– 17

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

ASSETS	Note	September 30, 2020	December 31,
		Reviewed not (Audited)	2019 (Audited)
		JD	JD
Deposits at banks	4	8,503,834	8,001,953
Financial assets at fair value through statement of profit or loss	20	1,331,704	1,103,375
Financial assets at fair value through other comprehensive income	20	1,712,864	2,078,070
Financial assets at amortized cost -net	20	1,131,314	1,131,314
Investment property	20	2,083,453	2,123,415
Life policyholders' loans		13,870	13,216
Total Investments		14,777,039	14,451,343
Cash on hand and at banks		705,740	548,396
Cheques under collection	5	990,876	1,705,836
Accounts receivable - net	6	4,072,731	3,237,987
Insurance and Re-insurance companies' receivable- debit	7	1,639,183	1,705,855
Deferred Tax Assets	8/d	1,062,356	1,005,911
Property and equipment - net		2,281,592	2,355,619
Intangible assets - net		112,174	125,248
Other assets		2,587,057	2,657,345
TOTAL ASSETS		28,228,748	27,793,540
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES:</u>			
Unearned premiums reserve - net		5,588,724	5,862,940
Claims reserve - net		6,199,977	6,388,906
Mathematical reserve - net		535,055	535,055
Total Insurance Contracts Liabilities		12,323,756	12,786,901
Accounts payable	9	1,415,709	1,331,323
Accrued expenses		17,037	56,552
Insurance and Re-insurance companies' payable-credit	10	3,265,103	2,511,407
Income Tax Provision	8/a	0.00	-
End-of-services Indemnity provision		27,274	19,308
Deferred tax liabilities	8/d	557,894	557,687
Other liabilities		206,931	226,356
TOTAL LIABILITIES		17,813,704	17,489,534
<u>SHAREHOLDERS' EQUITY:</u>			
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	(694,715)	(433,564)
Retained earnings		1,264,206	1,266,509
Income for the period		374,492	-
Total Shareholder's Equity		10,415,044	10,304,006
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,228,748	27,793,540

Chairman of the Board of Directors

General Manager

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 - JORDAN
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED NOT AUDITED)

	Note	For the Three-Months		For the Nine-Months	
		2020	2019	2020	2019
		JD	JD	JD	JD
<u>Revenue</u>					
Gross written premiums		5,886,196	5,293,057	16,305,002	15,689,405
<u>Less:</u> Re-insurers' share		2,647,095	1,988,909	7,361,670	5,885,108
Net Written Premiums		3,239,101	3,304,148	8,943,332	9,804,297
Net change in unearned premiums provision		(210,084)	54,892	274,217	753,647
Net change in mathematical reserve		-	55,103	-	63,854
Earned Premiums Revenue - net		3,029,017	3,414,143	9,217,549	10,621,798
Commissions revenue		252,257	258,198	577,307	655,098
Insurance policies and issuance fees		245,883	215,328	665,603	653,504
Interest income		105,462	115,027	344,101	411,776
Net (loss) / gain from financial assets and investments	12	(18,807)	(19,593)	(89,100)	134,229
Other revenue - net		16,325	15,157	86,856	37,491
Total Revenue		3,630,137	3,998,260	10,802,316	12,513,896
<u>Claims, Losses and Expenses</u>					
Paid claims		4,850,891	4,655,826	13,103,231	15,068,542
<u>Add:</u> Matured and settled policies		11,846	55,103	21,750	63,854
<u>Less:</u> Recoveries		478,314	514,546	1,082,420	1,549,693
Re-insurers' share		1,770,843	1,059,859	4,521,147	3,708,071
Net Paid Claims		2,613,580	3,136,524	7,521,414	9,874,632
Net change in claims provision		(219,165)	(157,859)	(189,724)	(1,277,696)
Allocated employees' expenses		301,124	301,021	947,256	957,785
Allocated general and administrative expenses		121,095	124,049	370,749	356,395
Excess of loss premiums		64,471	64,489	125,162	124,572
Policies acquisition cost		325,984	326,835	936,265	981,741
Other expenses related to underwriting		105,968	105,945	258,854	274,106
Net Claims Costs		3,313,057	3,901,004	9,969,976	11,291,535
Unallocated employees' expenses		75,281	74,572	236,814	238,762
Unallocated general and administrative expenses		30,274	38,922	92,687	90,020
Provision for expected credit losses	7&5	-	31,931	(109,191)	(10,780)
Depreciation of property and equipments		27,958	(2,605)	105,961	120,255
Total Expenses		133,513	142,820	326,271	438,257
Profit for the period before Tax		313,311	(45,564)	506,069	784,104
<u>Less:</u> Income tax expense	8/b	(24,620)	(37,382)	(131,577)	(226,216)
Profit for the Period		288,691	(82,946)	374,492	557,888
Earnings per Share for the Period	13			0/047	0/053

