

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

CONDENSED INTERIM
FINANCIAL STATEMENTS FOR
THE NINE MONTHS ENDED
SEPTEMBER 30, 2021
TOGETHER WITH THE REVIEW REPORT

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
SEPTEMBER 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Review Report	1
Condensed Interim Statement of Financial Position	2
Condensed Interim Statement of Income	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 – 18

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 September 30, 2021 and the related condensed interim statements of income and comprehensive income for the three and nine-month period then ended, changes in Shareholders' equity and cash flows for the nine-month period 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 statements 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 statements 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 statements are a translation of the statutory condensed interim financial statements which are in the Arabic language and to which reference should be made.

Amman - Jordan

October 27, 2021


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
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UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		September 30, 2021 (Reviewed not Audited)	December 31, 2020 (Audited)
<u>ASSETS</u>	<u>Note</u>		
Investments:		JD	JD
Deposits at banks	4	8,107,802	9,449,992
Financial assets at fair value through income statement	5	141,240	151,356
Financial assets at fair value through other comprehensive income	6	5,294,055	4,631,716
Financial assets at amortized cost	7	4,405,001	2,985,001
Investment property - net	8	4,796,030	4,860,268
		<u>22,744,128</u>	<u>22,078,333</u>
Cash on hand and at banks		271,370	3,486,117
Cheques under collection	9	2,065,786	1,927,342
Receivables - net	10	9,170,621	6,815,016
Re-insurance and local insurance companies' accounts receivables - net	12	710,622	600,780
Deferred tax assets		709,834	863,953
Property and equipment - net	11	4,717,661	4,905,570
Intangible assets - net		22,756	33,365
Other assets		666,780	652,846
		<u>18,335,430</u>	<u>19,284,989</u>
TOTAL ASSETS		<u>41,079,558</u>	<u>41,363,322</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		7,166,985	6,277,497
Claims reserve - net		11,369,049	11,462,580
Mathematical reserve		43,536	40,712
Total Insurance Contracts Liabilities		<u>18,579,570</u>	<u>17,780,789</u>
Payables		2,140,255	1,660,699
Re-insurance and local insurance companies' accounts payable	13	3,679,523	5,571,761
Accrued expenses and sundry provisions	14	145,654	174,479
Provision for income tax	15	185,399	479,762
Deferred tax liabilities		26,864	26,864
Other liabilities		285,185	264,395
TOTAL LIABILITIES		<u>25,042,450</u>	<u>25,958,749</u>
<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	16	(420,020)	(898,691)
Retained earnings		5,461,757	6,261,757
Profit for the period		953,864	-
Total Shareholders' Equity		<u>16,037,108</u>	<u>15,404,573</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>41,079,558</u>	<u>41,363,322</u>

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.

