

الرقم : fin/2018/1813/10

Messrs.' : Audited financial statement

السادة : هيئة الأوراق المالية المحترمين

Subject: Audited financial statement

الموضوع : البيانات المالية باللغة الإنجليزية

In English as at 30/9/2018

کما فی 2018/9/30

Attached the audited financial

مرفق طيه نسخة من البيانات المالية باللغة الإنجليزية

Statements of Euro Arab

المدققة لشركة المجموعة العربية الأوروبية للتأمين

Insurance Group For the

کما فی 2018/9/30

Financial year ended at

30/9/2018

Kindly accept our high appreciation

و تفضلوا بقبول فائق الاحترام ،،،،،

And respect

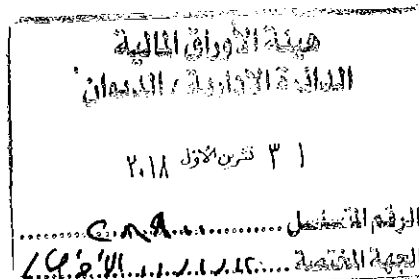
General Manager

Dr. Lana Bader

المدير العام

د. لانا بدر

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Serve to Grow ... Grow to Serve

الشميساني - شارع الشريف ناصر بن جميل - بناية رقم ٤١ - هاتف: ٥٥١٨٩٣٥ فاكس: ٥٥١٨٩٥٦ - ٦ - ٩٦٢ + ص. ب ١٤٣٥ عمان ١١٩٥٣ الأردن

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

CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2018
TOGETHER WITH THE REVIEW REPORT

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
SEPTEMBER 30, 2018

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Review Report on the Condensed Interim Financial Statements

AM/ 007205

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Euro Arab Insurance Group (a Public Shareholding Limited Company) as of September 30, 2018 and the related condensed interim statements of income and comprehensive income, changes in shareholders' equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard No. (34) related to interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) relating to interim financial reporting.

**Explanatory Paragraph**

The Company's financial year ends on December 31 of each year. However, the accompanying condensed interim financial statements have been prepared for the purpose of management, Securities Commission, Insurance Management and Companies Control Department only.

Other Matter

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

Amman – Jordan
October 29, 2018

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

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

<u>ASSETS</u>	<u>Note</u>	September 30, 2018	December 31,
		Reviewed not) (Audited	2017
		JD	JD
Deposits at banks	3	18,193,494	17,614,117
Financial assets at fair value through profit or loss	4	702,201	580,426
Financial assets at amortized cost	5	-	-
Investment property - net	6	879,886	863,354
Total Investments		19,775,581	19,057,897
Cash on hand and at banks		1,045,564	39,428
Cheques under collection	7	821,657	604,852
Accounts receivable - net	8	7,947,823	5,501,860
Re-Insurance and local insurance companies' accounts - debit	9	851,880	855,057
Deferred tax assets	b/12	912,441	735,676
Property and equipment - net		3,151,416	3,241,613
Intangible assets		14,731	28,695
Other assets		737,435	529,751
TOTAL ASSETS		35,258,528	30,594,829
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		10,708,587	8,824,270
Claims reserve - net		7,176,829	6,442,171
Mathematical reserve - net		122,622	71,768
Total Insurance Contracts Liabilities		18,008,038	15,338,209
Due to banks	10	1,973,144	939,928
Accounts payable		2,322,119	1,982,242
Re-Insurance and local insurance companies' accounts - credit	11	1,465,884	875,514
Other provisions		294,000	211,200
Provision for income tax	12/a	198,702	176,546
Other liabilities		704,950	569,259
TOTAL LIABILITIES		24,966,837	20,092,898
<u>SHAREHOLDERS' EQUITY</u>			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,249,375	1,249,375
Voluntary reserve		15,676	15,676
Retained earnings		700,754	1,236,880
Profit for the period		325,886	-
Total Shareholders' Equity		10,291,691	10,501,931
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		35,258,528	30,594,829

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 AND WITH THE REVIEW REPORT.

