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للدفع

\* بورصة عمان

\* المصارف

التي تمر

التي عبرها

التاريخ: ٢٠١٨/٤/٣٠

السادة هيئة الأوراق المالية المحترمين  
عمان - الأردن

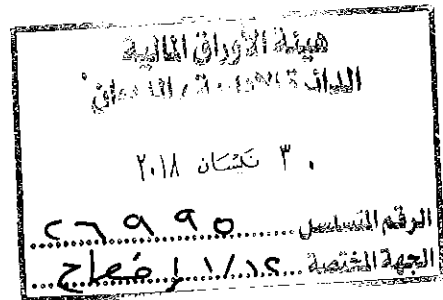
تحية طيبة وبعد ،

مرفق بطيه القوائم المالية المرحلية الموجزة للثلاثة أشهر المنتهية في ٢٠١٨/٣/٣١ المراجعة من قبل مدقق حسابات الشركة السادة ديلويت أند توش باللغتين العربية والإنجليزية.

واقبلوا فائق الاحترام ،،،،

هيام هريش

مساعد المدير العام للشؤون المالية والإدارية



DELTA INSURANCE COMPANY  
(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

DELTA INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
MARCH 31, 2018

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## Review Report

AM/ 32930

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

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Delta Insurance Company (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 information. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 "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 Company". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

### **Explanatory Paragraphs**

1. The Company's fiscal year ends on December 31 of each year. However, the condensed interim financial statements have been prepared for management purposes and for the Jordan Securities Commission requirements only.
2. 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  
April 30, 2017

Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)  
مؤسسة دلتا و توش (الشرق الأوسط)

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

	Note	March 31, 2018 (Reviewed not Audited)	December 31, 2017
		JD	JD
<b>ASSETS</b>			
Deposits at banks	4	9,812,050	9,652,275
Financial assets at fair value through other comprehensive Income	5	837,367	773,297
Financial assets at amortized cost	6	3,556,152	3,556,152
Investment property	7	2,623,803	2,623,803
Total Investments		16,829,372	16,605,527
Cash on hand and at banks		246,458	578,231
Cheques under collection		412,464	434,323
Receivables - net	8	2,653,559	2,424,724
Re-insurers' receivables - net	9	431,744	441,034
Deferred tax assets	14/B	355,949	351,433
Property and equipment - net	10	3,036,725	3,060,579
Intangible assets - net		9,911	10,454
Other assets	11	340,228	355,220
TOTAL ASSETS		24,316,410	24,261,525
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Unearned premiums reserve - net		4,052,637	4,159,823
Outstanding claims reserve - net		6,068,103	6,638,811
Mathematical reserve - net		112,584	92,475
Total Insurance Contracts Liabilities		10,233,324	10,891,109
Payables	12	1,199,627	1,130,049
Re-Insurer's payables	13	1,318,733	956,823
Sundry provisions		314,772	312,160
Provision for Income tax	14/A	-	-
Other liabilities	15	1,729,908	1,485,000
TOTAL LIABILITIES		14,796,364	14,775,141
<b>SHAREHOLDERS' EQUITY</b>			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,569,090	1,569,090
Voluntary reserve		15,948	15,948
Financial assets valuation reserve		(306,908)	(327,433)
Retained earnings		228,779	228,779
Profit for the period		13,137	-
Total Shareholders' Equity		9,520,046	9,486,384
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24,316,410	24,261,525

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 .

