

المرجع: م.م. / ٢٠١٩/

To: Jordan Securities Commission  
Amman Stock Exchange

السادة هيئة الأوراق المالية  
السادة بورصة عمان

Date:- 03/11/2019

التاريخ:- ٢٠١٩/١١/٠٣

Subject: Periodical Financial Report for the  
period ending 30 September, 2019

الموضوع: البيانات المالية المرحلية للمرحلة المنتهية  
بتاريخ ٣٠ أيلول ٢٠١٩

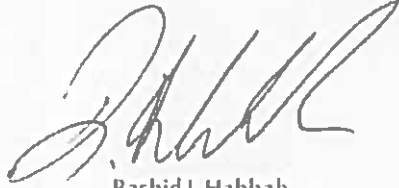
Dear Sirs,

Kindly find attached ARABIA Insurance Co. - Jordan Periodical  
Financial Report for the period ending 30 September 2019 in  
English Language

تحية طيبة وبعد.  
نرفق لكم طيه نسخة عن البيانات المالية المرحلية لشركة التأمين  
العربية - الأردن للمرحلة المنتهية بتاريخ ٣٠ أيلول ٢٠١٩ باللغة  
الانجليزية.

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام...



Rashid J. Habbab  
General Manager



رشيد جودت الهباب  
المدير العام



بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٠٢ تشرين الثاني ٢٠١٩
الرقم المتسلسل: ٥٠٥
رقم الملف: ٤١٠٠٥
الحوزة المختصة: ملك الدراج

ARABIA INSURANCE COMPANY - JORDAN  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED INTERIM FINANCIAL INFORMATION  
ENDED SEPTEMBER 30, 2019 TOGETHER  
WITH THE REVIEW REPORT

ARABIA INSURANCE COMPANY - JORDAN  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED INTERIM FINANCIAL INFORMATION AND REVIEW REPORT  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

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## Independent Auditor's Review Report

AM/001586

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

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Arabia Insurance Company - Jordan (A Public Shareholding Limited Company) as of September 30, 2019 and the related statements of profit or loss and comprehensive income for the three months and nine months period ended September 30, 2019, and changes in shareholders' equity and condensed interim cash flows for the nine-months period ended September 30, 2019, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard No. (34) Relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed interim financial information consists of making inquiries, primarily from the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information for Arabia Insurance Company - Jordan (A Public Shareholding Limited Company) are not prepared, in all material respects, in accordance with International Accounting Standard No. (34) relating to interim financial reporting.

### **Emphasis of matter**

We draw attention to note (23) of the condensed interim financial information, which describes that the comparative figures included in the condensed interim statements of changes in shareholders' equity has been restated to comply with changes in International Financial Reporting Standards. Our conclusion is not modified in respect of this matter.

### **Other Matter**

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

Amman – Jordan  
October 30, 2019

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

<u>ASSETS</u>	<u>Note</u>	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
		JD	JD
Deposits at banks	4	7,606,411	7,764,215
Financial assets at fair value through profit or loss	5	1,122,636	1,215,317
Financial assets at fair value through other comprehensive income	6	2,085,068	2,415,212
Financial assets at amortized cost	7	1,201,978	1,359,701
Investment property		2,136,734	2,176,695
Life policyholders' loans		19,474	19,971
Total Investments		<u>14,172,301</u>	<u>14,951,111</u>
Cash on hand and at banks		550,270	960,575
Cheques under collection	8	2,232,759	3,222,331
Account Receivables - net	9	4,109,472	3,611,983
Insurance and Re-insurance companies' receivable- debit	10	1,606,498	2,000,385
Deferred tax assets	11/D	864,123	783,913
Property and equipment - net		2,388,057	2,486,535
Intangible assets - net		129,252	143,486
Other assets		<u>2,499,369</u>	<u>1,447,849</u>
TOTAL ASSETS		<u>28,552,101</u>	<u>29,608,168</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES:</u>			
Unearned premiums reserve - net		5,936,898	6,690,545
Claims reserve - net		6,468,332	6,826,710
Mathematical reserve - net		<u>453,362</u>	<u>517,216</u>
Total Insurance Contracts Liabilities		12,858,592	14,034,471
Payables	12	1,631,944	2,020,726
Accrued expenses		29,194	49,792
Insurance and Re-insurance companies' payable-credit	13	2,788,298	2,855,514
End-of-services Indemnity provision		15,179	13,008
Income Tax Provision	11/A	-	-
Deferred tax liabilities	11/C	506,473	267,451
Other liabilities		<u>216,219</u>	<u>257,392</u>
TOTAL LIABILITIES		<u>18,045,899</u>	<u>19,498,354</u>
<u>SHAREHOLDERS' EQUITY:</u>			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,246,512	1,246,512
Voluntary reserve		174,717	174,717
Investments valuation reserve - net after tax	14	(428,385)	(236,544)
Retained earnings	15	955,470	925,129
Profit for the period		557,888	-
Total Shareholder's Equity		<u>10,506,202</u>	<u>10,109,814</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>28,552,101</u>	<u>29,608,168</u>

