

الرقم: أت/ 2019/7879
التاريخ: 2019/05/07


السادة/ بورصة عمان المحترمين
إدارة التأمين

تحية واحتراماً،،،

الموضوع: البيانات المالية للربع الاول 2019

بالإشارة إلى الموضوع أعلاه، نرفق لكم البيانات المالية للربع الاول 2019 باللغة الانجليزية مراجعة من مدقق الحسابات الخارجي حسب الاصول.

وتفضلوا بقبول فائق الاحترام ،،،


إسماعيل المهدي
المدير التنفيذي للمالية

بورصة عمان	
الدائرة الإدارية والمالية	
السيد/	
٠٧ أيار ٢٠١٩	
الرقم التسلسل:	2795
رقم الملف:	21034
الجهة المختصة:	2019/7879

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR
THE THREE MONTHS ENDED
MARCH 31, 2019
TOGETHER WITH THE REVIEW REPORT

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
MARCH 31, 2019

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Review Report

AM/ 012534

To the Chairman and Members of the Board of Directors
First Insurance Company
(A Public Shareholding Limited Company)
Amman – Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim financial statement of First Insurance Company (A Public Shareholding Limited Company) as of March 31, 2019 and the related condensed consolidated interim statements of financial position, policyholders revenue and expenses, income and comprehensive income changes in Owners' equity, changes in policyholders' equity and cash flows for the three-month period ended then, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statement in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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


Emphasis of matter

We draw attention to note (20) of the condensed consolidated interim financial statements, 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. Our conclusion is not modified in respect of this matter.

Other Matters

- 1- The accompanying condensed consolidated interim financial statements are a translation of the statutory condensed consolidated interim financial statements which are in the Arabic language and to which reference should be made.
- 2- The Company's fiscal year ends on December 31 of each year. However, the condensed consolidated interim financial statements have been prepared for management purposes and for the Jordan Securities Commission requirements.

Amman - Jordan
April 29, 2019


Deloitte & Touche (M.E.) – Jordan

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

ASSETS	Note	March 31, 2019 (Reviewed not Audited)	December 31, 2018
		JD	JD
Investments:			
Deposits at banks	4	13,561,504	14,184,563
Financial assets at fair value through comprehensive income	22	1,996,445	2,315,141
Financial assets at amortized cost	22	6,633,224	6,917,520
Real-estate investments-net	22	6,808,274	6,821,022
Total Investments		<u>28,999,447</u>	<u>30,238,246</u>
Cash on hand and at banks	5	937,259	2,044,528
Checks under collection		2,790,634	2,813,213
Receivables - net	6	16,321,161	13,552,971
Re-insurers' receivables - net	7	2,918,637	2,137,730
Deferred tax assets		709,099	416,168
Property and equipment - net		5,692,792	5,709,810
Intangible assets - net		74,435	79,509
Projects under construction		3,185,038	2,379,199
Other assets		1,054,579	681,937
TOTAL ASSETS		<u>62,683,081</u>	<u>60,053,311</u>
<u>LIABILITIES AND OWNERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned contributions reserve - net		9,108,112	7,992,599
Outstanding claims reserve - net		6,266,066	6,067,564
Mathematical reserve - net		249,366	134,235
Total Insurance Contracts Liabilities		<u>15,623,544</u>	<u>14,194,398</u>
Payables		2,774,539	1,765,597
Re-insurers' payables		9,995,659	10,403,138
Accrued expenses		78,992	76,248
Various provisions		45,000	45,000
Income tax provision	8/A	113,440	56,901
Other liabilities		961,613	683,258
TOTAL LIABILITIES		<u>29,592,787</u>	<u>27,224,540</u>
<u>POLICY HOLDER'S EQUITY</u>			
Al-Qard al-hasan granted by owner's equity to cover policy holder's deficit	9	-	-
Reserve to cover policyholders' fund deficit (contingency provision)	10	-	143,284
Accumulated deficit for policyholders' fund	11	-	-
Total Policyholders' Equity		<u>-</u>	<u>143,284</u>
<u>OWNERS' EQUITY</u>			
Authorized and paid-up capital	12	28,000,000	28,000,000
Statutory reserve	13	3,010,963	3,010,963
Financial assets valuation reserve net after tax		(1,698,097)	(1,874,622)
Retained earnings		3,191,600	3,549,146
Income for the period		585,828	-
Total Owners' Equity - Company Shareholders		<u>33,090,294</u>	<u>32,685,487</u>
Total Policyholders' and Owners' Equity		<u>33,090,294</u>	<u>32,828,771</u>
TOTAL LIABILITIES AND POLICYHOLDERS' AND OWNERS' EQUITY		<u>62,683,081</u>	<u>60,053,311</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING
REVIEW REPORT.

