

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2018 TOGETHER
WITH THE REVIEW REPORT

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
MARCH 31, 2018

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Report on Reviewed Condensed Interim Financial Information

AM/81144

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Arabia Insurance Company - Jordan (A Public Shareholding Limited Company) as of March 31, 2018, and the related condensed interim statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard No. (34) Relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Explanatory Paragraph

The Company's financial year ends on December 31, of each year. However, the condensed interim financial information have been prepared for insurance management and Jordan securities commission purposes only.

Other Matter

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

Amman - Jordan
April 30, 2018

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	Note	March 31, 2018 Reviewed not) (Audited)	December 31, 2017
		JD	JD
Deposits at banks	4	7,596,433	8,101,822
Financial assets at fair value through statement of income	5	1,359,648	1,322,935
Financial assets at fair value through comprehensive income	6	2,711,476	2,585,066
Financial assets at amortized cost	7	1,492,730	1,562,159
Investment property	-	2,216,655	2,229,975
Life insurance policyholders' loans		21,404	21,608
Total Investments		<u>15,398,346</u>	<u>15,823,565</u>
Cash on hand and at banks		469,800	705,862
Cheques under collection		1,571,378	1,368,890
Receivables - net	8	5,865,885	5,272,348
Re-insurance and insurance companies' accounts receivable	9	1,410,047	1,554,085
Deferred tax assets	10/c	491,194	544,038
Property and equipment - net		2,588,598	2,619,736
Intangible assets - net		135,031	100,214
Other assets		923,034	865,395
TOTAL ASSETS		<u>28,853,313</u>	<u>28,854,133</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		6,668,703	6,427,109
Claims reserve - net		6,959,592	7,423,072
Mathematical reserve - net		635,736	635,736
Total Insurance Contracts Liabilities		<u>14,264,031</u>	<u>14,485,917</u>
Payables	11	1,258,524	1,205,524
Accrued expenses		35,471	40,270
Re-insurance and insurance companies' accounts payable	12	2,170,398	2,078,065
End-of-services Indemnity provision		51,178	85,653
Provision for income tax	10/a	3,466	26,788
Deferred tax liabilities	10/c	162,191	150,337
Other liabilities		184,160	256,320
TOTAL LIABILITIES		<u>18,129,419</u>	<u>18,328,874</u>
<u>SHAREHOLDERS' EQUITY</u>			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,214,815	1,214,815
Voluntary reserve		174,717	174,717
Investments revaluation reserve - net after tax	13	(17,776)	(113,848)
Retained earnings	14	1,249,575	1,249,575
Profit for the period		102,563	-
Total Shareholders' Equity		<u>10,723,894</u>	<u>10,525,259</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>28,853,313</u>	<u>28,854,133</u>

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED
INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Note	For the Three-Months Period Ended March 31,	
		2018 JD	2017 JD
<u>Revenue:</u>			
Gross written premiums		6,000,444	5,473,200
<u>Less: Re-insurers' share</u>		<u>2,342,663</u>	<u>2,134,514</u>
Net Written Premiums		<u>3,657,781</u>	<u>3,338,686</u>
Net change in unearned premiums provision		(241,594)	(282,922)
Net change in mathematical reserve		-	-
Net Written Revenue Premiums		<u>3,416,187</u>	<u>3,055,764</u>
Commissions revenue		273,517	266,154
Policies Issuance service fees		268,194	252,221
Interest Income		96,370	83,108
Net gain from financial assets and investments	16	114,733	116,902
Other revenue - net		<u>61,930</u>	<u>37,488</u>
Total Revenue		<u>4,230,931</u>	<u>3,811,637</u>
<u>Claims, Losses and Expenses:</u>			
Paid claims		5,862,404	3,811,784
<u>Add: Entitlement and qualifying policy holders</u>		<u>30,931</u>	<u>15,546</u>
<u>Less: Recoveries</u>		<u>586,586</u>	<u>405,201</u>
Re-insurers' share		<u>1,918,646</u>	<u>992,169</u>
Net paid claims		<u>3,388,103</u>	<u>2,429,960</u>
Net change in claims provision		(476,158)	85,930
Allocated employees' expenses		282,950	251,535
Allocated general and administrative expenses		122,829	116,686
Excess of loss premiums		58,765	59,228
Policies acquisition cost		507,000	478,929
Other expenses related to underwriting		<u>100,427</u>	<u>17,250</u>
Net Claims Costs		<u>3,983,916</u>	<u>3,439,518</u>
Unallocated employees' expenses		70,738	62,884
Depreciation and amortization		36,215	35,283
Unallocated general and administrative expenses		30,707	29,171
Provision for impairment in accounts and re-insurance receivable -	8,9	<u>(27,568)</u>	<u>16,278</u>
Total Expenses		<u>110,092</u>	<u>143,616</u>
Profit for the period before Tax		136,923	228,503
Income tax expense	10 B	<u>34,360</u>	<u>49,232</u>
Profit for the Period		<u>102,563</u>	<u>179,271</u>
Earnings per Share for the Period	17	<u>0.013</u>	<u>0.022</u>

