



المتحدة | UNITED
التأمين | INSURANCE

عمان في 2020/07/19
الإشار 20/407/0-0م

Messrs : Amman Stock
Exchange

Amman - Jordan

السادة : بورصة عمان المحترمين

عمان - الأردن

تحية واحتراما ،،،

Subject: Subject: Quarterly Report
in English as 31/ 03/ 2020

الموضوع : التقرير ربع السنوي باللغة الانجليزية
كما في 2020/03/31

Attached the the Quarterly Report of
United Insurance Co. as of

31/ 3/ 2020 .

مرفق طيه نسخة من البيانات المالية ربع السنوية
المراجع له للشركة المتحدة للتأمين م.ع.م كما في

. 2020 /3 /31

Kindly accept our high appreciation
and respect

وتفضلوا بقبول فائق الاحترام،،،

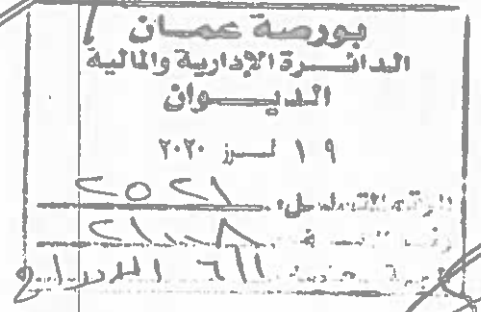
The United Insurance co.Ltd

الشركة المتحدة للتأمين م.ع.م

General Manager
Imad AL- Hajeh

المدير العام
عماد الحجة

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UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2020

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED INTERIM FINANCIAL INFORMATION
AND THE INDEPENDENT AUDITOR'S REVIEW REPORT FOR
THE THREE MONTHS ENDED MARCH 31, 2020

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Independent Auditor's Review Report

AM/ 008607

To the Chairman and Members of the Board of Directors
United Insurance Company
(A Public Shareholding Limited Company)
Amman – Jordan

Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Insurance Company (A Public Shareholding Limited Company) as of March 31, 2020 and the related condensed interim statements of profit or loss and comprehensive income for the three months ended as of that date, changes in shareholders' equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim financial statements 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 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 the accompanying condensed interim financial information for United Insurance Company are not prepared in accordance with International Accounting Standard No. (34) Related to Interim Financial Reporting.

Other Matter

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

Amman - Jordan
June 18, 2020


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

ديلويت أند توش (الشرق الأوسط)
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UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2020(Reviewed)	December 31, 2019(Audited)
<u>ASSETS</u>	<u>Note</u>	<u>JD</u>	<u>JD</u>
Deposits at banks	4	10,298,580	10,232,255
Financial assets at fair value through profit or loss	5	143,093	142,039
Financial assets at fair value through other comprehensive income	6	4,570,256	4,730,360
Financial assets at amortized cost		999,001	999,001
Investment properties - net	7	4,924,977	4,946,390
Total Investments		20,935,907	21,050,045
Cash on hand and at banks		72,575	1,060,044
Cheques under collection	8	2,614,611	3,134,502
Receivables - net	9	10,867,255	6,143,979
Re-insurance and local insurance companies' receivables - net	11	761,599	1,515,588
Deferred tax assets	14.b	614,285	652,554
Property and equipment - net	10	5,097,052	5,163,754
Intangible assets - net		55,192	62,434
Other assets		668,871	673,348
		20,751,440	18,406,203
TOTAL ASSETS		41,687,347	39,456,248
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		8,297,811	7,418,166
Claims reserve - net	20	10,708,898	10,769,248
Mathematical reserve - net		81,573	81,573
Total Insurance Contracts Liabilities		19,088,282	18,268,987
Due to Banks		283,953	-
Payables		2,502,280	2,970,741
Re-insurance and local insurance companies' accounts payable	12	4,704,266	3,178,439
Accrued expenses and sundry provisions	13	149,950	242,251
Provision for income tax	14	276,897	296,344
Deferred tax liabilities	14.b	26,864	26,864
Other liabilities		287,610	282,767
TOTAL LIABILITIES		27,320,102	25,266,393
<u>SHAREHOLDERS' EQUITY</u>			
Authorized and paid-up capital	1	8,000,000	8,000,000
Issuance premium		41,507	41,507
Statutory reserve		2,000,000	2,000,000
Financial assets valuation reserve - net	15	(786,254)	(611,881)
Retained earnings		4,760,229	4,760,229
Profit for the period		351,763	-
Total Shareholders' Equity		14,367,245	14,189,855
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		41,687,347	39,456,248

