

To: Jordan Securities Commission
Amman Stock Exchange

Date:- 06/5/2019

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ:- ٢٠١٩/٥/٠٦

Subject: Quarterly Report as of
March 31st, 2019

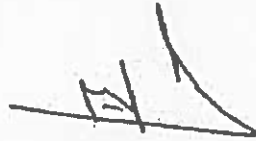
الموضوع : البيانات المالية ربع السنوية كما في تاريخ
٣١ آذار ٢٠١٩

Attached please find the English version of the quarterly
report of ARABIA Insurance Co. as of 31/3/2019.

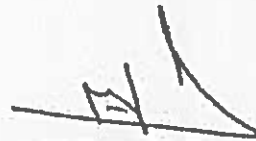
نرفق لكم طيه البيانات المالية ربع سنوية لشركة التأمين العربية
- الأردن كما في تاريخ ٢٠١٩/٣/٣١ باللغة الانجليزية

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام...



Mazen A. Abduljalil
Assistant General Manager
Finance and Administration



مازن عبد الجليل عبد الجليل
مساعد المدير العام
للشؤون المالية والإدارية



بورصة عمان
الدائرة الإدارية والمالية
الديوان

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الرقم المتسلسل:

رقم الملف:

الجهة المختصة:

ARABIA Insurance Co. - Jordan Ltd. شركة التأمين العربية - الأردن م.ع.م.



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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2019 TOGETHER
WITH THE REVIEW REPORT

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
MARCH 31, 2019

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Report on Reviewed Condensed
Interim Financial Information

AM/001586

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, 2019, 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.

Emphasis of Matter

We draw attention to note (19) of the accompanying condensed interim financial statements, which states that the corresponding figures included in the statement of changes in shareholders' equity has been restated to comply with the new International Financial Reporting Standards. Our conclusion is not modified in respect of this matter.

Explanatory Paragraph

The Company's financial year ends on December 31, of each year. However, the condensed interim financial information have been prepared for 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, 2019


Deloitte & Touche (M.E.) - Jordan

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

		March 31, 2019 Reviewed not) (Audited	December 31, 2018
ASSETS	Note	JD	JD
Deposits at banks	4	7,567,004	7,764,215
Financial assets at fair value through statement of income	a/20	1,227,218	1,215,317
Financial assets at fair value through other comprehensive income	a/20	2,385,792	2,415,212
Financial assets at amortized cost	b/20	1,359,701	1,359,701
Investment property	b/20	2,163,375	2,176,695
Life insurance policyholders' loans		18,028	19,971
Total Investments		14,721,118	14,951,111
Cash on hand and at banks		454,234	960,575
Cheques under collection	5	3,170,991	3,222,331
Accounts Receivable - net	6	4,445,636	3,611,983
Re-insurance and insurance companies-Debit	7	1,501,273	2,000,385
Deferred tax assets	c/8	816,077	783,913
Property and equipment - net		2,449,281	2,486,535
Intangible assets - net		138,741	143,486
Other assets		1,800,021	1,447,849
TOTAL ASSETS		29,497,372	29,608,168
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		6,639,806	6,690,545
Claims reserve - net		6,704,622	6,826,710
Mathematical reserve - net		508,465	517,216
Total Insurance Contracts Liabilities		13,852,893	14,034,471
Accounts Payable	9	1,969,900	2,020,726
Accrued expenses		51,310	49,792
Re-insurance and insurance companies - Credit	10	2,854,295	2,855,514
End of services indemnity provision		13,416	13,008
Deferred tax liabilities	c/8	338,151	267,451
Other liabilities		179,672	257,392
TOTAL LIABILITIES		19,259,637	19,498,354
<u>SHAREHOLDERS' EQUITY</u>			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,246,512	1,246,512
Voluntary reserve		174,717	174,717
Investments valuation reserve - net after tax	11	(258,315)	(236,544)
Retained earnings		925,129	925,129
Profit for the period		149,692	-
Total Shareholders' Equity		10,237,735	10,109,814
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		29,497,372	29,608,168

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 ACCOMPANYING REVIEW REPORT.

