

# **Al-Manara Insurance Company**

**Public Shareholding Company**

**Condensed Interim Consolidated Financial Statements (Unaudited)**

**30 September 2021**

**Al-Manara Insurance Company**  
**Public Shareholding Company**

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**Report on Review of the Condensed Interim Consolidated Financial Statements**

**To The Board of Directors  
Al-Manara Insurance Company  
Public Shareholding Company  
Amman – Jordan**

**Introduction**

We have reviewed the accompanying condensed interim consolidated financial statements of **Al-Manara Insurance Company (PSC)** comprising the condensed interim consolidated statement of financial position as at 30 September 2021 and the related condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard number (34) Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements number (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim consolidated 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 causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard number (34) Interim Financial Reporting.

**Emphasis of a Matter**

The condensed interim consolidated financial statements as at 30 September 2020 have been reviewed by another auditor who issued unmodified conclusion on 21 October 2020.

26 October 2021  
Amman – Jordan



**Arab Professionals**  
**Ibrahim Hammoudeh**  
License No. (606)

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Condensed interim consolidated statement of financial position as at 30 September 2021**  
**(In Jordanian Dinar)**

	Notes	30 September 2021 (Unaudited)	31 December 2020 (Audited)
<b>Assets</b>			
<b>Investments</b>			
Bank deposits	3	8,453,059	7,248,580
Financial assets at fair value through other comprehensive income	4	1,959,744	733,943
Financial assets measured at amortized cost	5	190,142	234,179
Investment properties		1,231,586	1,231,586
<b>Total Investments</b>		<b>11,834,531</b>	<b>9,448,288</b>
Cash on hand and at banks		878,733	1,052,642
Checks under collection		2,394,250	2,379,319
Accounts receivable – net	6	2,749,522	2,105,386
Reinsurers receivables – net	7	248,892	452,121
Deferred tax assets	10	1,092,827	1,092,827
Property and equipment – net		3,899,506	2,283,206
Other assets		836,195	398,841
<b>Total Assets</b>		<b>23,934,456</b>	<b>19,212,630</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Unearned premiums reserve – net		6,882,585	6,111,605
Outstanding claims reserve – net		4,646,657	3,565,554
<b>Total Technical Reserves</b>		<b>11,529,242</b>	<b>9,677,159</b>
Bank facilities		1,500,400	-
Accounts payable	8	691,217	1,003,504
Reinsurers payables	9	2,512,690	1,543,086
Other provisions		67,962	55,270
Income tax provision		27,785	27,380
Other liabilities		1,695,292	1,409,363
<b>Total Liabilities</b>		<b>18,024,588</b>	<b>13,715,762</b>
<b>Equity</b>			
Paid-in capital		5,600,000	5,484,803
Statutory reserve		234,243	234,243
Voluntary reserve		182,726	182,726
Shares discount		(69,118)	(290,882)
Cumulative change in fair value		(321,206)	(483,583)
Retained earnings		283,223	369,561
<b>Total Equity</b>		<b>5,909,868</b>	<b>5,496,868</b>
<b>Total Liabilities and Equity</b>		<b>23,934,456</b>	<b>19,212,630</b>

“The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report”

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Condensed interim consolidated statement of profit or loss for the**  
**nine months ended at 30 September 2021 (Unaudited)**  
**(In Jordanian Dinar)**