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL INFORMATION
AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING INDEPENDENT AUDITOR'S REVIEW REPORT.

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF PROFITS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2020	2019
		JD	JD
Revenue:			
Gross written premiums		8,661,851	10,161,473
Less: Re-insurers' share		3,612,815	3,715,627
Net Written Premiums		5,049,036	6,445,846
Net change in unearned premiums reserve		(879,645)	(2,056,104)
Net Earned Written Premiums		4,169,391	4,389,742
Commissions revenue		136,193	130,476
Insurance policies issuance fees		278,378	303,913
Interest revenue		171,852	160,744
Net (Loss) gain from financial assets and investments	16	(2,107)	69,811
Total Revenue		4,753,707	5,054,686
Claims, Losses and Expenses:			
Paid claims		5,155,692	6,062,877
Less: Claims Recoveries		437,243	466,737
Re-Insurers' share		1,332,009	1,786,447
Net Paid Claims		3,386,440	3,809,693
Net change in claims reserve		(60,350)	(48,105)
Allocated general and administrative expenses		330,455	166,739
Allocated employee expenses		140,984	227,061
Excess of loss premium		88,775	75,185
Policy acquisition cost		137,047	194,548
Other expenses related to underwriting		89,075	128,975
Net Claims Cost		4,112,426	4,554,096
Unallocated employee expenses		48,765	26,963
Depreciation and amortization		95,357	94,386
Unallocated general and administrative expenses		35,249	41,685
Total Expenses		179,371	163,034
Profit for the Period before Tax		461,910	337,556
Income tax	14	(103,068)	(40,875)
Income for the Period	14	(7,079)	(7,753)
Profit for the Period		351,763	288,928
Earnings per Share for the Period	17	-/044	-/036

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

	For the Three Months	
	Ended March 31,	
	2020	2019
	JD	JD
Profit for the period	351,763	288,928
Items not transferable to the condensed interim statement of income:		
Change in the financial assets valuation reserve - net	(174,373)	208,043
Total Comprehensive Income for the Period	177,390	496,971

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UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED NOT AUDITED)

Note	Paid-up Capital	Issuance Premium	Statutory Reserve	Financial Assets		Retained Earnings *		Profit For the Period	Total
				Valuation Reserve		Realized	Unrealized		
	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Three Months Ended March 31, 2020									
Balance - beginning of the period (Audited)	8,000,000	41,507	2,000,000	(611,881)	4,717,568	42,661	-	-	14,189,855
Profit for the period	-	-	-	-	-	-	351,763	351,763	351,763
Change in the financial assets valuation reserve - net	-	-	-	(174,373)	-	-	-	-	(174,373)
Total Comprehensive Income	-	-	-	(174,373)	-	-	351,763	351,763	177,390
Balance - End of the Period (Reviewed)	8,000,000	41,507	2,000,000	(786,254)	4,717,568	42,661	351,763	351,763	14,367,245
For the Three Months Ended March 31, 2019									
Balance - beginning of the period	8,000,000	41,507	2,000,000	(240,847)	4,022,983	42,661	-	-	13,866,304
Profit for the period	-	-	-	-	-	-	288,928	288,928	288,928
Change in the valuation reserve of financial assets - net	-	-	-	208,043	-	-	-	-	208,043
Total Comprehensive Income	-	-	-	208,043	-	-	288,928	288,928	496,971
Balance - End of the Period	8,000,000	41,507	2,000,000	(32,804)	4,022,983	42,661	288,928	288,928	14,363,275

* Retained earnings include JD 654,285 as of March 31, 2020 restricted against deferred tax assets which cannot be utilized in accordance with the instructions of the Jordan Securities Commission (JD 652,554 as of December 31, 2019).