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF POLICYHOLDERS' REVENUE AND EXPENSES
(REVIEWED NOT AUDITED)

		For the Three-Month Ended March 31,	
	Note	2019 JD	2018 JD
<u>Takaful Insurance Revenue:</u>			
Gross written contributions		12,193,185	9,945,473
<u>Less: Re-insurers' share</u>		<u>(6,535,968)</u>	<u>(6,573,862)</u>
Net Earned Contributions from Takaful Operations for Policyholders		5,657,217	3,371,611
Net change in unearned contribution reserve		(1,115,513)	566,586
Net change in mathematical reserve		<u>(115,131)</u>	<u>(11,936)</u>
Net Earned Contributions from takaful Insurance for Policyholders		<u>4,426,573</u>	<u>3,926,261</u>
Commissions' revenue		1,075,789	1,159,659
Takaful policies issuance fees		635,071	522,088
Policyholders' share of investment income		45,720	43,108
<u>Less: Owners' share for managing the investment portfolio</u>		<u>(16,002)</u>	<u>(15,088)</u>
Total Revenue from Takaful Insurance for Policyholders'		<u>6,167,151</u>	<u>5,636,028</u>
<u>Claims, Losses and Expenses from Takaful Insurance Operations:</u>			
Paid claims		7,637,570	7,183,952
<u>Less: Recoveries</u>		<u>(356,689)</u>	<u>(295,673)</u>
Re-insurers' share		<u>(3,167,935)</u>	<u>(3,220,984)</u>
Net Paid Claims from Takaful Insurance Operations		<u>4,112,946</u>	<u>3,667,295</u>
Net change in outstanding claims reserve		203,902	19,747
Owners' share for managing the operations of takaful insurance	14	1,846,365	1,692,699
Excess of loss contributions		43,441	41,987
Takaful policies acquisition costs		326,671	160,606
Other underwriting expenses		<u>326,789</u>	<u>280,218</u>
Net Claims Costs		<u>6,860,114</u>	<u>5,862,552</u>
<u>Less: policyholders' share of takaful Insurance operations:</u>			
Expected credit losses provision		50,000	50,000
Depreciation and amortization		18,714	15,284
Other expenses		<u>22,467</u>	<u>5,498</u>
Policyholders' (Deficit) before tax		(784,144)	(297,306)
add: Income tax benefits for the period	8/b	<u>326,549</u>	<u>-</u>
Net Policyholders' (Deficit) from Takaful Insurance operations		<u>(457,595)</u>	<u>(297,306)</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

		For the Three-Month Ended March 31,	
	Note	2019 JD	2018 JD
Owners' equity revenue from Al-Takaful insurance operations			
Owners' equity share of takaful insurance operations management		1,846,365	1,692,699
Owners' equity share of investment income		119,200	101,054
Owners' equity share of financial assets and investments income		179,830	163,155
Owners' equity share for managing the investments portfolio		16,002	15,088
Other revenue		12,884	12,175
Total Owners' equity Revenues from Takaful Insurance operations		2,174,281	1,984,171
<u>General Insurance Claims and Related Expenses</u>			
Paid claims		18,815	38,019
Less: Recoveries		(22,294)	(16,439)
Net paid claims		(3,479)	21,580
Net change in outstanding claims reserve		(5,400)	(24,186)
Net Claims from General Insurance operations		(8,879)	(2,606)
Employees' expenses		846,665	857,067
General and administrative expenses		378,247	325,041
Al Qard Al Hassan granted to policyholders' expense	11	314,311	161,771
Depreciation and amortization		36,228	31,418
Total Expenses and Net Claims from General Insurance		1,566,572	1,372,691
Income for the period before tax		607,709	611,480
Less: Income tax expense	8/b	(21,881)	-
Income for the period		585,828	611,480
Earnings per share for the period(basic & diluted)	15	0/021	0/022