		For the three months ended		For the nine months ended	
	Note	30 September 2021	30 September 2020	30 September 2021	30 September 2020
<b>Revenues</b>					
Gross written premiums		4,576,941	4,094,435	14,406,717	10,661,005
Less: Reinsurers' share		1,006,427	518,636	3,682,718	2,339,463
Net written premiums		3,570,514	3,575,799	10,723,999	8,321,542
Net change in unearned premiums reserve		14,929	(1,533,070)	(770,980)	(2,937,413)
Net earned premiums		3,585,443	2,042,729	9,953,019	5,384,129
Commissions revenues		51,658	37,227	192,146	140,313
Insurance policies issuance fees		141,843	130,945	440,987	362,571
Other underwriting revenues		191,861	111,375	477,440	235,714
Interest income		98,641	83,587	213,600	193,941
(Losses) gains from financial assets and investments, net		16,839	(30,790)	(1,990)	(12,842)
Other revenues		1,565	375,583	2,039	375,583
<b>Total Revenues</b>		<b>4,087,850</b>	<b>2,750,656</b>	<b>11,277,241</b>	<b>6,679,409</b>
<b>Claims, losses and expenses</b>					
Paid claims		3,457,706	2,202,014	8,747,713	5,004,494
Less: Recoveries		301,383	60,236	696,515	451,136
Less: Reinsurers' share		597,710	695,629	1,351,757	1,121,724
Add : Reinsurers' share from recoveries		46,505	1,244	50,102	4,232
Net paid claims		2,605,118	1,447,393	6,749,543	3,435,866
Net change in claims reserve		216,751	(8,085)	1,081,104	(428,291)
Allocated employees expenses		263,549	164,577	852,974	647,412
Allocated administrative expenses		130,387	146,835	394,319	333,694
Excess of loss premiums		71,223	53,318	214,808	238,490
Policies acquisition costs		271,023	247,688	872,134	578,020
Other underwriting expenses		135,862	105,935	363,057	271,910
<b>Net Claims</b>		<b>3,693,913</b>	<b>2,157,661</b>	<b>10,527,939</b>	<b>5,077,101</b>
Unallocated employees expenses		65,888	53,403	213,243	174,112
Depreciation		22,735	21,447	64,481	64,696
Unallocated administrative expenses		32,597	39,773	98,580	86,488
Provision (unneeded) for expected credit loss-receivables and deposits		100,452	(69,504)	123,682	86,502
Provision for expected credit loss - financial assets at amortized cost		-	-	44,037	-
Other expenses		(5,330)	-	-	1,304
<b>Total Expenses</b>		<b>216,342</b>	<b>45,119</b>	<b>544,023</b>	<b>413,102</b>
Profit for the period before income tax		177,595	547,876	205,279	1,189,206
Income tax expense for the period		(538)	-	(735)	-
<b>Profit for the period</b>		<b>177,057</b>	<b>547,876</b>	<b>204,544</b>	<b>1,189,206</b>
<b>Basic and diluted earnings per share for the period</b>	11	<b>0.032</b>	<b>0.11</b>	<b>0.037</b>	<b>0.238</b>

"The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Condensed interim consolidated statement of comprehensive income for the**  
**nine months ended at 30 September 2021 (Unaudited)**  
**(In Jordanian Dinar)**

	For the three months ended		For the nine months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Profit for the period	177,057	547,876	204,544	1,189,206
<b>Other comprehensive income items:</b>				
Change in fair value of financial assets through other comprehensive income	(21,213)	(32,992)	162,377	30,459
<b>Total comprehensive income for the period</b>	<b>155,844</b>	<b>514,884</b>	<b>366,921</b>	<b>1,219,665</b>

“The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report”

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Condensed interim consolidated statement of changes in equity for the**  
**nine months ended at 30 September 2021 (Unaudited)**

(In Jordanian Dinar)

	<u>Paid-in Capital</u>	<u>Statutory Reserve</u>	<u>Voluntary Reserve</u>	<u>Shares Discount</u>	<u>Cumulative Change in Fair Value</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
<b>Balance at 1 January 2021</b>	5,484,803	234,243	182,726	(290,882)	(483,583)	369,561	5,496,868
Capital increase	115,197	-	-	(69,118)	-	-	46,079
Shares discount redemption	-	-	-	290,882	-	(290,882)	-
Total comprehensive income for the period	-	-	-	-	162,377	204,544	366,921
<b>Balance at 30 September 2021</b>	<u>5,600,000</u>	<u>234,243</u>	<u>182,726</u>	<u>(69,118)</u>	<u>(321,206)</u>	<u>283,223</u>	<u>5,909,868</u>
<b>Balance at 1 January 2020</b>	5,000,000	51,517	-	-	(512,340)	(1,042,302)	3,496,875
Total comprehensive income for the period	-	-	-	-	30,459	1,189,206	1,219,665
<b>Balance at 30 September 2020</b>	<u>5,000,000</u>	<u>51,517</u>	<u>-</u>	<u>-</u>	<u>(481,881)</u>	<u>146,904</u>	<u>4,716,540</u>

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**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Condensed interim consolidated statement of cash flows for the**  
**nine months ended at 30 September 2021 (Unaudited)**  
**(In Jordanian Dinar)**