- During the Subsequent period, the general assembly of the company on May 27, 2020, agreed to suspend the distribution of profits for the year 2019, which was proposed by the Board of Directors in the financial statements for the year 2019.

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

	Note	For the Three Months Ended March 31,	
		2020	2019
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before tax		461,910	337,556
Adjustments:			
Depreciation and amortization		95,357	94,386
Sundry provision	13	96,541	31,860
Change in the fair value of financial assets at fair value through profit or loss	16	(1,054)	(38,589)
Unearned premiums reserve - net		879,645	2,056,104
Claims provision - net		(60,350)	(48,106)
Loss on sale of property and equipment		-	147
Cash Flows from Operating Activities before Changes in Working Capital Items		1,472,049	2,433,358
Decrease (Increase) in cheques under collection		519,891	(138,620)
(Increase) in accounts receivable		(4,723,276)	(4,327,267)
Decrease (Increase) decrease in re-insurance and local insurance companies' accounts receivable		753,989	(18,350)
Decrease in other assets		4,477	23,348
Increase in Due to Banks		283,953	-
(Decrease) Increase in accounts payable		(468,461)	662,697
Increase in re-Insurance and local insurance companies' accounts payable		1,525,827	1,575,545
Increase in other liabilities		4,844	12,231
Net Cash Flows from Operating Activities before Provisions and Paid Tax		(626,707)	222,942
Income tax paid	14	(105,596)	(84,624)
Paid provision	13	(188,842)	(19,750)
Net Cash (Used In) Flows from Operating Activities		(921,145)	118,568
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (Increase) in deposits at banks		2,167,233	(4,033,558)
Proceeds from the maturity (purchase) of financial assets at amortized cost		-	1,000,000
(Purchase) of Intangible assets		-	(6,000)
(Purchase) of property and equipment		-	(3,060)
Net Cash Flows (used in) Investing Activities		2,167,233	(3,042,618)
Net (Decrease) in Cash		1,246,088	(2,924,050)
Cash and cash equivalents - beginning of the period	18	2,435,044	2,727,801
Cash and Cash Equivalents - End of the Period	18	3,681,132	(196,249)

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UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. Incorporation and Activities

United Insurance Company was established in 1972 and registered as a Jordanian Public Shareholding Limited Company under Number (74) according to the Companies Law and its amendments. Moreover, United Insurance Company was merged with Egyptian Orient Insurance Company and New India Insurance Company in Jordan. The merger took effect from the beginning of 1988 and the Company resulting from the merger (United Insurance Company) has become the general success of the Company. In addition, more capital adjustments were made, the last of which was during the year 2008, so that authorized and paid-up capital became JD 8 million, divided into 8 million shares at a par value of JD 1 each.

The Company's address is P.O. Box 7521, Building No. (188), Zahran Street – 11118 Amman, Jordan.

The Company's objective is conducting all types of insurance, including life insurance.

2. Basis of Preparation

- The condensed interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", and in accordance to the local laws and regulations in force, as well as the form prescribed by the Insurance Administration (previously known as the Insurance Commission).
- The condensed interim financial information are prepared on the historical cost basis except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed interim financial information date.
- The Jordanian Dinar is the functional and reporting currency of the condensed interim financial information.
- The condensed interim financial information does 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 company's annual report for the year ended December 31, 2019. In addition, the results of the Company's operations for the three months ended March 31, 2020 do not necessarily represent an indication of the expected results for the year ending December 31, 2020.
- The Company did not deduct any statutory reserves for the profit of the three months ended March 31, 2020 in accordance with the regulations of the Companies Law and the issued instructions, as these financial information are interim information and the deductions are made at the end of the fiscal year.