Board of Directors Chairman

Chief Executive Officer

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three-Month	
	Ended March 31,	
	2019	2018
	JD	JD
Income for the period	585,828	611,480
<u>Add:</u> Comprehensive income items after tax not to be reclassified to profit or loss in the subsequent periods		
Owners' equity share from the change in fair value of financial assets at fair value through comprehensive income	176,525	(31,668)
(Loss) on sale of financial assets at fair value through comprehensive income	(357,546)	-
Total Comprehensive Income for the Period	<u>404,807</u>	<u>579,812</u>

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

(REVIEWED NOT AUDITED)

	Note	Financial Assets				Income for the period	Net Owners' Equity
		Paid-up Capital	Statutory Reserve	Valuation Reserve - Net	Retained Earnings *		
		JD	JD	JD	JD	JD	JD
For the three months ended March 31, 2019							
Balance - beginning of the period		28,000,000	3,010,963	(1,874,622)	3,549,146	-	32,685,487
Total comprehensive Income for the period		-	-	176,525	(357,546)	585,828	404,807
Balance - end of the Period		28,000,000	3,010,963	(1,698,097)	3,191,600	585,828	33,090,294
For the three months ended March 31, 2018 (adjusted)							
Balance - beginning of the period		28,000,000	2,743,182	(1,213,406)	2,854,117	-	32,383,893
Impact of IFRS 9 (adjusted)	20	-	-	-	(342,394)	-	(342,394)
Adjusted balance		28,000,000	2,743,182	(1,213,406)	2,511,723	-	32,041,499
Total comprehensive income for the period		-	-	(31,668)	-	611,480	579,812
Balance - end of the Period (adjusted)		28,000,000	2,743,182	(1,245,074)	2,511,723	611,480	32,621,311

* An amount from retained earnings equivalent to the negative financial assets valuation reserve is restricted under the instructions of the Jordan Securities Commissions as of March 31, 2019.

- Retained earnings include deferred tax assets in the amount of JD 709,099 which is restricted as of March 31, 2019 (JD 416,168 as of December 31, 2018).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

	Reserve to cover deficit (Contingency provision)*		Accumulated Deficit		Qard Hassan granted by Owners' equity to Cover the Policyholders' Deficit		Net Policyholders' Equity	
	JD	JD	Realized	Unrealized	JD	JD	JD	JD
<u>For the Three Months Ended March 31, 2019</u>								
Balance - beginning of the period	143,284	-	-	-	-	-	143,284	
Policyholders' (deficit) for the period	-	(457,595)	-	-	-	-	(457,595)	
Transfers from reserve to cover deficit (contingency provision)	(143,284)	143,284	-	-	-	-	-	
Al Qard Al Hassan granted by owners' equity	-	-	-	-	314,311	314,311	314,311	
Transfers to accumulated deficit in policy holders'	-	314,311	-	-	(314,311)	-	-	
Balance - end of the period	-	-	-	-	-	-	-	
<u>For the Three Months Ended March 31, 2018</u>								
Balance - beginning of the period	135,535	-	-	-	-	-	135,535	
Policyholders' (deficit) for the period	-	(297,306)	-	-	-	-	(297,306)	
Transfers from reserve to cover deficit (contingency provision)	(135,535)	135,535	-	-	-	-	-	
Al Qard Al Hassan granted by owners' equity	-	-	-	-	161,771	161,771	161,771	
Balance - End of the period	-	(161,771)	-	-	161,771	-	-	

* The reserve to cover fund deficit is computed by retaining 20% of the policyholders surplus for the period and policyholders' share of the realized was transferred gain from sale of financial assets at fair value through other comprehensive income after settlement of Al Qard Al Hassan (If any).
Noting that the entire reserve amount was transferred to the reserve to cover the deficit of policyholders as of March 31, 2019. It was also agreed to grant the policyholders Al Qard Al Hasan amounting to JD 314,311 according to the approval of the Company's management and Al Shari'a supervisory committee on April 25, 2019.