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

	Note	For the Three-Month Period Ended March 31,	
		2018 JD	2017 JD
Revenue:			
Gross written premiums - general Insurance		3,133,185	2,626,947
Gross written premiums - life Insurance		124,419	22,945
Less: Re-Insurers' share - general Insurance		1,052,750	826,325
Re-Insurers' share - life Insurance		12,567	8,496
Net Written Premiums		2,192,287	1,815,071
Net change in unearned premiums reserve		107,186	405,227
Net change in mathematical reserve		(20,109)	4,268
Net Earned Written Premiums		2,279,364	2,224,566
Commissions' revenue		240,254	218,269
Policy Issuance fees		75,367	74,361
Interest revenue		187,836	157,519
Other revenues		(5,736)	-
Total Revenues		2,777,085	2,674,715
<u>Claims, Losses and Expenses</u>			
Paid claims		3,331,862	3,007,445
Less: Recoveries		440,855	342,697
Re-Insurers' share		430,017	501,166
Net Paid Claims		2,460,990	2,163,582
Net change in claims reserve		(570,708)	(127,474)
Allocated employees' expenses		244,528	245,721
Allocated general and administrative expenses		196,100	125,249
Excess of loss premiums		93,174	93,041
Policy acquisition cost		150,506	112,649
Other expenses related to underwriting		65,151	84,003
Net Claims Costs		2,639,741	2,696,771
Unallocated employees' expenses		61,132	61,430
Unallocated general and administrative expenses		30,769	31,313
Depreciation and amortization		31,551	32,315
Provision for employees end-of-service indemnity		5,271	5,754
Total Expenses		128,723	130,812
Profit / (Loss) for the Period before Tax		8,621	(152,868)
Returned from/ Income tax expense	14/A	4,516	(111)
Profit / (Loss) for the Period		13,137	(152,979)
Earnings per Share for the Period - Basic and Diluted	16	0,0016	(0,019)

Chairman of the Board of Directors

General Manager

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(REVIEWED NOT AUDITED)

	For the Three-Month Period Ended March 31,	
	2018	2017
	JD	JD
profit / (Loss) for the period	13,137	(152,979)
Comprehensive Income Items:		
Net change in financial assets valuation reserve	20,525	39,708
Total Comprehensive Income (Loss) for the Period	33,662	(113,271)

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**DELTA INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**

AMMAN - JORDAN

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

	Financial Assets					(Loss) / Income for the Period	Total
	Paid-up Capital	Statutory Reserve	Voluntary Reserve	Valuation Reserve	Retained Earnings (Note 22)		
	JD	JD	JD	JD	JD	JD	JD
<b>For the Three-Month Period Ended March 31, 2018</b>							
Balance - beginning of the period	8,000,000	1,569,090	15,948	(327,433)	228,779	-	9,486,384
Profit for the period	-	-	-	-	-	13,137	13,137
Net change in financial assets valuation reserve	-	-	-	20,525	-	-	20,525
Total Comprehensive Income	-	-	-	20,525	-	13,137	33,662
Balance - End of the Period	8,000,000	1,569,090	15,948	(306,908)	228,779	13,137	9,520,046
<b>For the Three-Month Period Ended March 31, 2017</b>							
Balance - beginning of the period	8,000,000	1,569,090	15,948	(73,005)	1,108,062	-	10,620,095
(Loss) for the period	-	-	-	-	-	(152,979)	(152,979)
Net change in financial assets valuation reserve	-	-	-	39,708	-	-	39,708
Total Comprehensive Loss	-	-	-	39,708	-	(152,979)	(113,271)
Balance - End of the Period	8,000,000	1,569,090	15,948	(33,297)	1,108,062	(152,979)	10,506,824

- Retained earnings include an amount of JD 355,949 restricted against deferred tax assets as of March 31, 2018, which cannot be utilized according to Jordan Securities Commission instructions.

- An amount equivalent to the negative financial assets valuation reserve, which amounted to JD 306,908, is restricted from the retained earnings according to Jordan Securities Commission instructions.