Chairman of the Board of Directors

General Manager

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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	<u>Note</u>	<u>For the Three-Months Period</u> <u>Ended March 31,</u>	
		<u>2018</u>	<u>2017</u>
		JD	JD
Profit for the period		102,563	179,271
Items not subsequently transferable to condensed interim statement of income:			
Net change in investment revaluation reserve	13	<u>96,072</u>	<u>91,739</u>
Total Comprehensive Income		<u><u>198,635</u></u>	<u><u>271,010</u></u>

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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REVIEWED, NOT AUDITED)

	Authorized and Paid - up Capital	Statutory Reserve	Voluntary Reserve	Investment Revaluation Reserve	Retained Earnings			Profit for the period	Total
					Realized	Unrealized	Total		
For the Three Months Period Ended March 31, 2018									
Balance - beginning of the year	8,000,000	1,214,815	174,717	(113,848)	550,766	698,809	1,249,575	-	10,525,259
Profit for the period	-	-	-	-	-	-	-	102,563	102,563
Change in Investment revaluation reserve	-	-	-	96,072	-	-	-	-	96,072
Total Comprehensive Income	-	-	-	96,072	-	-	-	102,563	198,635
Transfers during the period	-	-	-	-	52,845	(52,845)	-	-	-
Balance - End of the Period	<u>8,000,000</u>	<u>1,214,815</u>	<u>174,717</u>	<u>(17,776)</u>	<u>603,611</u>	<u>645,964</u>	<u>1,249,575</u>	<u>102,563</u>	<u>10,723,894</u>
For the Three Months Period Ended March 31, 2017									
Balance - beginning of the year	8,000,000	1,159,299	174,717	(30,727)	796,153	658,074	1,454,227	-	10,757,516
Profit for the period	-	-	-	-	-	-	-	179,271	179,271
Change in Investment revaluation reserve	-	-	-	91,739	-	-	-	-	91,739
Total Comprehensive Income	-	-	-	91,739	-	-	-	179,271	271,010
Transfers during the period	-	-	-	-	13,425	(13,425)	-	-	-
Balance - End of the Period	<u>8,000,000</u>	<u>1,159,299</u>	<u>174,717</u>	<u>61,012</u>	<u>809,578</u>	<u>644,649</u>	<u>1,454,227</u>	<u>179,271</u>	<u>11,028,526</u>

- The retained earnings includes JD 154,770 as of March 31, 2018, representing the cumulative change in the fair value transferred to the retained earnings as a result of applying IFRS 9. This amount may not be used according to the instructions of Jordan Securities Commission.

- An amount equal to the negative balance of the investments revaluation reserve in the amount of JD (17,776) as of 31 March 2018 is restricted for retained earnings according to The Jordan Securities Commission instructions.

- The retained earnings includes JD 491,194 as of 31 March 2018, restricted against deferred tax assets (JD 544,038 as of 31 December 2017).