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2019	2018
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss)/income for the period before income tax		(176,435)	314,174
Adjustments:			
Depreciation and amortization		54,942	46,702
Expected credit losses provision		50,000	50,000
Net change in unearned contributions reserve		1,115,513	(566,586)
Net change in outstanding claims reserve		198,502	(4,440)
Net change in mathematical reserve		115,131	11,936
Returns from sukouk		(85,514)	(69,363)
Returns from distributed dividends		(23,475)	(2,065)
Al-Qard Al-Hassan granted to policy holders' expenses	11	314,311	161,771
Net Cash Flows from (used in) operating activities before changes in working capital		1,562,975	(57,871)
Decrease in checks under collection		22,579	287,436
(Increase) in accounts receivable		(2,818,190)	(2,559,709)
(Increase) decrease in re-insurers' receivables		(780,907)	177,920
(Increase) in other assets		(372,642)	(358,084)
Increase in accounts payable		1,008,942	361,236
(Decrease) Increase in re-insurance payable		(407,479)	1,092,914
Increase in accrued expenses		2,744	2,062
Increase (decrease) in other liabilities		239,619	(25,596)
(Decrease) in various provisions		-	(180,000)
Net Cash Flows (used in) Operating Activities before Paid Income Tax		(1,542,359)	(1,259,692)
Income tax paid	8/a	(3,669)	(3,149)
Net Cash Flows (used in) Operating Activities		(1,546,028)	(1,262,841)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Decrease) in deposits at banks		(3,243,878)	(1,393,054)
Proceeds of dividends from financial assets at fair value through comprehensive income		23,475	2,065
Change in property and equipment		(20,102)	(698,659)
Proceeds from sale of financial assets at fair value through comprehensive income		208,294	-
Change in real estate investments		-	13,471
Change in intangible assets		-	(10,494)
(Payments) on projects under construction		(805,839)	(3,779)
Proceeds from Sukouk returns		85,514	69,363
(Payment) to purchase sukouk		(141,104)	-
sukouk accrual		425,400	-
Net Cash Flows (used in) Investing Activities		(3,468,240)	(2,021,087)
Net (Decrease) in Cash and Cash Equivalent		(5,014,268)	(3,283,928)
Cash and cash equivalent - beginning of the year		9,043,753	9,017,804
Cash and Cash Equivalent - end of the period	16	4,029,485	5,733,876

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 INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

AND WITH THE ACCOMPANYING REVIEW REPORT.

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- a. First Insurance Company (the "Company") was established on 28 December 2006 and registered as a public shareholding limited company under license No. (424) with an authorized paid-up capital of JD 24,000,000 of a par value of JD 1 per share.

On April 2, 2015, First Insurance Company acquired a percentage of 76.25% of The Yarmouk Insurance Company's capital (a Public Shareholding Limited Company), on November 2, 2015 a final approval took place on the merger between the Yarmouk Insurance Company and the First Insurance Company and the result of the merger will be the First Insurance Company with an authorized and paid up capital of JD 28,000,000 at 1 JD per share.

- b. The accompanying condensed consolidated interim financial statements were approved by the Board of Directors on 25 April 2019.

2. Basis of preparation

a- Basis of preparation of the Condensed Consolidated Interim Financial Statements.

- The accompanying condensed consolidated interim financial statements and it's subsidiary have been prepared in accordance with International Accounting Standard (IAS) 34 relating to Interim Financial Reporting.
- The condensed consolidated interim financial statements are stated in Jordanian Dinar. Which represents the functional currency for the Company and its subsidiaries.
- The consolidated condensed interim financial statements are prepared in accordance with the historical cost except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed consolidated interim financial statements date.
- The condensed consolidated interim financial statements do not include all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report for the year ended December 31, 2018. Moreover, the results of operations for the Three-month period ended March 31, 2019 do not necessarily provide an indication of the apportionment results of operations for the year ending December 31, 2019. No apportion occurred on the profit of the period ended March 31, 2019 which is performed at the end of the financial year.

The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those applied in the year ended December 31, 2018 except for the effect of the adoption of the new and revised standards which are applied on or after the 1st of January of 2019 as follow:

Amendments with no material effect on the condensed consolidated interim financial statements 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.

Effect of Application of IFRS (16) "Leases"

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 recognized 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.

By reviewing the Company's rental agreements as of March 31, 2019 and based on the actual conditions and events at that date, there is no impact on the Company's condensed consolidated interim financial statements.

b. Basis of Consolidation of the Consolidated Condensed Interim Financial Statements

The consolidated condensed interim financial statements include the financial statements of the Company and its subsidiary companies that are subject to its control. In this regard, control is established when the Company has the ability to conduct the main activities of the subsidiary company, it is subject to the variable returns arising from its investment in the subsidiary company, or it has the right to these returns, and it has the ability to influence the returns through its control of the subsidiary company. Intercompany transactions, balances, revenues and expenses are eliminated between the Company and its subsidiaries.

The results of the subsidiary companies are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date on which the Company assumes actual control over the subsidiary. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Company loses control over the subsidiary companies.