Chairman of the Board of Directors

General Manager

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

**ARABIA INSURANCE COMPANY - JORDAN**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - THE HASHEMITE KINGDOM OF JORDAN**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

		For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
	Note	2019 (Reviewed) JD	2018 (Audited) JD	2019 (Reviewed) JD	2018 (Audited) JD
<b>Revenue</b>					
Gross written premiums		5,293,057	6,136,913	15,689,405	17,477,236
Less: Re-Insurers' share		1,988,909	1,754,715	5,885,108	6,036,433
Net Written Premiums		3,304,148	4,382,198	9,804,297	11,440,803
Net change in unearned premiums provision		54,892	(621,825)	753,647	(717,795)
Net change in mathematical reserve		55,103	83,186	63,854	83,186
Net Written Revenue Premiums		3,414,143	3,843,559	10,621,798	10,806,194
Commissions revenue		258,198	293,804	655,098	764,532
Insurance policies issuance fees		215,328	245,890	653,504	751,358
Interest income		115,027	103,603	341,310	300,021
Net gain from financial assets and investments	16	(19,593)	(41,257)	204,695	186,093
Other revenue - net		15,157	24,132	37,491	137,499
<b>Total Revenue</b>		<b>3,998,260</b>	<b>4,469,731</b>	<b>12,513,896</b>	<b>12,945,697</b>
<b>Claims, Losses and Expenses</b>					
Paid claims		4,655,826	4,601,798	15,068,542	14,669,803
Add: Maturity and settlement policies		55,103	35,715	63,854	83,951
Less: Recoveries		514,546	561,878	1,549,693	1,691,344
Re-Insurers' share		1,059,859	1,040,986	3,708,071	3,690,060
Net paid claims		3,136,524	3,034,649	9,874,632	9,372,350
Net change in claims provision		(157,859)	(24,737)	(1,277,696)	(563,097)
Allocated employees' expenses		301,021	307,233	957,785	957,125
Allocated general and administrative expenses		124,049	128,240	356,395	370,084
Excess of loss premiums		64,489	58,765	124,572	142,544
Policies acquisition cost		326,835	585,235	981,741	1,447,858
Other expenses related to underwriting		105,945	78,962	274,106	240,297
<b>Net Claims Costs</b>		<b>3,901,004</b>	<b>4,168,347</b>	<b>11,291,535</b>	<b>11,967,161</b>
Unallocated employees' expenses		74,572	76,808	238,762	239,281
Depreciation of property and equipment		38,922	36,193	120,255	108,636
Unallocated general and administrative expenses		31,931	32,060	90,020	92,521
(Recovered from) Provision for expected credit loss		(2,605)	-	(10,780)	4,205
<b>Total expenses</b>		<b>142,820</b>	<b>145,061</b>	<b>438,257</b>	<b>444,643</b>
Profit for the period before Tax		(45,564)	156,323	784,104	533,893
Less: Income tax (expense)		(37,382)	(66,776)	(226,216)	(107,011)
<b>Profit for the Period</b>		<b>(82,946)</b>	<b>89,547</b>	<b>557,888</b>	<b>426,882</b>
Earnings per Share for the Period	17			<u>0/070</u>	<u>0/053</u>

Chairman of the Board of Directors

General Manager

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ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

		<u>For the Nine-Month Period Ended September 30,</u>	
	<u>Note</u>	<u>2019 (Reviewed)</u>	<u>2018 (Reviewed)</u>
		JD	JD
Profit for the period		557,888	426,882
Other Comprehensive Income Items:			
Items not subsequently transferable to condensed interim statement of profit or loss			
Net change in investment revaluation reserve	14	<u>(161,500)</u>	<u>(71,427)</u>
Total Comprehensive Income		<u>396,388</u>	<u>355,455</u>