	Note	30 September 2021	30 September 2020
<b>Operating Activities</b>			
Profit for the period before tax		205,279	1,189,206
Depreciation		64,481	64,696
Interest income		(213,600)	(193,941)
Provision for expected credit losses - deposits and receivables		123,682	(353,040)
Provision for expected credit losses - financial assets at amortized cost		44,037	-
Net change in unearned premiums reserve		770,980	2,937,413
Net change in claims reserve		1,081,104	(428,291)
<b>Changes in working capital</b>			
Checks under collection		(14,946)	(1,518,075)
Accounts receivable		(728,872)	(845,239)
Reinsurers receivables		165,504	1,084,338
Other assets		(437,354)	74,970
Accounts payable		(312,287)	(909,372)
Reinsurers payables		969,604	68,962
Other provisions		12,692	(3,536)
Other liabilities		285,598	434,135
<b>Net cash flows from operating activities</b>		<u>2,015,902</u>	<u>1,602,226</u>
<b>Investing Activities</b>			
Property and equipment		(1,680,781)	(99,778)
Financial assets at fair value through other comprehensive income		(1,063,424)	(206,820)
Received interest		213,600	193,941
Bank deposits mature after three months		(1,208,069)	(1,083,352)
<b>Net cash flows used in investing activities</b>		<u>(3,738,674)</u>	<u>(1,196,009)</u>
<b>Financing Activities</b>			
Capital increase		46,079	-
Bank facilities		1,500,400	-
<b>Net cash flows from financing activities</b>		<u>1,546,479</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>		(176,293)	406,217
Cash and cash equivalents, beginning of year		1,280,026	1,161,278
<b>Cash and cash equivalents, end of period</b>	12	<u>1,103,733</u>	<u>1,567,495</u>

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**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Interim statement of underwriting revenues for the general insurance for the nine months ended at 30 September 2021 (Unaudited)**  
**(In Jordanian Dinar)**

	Motors		Marine		Aviation		Fire and other properties damage		Liability		Medical		Others		Total	
	30 September		30 September		30 September		30 September		30 September		30 September		30 September		30 September	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Written Premiums:</b>																
Direct insurance	9,972,592	7,562,236	74,705	35,702	-	-	905,595	751,054	389,057	324,704	1,403,843	1,032,430	126,582	96,331	12,872,374	9,802,457
Facultative inward reinsurance	717,691	375,886	62,578	9,758	-	-	356,488	220,007	397,165	252,222	-	-	421	675	1,534,343	858,548
<b>Total premiums</b>	<b>10,690,283</b>	<b>7,938,122</b>	<b>137,283</b>	<b>45,460</b>	<b>-</b>	<b>-</b>	<b>1,262,083</b>	<b>971,061</b>	<b>786,222</b>	<b>576,926</b>	<b>1,403,843</b>	<b>1,032,430</b>	<b>127,003</b>	<b>97,006</b>	<b>14,406,717</b>	<b>10,661,005</b>
Less:																
Local reinsurance share	872,001	227,501	-	(40)	-	-	27,876	709	-	-	-	-	630	-	900,507	228,170
Foreign reinsurance share	-	-	119,308	36,713	-	-	1,170,264	904,054	743,710	511,276	697,719	609,026	51,210	50,224	2,782,211	2,111,293
<b>Net written premiums</b>	<b>9,818,282</b>	<b>7,710,621</b>	<b>17,975</b>	<b>8,787</b>	<b>-</b>	<b>-</b>	<b>63,943</b>	<b>66,298</b>	<b>42,512</b>	<b>65,650</b>	<b>706,124</b>	<b>423,404</b>	<b>75,163</b>	<b>46,782</b>	<b>10,723,999</b>	<b>8,321,542</b>
Add:																
Balance at beginning of the period																
Unearned premiums reserve	5,917,031	2,221,844	17,177	15,938	2,469	1,648	340,860	382,954	174,713	158,318	698,639	591,314	82,811	65,862	7,233,700	3,437,878
Less: Reinsurers' share	103,390	35,318	14,348	12,403	-	-	310,168	355,240	162,205	144,374	488,301	227,222	43,683	29,797	1,122,095	804,354
<b>Net beginning unearned premiums</b>	<b>5,813,641</b>	<b>2,186,526</b>	<b>2,829</b>	<b>3,535</b>	<b>2,469</b>	<b>1,648</b>	<b>30,692</b>	<b>27,714</b>	<b>12,508</b>	<b>13,944</b>	<b>210,338</b>	<b>364,092</b>	<b>39,128</b>	<b>36,065</b>	<b>6,111,605</b>	<b>2,633,524</b>
Less:																
Balance at end of the period																
Unearned premiums reserve	6,935,048	5,379,276	69,822	13,427	450	304	610,529	438,665	385,132	297,018	766,730	600,853	100,483	75,942	8,868,194	6,805,485
Less: Reinsurers' share	475,232	103,036	63,213	11,297	-	-	577,950	397,689	353,301	271,302	470,327	414,296	45,586	36,928	1,985,609	1,234,548
<b>Net ending unearned premiums</b>	<b>6,459,816</b>	<b>5,276,240</b>	<b>6,609</b>	<b>2,130</b>	<b>450</b>	<b>304</b>	<b>32,579</b>	<b>40,976</b>	<b>31,831</b>	<b>25,716</b>	<b>296,403</b>	<b>186,557</b>	<b>54,897</b>	<b>39,014</b>	<b>6,882,585</b>	<b>5,570,937</b>
<b>Net earned revenues from written premiums</b>	<b>9,172,107</b>	<b>4,620,907</b>	<b>14,195</b>	<b>10,192</b>	<b>2,019</b>	<b>1,344</b>	<b>62,056</b>	<b>53,036</b>	<b>23,189</b>	<b>53,878</b>	<b>620,059</b>	<b>600,939</b>	<b>59,394</b>	<b>43,833</b>	<b>9,953,019</b>	<b>5,384,129</b>