Control is established when the Company has the ability to influence the operational and the financial policies of the subsidiary companies for the benefit of its operations. Intercompany transactions and balances, and the intercompany revenues and expenses are eliminated between the company and its subsidiaries.

Control is achieved when the Company:

- has the ability to control the investee;
- is subject to variable returns, or have the right to variable returns arising from its association with the investee; and
- has the ability to use its power to influence the returns of the investee.

The Company re-evaluates whether it controls the investee companies or not, if the facts and circumstances indicate that there are changes to one or more of the control criteria referred to above.

If the Company's voting rights are less than the majority's voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Company the ability to direct the activities of the related subsidiary unilaterally. Moreover, the Company takes into account all the facts and circumstances in assessing whether the Company has enough voting rights in the investee to enable it to control or not. These facts and circumstances include the following:

- The size of voting rights owned by the Company in relation to the size and distribution of other voting rights;
- Potential voting rights held by the Company and any other voting rights held by others or third parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the Company has or does not have an existing responsibility for directing the relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings

When the Company loses control over any of its subsidiaries, the Company:

- derecognizes the assets of the subsidiary (including goodwill) and liabilities;
- derecognizes the carrying amount of any uncontrolled interest;
- derecognizes the cumulative transfer differences recognized in equity;
- derecognizes the fair value of the consideration received;
- derecognizes the fair value of any investment held;
- derecognizes any surplus or deficit in the income statement; and
- Reclassifies the Company's equity previously recognized in other comprehensive income to the statement of income or retained earnings, as appropriate.

The financial statements of the subsidiary companies are prepared for the same period of the parent Company using the same accounting policies of the parent Company. If the accounting policies adopted by the subsidiary companies differ from those of parent Company, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies of the parent Company.

Non-controlling interest represent the unowned part by the company from subsidiary companies owners' equity.

The Company owned the following subsidiaries as of March 31, 2019 through direct or indirect methods:

Company's Name	Principal Activity	Ownership Percentage	Place of Origin	Capital	Year of Incorporation
				JD	
Mulkiyat for Investment and Trade Company	Investment	100%	Jordan	50,000	2010
Baden for Trade and Investment Company	Investment	100%	Jordan	5,000	2016

The most important financial information of the subsidiary companies for the period ended Mach 31, 2019 is as follows:

Company's Name	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JD	JD	JD	JD
Mulkiyat for Investment and Trade Company	2,387,993	2,275,051	92,480	45,068
Baden for Trade and Investment Company	385,771	1,508,528	-	-

3. Use of Estimates

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

We believe that the estimates used in the condensed consolidated interim financial statements are reasonable and consistent with the estimates used in preparing the consolidated financial statements for the year 2018 except for the following:

Extension and termination options of lease contracts

Extension and termination options are included in a number of leases. These terms are used to increase the operational flexibility in terms of contract management, most of the retained extension and termination options are exercisable by both the bank and the lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed when there is an important event or a significant change in the circumstances that has an effect on this assessment, and in which it is within the control of the lessee.

Discounting of lease payments

Lease payments are discounted using the bank's additional borrowing rate ("IBR"). The management has applied the judgements and estimates to determine the additional borrowing rate on the starting date of the lease contract.

4. Deposits at Banks

This item consists of the following:

	March 31, 2019						December 31, 2018					
	Deposits maturing within one month		Deposits maturing after a month till three months		Deposits maturing after three months till one year		Total		Total		Total	
	Policyholders	Owners' Equity	Policyholders	Owners' Equity	Policyholders	Owners' Equity	Policyholders	Owners' Equity	Policyholders	Owners' Equity	Policyholders	Owners' Equity
Inside Jordan	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
	-	299,694	2,501,826	312,539	-	8,236,818	2,501,826	8,849,051	11,350,877	2,501,826	9,501,168	12,002,994
Outside Jordan	-	-	-	-	-	2,296,120	-	2,296,120	2,296,120	-	2,267,062	2,267,062
Expected credit losses*	-	(1,811)	(18,133)	(1,889)	-	(63,660)	(18,133)	(67,360)	(85,493)	(18,133)	(67,360)	(85,493)
	-	297,883	2,483,693	310,650	-	10,469,278	2,483,693	11,077,811	13,561,504	2,483,693	11,700,870	14,184,563

- Return rates on the deposits at banks in Jordanian Dinar ranges from 3.3% to 5.1%, as the return on the foreign deposits in US Dollar 4% as of March 31, 2019.