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ARABIA INSURANCE COMPANY - JORDAN
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AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three-Months Period	
		2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before tax		136,923	228,503
Adjustments:			
Depreciation and amortization		36,215	35,283
Investments property depreciation	16	13,320	13,320
(Surplus) loss on the Impairment Provision in accounts and re-insurance receivable	8,9	(27,568)	16,278
Revaluation (gain) on financial assets at fair value through statement of income	16	(36,713)	(48,943)
Loss on the Impairment Provision of financial assets at amortized cost	7	(40,071)	7,648
End of service indemnity provision		525	511
Net Change in unearned premiums provision		241,594	282,922
Net change in claims provision		<u>(476,158)</u>	<u>85,930</u>
Cash Flows from (used in) Operating Activities before Changes in Assets and Liabilities		(151,933)	621,452
(Increase) decrease in Financial Assets:			
Financial assets at fair value through statement of Income		-	(40,054)
Checks under collection		(202,488)	(148,910)
Accounts receivable - Net		(565,822)	(359,568)
Re-insurance companies receivable - debit		143,891	(113,416)
Other assets		(44,962)	(92,166)
Increase (decrease) in Financial Liabilities:			
Accounts payable		53,000	139,071
Accrued Expenses		(4,799)	19,876
Re-insurance companies payable - credit		92,333	274,376
Other liabilities		<u>(72,160)</u>	<u>(59,757)</u>
Net Cash Flows (used in) from Operating Activities before taxes and end of service indemnity provision paid		<u>(752,940)</u>	<u>240,904</u>
Income tax paid	10	(23,322)	(4,040)
End of service indemnity paid		<u>(35,000)</u>	-
Net Cash Flows (used in) from Operating Activities		<u>(811,262)</u>	<u>236,864</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks (Maturing in Three Months)		(705,379)	(1,087,519)
Financial asstes at amortized cost-net		109,500	(300,000)
Decrease (Increase) in life policyholders' loans		204	(11,435)
(Purchase) of property and equipment		(3,894)	(2,366)
(Additions) to intangible assets		<u>(36,000)</u>	-
Net Cash Flows (used in) Investing Activities		<u>(635,569)</u>	<u>(1,401,320)</u>
Net (Decrease) in Cash and Cash Equivalents		(1,446,831)	(1,164,456)
Cash and cash equivalents - beginning of the year		<u>6,101,449</u>	<u>7,101,303</u>
Cash and Cash Equivalents - End of the Period	18	<u>4,654,618</u>	<u>5,936,847</u>

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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- a. Arabia Insurance Company - Jordan was established in 1975 and registered as a Jordanian Public Shareholding Company under No. (90). with headquarters in Amman - The Hashemite Kingdom of Jordan - Sharif Abdul Hamid Sharaf Street, Shmeisani P.O. 20031 Amman 11118 - Jordan and an authorized capital of JD 2 million divided over 2 million shares, with a par value of JD 1 per share. Moreover, the company's Capital was increased in several stages, the last of which was on February of the year 2008 so that it became JD 8 million divided over 8 million shares.

The company conducts all types of insurance and reinsurance which includes fire, accidents, marine, transportation, credit, motor, life, and medical insurance.

- b. Pursuant to the resolution of the General Assembly for the shareholders on April 30, 2012, the name of the company was changed on May 31, 2012 to "Arabia Insurance Company - Jordan" instead of "General Arabia Insurance Company".
- c. Arabia Insurance Company - Jordan is 51% owned by Arabia Company (Holding Company - Lebanon).
- d. The accompanying condensed interim financial statements were approved by the Board of Directors at its meeting No. (173) held on April 23, 2018.

2. Significant accounting policies

Basis of preparation of the condensed interim financial statements

- The interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard (IAS) No. 34 (Interim Financial Reporting).
- The interim condensed financial statements have been prepared according to the historical cost convention except for financial assets and financial liabilities which are stated at fair value as of the date of the interim condensed financial statements.
- The interim condensed financial statements are reported in Jordanian Dinars, which is the Company's functional currency.
- The condensed interim financial statements do not include all the information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report as of December 31, 2017. Moreover, the results for the three-months period ended March 31, 2018 do not necessarily provide an indication of the expected results of operations for the year ending December 31, 2018. The company's profits for the three-month period ended March 31, 2018 have not been appropriated; as such appropriations will be made at the end of the year.
- The condensed interim financial statements are prepared in accordance with the historical cost principle except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed interim financial statements date.