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



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

		For the Three-Month Period Ended March 31,	
	Note	2018	2017
		JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit / (loss) for the period before tax		8,621	(152,868)
Adjustments for Non Cash items:			
Depreciation and amortization		31,551	32,315
Provision for end-of-service indemnity	14/B	5,271	5,754
Net change in unearned premiums reserve		(107,186)	(405,227)
Net change in outstanding claims reserve		(570,708)	(127,474)
Net change in mathematical reserve		20,109	(4,268)
Net cash flows (used in) Operating Activities before Changes in Working Capital		(612,342)	(651,768)
Decrease in cheques under collection		21,859	231,988
(Increase) decrease in receivables		(228,835)	83,793
Decrease in re-insurers' receivables		9,290	279,380
Decrease in other assets		24,057	193,315
Increase (decrease) in accounts payable		69,578	(286,996)
(Decrease) increase in re-insurance payable		(361,910)	220,159
Increase in other liabilities		244,908	183,110
Net Cash Flows (used in) from Operating Activities before Income Tax and End of Service-Indemnity paid		(833,395)	252,981
Income tax paid	14/A	(40,211)	(106,561)
End of service-indemnity paid		(2,659)	(5,388)
Net Cash Flows (used in) Flows from Operating Activities		(876,265)	141,032
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Deposits at banks		280,075	(9,886,143)
(Purchase) of property and equipment		(6,067)	(24,642)
(Purchase) of financial assets at amortized cost		-	(1,000,000)
(Purchase) of financial assets at fair value through comprehensive income		(64,070)	-
Net Cash Flows From (used in) Investing Activities		209,938	(10,910,785)
Net (Decrease) in Cash and Cash Equivalent		(666,327)	(10,769,753)
Cash and cash equivalent - beginning of the period		5,346,449	11,112,271
Cash and Cash Equivalent - End of the Period	17	4,680,122	342,518

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FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

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

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**1. General**

- a. Delta insurance company was registered during the year 1976 as a Jordanian Public Shareholding Limited Company in accordance to the companies' law No. (22) for the year 1997 with a registration number of (109) with a paid-up capital of JD 200,000 divided into 200,000 shares at par value of one Jordanian Dinar per share. The Company's capital increased gradually to reach JD 8 million divided into 8 million shares at par value of one Jordanian Dinar per share during the year 2008.

The Company is located in Amman - Jordan, Jabal Amman, third circle, P.O. Box 3055 Amman - 11181 Jordan,

The Company's main activity is engaging in all insurance business streams, including vehicles, marine, fire and other damages, liability, medical, credit, other insurance stream and life insurance sector.

- b. The condensed interim financial statements for the period ended March 31, 2018 were approved by the Board of Directors in their meeting held on April 24, 2018.

**2. Basis of preparation**

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

- The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", and in accordance to the local laws and regulations in force, as well as the form prescribed by the Insurance Management.
  - The condensed interim financial statements have been prepared according to the historical cost convention except for the financial assets and liabilities that appear at fair value at the date of the condensed interim financial statements.
  - The Jordanian Dinar is the functional and reporting currency of the financial statements.
  - The condensed interim financial statements do not include all the information and disclosures required for the annual financial statements of the Company, which are prepared in accordance with International Financial Reporting Standards. In addition, the results of the Company's operations for the three-month period ended March 31, 2018 do not necessarily represent an indication of the expected results for the year ending December 31, 2018, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.
  - The Company did not deduct any statutory reserves for the profit of the three months ended March 31, 2018 in accordance with the Companies Laws and the Regulations issued, as these financial statements are interim statements and the deductions are made at the end of the fiscal 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 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 relates 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 illustrates 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.

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

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 1st, 2018 through retained earnings in the statement of changes in 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.

### 3. Use of Estimates

Preparation of the financial statements and application of the accounting policies require the Company's management to perform assessments and assumptions that affect the amounts of financial assets and financial liabilities and to disclose all contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, and provisions. In particular, this requires the Company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the mentioned assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

We believe that the estimates adopted in the condensed interim financial statements are reasonable and are consistent with the estimates adopted in the financial statements for the year ended December 31, 2017.

### 4. Deposits at Banks

This item consists of the following:

	March 31, 2018				December 31, 2017
	Deposits Maturing within one Month	Deposits Maturing after One to Three Months	Deposits Maturing after Three Months to a year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan:					
Capital Bank of Jordan	-	2,225,012	325,000	2,550,012	2,550,012
BLOM Bank	-	2,334,045	-	2,334,045	2,334,045
Societe Generale Bank*	199,607	-	1,973,633	2,173,240	2,126,218
Al Etihad Bank	-	-	2,754,753	2,754,753	2,642,000
	<u>199,607</u>	<u>4,559,057</u>	<u>5,053,386</u>	<u>9,812,050</u>	<u>9,652,275</u>

- Interest rates on deposits in Jordanian Dinar ranged from 4,75% to 6% during the period ended March 31, 2018.
- Deposits collateralized to the order of the Director of the Insurance Commission, in addition to his position, amounted to JD 325,000 as of March 31, 2018 and December 31, 2017 and are held at Capital Bank of Jordan.
- \* This amount within deposits that matured during one month amounting to JD 199,607 represents cash collaterals against credit insurance.

