


السادة بورصة عمان المحترمين

تحية واحتراماً ،،،


الموضوع: البيانات المالية كما في 2019/9/30

بالإشارة الى الموضوع اعلاه، نرفق لكم البيانات المالية باللغة الانجليزية للشركة الاولى للتأمين كما في 2019/09/30.

وتفضلوا بقبول فائق الاحترام والتقدير،،،


اسماء علي المهدي
المدير التنفيذي المالية

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٠١٩

الرقم التسلسلي: 5030
رقم الملف: 21534
الجهة المختصة: 



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

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

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION WITH REVIEW REPORT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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Review Report for the independent auditor

AM/ 012534

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of First Insurance Company (A Public Shareholding Limited Company) as of September 30, 2019 and the related condensed consolidated interim statements of financial position, policyholders revenues and expenses, income and comprehensive income changes in owners' equity, changes in policyholders' equity and cash flows for the nine-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 in 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 information are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Emphasis of matter

We draw attention to note (24) of the condensed consolidated interim financial information, which describes that the comparative information included in the statement of changes in shareholders' equity has been restated to comply with changes in International Financial Reporting Standards. Our conclusion is not modified in respect of this matter.

Other Matter

The accompanying condensed consolidated interim financial information are a translation of the statutory condensed consolidated interim financial information which are in the Arabic language and to which reference should be made.

Amman – Jordan
October 28, 2019

Deloitte & Touche (M.E.) Jordan
ديلويت أند توش (الشرق الأوسط)
010105

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

		September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) JD
ASSETS		Note	
Investments:			
Deposits at banks - net	4	12,849,652	14,184,563
Financial assets at fair value through comprehensive income		1,602,350	2,315,141
Financial assets at amortized cost - net	5	6,536,818	6,917,520
Real-estate investments - net		6,782,354	6,821,022
Total Investments		27,771,174	30,238,246
Cash on hand and at banks	6	137,734	2,044,528
Checks under collection - net		2,611,576	2,813,213
Receivables - net	7	18,948,218	13,552,971
Re-insurers' receivables - net	8	2,412,279	2,137,730
Deferred tax assets	9/C	633,252	416,168
Property and equipment - net		5,680,068	5,709,810
Intangible assets - net		887,178	79,509
Projects under construction		3,484,069	2,379,199
Other assets		646,052	681,937
TOTAL ASSETS		63,211,600	60,053,311
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES:			
Unearned contributions reserve - net		8,687,535	7,992,599
Outstanding claims reserve - net		6,431,341	6,067,564
Mathematical reserve - net		142,439	134,235
Total Insurance Contracts Liabilities		15,261,315	14,194,398
Payables	10	3,394,181	1,765,597
Re-insurers' payables	11	10,384,721	10,403,138
Accrued expenses		37,591	76,248
Various provisions		3,342	45,000
Income tax provision	9/A	62,294	56,901
Other liabilities		1,375,751	683,258
TOTAL LIABILITIES		30,519,195	27,224,540
POLICY HOLDER'S EQUITY:			
Al-Qard al-hasan granted by owner's equity to cover policy holder's deficit	12	-	-
Reserve to cover deficit (contingency provision)	13	-	143,284
Accumulated deficit for policyholders' fund	14	-	-
Total Policyholders' Equity		-	143,284
OWNERS' EQUITY:			
Authorized and paid-up capital	15	28,000,000	28,000,000
Statutory reserve	16	3,010,963	3,010,963
Financial assets valuation reserve net after tax		(1,452,616)	(1,874,622)
Retained earnings		1,369,968	3,549,146
Income for the period		1,764,090	-
Total Owners' Equity - Company's Shareholders		32,692,405	32,685,487
Total Policyholders' and Owners' Equity		32,692,405	32,828,771
TOTAL LIABILITIES AND POLICYHOLDERS' AND OWNERS' EQUITY		63,211,600	60,053,311

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 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 STATEMENT OF POLICYHOLDERS' REVENUE AND EXPENSES
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2019

