

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2021 TOGETHER
WITH THE REVIEW REPORT

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
MARCH 31, 2021

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Review Report

AM/001586

To the Chairman and Board of Directors Members
Arabia Insurance Company - Jordan
(A Public Shareholding Limited Company)
Amman – 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 March 31, 2021 and the related condensed interim statements of Profit or Loss and comprehensive income, and changes in shareholders' equity and cash flows for the three -month period then ended, 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 Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Conclusion

Based on our review, nothing has come to our attention that the accompanying condensed interim financial information are not prepared in accordance with International Accounting Standard No. (34) relating to Interim Financial Reporting.

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
April 29, 2021


Deloitte & Touche (M.E.) – Jordan

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

<u>ASSETS</u>	Note	March 31, 2021 Reviewed not) (Audited) JD	December 31, 2020 (Audited) JD
Deposits at banks	4	9,397,468	9,053,040
Financial assets at fair value through statement of profit or loss	20	1,500,018	1,362,569
Financial assets at fair value through other comprehensive income	20	1,792,071	1,749,750
Financial assets at amortized cost -net	20	916,797	1,131,314
Investment property	20	2,056,813	2,070,133
Life policyholders' loans		13,978	13,978
Total Investments		<u>15,677,145</u>	<u>15,380,784</u>
Cash on hand and at banks		416,645	1,155,240
Cheques under collection	5	947,515	863,958
Accounts receivable - net	6	4,147,306	2,954,861
Insurance and Re-insurance companies' receivable- debit	7	2,581,253	1,953,487
Deferred Tax Assets	8/d	1,015,397	1,065,767
Property and equipment - net		2,244,415	2,267,275
Intangible assets - net		109,609	113,418
Other assets		2,488,780	2,475,064
TOTAL ASSETS		<u>29,628,065</u>	<u>28,229,854</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES:</u>			
Unearned premiums reserve - net		6,704,842	5,520,642
Claims reserve - net		6,208,129	6,126,360
Mathematical reserve - net		554,571	554,571
Total Insurance Contracts Liabilities		<u>13,467,542</u>	<u>12,201,573</u>
Accounts payable	9	1,495,594	1,755,529
Accrued expenses		17,520	19,438
Insurance and Re-insurance companies' payable-credit	10	3,063,368	2,708,174
Income Tax Provision	8/a	41,319	54,225
End-of-services Indemnity provision		18,446	31,226
Deferred tax liabilities	8/d	550,934	558,010
Other liabilities		162,879	211,354
TOTAL LIABILITIES		<u>18,817,602</u>	<u>17,539,529</u>
<u>SHAREHOLDERS' EQUITY:</u>			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,381,765	1,381,765
Voluntary reserve		174,717	174,717
Investments valuation reserve - net after tax	11	(636,103)	(667,420)
Retained earnings		1,801,263	1,801,263
Profit for the period		88,821	-
Total Shareholder's Equity		<u>10,810,463</u>	<u>10,690,325</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>29,628,065</u>	<u>28,229,854</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
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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED NOT AUDITED)

		For the Three-Months Period Ended March 31,	
	Note	2021 JD	2020 JD
<u>Revenue</u>			
Gross written premiums		7,261,388	6,243,507
<u>Less:</u> Re-insurers' share		3,123,027	3,104,479
Net Written Premiums		4,138,361	3,139,028
Net change in unearned premiums provision		(1,184,200)	48,369
Net Written Premiums Revenue		2,954,161	3,187,397
Commissions revenue		281,885	223,685
Insurance policies and issuance fees		237,254	245,967
Interest income		109,154	125,795
Net gain / (loss) from financial assets and investments	12	161,732	(76,386)
Other revenue - net		46,600	37,235
Total Revenue		3,790,786	3,743,693
<u>Claims, Losses and Expenses</u>			
Paid claims		4,058,981	5,061,455
<u>Add:</u> Matured and settled policies		13,625	6,253
<u>Less:</u> Recoveries		352,795	333,271
Re-insurers' share		1,218,891	1,544,239
Net Paid Claims		2,500,920	3,190,198
Net change in claims provision		108,984	(472,683)
Allocated employees' expenses		286,402	291,311
Allocated general and administrative expenses		107,940	139,247
Excess of loss premiums		58,477	60,691
Policies acquisition cost		398,795	337,422
Other expenses related to underwriting		84,347	83,356
Net Claims Costs		3,545,865	3,629,542
Unallocated employees' expenses		71,602	72,828
Unallocated general and administrative expenses		26,986	34,812
(Surplus) in provision for expected credit losses		(1,951)	-
Depreciation of property and equipments		28,254	38,908
Total Expenses		124,891	146,548
Profit for the period before Tax		120,030	(32,397)
<u>Less:</u> Income tax expense / tax benefits	8/b	(31,209)	7,807
Profit for the Period		88,821	(24,590)
Earnings per Share for the Period	13	0/011	(0/003)