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

	Note	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2021	2020	2021	2020
<u>Revenue:</u>		JD	JD	JD	JD
Gross written premiums		5,310,989	5,057,662	18,523,028	18,693,791
<u>Less:</u> Re-insurers' share		1,650,585	877,141	7,371,410	6,392,753
Net Written Premiums		3,660,404	4,180,521	11,151,618	12,301,038
Net change in unearned premiums reserve		(120,746)	(118,718)	(889,490)	(160,709)
Net change in mathematical reserve		-	-	(2,824)	31,159
Net Earned Written Premiums		3,539,658	4,061,803	10,259,304	12,171,488
Commissions' revenue		101,597	154,237	355,281	402,364
Insurance policies issuance fees		200,215	191,177	669,528	640,834
Interest revenue		43,536	157,639	207,368	349,673
Bond interest	17	109,371	-	225,360	
Net gain from financial assets and investments	18	19,068	130,535	267,983	135,233
Other revenue		4,981	583	13,127	583
Total Revenue		4,018,426	4,695,974	11,997,951	13,700,175
<u>Claims, Losses and Expenses:</u>					
Paid claims		4,952,033	4,863,417	20,035,121	13,137,160
<u>Less:</u> Claims Recoveries		405,459	344,790	1,108,290	964,801
Re-insurers' share		1,632,883	1,326,986	10,758,524	3,453,552
Net paid claims		2,913,691	3,191,641	8,168,307	8,718,807
Net change in claims reserve		(157,766)	63,345	(93,531)	468,798
Allocated general and administrative expenses		111,991	114,314	314,711	444,297
Allocated employees' expenses		289,702	292,122	899,678	975,185
Excess of loss premiums		27,500	27,500	94,507	116,275
Policies acquisition cost		144,875	117,575	432,481	368,402
Other expenses related to underwriting		154,595	110,677	348,061	306,644
Net Claims Costs		3,484,588	3,917,174	10,164,214	11,398,408
Unallocated employees' expenses		42,381	41,195	127,595	137,713
Depreciation and amortization		96,104	96,112	285,076	286,594
Unallocated general and administrative expenses		27,998	28,576	78,678	111,074
Other expenses		5,832	7,500	16,665	27,500
Expected credit losses provision	19	-	250,000	100,000	350,000
Total Expenses		172,315	423,383	608,014	912,881
Income for the Period before Tax		361,523	355,417	1,225,723	1,388,886
Income tax	15	(100,515)	(102,809)	(247,083)	(293,883)
National Contribution Fees	15	(8,820)	(15,039)	(24,776)	(31,180)
Income for the Period		252,188	237,569	953,864	1,063,823
Earnings per Share for the Period	20	-/032	-/030	-/119	-/133

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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		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2021	2020	2021	2020
	JD	JD	JD	JD
Profit for the period	252,188	237,569	953,864	1,063,823
Items that will not be transferred to the condensed interim statement of income in future:				
Change in the valuation reserve of financial assets - net	<u>(26,026)</u>	<u>51,740</u>	<u>478,671</u>	<u>(245,243)</u>
Total Comprehensive Income for the Period	<u>226,162</u>	<u>289,309</u>	<u>1,432,535</u>	<u>818,580</u>

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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)

	Paid-up Capital	Issuance Premium	Reserve Statutory	Financial Assets Valuation Reserve	Retained Earnings *	Profit For the Period	Total
Note					Realized	Unrealized	
For the Nine Months Period Ended September 30, 2021							
Balance - beginning of the period (Audited)	JD 8,000,000	JD 41,507	JD 2,000,000	JD (898,691)	JD 6,219,096	JD 42,661	JD 15,404,573
Profit for the period	-	-	-	-	-	-	953,864
Change in the valuation reserve of financial assets - net	-	-	-	478,671	-	-	478,671
Total comprehensive income	-	-	-	478,671	-	-	1,432,535
Dividends distributed to shareholders **	-	-	-	-	(800,000)	-	(800,000)
Balance - End of the Period (Reviewed)	8,000,000	41,507	2,000,000	(420,020)	5,419,096	42,661	16,037,108
For the Nine Months Period Ended September 30, 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	-	-	-	-	-	-	1,063,823
Change in the valuation reserve of financial assets - net	-	-	-	(245,243)	-	-	(245,243)
Total comprehensive income	-	-	-	(245,243)	-	-	818,580
Balance - End of the Period (Reviewed)	8,000,000	41,507	2,000,000	(857,124)	4,717,568	42,661	15,008,435

* Retained earnings include JD 709,834 as of September 30, 2021, restricted against deferred tax assets which cannot be utilized in accordance with the instructions accounting to Jordan Securities Commission (JD 863,000 as of December 31, 2020).

** On April 12, 2021, the general assembly of the company approved the recommendation of the company's board of directors at its meeting held on January 14, 2021 agreed to suspend the distribution profits of JD 800,000 Jordanian dinars, which comprises 10% of the nominal value of the profits related to the year 2020.

