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الرقم: fin/2019/ ١٥ /298

Messrs.' : Amman Stock Exchange

السادة : بورصة عمان المحترمين

Subject: Audited financial statement
In English for the fiscal 30/9/2019

الموضوع : البيانات المالية السنوية باللغة الانجليزية
للسنة المنتهية في 30/9/2019

Attached the audited financial
Statements of Euro Arab Insurance
For the financial year ended at
30/9/2019

مرفق طيه نسخة من البيانات المالية باللغة الانجليزية
المدققة للشركة العربية الاوروبية للتأمين عن السنة
المالية المنتهية في 30/9/2019

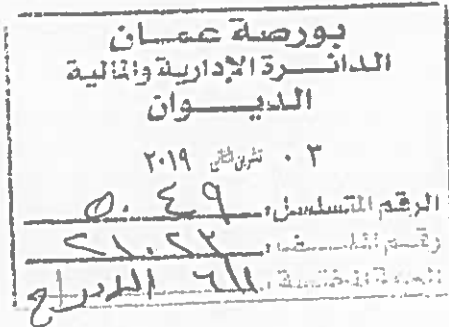
Kindly accept our high appreciation

و تفضلوا بقبول فائق الاحترام ،،،،،

And respect

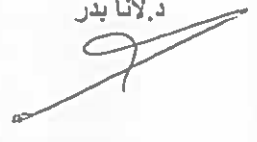
General Manager /S

Dr. Lana Bader



المدير العام /S

د.لانا بدر



Serve to Grow ... Grow to Serve

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONDENSED INTERIM FINANCIAL
INFORMATION FOR THE PERIOD ENDED
SEPTEMBER 30, 2019

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED INTERIM FINANCIAL INFORMATION AND
REVIEW REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

AM/ 007205

**To the Chairman and Members of the Board of Directors
Euro Arab Insurance Group Company
(Public Shareholding Limited Company)
Amman – Jordan**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Euro Arab Insurance Group Company (a Public Shareholding Limited Company) as of September 30, 2019 and the related condensed interim statements of profit or loss and comprehensive income for the three-month and nine-month period ended September 30, 2019, and the condensed interim statements of changes in shareholding equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed interim financial information in accordance with International Accounting Standard No. (34) related to interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the 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 causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) relating to interim financial reporting.


Emphasis of Matter

We draw attention to note (23) to the condensed interim financial information, which states that the corresponding figures included in the statement of changes in shareholders' equity has been restated to comply with a new International Financial Reporting Standards as a result of amendments to the assumptions on the initial application of IFRS (9). Our conclusion is not modified in respect of this matter.

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 is to be made.

**Amman – Jordan
October 30, 2019**



Deloitte & Touche (M.E.) – Jordan
Deloitte & Touche (M.E.)
ديلويت أند توش (الشرق الأوسط)
010103

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

ASSETS	Note	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
		JD	JD
Deposits at banks	4	20,313,872	19,527,430
Financial assets at fair value through profit or loss	5	756,370	814,656
Financial assets at amortized cost	6	-	-
Investment property - net	7	877,931	879,227
Total Investments		21,948,173	21,221,313
Cash on hand and at banks		278,153	76,377
Cheques under collection	8	899,999	636,422
Accounts receivable - net	9	8,300,277	7,546,806
Re-insurance and insurance companies accounts receivable - net	10	978,693	684,650
Deferred tax assets	14/b	1,084,383	906,752
Property and equipment - net		3,079,209	3,128,964
Intangible assets		13,209	10,065
Other assets		587,636	498,030
TOTAL ASSETS		37,169,732	34,709,379
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Unearned premiums reserve - net		11,153,861	9,009,815
Claims reserve - net		7,539,376	7,293,820
Mathematical reserve - net		121,882	100,484
Total Insurance Contracts Liabilities		18,815,119	16,404,119
Due to a bank	11	1,002,750	1,655,646
Accounts payable	12	3,333,937	2,679,926
Re-insurance companies' accounts - credit	13	1,548,642	2,209,443
Other provisions		311,233	303,933
Provision for income tax	14/a	243,337	225,479
Other liabilities		775,879	637,570
TOTAL LIABILITIES		26,030,897	24,116,116
SHAREHOLDERS' EQUITY			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,342,268	1,342,268
Voluntary reserve		15,676	15,676
Retained earnings		915,319	1,235,319
Profit for the period		865,572	-
Total Shareholders' Equity		11,138,835	10,593,263
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		37,169,732	34,709,379