		For the Three-Months Ended September 30,		For the Nine-Months Ended September 30,	
	Note	2019 (Reviewed) JD	2018 (Reviewed) JD	2019 (Reviewed) JD	2018 (Reviewed) JD
<u>Takaful Insurance Revenue:</u>					
Gross written contributions		11,744,674	12,197,375	34,369,943	31,052,185
Less: Re-insurers' share		(6,369,490)	(7,726,988)	(19,049,547)	(19,920,565)
Net Written Contributions from Takaful Insurance Operations for Policyholders		5,375,184	4,470,387	15,320,396	11,131,620
Net change in unearned contributions reserve		(357,558)	(414,254)	(694,936)	748,864
Net change in mathematical reserve		68,749	13,482	(8,204)	(7,964)
Net Earned Contributions Revenue from Takaful Insurance operations for Policyholders		5,086,375	4,069,615	14,617,256	11,872,520
Commissions' revenue		786,043	859,484	2,504,534	2,814,769
Takaful policies Issuance revenue		575,231	538,074	1,738,019	1,532,159
Policyholders' share of investment income		35,297	37,093	143,494	140,821
Less: Owners' share for managing the investment portfolio		(12,354)	(12,982)	(50,223)	(49,287)
Total Revenue from Takaful Insurance operations for Policyholders'		6,470,592	5,491,284	18,953,080	16,310,982
<u>Claims, Losses and Expenses from Takaful Insurance Operations:</u>					
Paid claims		7,559,048	5,989,225	22,436,213	19,617,006
Less: Recoveries		(457,742)	(476,721)	(1,175,585)	(975,995)
Re-insurers' share		(2,678,079)	(2,431,864)	(8,806,775)	(8,417,658)
Net Paid Claims from Takaful Insurance Operations		4,423,227	3,080,640	12,453,853	10,223,353
Net change in claims reserve		(125,667)	249,895	386,675	284,168
Owners' share for managing the operations of Takaful insurance	17	1,681,085	1,592,244	4,735,459	4,442,217
Excess of loss contributions		49,256	41,987	147,768	125,961
Takaful policies acquisition costs		175,134	187,980	737,105	473,431
Other underwriting expenses		169,331	207,632	805,734	708,013
Net Claims Costs		6,372,366	5,360,378	19,266,594	16,257,143
<u>Less: Policyholders' share of Takaful Insurance:</u>					
Provision for expected credit losses	7&8	50,000	50,000	150,000	150,000
Depreciation and amortization		19,173	18,148	56,812	51,350
Other expenses		45,357	19,604	102,400	61,192
Total Policyholders' share of Takaful Insurance		114,530	87,752	309,212	262,542
Policyholders' (Deficit) before tax		(16,304)	43,154	(622,726)	(208,703)
Add: Income tax expense for the period	9/B	(1,081)	-	260,010	-
Policyholders' (Deficit) from Takaful Insurance operations		(17,385)	43,154	(362,716)	(208,703)

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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 STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	For the Three-Months		For the Nine-Months	
		Ended September 30,		Ended September 30,	
		2019	2018	2019	2018
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		JD	JD	JD	JD
Owners' equity revenue from Al-takaful insurance :					
Owners' equity share from management takaful Insurance operations	17	1,681,085	1,592,244	4,735,459	4,442,217
Owners' equity share of investment income		157,612	66,033	419,816	275,101
Owners' equity share of financial assets and investments income		217,871	162,981	557,460	596,058
Owners' equity share for managing the Investments portfolio		12,354	12,982	50,223	49,287
Other revenue		4,086	14,014	39,210	39,054
Total Owners' Equity Revenue from General and Takaful Insurance Operations		2,073,008	1,848,254	5,802,168	5,401,717
<u>Claims, losses and expenses from general Insurance operations:</u>					
Paid claims		-	9,774	39,647	59,458
<u>Less: Recoveries</u>		(20,414)	(29,339)	(80,651)	(57,180)
Reinsurers' share		-	-	(99)	-
Net paid claims		(20,414)	(19,565)	(41,103)	2,278
Net change in outstanding claims reserve		-	11,307	(22,898)	(21,858)
Net Claims from General Insurance operations		(20,414)	(8,258)	(64,001)	(19,580)
Unallocated employees' expenses		935,200	798,136	2,673,942	2,519,499
General and administrative expenses		269,266	286,381	996,783	912,434
Al Qard Al Hassan granted to policyholders' expense	12	17,385	(43,154)	219,432	73,168
Depreciation and amortization		60,678	35,238	134,511	100,155
Total Expenses		1,282,529	1,076,601	4,024,668	3,605,256
Total Claims, Losses and Expenses from General Insurance Operations		1,262,115	1,068,343	3,960,667	3,585,676
Income for the period before tax		810,893	779,911	1,841,501	1,816,041
<u>Less: Income tax expense for the period</u>	9/B	78,737	(2,864)	(77,411)	(11,898)
Income for the period		889,630	777,047	1,764,090	1,804,143
Earning per share for the period (Basic and Diluted)	18	0/032	0/028	0/063	0/064