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

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED NOT AUDITED)

	Authorized and Paid - up Capital	Statutory Reserve	Voluntary Reserve	Investment Revaluation Reserve	Retained Earnings	Profit for the period	Total
	Note	JD	JD	JD	JD	JD	JD
For the Nine Month Period Ended September 30, 2019 (Reviewed)							
Balance - beginning of the period (Audited)	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 gain to retained earnings from sales of financial assets at fair value through comprehensive income	-	-	-	(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
For the Nine Month Period Ended September 30, 2018 (Restated)(Reviewed)							
Balance as of January 1, 2018 (balance as previously disclosed)	8,000,000	1,214,815	174,717	(113,484)	1,249,575	-	10,525,259
IFRS (9) Implementation Impact - net (restated)	-	-	-	-	(277,648)	-	(277,648)
The adjusted balance as of January 1, 2018	8,000,000	1,214,815	174,717	(113,848)	971,927	-	10,247,611
Total Comprehensive Income	-	-	-	(71,427)	-	426,882	355,455
Dividends	-	-	-	-	(320,000)	-	(320,000)
Balance - End of the Period (Restated)	8,000,000	1,214,815	174,717	(185,275)	651,927	426,882	10,283,066

- The retained earnings includes JD 154,770 as of September 30, 2019, representing the cumulative change in the fair value transferred to the retained earnings as a result of applying IFRS (9). Net losses in the changes in the fair value for financial assets through statement of income amounted JD 92,681 This amount is restricted according to the instructions of Jordan Securities Commission as of September 30, 2019.

- The retained earnings includes JD 713,708 as of September 30, 2019, restricted against deferred tax assets (JD 775,602 as of December 31, 2018).

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

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS  
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ARABIA INSURANCE COMPANY - JORDAN  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
(REVIEWED NOT AUDITED)

	Note	For the Nine-Month Period Ended September 30,	
		2019 (Reviewed)	2018 (Reviewed)
		JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit for the period before tax		784,104	5,333,893
Adjustments:			
Gain from sale of property and equipment		-	(1,669)
Depreciation and amortization		120,255	108,636
Investments property depreciation		39,960	39,960
(Recovered from) provision for expected credit loss	4,7,8	(10,780)	4,205
Loss on valuation of financial assets at fair value through statement of income		92,681	67,539
Provision for employees of service indemnity		2,171	1,575
(Recovered from) impairment provision of financial assets at amortized cost		-	28,496
Net Change in unearned premiums provision		(753,647)	717,795
Net Change in claims provision		(1,277,696)	(563,097)
Net change in mathematical reserve		(63,854)	(83,186)
Cash (used in) flows from Operating Activities before Changes in working capital items		(1,066,806)	854,147
(Increase) decrease in Current Assets:			
Financial assets at fair value through profit or loss		92,681	-
Checks under collection		989,572	(280,577)
Accounts receivable		(497,489)	(740,527)
Companies and re-insurance receivable - debit		393,887	(639,923)
Other assets		(132,111)	(150,285)
Increase (decrease) in Current Liabilities:			
Accounts payable		(388,782)	239,995
Accrued Expenses		(20,598)	2,226
Companies and re-insurance payable - credit		(67,216)	424,677
Other liabilities		(41,173)	(121,533)
Net Cash (used in) Operating Activities before taxes paid		(738,035)	(411,800)
Income tax paid	11/A	(51,846)	(61,330)
Net Cash Flows (used in) Operating Activities		(789,881)	(473,130)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Deposits at banks (Maturing after Three Months)		(1,806,979)	(551,684)
Financial assets at amortized cost		157,723	71,266
Life policyholders' loans		497	2,922
(Purchase) of property and equipment		(7,542)	(8,231)
Proceeds from sale of property and equipment		-	4,539
(Payments) for Purchase of intangible assets		-	(36,000)
Net Cash (used in) Investing Activities		(1,656,301)	(517,188)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividends		(320,000)	(308,614)
Net Cash (used in) Financing Activities		(320,000)	(308,614)
Net (Decrease) in Cash		(2,766,182)	(1,298,932)
Cash and cash equivalents - beginning of the year		6,696,200	6,101,449
Cash and cash Equivalents - End of the Period	18	3,930,018	4,802,517

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

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

**1. Incorporation and Activities**

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

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

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

**2. Basis of Preparation**

- The condensed interim financial information for the nine-month period ended September 30, 2019 have been prepared in accordance with International Accounting Standard (IAS) No. 34 (Interim Financial Reporting); as well as the forms prescribed by the Insurance Management.
- The condensed interim financial statements are reported in Jordanian Dinars, which is the Company's functional currency.
- The interim condensed financial statements do not include all the information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report as of December 31, 2018. Moreover, the results for the nine-month period ended September 30, 2019 do not necessarily provide an indication of the expected results of operations for the year ending December 31, 2019. The Company's profits for the nine-month period ended September 30, 2019 have not been appropriated; as such appropriations will be made at the end of the year.