5. Cash on Hand and at Banks

This item consists of the following:

	March 31, 2019				December 31, 2018			
	Policyholders		Owners' Equity		Policyholders		Owners' Equity	
	JD	JD	JD	JD	JD	JD	JD	JD
Cash on hand	127,858	1,886	129,744	1,102,422	1,089,787	12,635	1,102,422	
Current accounts at banks	570,315	237,200	807,515	942,106	676,357	265,749	942,106	
	698,173	239,086	937,259	2,044,528	1,766,144	278,384	2,044,528	

6. Receivables - Net

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Policyholders' receivable	16,970,910	14,205,507
Brokers' receivable	20,675	11,595
Employees' receivable	133,878	138,059
Owners' Equity receivable	104,677	93,444
Others	142,022	105,367
Total	17,372,162	14,553,972
<u>Less: Expected credit losses*</u>	<u>(1,051,001)</u>	<u>(1,001,001)</u>
	<u>16,321,161</u>	<u>13,552,971</u>

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

	March 31, 2019	December 31, 2018
	JD	JD
Balance at the beginning of the period / year	1,001,001	710,667
Impact of IFRS 9 implementation	-	282,891
Adjusted balance at the beginning of the period/ year	1,001,001	993,558
Additions during the period	50,000	7,443
Balance at the end of the period /year	<u>1,051,000</u>	<u>1,001,001</u>

7. Reinsurance Receivables - Net

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Local insurance companies	1,454,044	1,289,776
Foreign reinsurance companies	1,634,593	1,017,954
Total reinsurance receivables	3,088,637	2,307,730
<u>Less: Expected credit losses*</u>	<u>(170,000)</u>	<u>(170,000)</u>
	<u>2,918,637</u>	<u>2,137,730</u>

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

	March 31, 2019	December 31, 2018
	JD	JD
Balance at the beginning of the period /year	170,000	127,000
Effect of application of IFRS 9	-	23,000
Adjusted Balance at the beginning of the period/year	170,000	150,000
<u>Add: Expected credit losses during the period/year</u>	<u>-</u>	<u>20,000</u>
Balance at the end of the period /year	<u>170,000</u>	<u>170,000</u>

8. Income Tax

a. Income tax provision

Movement on the income tax provision is as follows:

	March 31, 2019			December 31, 2018		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the period / year	53,356	3,545	56,901	59,086	11,365	70,451
Income tax expense for the period / year	-	60,208	60,208	-	15,724	15,724
Income tax for the previous years	-	-	-	-	18,359	18,359
Income tax paid	-	(3,669)	(3,669)	(5,730)	(41,903)	(47,633)
Balance at end of the period / year	53,356	60,084	113,440	53,356	3,545	56,901

b. Income tax in the condensed consolidated interim statement of policyholders' revenue and expenses and the condensed consolidated interim statement of income is as follows:

	March 31, 2019		March 31, 2018	
	Policyholders	Owners' Equity	Policyholders	Owners' Equity
	JD	JD	JD	JD
Accrued income tax on the period profits	-	60,208	12,000	-
Impact of deferred tax assets	(326,549)	(38,327)	(12,000)	-
Income tax expense	(326,549)	21,881	-	-

- On 18 November 2015, the successor (First Insurance Public Shareholding Limited Company) was granted an income tax exemption for three years from the council of Ministers based on Article No. (8/B) from the investments law No. (30) for the year 2014. Moreover, income tax for the operations of the insurance company was calculated in accordance with the current income and tax law effective February 11, 2019.
- In the opinion of the management and the tax consultant, the Income tax provision is sufficient as of March 31, 2019.
- Tax declaration forms for the year 2015 - 2017 were submitted within the legal period. However, the income tax department did not finalize the review and did not issue a final opinion towards it.
- Tax declaration forms for the year 2014 were accepted as part of the sample basis employed by the income tax department.

Deferred tax assets were calculated at a rate of 26% for items in the kingdom and 10% for items outside the kingdom.

The tax rate on deferred taxes for the subsidiary is 21% and it's in conformity with the current Income and Sales Tax Law, where the deferred tax assets should be calculated based on the determined or expected future rates.