Judgments, Estimates and Risk Management

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements for the year ended December 31, 2019 , except for what is mentioned in note (3) below.

We believe that the estimates used in the preparation of these condensed interim financial information are consistent with those used in the annual financial information for the year ended December 31, 2019 except for the below:

The Coronavirus (Covid-19) outbreak in early 2020 in many geographical regions around the world has caused widespread disruptions to business, with a consequential negative impact on economic activity. Also, this event is witnessing continuous and rapid developments, which required the Company's management to conduct an evaluation of the expected effects on the Company's business inside and outside the kingdom, perform a study to review and evaluate potential risks, in addition to providing additional disclosures in the interim financial statements as of March 31, 2020. Accordingly, the Company has taken the following measures to contain the crisis:

- a. Before announcing any case of infection in Jordan, the Supreme Committee for Emergency has taken all necessary measures to ensure business continuity and customer service in the event of any emergency, through the formation of a specialized team to manage the crisis of the Coronavirus spread in coordination with various sector heads and executives to ensure the implementation of a set of procedures, the most important of which are the following:
 - Providing alternative locations for staff distribution to ensure work continuity and to maintain social distancing among employees.
 - Activating the remote work feature for sensitive jobs in order to ensure the continuity of the provision of customer service through electronic channels.
 - Maintaining the safety of both employees and clients by taking all measures related to the sterilization of branches and workplaces.
- b. In the aspect of monitoring the impact of the COVID 19 crisis on the results of the Company's operations, a set of assumptions was used, based on the interplay of two main pillars that enable the Company to monitor the impact of the crisis on its business. These two pillars are the following:
Global practices for calculating credit losses based on International Financial Reporting Standard No. (9), and amendment of the calculation models developed for this purpose in a manner that leads to taking into account the impact of (COVID-19) event, and reaching reasonable expectations for the expected outputs of the impact. In addition to Management's overlay in assessing the impact on specific sectors or specific clients based on the study of each sector or customer separately. Noting that the Company has a strong financial position and a strong capital base that enables it to absorb these traumas.
- c. The effect of the coronavirus (COVID-19) outbreak on the Company's liquidity levels. The Company has prepared all scenarios related to stressful situations, and it enjoys comfortable levels that enable it to respond to market conditions.

3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed interim financial information for the period ended on March 31, 2020 are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2019, except for the impact of the application of the new and amended International Financial Reporting Standards, which have become effective in the current period, as shown below:

Amendments to IAS 1 and IAS 8 Definition of material

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.

Amendments to IFRS 3 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 No. (2), (3), (6), (14), IAS No. (1), (8) and (34), IAS No. (38), IFRIC No. (12), (19), (20) and (22), and SIC- No. (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 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.

4. Deposits at Banks

- During the period ended March 31, 2020, interest rates on deposits in Jordanian Dinar ranged from 4% to 5.5% (6% to 6.5% during the period ended March 31, 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 March 31, 2020 (JD 325,000 as of December 31, 2019).
- Restricted balances amounted to JD 300,000 as of March 31, 2020 (JD 300,000 as of December 31, 2019) representing cash margins for an overdraft granted to the Company in addition to the deposits collateralized to the order of the Director General of the Insurance Commission.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of their respective countries. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to expected credit losses for 12 months. Taking into account the historical default rates and the current credit ratings for banks.

5. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
<u>Inside Jordan:</u>		
Listed shares	143,093	142,039
	<u>143,093</u>	<u>142,039</u>

6. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

<u>Company Name</u>	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
<u>Inside Jordan</u>		
Quoted shares at Amman Stock Market	4,359,750	4,519,854
Unquoted shares at Amman Stock Market *	8,923	8,923
	<u>4,368,673</u>	<u>4,528,777</u>
<u>Outside Jordan</u>		
Arab Reinsurance Company – Lebanon *	201,583	201,583
	<u>4,570,256</u>	<u>4,730,360</u>

- * This investment has been evaluated according to the equity method using the Company's most recent audited financial statements.

7. Investment Property - Net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Lands	646,985	646,985
Buildings	5,007,455	5,007,455
<u>Less: Accumulated depreciation</u>	<u>(729,463)</u>	<u>(708,050)</u>
Buildings - net of accumulated depreciation	4,277,992	4,299,405
Total	<u>4,924,977</u>	<u>4,946,390</u>

- The movement on the accumulated depreciation account 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	708,050	622,164
Depreciation expense	21,413	85,886
Balance – End of the Period / Year	<u>729,463</u>	<u>708,050</u>

- Buildings are depreciated at an annual rate of 2% and are stated at the carrying amount.

8. Cheques under Collection:

The maturity date of cheques under collection extended to August 30, 2023 with an amount of JD 2,408,872 due within one year as of March 31, 2020.

- This item consists of the following:

	For the Three Months Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance	2,621,569	3,141,460
Expected credit losses	<u>(6,958)</u>	<u>(6,958)</u>
	<u>2,614,611</u>	<u>3,134,502</u>

9. Receivables - Net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Policyholder receivables	8,001,941	3,803,798
Agent receivables	975,654	926,421
Broker receivables	1,866,418	1,477,317
Employee receivables	39,158	20,487
Lawsuit receivables *	436,676	436,926
Related party receivables (note 19)	979,188	933,409
Other receivables	99,555	76,956
	12,398,590	7,675,314
<u>Less: Expected credit losses **</u>	<u>(1,531,335)</u>	<u>(1,531,335)</u>
Receivables - Net	10,867,255	6,143,979

* The movement on the provision for excepted 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	1,531,335	1,633,795
Written off during the period / year	-	(102,460)
Balance - End of the Period / Year	1,531,335	1,531,335

- The aging of receivables is as follows:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Less than 90 days	7,928,122	3,152,914
90 - 180 days	1,915,718	2,248,047
181 - 270 days	907,308	503,238
271 - 360 days	221,138	467,393
More than 360 days	1,426,304	1,303,722
	12,398,590	7,675,314

The Company constantly measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default rates 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. Property and Equipment - Net

During the three months ended March 31, 2020, the Company did not purchase any property and equipment. The depreciation expense for the period was JD 66,702.

11. Re-insurance and Local Insurance Companies' Accounts Receivable - Net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019(Audited)
	JD	JD
Local insurance companies	397,321	580,256
Foreign re-insurance companies	399,485	970,539
	796,806	1,550,795
<u>Less: Expected credit losses *</u>	<u>(35,207)</u>	<u>(35,207)</u>
Re-insurance Companies' Accounts Receivable - Net	761,599	1,515,588

* The movement on the provision for expected credit losses is 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	35,207	77,345
Written off during the period / year	-	(42,138)
Balance - End of Period / Year	35,207	35,207

The aging of re-insurance and local insurance companies' accounts receivable is as follows:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Less than 90 days	360,654	870,583
90 - 180 days	297,478	663,397
181 - 270 days	122,256	719
271 - 365 days	321	16,096
More than 365 days	16,097	-
	796,806	1,550,795

A provision is booked for reinsurers' expected credit losses with due age of more than one year and with no repayments and according to the management estimates. The Company constantly measures the loss allowance at an amount equal to lifetime expected credit losses using the simplified approach. The expected credit losses on reinsurers' receivables are estimated using a provision matrix by reference to past default rates of the reinsurer and an analysis of the reinsurer's current financial position, adjusted for factors that are specific to the reinsurer, general economic conditions of the industry in which the reinsurer operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