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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 STATEMENT OF 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
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
			JD	JD
Income for the period	889,630	777,047	1,764,090	1,804,143
Other Comprehensive Income Statement Items				
<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	(14,677)	(87,713)	(217,172)	(181,838)
Total Comprehensive Income for the Period	<u>874,953</u>	<u>689,334</u>	<u>1,546,918</u>	<u>1,622,305</u>

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	Paid-up Capital	Statutory Reserve	Valuation Reserve - Net	Retained Earnings *	Income for the period	Net Owners' Equity
		JD	JD	JD	JD	JD	JD
For the Nine months ended September 30, 2019							
Balance at the beginning of the period (Audited)		28,000,000	3,010,963	(1,874,622)	3,549,146	-	32,685,487
Profit for the period		-	-	-	-	1,764,090	1,764,090
Change in valuation of financial assets at fair value through comprehensive income reserve		-	-	(217,172)	-	-	(217,172)
Total comprehensive Income for the period		-	-	(217,172)	-	1,764,090	1,546,918
(Losses) on sale of financial assets at fair value through comprehensive income		-	-	639,178	(639,178)	-	-
Distributed Dividends**		-	-	-	(1,540,000)	-	(1,540,000)
Balance at the end of the Period (Reviewed)		28,000,000	3,010,963	(1,452,616)	1,369,968	1,764,090	32,692,405
For the Nine months ended September 30, 2018 (Restated)							
Balance at the beginning of the period (Audited)		28,000,000	2,743,182	(1,213,406)	2,854,117	-	32,383,893
Impact of IFRS 9 Implementation	24	-	-	-	(342,394)	-	(342,394)
Balance at the beginning of the period (Restated)		28,000,000	2,743,182	(1,213,406)	2,511,723	-	32,041,499
Income for the period		-	-	-	-	1,804,143	1,804,143
Change in valuation of financial assets at fair value through comprehensive income reserve		-	-	(181,838)	-	-	(181,838)
Total comprehensive Income for the period		-	-	(181,838)	-	1,804,143	1,622,305
Distributed Dividends **		-	-	-	(1,400,000)	-	(1,400,000)
Balance at the end of the period (Reviewed) (Restated)		28,000,000	2,743,182	(1,395,244)	1,111,723	1,804,143	32,263,804

* An amount from retained earnings equivalent to the negative financial assets valuation reserve before the tax effect is restricted in accordance with the related regulation as of September 30, 2019.

** According to the decision of the general assembly participated in the company in its meeting held on April 25, 2019, cash dividends were distributed to the shareholder with a percentage of 5.5% from the paid up capital for the profits of year 2018 with an amount of JD 1,540,000 (JD 1,400,000 with a percentage of 5% for the paid up capital for the profits of year 2017).

- Retained earnings include deferred tax assets in amount of JD 580,880 which is restricted as of September 30, 2019 (JD 285,344 as of December 31, 2018).