Chairman of the Board of Directors

General Manager

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ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

		<u>For the Three-Months Period Ended March 31,</u>	
	<u>Note</u>	<u>2021</u>	<u>2020</u>
		JD	JD
Profit for the period		88,821	(24,590)
Other Comprehensive Income Items:			
Items not subsequently transferable to condensed interim statement of income:			
Net change in investment valuation reserve	11	<u>31,317</u>	<u>(99,134)</u>
Total Comprehensive Income		<u><u>120,138</u></u>	<u><u>(123,724)</u></u>

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ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED NOT AUDITED)

	Note	Authorized and Paid - up Capital	Statutory Reserve	Voluntary Reserve	Investment Revaluation Reserve	Retained Earnings	Income for the period	Total
<u>For the Three Months Period Ended March 31, 2021 (Reviewed)</u>								
		JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the period (Audited)		8,000,000	1,381,765	174,717	(667,420)	1,801,263	-	10,690,325
Total Comprehensive Income		-	-	-	31,317	-	88,821	120,138
Balance - End of the Period		<u>8,000,000</u>	<u>1,381,765</u>	<u>174,717</u>	<u>(636,103)</u>	<u>1,801,263</u>	<u>88,821</u>	<u>10,810,463</u>
<u>For the Three Month Period Ended March 31, 2020 (Reviewed)</u>								
Balance - beginning of the period (Audited)		8,000,000	1,296,344	174,717	(433,564)	1,266,509	-	10,304,006
Total Comprehensive Income		-	-	-	(99,134)	-	(24,590)	(123,724)
Transfer of Loss to retained earnings from sales of financial assets at fair value		-	-	-	-	-	-	-
through comprehensive income		-	-	-	2,303	(2,303)	-	-
Balance - End of the Period		<u>8,000,000</u>	<u>1,296,344</u>	<u>174,717</u>	<u>(530,395)</u>	<u>1,264,206</u>	<u>(24,590)</u>	<u>10,180,282</u>

- The retained earnings includes JD 154,770 as of March 31, 2021 representing the cumulative change in the fair value transferred to the retained earnings as a result of implementation IFRS 9 for the first time.
- The retained earnings includes JD 1,015,397 as of March 31, 2021 restricted against deferred tax assets (JD 1,065,767 as of December 31, 2020).
- The negative balance of the investments valuation reserve before tax effect is restricted according to the regulatory authority instructions .

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

		For the Three-Months Period Ended March 31,	
	Note	2021	2020
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before tax		120,030	(32,397)
Adjustments:			
Depreciation and amortization		28,254	38,908
Investments property depreciation	12	13,320	13,320
(Recovered from) provision for expected credit losses		(1,951)	-
Provision for end-of-service indemnity		3,500	188
(Gain) loss from valuation of financial assets at fair value through profit or loss	12	(137,448)	85,932
Net change of unearned premiums reserve		1,184,200	(48,369)
Net change in claims provision		<u>108,984</u>	<u>(472,683)</u>
Net Cash Flows From (used in) Operating Activities before Changes in working capital items		1,318,889	(415,101)
(Increase) decrease in Current Assets:			
Financial assets at fair value through profit or loss		(137,449)	25,750
Financial assets at fair value through other comprehensive income		(42,321)	133,152
Cheques under collection		(83,557)	536,525
Accounts receivable		(1,192,445)	(1,590,098)
Companies and re-insurance receivable - debit		(627,766)	615,383
Other assets		(40,937)	22,441
Increase (decrease) in Current Liabilities:			
Accounts payable		(259,935)	441,869
Accrued expenses		(1,918)	12,143
Companies and re-insurance payable - credit		355,194	352,584
Other liabilities		<u>(48,475)</u>	<u>80,142</u>
Net Cash Flows (used in) from Operating Activities before taxes paid		(760,720)	214,790
Income tax paid	8/a	(11,825)	(9,519)
Paid End of service indemnity		<u>(16,280)</u>	<u>-</u>
Net Cash Flows (used in) from Operating Activities		<u>(788,825)</u>	<u>205,271</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks (maturing after three months)		622,091	2,611,217
Financial assets at amortized cost		216,468	-
(Purchase) of property and equipment		(1,585)	(3,829)
Proceeds from sale of financial assets through the statement of comprehensive income		<u>-</u>	<u>10,000</u>
Net Cash Flows from Investing Activities		<u>836,974</u>	<u>2,617,388</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends		<u>-</u>	<u>-</u>
Net Cash Flows (used in) Financing Activities		<u>-</u>	<u>-</u>
Net Increase in Cash		48,149	2,822,659
Cash and cash equivalents - beginning of the year		<u>5,478,202</u>	<u>2,790,379</u>
Cash and Cash Equivalents - End of the Period	14	<u><u>5,526,351</u></u>	<u><u>5,613,038</u></u>