EURO ARAB INSURANCE GROUP

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

Note	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Revenue:				
Gross written premiums	6,915,254	6,384,650	22,569,171	17,033,359
Less: Re-Insurers' share	(1,076,044)	(947,658)	(4,369,508)	(2,786,203)
Net Written Premiums	5,839,210	5,436,992	18,199,663	14,247,156
Net change in unearned premiums reserve	(202,582)	(869,397)	(1,884,317)	(1,467,752)
Net change in mathematical reserve	(40,488)	(36,088)	(50,854)	(52,365)
Net Written Premiums	5,596,140	4,531,507	16,264,492	12,727,039
Commissions' revenue	68,397	67,072	265,796	207,126
Insurance policies Issuance fees	213,494	180,680	651,197	464,057
Interest revenue	271,300	211,727	795,187	588,584
Net (losses) gains from financial assets and investments	(7,419)	12,150	(2,628)	60,837
Other revenues	91,972	95,457	262,323	247,433
Total Revenue	6,233,884	5,098,593	18,236,367	14,295,076
Claims, Losses and Expenses:				
Paid claims	5,249,720	4,566,059	16,079,635	13,664,430
Less: Recoveries	(544,697)	(566,935)	(1,835,716)	(1,587,772)
Re-Insurers' share	(374,557)	(550,722)	(861,897)	(1,625,650)
Net paid claims	4,330,466	3,448,402	13,382,022	10,451,008
Net change in claims reserve	441,595	654,433	734,658	247,467
Allocated employees' expenses	337,632	337,101	1,143,529	1,114,156
Allocated general and administrative expenses	170,118	138,374	553,992	428,494
Policies acquisition cost	205,173	192,429	692,380	549,914
Excess of loss	61,173	58,363	183,521	175,088
Other expenses related to underwritings	175,586	126,221	484,798	351,944
Net Claims Costs	5,721,743	4,955,323	17,174,900	13,318,071
Unallocated employees' expenses	40,119	41,190	141,689	137,660
Depreciation and amortization	39,363	41,063	116,692	118,451
Unallocated general and administrative expenses	42,530	34,593	138,498	107,124
Provision for Impairment in accounts receivable- Net	40,317	-	157,166	31,760
Other expenses	7,696	324	88,205	2,179
Total Expenses	5,891,768	5,072,493	17,817,150	13,715,245
Income for the Period before Tax	342,116	26,100	419,217	579,831
Income tax expense	(81,982)	(6,137)	(93,331)	(132,614)
Income for the Period / Total Comprehensive Income	260,134	19,963	325,886	447,217
The Company's Shareholders	8,000,000	8,000,000	8,000,000	8,000,000
Earnings per Share for the Period - Basic and Diluted	0.033	0.002	0.041	0.056

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 AND WITH THE REVIEW REPORT.

CONDENSED INTRIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED, NOT AUDITED)

Note	Authorized and Paid - up Capital	Statutory Reserve	Voluntary Reserve	Retained Earnings (Retained Losses)		Income for the Period	
				Realized	Unrealized	Total	Total
For the Nine Months Ended September 30, 2018							
	JD	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2018 (balance as previously disclosed)	8,000,000	1,249,375	15,676	657,549	579,331	1,236,880	10,501,931
IFRS(9) Implementation Impact - note(2)	-	-	-	-	(136,126)	(136,126)	(136,126)
The adjusted balance as of January 1, 2018	8,000,000	1,249,375	15,676	657,549	443,205	1,100,754	10,365,805
Transfers during the period	-	-	-	(469,236)	459,236	-	-
Dividends *	-	-	-	(400,000)	-	(400,000)	(400,000)
Total comprehensive income for the period	-	-	-	-	-	325,886	325,886
Balance - End of the Period	8,000,000	1,249,375	15,676	(211,687)	912,441	700,754	10,291,691
For the Nine Months Ended September 30, 2017							
Balance - beginning of the year	8,000,000	1,164,943	15,676	808,076	488,002	1,296,078	10,476,697
Transfers during the period	-	-	-	(22,165)	22,165	-	-
Dividends *	-	-	-	(600,000)	-	(600,000)	(600,000)
Total comprehensive income for the period	-	-	-	-	-	447,217	447,217
Balance - End of the Period	8,000,000	1,164,943	15,676	185,911	510,167	696,078	10,323,914

- Retained earnings and profit for the period includes a deferred tax assets restricted from distribution amounted JD 912,441 as of September 30, 2018 (JD 735,676 as of December 31, 2017) (note 12/B).