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY

	Reserve to cover deficit (Contingency provision)*		Accumulated Deficit		Qard Hussan granted by Owners' equity to Cover the Policyholders' Deficit		Net Policyholders' Equity	
	JD	JD	Realized	Unrealized	JD	JD	JD	JD
<u>For the Nine months ended September 30, 2019</u>								
Balance at the beginning of the period (Audited)	143,284	-	-	-	-	-	143,284	
Policyholders' (deficit) from Takaful Insurance operations	-	(362,716)	-	-	-	-	(362,716)	
Transfers from reserve to cover deficit (contingency provision)	(143,284)	-	-	-	143,284	-	-	
Al Qard Al Hassan granted by owners' equity	-	-	-	-	219,432	-	219,432	
Transfers to Policyholders' deficit	-	362,716	-	-	(362,716)	-	-	
Balance at the end of the period (Reviewed)	-	-	-	-	-	-	-	
<u>For the Nine months ended September 30, 2018</u>								
Balance at the beginning of the period (Audited)	135,535	-	-	-	-	-	135,535	
Policyholders' (deficit) from Takaful Insurance operations	-	(208,703)	-	-	-	-	(208,703)	
Transfers from reserve to cover deficit (contingency provision)	(135,535)	135,535	-	-	-	-	-	
Al Qard Al Hassan granted by owners' equity	-	-	-	-	73,168	-	73,168	
Balance at the end of the period (Reviewed)	-	(73,168)	-	-	73,168	-	-	

* 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 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 September 30, 2019, it was also agreed to grant policyholders Al Qard Al Haasan amounting to JD 219,432 according to the approval of the company's management on October 24, 2019.

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	For the Nine Months Ended September 30,	
		2019 (Reviewed)	2018 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Income for the period before tax		1,841,501	1,816,041
Adjustments:			
Depreciation and amortization		191,323	151,505
Provision for expected credit losses	7 & 8	150,000	150,000
Net change in unearned contributions reserve		694,936	(748,864)
Net change in outstanding claims reserve		363,777	262,310
Net change in mathematical reserve		8,204	7,964
Financial assets at fair value through other comprehensive income cash dividends		(39,595)	(51,201)
Returns from Sukouk		(222,489)	(241,351)
Provision against Al Qard Al Hasan granted to policyholders'		219,432	73,168
Net Cash Flows from Operating Activities before Changes in Working Capital		3,207,089	1,419,572
Decrease (increase) in cheques under collection		201,637	(301,726)
(Increase) in accounts receivable		(5,545,247)	(5,595,353)
(Increase) in re-insurers' receivables		(274,549)	(37,478)
Decrease (increase) in other assets		35,885	(165,714)
Increase in accounts payable		1,628,584	1,110,945
(Decrease) increase in accrued expenses		(38,657)	17,039
(Decrease) increase in re-insurance payables		(18,417)	3,777,429
Increase in other liabilities		29,988	315,963
(Decrease) in various provisions		(41,658)	(45,000)
Net Cash Flows (used in) from Operating Activities before Income Tax paid and end of service provision		(815,345)	495,677
Income tax paid	9/A	(110,344)	(24,827)
Paid from end of service provision		-	(180,000)
Net Cash Flows (used in) from Operating Activities		(925,689)	290,850
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (increase) deposits at banks		4,456,770	(3,217,094)
(Purchase) of financial assets at amortized cost	5	(1,773,918)	(1,395,486)
Proceeds from sale and maturity of financial assets at amortized cost		2,377,109	1,604,904
Proceeds of dividends from financial assets at fair value through comprehensive income		39,595	51,201
Proceeds from sale of financial assets at fair value through comprehensive income		576,587	-
Change in property, equipment, projects under construction and intangible assets		(2,074,120)	(1,832,129)
Change in investment properties		38,668	35,741
Net Cash Flows from (used in) Investing Activities		3,640,691	(4,752,863)
CASH FLOW FROM FINANCING ACTIVITIES:			
Dividends distributed		(1,540,000)	(1,400,000)
Net Cash Flows (used in) Financing Activities		(1,540,000)	(1,400,000)
Net increase (Decrease) in Cash and Cash Equivalent		1,175,002	(5,862,013)
Cash and cash equivalent at the beginning of the year		9,043,753	9,017,804
Cash and Cash Equivalent at the end of the period	19	10,218,755	3,155,791
<u>Non Cash Operations</u>			
Transfers from Projects Under Construction to Intangible Assets		815,110	-

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Establishment and Activities

First Insurance 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 Public Shareholding Limited Company's capital, 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.