- The accounting policies adopted in preparing the condensed interim financial statements are consistent with those applied in the year ended December 31, 2017 except for the effect of the adoption of the new and revised standards which are applied on or after the first of January of 2018 as follow:

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

Annual Improvements to IFRS Standards 2014 – 2016 The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share Based Payment

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advanced Consideration

IFRIC 22 addresses how to determine the date of transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) or on de-recognition of a non-monetary asset or liability arising from advance considerations.

The interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to IAS 40 Investment Property

These amendments show when the entity shall transfer (reclass) a property including investments under process or development to, or from, investment property.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

Amendments to IFRS 15 *Revenue from Contracts with Customers*

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Amendments to IFRS 7 *Financial Instruments: Disclosures*

The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS (9) is first applied.

IFRS 7 *Financial Instruments: Disclosures*

The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied.

b. Amendments effective on the condensed interim financial statements of the Company

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. And a new version of the new standard includes the requirements of recognition, measurement, impairment and hedge accounting.

The final version of IFRS 9 relating to financial instruments was replaced which relates to the credit loss model incurred in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, replacing a model for expected credit losses. The Standard includes a business model for debt instruments, loans, financial liabilities, financial guarantee contracts, deposits and receivables, but does not apply to equity instruments.

The Company calculated the initial impact of the International financial reporting standard (IFRS 9), as it is not material, it has not been reversed in the attached condensed interim financial statements.

In case there is a low credit risk to the financial asset at the date of initial application of IFRS (9), the credit risk relating to the financial asset is considered to have not been changed substantially since its initial recognition.

In accordance with IFRS 9 Financial Instruments the expected credit losses are recognized at an early date in accordance with IAS 39.

The revised version of IFRS 9 (2014) (Financial Instruments) includes a classification mechanism for financial assets and liabilities. IFRS 9 requires all financial assets to be classified based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

There is no material difference in the classification of financial assets and liabilities arising from the adoption of IFRS 9 for the year 2014.

Following the updated policies above do not effect the presented amounts neither the disclosures in the condensed Interim financial statements.

3. Use of estimates

Preparation of the condensed interim financial information and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions investments revaluation reserve shown within comprehensive income and shareholders' equity. In particular, the Company's management is required to issue significant judgments to assess expected future cash flows and their timing. The above-mentioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

We believe that the estimates within the condensed interim financial statements are reasonable and consistent with the estimates used at the end of year 2017.

4. Deposits at banks

This item consists of the following:

	March 31, 2018			December 31, 2017	
	Deposits Maturing Within Three Months	Deposits Maturing after Three Months and up to One Year	Deposits Maturing after one year and up to five Years	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	4,184,818	3,411,614	-	7,596,433	8,101,822

- Interest rates on Bank deposits denominated in Jordanian Dinar range from 4.50% to 5.25% during the period in the year 2018.
- Deposits collateralized to the order of the Director General of the Insurance Commission in addition to his position amounted to JD 325,000 as of March 31, 2018 and December 31, 2017 at Jordan Ahli Bank, and mature after three months.
- There are no Restricted balances except for deposits mortgaged to the order of the Director General of the Insurance Commission in addition to his position.

5. Financial Assets at Fair Value through Statement of Income

This item consists of the following:

	March 31, 2018	December 31, 2017
<u>Inside Jordan:</u>	JD	JD
Quoted shares at Amman Stock Market	1,214,098	1,177,385
	<u>1,214,098</u>	<u>1,177,385</u>
<u>Outside Jordan:</u>		
Jordan Government's debentures bond *	145,550	145,550
	<u>1,359,648</u>	<u>1,322,935</u>

* This item represents Jordan Government's debentures bond, listed in London Stock Market and is due on October 10, 2047.

6. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	March 31, 2018	December 31, 2017
<u>Inside Jordan</u>	JD	JD
Quoted shares	2,578,276	2,451,866
Unquoted shares	62,300	62,300
	<u>2,640,576</u>	<u>2,514,166</u>
<u>Outside Jordan</u>		
Quoted Investment Fund*	70,900	70,900
	<u>2,711,476</u>	<u>2,585,066</u>

* This item represents investment in quoted investment fund with a variable interest and no maturity date, noting that the capital is not granted.