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

		For the Nine Months Period Ended September 30,	
	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the period before tax		1,225,723	1,388,886
Adjustments:			
Depreciation and amortization		285,076	286,594
Expected credit loss provision		100,000	350,000
Sundry provisions		199,108	270,222
Change in the fair value of financial assets at fair value through income statement	18	10,116	17,733
Unearned premiums reserve - net		889,490	(160,709)
Claims provision - net		(93,531)	468,798
Mathematical reserve - net		2,824	31,159
Cash Flows from Operating Activities before Changes in Working Capital Items		2,618,806	2,652,683
(Increase) Decrease in cheques under collection		(138,444)	868,036
(Increase) in accounts receivable		(2,455,605)	(3,499,032)
(Increase) Decrease in re-insurance and local insurance companies' accounts receivable		(109,842)	945,603
(Increase) Decrease in other assets		(13,934)	93,198
Increase (Decrease) in accounts payable		479,556	(456,835)
(Decrease) Increase in re-insurance and local insurance companies' accounts payable		(1,892,238)	593,149
Increase (Decrease) in other liabilities		20,790	(3,647)
Net Cash Flows (used in) from Operating Activities before Provisions and Tax paid		(1,490,911)	1,193,155
Income tax paid	15	(568,498)	(396,297)
Paid provisions		(227,933)	(391,617)
Net Cash Flows (Used in) from Operating Activities		(2,287,342)	405,241
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in deposits at banks		484,840	1,004,955
(Purchase) of financial assets at amortized cost		(1,420,000)	(1,986,000)
Sale of financial assets at fair value through other comprehensive income		-	140,320
(Purchase) of property and equipment - net		(11,521)	(8,048)
(Purchase) of intangible assets		(10,799)	-
Net Cash Flows (used in) Investing Activities		(957,480)	(848,773)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends to shareholders		(800,000)	-
Net Cash Flows (used in) Financing Activities		(800,000)	-
Net (Decrease) in Cash		(4,044,822)	(443,532)
Cash and cash equivalents - beginning of the period		5,306,191	2,435,044
Cash and Cash Equivalents - End of the Period	21	1,261,369	1,991,512

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

1. General

- a. 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 with the local laws and regulations in force, as well as the form prescribed by the Insurance administrative (previously known as the Insurance Commission).
- The condensed interim financial information is 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, 2020. In addition, the results of the Company's operations for the nine months ended September 30, 2021 do not necessarily represent an indication of the expected results for the year ending December 31, 2021.
- The Company did not deduct any statutory reserves for the profit of the nine months ended September 30, 2021 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, 2020 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 2020.

3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the financial statements for the year ended December 31, 2020. However, the following revised IFRSs were adopted which became in effect for the financial periods beginning on or after the first of January 2021, in preparing the interim condensed financial statements of the company, which did not materially affect the amounts and disclosures contained in the interim condensed financial information for the previous period and years, noting that they may have an impact on the accounting treatment of future transactions and arrangements.

Reformation of Interest Rate Benchmark-phase 2

Effective from January 1, 2021, the Company has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition, it provides certain exceptions to hedge accounting requirements.

Regarding to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021 and it was found that there is no material impact of the interest rate reform on the company's results.

4. Deposits at Banks

- During the period ended September 30, 2021, annual interest rates on deposits in Jordanian Dinar ranged from 3.5% to 4.5% (4% to 4.6% during the period ended September 30, 2020).
- Deposits collateralized to the order of the General Director of the Insurance Commission in addition to his position amounted to JD 600,000 as of September 30, 2021 (JD 325,000 as of December 31, 2020).
- Restricted balances amounted to JD 300,000 as of September 30, 2021 (JD 300,000 as of December 31, 2020) representing cash margins for an overdraft granted to the Company in addition to the deposits collateralized to the order of the General Director 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. Considering the historical default rates and the current credit ratings for banks.

5. Financial Assets at Fair Value through Income Statement

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
<u>Inside Jordan:</u>		
Listed shares in Amman stock exchange	141,240	151,356
	<u>141,240</u>	<u>151,356</u>

6. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

<u>Company Name</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<u>Inside Jordan</u>	<u>JD</u>	<u>JD</u>
Quoted shares at Amman Stock Market	5,098,115	4,435,776
Unquoted shares at Amman Stock Market *	8,389	8,389
	<u>5,106,504</u>	<u>4,444,165</u>
<u>Outside Jordan</u>		
Arab Reinsurance Company *	187,551	187,551
	<u>5,294,055</u>	<u>4,631,716</u>

- * This investment has been evaluated according to the equity method used and the Company's last audited financial statements, The Company has conducted a detailed study of the investee company and the company believes that there is no impairment, in terms of market value exceeding the book value.