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

1. General

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

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

- b. Pursuant to the resolution of the General Assembly for the shareholders on April 30, 2012, the name of the company was changed on May 31, 2012 to "Arabia Insurance Company - Jordan" instead of "General Arabia Insurance Company".
- c. Arabia Insurance Company - Jordan is 51% owned by Arabia Company (Holding Company - Lebanon).
- d. The accompanying condensed interim financial statements were approved by the Board of Directors at its meeting held on April 28, 2021.

2. Significant accounting policies

Basis of preparation of the condensed interim financial statements

- The interim condensed financial statements of the Company for the three-month period ended March 31, 2021 have been prepared in accordance with International Accounting Standard (IAS) No. 34 (Interim Financial Reporting); as well as the forms prescribed by the Insurance Management.
- The interim condensed financial statements have been prepared according to the historical cost convention except for financial assets and financial liabilities stated at fair value at the date of the interim condensed financial statements.
- The interim condensed financial statements are reported in Jordanian Dinars, which is the Company's functional currency.
- The condensed interim financial statements do not include all the information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report as of December 31, 2020. Moreover, the results for the three-month period ended March 31, 2021 do not necessarily provide an indication of the expected results of operations for the year ending December 31, 2021. The Company's profits for the three-month period ended March 31, 2021 have not been appropriated; as such appropriations will be made at the end of the year.

Significant Accounting Policies

The accounting policies used in the preparation of the condensed interim financial statements ended on March 31, 2021 are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020. However, the Company has adopted the following amendments and interpretations that apply for the first time in 2021 and have not affected the amounts and disclosures in the condensed interim financial statements for the period and prior years, which might have an impact on the accounting treatment of future transactions and arrangements:

Interest Rate Benchmark Reform - Phase 2 amendments

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 the Company 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.

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

3. Significant accounting Estimates and key sources of uncertainty estimates

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

We believe that our used estimates for the preparation of the interim condensed financial information are reasonable and consistent with the estimates approved for the preparation of the financial statements for the year 2020.

4. Deposits at banks

This item consists of the following:

	March 31, 2021				December 31, 2020
	Deposits Maturing Within One Month	Deposits Maturing Within Three Months	Deposits Maturing after Three Months	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	2,884,706	2,225,000	4,300,000	9,409,706	9,065,278
Expected credit losses *	(3,346)	(2,498)	(6,394)	(12,238)	(12,238)
	<u>2,881,360</u>	<u>2,222,502</u>	<u>4,293,606</u>	<u>9,397,468</u>	<u>9,053,040</u>

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

	For the Three- Month Period Ended March 31, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance at the Beginning of the Period/ Year	12,238	10,817
<u>Add:</u> Additions during the period / year	-	1,421
Balance at the End of the Period / Year	<u>12,238</u>	<u>12,238</u>

- Interest rates on Bank deposits denominated in Jordanian Dinar range from 3.75% to 4.5% during the period in the year 2021.
- Deposits collateralized to the order of the General Manager of the Insurance Commission in addition to his position amounted to JD 325,000 as of March 31, 2021 and December 31, 2020 at Jordan Ahli Bank and it's realized matures after three months.
- There are no restricted balances except for deposits mortgaged to the order of the General Manager of the Insurance Commission in addition to his position.
- Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of Jordan and central banks of the respective countries which the Company owns bank balances in it. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. Taking into account the historical default experience and the current credit ratings of the bank.