7. Financial Assets at Amortized Cost

This item consists of the following:

	March 31, 2018	December 31, 2017
<u>Inside Jordan</u>	JD	JD
Company's loan debentures and bonds	800,000	909,500
Provision for impairment in value *	-	(43,800)
	<u>800,000</u>	<u>865,700</u>
<u>Outside Jordan</u>		
Company's loan debenture and bonds	641,761	641,761
Foreign governmental loan debentures and bonds	71,699	71,699
provision for impairment in value *	(20,730)	(17,001)
	<u>692,730</u>	<u>696,459</u>
	<u>1,492,730</u>	<u>1,562,159</u>

* Movement on provision for impairment of financial assets at amortized cost is as follows:

	For the Three month Period Ended March 31, 2018	For the Year Ended December 31, 2017
<u>Inside Jordan</u>	JD	JD
Balance – Beginning of the period / year	60,801	31,545
Additions during the period / year	3,729	29,256
Write-off/recoveries during the period / year	(43,800)	-
Balance – End of the Period / Year	<u>20,730</u>	<u>60,801</u>

- On February 26, 2018 Specialized Investment Compounds Company bonds were sold. The sale transaction resulted a profit amounting to JD 14,098 due to impairment in value and the open opportunity for sale.

This table shows the details of financial assets at amortized cost before deducting the provision*

Bonds	Less than one year	more than one year	total	Matured Date	Interest rate
	JD	JD	JD		
Lebanon bonds	-	71,699	71,699	9/3/2020	6.375%
SBER Bank bonds	-	128,673	128,673	29/10/2022	5.125%
TELEMAR bonds	-	67,396	67,396	23/10/2020	5.500%
PETROBRAS bonds	-	71,266	71,266	20/1/2020	5.750%
AL BARAKA TURK bonds	-	157,957	157,957	30/6/2019	6.250%
BAHRAIN bonds	-	144,244	144,244	26/1/2021	5.875%
PEMEX bonds	-	72,225	72,225	4/2/2021	6.375%
Arabian International Hotels Bonds	-	300,000	300,000	22/1/2022	5.50%
Jordan Ahli Bank Company	-	500,000	500,000	12/10/2023	6.75%
	<u>-</u>	<u>1,513,460</u>	<u>1,513,460</u>		

* Analysis of financial assets at amortized cost- net

	March 31, 2018	December 31, 2017
	JD	JD
Fixed return	<u>1,492,730</u>	<u>1,562,159</u>
	<u>1,492,730</u>	<u>1,562,159</u>

8. Receivable - Net

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Policyholders receivable	4,748,173	4,422,282
Agents receivable	1,711,297	1,487,126
Brokers receivable	12,694	2,444
Employees receivable	16,525	7,029
Other receivables	66,305	70,291
	<u>6,554,994</u>	<u>5,989,172</u>
<u>Less: Provision for impairment of doubtful debts *</u>	<u>(689,109)</u>	<u>(716,824)</u>
Receivables – Net	<u>5,865,885</u>	<u>5,272,348</u>

* Movement on the provision for impairment of receivables is as follows:

	For the Three Month Period Ended March 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period / year	716,824	697,362
(Surplus) provision during the period / year	<u>(27,715)</u>	<u>19,462</u>
Balance – End of the Period / Year	<u>689,109</u>	<u>716,824</u>

9. Re-insurance and Insurance Companies' Accounts Receivable – Debit

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Local insurance companies	977,933	1,118,849
Foreign re-insurance companies	<u>618,688</u>	<u>621,663</u>
	1,596,621	1,740,512
<u>Less:</u> Provision for impairment of re-insurers' receivable *	<u>(186,574)</u>	<u>(186,427)</u>
Re-insurance Companies' Account Receivable - Net	<u>1,410,047</u>	<u>1,554,085</u>

* Movement on the provision for impairment-of-re-insurers' receivables is as follows:

	For the Three Month Period Ended March 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period / year	186,427	187,318
Provision (surplus) during the period / year	<u>147</u>	<u>(891)</u>
Balance at end of Period / Year	<u>186,574</u>	<u>186,427</u>

10. Income Tax

a. Income tax provision

- Movement on the income tax provision was as follows:

	For the Three Month Period Ended March 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period / year	(26,788)	(54,066)
Income tax paid on bank interest	3,880	16,734
Income tax paid on account	19,442	100,371
Income tax expense for the period / year	<u>-</u>	<u>(89,827)</u>
Balance at the – End of the Period / Year	<u>(3,466)</u>	<u>(26,788)</u>

b. Income tax in the condensed interim statement of income represents the following:

	For the Three-Months Period Ended March 31,	
	2018	2017
	JD	JD
Income tax expense accrued on the profits of the period	-	33,771
Deferred tax assets-net	22,506	3,721
Deferred tax liabilities-net	11,854	11,740
	<u>34,360</u>	<u>49,232</u>

- The income tax for the Company has been settled up to the end of the year 2015. Moreover, the Company's income tax return for the year 2016 was filed, and the resulting amounts were paid on time.
- An Income tax provision had been calculated and booked for the three-month period ended March 31, 2018 in compliance with Jordan Income Tax Law. In the opinion of Company's management and its tax consultant, the company will not have any liabilities greater than the provision taken at March 31, 2018.

c. The movement on deferred tax assets and liabilities was as follows:

	For the Three-Months Period Ended March 31, 2018		For the Year Ended December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the period / year	544,038	150,337	503,304	121,388
Additions	17,321	11,854	65,136	28,949
Disposal	(70,165)	-	(24,402)	-
Balance at the - End for the Period / Year	<u>491,194</u>	<u>162,191</u>	<u>544,038</u>	<u>150,337</u>

d. Deferred Tax Assets / liabilities

This item consists of the following:

Accounts included	For the Three-Months Period Ended March 31, 2018				March 31, 2018	December 31, 2017
	Balance - beginning of the period	Released amounts	Addition amounts	Balance - End of the Period	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
A-Deferred tax assets						
Provision for doubtful debts	903,251	27,715	147	875,683	210,164	216,780
IBNR provision	1,031,279	-	11,147	1,042,426	250,182	247,507
End of services indemnity Provision	85,653	35,000	525	51,178	12,283	20,557
Revaluation reserve for financial assets at fair value through comprehensive income	149,800	149,800	23,390	23,390	5,614	35,952
Tax Losses	-	-	33,234	33,234	7,976	-
Revaluation losses on financial assets at fair value through statement of Income	36,042	36,042	-	-	-	8,650
Impairment losses on financial assets at amortized cost	60,801	43,800	3,729	20,730	4,975	14,592
	<u>2,226,826</u>	<u>292,357</u>	<u>72,172</u>	<u>2,046,641</u>	<u>491,194</u>	<u>544,038</u>
B-Deferred tax liabilities *						
Revaluation gains on financial assets at fair value through statement of Income	-	-	36,713	36,713	8,811	-
Claims recoveries	626,404	-	12,678	639,082	153,380	150,337
	<u>626,404</u>	<u>-</u>	<u>49,391</u>	<u>675,795</u>	<u>162,191</u>	<u>150,337</u>

- Deferred taxes were calculated based on the effective tax rate of 24%, and management believes that the deferred tax assets will be utilized in the near future.

11. Accounts Payable

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Agents payable	60,528	59,029
Employees payable	43,126	8,380
Brokers payable	498,637	453,392
Clients payable	508,137	474,175
Medical payable	5,707	11,761
Others	142,389	198,787
	<u>1,258,524</u>	<u>1,205,524</u>

12. Re-insurance and Insurance Companies' Account Payable - Credit

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Local insurance companies	509,673	457,405
Foreign re-insurance companies	736,763	757,761
Re-insurers' deposits	923,962	862,899
	<u>2,170,398</u>	<u>2,078,065</u>

13. Investment Revaluation Reserve - Net After Tax

This amount represents the change in fair value of financial assets at fair value through comprehensive income after tax.