12. Re-insurance and Local Insurance Companies' Accounts Payable

This item consists of the following:

	March 31, 2020(Reviewed)	December 31, 2019 (Audited)
	JD	JD
Local insurance companies	270,781	2,918,817
Foreign re-insurance companies	4,433,485	259,622
	<u>4,704,266</u>	<u>3,178,439</u>

13. Accrued Expenses and Sundry Provisions

This item consists of the following:

	March 31, 2020(Reviewed)	December 31, 2019(Audited)
	JD	JD
Insurance administrative accrual	42,630	8,111
End of service provision	6,070	98,370
Accrued bonus	101,250	135,770
	<u>149,950</u>	<u>242,251</u>

The following table illustrates the movement on accrued expenses and the sundry provisions:

	Balance Beginning of the Period	Booked for the Period	Released during the Period	Balance End of the Period
	JD	JD	JD	JD
Insurance administration accrual	8,111	54,583	(20,064)	42,630
End of service provision	98,370	41,808	(134,108)	6,070
Accrued bonus	135,770	150	(34,670)	101,250
	<u>242,251</u>	<u>96,541</u>	<u>(188,842)</u>	<u>149,950</u>

14. Income Tax

a- The movement on the income tax provision was as follows:

	For the three Months Ended March 30, 2019 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance - beginning of the period / year	296,344	240,223
Income tax paid	(91,720)	(291,227)
Income tax expense for the period / year *	79,070	357,088
Tax paid on deposit interest	(13,876)	(41,229)
National contribution fees **	7,079	31,489
Balance - End of the Period / Year	<u>276,897</u>	<u>296,344</u>

- * Income tax in the statement of income represents the following:

	For the Three Months Ended March 31,	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Income tax on the period's profits	79,070	82,560
Deferred tax assets expense (recognition)	23,998	(41,685)
Income tax	103,068	40,875
National Contribution Fees	7,079	7,753
	<u>110,147</u>	<u>48,628</u>

b- Deferred tax assets / liabilities

	March 31, 2020						December 31, 2019
Accounts Included	Balance at the Beginning of the Period	Amounts Released	Balance at Period -End	Deferred Tax	Transferred to the Statement of Profit or Loss	Transferred to Valuation Reserve	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD
a. Deferred Tax Assets							
Expected credit losses provision	1,584,585	-	1,584,585	411,991	-	407,992	407,992
Reserve of financial assets - net	826,870	(54,885)	771,985	200,716	-	214,986	214,986
End of service provision	98,370	(92,300)	6,070	1,578	(23,998)	25,576	25,576
	<u>2,509,825</u>	<u>(147,185)</u>	<u>2,362,640</u>	<u>614,285</u>	<u>(23,998)</u>	<u>652,554</u>	<u>652,554</u>
b. Deferred Tax Liabilities							
Effect of adopting standards (9)	111,934	-	111,934	26,865	-	-	26,864

- ** During 2019, government imposed a national contribution fees on public listed companies by 2% percentage on Gross taxable income.

- c- A final settlement has been reached regarding the company's tax status up to the year 2018. Income tax returns have been submitted for the years 2017 which have not yet been reviewed by the Income and Sales Tax Department.

15. Financial Assets Valuation Reserve - Net

This item consists of the following:

	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	(611,881)	(240,847)
(Loss) sale of financial assets at fair value through other comprehensive income	-	(9,388)
Change during the period / year	-	500,574
Transferred from deferred tax assets	14,269	138,928
Net change during the period / year	(160,104)	(361,646)
Balance - End of Period / Year	<u>(786,254)</u>	<u>(611,881)</u>

16. Gain from Financial Assets and Investments - Net

This item consists of the following:

	For the Three Months Ended March 31,	
	2020 (Reviewed) JD	2019 (Reviewed) JD
Net change in fair value through profit or loss	1,054	38,589
Cash dividends (financial assets at fair value through other comprehensive income)	-	1,018
Rental (Loss) income - net	(3,161)	30,204
	<u>(2,107)</u>	<u>69,811</u>