**Judgments, estimates and risk management**

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements for the year ended December 31, 2018, except as mentioned in Note (3).

### 3. Significant Accounting Policies

- The accounting policies used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended December 31, 2018, except for the adoption of certain new and revised standards that became effective in the current period as set out below:

#### a. Amendments with no material effect on the condensed interim financial statements of the Company:

##### **Annual Improvements to IFRS Standards 2015 – 2017**

The improvements include the amendments on IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements" and IAS 12 "Income Taxes" and IAS 23 "Borrowing costs".

##### ***IFRIC 23 Uncertainty on the Treatment of Income Tax***

The interpretation clarifies the determination of taxable income (taxable loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses:

- Whether the tax treatment should be considered in aggregate;
- Assumptions regarding the procedures for the examination of tax authorities;
- Determine taxable income (taxable loss), tax basis, unused tax losses, unused tax exemptions, and tax rates;
- The impact of changes in facts and circumstances.

##### **Amendments to IFRS 9 "Financial Instruments "**

The amendments allow companies to measure particular prepaid financial assets with so-called negative compensation at amortized cost (or at fair value through other comprehensive income) even with negative compensation payments.

##### **Amendments to IAS 28 "Investment in associate and joint venture "**

The amendments relating to the long term interests in an associate or joint venture. The amendments clarify that an entity applies IFRS 9 "Financial Instruments" to long-term interests in an associate or joint venture that form a part of the net investment in the associate entity or joint venture in case the equity method is not applied.

##### **Amendments to IAS 19 "Employee Benefits "**

This amendments relate to the amendments in Plan Amendment, Curtailment or Settlement

##### **International Financial Reporting Standard 16 "Leases "**

The Company adopted IFRS 16 'Leases' the standard replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Company's financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Company chose to use the simplified and permitted method under the IFRS (16) upon applying the IFRS (16) for the first time on an individual operating lease contract (for each lease), the right to use assets was measured in general in the lease commitment amount using the first-time interest rate.

The Company has assessed the scope of the International Financial Reporting Standard (16), and there were no material impact on the condensed interim financial statements.

**b. New and revised standards and interpretations but not yet effective**

Effective for annual periods beginning after January 1, 2020

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business
- IFRS 17: Insurance Contracts
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.
- 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 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

**4. Deposits at Banks- Net**

This item consists of the following:

	September 30, 2019 (Reviewed)			December 31, 2018 (Audited)
	Deposits Maturing Within One Month	Deposits Maturing Within Three Months	Deposits Maturing after more than Three Months	Total
	JD	JD	JD	JD
Inside Jordan	1,585,314	1,794,434	4,236,946	7,616,694
Expected credit losses *	(2,141)	(2,422)	(5,720)	(10,496)
	<u>1,583,173</u>	<u>1,792,012</u>	<u>4,231,226</u>	<u>7,764,215</u>

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

	For the Nine Month Period Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance at the Beginning of the Period/ Year	10,496	-
IFRS (9) implementation impact	-	10,937
Amended Balance	<u>10,496</u>	<u>10,937</u>
Add: Additions during the period / year	-	-
Less: (Recovery) during the period / year	(213)	(441)
Balance at the End of the Period / Year	<u>10,283</u>	<u>10,496</u>

- Interest rates on Bank deposits denominated in Jordanian Dinar range from 4.5% to 6.25% during the period in the year 2019.
- 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, 2019 and December 31, 2018 at Jordan Ahli Bank and it 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 banks of the respective countries. 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. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank.

#### 5. Financial Assets at Fair Value Through Profit or Loss

This item consists of the following:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
<u>Inside Jordan</u>		
Quoted shares at Amman Stock Market	977,086	1,069,767
	<u>977,086</u>	<u>1,069,767</u>
<u>Outside Jordan</u>		
Jordan Government's debentures bond *	145,550	145,550
	<u>1,122,636</u>	<u>1,215,317</u>

- \* This item represents Jordan Government's debentures bond, listed in London Stock Market and is due on October 10, 2047.

