

الرقم: 2020/717
التاريخ: 2020/8/6

السادة / هيئة الأوراق المالية المحترمين
عمان - الأردن

الموضوع: البيانات المالية الموحدة كما في 2020/6/30

تحية طيبة وبعد،،،

نرفق لكم طيه البيانات المالية الموحدة كما في 2020/6/30 لشركة المنارة للتأمين مصادق عليها من المدقق الخارجي حسب الأصول.

- بالإضافة الى الميثاق الملحق باللغة الإنجليزية للربع الأول والربع الثاني ٢٠٢٠.
- مدقق طية ٢٥ للبيانات المالية الموحدة.
واقبلوا فائق الإحترام،
المدير المالي

المدير العام

وليد القططي



Al-Manara Insurance Company

Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Unaudited)

31 March 2020

Al-Manara Insurance Company
Public Shareholding Company

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Chairman

General Manager

Financial Manager

"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 consolidated statement of financial position as at 31 March 2020

(In Jordanian Dinar)

	Notes	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Assets			
Investments			
Bank deposits	3	4,516,905	4,971,088
Financial assets at fair value through other comprehensive income	4	485,624	518,616
Financial assets at amortized cost	5	234,179	234,179
Investment property		1,231,586	1,231,586
Total Investments		6,468,294	6,955,469
Cash on hand and at banks		1,058,345	1,161,278
Checks under collection		871,556	656,340
Accounts receivable	6	3,008,334	1,833,806
Reinsurers receivables	7	160,099	874,936
Deferred tax assets	10	1,130,757	1,130,757
Property and equipment		2,168,472	2,173,787
Other assets		508,619	318,056
Total Assets		15,374,476	15,104,428
Liabilities and Equity			
Liabilities			
Unearned premiums reserve - net		3,154,717	2,633,524
Outstanding claims reserve – net		3,673,481	3,834,735
Total Technical Reserves		6,828,198	6,468,259
Accounts payable	8	1,958,090	2,267,102
Reinsurers payables	9	1,656,561	1,569,773
Other provisions		57,099	70,905
Other liabilities		1,247,926	1,231,515
Total Liabilities		11,747,874	11,607,554
Equity			
Paid – in capital		5,000,000	5,000,000
Statutory reserve		51,517	51,517
Voluntary reserve		-	-
Cumulative change in fair value		(545,332)	(512,340)
Accumulated losses		(879,583)	(1,042,303)
Net Equity		3,626,602	3,496,874
Total Liabilities and Equity		15,374,476	15,104,428

Chairman

General Manager

Financial Manager

“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 consolidated statement of profit or loss for the three months ended at 31 March 2020

(In Jordanian Dinar)

	Notes	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Revenues			
Gross written premiums		3,314,499	2,785,286
Less: Reinsurers' share		1,156,839	773,634
Net written premiums		2,157,660	2,011,652
Net change in unearned premiums reserve		(521,193)	(403,524)
Net earned premiums		1,636,467	1,608,128
Commissions revenues		63,587	64,912
Insurance policies issuance fees		139,027	120,208
Other underwriting revenues		46,364	47,253
Interest income		45,893	64,427
Net profit of financial assets and investments		17,948	-
Other revenues		-	741
Total Revenues		1,949,286	1,905,669
Claims, losses and expenses			
Paid claims		1,561,666	2,024,450
Less: Recoveries		212,263	131,729
Less: Reinsurers' share		253,260	426,699
Add : Reinsurers' share from recoveries		500	-
Net paid claims		1,096,643	1,466,022
Net change in claims reserve		(161,255)	(313,616)
Allocated employees expenses		228,501	199,319
Allocated administrative expenses		95,684	82,761
Excess of loss premiums		131,854	48,893
Policies acquisition costs		166,916	137,309
Other underwriting expenses		94,572	56,334
Net Claims		1,652,915	1,677,022
Unallocated employees expenses		57,126	49,830
Depreciation		22,197	19,355
Unallocated administrative expenses		23,921	20,690
Doubtful debts	6	29,410	74,143
Provision for expected credit losses		(306)	-
Other expenses		1304	26,295
Total Expenses		133,652	190,313
Profit (loss) for the period		162,719	38,334
Basic and diluted earnings (losses) per share	11	0,033	0.008