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES FROM (1) TO (26) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2019

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2019	2018	2019	2018
Note	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	JD	JD	JD	JD
Revenue:				
Gross written premiums	6,912,752	6,915,254	23,154,445	22,569,171
Less: Re-insurers' share	<u>(1,052,368)</u>	<u>(1,076,044)</u>	<u>(3,537,913)</u>	<u>(4,369,508)</u>
Net Written Premiums	5,860,384	5,839,210	19,616,532	18,199,663
Net change in unearned premiums reserve	149,414	(202,582)	(2,144,046)	(1,884,317)
Net change in mathematical reserve	<u>(37,256)</u>	<u>(40,488)</u>	<u>(21,398)</u>	<u>(50,854)</u>
Net Earned Written Premiums	5,972,542	5,596,140	17,451,088	16,264,492
Commissions' revenue	63,907	68,397	240,599	265,796
Insurance policies issuance fees	214,749	213,494	691,955	651,197
Interest revenue	338,984	271,300	954,712	795,187
Net gain from financial assets and investments	15 37,534	(7,419)	170,675	(2,628)
Other revenues	<u>60,821</u>	<u>91,972</u>	<u>191,276</u>	<u>262,323</u>
Total Revenue	<u>6,688,537</u>	<u>6,233,884</u>	<u>19,700,305</u>	<u>18,236,367</u>
Claims, Losses and Expenses:				
Paid claims	6,376,263	5,249,720	18,552,055	16,079,635
Less: Recoveries	<u>(528,719)</u>	<u>(544,697)</u>	<u>(1,812,834)</u>	<u>(1,835,716)</u>
Re-insurers' share	<u>(729,553)</u>	<u>(374,557)</u>	<u>(2,012,074)</u>	<u>(861,897)</u>
Net Paid Claims	5,117,991	4,330,466	14,727,147	13,382,022
Net change in claims reserve	(176,855)	441,595	245,557	734,658
Allocated employees' expenses	370,249	337,632	1,161,916	1,143,529
Allocated general and administrative expenses	147,854	170,118	543,366	553,992
Policies acquisition cost	230,218	205,173	737,312	692,380
Excess of loss	56,088	61,173	168,266	183,521
Other expenses related to underwritings	<u>173,648</u>	<u>175,586</u>	<u>450,681</u>	<u>484,798</u>
Net Claims Costs	<u>5,919,193</u>	<u>5,721,743</u>	<u>18,034,245</u>	<u>17,174,900</u>
Unallocated employees' expenses	42,154	40,119	138,102	141,689
Depreciation and amortization	27,866	39,363	97,095	116,692
Unallocated general and administrative expenses	18 36,964	42,530	135,842	138,498
Expected credit loss provision	-	40,317	188,418	157,166
Other expenses	<u>19,186</u>	<u>7,696</u>	<u>36,300</u>	<u>88,205</u>
Total Expenses	<u>6,045,363</u>	<u>5,891,768</u>	<u>18,630,002</u>	<u>17,817,150</u>
Income for the Period before Tax	643,174	342,116	1,070,303	419,217
Income tax expense	14/a (149,080)	(81,982)	(204,731)	(93,331)
Income for the Period / Total Comprehensive Income	<u>494,094</u>	<u>260,134</u>	<u>865,572</u>	<u>325,886</u>
The Company's Shareholders	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>
Earnings per Share for the Period - Basic and Diluted	16 0.062	0.033	0.108	0.041

Chairman of the Board of Directors

General Manager

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EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Authorized and Paid - up Capital		Statutory Reserve		Voluntary Reserve		Retained Earnings		Income for the Period		Total
	JD	JD	JD	JD	JD	JD	Unrealized	Realized	JD	JD	
For the Nine Months Ended September 30, 2019:											
Balance - beginning of the year (Audited)	8,000,000	1,342,268	15,676	328,567	906,752	1,235,319	-	-	-	-	10,593,263
Total comprehensive income for the period	-	-	-	-	-	-	-	-	865,572	-	865,572
Transfers during the period	-	-	-	(177,631)	177,631	-	-	-	-	-	-
Dividends paid *	-	-	-	(320,000)	-	(320,000)	-	-	-	-	(320,000)
Balance - End of the Period (Reviewed)	8,000,000	1,342,268	15,676	169,064	1,084,383	915,319	-	-	865,572	-	11,138,835
For the Nine Months Ended September 30, 2018 (Restated):											
Balance - beginning of the year (Audited)	8,000,000	1,249,375	15,676	657,549	579,331	1,236,880	-	-	-	-	10,501,931
IFRS(9) implementation impact	-	-	-	-	(204,668)	(204,668)	-	-	-	-	(204,668)
The Adjusted Balance	8,000,000	1,249,375	15,676	657,549	374,663	1,032,212	-	-	-	-	10,297,263
Transfers during the period	-	-	-	(469,236)	469,236	-	-	-	-	-	-
Dividends paid *	-	-	-	(400,000)	-	(400,000)	-	-	-	-	(400,000)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	325,886	-	325,886
Balance - End of the Period (Reviewed)	8,000,000	1,249,375	15,676	(211,687)	843,899	632,212	-	-	325,886	-	10,223,149