“The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report”

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Interim statement of claims cost for the general insurance for the nine months ended at 30 September 2021 (Unaudited)**  
**(In Jordanian Dinar)**

	Motors		Marine		Aviation		Fire and other properties damage		Liability		Medical		Others		Total	
	30 September		30 September		30 September		30 September		30 September		30 September		30 September		30 September	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Paid claims</b>	7,239,319	3,586,861	7,360	147,503	-	-	354,343	251,763	5,764	-	1,122,087	1,010,819	18,840	7,548	8,747,713	5,004,494
Less:																
Recoveries	536,413	378,490	800	743	-	-	49,006	3,086	2,626	-	107,170	68,817	500	-	696,515	451,136
Local reinsurers' share	274,020	275,429	-	-	-	-	337,263	253	-	-	-	-	-	-	611,283	275,682
Foreign reinsurers' share	-	-	5,343	147,353	-	-	-	233,232	2,294	-	723,143	461,811	9,694	3,646	740,474	846,042
Add : reinsurer's share from recoveries	-	-	607	743	-	-	48,495	3,489	1,000	-	-	-	-	-	50,102	4,232
<b>Net Paid Claims</b>	<b>6,428,886</b>	<b>2,932,942</b>	<b>1,824</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>16,569</b>	<b>18,681</b>	<b>1,844</b>	<b>-</b>	<b>291,774</b>	<b>480,191</b>	<b>8,646</b>	<b>3,902</b>	<b>6,749,543</b>	<b>3,435,866</b>
Add:																
Outstanding claims reserve at period end																
Reported claims	6,253,151	4,234,300	49,641	30,512	276,716	276,716	477,208	700,366	1,149,468	1,193,720	46,264	56,844	72,711	55,792	8,325,159	6,548,250
Incurred but not reported claims	850,700	876,460	5,600	5,100	-	-	6,500	17,000	4,500	4,500	22,449	17,727	2,469	553	892,218	921,340
Less: Reinsurers' share	786,518	534,832	35,432	22,254	276,716	276,716	461,072	675,975	1,139,468	1,183,720	48,322	37,125	21,617	21,600	2,769,145	2,752,222
Less: Recoveries	1,801,575	1,310,923	-	-	-	-	-	-	-	-	-	-	-	-	1,801,575	1,310,923
<b>Net outstanding claims reserve at period end</b>	<b>4,515,758</b>	<b>3,265,005</b>	<b>19,809</b>	<b>13,358</b>	<b>-</b>	<b>-</b>	<b>22,636</b>	<b>41,391</b>	<b>14,500</b>	<b>14,500</b>	<b>20,391</b>	<b>37,446</b>	<b>53,563</b>	<b>34,745</b>	<b>4,646,657</b>	<b>3,406,445</b>
Reported claims	3,665,058	2,388,545	14,209	8,258	-	-	16,136	24,391	10,000	10,000	(2,058)	29,152	51,094	34,192	3,754,439	2,494,538
Incurred but not reported claims	850,700	876,460	5,600	5,100	-	-	6,500	17,000	4,500	4,500	22,449	8,294	2,469	553	892,218	911,907
Less:																
Outstanding claims reserve at beginning of the period																
Reported claims	4,692,811	4,387,676	5,862	150,325	276,716	276,716	495,471	686,883	1,135,470	1,193,720	35,598	137,361	49,344	51,787	6,691,272	6,884,468
Incurred but not reported claims	850,700	876,460	5,600	5,600	-	-	6,500	17,000	4,500	4,500	31,077	18,451	2,469	553	900,846	922,564
Less: Reinsurers' share	537,179	580,778	4,851	148,666	276,716	276,716	476,457	669,756	1,125,470	1,183,720	46,569	20,288	14,612	21,206	2,481,854	2,901,130
Less: Recoveries	1,544,711	1,071,166	-	-	-	-	-	-	-	-	-	-	-	-	1,544,711	1,071,166
<b>Net outstanding claims reserve at beginning of the period</b>	<b>3,461,621</b>	<b>3,612,192</b>	<b>6,611</b>	<b>7,259</b>	<b>-</b>	<b>-</b>	<b>25,514</b>	<b>34,127</b>	<b>14,500</b>	<b>14,500</b>	<b>20,106</b>	<b>135,524</b>	<b>37,201</b>	<b>31,134</b>	<b>3,565,553</b>	<b>3,834,736</b>
<b>Net claims cost</b>	<b>7,483,023</b>	<b>2,585,755</b>	<b>15,022</b>	<b>6,249</b>	<b>-</b>	<b>-</b>	<b>13,691</b>	<b>25,945</b>	<b>1,844</b>	<b>-</b>	<b>292,059</b>	<b>382,113</b>	<b>25,008</b>	<b>7,513</b>	<b>7,830,647</b>	<b>3,007,575</b>