Chairman

General Manager

Financial Manager

"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 consolidated statement of comprehensive income for the three months ended at 31 March 2020
(In Jordanian Dinar)

	31 March 2020 <u>(Unaudited)</u>	31 March 2019 <u>(Unaudited)</u>
Profit (loss) for the period	162,719	38,334
Other comprehensive income items:		
Change in fair value of financial assets through other comprehensive income	<u>(32,992)</u>	<u>(20,565)</u>
Total comprehensive loss for the period	<u>129,727</u>	<u>17,769</u>

"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 consolidated statement of changes in equity for the three months ended at 31 March 2020 (Unaudited)

(In Jordanian Dinar)

	Paid - In Capital	Statutory Reserve	Voluntary Reserve	Cumulative Change in Fair Value	Accumulated Losses	Net Equity
Balance at 1 January 2020	5,000,000	51,517	-	(512,340)	(1,042,302)	3,496,875
Total comprehensive income for the period	-	-	-	(32,992)	162,719	129,727
Balance at 31 March 2020	5,000,000	51,517	-	(545,332)	(879,583)	3,626,602
Balance at 1 January 2019	5,000,000	530,874	17,684	(483,286)	(1,944,981)	3,120,291
Total comprehensive income for the period	-	-	-	(29,054)	405,638	376,584
Amortization of accumulated losses		(530,874)	(17,684)	-	548,558	-
Statutory reserve		51,517			(51,517)	-
Balance at 31 March 2018	5,000,000	51,517	-	(512,340)	(1,042,302)	3,496,875

“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 consolidated statement of cash flows for the three months ended at 31 March 2020
(In Jordanian Dinar)

	Notes	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Operating Activities			
Profit (loss) for the period		162,719	38,334
Depreciation		22,197	19,355
Provision for expected credit losses		-	74,143
Net change in unearned premiums reserve		521,193	403,524
Net change in claims reserve		(161,254)	(313,616)
Changes in working capital		(215,216)	538
Checks under collection			
Accounts receivable		(1,174,528)	(523,673)
Reinsurers receivables		714,837	20,616
Other assets		(190,563)	(99,111)
Accounts payable		(309,012)	(145,613)
Reinsurers payables		86,788	535,040
Other provisions		(13,806)	17,747
Other liabilities		16,411	(171,327)
Net cash flows used in operating activities		(540,234)	(144,043)
Investing Activities			
Property and equipment		(16,882)	(856)
Deposits mature after three months		454,183	171,397
Net cash flows from investing activities		437,701	170,541
Net change in cash and cash equivalents		(102,993)	26,498
Cash and cash equivalents, beginning of year		1,161,278	793,436
Cash and cash equivalents, end of period	12	1,058,345	819,934

"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 underwriting revenues for the general insurance for the three months ended at 31 March 2020 (Unaudited) (In Jordanian Dinar)