5. Cheques under Collection

This item consists of the following:

	March 31, 2021	December 31, 2020
	JD	JD
Cheques under collection*	956,242	872,685
Expected credit losses **	<u>(8,727)</u>	<u>(8,727)</u>
	<u>947,515</u>	<u>863,958</u>

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

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

	For the Three- Month Period Ended March 31, 2021	For Year Ended December 31, 2020
	JD	JD
Balance at the Beginning of the Period/ Year	8,727	92,764
<u>Add:</u> Additions during the period / year	-	-
<u>Less:</u> (Recovered) during the period / year	-	(84,037)
Balance at the End of the Period / Year	<u>8,727</u>	<u>8,727</u>

6. Accounts Receivable - net

This item consists of the following:

	March 31, 2021	December 31, 2020
	JD	JD
Undue receivables	3,571,639	2,053,857
Policyholders receivable	1,291,607	1,608,517
Brokers receivable	-	755
Employees receivable	498	761
Customers and legal cases receivables *	424,852	432,261
	5,288,596	4,096,151
<u>Less: Expected credit losses **</u>	<u>(1,141,290)</u>	<u>(1,141,290)</u>
Receivables – net	<u>4,147,306</u>	<u>2,954,861</u>

* This item includes receivables for customers that the Company raised lawsuits against them noting that the Company booked full provision against these lawsuits.

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

	For the Three- Month Period Ended March 31, 2021	For Year Ended December 31, 2020
	JD	JD
Balance at the Beginning of the Period / Year	1,141,290	1,241,290
<u>Add: additions during the period / Year</u>	<u>-</u>	<u>-</u>
<u>(Released) during the year</u>	<u>-</u>	<u>(100,000)</u>
Balance at the End of the Period / Year	<u>1,141,290</u>	<u>1,141,290</u>

7. Insurance and Reinsurance Companies' Receivable - Debit

This item consists of the following:

	March 31, 2021	December 31, 2020
	JD	JD
Local insurance companies	1,695,583	721,595
Foreign re-insurance companies	1,050,828	1,397,050
	2,746,411	2,118,645
<u>Less: Expected credit losses *</u>	<u>(165,158)</u>	<u>(165,158)</u>
Net of re-insurance Accounts	<u>2,581,253</u>	<u>1,953,487</u>

* Movement on the expected credit losses is as follows:

	For the Three Month Period Ended March 31, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance at the Beginning of the Period / Year	165,158	215,158
<u>Recovered during the period / Year</u>	<u>-</u>	<u>(50,000)</u>
Balance at the End of the Period / Year	<u>165,158</u>	<u>165,158</u>

8. Income Tax

a. Income tax provision

- Movement on the income tax provision is as follows:

	For the Three month Period Ended March 31, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance at the Beginning of the Period / Year	(54,225)	99,456
Income tax paid on bank interest	4,911	32,192
Income tax paid for the period / year	6,914	23,225
Surplus in income tax for the period / year	1,081	(150,507)
Income Tax (expense) for previous years	-	(68,869)
Released from deferred tax	-	10,278
Balance at the End of the Period / Year – debit*	<u>(41,319)</u>	<u>(54,225)</u>

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

	For the Three-Month Period Ended March 31,	
	2021	2020
	JD	JD
Surplus in income tax expense accrued on the profits of the period	1,081	-
Deferred tax assets impact	(39,366)	94,295
Deferred tax liabilities impact	<u>7,076</u>	<u>(86,488)</u>
Income Tax for the Period	<u>(31,209)</u>	<u>(7,807)</u>

- The income tax for the company has been settled up to the end of the year 2018. Moreover, the yearly income statement for the income tax for 2019 was submitted, and the resulting amounts were paid on time and they have not been reviewed yet from the Income and Sales Tax Department.
- An Income tax provision had been calculated and booked for the three-month period ended March 31, 2021 in compliance with Jordan Income Tax Law. In the opinion of management and its tax consultant, the Company will not have any liabilities greater than the provision booked at March 31, 2021.