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**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Interim statement of underwriting profit for the general insurance for the nine months ended at 30 September 2021 (Unaudited)**  
**(In Jordanian Dinar)**

	Motors		Marine		Aviation		Fire and other properties damage		Liability		Medical		Others		Total	
	30 September		30 September		30 September		30 September		30 September		30 September		30 September		30 September	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Net earned revenues from written premiums</b>	9,172,107	4,620,907	14,195	10,192	2,019	1,344	62,056	53,036	23,189	53,878	620,059	600,939	59,394	43,833	9,953,019	5,384,129
Less:																
<b>Net claims cost</b>	7,483,023	2,585,755	15,022	6,249	-	-	13,691	25,945	1,844	-	292,059	382,113	25,008	7,513	7,830,647	3,007,575
	1,689,084	2,035,152	(827)	3,943	2,019	1,344	48,365	27,091	21,345	53,878	328,000	218,826	34,386	36,320	2,122,372	2,376,554
Add:																
Commissions revenues	10,000	-	28,220	10,976	-	-	115,539	97,378	31,784	24,607	-	-	6,603	7,352	192,146	140,313
Insurance policies issuance fees	278,224	246,176	4,598	2,935	-	-	51,033	44,447	29,533	12,984	52,718	48,813	24,881	7,216	440,987	362,571
Other underwriting revenues	477,440	235,714	-	-	-	-	-	-	-	-	-	-	-	-	477,440	235,714
<b>Total revenues</b>	<b>2,454,748</b>	<b>2,517,042</b>	<b>31,991</b>	<b>17,854</b>	<b>2,019</b>	<b>1,344</b>	<b>214,937</b>	<b>168,916</b>	<b>82,662</b>	<b>91,469</b>	<b>380,718</b>	<b>267,639</b>	<b>65,870</b>	<b>50,888</b>	<b>3,232,945</b>	<b>3,115,152</b>
Less:																
Policies acquisition costs	758,319	476,894	10,146	3,990	-	-	61,234	62,190	8,609	9,297	29,112	17,335	4,714	8,314	872,134	578,020
Excess of loss premiums	191,550	170,496	-	-	-	-	23,858	19,328	-	-	(600)	48,666	-	-	214,808	238,490
Allocated administrative expenses related to underwriting accounts	1,141,950	908,179	2,091	1,049	-	-	7,437	7,914	4,945	7,837	82,129	50,543	8,741	5,584	1,247,293	981,106
Other underwriting expenses	237,617	180,097	722	516	-	-	8,937	7,925	2,089	2,220	112,593	80,347	1,099	805	363,057	271,910
<b>Total expenses</b>	<b>2,329,436</b>	<b>1,735,666</b>	<b>12,959</b>	<b>5,555</b>	<b>-</b>	<b>-</b>	<b>101,466</b>	<b>97,357</b>	<b>15,643</b>	<b>19,354</b>	<b>223,234</b>	<b>196,891</b>	<b>14,554</b>	<b>14,703</b>	<b>2,697,292</b>	<b>2,069,526</b>
<b>Underwriting profit</b>	<b>125,312</b>	<b>781,376</b>	<b>19,032</b>	<b>12,299</b>	<b>2,019</b>	<b>1,344</b>	<b>113,471</b>	<b>71,559</b>	<b>67,019</b>	<b>72,115</b>	<b>157,484</b>	<b>70,748</b>	<b>51,316</b>	<b>36,185</b>	<b>535,653</b>	<b>1,045,626</b>