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,	
		2019 JD	2018 JD
<u>Revenue:</u>			
Gross written premiums		5,817,904	6,000,444
<u>Less:</u> Re-insurers' share		2,307,009	2,342,663
Net Written Premiums		3,510,895	3,657,781
Net change in unearned premiums provision		50,739	(241,594)
Net change in mathematical reserve		8,751	-
Net Written Premiums		3,570,385	3,416,187
Commissions revenue		223,851	273,517
Policies issuance service fees		247,231	268,194
Interest income		111,879	96,370
Net gain from financial assets and investments	12	79,931	114,733
Other revenue - net		29,287	61,930
Total Revenue		4,262,564	4,230,931
<u>Claims, Losses and Expenses:</u>			
Paid claims		5,174,411	5,862,404
<u>Add:</u> Entitlement and qualifying policy holders		8,751	30,931
<u>Less:</u> Recoveries		525,886	586,586
Re-insurers' share		1,240,853	1,918,646
Net paid claims		3,416,423	3,388,103
Net change in claims reserve		(394,014)	(476,158)
Allocated employees' expenses		291,498	282,950
Allocated general and administrative expenses		114,986	122,829
Excess of loss premiums		60,082	58,765
Policies acquisition cost		344,212	507,000
Other expenses related to underwriting		93,672	100,427
Net Claims Costs		3,926,859	3,983,916
Unallocated employees' expenses		72,875	70,738
Depreciation and amortization		38,994	36,215
Unallocated general and administrative expenses		28,746	30,707
Provision for expected credit loss - net		(787)	(27,568)
Total Expenses		139,828	110,092
Profit for the period before Tax		195,877	136,923
<u>Less:</u> Income tax expense	b/8	(46,185)	(34,360)
Profit for the Period		149,692	102,563
Earnings per Share for the Period	13	0.019	0.013

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 Ended March 31,</u>	
		<u>2019</u>	<u>2018</u>
		JD	JD
Profit for the period		149,692	102,563
Other Comprehensive Income Items:			
Items not subsequently transferable to condensed interim statement of income:			
Net change in investment revaluation reserve	11	<u>(21,771)</u>	<u>96,072</u>
Total Comprehensive Income		<u><u>127,921</u></u>	<u><u>198,635</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		
For the Three Months Period Ended March 31, 2019	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the period	8,000,000	1,246,512	174,717	(236,544)	42,063	883,066	-	10,109,814
Total Comprehensive Income	-	-	-	(21,771)	-	-	149,692	127,921
Transfers during the period	-	-	-	-	(44,064)	44,064	-	-
Balance - End of the Period	8,000,000	1,246,512	174,717	(258,315)	(2,001)	927,130	149,692	10,237,735
For the Three Months Period Ended March 31, 2018 (Adjusted)								
Balance - beginning of the period	8,000,000	1,214,815	174,717	(113,848)	550,766	698,809	-	10,525,259
IFRS (9) implementation impact	-	-	-	-	(277,648)	-	-	(277,648)
Adjusted balance	8,000,000	1,214,815	174,717	(113,848)	273,118	698,809	-	10,247,611
Total Comprehensive Income	-	-	-	96,072	-	-	102,563	198,635
Transfers during the period	-	-	-	-	(34,832)	34,832	-	-
Balance - End of the Period (Adjusted)	8,000,000	1,214,815	174,717	(17,776)	238,286	733,641	102,563	10,446,246

- The retained earnings includes JD 154,770 as of March 31, 2019, representing the cumulative change in the fair value transferred to the retained earnings as a result of applying IFRS 9 and net loss in change of fair value for assets at fair value through statement of income amounted to JD 43,717, restricted of disposal according to the Jordan Securities Commission instructions as of March 31, 2019

- Retained earnings as of March 31, 2019, includes JD 816,077 restricted against deferred tax assets (JD 783,913 as of December 31, 2018) Note (c/11).

- The balance of (JD 258,315) is restricted as of March 31, 2019 which represents investments valuation reserve balance according to the Jordan Securities Commission.