* The General Assembly of shareholders approved in its ordinary meeting held on April 29, 2018, the board of directors recommendation to distribute cash dividends in an amount of JD 400,000, which is equivalent to 5% of the Company's paid up capital for 2017 (JD 600,000 for the past year).

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

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Nine Months Ended September 30,	
		2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the period before tax		419,217	579,831
Adjustments:			
Depreciation and amortization		116,692	118,451
Unrealized losses from financial assets at fair value through profit or loss		84,433	-
Impairment provision of accounts receivables - net	8 & 9	157,166	31,760
End of service indemnity provision	b/12	3,580	(3,861)
Other provision	b/12	80,000	-
Unearned premium reserve-net		1,884,317	1,467,752
Claims reserve - net		734,658	247,467
Mathematical reserve - net		50,854	52,365
Cash Flows from Operating Activities before Changes in Working Capital Items		3,530,917	2,493,765
(Increase) in checks under collection		(216,805)	(54,440)
(Increase) in accounts receivables		(2,779,271)	(2,860,012)
Decrease (increase) in re-insurance companies' accounts (debit)		206	(26,344)
(Increase) decrease in financial assets through profit or loss		(206,208)	489,232
(Increase) in other assets		(207,684)	(221,217)
Increase in accounts payable		339,877	232,357
Increase in re-insurance companies' accounts (credit)		590,370	249,336
Increase in other liabilities		135,691	116,507
(Decrease) in accrued expenses		-	(42,115)
Net Cash Flows from Operating Activities before Income Tax Paid		1,187,093	377,069
Income tax paid	12/a	(204,951)	(53,406)
Paid End of service indemnity	12/b	(780)	-
Net Cash Flows from Operating Activities		981,362	323,663
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in deposits at banks for a period more than three months		4,955,044	1,221,698
property and equipment and investment properties - net		(29,063)	(28,108)
Net Cash Flows from Investing Activities		4,925,981	1,193,590
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to banks		1,033,216	1,153,245
Dividends		(400,000)	(600,000)
Net Cash Flows from Financing Activities		633,216	553,245
Net Increase in Cash and Cash Equivalents		6,540,559	2,070,498
Cash and cash equivalents - beginning of the period		2,918,660	3,302,019
Cash and Cash Equivalents - End of the Period	14	9,459,219	5,372,517

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

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

1. General

Euro Arab Insurance Company was established in 1996 and registered as a Jordanian public company according to the provisional Companies Law No. (1) for the year 1989 and (Amended) Jordan Insurance Regulatory Act (9) of 1999 with a capital of JD 2 million, divided into (2) million shares. The Company was registered in the public shareholding company's register at the Ministry of Industry and Trade in Jordan under No. (304) on January 8, 1998. Moreover, the Company's name was changed, on June 24, 2002, from Amman Insurance Company Ltd to the current name, and its capital was increased in stages over the past years to become JD 8 million, divided into 8 million shares.

The Company conducts all types of insurance: life, motor, marine, transport, fire and other damages to properties, and medical liability.

The accompanying condensed interim financial statements for the period ended September 30, 2018 were approved by the Board of Directors in their meeting held on October 22, 2018.

2. Accounting Policies

A- Basis of Preparation

- The accompanying condensed interim financial statements is prepared in accordance with International Accounting Standard No. 34, relating to interim financial reporting, enacted local laws and regulations; as well as the forms prescribed by the Insurance Management.
- The Jordanian Dinar is the functional and reporting currency of the condensed interim financial statements.
- The condensed interim financial statements do not include the whole information and disclosures for the annual financial statements prepared in accordance with the international financial reporting standards which must be read with the Company's annual report as of December 31, 2017. Moreover, the results for the nine months ended September 30, 2018 do not represent any indicator on the expected results for the year end December 31, 2018.
- The Company has not deducted the statutory reserves according to the Company's law and instructions issued from the income for the nine months ended September 30, 2018. However, these deductions are made at the end of each year.
- 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 that did not have a material effect on condensed interim financial statements:**

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: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises 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.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

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 that has impact on the condensed interim financial statements of the Company

IFRS 9 *Financial Instruments*

IFRS 9 Issued on 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 finalised 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 implementation was applied retrospectively in compliance with the IFRS (9) furthermore, the Company didn't adjust the comparative figures. The effect of this implementation was recognised in January 01, 2018 through retained earnings in statement of equity.