“The accompanying notes from (1) to (17) are an integral part of these condensed interim consolidated financial statements and read with review report”

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Notes to the condensed interim consolidated financial statements (Unaudited)**  
**30 September 2021**  
**(In Jordanian Dinar)**

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**1 . General**

**Al-Manara Insurance Company** (-Previously- Al Bihar Al Arabia for Insurance Company) was incorporated as a public shareholding company during the year 1974 with paid-in capital of JOD (150,000) divided equally into (150,000) shares with par value JOD (1) per share. There were several adjustments on the Company's capital which became JOD (5,600,000) per share. The Company is engaged in the insurance activities including motors, fire and other property damages, personal accidents, marine, transportation, aviation, liability, and medical. The Company's head office is in the Hashemite Kingdom of Jordan.

Company's shares are listed in Amman Stock Exchange.

The condensed interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 26 October 2021.

**2 . Summary of Significant Accounting Policies**

**Basis of Preparation**

The condensed interim consolidated financial statements of the company have been prepared in accordance with IAS number (34) Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for the financial assets, which have been measured at fair value.

The condensed interim consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the company.

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the period.

**Principles of Consolidation**

The condensed interim consolidated financial statements comprise of the financial statements of the Company and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

**Al-Manara Insurance Company PLC**  
**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**  
**30 September 2021**

The results of operations of the subsidiaries are consolidated in the statement of comprehensive income from the acquisition date which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are consolidated in the comprehensive income to the disposal date which is the date on which the Company loses control over the subsidiaries.

The following subsidiaries have been consolidated:

Company	Capital	Ownership	Establishment Country
Al Bihar Investment and Trading Company	79,503	100%	Jordan
Overseas for Investment in Real Estates Company	50,000	100%	Jordan
Abar for Investment and Real Estate Development Company	1,500	100%	Jordan

### **Business Sector**

The business sector represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which in measured based on the reports used by the top management of the Company.

The geographic sector relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

### **Use of Estimates**

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

- The financial period is charged with its related income tax in accordance with regulations.
- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of profit or loss.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to insurance administrations regulation and filed actuarial studies.
- A provision on lawsuits against the Company is made based on the Company's lawyers' studies in which contingent risk is determined; review of such study is performed periodically.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

### 3 . Bank Deposits

	30 September 2021			31 December 2020
	Deposits mature within (1) month	Deposits mature after (1) month till (3) months	Deposits mature after (3) months till (1) year	Total
Inside Jordan	-	225,000	8,236,521	7,255,836
Less: provision for expected credit losses - Deposits*	-	(225)	(8,237)	(7,256)
<b>Total</b>	<b>-</b>	<b>224,775</b>	<b>8,228,284</b>	<b>7,248,580</b>

\* The movement on the provision for expected credit losses / Deposits is as follow:

	30 September 2021	31 December 2020
Balance at beginning of the year	7,256	4,960
Provision for the period	1,206	2,296
<b>Balance at the end of the period</b>	<b>8,462</b>	<b>7,256</b>

- The annual interest rates on the deposits ranged between (%3) to (%4.25) during the nine months ended at 30 September 2021, (4.25% to 6.25%: 2020).
- Deposits pledged to the favor of the General Secretary of the Ministry of Industry, Trade and Supply amounted to JOD (225,000) as at 30 September 2021 and 2020.