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

	Note	For the Three-Months Period Ended March 31,	
		2019	2018
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before tax		195,877	136,923
Adjustments:			
Depreciation and amortization		38,994	36,215
Losses from disposal of property and equipment		3,358	-
Investments property depreciation	12	13,320	13,320
(Recovery) of expected credit loss - net		(787)	(27,568)
Revaluation (gain) on financial assets at fair value through statement of income	12	(11,901)	(36,713)
End of service indemnity provision		408	525
Provision for impairment of financial assets at amortized cost		-	(40,071)
Net Change in unearned premiums provision		(50,739)	241,594
Net change in claims provision		(394,014)	(476,158)
Net change in mathematical reserve		(8,751)	-
Cash Flows (used in) Operating Activities before Changes in working capital		(214,235)	(151,933)
(Increase) Decrease in Financial Assets:			
Checks under collection		51,859	(202,488)
Account Receivable		(833,653)	(565,822)
Re-insurance companies receivable - Debit		499,112	143,891
Other assets		(41,441)	(44,962)
(Increase) Decrease in Financial Liabilities:			
Accounts Payable		(50,826)	53,000
Accrued Expenses		1,518	(4,799)
Re-insurance companies payable - Credit		(1,219)	92,333
Other liabilities		(77,720)	(72,160)
Net Cash Flows (used in) Operating Activities before Tax and End of Service Indemnity Paid		(666,605)	(752,940)
Income tax paid	a/8	(38,805)	(23,322)
End of service indemnity paid		-	(35,000)
Net Cash Flows (used in) Operating Activities		(705,410)	(811,262)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks (maturing after three months)		(955,781)	(705,379)
Financial asstes at amortized cost		-	109,500
Life insurance policyholders' loans		1,943	204
(Purchase) of property and equipment		(353)	(3,894)
(Additions) to intangible assets		-	(36,000)
Net Cash Flows (used in) Investing Activities		(954,191)	(635,569)
Net (Decrease) in Cash and Cash Equivalents		(1,659,601)	(1,446,831)
Cash and cash equivalents - beginning of the year		6,696,200	6,101,449
Cash and Cash Equivalents - End of the Period	14	5,036,599	4,654,618

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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 held on April 30, 2019.

2. Accounting Policies

a. Basis of Preparation

- The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard (IAS) No. 34 (Interim Financial Reporting) and as of enacted local laws and regulations; as well as the forms prescribed by the Insurance Management.
- The condensed interim 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 condensed interim financial statements are reported in Jordanian Dinars, which is the Company's functional currency.
- The condensed interim financial statements do not include all 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 for the year ended December 31, 2018. Moreover, the results of operations for the Three-month period ended March 31, 2019 do not necessarily provide an indication of the apportionment results of operations for the year ending December 31, 2019. No apportion occurred on the profit of the period ended March 31, 2019 which is performed at the end of the financial year.
- The accounting policies adopted in preparing the condensed interim financial statements are consistent with those applied in the year ended December 31, 2018 except for the effect of the adoption of the new and revised standards which are applied on or after the first of January of 2019 as follow:

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

Annual improvements to IFRSs issued between 2015 and 2017

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

IFRIC (23) Uncertainty on the Treatment of Income Tax

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

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

Amendments to IFRS 9 Financial Instruments.

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

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

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

Amendments to IAS 19 Employee Benefits.

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

IFRS (16) "Leases"

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

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

3. Significant accounting Estimates and key sources of uncertainty estimates

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

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

Extension options and termination in leases

Extension and termination options are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the options for extension and termination are exercisable by both the Company and the lessor.

When determining the duration of a lease, management takes into account all facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the option of termination.

Extension options (or periods after termination options) are only included in the term of the lease if the lease is reasonably certain to be extended (or not terminated). An assessment is reviewed in the event of an important event or a significant change in the circumstances affecting the valuation that are under the control of the lessee.

Discount lease payments

Lease payments are deducted using the Company's additional borrowing rate ("IBR"). Management has applied judgments and estimates to determine the additional borrowing rate at the inception of the lease.