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

	For the three-Month Period Ended March 31, 2021		For the Year Ended December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the Beginning of the Period / Year	1,065,767	558,010	1,005,911	557,687
Added	1,110	-	174,048	323
Released	<u>(51,480)</u>	<u>(7,076)</u>	<u>(114,192)</u>	<u>-</u>
Ending Balance for the Period / Year	<u>1,015,397</u>	<u>550,934</u>	<u>1,065,767</u>	<u>558,010</u>

d. Deferred Tax Assets / Liabilities

The details of this item are as follow:

Accounts included	For the Three-Month Period Ended March 31, 2021					For the Year Period Ended December 31, 2020
	Balance – Beginning of the Period	Released/Paid Amounts	Addition Amounts	Balance – End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
<u>A.Deferred Tax Assets</u>						
Expected credit losses	1,480,335	1,951	-	1,478,384	384,380	384,887
IBNR provision	1,384,030	-	775	1,384,805	360,049	359,848
End-of-service provision	30,279	16,279	3,500	17,500	4,550	7,873
Various provision	946	-	-	946	245	245
Reserve of valuation on financial assets through other comprehensive income (loss)	901,916	42,320	-	859,596	223,494	234,498
Losses from valuation of financial assets through statement of profit or loss	301,599	137,448	-	164,151	42,679	78,416
	<u>4,099,105</u>	<u>197,998</u>	<u>4,275</u>	<u>3,905,382</u>	<u>1,015,397</u>	<u>1,065,767</u>
<u>B.Deferred Tax Liabilities *</u>						
Claims recoveries	2,146,194	27,218	-	2,118,976	550,934	558,010
	<u>2,146,194</u>	<u>27,218</u>	<u>-</u>	<u>2,118,976</u>	<u>550,934</u>	<u>558,010</u>

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

9. Accounts Payable

This item consists of the following:

	March 31, 2021	December 31, 2020
	JD	JD
Agents payable	74,523	89,016
Employees payable	4,662	9,612
Brokers payable	488,150	481,125
Clients payable	494,700	713,775
Medical payable	657	455
Suppliers payable*	432,902	461,546
	<u>1,495,594</u>	<u>1,755,529</u>

- * This item includes an amount of JD 342,846 as of March 31, 2021 for the Medical Expenses Management Company (JD 303,852 as of December 31, 2020).

10. Insurance and Re-insurance Companies Payables – credit

This item consists of the following:

	March 31, 2021	December 31, 2020
	JD	JD
Local insurance companies	84,041	103,734
Foreign re-insurance companies	1,804,682	1,432,096
Re-insurers' deposits	1,174,645	1,172,344
	<u>3,063,368</u>	<u>2,708,174</u>

11. Investment Valuation Reserve – net after tax

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

The details of this item are as follows:

	March 31, 2021	December 31, 2020
	JD	JD
Balance at the beginning of the Period /Year	(667,420)	(433,564)
Net Changes in Investment valuation reserve	31,317	(236,161)
Transfer of losses (profits) from the sale of financial assets at fair value through the statement of comprehensive income to retained earnings	-	2,305
Balance – End of Period / Year	(636,103)	(667,420)

12. Net Gain / (Loss) from Financial Assets and Investments

This item consists of the following:

	For the Three-Month Period Ended March 31,	
	2021	2020
	JD	JD
Dividends revenue from financial assets at fair value through statement of profit or loss	4,199	-
Dividends revenue from financial assets at fair value through statement of other comprehensive income	10,718	1,906
Net change in fair value of financial assets at fair value through statement of profit or loss	137,448	(85,932)
Investment property depreciation	(13,320)	(13,320)
Returns on Property investments rent	18,685	20,960
Other Revenue	4,002	-
	161,732	(76,386)

13. Earnings per Share for the Period

Earnings per share is calculated by dividing the profit for the period by the number shares.

The details are as follows:

	For the Three Month Period Ended March 31,	
	2021	2020
	JD	JD
Profit for the period	88,821	(24,590)
Number of shares	8,000,000	8,000,000
Earnings per Share for the Period	0/011	(0/003)

14. Cash and Cash Equivalents

The details of this item are as follows:

	March 31,	
	2021	2020
	JD	JD
Cash on hand and at banks	416,645	614,333
Deposits at banks maturing within three months	5,109,706	4,998,705
	5,526,351	5,613,038