2. Basis of Preparation

- The accompanying condensed consolidated interim financial information and its subsidiary have been prepared for the nine months ended September 30, 2019 in accordance with International Accounting Standard number (34) relating to "Interim Financial Reporting".
- The condensed consolidated interim financial information are stated in Jordanian Dinar which represents the functional currency for the Company and its subsidiaries.
- The condensed consolidated interim financial information 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 Nine-month period ended September 30, 2019 do not necessarily provide an indication of the results of operations for the year ending December 31, 2019. No appropriation occurred on the profit of the period ended September 30, 2019 which is performed at the end of the financial year.

Judgments, estimates and risk management

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affects 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 made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements for the year ended December 31, 2018, except what was mentioned in note number (3).

3. Significant Accounting Policies

The accounting policies adopted in preparing the condensed consolidated interim financial information 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 current periods as follow:

a. New and adjusted standards adopted by the Company:

Annual improvements to IFRSs issued between 2015 and 2017

Improvements include amendments to international financial reporting standards number (3) "Business Combinations", and number (11) "Joint Arrangements", and International Accounting Standards number (12) "Income Taxes" and number (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 number (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 number (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 number (9) "*Financial Instruments*" to long-term shares in an associate or joint venture that forms part of the net investment in the 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 international financial reporting standard number (16) "Leases" which replaced the existing guidelines regarding the leases, including International accounting standard number (17) "Lease contracts" and IFRIC number (4) "Determining whether an arrangement contains a lease contract" and the interpretation of the previous Interpretations Committee number (15) "Operational lease contracts - incentives" and SIC number (27) "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS number (16) was issued in January 2016 and is effective for annual periods commencing on or after the 1st 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 number (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 September 30, 2019 and based on the actual conditions and events at that date, there is no impact on the Company's condensed consolidated interim financial information.

As of September 30, 2019, no long-term rent contracts, as all rent contracts are annual and renewed according to the agreement between both parties, and therefore, there is no material impact on application of this standard.

Noting that the Company has used the following estimates:

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 company 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 (if any) using the Company'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.

b. Basis of consolidation of the consolidated condensed interim financial information

The consolidated condensed interim financial information 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 condensed statement of profit or loss 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 profit or loss up to the effective date of disposal, which is the date on which the Company loses control over the subsidiary companies.

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.
- 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.
- 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 consolidated owners' equity.
- derecognizes the fair value of the consideration received.
- derecognizes the fair value of any investment held.
- derecognizes any surplus or deficit in the consolidated statement of Profit or Loss.
- Reclassifies the Company's equity previously recognized in other comprehensive income to the statement of income or retained earnings, as appropriate.

The financial information of the subsidiary companies are prepared for the same financial 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 information 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 September 30, 2019 through direct or indirect methods:

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

The most important financial information of the subsidiary companies for the period ended September 30, 2019 is as follows:

Company's Name	Total Assets	Total Liabilities	Total Revenue	Total Expenses
	JD	JD	JD	JD
Mulkiyat for Investment and Trade Company	1,262,606	1,900,423	257,182	134,467
Baden for Trade and Investment Company	385,771	1,508,528	-	-

c. 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.

4. Deposits at Banks - Net

This item consists of the following:

	September 30, 2019 (Reviewed)						December 31, 2018 (Audited)			
	Deposits maturing within one month			Deposits maturing after a month till Three months			Deposits maturing after Three months till one year			Total
	Policyholders	Owners' Equity		Policyholders	Owners' Equity		Policyholders	Owners' Equity		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	1,418,386	5,054,800	439,264	3,236,820	-	1,857,650	8,291,620	10,149,270	2,501,826	9,501,168
Outside Jordan	-	-	-	-	-	-	2,785,875	2,785,875	-	2,267,062
Expected credit losses	(13,853)	(30,552)	(4,280)	(19,564)	-	(18,133)	(67,360)	(85,493)	(18,133)	(67,360)
	<u>1,404,533</u>	<u>5,024,248</u>	<u>434,984</u>	<u>3,217,256</u>	<u>-</u>	<u>1,839,517</u>	<u>11,010,135</u>	<u>12,849,652</u>	<u>2,483,693</u>	<u>14,184,563</u>

- Return rates on the deposits at banks in Jordanian Dinar ranges from 4% to 5.4%, while the return on the foreign deposits in US Dollar 4.5% as of September 30, 2019.

- Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

5. Financial assets at amortized cost - Net

This item consists of the following:

	September 30, 2019 (Reviewed)			December 31, 2018 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Sukuk	990,341	5,552,831	6,543,172	989,829	5,934,045	6,923,874
Expected Credit Losses	(790)	(5,564)	(6,354)	(790)	(5,564)	(6,354)
	<u>989,551</u>	<u>5,547,267</u>	<u>6,536,818</u>	<u>989,039</u>	<u>5,928,481</u>	<u>6,917,520</u>

- The Sukuk above have fixed return ranges between 5,92% to 6,52% annually.
- During the year 2019, bonds were sold at JD 1,308,313 resulting in a profits of JD 90,272 which were recorded in the condensed consolidated statement of profit or loss as of September 30, 2019. Other bonds worth JD 1,773,918 were purchased with a lower maturity date and higher liquidity with a rate of 4.5% annually.
- During the year, one of the bonds was matured with a par value of JD 833,119.

6. Cash on Hand and at Banks

This item consists of the following:

	September 30, 2019 (Reviewed)			December 31, 2018 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Cash on hand	13,386	1,093	14,479	1,089,787	12,635	1,102,422
Current accounts at banks	37,672	85,583	123,255	676,357	265,749	942,106
	<u>51,058</u>	<u>86,676</u>	<u>137,734</u>	<u>1,766,144</u>	<u>278,384</u>	<u>2,044,528</u>

7. Receivables - Net

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Policyholders' receivable	19,708,761	14,205,507
Brokers' receivable	14,107	11,595
Employees' receivable	142,748	138,059
Owners' Equity receivable	19,474	93,444
Other	244,129	105,367
Total	20,129,219	14,553,972
<u>Less: Expected credit losses provision*</u>	<u>(1,181,001)</u>	<u>(1,001,001)</u>
	<u>18,948,218</u>	<u>13,552,971</u>

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

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance at the beginning of the period / year	1,001,001	710,667
Impact of IFRS number (9) implementation	-	282,891
Adjusted balance	1,001,001	993,558
Additions during the period / year	180,000	7,443
Balance at the end of the period /year	1,181,001	1,001,001

- The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

8. Reinsurance Receivables - Net

This item consists of the following:

	September 30, 2019 (Audited)	December 31, 2018 (Reviewed)
	JD	JD
Local insurance companies	1,447,586	1,289,776
Foreign reinsurance companies	1,104,693	1,017,954
Total reinsurance receivables	2,552,279	2,307,730
Less: Expected credit losses provision*	(140,000)	(170,000)
	2,412,279	2,137,730

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

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance at the beginning of the period /year	170,000	127,000
Impact of IFRS (9) implementation	-	23,000
Adjusted Balance	-	150,000
Add: Expected credit losses during the period/year	-	20,000
(Deduct): Released from provision during the period/year	(30,000)	-
Balance at the end of the period /year	140,000	170,000

- The Company always measures the loss allowance for reinsurance receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on reinsurance receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

9. Income Tax

a. Income tax provision

Movement on the income tax provision is as follows:

	September 30, 2019 (Reviewed)			December 31, 2018 (Audited)		
	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
Accrued Income tax for the period / year profit	-	115,737	115,737	-	15,724	15,724
Income tax for previous years	-	-	-	-	18,359	18,359
Income tax paid	-	(110,344)	(110,344)	(5,730)	(41,903)	(47,633)
Balance at end of the period / year	53,356	8,938	62,294	53,356	3,545	56,901

- b. Income tax presented in the statement of policyholders' revenue and expenses and the condensed consolidated statement of profit or loss is as follows:

	For the Nine Months Ended in September 30			
	2019 (Reviewed)		2018 (Reviewed)	
	Policyholders'	Owners' Equity	Policyholders	Owners' Equity
	JD	JD	JD	JD
Accrued income tax on the periods profits	-	115,737	36,000	11,898
Deferred tax assets impact	(260,010)	(38,326)	(36,000)	-
(Surplus) Income tax expense	(260,000)	77,411	-	11,898