### 5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of financial assets through other comprehensive income classified according to IFRS (9):

	March 31, 2018	December 31, 2017
	JD	JD
<u>Inside Jordan</u>		
Listed shares	<u>318,718</u>	<u>276,680</u>
	<u>318,718</u>	<u>276,680</u>
<u>Outside Jordan</u>		
Listed shares	255,203	230,091
Investment Fund*	263,446	266,526
	<u>518,649</u>	<u>496,617</u>
	<u>837,367</u>	<u>773,297</u>

- \* This item represents the net amount of the investment fund which is managed by Gulf Capital which was established in the Cayman Islands. The Company signed an agreement during the year 2015 with Gulf Capital to invest in one of its funds in an amount of USD 1.4 million which is equivalent to JD 994,000. The amount JD 263,446 represents the cost of the investment at the date of the condensed interim financial statements which is approximately equal to its fair value according to the latest financial information available from the fund management, and in our opinion, there is no impairment in its value.

#### 6. Financial Assets at Amortized Cost

This Item consists of financial assets at amortized cost classified according to IFRS (9):

	March 31, 2018	December 31, 2017
	JD	JD
<u>Inside Jordan</u>		
Capital Bank of Jordan bonds*	781,000	781,000
The Jordanian government Treasury Bonds**	1,275,152	1,275,152
AIHO bonds***	1,000,000	1,000,000
Jordan Ahli Bank Bonds****	500,000	500,000
	<u>3,556,152</u>	<u>3,556,152</u>

- \* The Capital Bank of Jordan Bonds mature on March 1, 2020 and are in U.S dollar with a fixed return rate of 6.85%, and are paid on two Instalments; on March 1<sup>st</sup> and September 1<sup>st</sup> during the bond life, and are listed on the Amman Stock Exchange.

- \*\* The Jordanian government treasury bonds are U.S dollar bonds with a fixed return of 6.125% that mature on January 29, 2026, and are paid on two Instalments; on January 29, and July 29, during the life of the Bond and Bonds with the amount of JD 523,972, maturing on January 31, 2027. These are quoted in U.S Dollar with a fixed return rate of 5.75%, and are paid on two Instalments; on January 31 and July 31.

- \*\*\* The Arab International Hotels bonds are with a fixed return of 5.5% that mature on January 29, 2022, and are paid on two instalments; on January 29, and July 29, during the life of the Bond and are listed on the Amman Stock Exchange and are in Jordanian Dinar.

- \*\*\*\* Jordan Ahli Bank Bonds mature on October 12, 2023 and are in U.S dollar with a fixed return rate of 6.75%, and are paid on two instalments; on October 12 and April 12 during the bond life, and are listed on the Amman Stock Exchange and are in Jordanian Dinar.

#### 7. Investment Property

This item represents the cost of a plot of land that was bought during the years 2011, for JD 1,340,863 in addition to the cost of plot of land that was bought during the year 2015 for JD 1,282,940. The plots were evaluated during January 2018 by three certified appraisers in accordance to the laws and regulations of the Insurance Management ( Insurance Commission previously) and their average estimate market value amounted to JD 1,431,629 and JD 1,367,330 respectively.

**8. Receivables - Net**

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Policyholders receivable	2,070,568	1,789,791
Agents receivable	608,238	674,733
Employees receivable	12,622	8,639
Other receivable	44,148	33,578
Total	2,735,576	2,506,741
<u>Less: Provision for doubtful debts</u>	<u>(82,017)</u>	<u>(82,017)</u>
Net receivables	2,653,559	2,424,724

The ageing of receivables is as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Less than 90 days	1,377,825	1,912,318
From 91 to 180 days	1,086,638	217,193
From 181 to 360 days	187,024	296,838
More than 361 days	84,089	80,392
	2,735,576	2,506,741

A provision for doubtful debts are taken for the debts which has past due more than a year and there is no repayment and according to the management estimates.