7. Financial Assets at Amortized Cost.

This item consists of the following:

	<u>September 31, 2021</u>	<u>December 31, 2020</u>
<u>Inside Jordan</u>	<u>JD</u>	<u>JD</u>
Arab Corp Company bonds *	50,000	50,000
<u>Less: Provision for impairment in Arab Corp Company bonds investment</u>	<u>(49,999)</u>	<u>(49,999)</u>
	<u>1</u>	<u>1</u>
Ahli Bank bonds**	1,000,000	1,000,000
Jordanian Government bonds ***	2,982,000	1,988,000
Turkish Government bonds ****	426,000	-
Balance	4,408,001	2,988,001
<u>Less: Expected credit loss*****</u>	<u>(3,000)</u>	<u>(3,000)</u>
Adjusted Balance	<u>4,405,001</u>	<u>2,985,001</u>

- * Arab Corp bonds matured on April 1, 2014 and the original bond and any interest for the company were not paid, a provision has been taken for the full amounts of these bonds, and recognition of interest was suspended during the previous years.
- ** On October 12, 2017, the Company invested in (10) loan bonds with a nominal value of 100,000 dinars / loan bond with a total value of one million dinars from the Jordan Ahli Bank with a contribution rate of 4% in the bonds, these bonds are due on November 12, 2023, with the benefit of issuing 6/75% for the first six months, at a variable interest rate, where the interest is recalculated every six months during the life of the bond, where the interest at the beginning of each period equals to the discounts interest rate at the central bank plus a margin of 2%.
- *** On June 17, 2020, the Company invested in (13) Jordanian government loan bonds and on April 13, 2021, the Company invested in another one Jordanian government loan bond with a nominal value of \$ 200,000 / loan bond and a total value of \$ 4,000,000 through the Housing Bank for Trade and Finance. These bonds are due on October 10, 2047, and at a fixed interest rate of 7/375% annually, it is calculated based on the number of actual days divided by 360 days.
- **** On April 5, 2021, the Company invested in (3) Turkish government loan bonds with a nominal value of \$ 200,000 / loan bond and a total value of \$ 600,000 through the Housing Bank for Trade and Finance. These bonds are due on January 14, 2041, and at a fixed interest rate of 6% annually, it is calculated based on the number of actual days divided by 360 days.

***** The movement in the allowance for expected credit losses on financial assets at amortized cost:

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance at the beginning of the period/ year	3,000	1,000
Additions provision during the period/ year	-	2,000
Balance – End of the Period/ Year	<u>3,000</u>	<u>3,000</u>

8. Investment Property - Net

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Land	646,985	646,985
Buildings	5,007,455	5,007,455
<u>Less: Accumulated depreciation</u>	<u>(858,410)</u>	<u>(794,172)</u>
Buildings - net of accumulated depreciation	4,149,045	4,213,283
Total	<u>4,796,030</u>	<u>4,860,268</u>

- The movement on the accumulated depreciation account was as follows:

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance – beginning of the period / year	794,172	708,050
Depreciation expense	64,238	86,122
Balance at Period / Year – End	<u>858,410</u>	<u>794,172</u>

- Buildings are depreciated at an annual rate of 2% and are stated at net book value.

9. Cheques under collection:

The maturity date of checks under collection extended to August 30, 2023.