- Retained earnings includes deferred tax assets in an amount of JD 1,084,383 as of September 30, 2019 (JD 906,752 as of December 31, 2018).

* The General Assembly of shareholders approved in its ordinary meeting held on April 30, 2019, the recommendation of the Board of Directors to distribute cash dividends in the amount of JOD 320,000 which is equivalent to 4% from the paid in capital. (JD 400,000 for the past year).

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EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	For the Nine Months	
		Ended September 30, 2019 (Reviewed)	2018 (Reviewed)
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the period before tax		1,070,303	419,217
Adjustments:			
Depreciation and amortization		97,095	116,692
Unrealized loss from financial assets at fair value through profit or loss	15	35,611	84,433
Expected credit loss provision	18	188,418	157,166
End of service Indemnity provision	14/b	12,800	3,580
Other provision	14/b	-	80,000
Unearned premium reserve-net		2,144,046	1,884,317
Claims reserve-net		245,557	734,658
Increase in other provisions		2,000	-
Mathematical reserve - net		21,398	50,854
(Gain) from disposal of property and equipment		(17,859)	-
Cash Flows from Operating Activities before Changes in Working Capital Items		3,799,369	3,530,917
(Increase) in cheques under collection		(263,577)	(216,805)
(Increase) in accounts receivables		(941,889)	(2,779,271)
(Increase) decrease in re-Insurance companies' accounts (debit)		(294,043)	206
Decrease (increase) in financial assets at fair value through profit or loss		22,675	(206,208)
(Increase) in other assets		(89,606)	(207,684)
Increase in accounts payable		654,011	339,877
(Decrease) increase in re-insurance companies' accounts (credit)		(660,801)	590,370
Increase in other liabilities		138,309	135,691
Net Cash Flows from Operating Activities before Income Tax Paid		2,364,448	1,187,093
Income tax paid	14/a	(364,502)	(204,951)
Paid End of service indemnity		(7,500)	(780)
Net Cash Flows from Operating Activities		1,992,446	981,362
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in deposits at banks matured within three months		6,408,516	4,955,044
(Increase) in property and equipment and investment properties - net		(49,573)	(29,063)
Proceeds from sale of property and equipment		18,244	-
Net Cash Flows from Investing Activities		6,377,187	4,925,981
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in due to bank	11	(652,896)	1,033,216
Distributed dividends	17	(320,000)	(400,000)
Net Cash Flows (used in) from Financing Activities		(972,896)	633,216
Net Increase In Cash and Cash Equivalents		7,396,737	6,540,559
Cash and cash equivalents - beginning of the period		9,018,013	2,918,660
Cash and Cash Equivalents - End of the Period	19	16,414,750	9,459,219

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EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

1. Incorporation and Activities

- Euro Arab Insurance Company was established in 1996 and registered as a Jordanian public company according to the provisional Companies Law No. (1) for the year 1989 and (Amended) Jordan Insurance Regulatory Act (9) of 1995 with a capital of JD 2 million, divided into (2) million shares. The Company was registered in the public shareholding company's register at the Ministry of Industry and Trade in Jordan under No. (304) on January 8, 1996. Moreover, the Company's name was changed, on June 24, 2002, from Amman Insurance Company Ltd to the current name, and its capital was increased in stages over the past years to become JD 8 million, divided into 8 million shares.
- The Company conducts all types of insurance: life, motor, marine, transport, fire and other damages to properties, medical and liability.

2. Basis of Preparation

- The accompanying condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard (IAS) 34 " Condensed Interim Financial Reporting".
- The Jordanian Dinar is the functional and reporting currency of the condensed interim financial information.
- The condensed interim financial information do not include the whole information and disclosures for the annual financial statements prepared in accordance with the International Financial Reporting Standards which must be read with the Company's annual report as of December 31, 2018. Moreover, the results of September 30, 2019 do not represent any indicator on the expected results for the year ending December 31, 2019.