#### 6. Financial Assets at Fair Value through other Comprehensive Income

This item consists of the following:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
<u>Inside Jordan</u>		
Quoted shares	2,022,768	2,282,012
Unquoted shares	62,300	62,300
	<u>2,085,068</u>	<u>2,344,312</u>
<u>Outside Jordan</u>		
Listed investment fund *	-	70,900
	<u>2,085,068</u>	<u>2,415,212</u>

- \* This item represents investment in quoted investment fund with a variable interest and no maturity date, noting that the capital is not guaranteed.

## 7. Financial Assets at Amortized Cost

This item consists of the following:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
<u>Inside Jordan</u>		
Company's loan debentures and bonds	800,000	800,000
Expected credit losses*	(12,384)	(12,384)
	<u>787,616</u>	<u>787,616</u>
<u>Outside Jordan</u>		
Company's loan debentures and bonds	412,538	570,497
Foreign governmental loan debentures and bonds	71,699	71,699
Expected credit losses*	(69,875)	(70,111)
	<u>414,362</u>	<u>572,085</u>
	<u>1,201,978</u>	<u>1,359,701</u>

\* Movement on provision for impairment of financial assets at amortized cost is as follows:

	For the Nine month Period Ended September 30, 2019(Reviewed)	For the Year Ended December 31, 2018(Audited)
	JD	JD
Balance at the Beginning of the Period / Year	82,495	60,801
IFRS (9) Implementation impact	-	17,502
Amended Balance	82,495	78,303
Additions during the period / year	-	47,992
(Transferred) during the period / year	-	(21,900)
(Recovered) from provision during the period/year	(236)	(21,900)
Balance at the End of the Period / Year	<u>82,259</u>	<u>82,495</u>

This table shows the details financial assets at amortized cost before deducting the provision:

Bonds	Less Than One Year	More Than One Year	Total	Maturity Date	Interest
	JD	JD	JD	JD	JD
Lebanon bonds	-	71,699	71,699	Mar 9, 2020	6/375%
SBER Bank bonds	-	128,670	128,670	Oct 29, 2022	5/125%
TELEMAR bonds	-	67,398	67,398	Oct 23, 2020	5/500%
BAHRAIN bonds	-	144,244	144,244	Jan 26, 2021	5/875%
PEMEX bonds	-	72,225	72,225	Feb 4, 2021	6/375%
Arab International Hotels Company	-	300,000	300,000	Jan 22, 2022	5/50%
Jordan Ahli Bank Company	-	500,000	500,000	Oct 12, 2023	6/75%
	-	<u>1,284,236</u>	<u>1,284,236</u>		

Analysis of financial assets at amortized cost - net:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
Fixed return	<u>1,201,978</u>	<u>1,359,701</u>
	<u>1,201,978</u>	<u>1,359,701</u>

AL BARAKA TURK bonds matured on June 30, 2019.

## 8. Cheques under Collection

This item consists of the following:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
Cheques under collection*	2,254,977	3,254,880
Expected credit losses **	(22,218)	(32,549)
	<u>2,232,759</u>	<u>3,222,331</u>

\* The maturities of cheques under collection are up to September 6,2020 and about 46% of the cheques were provided by one of the Company's agents.

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

	For the Nine Month Period Ended September 30, 2019(Reviewed)	For Year Ended December 31, 2018(Audited)
	JD	JD
Balance at the Beginning of the Period/ Year	32,549	-
IFRS (9) implementation impact	-	13,689
Amended Balance	<u>32,549</u>	<u>13,689</u>
Add: Additions during the period / year	-	18,860
Less: (Recovered) during the period / year	<u>(10,331)</u>	<u>-</u>
Balance at the End of the Period / Year	<u>22,218</u>	<u>32,549</u>

## 9. Accounts Receivable - net

This item consists of the following:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
Policyholders receivable	4,583,136	4,112,044
Agents receivable	15,062	85,278
Brokers receivable	72,593	33,735
Employees receivable	22,018	7,664
Customers and legal cases receivables *	<u>427,953</u>	<u>384,552</u>
	5,120,762	4,623,273
Less: Expected credit losses **	<u>(1,011,290)</u>	<u>(1,011,290)</u>
Receivables – net	<u>4,109,472</u>	<u>3,611,983</u>