4. Deposits at Banks

This item consists of the following:

March 31, 2019				December 31, 2018
	Deposits Maturing Within One Month	Deposits Maturing after Three Months	Deposits Maturing after more than Three Months	Total
	JD	JD	JD	JD
Inside Jordan	2,511,863	2,070,502	2,994,867	7,577,232
Expected credit losses *	-	-	(10,228)	(10,228)
	<u>2,511,863</u>	<u>2,070,502</u>	<u>2,984,639</u>	<u>7,567,004</u>
				<u>7,764,215</u>

* The movement on expected credit losses is as follows:

	For the Three Months Period Ended March 31, 2019 JD	For Year Ended December 31, 2018 JD
Balance at the beginning of the period/ year	10,496	-
IFRS (9) implementation impact	-	10,937
	10,496	10,937
<u>Add:</u> Additions during the period / year	-	-
<u>Less:</u> (Recovery) during the period / year	(268)	(441)
Balance at the End of the Period / Year	10,228	10,496

- During the year 2019, interest rates on deposits in Jordanian Dinar ranged from 4.5% to 6%.
- Moreover, deposits mortgaged 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, 2019 and December 31, 2018 at Jordan Ahli Bank, and mature after more than three months.
- There are no restricted balances except for deposits mortgaged to the order of the Director General of the Insurance Commission.

5. Cheques under Collection

This item consists of the following:

	March 31, 2019 JD	December 31, 2018 JD
Cheques under collection*	3,203,021	3,254,880
Expected Credit losses **	(32,030)	(32,549)
	3,170,991	3,222,331

- * The maturities of cheques under collection are up to 2,765,856 March 31, 2020 and JD 437,165 are up to October 6, 2020, and about 54% of the cheques were provided by one of the Company's agents.

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

	For the Three Months Period Ended March 31, 2019 JD	For Year Ended December 31, 2018 JD
Balance at the beginning of the period/ year	32,549	-
IFRS (9) implementation impact	-	13,689
	32,549	13,689
<u>Add:</u> Additions during the period / year	-	18,860
<u>Less:</u> (Recovery) during the period / year	(519)	-
Balance at the end of the Period / Year	32,030	32,549

6. Accounts Receivable - Net

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Policyholders receivable	5,319,935	4,433,120
Agents receivable **	25,165	85,278
Brokers receivable	31,999	33,735
Employees receivable	14,632	7,664
Other receivables	65,195	63,476
	<u>5,456,926</u>	<u>4,623,273</u>
<u>Less: Expected credit losses *</u>	<u>(1,011,290)</u>	<u>(1,011,290)</u>
Receivables - Net	<u>4,445,636</u>	<u>3,611,983</u>

* The movement on expected credit losses is as follows:

	For the Three Months Period Ended March 31, 2019	For Year Ended December 31, 2018
	JD	JD
Balance at the beginning of the period / year	1,011,290	716,824
IFRS (9) implementation impact	-	294,466
	<u>1,011,290</u>	<u>1,011,290</u>
Provision during the period / year	-	-
Balance at the End of the Period / Year	<u>1,011,290</u>	<u>1,011,290</u>

7. Re-insurance and Insurance Companies'- Debit

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Local insurance companies	1,244,161	1,343,906
Foreign re-insurance companies	472,270	871,637
	<u>1,716,431</u>	<u>2,215,543</u>
<u>Less: Expected credit losses *</u>	<u>(215,158)</u>	<u>(215,158)</u>
Re-insurance Accounts - Net	<u>1,501,273</u>	<u>2,000,385</u>

* Movement on the expected credit losses is as follows:

	For the Three Months Period Ended March 31, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance at the Beginning of the period / year	215,158	186,427
IFRS (9) implementation impact	-	28,731
	<u>215,158</u>	<u>215,158</u>
<u>Add: Additions during the period / year</u>	<u>-</u>	<u>-</u>
<u>Less: (Recovery) during the period / year</u>	<u>-</u>	<u>-</u>
Ending Balance at the End of Period / Year	<u>215,158</u>	<u>215,158</u>

8. Income Tax

a. Income tax provision

- Movement on the income tax provision was as follows:

	For the Three Months Period Ended March 31, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance at the beginning of the period / year	40,251	(26,788)
Income tax paid on bank interest	7,586	17,019
Income tax paid on account	31,219	50,020
Income tax expense for the period / year	-	-
Balance at the - End of the Period / Year- Debit*	<u>79,056</u>	<u>40,251</u>

- * This item is presented in other assets as Income tax deposits as of March 31, 2019 and December 31, 2018.