- This item consists of the following:

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance	2,072,744	1,934,300
Expected credit losses	<u>(6,958)</u>	<u>(6,958)</u>
	<u>2,065,786</u>	<u>1,927,342</u>

10. Receivables - Net

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Policyholders' receivables	6,701,060	4,809,029
Agents' receivables	760,564	992,629
Broker's receivables	1,422,488	1,202,291
Employee's receivables	16,159	22,847
Lawsuit receivables	436,757	436,677
Related parties' receivable (Note 22)	1,818,791	1,265,394
Other's receivables	146,137	117,484
	11,301,956	8,846,351
<u>Less: Expected credit losses *</u>	<u>(2,131,335)</u>	<u>(2,031,335)</u>
Receivables - Net	<u>9,170,621</u>	<u>6,815,016</u>

* Movement on the provision excepted credit Losses was as follows:

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance at the beginning of the year	2,031,335	1,531,335
Provision during the period/ year	100,000	500,000
Written off during the period/ year	-	-
Balance - End of the Year	<u>2,131,335</u>	<u>2,031,355</u>

- The receivables aging is as follows:

	September 30, 2021	December 31, 2020
	JD	JD
Less than 90 days	3,990,907	2,186,298
90 - 180 days	4,527,327	2,617,062
181 - 270 days	740,611	1,475,002
271 - 360 days	341,172	1,017,579
More than 360 days	1,701,939	1,550,410
	<u>11,301,956</u>	<u>8,846,351</u>

* The company always measures the provision for loss for debtors at an amount equal to the expected credit losses over the life of the debt using the simplified approach. The expected credit losses on debtors are estimated using an allowance matrix by referring to previous experiences with the customer and an analysis of the debtor's current financial position, adjusting it according to the debtors' factors, the general economic conditions of the field in which the debtors operate and an assessment of the current trend as well as the expected trend of conditions at the date of the report.

11. Property and Equipment's - Net

During the nine months ended September 30, 2021, purchased property and equipment JD 11,521. The company did not sell property and equipment during the nine months ended September 30, 2021. The value of depreciation for the period reached JD 199,430.

12. Re-insurance and Local Insurance Companies' Accounts Receivable-net

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Local insurance companies	315,944	389,526
Foreign re-insurance companies	429,885	246,461
	745,829	635,987
<u>Less: Expected credit losses provision*</u>	<u>(35,207)</u>	<u>(35,207)</u>
Re-insurance Companies' Accounts – Net	710,622	600,780

The aging of re-insurance receivables is as follows:

	September 30, 2021	December 31, 2020
	JD	JD
Less than 90 days	625,039	357,331
90 – 180 days	82,576	175,947
181 – 270 days	11,404	25,648
271 – 365 days	25,140	75,789
More than 365 days	1,670	1,272
Total	745,829	635,987

- A provision is booked for reinsurers' expected credit Loss with due age of more than one year and with no repayments and according to the management estimates. Thus, The Company always measures the loss provision for reinsurance receivables at an amount equal to the expected credit losses over the life of the liability, using the simplified approach. The expected credit losses are estimated on the receivables of reinsurers using a matrix of allocations by referring to previous experiences with the repeater and an analysis of the current financial position of the repeater, with adjustments according to factors specific to the reinsurers receivables, the general economic conditions of the field in which the reinsurer operates and an assessment of the current trend as well as the expected direction of the conditions on the date of the report.

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

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Local insurance companies	676,833	5,311,742
Foreign re-insurance companies	3,002,690	260,019
	3,679,523	5,571,761

14. Accrued Expenses and Various Provisions

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Provision for the Insurance Administration fees	12,663	4,924
End of service provision	35,491	21,865
Accrued bonuses	97,500	147,690
	<u>145,654</u>	<u>174,479</u>

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

	Balance Beginning of the Period	Booked for the Period	Released During the Period	Balance ending of the period
	JD	JD	JD	JD
Accrued expense for the Insurance Administration	4,924	87,982	80,243	12,663
End of service indemnity	21,865	13,626	-	35,491
Accrued bonuses	147,690	97,500	147,690	97,500
	<u>174,479</u>	<u>199,108</u>	<u>227,933</u>	<u>145,654</u>

15. Income Tax

The Movement on the income tax provision is as follows:

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance - beginning of the period / year	479,762	296,344
Income tax paid	(568,498)	(364,782)
Income tax expense for the period / year	276,626	536,179
National contribution fees	24,776	47,177
Tax paid on deposit interest	(27,267)	(35,156)
Balance - End of the Period / Year	<u>185,399</u>	<u>479,762</u>

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

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
	JD	JD
Income tax for the period profit	276,626	355,600
Accrued income tax from prior years	-	8,023
	<u>276,626</u>	<u>363,623</u>
Deferred tax assets	(29,543)	(69,740)
	<u>247,083</u>	<u>293,883</u>

- 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 2019 and 2020, these returns have not been reviewed by the Sales and Income Tax Department so far.