**9. Re-insurers' Receivables - Net**

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Local Insurance companies	167,545	257,443
Foreign re-insurance companies	307,880	227,272
	475,425	484,715
<u>Less: Provision for doubtful debts</u>	<u>(43,681)</u>	<u>(43,681)</u>
	431,744	441,034

**10. Property and Equipment**

Additions to property and equipment amounted to JD 7,517. Moreover, the disposals amounted to JD 1,450 during the period.

**11. Other Assets**

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Prepaid expenses	83,424	22,043
Refundable deposits	2,544	2,543
Accrued revenues	214,049	299,488
Income Tax Deposits (Note 14)	40,211	31,146
	340,228	355,220

**12. Payables**

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Agents payables	776,653	691,083
Garages and parts payables	77,502	122,094
Policyholders payables	339,103	314,094
Employee and other payables	6,369	2,778
	<u>1,199,627</u>	<u>1,130,049</u>

**13. Re-Insurers' Payables**

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Local insurance companies	403,184	390,511
Foreign re-insurance companies	915,549	566,312
	<u>1,318,733</u>	<u>956,823</u>

**14. Income Tax**

**a. Income tax provision**

- Movement on the income tax provision was as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Balance at the beginning of the period/year	-	88,709
Income tax paid	-	(88,602)
Income tax expense for the period/year	-	-
Prepaid income tax	(40,211)	(26,897)
Income tax expense from prior years	-	(4,356)
Transferred to Income Tax Deposits	40,211	31,146
Balance at the End of the Period / Year	<u>-</u>	<u>-</u>

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

	For the Three-Month Period Ended March 31,	
	2018	2017
	JD	JD
Income tax for the period	-	-
Deferred tax assets	4,516	(111)
Deferred tax liability	-	-
	<u>4,516</u>	<u>(111)</u>

- The Company reached a final settlement with the Income and Sales Tax Department up to the end of the year 2015, and has submitted its income tax returns for the year 2016, however, the tax returns have not been reviewed yet by the Income and Sales Tax Department.
- Income tax provision has been booked for the year 2018 in accordance with the prevailing Income Tax Law number (34) for the year 2014 in Jordan, the management of the Company and its tax advisor believe that the booked provisions are sufficient to cover any potential tax liabilities that may arise.



**B. Deferred Tax Assets:**

The details are as follows:

	For the Three-Month Period Ended March 31, 2018			March 31, 2018	December 31, 2017
	Balance at the Beginning of the Period	Amounts Released	Amounts Booked	Balance at the End of the Period	Deferred Tax
	JD	JD	JD	JD	JD
Provision for doubtful debts	125,698	-	-	125,698	30,168
End of service indemnity provision	312,160	2,659	5,271	314,772	75,545
Unreported outstanding claims reserve	1,026,448	-	16,204	1,042,652	250,236
	<u>1,464,306</u>	<u>2,659</u>	<u>21,475</u>	<u>1,483,122</u>	<u>355,949</u>
					<u>246,347</u>
					<u>351,433</u>

- According to the prevailing Income Tax Law number (34) for the year 2014 in Jordan, the effective tax rate of 24% has been used to calculate the deferred taxes as of March 31, 2018 and December 31, 2017.