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

	For the Three-Months Period Ended March 31, 2019	2018
	JD	JD
Income tax expense accrued for the period/ year	-	-
Deferred tax assets impact	24,515	(22,506)
Deferred tax liabilities impact	<u>(70,700)</u>	<u>(11,854)</u>
Income Tax Expense for the Period	<u>(46,185)</u>	<u>(34,360)</u>

- The income tax for the Company has been settled up to the year ended 2015. Moreover, the Company's income tax return for the year 2016, 2017 and 2018 was filed, and the tax dues were paid on time and are not reviewed yet.
- An Income tax provision had been calculated and booked for the three-months period ended March 31, 2019 has 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 as at March 31, 2019.

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

	For the Three Months Period Ended March 31, 2019		For the Year Ended December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Beginning balance of the period / year	783,913	267,451	544,038	150,337
IFRS (9) implementation impact	-	-	87,677	-
	<u>783,913</u>	<u>267,451</u>	<u>631,715</u>	<u>150,337</u>
Additions	35,463	70,700	166,921	96,541
Used	<u>(3,299)</u>	-	<u>(72,903)</u>	-
New income tax rate implantation	-	-	58,180	20,573
Ending balance of the Period/ Year	<u>816,077</u>	<u>338,151</u>	<u>783,913</u>	<u>267,451</u>

- Deferred taxes were calculated based on the effective tax rate of 26%, and management believes that the deferred tax assets will be utilized in the near future.

9. Accounts Payable

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Agents payable	100,507	85,371
Employees payable	6,627	5,209
Brokers payable	477,842	526,177
Client payable	647,238	716,941
Medical payables	18,697	2,336
Others	718,989	684,692
	<u>1,969,900</u>	<u>2,020,726</u>

10. Re-insurance and Insurance Companies' - Credit

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Local insurance companies	359,628	437,485
Foreign re-insurance companies	1,370,153	1,331,574
Reinsurers' deposits	<u>1,124,514</u>	<u>1,086,455</u>
	<u>2,854,295</u>	<u>2,855,514</u>

11. Investment Revaluation Reserve

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

The details are as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Balance at the beginning of the period/ year	(236,544)	(113,848)
Changes in investment revaluation reserve - Net for the period/ year	(21,771)	(129,089)
New income tax rate implementation	-	6,393
Balance - End of Period/ Year	<u>(258,315)</u>	<u>(236,544)</u>

12. Net profit from Financial Assets and Investments

This item consists of the following:

	For the Three-Months Period Ended March 31,	
	2019	2018
	JD	JD
Interests on financial assets at amortized cost	24,328	24,409
Cash dividends of financial assets at fair value through Other Comprehensive Income	40,187	39,727
Net change in fair value of financial assets at fair value through profit/ loss	11,901	36,713
Property investments depreciation	(13,320)	(13,320)
Provision for impairment of financial assets at amortized cost- net	-	(3,729)
Return on Property investments rent	16,835	16,835
Profits on sale of financial assets at amortized cost	-	14,098
	<u>79,931</u>	<u>114,733</u>

13. 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,	
	2019	2018
	JD	JD
Profit for the period	149,692	102,563
Number of shares	8,000,000	8,000,000
Earnings per Share for the Period	0/019	0/013

14. Cash and Cash Equivalents

The details of this item are as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Cash on hand and at banks	454,234	960,575
<u>Add: Deposits at banks maturing within three months</u>	<u>4,582,365</u>	<u>5,735,625</u>
	<u>5,036,599</u>	<u>6,696,200</u>

15. 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:

	Major Shareholders	Board Members	Top Executive Management	Total	
				March 31, 2019	December 31, 2018
Items included in the interim condensed statement of financial position:	JD	JD	JD	JD	JD
Accounts receivable	512,546	1,813	100	514,459	434,815
Accounts payable	17,778	4,661	-	22,439	51,913
				For the Three months period ended March 31,	
				2019	2018
Items included in the interim condensed statement of income:					
Underwriting premiums	536,473	2,359	-	538,832	197,337
Compensations	310,365	547	-	310,912	1,223,231
Salaries and Bonuses	-	-	63,450	63,450	59,100
Travel and transportation allowances	-	6,648	111	6,759	6,688