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

IFRS 9 Implementation Impact for the year 2014

The impact of implementing the changes in accounting policies to the interim condensed financial statements of the Company is based on a preliminary study provided by the Company, noting that the study will be reviewing more accurately during the year 2018.

	International Accounting Standard (39)	International Financial Reporting Standard (9) – Financial Instruments	Impact of the standard
	JD	JD	JD
Accounts receivable - net	5,501,860	5,373,222	(128,638)
Re-Insurer account Debit-net	855,057	804,582	(50,475)
Deferred tax assets	735,676	778,663	42,987
Retained earnings	1,236,880	1,100,754	(136,126)

Use of Estimates

Preparation of the condensed interim financial statements 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. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The aforementioned 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 conditions of those estimates in the future.

We believe that the assessments adopted in the condensed interim financial statements are reasonable and comply with the accounting estimates followed in preparing the Company's financial statements for the year 2017 except for the use and application of the special estimates of IFRS (9).

3. Deposits at Banks

This item consists of the following:

	September 30, 2018			December 31, 2017	
	Deposits Maturing Within One Month	Deposits Maturing Within Three Months	Deposits Maturing During a Period after Three Months till One Year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	4,772,901	3,965,754	9,379,579	18,118,234	17,538,857
Outside Jordan	-	-	75,260	75,260	75,260
	<u>4,772,901</u>	<u>3,965,754</u>	<u>9,454,839</u>	<u>18,193,494</u>	<u>17,614,117</u>

- As of September 30, 2018, interest rates on deposits in Jordanian Dinar ranged from 5% to 6.35% (3.125% to 5.9% during the year 2017).
- Deposits collateralized to the order of the Insurance management amounted to JD 325,000 as of September 30, 2018 and December 31, 2017 for deposits maturing after more than 3 months.
- Restricted balances amounted to JD 2,200,000 as of September 30, 2018 (JD 1,600,000 as of December 31, 2017) against temporary credit facilities granted to the Company by local two banks. The utilized balance amounted to JD 1,973,144 as of September 30, 2018 (JD 939,928 as of December 31, 2017).
- All the Company's deposits are deposited in local and Arabian banks.

4. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	Number of Shares	September 30, 2018	Number of Shares	December 31, 2017
	Share	JD	Share	JD
<u>Inside Jordan:</u>				
<u>Quoted shares:</u>				
Arab Jordan Investment Bank	190,000	258,400	187,050	327,338
Jordan Petroleum Refinery Company	22,175	54,329	21,175	54,208
Union Bank	20,000	33,800	17,800	28,836
Specialized Investment Compounds	75,000	76,500	50,000	43,000
Arab Bank	1,566	9,819	2,574	14,414
Capital Bank	64,500	56,760	20,000	15,800
Cairo Amman Bank	75,500	110,230	64,000	96,000
Arab Union International Insurance Company	-	-	50	58
The Holy Land Insurance Company	50	41	50	35
Middle East Insurance Company	52	78	50	85
Jordan Insurance Company	100	273	100	165
First Insurance Company	50	27	50	28
Al Manara Insurance Company	72	27	72	30
Jordan International Insurance	50	21	50	26
Wataniya Insurance Company	200	250	200	240
United Insurance Company	100	145	100	163
Royal Jordanian Airlines Company	30,000	12,600	-	-
Jordan Electric Power Company	10,300	13,081	-	-
Bank of Jordan	34,000	75,820	-	-
		<u>720,201</u>		<u>580,426</u>