								Fire and other property damage								
	motors		marine		aviation				Liability		Medical		Others		Total	
	31-Mar		31-Mar		31-Mar				31-Mar		31-Mar		31-Mar		31-Mar	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Written Premiums:																
Direct insurance	1,718,302	1,669,884	14,103	8,507	-	-	564,228	652,662	312,915	40,823	354,203	143,567	26,516	13,828	2,990,267	2,529,271
Facultative inward reinsurance	205,816	105,965	4,722	6,470	-	-	53,914	36,849	59,522	92,563	-	-	258	14,168	324,232	256,015
Total premiums	1,924,118	1,775,849	18,825	14,977	-	-	618,142	689,511	372,437	133,386	354,203	143,567	26,774	27,996	3,314,499	2,785,286
Less:																
Local reinsurance share Foreign reinsurance share	51,162	60,763	-	-	-	-	738	-	-	-	-	5,842	-	-	51,900	66,605
Local reinsurance share Foreign reinsurance share	-	2,509	15,635	12,437	-	-	572,805	584,348	319,792	91,753	186,592	-	10,115	15,982	1,104,939	707,029
Net written premiums	1,872,956	1,712,577	3,190	2,540	-	-	44,599	105,163	52,645	41,633	167,611	137,725	16,659	12,014	2,157,660	2,011,652
Add:																
Balance at beginning of the period																
Unearned premiums reserve	2,221,844	2,005,828	15,938	17,128	1,648	748	382,954	312,444	158,318	199,646	591,314	519,010	65,862	35,296	3,437,878	3,090,100
Less: Reinsurers' share	35,318	35,468	12,403	13,515	-	-	355,240	294,440	144,374	187,487	227,222	-	29,797	16,043	804,354	546,953
Net beginning unearned premiums	2,186,526	1,970,360	3,535	3,613	1,648	748	27,714	18,004	13,944	12,159	364,092	519,010	36,065	19,253	2,633,524	2,543,147
Less:																
Balance at end of the period																
Unearned premiums reserve Less:	2,711,037	2,486,595	18,825	14,977	1,202	305	731,708	642,180	396,634	208,699	615,604	423,455	68,740	40,739	4,543,750	3,816,950
less: Reinsurers' share	35,689	44,890	15,635	12,437	-	-	650,747	590,160	347,164	196,231	312,035	5,282	27,763	21,279	1,389,033	870,279
Net ending unearned premiums	2,675,348	2,441,705	3,190	2,540	1,202	305	80,961	52,020	49,470	12,468	303,569	418,173	40,977	19,460	3,154,717	2,946,671
Net earned revenues from written premiums	1,384,134	1,241,232	3,535	3,613	446	443	8,648	71,147	17,119	41,324	228,134	238,562	11,747	11,807	1,636,467	1,608,128

“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 three months ended at 31 March 2020 (Unaudited)
(In Jordanian Dinar)

	motors		marine		aviation		Fire and other property damage		Liability		Medical		Others		Total	
	31-Mar		31-Mar		31-Mar		31-Mar		31-Mar		31-Mar		31-Mar		31-Mar	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Paid claims	1,076,381	1,480,613	-	7,345	-	-	113,966	281,877	-	-	371,053	254,432	266	183	1,561,666	2,024,450
Less:																
Recoveries	178,352	110,341	-	-	-	-	500	-	-	-	33,411	21,388	-	-	212,263	131,729
Local reinsurers' share	-	140,968	-	-	-	-	72	290	-	-	-	-	-	-	72	141,258
Foreign reinsurers' share	-	-	-	5,523	-	-	102,894	279,790	-	-	150,052	-	242	128	253,188	285,441
Add:reinsurance' share from recoveries	-	-	-	-	-	-	500	-	-	-	-	-	-	-	500	-
Net Paid Claims	898,029	1,229,304	-	1,822	-	-	11,000	1,797	-	-	187,590	233,044	24	55	1,096,643	1,466,022
Add:																
Outstanding claims reserve at period end																
Reported claims	4,274,642	5,067,018	150,325	112,269	276,716	-	829,766	3,447,790	1,193,720	1,135,470	107,189	87,159	57,684	57,905	6,890,040	9,907,611
Incurred but not reported claims	876,460	1,017,573	5,600	5,600	-	-	17,000	56,000	4,500	4,500	49,085	14,602	553	4,833	953,198	1,103,108
Less: Reinsurers' share	642,128	704,788	148,666	105,466	276,716	-	807,945	3,330,073	1,183,720	1,125,470	38,621	-	26,758	24,805	3,124,554	5,290,602
Less: Recoveries	1,045,203	925,329	-	-	-	-	-	-	-	-	-	-	-	-	1,045,203	925,329
Net outstanding claims reserve at period end	3,463,771	4,454,474	7,259	12,403	-	-	38,821	173,717	14,500	14,500	117,653	101,761	31,477	37,933	3,673,481	4,794,788
Reported claims	2,587,311	3,436,901	1,659	6,803	-	-	21,821	117,717	10,000	10,000	117,653	87,159	30,924	33,100	2,769,368	3,691,680
Incurred but not reported claims	876,460	1,017,573	5,600	5,600	-	-	17,000	56,000	4,500	4,500	-	14,602	553	4,833	904,113	1,103,108
Less:																
Outstanding claims reserve at beginning of the period																
Reported claims	4,387,676	5,224,620	150,325	123,711	276,716	-	686,883	3,272,681	1,193,720	140,500	137,361	112,647	51,787	56,811	6,884,468	8,930,970
Incurred but not reported claims	876,460	1,017,573	5,600	5,600	-	-	17,000	52,700	4,500	4,500	18,451	23,270	553	4,833	922,564	1,108,476
Less: Reinsurers' share	580,778	714,605	148,666	116,400	276,716	-	669,756	3,159,194	1,183,720	130,500	20,288	-	21,206	25,306	2,901,130	4,146,005
Less: Recoveries	1,071,166	785,037	-	-	-	-	-	-	-	-	-	-	-	-	1,071,166	785,037
Net outstanding claims reserve at beginning of the period	3,612,192	4,742,551	7,259	12,911	-	-	38,821	166,187	14,500	14,500	135,524	135,917	31,134	36,338	3,834,736	5,108,404
Net claims cost	749,608	941,227	-	1,314	-	-	15,964	9,327	-	-	169,719	198,888	367	1,650	935,388	1,152,406