Chairman of the Board of Directors

General Manager

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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	Note	For the Nine-Months Period Ended September 30,	
		2020	2019
		JD	JD
Profit for the period		374,492	557,888
Other Comprehensive Income Items:			
Items not subsequently transferable to condensed interim statement of income:			
Net change in investment valuation reserve	11	(263,454)	(161,500)
Total Comprehensive Income		<u>111,038</u>	<u>396,388</u>

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

AMMAN - 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	Income for the period	Total
For the Nine Months Period Ended September 30, 2020								
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		-	-	-	(263,454)	-	374,492	111,038
Transfer of losses from the sale of financial assets at fair value through		-	-	-	-	-	-	-
Statement of comprehensive income to retained earnings		-	-	-	2,303	(2,303)	-	-
Balance - End of the Period		8,000,000	1,296,344	174,717	(694,715)	1,264,206	374,492	10,415,044
For the Nine Months Period Ended September 30, 2019								
Balance - beginning of the period		8,000,000	1,246,512	174,717	(236,544)	925,129	-	10,109,814
Total Comprehensive Income		-	-	-	(161,500)	-	557,888	396,388
Transfer of losses from the sale of financial assets at fair value through		-	-	-	-	-	-	-
Statement of comprehensive income to retained earnings		-	-	-	(30,341)	30,341	-	-
Balance - End of the Period		8,000,000	1,246,512	174,717	(428,385)	955,470	557,888	10,506,202

- The retained earnings includes JD 154,770 as of September 30, 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 profit or loss amounted JD 332,463. This amount is restricted according to the instructions of Jordan Securities Commission as of September 30, 2020.

- The retained earnings includes JD 818,267 as of September 30, 2020 restricted against deferred tax assets (JD 853,578 as of December 31, 2019).

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

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

		For the Nine-Months Period Ended September 30,	
	Note	2020	2019
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before tax		506,069	784,104
Adjustments:			
Depreciation and amortization		105,961	120,255
Investments property depreciation	12	39,960	39,960
(Recovered from) provision for expected credit losses	7&5	(109,191)	(10,780)
Provision for end-of-service indemnity		7,966	2,171
Losses from valuation of financial assets at fair value through profit or loss	12	164,903	92,681
Net change of unearned premiums reserve		(274,217)	(753,647)
Net change in claims provision		(189,724)	(1,277,696)
Net change in mathematical reserve		-	(63,854)
Net Cash Flows From (used in) Operating Activities before Changes in working capital items		251,727	(1,066,806)
(Increase) decrease in Current Assets:			
Financial assets at fair value through profit or loss		(393,232)	92,681
Financial assets at fair value through other comprehensive income		101,752	-
Cheques under collection		774,151	989,572
Accounts receivable		(834,744)	(497,489)
Companies and re-insurance receivable - debit		116,672	393,887
Other assets		71,084	(132,111)
Increase (decrease) in Current Liabilities:			
Accounts payable		84,386	(388,782)
Accrued expenses		(39,515)	(20,598)
Companies and re-insurance payable - credit		753,696	(67,216)
Other liabilities		(19,425)	(41,173)
Net Cash Flows from (used in) Operating Activities before taxes paid		866,552	(738,035)
Income tax paid	8/a	(49,791)	(51,846)
Net Cash Flows from (used in) Operating Activities		816,761	(789,881)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks (maturing after three months)		1,410,666	(1,806,979)
Financial assets at amortized cost		-	157,723
Life policyholders' loans		(654)	497
(Purchase) of property and equipment		(17,967)	(7,542)
(Payments) for purchase of intangible assets		(893)	-
Proceeds from sale of financial assets through the statement of comprehensive income		10,000	-
Proceeds from sale of financial assets through the statement of profit or loss		33,590	-
Net Cash Flows from (used in) Investing Activities		1,434,742	(1,656,301)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends		-	(320,000)
Net Cash Flows (used in) Financing Activities		-	(320,000)
Net Increase (Decrease) in Cash		2,251,503	(2,766,182)
Cash and cash equivalents - beginning of the year		2,790,379	6,696,200
Cash and Cash Equivalents - End of the Period	14	5,041,882	3,930,018

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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- 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 - Sharif Abdul Hamid Sharaf Street, 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).
- d. The accompanying condensed interim financial statements were approved by the Board of Directors at its meeting held on October 28, 2020.