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

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

	For the Nine Month Period Ended September 30, 2019(Reviewed)	For Year Ended December 31, 2018(Audited)
	JD	JD
Balance at the Beginning of the Period / Year	1,011,290	716,824
IFRS (9) implementation impact	-	294,466
Amended Balance	<u>1,011,290</u>	<u>1,011,290</u>
Add: additions during the period / year	-	-
Balance at the End of the Period / Year	<u>1,011,290</u>	<u>1,011,290</u>

\*\* The movement on expected credit losses for the debtors is as follows:

	For the Nine Month Period Ended September 30, 2019(Reviewed)	For Year Ended December 31, 2018(Audited)
	JD	JD
Balance at the Beginning of the Period / Year	205,224	82,017
IFRS (9) implementation impact	-	120,978
Amended Balance	205,224	202,995
Add: additions during the period / year	5,322	2,229
Balance at the End of the Period / Year	210,546	205,224

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

**10. Insurance and Reinsurance Companies' Receivable - Debit**

This item consists of the following:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
Local insurance companies	1,097,001	1,343,906
Foreign re-insurance companies	724,655	871,637
	1,821,656	2,215,543
<u>Less: Expected credit losses *</u>	<u>(215,158)</u>	<u>(215,158)</u>
Net of re-insurance Accounts – Net	1,606,498	2,000,385

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

	For the Nine Month Period Ended September 30, 2019(Reviewed)	For the Year Ended December 31, 2018(Audited)
	JD	JD
Balance at the beginning of the period / year	215,158	186,427
IFRS (9) implementation impact	-	28,731
Amended Balance	215,158	215,158
Ending Balance at the End of Period / Year	215,158	215,158

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



# 11. Income Tax

## a. Income tax provision

- Movement on the Income tax provision is as follows:

-

	For the Nine month Period Ended September 30, 2019(Reviewed)	For the Year Ended December 31, 2018(Audited)
	JD	JD
Balance at the Beginning of the Period / Year	40,251	(26,788)
Income tax paid on bank interest	20,627	17,019
Income tax paid for the period / year	31,219	50,020
Income tax (expense) for the period / year	-	-
Balance at the End of the Period / Year – debit*	92,097	40,251

\* The debit balance of income tax provision appears within the other assets as refundable income tax as of September 30, 2019 and December 31, 2018.

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

	For the Nine-Month Period Ended September 30, 2019(Reviewed)	2018(Reviewed)
	JD	JD
Income tax expense accrued on the profits of the period	-	(110,016)
Deferred tax assets impact	12,806	16,594
Deferred tax liabilities impact	(239,022)	(13,589)
Income Tax (Expense) for the Period	(226,216)	(107,011)

- The income tax for the Company has been settled up to the end of the year 2015. Moreover, the yearly income statement for the income tax for the 2016, 2017 and 2018 were filed, and the resulting amounts were paid on time and they have not been reviewed yet from the Income and Sales Tax Department.
- An Income tax provision had been calculated and booked for the Nine-month period ended September 30, 2019 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 at September 30, 2019.

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

	For the nine-Month Period Ended September 30, 2019(Reviewed)		For the Year Ended December 31, 2018(Audited)	
	Assets JD	Liabilities JD	Assets JD	Liabilities JD
Balance at the Beginning of the Period / Year	783,913	267,451	544,038	150,337
IFRS (9) implementation impact	-	-	87,677	-
Amended Balance	783,913	267,451	631,715	150,337
Added	83,012	239,022	166,921	96,541
Released	(2,802)	-	(72,903)	-
New income tax rate Implementation impact	-	-	58,180	20,573
Balance at the End of the Period / Year	864,123	506,473	783,913	267,451

d. Deferred Tax Assets / Liabilities

The details of this item are as follow:

Accounts included	For the Nine-Month Period Ended September 30, 2019(Reviewed)					For the Year Period Ended December 31, 2018(Audited)
	Balance - Beginning of the Period JD	Released/Paid Amounts JD	Addition Amounts JD	Balance - End of the Period JD	Deferred Tax JD	Deferred Tax JD
<b>a. Deferred Tax Assets</b>						
Expected credit losses	1,351,986	10,780	-	1,341,206	348,714	351,516
IBNR provision	1,167,807	-	1,465	1,169,272	304,011	303,630
End-of-service provision	13,008	-	1,225	14,233	3,701	3,382
Various provision	946	-	-	946	246	246
Reserve of evaluation on financial assets through other comprehensive income (loss)	319,654	-	259,245	578,899	150,514	83,110
Losses from evaluating financial assets through statement of income	55,618	-	37,063	92,681	24,097	14,461
Tax accumulated losses not audited	114,867	-	20,278	135,145	32,840	27,568
	3,023,886	10,780	319,276	3,332,382	864,123	783,913
<b>b. Deferred Tax Liabilities *</b>						
Claims recoveries	1,028,656	-	919,317	1,947,973	506,473	267,451
	1,028,656	-	919,317	1,947,973	506,473	267,451

- 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.