Judgments, estimates and risk management

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments adopted by management in applying the Company's accounting policies and the main sources of uncertainty in the estimation are the same as those applied to the Company's annual financial statements for the year ended December 31, 2018, except the mentioned in note (3).

Significant accounting policies

The accounting policies adopted in preparing the condensed interim financial information is consistent with the policies used in preparing the financial statements for the year ended December 31, 2018 except the effect of new and revised International financial reporting standards IFRS's that has been effective in the current period as illustrated below:

a. Amendments with no material effect on the condensed interim financial information of the company:

Annual improvements to IFRSs issued between 2015 and 2017

Improvements include amendments to IFRS (3) Business Combinations, (11) Joint Arrangements, International Accounting Standards (12), Income Taxes and (23) Borrowing Costs.

IFRIC (23) Uncertainty on the Treatment of Income Tax

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- Whether the tax treatment should be considered in aggregate;
- Assumptions regarding the procedures for the examination of tax authorities;
- Determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

Amendments to IFRS (9) "Financial Instruments".

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

Amendments to IAS (28) "Investment in Associates and Joint Ventures".

These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "*Financial Instruments*" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

Amendments to IAS (19) "Employee Benefits".

These amendments relate to adjustments to plans, reductions, or settlements.

International financial reporting standard IFRS (16) "Lease Contracts"

The Company has adopted IFRS (16), "Leases", which replace the existing guidelines on leases, including IAS (17) "Leases" , IFRIC (4) "Determining whether an arrangement contains a lease "and the interpretation of the previous Interpretations Committee (15)" Operational leases - incentives " and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS (16) was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Company's financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Company has adopted the simplified and permitted method under the IFRS (16) upon adoption of IFRS 16. During the first time application of IFRS (16) to operating leases individually (for each contract lease separately), the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

As of September 30, 2019 the company didn't have any long term lease contracts accordingly and after it has evaluated the scope of IFRS (16), there was no material impact.

b. New and revised standards and interpretations but not yet effective:
Effective for annual periods beginning after January 1, 2020:

- Amendments regarding the definition of material.
- Amendments to clarify the definition of a business within IFRS number (3).
- IFRS number (17): Insurance Contracts.
- Amendments to IFRS number (10) - Consolidated Financial Statements and IAS number (28) - Investments in Associate companies and Joint Ventures (2011) related to the sale treatment or contribution of investor assets from to its associate or joint venture.
- Amendments to IFRS number (2), IFRS number (3), IFRS number (6), IFRS number (14), IAS number (1), IAS number (8), IAS number (34), IAS number (37), IAS number (38), IFRIC number (12), IFRIC number (19), IFRIC number (20), IFRIC number (22), and SIC number (32), to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the conceptual framework.

3. Critical Judgement and Key Sources of Estimation Uncertainty

The critical judgements and estimates used in the preparation of these condensed interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended December 31, 2018.

4. Deposits at Banks

This item consists of the following:

	September 30, 2019 (Reviewed)			December 31, 2018 (Audited)	
	Deposits Maturing Within One Month	Deposits Maturing Within nine Months	Deposits Maturing During a Period after nine Months till One Year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	4,588,518	11,873,079	2,757,854	19,219,451	18,432,319
Outside Jordan	-	-	1,114,218	1,114,218	1,114,218
Expected credit loss *	-	-	(19,797)	(19,797)	(19,107)
Inside Jordan	<u>4,588,518</u>	<u>11,873,079</u>	<u>3,852,275</u>	<u>20,313,872</u>	<u>19,527,430</u>

* Movement of the expected credit loss is as follow:

	For the Nine Months Ended in September 30, 2019 (Reviewed)	For the Year Ended in December 31, 2018 (Audited)
	JD	JD
Balance at the beginning of period/year	19,107	-
IFRS(9) implementation impact	-	15,212
Adjusted Balance	19,107	15,212
Add: Additions during the period/year	690	3,895
Balance at the End of Period/Year	19,797	19,107

- Interest rates on deposits at Banks in Jordanian Dinar ranged from 5.5 % to 7.25 % during the nine months ended at September 30, 2019 (5% to 7.25% during the year 2018).
- Deposits collateralized to the order of the Insurance Management amounted to JD 325,000 as of September 30, 2019 and December 31, 2018 for deposits maturing within nine months.
- Restricted balances amounted to JD 1,200,000 from Societe General Bank Jordan and amount JD 1,000,000 from Bank of Jordan as of September 30, 2019 and December 31, 2018 against credit facilities granted to the Company by two local banks. The utilized balance amounted to JD 1,002,750 as of September 30, 2019 (JD 1,655,646 as of December 31, 2018).
- All the Company's deposits are deposited in local and Arabian banks.