2. Significant accounting policies

Basis of preparation of the condensed interim financial statements

- The interim condensed financial statements of the Company for the nine-month period ended September 30, 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 interim condensed financial statements have been prepared according to the historical cost convention except for financial assets and financial liabilities stated at fair value at the date of the interim condensed financial statements.
- The interim condensed financial statements are reported in Jordanian Dinars, which is the Company's functional currency.
- The condensed interim 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 nine-month period ended September 30, 2020 do not necessarily provide an indication of the expected results of operations for the year ending December 31, 2020. The Company's profits for the nine-month period ended September 30, 2020 have not been appropriated; as such appropriations will be made at the end of the year.
- 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 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 IASB 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.

3. Significant accounting Estimates and key sources of uncertainty estimates

Preparation of the accompanying condensed interim financial statements and the application of accounting policies require from the Company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, provisions, expected credit loss and changes in fair value within condensed interim statement of comprehensive profit or loss and statement of shareholders' equity. And in a specific way, it requires the Company's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

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 September 30, 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.

4. Deposits at banks

This item consists of the following:

September 30, 2020				December 31, 2019
Deposits Maturing Within One Month	Deposits Maturing Within Three Months	Deposits Maturing after Three Months	Total	Total
JD	JD	JD	JD	JD
Inside Jordan	2,486,179	1,850,000	4,178,472	8,514,651
Expected credit losses *	(2,679)	(2,497)	(5,641)	(10,817)
	<u>2,483,500</u>	<u>1,847,503</u>	<u>4,172,831</u>	<u>8,503,834</u>
				<u>8,001,953</u>

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

	For the Nine Month Period Ended September 30, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance at the Beginning of the Period/ Year	10,817	10,496
IFRS (9) implementation impact	-	-
Amended Balance	10,817	10,496
Add: Additions during the period / year	-	321
Balance at the End of the Period / Year	10,817	10,817

- Interest rates on Bank deposits denominated in Jordanian Dinar range from 3.75% to 5% 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 September 30, 2020 and December 31, 2019 at Jordan Ahli Bank and it's realized matures after more than three months.
- There are no restricted balances except for deposits mortgaged 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:

	September 30,2020	December 31, 2019
	JD	JD
Cheques under collection*	1,024,449	1,798,600
Expected credit losses **	(33,573)	(92,764)
	990,876	1,705,836

* The maturities of cheques under collection are up to October 27, 2021.

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

	For the Nine Month Period Ended September 30, 2020	For Year Ended December 31, 2019
	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	(59,191)	(14,785)
Balance at the End of the Period / Year	33,573	92,764

6. Accounts Receivable - net

This item consists of the following:

	September 30, 2020	December 31, 2019
	JD	JD
Policyholders receivable	4,816,588	3,878,285
Agents receivable	8,065	3,466
Brokers receivable	30,779	55,529
Employees receivable	16,974	15,879
Customers and legal cases receivables *	441,615	526,118
	5,314,021	4,479,277
<u>Less:</u> Expected credit losses **	(1,241,290)	(1,241,290)
Receivables – net	4,072,731	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 Nine Month Period Ended September 30, 2020	For Year Ended December 31, 2019
	JD	JD
Balance at the Beginning of the Period / Year	1,241,290	1,011,290
<u>Add:</u> 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:

	September 30 , 2020	December 31, 2019
	JD	JD
Local insurance companies	847,163	912,136
Foreign re-insurance companies	957,178	1,008,877
	1,804,341	1,921,013
<u>Less:</u> Expected credit losses *	(165,158)	(215,158)
Net of re-insurance Accounts – Net	1,639,183	1,705,855

* Movement on the expected credit losses is as follows:

	For the Nine Month Period Ended September, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance at the Beginning of the Period / Year	215,158	215,158
Recovered during the period / Year	(50,000)	-
Balance at the End of the Period / Year	165,158	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 Nine month Period Ended September 30, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance at the Beginning of the Period / Year	99,456	40,251
Income tax paid on bank interest	26,904	27,976
Income tax paid for the period / year	22,887	31,229
Income tax (expense) for the period / year	(96,058)	-
Balance at the End of the Period / Year – debit*	53,189	99,456

- * The debit balance of income tax provision appears within the other assets as refundable income tax as of September 30, 2020 and December 31, 2019.