15. Transactions with Related Parties

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

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

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

	Major Shareholders	Board Members	Top Executive Management	Total	
				March 31, 2021	December 31, 2020
Items included in the interim condensed statement of financial position:	JD	JD	JD	JD	JD
Accounts receivable	15,103	169,119	-	184,222	77,515
Provision for expected credit loss	-	58,469	-	58,469	58,469
Accounts payable	-	114,974	-	114,974	273,555
				For the Three-Month Period Ended March 31,	
				2021	2020
				JD	JD
Items included in the interim condensed statement of profit or loss:					
Underwriting Premiums	43,014	92,675	254	135,943	520,794
Compensations	-	275,584	635	276,219	412,319
Salaries and Rewards	-	-	65,130	65,130	65,280
Travel and Transportation	-	6,150	150	6,300	6,626

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

	March 31,	
	2021	2020
	JD	JD
Salaries, rewards and other benefits	65,280	65,391
Rewards, transportation, and accommodation allowances for members of the board	6,150	6,515
	<u>71,430</u>	<u>71,906</u>

16. Segment Analysis

a. Information about the Company's business sectors:

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

b. Geographical Distribution Information

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

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

	Inside Jordan		Outside Jordan		Total	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	JD	JD	JD	JD	JD	JD
Total Assets	28,494,959	26,832,804	1,133,106	1,397,050	29,628,065	28,229,854
	For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Total Revenue	3,530,620	3,538,070	260,166	205,623	3,790,786	3,743,693
Capital expenditures	1,585	3,829	-	-	-	3,829

17. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. The lawsuits at courts with determined amounts totaled JD 609,550 as at March 31, 2021 (JD 675,052 as at December 31, 2020). The Company has taken sufficient provisions to meet any obligations in respect of these cases. Based on the foregoing, in the opinion of the Company's management and its lawyer, the Company will not incur obligations in excess of the provision within the net claims provision. Moreover, the lawsuits against others around to JD 1,902,434 million as at March 31, 2021 and December 31, 2020.

18. Contingent Liabilities

There are commitments by the Company against bank guarantees of JD 634,801 as of March 31, 2021 (bank guarantees amounting to JD 634,800 as of December 31, 2020).

19. Approval of interim condensed financial information

These interim condensed financial information were approved by the Board of Directors and authorized for issuance on April 28, 2021.

20. Fair Value Hierarchy

a. Fair value financial assets measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of the financial period. The following table shows how the fair value of these financial assets is determined. (valuation techniques and key input).

Financial Assets	Fair Value		Fair Value Level	Methods of evaluation and inputs used	Significant Intangible Inputs	Relationship between significant intangibles inputs and fair value
	March 31, 2021	December, 31 2021				
	JD	JD				
Financial assets at fair value through statement of profit or loss:						
Quoted shares	<u>1,500,018</u>	<u>1,362,569</u>	Level 1	As Stock Market	Not Applied	Not Applied
Financial Assets at fair value through comprehensive income:						
Quoted shares	1,742,071	1,699,750	Level 1	As Stock Market	Not Applied	Not Applied
Unquoted shares	<u>50,000</u>	<u>50,000</u>	Level 2	At Cost	Not Applied	Not Applied
	<u>1,792,071</u>	<u>1,749,750</u>				
Total Financial Assets at Fair Value	<u>3,292,089</u>	<u>3,112,319</u>				

There were no transfers between Level 1 and Level 2 during the first three month of the year 2021 and during the year 2020.

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.

	March 31, 2021		December 31, 2020		Fair value level
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not determined at fair value					
Deposits at banks	9,397,468	9,409,706	9,053,040	9,065,278	Level 2
Financial assets at Amortized cost-net	916,797	928,673	1,131,314	1,226,224	Level 2
Property investment	2,056,813	2,423,878	2,070,133	2,423,878	Level 2
Total Financial assets not determined at fair value	<u>12,371,078</u>	<u>12,762,257</u>	<u>12,254,487</u>	<u>12,715,380</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.

21. Impact of Coronavirus (Covid-19)

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 evaluated the expected impacts on the business and operations of the Company in order to review and evaluate the potential risks arising from this event. The Company's management continuously monitors the impact of this event and its impact on the continuity of the company. Including its suitability and the adequacy of its capital, it also evaluated its impact on the management's estimates used, including the expected credit loss model for related financial assets, the evaluation of investments and debt instruments, shareholder rights, and the evaluation of indicators of low tangible assets and the reasonableness of the inputs used for this purpose in the financial statements as on December 31, 2020. There is any amendment to the interim condensed financial statements for the period ended on March 31, 2021.