**15. Other Liabilities**

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Accrued expenses	46,106	43,165
Unearned Premiums	918,827	590,888
Re-insurers' deposits	691,630	688,598
Others	73,345	162,349
	<u>1,729,908</u>	<u>1,485,000</u>

**16. Earnings per Share for the Period**

Earnings per share are computed by dividing the profit (loss) for the period by the average number of outstanding shares during the period; the details are as follows:

	For the Three-Month Period Ended March 31,	
	2018	2017
	JD	JD
Profit / (loss) for the period	13,137	(152,979)
Average number of outstanding shares	8,000,000	8,000,000
Basic and diluted earnings / (loss) per share	<u>0.0016</u>	<u>(0.019)</u>

**17. Cash and Cash Equivalent**

The details of this item are as follows:

	March 31,	
	2018	2017
	JD	JD
Deposits at banks maturing within three months	4,758,664	200,000
Cash on hand and at banks	246,458	467,518
<u>Less:</u> Collateralized deposits to the order of the General Director of the Insurance Commission	<u>(325,000)</u>	<u>(325,000)</u>
	<u>4,680,122</u>	<u>342,518</u>

**18. Transactions with Related Parties**

The Company has engaged in transactions with its the major shareholders, members of the Board of Directors and the executive management within the course of its normal activities, all related parties accounts are considered performing, accordingly no provisions were booked.

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

	March 31, 2018	December 31, 2017
<u>Statement of Financial Positions items:</u>	JD	JD
Accounts receivable	431,531	632,205
Accounts payable	65,479	63,736

	For the Three-month Period Ended March 31,	
	2018	2017
<u>Statement of Income Items:</u>	JD	JD
Underwriting premium revenues	147,409	137,401
Paid claims	25,098	41,532

Below is a summary of the top managements benefits (Salaries, bonuses, and other benefits):

	For the Three-month Period Ended March 31,	
	2018	2017
<u>Item</u>	JD	JD
Board of directors salaries and bonuses	181,105	144,354

#### 19. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents and lawsuits at courts with determined amounts that amounted to JD 1,654,333 as of March 31, 2018 (JD 2,048,347 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 shall arise.

#### 20. Information on Geographical Distribution

The following is the distribution of the Company's assets and Liabilities according to geographical sector:

	March 31, 2018		December 31, 2017	
	Assets	Liabilities and Owners' Equity	Assets	Liabilities and Owners' Equity
	JD	JD	JD	JD
Inside Jordan	22,880,506	22,059,772	22,862,932	22,463,721
Outside Jordan	1,435,904	2,256,638	1,398,593	1,797,804
Total	24,316,410	24,316,410	24,261,525	24,261,525

The following is the distribution of the Company's assets and Liabilities according to geographical sector:

	March 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>Sector</u>				
Private sector	2,653,559	1,199,627	2,424,824	1,130,049
Total	2,653,559	1,199,627	2,424,824	1,130,049

#### 21. Contingent Liabilities

- As of the date of the statement of financial position, the Company was contingently liable for bank guarantees with an amount of JD 2,000 for cash margin of JD 1,200.
- There are contingent liabilities for the Company's investment in Gulf Capital Investment Fund that amounted to JD 676,356.

### 23. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial Assets/Financial Liabilities	Fair Value		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	March 31, 2018	December 31, 2017				
	JD	JD				
Financial assets at fair value:						
Financial assets at fair value through other comprehensive income						
Shares with available market values - inside and outside Jordan	573,921	506,771	level 1	Quoted rates in financial markets	Not Applicable	Not Applicable
Investment Fund-outside Jordan	263,446	266,526	Not Determined	Declared market value by the fund's manager	Not Applicable	Not Applicable
	837,367	773,297		Not determined		

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except to what is mentioned in the table below, we believe that the carrying amounts of the financial assets booked in the Company's interim financial statements approximate their fair values. The Company's management believes that book value are approximately their fair value due to either their short term maturity or that their interest rates are repriced during the year.

	March 31, 2018		December 31, 2017		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets not calculated at fair value					
Deposits at banks	9,812,050	9,984,571	9,652,275	9,871,027	Level 2
Investment property	2,623,803	2,798,959	2,623,803	2,798,959	Level 2
Financial assets at amortized cost	3,556,152	3,597,677	3,556,152	3,636,888	Level 2
Total Financial assets with no calculated fair value	15,992,005	16,381,207	15,832,230	16,306,874	

The fair values of the financial assets included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing models based on a discounted cash flow analysis with the most significant inputs being that discount rate that reflects the credit risk of counterparties.