Balances with banks are assessed to have low credit risk as a result of default, as these banks are subject to high control by the Central Bank of Jordan and central banks in each of the countries in which the Company has bank accounts. Accordingly, the Company's management estimates the provision for loss on bank balances at the end of the reporting period in an amount equal to the expected credit losses over a 12-month period. Taking into account the historical information of default, the current credit ratings of banks.

5. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	Number of Shares	September 30, 2019 (Reviewed)	Number of Shares	December 31, 2018 (Audited)
	Share	JD	Share	JD
<u>Inside Jordan:</u>				
<u>Quoted shares:</u>				
Arab Jordan Investment Bank	360,700	447,268	300,000	384,000
Cairo Amman Bank	89,999	90,899	75,500	100,415
Jordan Petroleum Refinery Company	-	-	22,175	50,337
Specialized Investment Compound Co	-	-	120,000	96,000
Bank Al Etihad	20,000	32,000	20,000	32,000
Capital Bank	50,000	52,000	70,500	64,860
Arab Bank	6,606	37,720	1,566	9,725
The Holy Land Insurance Company	-	-	50	35
Jordan Insurance Company	100	273	100	273
National Insurance Company	-	-	200	232
Insurance - Jordan International Insurance Co.	-	-	50	19
Royal Jordanian Arline	30,000	11,100	30,000	11,100
Jordanian Electronic Power Company	24,000	29,760	14,000	16,660
Bank of Jordan	20,000	42,200	20,000	49,000
Ahli Bank	8,245	7,750	-	-
Phoenix Arab Holding	5,000	1,600	-	-
Al Ahleyeh Projects	20,000	3,800	-	-
		<u>756,370</u>		<u>814,656</u>

6. Financial Assets at Amortized Cost

This item consists of the following:

	<u>September 30, 2019 (Reviewed)</u>	<u>December 31, 2018 (Audited)</u>
	JD	JD
<u>Inside Jordan</u>		
Arab Real Estate Development Company's debenture bonds *	300,000	300,000
<u>Less: Provision for Expected Credit Loss</u>	<u>(300,000)</u>	<u>(300,000)</u>
	-	-
<u>Analysis of Bills and Bonds</u>		
Fixed rate	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

- * During 2008, an agreement was signed between the Company and Arab Real Estate Development Company through the custodian (the Housing Bank for Trade and Finance). According to the agreement, the second party shall submit debenture bonds of JD 300,000 to the first party at an interest rate of 10%. These bonds matured on April 1, 2011, and have been renewed based on the General Assembly of Debenture Bondholders' approval to reschedule debenture bonds for six years ending on April 1, 2014. The bonds bear interest at a rate of 11%, and are payable in two installments maturing on April 1, and October 1, of the bond's term. The bonds are unquoted. The bonds together with the interest have not been paid yet during the nine months ended September 30, 2019 and December 31, 2018. A full provision for the impairment in value of the bonds has been booked.

7. Investment Properties - Net

This item consists of the following:

	<u>September 30, 2019 (Reviewed)</u>	<u>December 31, 2018 (Audited)</u>
	JD	JD
Land	753,216	753,216
Buildings *	130,696	130,696
Accumulated depreciation	<u>(5,981)</u>	<u>(4,685)</u>
	<u>877,931</u>	<u>879,227</u>

- The fair value of investment properties was estimated by three certified real estate appraisers as of December 31, 2018, and the average of their estimates amounted to JD 1,570,817 according to the instructions and resolutions issued by Insurance Management.

8. Cheques Under Collection - Net

This item consists of the following:

	<u>September 30, 2019 (Reviewed)</u>	<u>December 31, 2018 (Audited)</u>
	JD	JD
Cheques under collection *	909,762	643,767
<u>Less: Expected credit loss **</u>	<u>(9,763)</u>	<u>(7,345)</u>
	<u>899,999</u>	<u>636,422</u>

- * The maturities of cheques under collection are up to October 26, 2020.