The details of this item are as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Balance at the beginning of the period / year	(113,848)	(30,727)
Changes in Investment Revaluation Reserve - Net	96,072	(83,121)
Balance - End of Period / Year	<u>(17,776)</u>	<u>(113,848)</u>

14. Retained Earnings

This item consists of the following:

	For the Three Month Period Ended March 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period / year	1,249,575	1,454,227
Profit for the year	-	450,864
Dividends distributed to shareholders	-	(600,000)
Transferred to reserves	-	(55,516)
Balance - End of Period / Year	<u>1,249,575</u>	<u>1,249,575</u>

15. Proposed dividend

The Board of Directors recommended the distribution of 4% of as profit for the current year from the profit of the year 2017, equivalent to JD 320 thousand and is subject to the approval of the General Assembly.

16. Net profit from Financial Assets and Investments

This item consists of the following:

	For the Three-Months Period Ended March 31,	
	2018	2017
	JD	JD
Interests on financial assets at amortized cost	24,409	14,265
Cash dividends of financial assets at fair value through comprehensive income	39,727	58,377
Net change in fair value of financial assets at fair value through statement of income	36,713	48,943
Provision for impairment of financial assets at amortized cost	(3,729)	(7,648)
Real estate investments amortization	(13,320)	(13,320)
Return on real estate investments rent	16,835	16,835
(Losses) on sale of financial assets at fair value through statement of income	-	(550)
Profits / Recoveries on sale of financial assets at amortized cost	14,098	-
	<u>114,733</u>	<u>116,902</u>

17. Earnings per Share for the Period

Earnings per share is calculated by dividing the profit for the period by the number of shares. The details are as follows:

	For the Three-Months Period Ended March 31,	
	2018	2017
	JD	JD
Profit for the period	102,563	179,271
Number of shares	<u>8,000,000</u>	<u>8,000,000</u>
Earnings per Share for the Period	<u>0/013</u>	<u>0/022</u>

18. Cash and Cash Equivalents

The details of this item are as follows:

	March 31,	
	2018	2017
	JD	JD
Cash on hand and at banks	469,800	1,279,762
<u>Add: Deposits at banks maturing within three months</u>	<u>4,184,818</u>	<u>4,657,085</u>
	<u>4,654,618</u>	<u>5,936,847</u>

19. Transactions with Related Parties

The Company entered into transactions with major shareholders, members of the Board of Directors, and top executive management within its ordinary course of business. All insurance credit granted to related parties are considered operating, and no related provisions have been taken.

The pricing policy and terms related to these transactions are approved by the Company's management.

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

	March 31, 2018			Total	
	Major Shareholders	Board Members	Top Executive Management	March 31, 2018	December 31, 2017
Items included in the interim condensed statement of financial position:	JD	JD	JD	JD	JD
Accounts receivable	28,631	224,306	-	252,937	144,352
Accounts payable	-	92,517	21	92,538	186,144
	For the Three-Month Period Ended March 31, 2018				For the Three-Month Period Ended March 31, 2017
Items included in the interim condensed statement of income:					
Underwriting premiums	45,702	151,354	281	197,337	440,118
Claims	-	1,222,805	426	1,223,231	509,965
Salaries and Bonuses	-	-	59,100	59,100	53,850
Travel and transportation allowances	-	6,150	538	6,688	2,006

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

Description	March 31,	
	2018	2017
Salaries, bonuses and other benefits	59,638	54,948
Rewards, transportation, and accommodation allowances for the Board members	6,150	908
	<u>65,788</u>	<u>55,856</u>

20. Lawsuits against the Company:

There are lawsuits against the company claiming compensation on various accidents. The lawsuits at courts with determined amounts totaled JD 14,343,416 as at March 31, 2018 (JD 14,470,266 as at December 31, 2017). These lawsuits include a lawsuit for JD 12,639,041 in which the other party claims damages resulting from a fire incident, knowing that the company's share does not exceed 2.5% of that claim in the event of any obligation being met as a result of this claim. In the opinion of the Company's management and its lawyer, this damage is not covered by the Company's insurance policy issued by the company. Consequently, the the other party has absolutely no right to the said damages. The Company has taken sufficient provisions to meet any obligations in respect of these cases. Based on the foregoing, in the opinion of the Company's management and its lawyer, the Company will not incur obligations in excess of the provision within the net claims provision.