- (First Insurance Public Shareholding Limited Company) was granted an income tax exemption for three years due to the merge of the insurance companies; by the council of ministers decision in November 18, 2015 based on article number (8/B) from the investments law number (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.
- The Company's income tax is settled until the end of 2016, and the Company's self-assessment statement for 2018 was accepted by the Income Tax Department within the sampling system.
- Tax declaration forms for the year 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.
- In the opinion of the management and the tax consultant, the Income tax provision is sufficient as of September 30, 2019.

c. **Deferred Tax Assets/Liabilities:**

The items of deferred tax assets and liabilities are the result of temporary differences for items appeared in the Company's condensed interim condensed financial information and their details are as follows:

	For the Nine Months Ended June 30, 2019 (Reviewed)				For the Year Ended December 31, 2018 (Audited)	
	Beginning Balance of the Period JD	Added Amounts JD	Released Amounts JD	Ending Balance of the Period JD	Deferred Tax JD	Deferred Tax JD
Deferred Tax Assets:						
Expected Credit Loss Provision- Receivables	1,001,001	180,000	-	1,181,001	307,060	201,014
Expected Credit Loss Provision - Reinsurance Receivables	170,000	-	(30,000)	140,000	33,600	44,200
Expected Credit Loss Provision - Bank Deposits	85,494	-	-	85,494	22,228	22,228
Expected Credit Loss Provision - Sukuk	6,355	-	-	6,355	1,652	1,652
Expected Credit Loss Provision - Checks Under Collection	62,500	-	-	62,500	16,250	16,250
Cumulative change in the fair value of financial assets through comprehensive income*	496,088	373,591	(496,088)	373,591	52,372	130,824
IBNR provision - Net	749,670	19,908	-	769,578	200,090	-
	<u>2,571,108</u>	<u>573,499</u>	<u>(526,088)</u>	<u>2,618,519</u>	<u>633,252</u>	<u>416,168</u>

* The cumulative change is related to First Insurance Company only (Parent Company), as this operations are exempted from tax for the subsidiary according to the current sales and income tax law.

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

10. Payables

This item consists of the following:

	September 30, 2019 (Reviewed)			December 31, 2018 (Audited)
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Agents' Payable	187,909	-	187,909	121,459
Brokers' Payable	185,676	-	185,676	131,189
Employees' Payable	-	11,397	11,397	67,616
Suppliers Payable	2,482,168	1,178	2,483,346	1,099,463
Other*	525,853	-	525,853	345,870
Total	<u>3,381,606</u>	<u>12,575</u>	<u>3,394,181</u>	<u>1,765,597</u>

* This item includes payables to medical service providers amounting to JD 520,129 as at September 30, 2019 (JD 280,000 as at December 31, 2018)

11. Reinsurance Payables:

This item consists of the following:

	September 30, 2019 (Reviewed)			December 31, 2018 (Audited)
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Local insurance companies	606,432	5,824	612,256	419,780
Foreign insurance companies	9,702,716	69,749	9,772,465	9,983,358

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

This item consists of the following:

	September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) JD
Balance at the beginning of the period / year	-	-
Policyholders' (Deficit) Surplus during the period / year	(362,716)	7,749
Al Qard Al Hassan granted by shareholders to cover the deficit for the period	219,432	-
Transferred to reserve to cover the fund deficit (contingency provision)	-	(7,749)
Transferred from fund reserve deficit (contingency provision)	143,284	-
Balance at the end of the period / year	-	-

13. 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.
- Below is a summary movement of the reserve to cover deficit (contingency provision):

	September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) 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

14. Policyholders Accumulated Fund (Surplus) Deficit

This item consists of the following:

	September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) JD
Balance at the beginning of the period / year	-	-
Policyholders' (deficit) during the period / year	(362,716)	-
Transfers from reserve to cover fund deficit (contingency provision)	143,284	-
Transferred from Al Qard Al Hasan to cover the fund deficit for the period/ year	219,432	-
Balance at the end of the period / year	-	-

15. Capital

The paid-up capital is 28 million JD as of September 30, 2019 and December 31, 2018 divided into 28 million shares, par value of each share is 1 JD.