** Movement on the Expected credit losses was as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period/year	7,345	-
IFRS (9) Implementation impact	-	12,968
Adjusted balance	7,345	12,968
Add: Additions during the period/year	2,418	-
Less: (Recovery) during the period/year	-	(5,623)
Balance – End of the Period/Year	<u>9,763</u>	<u>7,345</u>

9. Accounts Receivable - Net

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Policyholders (a)	7,352,136	6,850,166
Brokers	1,557,306	1,371,271
Agents	394,867	300,924
Employees	106,792	78,399
Others	124,327	64,545
	<u>9,535,428</u>	<u>8,665,305</u>
Less: Expected credit loss (b)	<u>(1,235,151)</u>	<u>(1,118,499)</u>
Accounts Receivable – Net	<u>8,300,277</u>	<u>7,546,806</u>

(a) These amounts represent debts with a repayment schedule after September 30, 2019 a total of JD 5,496,210 (JD 4,514,178 as of December 31, 2018).

(b) Movement on the expected credit losses was as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period/year	1,118,499	856,537
IFRS (9) implementation impact	-	190,514
Adjusted Balance	1,118,499	1,047,051
Add: Additions during the period/year	116,652	71,448
Less: (Recovery) during the period/year	-	-
Balance – End of the Period/Year	<u>1,235,151</u>	<u>1,118,499</u>

The Company always measures the provision for loss on the accounts receivable in an amount equal to the expected credit losses over the life of the receivables using the simplified method. The expected credit losses on receivables are estimated using a provision matrix by reference to past experience with the customer and an analysis of the current financial position of the debtor, adjusted by factors specific to the receivables, the general economic conditions of the industry in which the receivables operate and an assessment of the current trend as well as the expected direction of the circumstances at the reporting date.

10. Re-insurance and Insurance Companies' Accounts Debit - Net

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Local insurance companies	1,198,783	808,517
Foreign re-insurance companies	56,286	83,851
Total	1,255,069	892,368
<u>Less:</u> Expected credit losses for re-insurance accounts receivable*	(276,376)	(207,718)
Re-insurance Accounts Receivable - Net	<u>978,693</u>	<u>684,650</u>

- The Company follows the policy of settling the receivables of local insurance companies within three months of the claim.

* Movements on the expected credit loss are as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period/year	207,718	156,345
Implementation IFRS(9)	-	50,475
Adjusted Balance	207,718	206,820
<u>Add:</u> Additions during the period/year	68,658	898
Balance - End of the Period/Year	<u>276,376</u>	<u>207,718</u>

The Company always measures the provision for loss on re-insurance receivables in an amount equal to the expected credit losses over the life of the asset using the simplified methodology. The expected credit losses on reinsurance receivables are estimated using a matrix of provisions based on past experience with the instructor and an analysis of the current financial position of the re-insurer, adjusted by the factors specific to the receivables, the general economic conditions of the industry in which the instructor operates and an assessment of the current trend as well as the expected trend of conditions at the reporting date.

11. Due to Banks

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Local bank - overdraft *	317,039	713,948
Local bank - overdraft **	685,711	941,698
	<u>1,002,750</u>	<u>1,655,646</u>

* This amount represents the balance of an overdraft granted to the Company by Society General Bank Jordan at a ceiling of JD 1,200,000 as of September 30, 2019 against 100% cash collaterals. Moreover, the overdraft bears interest at 5.55% calculated on the daily balance, and interest is recorded at the end of every month. The overdraft is due on July 26, 2019.

** This amount represents the balance of an overdraft granted to the Company from the Bank of Jordan at a ceiling of JD 1,000,000 against 100% cash collaterals. Moreover, the overdraft bears interest at 5.7% calculated on the daily balance, and interest is recorded at the end of every month. The overdraft is due on September 28, 2019.

12. Account Payable

The details are as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Agent payable	66,869	61,633
Brokers payable	530,918	211,144
Policyholders payable	549,808	243,743
Garages and parts payable	429,721	407,031
Medical network payable	1,728,490	1,682,801
Employees payable	2,758	16,204
Other payables	25,373	57,370
	<u>3,333,937</u>	<u>2,679,926</u>

13. Re-insurance Companies' Accounts - Credit

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Local insurance companies	52,594	74,679
Foreign re-insurance companies	1,496,048	2,134,764
	<u>1,548,642</u>	<u>2,209,443</u>

14. Income Tax

- a. A final settlement has been reached with the Income Tax Department until the end of 2018, and the sales tax has been audited and settled until the end of 2017. Income tax for the nine months ended September 30, 2019 has been calculated in accordance with the applicable income tax law and in the opinion of the management and tax advisor of the Company that the provision is sufficient to meet any tax liabilities for that period and for open years.