21. Contingent Liabilities

There are commitments by the company against bank guarantees of JD 279,594 as of March 31, 2018 and its cash deposits amounted to JD 1,000 as of that date (bank guarantees amounting to JD 364,087 as of December 31, 2017).

22. Key Sector Analysis

a. Business segment information:

For administrative purposes, the company was organized into two sectors of business, the general insurance sector including vehicle insurance, transport insurance, fire insurance, other damage to property, liability insurance and life insurance sector. These two sectors form the basis for the company to show information on key sectors. The above two sectors also include investments and cash management for the Company's own account. Transactions between business segments are carried out on the basis of estimated market prices and on the same terms used with other parties.

b. Geographical Distribution Information

This represents the geographical distribution of the company's business. The company carries out its activities in the kingdom which represents the local business.

Following is the distribution of Revenues, Expenses, and Capital Expenditures according to the Geographical distribution:

	Inside Jordan		Outside Jordan		Total	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
	JD	JD	JD	JD	JD	JD
Total Assets	27,521,163	27,519,008	1,332,150	1,335,125	28,853,313	28,854,133
	For the Three-Months Period Ended March 31, 2018		For the Three-Months Period Ended March 31, 2017		For the Three-Months Period Ended March 31, 2018	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Total Revenue	3,979,352	3,559,741	251,579	251,896	4,230,931	3,588,112
Capital Expenditures	39,894	2,366	-	-	39,894	2,366

23. Subsequent event

The general assembly shareholders has approved in its meeting on April 23, 2018 to distribute dividend of 4% of the year 2017 profit equivalent to JOD 320 thousand to the shareholders.

24. Fair Value Hierarchy

A) Fair value financial assets measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of the financial period. The following table shows how the fair value of these financial assets is determined. (valuation techniques and key input).

Financial Assets	Fair Value		Fair Value Level	Methods of evaluation and inputs used	Significant Intangible Inputs	Relationship between significant intangibles inputs and fair value
	March 31, 2018	December, 31 2017				
	JD	JD				
Financial assets at fair value through statement of income:						
Quoted shares	<u>1,359,648</u>	<u>1,322,935</u>	Level 1	As Stock Market	Not Applied	Not Applied
Financial Assets at fair value through comprehensive income:						
Quoted shares	2,578,276	2,451,866	Level 1	As Stock Market	Not Applied	Not Applied
Quoted investment fund	70,900	70,900	Level 1	As Stock Market	Not Applied	Not Applied
Unquoted shares	<u>62,300</u>	<u>62,300</u>	Level 2	At Cost	Not Applied	Not Applied
	<u>2,711,476</u>	<u>2,585,066</u>				
Total Financial Assets at Fair Value	<u>4,071,124</u>	<u>3,908,001</u>				

There were not any transfers between Level 1 and Level 2 during the first three month-period of the year 2018 and the year 2017.

B) Financial Assets and Financial Liabilities Not Measured at Fair Value on a Recurring Basis:

Except as shown in the table below, we believe that the carrying amount of the financial assets and financial liabilities at fair value in the Company's condensed interim financial statements approximates their fair value because of their short term maturity or reprising of interest during the period.

	<u>March 31, 2018</u>		<u>December 31, 2017</u>		<u>Fair value level</u>
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>	
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	
Financial assets not determined at fair value					
Deposits at banks	7,596,433	7,697,268	8,101,822	8,183,882	Level 2
Financial assets at Amortized cost	1,492,730	1,524,854	1,562,159	1,593,812	Level 2
Property investment	<u>2,216,655</u>	<u>2,398,850</u>	<u>2,229,975</u>	<u>2,398,850</u>	Level 2
Total Financial assets not determined at fair value	<u>11,305,818</u>	<u>11,620,972</u>	<u>11,893,956</u>	<u>12,176,544</u>	

For the items listed above, fair value of level 2 financial assets at fair value has been determined according to the agreed pricing model, which reflects the insurance risk of the dealt with parties.