16. 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.

17. 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 third 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.

18. Earnings per Share for the Period

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 Months Ended September 30,		For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)	2019 (Reviewed)	2018 (Reviewed)
	JD	JD	JD	JD
Net shareholders' income for the period	889,630	779,911	1,764,090	1,804,143
	Share	Share	Share	Share
Weighted average number of shares	28,000,000	28,000,000	28,000,000	28,000,000
	JD / Share	JD / Share	JD / Share	JD / Share
Earnings per share for the period - (basic and diluted)	0/032	0/028	0/063	0/064

19. Cash and Cash Equivalents

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

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Cash on hand and at banks	137,734	403,940
Add: Bank deposits maturing within three months	10,081,021	2,751,851
Cash and cash equivalents at the end of the period	10,218,755	3,155,791

20. 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 Nine Month Ended September 30, (Reviewed)					
	Inside Jordan		Outside Jordan		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenue	16,448,546	13,496,214	2,504,534	2,814,768	18,953,080	16,310,982
Capital expenditure	1,912,539	786,422	-	-	2,074,120	1,832,129

21. Related Party Balances and transactions

Related parties, as defined in International Accounting Standard number (24) "Related Party Disclosures"; include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Below is a summary of related parties' activities and balances due to related party transactions:

	Related Party			Total	
	Major Owners' Equity and Board of Directors	Top Management	Sister Companies	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD	JD	JD	JD
<u>Condensed Consolidated Statement of Financial Position Items</u>					
Accounts receivable	-	68,169	-	68,169	158,261
Accounts payable	6,023	-	-	6,023	66,377
Deposit at banks outside Jordan	-	-	2,785,875	2,785,875	2,267,062

			For the Nine Months Ended September 30		
			2019	2018	
			(Reviewed)	(Reviewed)	
			JD	JD	
<u>Condensed Consolidated Statement of Comprehensive Income</u>					
Investments revenue	-	-	77,777	77,777	87,745
Takaful Insurance contribution	2,678	3,857	-	6,535	2,956
Paid claims	-	-	-	-	5,534

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

	September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Salaries and bonuses	485,406	407,561
Other *	145,532	292,962

22. Lawsuits against the Company

There are lawsuits held against the Company for various types of claims, the determined lawsuits at courts is about JD 1,157,660 as of September 30, 2019 (1,269,844 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.

23. Approval of Interim Condensed Financial Information

These interim condensed financial information were approved by the Board of Directors and authorized for issue on October 24, 2019.

24. Previous year's adjustments

During the period ended September 30, 2019, the Company has restated the Comparative figure related to the Nine month period ended September 30, 2018 to comply with the requirements of IAS number (8). The impact of this adjustments on the statement of changes in owners' equity for the Nine months ended September 30, 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 losses provision on various account receivables and financial assets that are subject to IFRS number (9) and the treatment of deferred tax assets related to it.

- The effect of the adjustment is as follows:

	September 30, 2018		
	Balance before adjustment	Adjustment impact	Adjusted balance
	JD	JD	JD
<u>Owners' Equity</u>			
Retained earnings	1,454,117	(342,394)	1,111,723

25. 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	Relation between	
	September 30, 2019	December 31, 2018			Significant Intangible Entries	Significant Intangible Entries and Fair Value
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through comprehensive income						
Shares with quoted prices	1,089,179	1,801,970	First Level	Prices stated in financial markets	N/A	N/A
Shares with un-quoted prices	513,171	513,171	Third Level	Based on the latest available financial information	N/A	N/A
Total	1,602,350	2,315,141				

There were no transfers between first level and second level during the nine months of September 30, 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 information 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.

	September 30, 2019		December 31, 2018		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Layer
	JD	JD	JD	JD	
Financial assets not evaluated at fair value					
Deposits at banks	12,849,652	13,189,652	14,184,563	14,349,783	Third Level
Real-estate investments	6,782,354	7,212,643	6,821,022	7,212,643	Third Level
Financial assets at amortized cost	6,536,818	6,978,841	6,917,520	6,978,841	Third Level
Total	<u>26,168,824</u>	<u>27,381,136</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.