**12. Payable**

This item consists of the following:

	September 30, 2019(Reviewed) JD	December 31, 2018(Audited) JD
Agents payable	103,008	85,371
Employees payable	5,863	5,209
Brokers payable	452,255	526,177
Clients payable	860,522	716,941
Medical payable	7,639	2,336
Others	202,657	684,692
	1,631,944	2,020,726

**13. Insurance and Re-insurance Companies Payables – credit**

This item consists of the following:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
Local insurance companies	283,787	437,485
Foreign re-insurance companies	1,417,317	1,331,574
Re-insurers' deposits	1,087,194	1,086,455
	<u>2,788,298</u>	<u>2,855,514</u>

**14. Investment Revaluation 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, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
Balance at the beginning of the Period / Year	(236,544)	(113,848)
Changes in Investment valuation		
Reserve - net of tax	(161,500)	(129,089)
Transfer of gain to retained earnings from sales of financial assets at fair value through comprehensive income	(30,341)	-
New income tax rate implementation impact	-	6,393
Balance – End of Period / Year	<u>(428,385)</u>	<u>(236,544)</u>

**15. Retained Earnings**

This item consists of the following:

	For the Nine Month Period Ended September 30, 2019(Reviewed)	For the Year Ended December 31, 2018(Audited)
	JD	JD
Balance at the Beginning of the Period / Year	925,129	1,249,575
IFRS (9) Implementation Impact	-	(277,648)
Adjusted Balance	925,129	971,927
Profit for the Year	-	304,899
Dividends	-	(320,000)
Transferred to reserves	-	(31,697)
Gain from Sale of Financial assets at fair value through other comprehensive income	30,341	-
Balance – End of Period / Year	<u>955,470</u>	<u>925,129</u>

**16. Net Gain from Financial Assets and Investments**

This item consists of the following:

	For the Nine Month Period Ended September 30, 2019(Reviewed)	2018(Reviewed)
	JD	JD
Interests on financial assets at amortized cost	70,466	76,972
Dividends revenue from financial assets at fair value through statement of income	58,261	50,893
Dividends revenue from financial assets at fair value through other comprehensive income	153,744	143,717
Net change in fair value of financial assets at fair value through statement of income	(92,446)	(67,539)
Investment property depreciation	(39,960)	(39,960)
Recovered(provision) for impairment of financial assets at amortized cost-net	-	(28,496)
Rent revenue from investment property	54,630	50,506
	<u>204,695</u>	<u>186,093</u>

**17. 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,	
	2019(Reviewed)	2018(Reviewed)
	JD	JD
Profit for the period	557,888	426,882
Number of shares	8,000,000	8,000,000
Earnings per Share for the Period	-/070	-/053

**18. Cash and Cash Equivalents – Before Provision**

The details of this item are as follows:

	September 30,	
	2019(Reviewed)	2018(Reviewed)
	JD	JD
Cash on hand and at banks	550,270	351,503
Add: Deposits at banks maturing within three months	3,379,748	4,451,014
	3,930,018	4,802,517

**19. Transactions with Related Parties**

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

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, 2019 (Reviewed)	December 31, 2018 (Audited)
<b>Items included in the interim condensed statement of financial position:</b>	JD	JD	JD	JD	JD
Accounts receivable	13,217	547,734	-	560,951	434,815
Accounts payable	-	2,011	-	2,011	51,913
				For the Nine-Month Period Ended September 30,	
				2019	2018
				(Reviewed)	(Reviewed)
				JD	JD
<b>Items included in the interim condensed statement of profit or loss:</b>					
Underwriting Premiums	67,513	1,314,229	969	1,382,711	597,572
Compensations	750	1,214,756	1,935	1,217,441	1,255,693
Salaries and Rewards	-	-	211,450	211,450	252,725
Travel and Transportation	-	19,462	2,926	22,388	24,748