“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 underwriting profit (loss) for the general insurance for the three months ended at 31 March 2020 (Unaudited)
(In Jordanian Dinar)

	motors		marine		aviation		Fire and other property damage		Liability		Medical		Others		Total	
	31-Mar		31-Mar		31-Mar		31-Mar		31-Mar		31-Mar		31-Mar		31-Mar	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net earned revenues from written premiums	1,384,134	1,241,232	3,535	3,613	446	443	8,648-	71,147	17,119	41,324	228,134	238,897	11,747	11,807	1,636,467	1,608,128
Less:																
Net claims cost	749,608	941,227	-	1,314	-	-	15,694	9,327	-	-	169,719	198,888	367	1,650	935,388	1,152,406
Add:																
Commissions revenues	-	-	4,486	3,005	-	-	49,912	49,324	7,066	11,252	-	-	2,123	1,331	63,587	64,912
Insurance policies issuance fees	95,830	78,557	1,022	948	-	-	22,391	26,871	3,321	4,098	15,114	7,996	1,349	1,738	139,027	120,208
Other revenues	46,364	47,253	-	-	-	-	-	-	-	-	-	-	-	-	46,364	47,253
Total revenues	776,720	425,815	9,043	6,252	446	443	47,961	138,015	27,506	56,674	73,529	47,670	14,852	13,226	950,057	688,095
Less:																
Policies acquisition costs	119,227	82,740	1,237	1,095	-	-	35,738	45,023	7,561	6,227	2,009	1,683	1,145	541	166,916	137,309
Excess of loss premiums	76,746	34,425	-	-	-	-	6,442	6,218	-	-	48,666	8,250	-	-	131,854	48,893
Allocated administrative expenses	281,409	179,850	479	1,517	-	-	6,701	69,830	7,910	13,509	25,183	14,539	2,503	2,835	324,185	282,080
Other expenses	57,614	32,392	183	229	-	-	5,023	6,052	2,056	292	29,499	16,968	196	401	94,571	56,334
Total expenses	534,996	329,407	1,899	2,841	-	-	53,904	127,123	17,527	20,028	105,357	41,440	3,844	3,777	717,527	524,616
Underwriting profit (loss)	241,724	96,408	7,144	3,411	446	443	5,943-	10,892	9,979	36,646	31,828-	6,230	11,008	9,449	232,530	163,479

“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)
31 March 2020

(In Jordanian Dinars)

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 under the number (82) with paid-in capital of JOD (150,000) divided equally into (150,000) shares with par value JOD (1) per share. Many adjustments on the Company's capital, the latest was during the year 2006 to reach an authorized and paid-in capital of JOD (21) Million/share. The General Assembly has resolved in its extraordinary meeting held on 15 June 2014 to decrease the paid - in capital by JOD (14) Million to extinguish accumulated losses as at 31 December 2014 with the same amount, also the General Assembly has resolved in its extraordinary meeting held on 24 April 2017 to decrease the paid - in capital by JOD (2) Million to call treasury stocks and extinguish calling losses and accumulated losses as at 31 December 2016, accordingly the authorized and paid-in capital of the Company became JOD (5) Million/share. The Company's head office is in the Hashemite Kingdom of Jordan.

The Company is engaged in the insurance activities including motors, fire and other property damages, personal accidents, marine, transportation, aviation, liability, and medical.

Company's shares are listed in Amman Stock Exchange.