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

	For the Three-Months Period Ended March 31,	
	2019	2018
	JD	JD
Salaries, bonuses and other benefits	63,561	59,638
Rewards, transportation, and accommodation allowances for the Board members	6,648	6,150
	<u>70,209</u>	<u>65,788</u>

16. 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 Revenue, Expenses, and Capital Expenditures according to the Geographical distribution:

	Inside Jordan		Outside Jordan		Total	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
	JD	JD	JD	JD	JD	JD
Total Assets	28,236,568	28,094,335	1,260,804	1,513,833	29,497,372	29,608,168
	For the Three-Months Period Ended March 31,		For the Three-Months Period Ended March 31,		For the Three-Months Period Ended March 31,	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total Revenue	4,027,073	3,979,352	235,491	251,579	4,262,564	4,230,931
Capital Expenditures	353	39,894	-	-	353	39,894

17. Lawsuits against the Company:

There are lawsuits against the company claiming compensation on various accidents. The lawsuits at courts with an amount of totaled JD 14,180,518 as at March 31, 2019 (JD 14,151,510 as at December 31, 2018).

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 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. However, the net lawsuits against others equivalent to JOD 1.67 million March 31, 2019 (around to JD 1.67 million December 31, 2018).

18. Contingent Liabilities

There are commitments from the company against bank guarantees of JD 378,418 as of March 31, 2019 and its cash deposits amounted to JD 1,000 as of that date (bank guarantees amounting to JD 364,087 as of December 31, 2018).

19. Comparative Figures

During the three-months period ended March 31, 2019, the Company's management adjusted the comparative figures of the three-months period ended March 31, 2018 as per the requirements of IAS (8) and the adjustment impacted the condensed interim statement of changes in shareholders' equity for the three month ended March 31, 2018. As a result of errors in respect to the calculation and the initial application of the expected credit loss and determine the provision for allowance of impairment for accounts receivable financial assets subject to IFRS (9) " Financial Instruments" and its deferred tax impact related to it. Noting that the changes above did not affect the results of the Company's operations for the first quarter for the year ended 2018.

The restatement impact is illustrated in the table below:

	For the Three Months period Ended March 31, 2018		
	Before Restatement	Adjustments Effect	Restated Balance
	JD	JD	JD
Condensed interim statement of Changes in Shareholders' Equity			
<u>shareholder's Equity</u>			
Retained earnings	<u>1,249,575</u>	<u>(277,648)</u>	<u>971,927</u>

20. 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, 2019	December, 31 2018				
	JD	JD				
Financial assets at fair value through statement of income:						
Quoted shares	1,081,668	1,069,767	Level 1	As Stock Market	Not Applied	Not Applied
Jordan Government's debentures bond *	145,550	145,550	Level 1	As Stock Market	Not Applied	Not Applied
	<u>1,227,218</u>	<u>1,215,317</u>				
Financial Assets at fair value through comprehensive income:						
Quoted shares	2,282,012	2,252,592	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	62,300	62,300	Level 2	At Cost	Not Applied	Not Applied
	<u>2,385,792</u>	<u>2,415,212</u>				
Total Financial Assets at Fair Value	<u>3,613,010</u>	<u>3,630,529</u>				

There were not any transfers between Level 1 and Level 2 during the first three month-period of the year 2019 and the year 2018.

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.

	March 31, 2019		December 31, 2018		Fair value level
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not determined at fair value					
Deposits at banks	7,567,004	7,708,438	7,764,215	7,910,986	Level 2
Financial assets at Amortized cost	1,359,701	1,392,207	1,359,701	1,442,194	Level 2
Property investment	2,163,375	2,398,850	2,176,695	2,398,850	Level 2
Total Financial assets not determined at fair value	<u>11,090,080</u>	<u>11,499,495</u>	<u>11,300,611</u>	<u>11,752,030</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.