- Movement on the income tax provision was as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period / year	225,479	176,546
Income tax paid	(288,617)	(204,951)
Income tax paid for bank interest	(75,885)	(53,617)
Income tax expense for the period / year	<u>382,360</u>	<u>307,501</u>
Balance - End of the Period / Year	<u>243,337</u>	<u>225,479</u>

- Income tax in the condensed interim statement of profit or loss represents the following:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Audited)
	JD	JD
Income tax for the period	382,360	227,107
Deferred tax assets – net	(177,629)	(133,776)
	<u>204,731</u>	<u>93,331</u>

b. Deferred Tax Assets

	For the Nine Months Ended September 30, 2019 (Reviewed)				December 31, 2018 (Audited)	
	Balance at the Beginning of the Period	Amounts Released	Amounts Added	Balance at the End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred Tax Assets						
<u>Accounts Included</u>						
Expected credit loss - deposits for banks	19,107	-	690	19,797	5,147	4,586
Expected credit loss -cheques under collection	7,345	-	2,418	9,763	2,538	1,763
Expected credit loss-receivable	1,118,499	-	116,652	1,235,151	321,139	268,439
Expected credit loss - re-insurance accounts (debit)	207,718	-	68,658	276,376	71,858	49,852
Expected credit loss - financial assets at fair value through profit or loss (Historical)	375,901	163,490	35,611	248,022	64,486	90,216
Expected credit loss financial assets at amortized cost	300,000	-	-	300,000	78,000	72,000
Unreported claims reserve	1,445,634	-	326,726	1,772,360	460,814	346,952
End-of-service indemnity provision	23,933	7,500	12,800	29,233	7,601	5,744
Other liabilities provision	280,000	-	-	280,000	72,800	67,200
	<u>3,778,137</u>	<u>170,990</u>	<u>563,555</u>	<u>4,170,702</u>	<u>1,084,383</u>	<u>906,752</u>

- The deferred taxes were calculated according to the tax rates prescribed by the applicable Income Tax and law that the Company is subject to at a rate of 26% as of September 30, 2019 and 24% as of December 31, 2018.

15. Net Gain of Financial Assets and Investments

The details are as follows:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Cash dividend received	58,126	38,288
Gain on sale of financial assets at fair value through profit or loss	93,480	10,507
Net change in fair value for financial assets through profit or loss (unearned)	(35,611)	(84,433)
Income from leasing Investments propriety	54,680	33,010
	<u>170,675</u>	<u>(2,628)</u>

16. Earnings per Share for the Period
This item consists of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Audited)	2019 (Reviewed)	2018 (Audited)
	JD	JD	JD	JD
Income for the period	494,094	260,134	865,572	325,886
Outstanding shares	8,000,000	8,000,000	8,000,000	8,000,000
Earnings per Share for the Period- Dinar	-/062	-/033	-/108	-/041

17. Dividends

On April 30, 2019 the General Assembly approved the Board of Directors' recommendation to distribute 4% of capital as cash dividends to shareholders for the year 2018, which is equivalent to JD 320,000 (JD 400,000 for the year 2017).

18. Expected Credit Loss Provision

- The expected credit loss for the period ended September 30, 2019 and 2018 is as follows:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Deposits at banks	690	-
Cheques under collection	2,418	-
Receivable - net	116,652	204,670
Re-insurance accounts receivable	68,658	(47,504)
Total	188,418	157,166

19. Cash and Cash Equivalents

Cash and cash equivalent shown in the condensed interim statement of cash flows consists of the following amounts:

	September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Cash on hand and at banks	278,153	1,045,564
Deposits at banks maturing within Nine months	16,461,597	8,738,655
Less: Restricted deposits	(325,000)	(325,000)
Cash and Cash Equivalents	16,414,750	9,459,219

20. Balances and Transactions with Related Parties

Related parties, as defined in IAS 24 (related party disclosures), include associates companies, major shareholders, directors and other key management personnel of the Company, and entities that are jointly controlled, jointly controlled or significantly affected by it. The balances and movements resulting from transactions with related parties are as follows:

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

Discription	Board of Directors JD	Executive Management JD	Total	
			September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) JD
Condensed Interim Statement of Financial Position Items:				
Accounts receivable	-	11,252	11,252	2,567
Accounts payables	9,975	30	10,005	36,785
Condensed Interim Statement of Profit or Loss Items:				
	For the Nine Months Ended September 30, 2019 and 2018			
Policies revenues				Documents Revenue
	42,661	3,525	40,301	
Expenses paid	-	843	2,682	Paid Expenses

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

Description	For the Nine Months Ended September 30,	
	2019 (Reviewed) JD	2018 (Reviewed) JD
Salaries and benefits	415,314	396,832
Board of Directors' transportation fees	31,500	31,500
	<u>446,814</u>	<u>428,332</u>

21. Lawsuits Raised Against the Company

There are lawsuits raised against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 2,936,824 as of September 30, 2019 (JD 3,042,115 as of December 31, 2018). In the opinion of the Company's management and its lawyer, the claims provision is sufficient to cover these liabilities.