16. Financial Assets Valuation Reserve - Net

This item consists of the following:

	For the Nine Months Ended September 31, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance - beginning of the period / year	(898,691)	(611,881)
Change during the period / year	295,009	(387,580)
Transferred from deferred tax assets	183,662	100,770
Net change during the period / year	478,671	(286,810)
Balance - End of Period / Year	(420,020)	(898,691)

17. Bonds Interest

This item consists of the following:

	For the Nine Months Ended September 30,	
	2021	2020
	JD	JD
Local Bond Interest	41,250	-
Foreign Bond Interest	184,110	-
	225,360	-

18. Gain from Financial Assets and Investments

This item consists of the following:

	For the Nine Months Ended September 30,	
	2021	2020
	JD	JD
Cash dividends (financial assets at fair value through other comprehensive income)	286,536	77,577
Rental income - net	(8,437)	75,389
Net change in financial assets fair value through income statement	(10,116)	(17,733)
	267,983	135,233

19. Expected credit losses

This item consists of the following:

	For the Nine Months Period Ended September 30,	
	2021	2020
	JD	JD
Account receivables	100,000	348,000
Loan bonds	-	2,000
	100,000	350,000

20. 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 Nine Months Period Ended September 30,	
	2021	2020
	JD	JD
Income for the period	953,864	1,063,823
Weighted average number shares	8,000,000	8,000,000
Basic and diluted earnings per share-dinar	-/119	-/133

21. Cash and Cash Equivalent

The details of this item are as follows:

	September 30, 2021	December 31, 2020
	JD	JD
Cash on hand	6,063	2,965
Deposits at banks maturing within three months	1,890,000	2,445,074
Current accounts at banks	265,306	3,483,152
<u>Less: Restricted deposits</u>	<u>(900,000)</u>	<u>(625,000)</u>
	<u>1,261,369</u>	<u>5,306,191</u>

22. Transactions with Related Parties

- The Company entered transactions with major shareholders, members of the Board of Directors, and executive management within its regular activities.
- The following is a summary of the transactions with related parties:

	September 30, 2021	December 31, 2020
	JD	JD
<u>Statement of Financial Position Items:</u>		
<u>Accounts receivable:</u>		
Jordan Projects for Tourism Development *	408,581	265,397
Jordan Paper and Cardboard Company * / **	387,627	387,627
Modern Arab Distribution Company Ltd *	468,174	184,941
Yousef Nader & Sons Company *	157,842	95,797
The specialized company for trade services	-	120,744
General Investment Company *	164,143	107,185
Abu Jaber Brothers Company *	105,130	9,313
Board of Directors and Shareholders Receivables	9,695	7,233
Communication Development Company *	7,233	12,772
Saed Abu Jaber and Sons Company	19,653	4,655
Al Awael Distribution and General Trading Company	9,346	6,136
Arabian Italian Trading Company	8,927	-
Specialized Distributors For Consumer Goods Company	33,369	30,811
Bidfood Service Middle East- Jordan Company	10,597	6,695
Jordan Distribution Company and Agencies *	18,926	14,498
Al-Yadouda Trading Company *	2,113	3,695
Aqaba Packaging company-Aqaba Special Economic Zone	-	3,095
Jordan Spectrum for Information Technology Company	4,802	4,800
Al-Madar international investment company	2,633	-
	<u>1,818,791</u>	<u>1,265,394</u>
	September 30, 2021	December 31, 2020
	JD	JD
<u>Checks under Collection:</u>		
Jordan Projects for Tourism Development Company *	47,605	190,419
Orient Insurance Company *	-	92,803
Ayoubi Furniture Factory metal*	5,000	-
	<u>52,605</u>	<u>283,222</u>