5. Financial Assets at Amortized Cost

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
<u>Inside Jordan</u>		
Arab Real Estate Development Company's debenture bonds *	300,000	300,000
<u>Less: Provision for impairment in value</u>	<u>(300,000)</u>	<u>(300,000)</u>
	-	-
<u>Analysis of Bills and Bonds</u>		
Fixed rate	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

- * During 2008, an agreement was signed between the Company and Arab Real Estate Development Company through the custodian (the Housing Bank for Trade and Finance). According to the agreement, the second party shall submit debenture bonds of JD 300,000 to the first party at an interest rate of 10%. These bonds matured on April 1, 2011, and have been renewed based on the General Assembly of Debenture Bondholders' approval to reschedule debenture bonds for three years ending on April 1, 2014. The bonds bear interest at a rate of 11%, and are payable in two installments maturing on April 1, and October 1, of the bond's term. The bonds are unquoted. The bonds together with the interest have not been paid yet during the nine months ended September 30, 2018 and December 31, 2017. A full provision for the impairment in value of the bonds has been taken.

6. Investment Properties - Net

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Lands	753,216	753,216
Buildings*	130,696	112,396
Accumulated depreciation	<u>(4,026)</u>	<u>(2,258)</u>
Net Investment Properties	<u>879,886</u>	<u>863,354</u>

- The fair value of investment properties was estimated by three certified real estate appraisers as of December 31, 2017, and the average of their estimates amounted to JD 1,570,817 according to the instructions and resolutions issued by Insurance Management

- * Movement on the buildings was as follows:

	For the nine Months Ended September 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance - beginning of the period / year	112,396	112,396
Additions	18,300	-
Balance - End of the Period / Year	<u>130,696</u>	<u>112,396</u>

7. Cheques under Collection

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Cheques under collection*	821,657	604,852
	<u>821,657</u>	<u>604,852</u>

- * The maturities of cheques under collection of JD 785,141 extend to September 30, 2018, and of JD 36,516 to March 1st, 2020.

8. Accounts Receivable - Net

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Policyholders (a)	7,280,771	4,795,205
Brokers	1,433,333	1,093,396
Agents	306,836	365,970
Employees	89,942	66,373
Others	26,786	37,453
	<u>9,137,668</u>	<u>6,358,397</u>
Less: Provision for doubtful debts (b)	<u>(1,189,845)</u>	<u>(856,537)</u>
Accounts receivable - Net	<u>7,947,823</u>	<u>5,501,860</u>

- (a) These amounts represent debts with a repayment schedule after September 30, 2019 of JD 5,506,854 (JD 2,627,786 as of December 31, 2017).

- (b) Movement on the provision for doubtful debts was as follows:

	For the Nine Months Ended September 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance - beginning of the period / year	856,537	858,486
IFRS(9)Implementation Impact - note(2)	128,638	-
	<u>985,165</u>	<u>858,486</u>
Additions during the period / year	204,670	-
Recoveries during the period / year	-	(1,949)
	<u>1,189,845</u>	<u>856,537</u>
Balance - Ending of the Period / Year	<u>1,189,845</u>	<u>856,537</u>

- (c) The ageing of receivables is as follows:

	September 30, 2018	December 31, 2017
	JD	JD
Accounts receivable and scheduled	5,506,854	2,627,786
Less than 90 days	1,477,814	2,086,756
91 - 180 days	425,499	462,168
181 - 360 days	785,424	308,436
More than 360 days *	942,077	873,251
	<u>9,137,668</u>	<u>6,358,397</u>

- * This item includes an amount of JD 42,327, representing receivables due from Jordanian Governmental entities as of September 30, 2018 (JD 20,749 as of December 31, 2017).