### 4 . Financial Assets at Fair Value Through Other Comprehensive Income

	30 September 2021	31 December 2020
<b>Inside Jordan:</b>		
Investments in listed shares	1,575,148	349,347
Investments in unlisted shares	108,116	108,116
	<b>1,683,264</b>	<b>457,463</b>
<b>Outside Jordan:</b>		
Investments in unlisted shares	276,480	276,480
<b>Total</b>	<b>1,959,744</b>	<b>733,943</b>

5 . Financial Assets at Amortized Cost

	30 September 2021	31 December 2020
<b><u>Inside Jordan:</u></b>		
Arab Real Estate Development Company bonds – net *	-	-
	30 September 2021	31 December 2020
<b><u>Outside Jordan:</u></b>		
NCH.NAC (-previously-Global Kuwait bonds)**	190,142	234,179
AL Dar Investment bonds / Kuwait - net ***	-	-
	<b>190,142</b>	<b>234,179</b>
	<b>190,142</b>	<b>234,179</b>

\*Arab Real Estate Development Company bonds matured during the year 2011 but not yet collected, a provision for expected credit loss has been recorded for the full value of the bonds which amounted to JOD (500,000).

\*\* This item represents investment in bonds issued by Global Investment House - Kuwait (the main shareholder) with an amount of JOD (1) million with an annual interest rate of (7%), these bonds matured on 24 November 2013, the general assembly of bonds holders has resolved in its meeting held on 22 November 2012 to reschedule these bonds and they became to the favor of NAC company with an amount of JOD (750,000) and JOD (250,000) to the favor of NCH company, a provision for expected credit losses amounted to JOD (594,037) has been recorded against these bonds, NAC company has redeemed JOD (131,798) during the year 2015, JOD (6,330) during the year 2016, and JOD (9,230) during the year 2018, also NCH Company has redeemed JOD (68,463) during the year 2018.

	Bond's value	Redemption	Provision for expected credit losses	Total
<b><u>30 September 2021</u></b>				
NAC	750,000	(147,358)	(412,500)	190,142
NCH	250,000	(68,463)	(181,537)	-
	<b>1,000,000</b>	<b>(215,821)</b>	<b>(594,037)</b>	<b>190,142</b>
<b><u>31 December 2020</u></b>				
NAC	750,000	(147,358)	(412,500)	190,142
NCH	250,000	(68,463)	(137,500)	44,037
	<b>1,000,000</b>	<b>(215,821)</b>	<b>(550,000)</b>	<b>234,179</b>

\*\*\* This item represents investment in bonds issued by AL Dar Investment Company - Kuwait with an amount of KWD (500,000) which represents an amount of JOD (1,333,250) with murabaha rate of 7.5% annually, these bonds matured during the year 2009 and haven't been redeemed, as a result a full provision for expected credit loss has been recorded. During the year 2013 the bonds have been rescheduled and JOD (72,717) was received and the related impairment provision has been reversed.

## 6 . Accounts Receivable

	30 September 2021	31 December 2020
Policy holders	3,767,773	3,004,728
Agents receivable	168,812	213,883
Brokers receivable	19,040	28,744
Employees receivable	107,297	88,931
Others	74,479	72,556
<b>Total Receivables</b>	<b>4,137,401</b>	<b>3,408,842</b>
Less: provision for expected credit losses - accounts receivable*	(1,387,879)	(1,303,456)
<b>Net Accounts Receivable</b>	<b>2,749,522</b>	<b>2,105,386</b>

\* Movements on provision for expected credit losses / accounts receivable is as follows:

	30 September 2021	31 December 2020
Balance at beginning of the year	1,303,456	1,422,918
Provision (unneeded) for the period	84,736	(51,800)
Written-off receivables	(313)	(67,662)
<b>Balance at end of the period</b>	<b>1,387,879</b>	<b>1,303,456</b>

## 7 . Reinsurers Receivables

	30 September 2021	31 December 2020
Local insurance companies	368,994	453,523
Foreign reinsurance companies	590,254	671,229
Provision for expected credit losses / reinsurers receivables *	(710,356)	(672,631)
<b>Net reinsurers receivables</b>	<b>248,892</b>	<b>452,121</b>

\* Movements on provision for expected credit losses / reinsurers receivables is as follows:

	30 September 2021	31 December 2020
Balance at beginning of the year	672,631	955,154
Provision (unneeded) for the period	37,725	(282,523)
<b>Balance at end of the period</b>	<b>710,356</b>	<b>672,631</b>