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

	For the Nine-Month Period Ended September 30, 2020	2019
	JD	JD
Income tax expense accrued on the profits of the period	96,058	-
Deferred tax assets impact	35,312	12,806
Deferred tax liabilities impact	207	(239,022)
Income Tax (Expense) for the Period	131,577	(226,216)

- The income tax for the Company has been settled up to the end of the year 2018. Moreover, the yearly income statement for the income tax for 2019 was submitted, 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 nine-month period ended September 30, 2020 in compliance with Jordan Income Tax Law. In the opinion of management and its tax consultant, the Company will not have any liabilities greater than the provision booked at September 30, 2020.

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

	For the nine-Month Period Ended September 30, 2020		For the Year Ended December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the Beginning of the Period / Year	1,005,911	557,687	783,913	267,451
Added	138,268	207	243,194	290,236
Released	(81,823)	-	(21,196)	-
Ending Balance for the Period / Year	1,062,356	557,894	1,005,911	557,687

d. Deferred Tax Assets / Liabilities

The details of this item are as follow:

Accounts included	For the Nine-Month Period Ended September 30, 2020					For the Year Period Ended December 31, 2019
	Balance – Beginning of the Period	Released/Paid Amounts	Addition Amounts	Balance – End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
<u>A-Deferred Tax Assets</u>						
Expected credit losses	1,712,951	109,191	-	1,603,760	416,978	445,367
IBNR provision	1,342,699	159,016	-	1,183,683	307,758	349,102
End-of-service provision	19,308	4,667	11,687	26,328	6,845	5,020
Various provision	946	-	-	946	246	246
Reserve of evaluation on financial assets through other comprehensive income (loss)	585,897	2,303	355,210	938,804	244,089	152,333
Losses from evaluating financial assets through statement of profit or loss	167,560	-	164,903	332,463	86,440	43,565
Tax accumulated losses not audited	48,365	48,365	-	-	-	10,278
	<u>3,877,726</u>	<u>323,542</u>	<u>531,800</u>	<u>4,085,984</u>	<u>1,062,356</u>	<u>1,005,911</u>
<u>B-Deferred Tax Liabilities *</u>						
Claims recoveries	2,144,949	-	796	2,145,745	557,894	557,687
	<u>2,144,949</u>	<u>-</u>	<u>796</u>	<u>2,145,745</u>	<u>557,894</u>	<u>557,687</u>

- Deferred taxes were calculated based on the effective tax rate of 26%, and management believes that the deferred tax assets will be utilized in the near future.

9. Accounts Payable

This item consists of the following:

	September 30, 2020	December 31, 2019
	JD	JD
Agents payable	74,624	72,926
Employees payable	8,861	2,718
Brokers payable	529,278	452,853
Clients payable	626,181	696,256
Medical payable	6,812	2,542
Others	169,953	104,028
	<u>1,415,709</u>	<u>1,331,323</u>

10. Insurance and Re-insurance Companies Payables – credit

This item consists of the following:

	September 30, 2020	December 31, 2019
	JD	JD
Local insurance companies	219,441	242,615
Foreign re-insurance companies	1,891,217	1,194,538
Re-insurers' deposits	1,154,445	1,074,254
	<u>3,265,103</u>	<u>2,511,407</u>

11. Investment Valuation Reserve – net after tax

This amount represents the (decrease) in fair value of financial assets at fair value through comprehensive income after tax.

The details of this item are as follows:

	September 30, 2020	December 31, 2019
	JD	JD
Balance at the beginning of the Period /Year	(433,564)	(236,544)
Net Changes in Investment valuation Reserve	(263,454)	(166,679)
Transfer of (profits) from the sale of financial assets at fair value through the statement of comprehensive income to retained earnings	2,303	(30,341)
Balance – End of Period / Year	<u>(694,715)</u>	<u>(433,564)</u>

12. Net Gain from Financial Assets and Investments

This item consists of the following:

	For the Nine-Month Period Ended September, 30	
	2020	2019
	JD	JD
Dividends revenue from financial assets at fair value through statement of profit or loss	3,680	58,261
Dividends revenue from financial assets at fair value through statement of other comprehensive income	43,961	153,979
Net change in fair value of financial assets at fair value through statement of profit or loss	(164,903)	(92,681)
Investment property depreciation	(39,960)	(39,960)
Returns on Property investments rent	60,332	54,630
Gain on sale of financial assets at fair through the statement of profit or loss	4,900	-
Other Revenue	2,800	-
	<u>(89,100)</u>	<u>134,229</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 nine Month Period Ended September 30,	
	2020	2019
	JD	JD
Profit for the period	374,492	557,888
Number of shares	8,000,000	8,000,000
Earnings per Share for the Period	<u>-/047</u>	<u>-/070</u>

14. Cash and Cash Equivalents

The details of this item are as follows:

	September 30,	
	2020	2019
	JD	JD
Cash on hand and at banks	705,704	550,270
Deposits at banks maturing within three months	4,336,178	3,379,748
	<u>5,041,882</u>	<u>3,930,018</u>

15. Transactions with Related Parties

The Company entered into transactions with major shareholders, members of the Board of Directors, and top executive management within its ordinary course of business. All insurance credit granted to related parties are considered operating, and no related provisions have been taken.

The pricing policy and terms related to these transactions are approved by the Company's management.

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

	Major Shareholders	Board Members	Top Executive Management	Total	
				September 30, 2020	December 31, 2019
Items included in the interim condensed statement of financial position:	JD	JD	JD	JD	JD
Accounts receivable	35,203	383,037	-	418,240	325,029
Accounts payable	-	7,360	-	7,360	2,339
For the Nine-Month Period Ended September 30,					
				2020	2019
				JD	JD
Items included in the interim condensed statement of profit or loss :					
Underwriting Premiums	58,158	1,475,240	712	1,534,110	1,382,711
Compensations	990	1,436,538	-	1,437,528	1,217,441
Salaries and Rewards	-	18,450	217,100	235,550	211,450
Travel and Transportation	-	365	561	926	22,388

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

	September 30,	
	2020	2019
	JD	JD
Salaries, rewards and other benefits	217,661	214,376
Rewards, transportation, and accommodation allowances for members of the board	18,815	19,462
	<u>236,476</u>	<u>233,838</u>

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

The table below represents the geographical distribution of the company's business. The Company carries out its activities in the kingdom which represents the local business.

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

	Inside Jordan		Outside Jordan		Total	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
	JD	JD	JD	JD	JD	JD
	For the Nine-Month Period Ended September 30, 2020	For the Nine-Month Period Ended September 30, 2019	For the Nine-Month Period Ended September 30, 2020	For the Nine-Month Period Ended September 30, 2019	For the Nine-Month Period Ended September 30, 2020	For the Nine-Month Period Ended September 30, 2019
Total Assets	26,926,427	26,469,373	1,302,321	1,324,167	28,228,748	27,793,540
Total Revenue	10,269,919	11,853,214	532,397	660,448	10,802,316	12,513,896
Capital Expenditures	7,542	39,960	-	-	7,542	7,542

17. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. The lawsuits at courts with determined amounts totaled JD 664,089 as at September 30, 2020 (JD 674,527 as at December 31, 2019). The Company has taken sufficient provisions to meet any obligations in respect of these cases. Based on the foregoing, 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. Moreover, the lawsuits against others around to JD 2 million as at September 30, 2020 and December 31, 2019.

18. Contingent Liabilities

There are commitments by the company against bank guarantees of JD 463,131 as of September 30, 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 October 28, 2020.

20. 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
	September 30, 2020	December, 31 2019				
	JD	JD				
Financial assets at fair value through statement of profit or loss:						
Quoted shares	1,331,704	1,103,375	Level 1	As Stock Market	Not Applied	Not Applied
Financial Assets at fair value through comprehensive income:						
Quoted shares	1,662,864	2,018,070	Level 1	As Stock Market	Not Applied	Not Applied
Unquoted shares	50,000	60,000	Level 2	At Cost	Not Applied	Not Applied
	1,712,864	2,078,070				
Total Financial Assets at Fair Value	3,044,568	3,181,445				

There were no transfers between Level 1 and Level 2 during the first nine month of the year 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.

	September 30, 2020		December 31, 2019		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	8,503,834	8,597,824	8,001,953	8,194,030	Level 2
Financial assets at Amortized cost-net	1,131,314	1,162,303	1,131,314	1,226,224	Level 2
Property investment	2,083,453	2,423,878	2,123,415	2,423,878	Level 2
Total Financial assets not determined at fair value	11,718,601	12,184,005	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.