9. Al Qard Al Hassan Granted by the Owners to Cover the Policyholders' Fund Deficit

This item consists of the following:

	March 31, 2019 JD	December 31, 2018 JD
Balance at the beginning of the period / year	-	-
Al Qard Al Hassan granted by shareholders to cover the deficit	314,311	-
Transferred to policyholders' fund deficit	(314,311)	-
Balance at the end of the period / year	-	-

10. Reserve to Cover Policyholders' Fund Deficit (Contingency Provision)

- This account represents what has been transferred from the policyholders' fund surplus during this year and previous years at a percentage of 20%.
- Below is a summary movement of the reserve to cover deficit (contingency provision):

	March 31, 2019 JD	December 31, 2018 JD
Balance at the beginning of the period / year	143,284	135,535
Transfers from reserve to cover the policyholders' fund deficit	(143,284)	7,749
Balance at the end of the period / year	-	143,284

11. Policyholders Accumulated Fund Deficit

This item consists of the following:

	March 31, 2019 JD	December 31, 2018 JD
Balance at the beginning of the period / year	-	-
Policyholders' (deficit) surplus during the period / year	(457,595)	-
Transfers from reserve to cover fund deficit (contingency provision)	143,284	-
Transferred from Al Qard Al Hasan to cover the fund deficit	314,311	-
Balance at the end of the period / year	-	-

12. Capital

The paid-up capital is 28 million JD as of March 31, 2019 and 31 December 2018 divided into 28 million shares, par value of each share is 1 JD.

13. Statutory Reserve

The amounts collected in this account represent the transferred annualized profit before tax of 10% during the year and prior years in accordance with the Companies Law and is not distributable to shareholders.

14. Owners Equity Share for Takaful Operations Management

- The contractual relationship between owners' equity and policyholders represents an agent relationship to manage the insurance business through a specialized staff which were appointed for this mission.

- Wakala fees for first quarter of the year 2019 were determined at 17% for Motors department (2018: 17%) and 22% for Medical department less the administrative fees (2018: 22%) and 22% for life department (2018: 22%) and 25% for marine department (2018: 25%) and 7% for aviation department (2018: 7%) and 20% for fire department and other damages (2018: 20%) and 25% for the liability and other departments (2018: 25%) and decreasing it to a rate of 10% for policies issued from the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for 100% reinsured policies, 10% of the premium were deducted while it should not exceed 90% from the reinsurances commission. As for investing policyholders' surplus, the contractual relation between the shareholders and policyholders is based on the Islamic trading (Modaraba) against a percentage of 35% from the investments gain in 2018.
- The determined compensation for the investment management is based on the Islamic principles (Modaraba & Wakala) based on budgets prepared by the Company and on a fair basis to the policyholders. The Company has a strict separation between the assets and liabilities of the policyholders and shareholders and hence the investment returns of the assets of the policyholders are determined accurately.

15. Earnings per Share

Earnings per share is calculated by dividing the net earnings for the period over the weighted average common stock and it is calculated as follows:

	For the Three Month Ended March 31,	
	2019	2018
	JD	JD
Net shareholders' income for the period	585,828	611,480
	Share	Share
Weighted average common stock	28,000,000	28,000,000
	JD / Share	JD / Share
Earnings per share for the period - (basic)	-/021	-/022

16. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statements consist of the amount shown in the condensed consolidated interim statement of financial position, which are details as follows:

	March 31,	
	2019	2018
	JD	JD
Cash on hand and at banks	937,259	1,301,008
<u>Add:</u> Bank deposits maturing within three months	3,092,226	4,432,868
Cash and cash equivalents at the end of the period	4,029,485	5,733,876

17. Main Segments Analysis

A. Information on the Company's Operating Segments

The Company was organized to include the general takaful sector (general insurance), in accordance with the reports used by the Executive Manager and the Group's primary decision maker which compromised (motors, marine, fire, accidents, medical and aviation insurance). This sector is the base used by the company to disclose information related to key sectors, the above mentioned sector also includes the company's investments and cash above management. Transactions between business sectors are based on estimated market prices with the same terms used with other.

B. Geographical Distribution

This note represents the geographical distribution of the Company's operation. The Company mainly conducts its operations in the kingdom, representing local and regional operations

The following is the distribution of the Company's revenue and capital expenditures according to geographical sector:

	For the Three Month Ended March 31,					
	Inside Jordan		Outside Jordan		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenue	5,091,362	4,476,369	1,075,789	1,159,659	6,167,151	5,636,028
Capital expenditure	825,941	712,932	-	-	825,941	712,932

18. Related Party Balances and transactions

The Company engaged in transactions with major owners' equity, directors, and key management and within normal activities. All of the deferred insurance accounts receivables and financing due to the related parties are performing, and no provisions were recorded.