## 8 . Accounts Payable

	30 September 2021	31 December 2020
Policy holders	136,643	542,090
Agents payable	302,889	240,638
Brokers payable	7,930	2,870
Employees payable	3,116	6,325
Others	240,639	211,581
	<b>691,217</b>	<b>1,003,504</b>

## 9 . Reinsurers Payables

	30 September 2021	31 December 2020
Local insurance companies	761,362	602,545
Foreign reinsurance companies	1,751,328	940,541
	<b>2,512,690</b>	<b>1,543,086</b>

## 10 . Income Tax

### A- Income tax status

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2019.
- The income tax return for the year 2020 has been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- No income and national contribution tax provision has been taken on the Company's results of operations for the nine months ended at 30 September 2021 as the Company has tax accepted accumulated losses.
- In the opinion of management and the tax consultant the Company will benefit from deferred tax assets in the future according to the future business plan.

### B - Deferred tax assets

This item consists of the following:

	30 September 2021	31 December 2020
Tax accepted accumulated losses	761,052	851,296
Provision for expected credit losses	331,775	241,531
	<b>1,092,827</b>	<b>1,092,827</b>

\* Movements on deferred tax asset is as follows:

	30 September 2021	31 December 2020
Beginning balance	1,092,827	1,130,757
Additions	90,244	300,000
Utilized deferred tax assets	(90,244)	(337,930)
<b>Ending balance</b>	<b>1,092,827</b>	<b>1,092,827</b>

#### **11 . Basic and Diluted Earnings Per Share**

	30 September 2021	30 September 2020
Profit for the period	204,544	1,189,206
Weighted average number of shares outstanding	5,600,000	5,000,000
<b>Basic and diluted earnings per share</b>	<b>0.037</b>	<b>0.238</b>

#### **12 . Cash and Cash Equivalents**

The cash and cash equivalents that appear in the interim consolidated statement of cash flows represent the following:

	30 September 2021	30 September 2020
Cash on hand and at banks	878,733	1,339,792
Deposits at banks mature within three months	225,000	227,703
	<b>1,103,733</b>	<b>1,567,495</b>

#### **13 . Related Party Transactions**

- The Company has engaged into transactions with major shareholders, sister companies, board members and directors in the Company within the normal activities of the Company using Murabaha rates and commercial commissions.
- The remunerations of members of key management (salaries, bonuses, and other benefits) are as follows:

	30 September 2021	30 September 2020
Salaries and bonuses of key management	202,843	228,910
Board of director's remunerations and transportations	61,900	79,800
	<b>264,743</b>	<b>308,710</b>

#### **14 . Analysis of Main Sectors**

##### **Background information on the Company's business segments**

For management purposes, the Company measures its insurance segments in accordance with the reports used by executive manager and the Company's primary decision maker to include General insurance sector which comprised fire, accidents, transportation and marine, medical and motor insurance. This sector is the base used by the Company to disclose information related to key sectors, the mentioned sector also includes the Company's investments and cash management. The activities between the business sectors are performed based on commercial basis.

## **15 . Capital Management**

- a. The Company manages its capital in line with the regulations of the Insurance Administration. These requirements were designed to ensure a suitable margin. Additional targets have been assigned by the Company to maintain strong credit rating and high capital margin in order to support its business and maximize shareholders value.
- b. The Company manages its capital structure and makes necessary adjustments in light of changes in business conditions. No changes were made in the objectives, policy or processes during the current and previous years.

	30 September 2021	31 December 2020
<b>Available capital (A)</b>	<b>7,713,581</b>	<b>6,520,656</b>
<b>Capital requirements to meet</b>		
Assets risks	3,396,764	2,671,949
Underwriting liabilities	1,485,794	1,207,272
Reinsurers' credit risk	104,110	106,403
<b>Total capital requirements (B)</b>	<b>4,986,668</b>	<b>3,985,624</b>
<b>Solvency margin (A) / (B)</b>	<b>155%</b>	<b>164%</b>

## **16 . Lawsuits Against the Company**

There are lawsuits filed against the Company amounting to JOD (2,013,400) as at 30 September 2021, (2020: JOD 2,078,391).

In the opinion of the Company's management and its lawyer, no obligations shall arise that exceeds the allocated amounts within the net claims reserve.

## **17 . Contingent Liabilities**

The Company has bank guarantees amounted to JOD (10,000) as at 30 September 2021.