17. Earnings per Share

Earnings per share have been computed by dividing profit for the period by the outstanding shares. The details are as follows:

	For the Three Months Period Ended March 31,	
	2020 (Reviewed) JD	2019 (Reviewed) JD
Profit for the period	351,763	288,928
Weighted average number of shares	8,000,000	8,000,000
Basic and diluted earnings per share - JD	<u>-/044</u>	<u>-/036</u>

18. Cash and Cash Equivalent

The details of this item are as follows:

	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Cash on hand	6,987	2,886
Deposits maturing within three months	4,233,557	2,000,000
Current accounts at banks	65,588	1,057,157
<u>Less: Restricted deposits</u>	<u>(625,000)</u>	<u>(625,000)</u>
	<u>3,681,132</u>	<u>2,435,044</u>

19. Transactions with Related Parties

Related parties, as defined in International Accounting Standard 24 (Related Party Disclosures), include affiliate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The details of the balances and transactions with related parties are as follows:

	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Statement of Financial Position Items:		
Accounts Receivable:		
Jordan Projects for Tourism Development *	37,273	495
Jordan Paper and Cardboard Company * / **	387,627	387,627
Orient Insurance Agency *	4,652	-
Modern Arab Distribution Company Ltd *	193,060	185,666
Yousef Nader & Sons Company *	65,020	77,402
Specialized Logistics Services Company	13,898	74,973
General Investment Company *	93,313	18,937
Abu Jaber Brothers Company *	87,592	87,592
Board of Directors and Shareholders Receivables	11,870	9,299
Communication Development Company *	7,233	7,233
Saed Abu Jaber and Sons Company	8,251	12,599
Al Awael Distribution and General Trading Company	3,458	2,718
Arabian Italian Trading Company	7,646	7,333
Specialized Distributors for consumer goods Company	30,210	39,836
Bidfood Service Middle East- Jordan Company	2,058	10,688
Jordan Distribution Company and Agencies	15,157	-
Al-Yadouda Trading Company *	1,819	1,856
Aqaba Packaging company-Aqaba Special Economic Zone	9,051	9,155
	<u>979,188</u>	<u>933,409</u>
	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Checks under Collection:		
Jordan Projects for Tourism Development Company *	301,497	380,839
Orient Insurance Company *	92,803	92,803
	<u>394,300</u>	<u>473,642</u>
Accounts Payable:		
Abu Jaber Brothers Company *	4,790	-
Marina Plaza Hotel	169	169
Modern Arab Distribution Company	7	7
Board of Directors and Shareholders Receivables	10,850	10,850
	<u>15,816</u>	<u>11,026</u>
	For the Three Months Ended March 31, 2020 (Reviewed) JD	2019 (Reviewed) JD
Statement of Profits or Losses Items:		
Revenues and commissions on underwritten installments	237,162	247,664
Paid claims	168,490	175,630
Rental revenue	20,000	61,901
* Company partially owned by a member of the Board of Directors.		

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

<u>Description</u>	<u>For the Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	<u>JD</u>	<u>JD</u>
Salaries and other benefits	<u>123,921</u>	<u>118,020</u>

20. Lawsuits against the Company

There are lawsuits raised against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with specified amounts totaled JD 3,797,741 as of March 31, 2020. In the opinion of the Company's management and its lawyer, no additional liabilities will arise in excess of the provisions booked within the claims reserve.

There are a Lawsuits held by the Company on Others, which amounted approximately JD 915,025 as of March 31, 2020.

21. Contingent Liabilities

As of the date of the statement of financial position, the Company was contingently liable for bank guarantees in the amount of JD 174,768 and cash collaterals for letters of credit in the amount of JD 24,800.

22. Information on Geographical Distribution

This note represents the geographical distribution of the Company's operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations.