The Company's management depends on the pricing policy and conditions for these transactions.

Below is a summary of related parties' transactions during the period / year:

	Related Party			Total	
	Major Owners' Equity and Directors	Top Management	Sister Companies	March 31, 2019	December 31, 2018
	JD	JD		JD	JD
Condensed Consolidated Interim Statement of Financial Position Items					
Accounts receivable	104,677	77,990	-	182,667	158,261
Accounts payable	9,318	60	-	9,378	66,377
Deposit at banks outside Jordan	-	-	2,296,120	2,296,120	2,267,062
Condensed Consolidated Interim Statement of Comprehensive Income					
Investments revenue	-	-	23,585	23,585	87,745
Takaful Insurance contribution	1,428	765	-	2,193	2,956
Paid claims	-	-	-	-	5,534

Below is a summary of the executive management salaries, bonuses and other benefits:

	March 31,	
	2019	2018
	JD	JD
Salaries and bonuses	293,609	151,500
Other *	-	292,962
	<u>293,609</u>	<u>444,462</u>

19. Lawsuits against the Company

There are lawsuits held against the Company for various types of claims, the determined lawsuits at courts is about JD 1,306,817 as of March 31, 2019 (1,269,884 JD as of December 31, 2018). In the management and the legal advisors' opinion, the Company will not have claims that exceed the outstanding claims provision amount.

20. Previous year's adjustments

During the period ended March 31, 2019, the Company has restated the Comparative figure related to the three month period ended March 31, 2018 to comply with the requirements of IAS (8). The impact of this adjustments on the statement of changes in owners' equity for the three months ended March 31, 2018 was resulted due to the errors related to the calculation and first implementation of expected credit losses to determine the value of expected credit loss provision on various account receivables and financial assets that are subject to IFRS (9) and the treatment of deferred tax assets related to it.

The effect of the adjustment is as follows:

	March 31, 2018		
	Balance before adjustment	Adjustment impact	Adjusted balance
	JD	JD	JD
<u>Owners' Equity</u>			
Retained earnings	2,854,117	(342,394)	2,511,723

21. Subsequent events

The General Assembly of the company decided in its meeting held on April 25, 2019, a cash dividends amounting to JD 1,540,000 was distributed to the shareholders at a rate of 5/5% of the company's paid up capital for the year 2018.

22. Fair Value Hierarchy

a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

Some of the financial assets and financial liabilities of the Company are estimated at fair value at the end of each financial period. The following table provides information about the manner in which financial assets and financial liabilities are determined (Evaluation methods and input used):

Financial assets / liabilities	Fair Value		Fair Value Level	Evaluation Method and Used Entries	Significant Intangible Entries	Relation between Significant Intangible Entries and Fair Value
	March 31, 2019	December 31, 2018				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through comprehensive income						
Shares with quoted prices	1,483,274	1,801,970	First Level	Prices stated in financial markets	N/A	N/A
Shares with un-quoted prices	513,171	513,171	Second Level	Based on the latest audited financial	N/A	N/A
Total	1,996,445	2,315,141				

There were no transfers between first level and second level during the first three months of March 31, 2019 and the ended year December 31, 2018.

b. Fair Value of Financial Assets and Financial Liabilities Continuously Undetermined at Fair Value

Except for what is stated in the schedule below, we believe that the carrying amount of the financial assets and financial liabilities stated in the Company's condensed consolidated interim financial statements approximates their fair value. Moreover, the Company's management believes that the book value of the items below approximates their fair value due to either their short-term maturity or the re-pricing of interest rates during the period.

	March 31, 2019		December 31, 2018		Fair Value Layer
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets not evaluated at fair value					
Deposits at banks	13,561,504	14,349,783	14,184,563	14,349,783	Second Level
Real-estate investments	6,808,274	7,212,643	6,821,022	7,212,643	Second Level
Financial assets at amortized cost	6,633,224	6,978,841	6,917,520	6,978,841	Second Level
Total	<u>27,003,002</u>	<u>28,541,267</u>	<u>27,923,105</u>	<u>28,541,267</u>	

For the items shown above the fair value of assets and liabilities for the first and second level were determined according to agree upon pricing models that reflects credit risks related to the parties that are being dealt with.