22. Contingent Liabilities

The Company was contingently liable for bank guarantees of JD 1,037,315 As of September 30, 2019 (JD 959,573 as of December 31, 2018).

23. Comparative Figures

During the nine-months period ended September 30, 2019, the Company's management adjusted the comparative figures for the nine-months period ended September 30, 2018 as per the requirements of IFRS (8). The restatement impacted the statement of changes in shareholders' equity for the nine month ended September 30, 2018 as a result of errors in respect to the calculation and the initial application of the expected credit loss to determine the value of expected credit loss for various receivables and other financial assets subject to the requirements of IFRS (9) "Financial Instruments", and their deferred tax treatment.

Noting that the above adjustments did not affect the results of the Company for the nine months ended September 30, 2018.

The restatement impact is illustrated in the table below:

	for the nine months ended September 30, 2019 (Reviewed)		
	Before Restatement	Adjustments Effect	Restated Balance
	JD	JD	JD
<u>Shareholder's Equity</u>			
Retained earnings	700,754	(68,542)	632,212

24. Approval of Condensed Interim Financial Information

The condensed interim financial information of the Company has been approved by the Company's Board of Directors on October 24, 2019.

25. Information on Geographical Distribution

Concentration of the assets and liabilities according to the geographical and sectorial distribution is as follows:

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)	
	Assets	Liabilities*	Assets	Liabilities*
	JD	JD	JD	JD
<u>According to Geographical Area</u>				
Inside Jordan	<u>35,977,238</u>	<u>5,719,117</u>	<u>33,505,589</u>	<u>5,611,328</u>
Other Middle East countries and Asia	1,180,222	644,586	1,126,186	1,163,050
Europe	8,478	851,463	77,283	937,619
Africa	3,192	-	321	-
	<u>37,169,130</u>	<u>7,215,166</u>	<u>34,709,379</u>	<u>7,711,997</u>

* Except for insurance contracts liabilities.

Concentration of assets and liabilities related to accounts receivable (before provisions) and accounts payable according to sector is as follows:

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>According to Sector</u>				
Public	996,497	4,172	883,973	5,291
Private sector	-	-	-	-
Companies and institutions	9,166,114	4,518,897	8,051,897	4,546,366
Individuals	627,996	359,655	621,603	337,712
	<u>10,790,607</u>	<u>4,882,724</u>	<u>9,557,473</u>	<u>4,889,369</u>

26. Fair Value Hierarchy

a. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis

The fair value is the price that is delivered for asset selling or payment transferred or organized obligation between parties in an active market at a measured pricing regardless if the price was directly noticeable or evaluated using different technic. Upon evaluating the fair value of assets or liabilities, the Company takes consideration the assets and liabilities nature or the obligation if the parties has considered the nature of obligation upon pricing and the time measured.

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value	Fair Value	The Level of	Evaluation Method	Important Intangibles	Relation between the Fair Value
	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)	Fair Value	and Inputs Used	Inputs	and the Important Intangible Inputs
Financial Assets at Fair Value	JD	JD				
Financial Assets at Fair Value through Profit or Loss				Stated Prices in financial markets	Not Applicable	Not Applicable
Shares that have available market price	756,370	814,656	Level One			
Total	756,370	814,656				

There were no transfers between Level 1 and Level 2 during September 30, 2019 and 2018 .

b. The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the financial statements of the Company approximates their fair value. Moreover, the Company's management believes that the carrying value of the items below is equivalent to their fair value. This is due to either short-term maturity or interest rate repricing during the year.

Financial Assets of Non-specified Fair Value	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)	
	Book Value	Fair Value	Fair Value	Fair Value
Deposit at banks	JD	JD	JD	Level Two
Investments properties	20,313,872	20,641,474	19,527,430	Level Two
	877,931	1,570,817	879,227	Level Two
Total Financial Assets of Non-specified Fair Value	21,191,803	22,212,291	20,406,657	21,460,513

The fair value of the financial assets and liabilities for Level 2 have been determined according to agreed pricing models, which reflect the credit risk of the parties dealt with and fair value from independent real estate appraisals.