9. Re-insurance Companies' Accounts - Debit

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Local insurance companies	958,851	857,497
Foreign re-insurance companies	52,345	153,905
	1,011,196	1,011,402
<u>Less: Provision for doubtful debts *</u>	<u>(159,316)</u>	<u>(156,345)</u>
Re-insurance Companies' Accounts - Net	851,880	855,057

The ageing of re-insurance companies' accounts - debit is as follows:

	September 30, 2018	December 31, 2017
	JD	JD
Less than 90 days	646,936	577,917
91 - 180 days	93,972	130,738
181 - 360 days	105,815	75,345
More than 360 days	164,473	227,402
	1,011,196	1,011,402

- * Movement on the provision for doubtful debts during the period / year was as follows:

	For the Nine Months Ended September 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance - beginning of the period / year	156,345	152,076
IFRS(9)Implementation Impact - note(2)	50,475	-
	206,820	152,076
Additions during the period / year	-	4,269
Recoveries during the period / year	(47,504)	-
Balance - Ending of the Period / Year	159,316	156,345

10. Due to Banks

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Local bank - Overdraft *	845,750	939,928
Foreign bank - Overdraft **	1,127,394	-
	1,973,144	939,928

- * This amount represents the balance of an overdraft facility granted to the Company by a local Bank at a ceiling of JD 1,200,000 in addition to the amount of excess approved by the bank as of September 30, 2018 against 100% cash collaterals. Moreover, the overdraft bears interest at 5.55% calculated on the daily balance, and interest is recorded at the end of every month. Moreover, the overdraft is due on July 26, 2019.

- ** This amount represents the balance of an overdraft facility granted to the Company by a local Bank at a ceiling of JD 2,000,000 against 100% cash collaterals. Moreover, the overdraft bears interest at 5.7% calculated on the daily balance, and interest is recorded at the end of every month. Moreover, the overdraft is due on September 28, 2019.

11. Re-insurance Companies' Accounts - Credit

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Local insurance companies	43,551	80,182
Foreign re-insurance companies	1,422,333	795,332
	<u>1,465,884</u>	<u>875,514</u>

12. Income Tax

a. Income tax provision

A final settlement has been reached with the Income and Sales Tax Department up to the year 2015. Moreover, the Company filed its income tax return for the years 2016 and 2017. However, no final settlement has been reached yet with the Income and Sales Tax Department. Moreover, the income tax for the nine months ended September 30, 2018 has been calculated according to the Income tax law and in the opinion of the management and the Company's tax consultant, the recorded provision is sufficient to meet any tax obligations.

- Movement on the income tax provision was as follows:

	For the Nine Months Ended September 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance - beginning of the period / year	176,546	(24,713)
Income tax paid	(204,951)	(53,406)
Income tax expense for the period / year	227,107	254,665
Balance - Ending of the Period / Year	<u>198,702</u>	<u>176,546</u>

- Income tax in the condensed Interim statement of income represents the following:

	For the Nine Months Ended September 30, 2018	2017
	JD	JD
Income tax for the period	227,107	182,872
Deferred tax assets - net	<u>(133,776)</u>	<u>(50,258)</u>
	<u>93,331</u>	<u>132,614</u>

b. Deferred Tax Assets

	For the nine Months Ended September 30, 2018				September 30, 2018	December 31, 2017
	Balance at the Beginning of the Period	Amounts Released	Amounts Added	Balance at the End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred Tax Assets						
<u>Accounts Included</u>						
Provision for doubtful debts	856,537	-	204,670	1,061,207	254,690	205,569
IFRS(9)Implementation Impact -note(2)	179,113	-	-	179,113	42,987	-
Impairment of re-insurance companies' accounts (debit)	156,345	47,504	-	108,841	26,122	37,522
Financial assets at fair value through profit or loss (Historical)	221,653	-	84,433	306,086	73,460	53,196
Impairment of financial assets at amortized cost	300,000	-	-	300,000	72,000	72,000
Unreported claims reserve	1,319,589	-	233,002	1,552,591	372,622	316,701
End-of-service Indemnity provision	11,200	780	3,580	14,000	3,360	2,688
Other liabilities provision	200,000	-	80,000	280,000	67,200	48,000
	<u>3,244,437</u>	<u>48,284</u>	<u>605,685</u>	<u>3,756,838</u>	<u>912,441</u>	<u>735,676</u>

The details are as follows:

- The deferred taxes were calculated according to the tax rates prescribed by the Income Tax Law at 24% as of September 30, 2018 and December 31, 2017.