The following is the distribution of the Company's revenues, assets, and capital expenditures according to the geographical sector:

	<u>Inside Jordan</u>		<u>Outside Jordan</u>		<u>Total</u>	
	<u>For the Three Months Ended March 31,</u>		<u>For the Three Months Ended March 31,</u>		<u>For the Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Earned written premiums	4,815,172	6,201,599				
Interest revenue	171,852	160,744				
Investment revenue	-	1,818				
Capital expenditures	66,705	65,240				

	<u>Inside Jordan</u>		<u>Outside Jordan</u>		<u>Total</u>	
	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>	<u>December 31,</u>
	<u>2020 (Reviewed)</u>	<u>2019 (Audited)</u>	<u>2020 (Reviewed)</u>	<u>2019 (Audited)</u>	<u>2020 (Reviewed)</u>	<u>2019 (Audited)</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Total Assets	41,086,297	38,284,126	601,068	1,172,122	41,687,347	39,456,24

- The sectoral distribution of the Company's business has been disclosed through the lists of revenues and the cost of compensation for the insurance business.

23. Dividends Distributed to Shareholders

During the subsequent period. The General Assembly has approved, on May 27, 2019, to suspend the distribution of dividends, which was suggested by the Board of Directors' recommendation on the financial statements for the year 2019.

24. Fair Value Hierarchy

a. Assets and liabilities that are measured at fair value on a recurring basis:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Some of the assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

	Fair Value		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)				
	JD	JD				
Financial Assets						
Financial Assets at Fair Value Through the Statement of Profits or Losses						
Shares without market prices *	-	-	Level 2	Owners' equity	Not Applicable	Not Applicable
Shares with available market prices	143,093	142,039	Level 1	Stated Rates in financial markets	Not Applicable	Not Applicable
	<u>143,093</u>	<u>142,039</u>				
Financial Assets at Fair Value Through the Statement of Comprehensive Income						
Shares without market prices	210,506	210,506				
Shares with available market prices	<u>4,359,750</u>	<u>4,519,854</u>				
	<u>4,570,256</u>	<u>4,730,360</u>				

b. Assets and liabilities that are not measured at fair value on a recurring basis:

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

	March 31, 2020		December 31, 2019		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets without specific at fair value					
Deposits with bank	10,298,580	10,457,060	10,232,255	10,417,113	Level 2
Investment property	4,924,977	7,488,355	4,946,390	7,488,355	Level 2
Total financial assets without specific at fair value	15,223,557	17,945,415	15,178,645	17,905,468	

The fair values of the above assets and financial liabilities included in level 2 categories have been determined in accordance with the generally accepted pricing models, which reflect the credit risk of counterparties.

25. Approval of the Condensed Interim Financial Information

The accompanying condensed interim financial information was approved by the Board of Directors on June 18, 2020.

26. Impact of COVID-19

During March 2020, the World Health Organization classified Covid-19 virus as a world pandemic, which effected the supply and demand and therefore had a negative impact on global markets, also the pandemic changed the social behavior due to quarantine applied by the governments.

The Company has a documented business continuity plan that has been activated to ensure the safe and stable continuation of its business operations. Business Continuity Planning Committee has been formed to determine and oversee the implementation of all business continuity plans associated with the effect of COVID-19, which include measures to address and mitigate any identified key operational and financial issues.

The Company has performed its assessment of the COVID-19 impact and concluded that there are no significant changes in its financial position and performance as at the period ended March 31, 2020. Based on that assessment, the Company has concluded that significant changes are not required as of March 31, 2020 in its key accounting judgements and estimates from those applied in the last annual financial statements as of December 31, 2019, except for updating the forward-looking assumptions to determine the likelihood of expected credit losses.

The effects of COVID-19 on Insurance business continues to evolve, hence there are significant risks and uncertainties associated with its future impact on business, and therefore, the Company continues to update its plans to seek to respond to them.