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

	September 30,	
	2019(Reviewed)	2018(Reviewed)
	JD	JD
Salaries, rewards and other benefits	214,376	233,323
Rewards, transportation, and accommodation allowances for members of the board	19,462	54,150
	<u>233,838</u>	<u>287,473</u>

## 20. Segment Analysis

### a. Information about the Company's business sectors:

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

### b. Geographical Distribution Information

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

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

	Inside Jordan		Outside Jordan		Total	
	September 30, 2019(Reviewed)	December 31, 2018(Audited)	September 30, 2019(Reviewed)	December 31, 2018(Audited)	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD	JD	JD	JD	JD
Total Assets	27,267,536	28,094,335	1,284,565	1,513,833	28,552,101	29,608,168
	For the Nine-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
	2019(Reviewed)	2018(Reviewed)	2019(Reviewed)	2018(Reviewed)	2019(Reviewed)	2018(Reviewed)
	JD	JD	JD	JD	JD	JD
Total Revenue	11,853,214	12,395,549	660,448	550,148	12,513,662	12,945,697
Capital Expenditures	39,960	44,231	-	-	39,960	44,231

## 21. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. The lawsuits at courts with determined amounts totaled JD 14,328,460 as at September 30, 2019. These lawsuits include a lawsuit for JD 12,639,041 in which the other party claims damages resulting from a fire incident, knowing that the company's share does not exceed 2.5% of that claim in the event of any obligation being met as a result of this claim. In the opinion of the Company's management and its lawyer, this damage is not covered by the Company's insurance policy issued by the company. Consequently, the other party has absolutely no right to the said damages. 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. However, the net lawsuits against others equivalent to JD 1,770,239 as at September 30, 2019 (around to JD 1.62 million December 31, 2018).

## 22. Contingent Liabilities

There are commitments by the company against bank guarantees of JD 453,310 as of September 30, 2019 (bank guarantees amounting to JD 397,523 as of December 31, 2018).

## 23. Comparative Figures

The management restated the comparative figures for the nine -month period ended September 30, 2018, due to some errors in the calculation and the initial application of the expected credit loss under IFRS (9) based on the requirements of IAS (8). The restatement impacted the condensed interim statement of changes in equity for the nine-month period ended September 30, 2018, however, did not affect the results of the Company's operations for the nine-month period ended September 30, 2018.

The restatement impact is illustrated in the table below:

	As of September 30, 2018		
	Before Restatement	Adjustments Effect	Restated Balance
	JD	JD	JD
<u>Condensed Interim statement of Changes in Shareholders' Equity</u>			
Retained earnings *	625,744	26,183	651,927

\* The restatement impact of the classification of the International Standard No. (9) has been restated from JD 303,831 to JD 277,648.

## 24. Approval of interim condensed financial information

These interim condensed financial information were approved by the Board of Directors and authorized for issue on October 28, 2019.

## 25. 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, 2019 (Reviewed)	December 31, 2018 (Audited)				
	JD	JD				
<b>Financial assets at fair value through statement of income:</b>						
Quoted shares	1,122,636	1,215,317	Level 1	As Stock Market	Not Applied	Not Applied
<b>Financial Assets at fair value through comprehensive income:</b>						
Quoted shares	2,022,768	2,282,012	Level 1	As Stock Market	Not Applied	Not Applied
Quoted Investment fund	-	70,900				
Unquoted shares	62,300	62,300	Level 2	At Cost	Not Applied	Not Applied
	<u>2,085,068</u>	<u>2,415,212</u>				
<b>Total Financial Assets at Fair Value</b>	<u>3,207,704</u>	<u>3,630,529</u>				

There were no transfers between Level 1 and Level 2 during the first nine month-period ended September 30, 2019 and during the year 2018.

### 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, 2019 (Reviewed)		December 31, 2018 (Audited)		Fair value level
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
<b>Financial assets not determined at fair value</b>					
Deposits at banks	7,606,411	7,790,437	7,764,215	7,910,986	Level 2
Financial assets at Amortized cost	1,201,978	13,911,812	1,359,701	1,442,194	Level 2
Property investment	2,136,734	2,398,850	2,176,695	2,398,850	Level 2
<b>Total Financial assets not determined at fair value</b>	<u>10,945,123</u>	<u>24,101,135</u>	<u>11,300,611</u>	<u>11,752,030</u>	

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.