	September 30, 2021	December 31, 2020
<u>Accounts Payable:</u>	JD	JD
Marina Plaza Hotel	169	169
The specialized company for trade services	286	-
Modern Arab Distribution Company	-	286
Board of Directors and Shareholders Receivables	9,935	441
Al-Ayoubi Factory for metal Furniture *	373	22,555
	<u>10,763</u>	<u>23,451</u>

	For the Nine Months Ended September 30,	
	2021	2020
<u>Income Statement Items:</u>	JD	JD
Revenues and commissions on underwritten installments	890,123	914,730
Paid claim	404,235	463,619
Rental income	47,500	184,625

* Company partially owned by a member of Board of Directors.

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

	For the Nine Months Ended September 30	
	2021	2020
<u>Description</u>	JD	JD
Salaries and other benefits	<u>571,995</u>	<u>598,568</u>

23. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 4,147,245 as of September 30, 2021. In the opinion of the Company's management and its lawyer, no additional liabilities in excess of the provisions booked within the claims reserve.

There are lawsuits by the Company against others. The total estimated cases amounted to about JD 4,288,793 as of September 30, 2021.

24. Contingent Liabilities

As of the date of the statement of financial position, the Company was contingently liable for bank guarantees of JD 281,952 and cash collaterals for letters of credit of JD 1,440.

25. 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 revenue and capital expenditures according to geographical sector:

	Inside Jordan					
	For the Nine Months					
	Ended September 30,					
	2021	2020				
	JD	JD				
Earned premiums revenue	10,259,305	12,171,488				
Interest revenue	248,618	349,673				
Investment revenue	267,983	135,223				
Other revenues	13,127	583				
Capital expenditures	307,396	294,642				

	Inside Jordan		Outside Jordan		Total	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	JD	JD	JD	JD	JD	JD
	37,480,053	40,574,992	3,599,505	788,330	41,079,558	41,363,322

- 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.

26. Dividend Distribution

On April 12, 2021, the company's general assembly approved the recommendation of the company's board of directors at its meeting held on January 24, 2021, to distribute profits of JD 800,000, or 10% of the nominal value of profits related to the year 2020.

27. Coronavirus (COVID-19) pandemic effect

The management has taken into consideration the impact of the COVID-19 virus and its unique circumstances and studied the risks of exposures to the company, as well as assessing the expected effects on the company's business and operations in order to review and evaluate the potential risks arising from this event. However, the company's management is constantly monitoring the impact of this event and its impact on the company's continuity. Including its adequacy and adequacy of its capital, it also evaluated its impact on management estimates used, including the expected credit loss model for related financial assets, valuation of investments, debt and equity instruments, evaluation the indicators of impairment of tangible assets and the reasonableness of the inputs used for this purpose in the financial statements as of December 31, 2020, and there was no modification to the interim condensed financial information for the period ended on September 30, 2021.

28. Fair Value Levels

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial 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 methods and used inputs).

Financial Assets / Financial Liabilities	Fair Value		Fair Value Levels	Valuation Methods and used Inputs	Important Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	September 30, 2021	December 31, 2020				
	JD	JD				
Financial Assets at Fair Value Through Income Statement						
Shares with available market prices	141,240	151,356	Level One	Stated Rates in financial markets	Not Applicable	Not Applicable
	141,240	151,356				
Financial Assets at Fair Value through statement of Comprehensive Income						
Shares without market prices	195,940	195,940				
Shares with available market prices	5,098,115	4,435,776				
	5,294,055	4,631,716				

B. Fair value of financial assets and financial 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 book value of financial assets and liabilities shown in the condensed interim financial statements 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 financial period.

	September 30, 2021		December 31, 2020		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets without specific at fair value					
Deposits at banks	8,107,802	8,282,462	9,449,992	9,631,738	Level 2
Real-estate investment	4,796,030	7,558,758	4,860,268	7,558,758	Level 2
Total financial assets without specific at fair value	12,903,832	15,841,220	14,310,260	17,190,496	

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

29. Approval of the Condensed Interim Financial Information

The accompanying condensed interim financial information was approved by the Board of Directors on October 24, 2021.