13. Earnings per Share for the Period

This item consists of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Income for the period	260,134	19,963	325,886	447,217
Outstanding shares	8,000,000	8,000,000	8,000,000	8,000,000
Earnings per Share for the Period- Dinar	0/033	0/002	0/041	0/056

14. Cash and Cash Equivalents

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

	September 30,	
	2018	2017
	JD	JD
Cash on hand and at banks	1,045,564	82,310
<u>Add:</u> Deposits at banks maturing within nine months	8,738,655	5,615,207
<u>Less:</u> Restricted deposits	(325,000)	(325,000)
Cash and Cash Equivalents	<u>9,459,219</u>	<u>5,372,517</u>

15. Dividends

The General Assembly of shareholders approved in its ordinary meeting held on April 29, 2018, the board of directors recommendation to distribute cash dividends amounted JOD 400,000 equivalent to 5% of the Company paid-up Capital for the year 2017 (JOD 600,000 for the past year).

16. Balances and Transactions with Related Parties

The Company entered into transactions with major shareholders, members of the Board of Directors and executive management within its regular activities. All insurance credit granted to related parties are considered operating, and no provisions were taken.

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

Discription	Total			
	Board of Directors	Executive Management	September 30, 2018	December 31, 2017
	JD	JD	JD	JD
<u>Interim condensed Statement of Financial Position Items:</u>				
Accounts receivable	1,342	10,445	11,787	1,614
Accounts payables	8,370	40	8,410	36,659
<u>Interim condensed Income Statement Items:</u>				
Policies revenues	40,301	3,992	44,293	43,503
Expenses paid	2,682	1,168	3,850	863

Description	For the Nine Months Ended September 30,	
	2018	2017
	JD	JD
Salaries and benefits	396,832	383,305
Board of Directors' transportation fees	31,500	31,500
	<u>428,332</u>	<u>414,805</u>

17. Lawsuits raised against the Company

There are lawsuits raised against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts total JD 2,839,311 as of September 30, 2018 (JD 3,021,543 as of December 31, 2017). In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the claims provision and other liabilities provision shall arise.

18. Information on Geographical Distribution

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

	September 30, 2018		December 31, 2017	
	Assets	Liabilities*	Assets	Liabilities*
	JD	JD	JD	JD
<u>According to Geographical Area</u>				
Inside Jordan	34,120,395	5,576,443	30,357,845	3,959,356
Other Middle East countries	1,099,434	1,174,670	158,095	622,725
Europe	38,688	207,686	78,884	172,608
Africa	11	-	5	-
	<u>35,258,528</u>	<u>6,958,799</u>	<u>30,594,829</u>	<u>4,754,689</u>

* Except for Insurance contracts liabilities.

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

	September 30, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>According to Sector</u>				
Public	1,106,328	5,359	845,669	5,764
Private Sector				
Companies and Institutions	8,395,316	3,547,455	5,910,477	2,675,875
Individuals	647,220	235,189	613,653	176,117
	<u>10,148,864</u>	<u>3,788,003</u>	<u>7,369,799</u>	<u>2,857,756</u>

19. Contingent Liabilities

As of September 30, 2018, the Company was contingently liable for bank guarantees of JD 1,183,155 (JD 755,042 as of December 31, 2017).

20. Fair Value Hierarchy

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

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

Financial Assets/Financial Liabilities	Fair Value		The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
	September 30, 2018	December 31, 2017				
Financial Assets at Fair Value	JD	JD				
Financial Assets at Fair Value through Profit or Loss						
Shares that have available market price	702,201	580,426	Level One	Stated Prices in financial markets	Not Applicable	Not Applicable
Total	702,201	580,426				

There were no transfers between Level 1 and Level 2 during the nine months ended September 30, 2018 and 2017.

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

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

Financial Assets of Non-specified Fair Value	September 30, 2018		December 31, 2017	
	Book Value	Fair Value	Book Value	Fair Value
Deposit at banks	JD	JD	JD	JD
Investments properties	18,193,494	18,630,518	17,614,117	17,931,070
	879,886	1,570,817	863,354	1,570,817
Total Financial Assets of Non-specified Fair Value	19,073,380	20,191,335	18,477,471	19,501,887

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