The accompanying condensed interim consolidated financial statements have been approved for issue by the company's Board of Directors on 12 July 2020

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 (34) Interim Financial Reporting.

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

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 of the company, 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 2019.

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 interim consolidated financial statements comprise of the financial statements of the Company and its subsidiary where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiary 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 subsidiary are eliminated.

Subsidiary 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.

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

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

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:

- A provision of doubtful debts is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- 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 management periodically reviews whether a financial asset or group of financial assets is impaired, if so this impairment is taken to the interim consolidated statement of profit or loss.
- 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

	31 March 2020				31 December 2019
	Deposits mature within (1) month	Deposits mature after (1) month till (3) months	Deposits mature after (3) months till (1) year	Total	Total
<u>Inside Jordan</u>	18,792	225,000	4,277,618	4,521,410	4,976,048
Less: provision for expected credit losses /Deposits*	(272)	(225)	(4,008)	(4,505)	(4,960)
Total	18,520	224,775	4,273,610	4,615,905	4,971,088

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

	31 March 2020	31 December 2019
Balance at beginning of the year	4,960	4,800
Impact of adopting IFRS (9)	(455)	160
Balance at end of the period	4,505	4,960

- The annual interest rates on the deposits ranged between (%4.5) to (%5.25) during the three months ended as at 31 March 2020, (4.5% to 5.25%: 2019).
- Deposits pledged to the favor of the General Secretary of the Ministry of Industry, Trade and Supply in addition his job amounted to JOD (225,000) as at 31 March 2020 and 2019.

4 . Financial Assets at Fair Value Through Other Comprehensive Income

	31 March 2020	31 December 2019
<u>Inside Jordan:</u>		
Investments in listed shares	153,208	186,200
Investments in unlisted shares	128,366	128,366
Total	281,574	314,566
<u>Outside Jordan:</u>		
Investments in unlisted shares	204,050	204,050
Total	485,624	518,616

5 . Financial Assets at Amortized Cost

	31 March 2020	31 December 2019
<u>Inside Jordan:</u>		
Arab Real Estate Development Company bonds – net *	-	-
	31 March 2020	31 December 2019
<u>Outside Jordan:</u>		
NCH.NAC (-previously-Global Kuwait bonds)**	234,179	234,179
AL Dar Investment bonds / Kuwait - net ***	-	-
Total	234,179	234,179
Grand total	234,179	234,179

* Arab Real Estate Development Company bonds matured during the year 2011 but not yet collected, an impairment provision 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, at an interest rate 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, an impairment provision amounted to JOD (550,000) has been recorded against these bonds, NAC company has redeemed JOD (131,798) during the year 2015 and JOD (6,330) during the year 2016 and JOD (9,230) during the year 2018. During the year 2019 our company recovered JOD (68,463) from the value of the bonds by NCH.

	Bond's value	Redemption	Impairment provision	Total
<u>31 March 2020</u>				
NAC	750,000	(147,358)	(412,500)	190,142
NCH	250,000	(68,463)	(137,500)	44,037
	1,000,000	(215,821)	(550,000)	234,179
<u>31 December 2019</u>				
NAC	750,000	(147,358)	(412,500)	190,142
NCH	250,000	(68,463)	(137,500)	44,037
	1,000,000	(215,821)	(550,000)	234,179

*** This item represents investment in bonds issued by AL Dar Investment Company - Kuwait with an amount of KWD (500,000) which represents 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 impairment provision has been recorded. During the year 2013 the bonds have been rescheduled supervised by Kuwait central bank, we was received JOD (72,717) as the first batch of the schedule value, and the related impairment provision has been reversed.

6. Accounts Receivable

	31 March 2020	31 December 2019
Policy holders	3,848,197	2,680,399
Agents receivable	195,679	195,529
Brokers receivable	271,487	267,237
Employees receivable	89,124	55,984
Others	101,211	75,575
Total	4,505,698	3,256,724
Less: provision for expected credit losses/ accounts receivable	(1,497,364)	(1,422,918)
Net Accounts Receivable	3,008,334	1,833,806

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

	31 March 2020	31 December 2019
Balance at beginning of the year	1,422,918	1,416,646
Provision for the period	75,999	6,438
Bad debit	(1,553)	(166)
Balance at end of the period	1,497,364	1,422,918

7 . Reinsurers Receivables

	31 March 2020	31 December 2019
Local insurance companies	451,911	517,073
Foreign reinsurance companies	616,753	1,313,017
Provision for expected credit losses / reinsurers receivables *	(908,565)	(955,154)
Net reinsurers receivables	160,099	874,936

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

	31 March 2020	31 December 2019
Balance at beginning of the year	955,154	828,360
Provision for the period	(46,589)	126,794
Balance at end of the period	908,565	955,154

8 . Accounts Payable

	31 March 2020	31 December 2019
Policy holders	1,487,727	1,844,535
Agents payable	8,935	2,006
Brokers payable	225,820	177,414
Employees payables	5,842	6,645
Other	229,766	236,502
	1,958,090	2,267,102

9 . Reinsurers Payables

	31 March 2020	31 December 2019
Local insurance companies	720,589	529,706
Foreign reinsurance companies	935,972	1,040,067
	1,656,561	1,569,773

10. Income Tax

A – Income tax status

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2015.
- The income tax returns for the years 2016 , 2017 , 2018 and 2019 have 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 tax provision has been taken on the Company's results of operations for three mounts ended at 31 March 2020 as the Company has 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:

	31 March 2020	31 December 2019
Tax accepted accumulated losses	(4,711,488)	(4,711,488)
Statutory tax rate	24%	24%
Deferred tax assets at period end	1,130,757	1,130,757

* Movements on deferred tax asset were as follows:

	31 March 2020	31 December 2019
Beginning balance	1,130,757	1,240,293
Utilized deferred tax asset	-	(109,536)
Ending balance	1,130,757	1,130,757

11 . Basic and Diluted (Earning) Loss Per Share

	31 March 2020	31 March 2019
Profit (Loss) for the period	162,719	38,334
Weighted average number of shares	5,000,000	5,000,000
Basic and diluted Loss per share	0.033	0.008

12 . Cash and Cash Equivalents

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

	31 March 2020	31 March 2019
Cash on hand and at banks	1,058,345	549,329
Deposits at banks mature within three months	234,295	270,605
	1,301,640	819,934

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 insurance prices and commercial commissions.
- Below is a summary of related parties' transactions during the period:

	31 March 2020	31 December 2019
<u>Items of consolidated statement of financial position:</u>		
Financial assets at amortized cost	-	-
<u>Items of consolidated statement of comprehensive income:</u>		
Income from financial assets at amortized cost	-	-

- The remunerations of members of key management (salaries, bonuses, and other benefits) are as follows:

	31 March 2020	31 March 2019
Salaries and bonuses of key management	68,523	94,114
Board of directors' remunerations and transportations	26,012	16,481
	94,535	110,595

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, 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 Ministry of Industry, Trade and Supply- 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.
- c. The Company's solvency margin as at 31 March 2019 is below than the minimum margin determined by Insurance Administration which amounts to (150%).

	31 March 2020	31 December 2019
	4,229,911	4,564,661
Available capital (A)		
Capital requirements to meet		
Assets risks	2,722,936	2,564,017
Underwriting liabilities	1,013,453	1,035,988
Reinsurers' credit risk	16,084	102,812
Total capital requirements (B)	3,752,473	3,702,817
Solvency margin (A) / (B)	124%	122%

16 . Lawsuits against the Company

There are lawsuits filed against the Company amounting to JOD (1,964,323) as at 31 March 2020, against (2018: JOD 2,235,371).

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 of JOD (8,642) as at 31 March 2020 VS deposit cash with the same value amount.

18 Subsequent events

The spread of the emerging corona virus (Covid-19) in the early 2020s and its outbreak in several geographical regions around the world has caused disturbances to economic activities and businesses, also, this event is witnessing continuous and rapid developments, which require the company's management to make an evaluation of the expected effects on the company's business inside the Kingdom, And making a study to review and assess the potential risks in addition to providing additional disclosures are made in the interim condensed financial statements as of March 31, 2020, Based on the foregoing, the company has taken the following measures to contain the crisis, as follows:

1. There is no information or material event that the company went through during the suspension period
2. The company witnessed a decrease in the size of the written premiums, in addition to a noticeable increase in the size of the returned checks.
3. There are no decisions issued by the Board of Directors during that period.