

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

CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2018
TOGETHER WITH THE REVIEW REPORT

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
MARCH 31, 2018

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Review Report on the Condensed Interim Financial Statements

AM/ 81100

**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 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 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.

Other Matters

1. 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 and Securities Commission 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, 2018

Deloitte & Touche (M.E.)
Deloitte & Touche (M.E.) – Jordan
010103

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

<u>ASSETS</u>	<u>Note</u>	March 31, 2018 Reviewed not) (Audited	December 31, 2017
		JD	JD
Deposits at banks	3	17,860,438	17,614,117
Financial assets at fair value through profit or loss	4	695,454	580,426
Financial assets at amortized cost	5	-	-
Investment property - net	6	862,800	863,354
Total Investments		<u>19,418,692</u>	<u>19,057,897</u>
Cash on hand and at banks		45,301	39,428
Cheques under collection	7	637,787	604,852
Accounts receivable - net	8	8,873,336	5,501,860
Re-insurance companies' accounts - debit	9	667,423	855,057
Deferred tax assets	b/12	794,999	735,676
Property and equipment - net		3,215,341	3,241,613
Intangible assets		24,091	28,695
Other assets		669,097	529,751
TOTAL ASSETS		<u>34,346,067</u>	<u>30,594,829</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		11,329,200	8,824,270
Claims reserve - net		6,486,875	6,442,171
Mathematical reserve - net		42,461	71,768
Total Insurance Contracts Liabilities		<u>17,858,536</u>	<u>15,338,209</u>
Due to a bank	10	1,265,671	939,928
Accounts payable		2,054,991	1,982,242
Re-insurance and companies' accounts - credit	11	1,603,528	875,514
Other provisions		252,913	211,200
Provision for income tax	12/a	198,738	176,546
Other liabilities		573,329	569,259
TOTAL LIABILITIES		<u>23,807,706</u>	<u>20,092,898</u>
<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		1,198,880	1,236,880
Profit for the period		74,430	-
Total Shareholders' Equity		<u>10,538,361</u>	<u>10,501,931</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>34,346,067</u>	<u>30,594,829</u>

Chairman of the Board of Directors

General Manager

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

		For the Three Months Ended March 31,	
	Note	2018 JD	2017 JD
Revenue:			
Gross written premiums		9,052,097	5,747,983
<u>Less: Re-insurers' share</u>		<u>(1,422,222)</u>	<u>(1,002,815)</u>
Net Written Premiums		7,629,875	4,745,168
Net change in unearned premiums reserve		(2,504,930)	(615,854)
Net change in mathematical reserve		<u>29,307</u>	<u>15,764</u>
Net Written Premiums		5,154,252	4,145,078
Commissions' revenue		124,875	81,900
Insurance policies issuance service fees		273,703	149,285
Interest revenue		258,275	181,335
Net gain from financial assets and investments		12,609	72,221
Other revenues related to underwritings		<u>108,475</u>	<u>103,238</u>
Total Revenue		<u>5,932,189</u>	<u>4,733,057</u>
Claims, Losses and Expenses:			
Paid claims		5,323,925	5,220,213
<u>Less: Recoveries</u>		<u>(507,947)</u>	<u>(509,125)</u>
Re-insurers' share		<u>(241,297)</u>	<u>(756,118)</u>
Net paid claims		4,574,681	3,954,970
Net change in claims reserve		44,704	(667,198)
Allocated employees' expenses		352,231	352,148
Allocated general and administrative expenses		185,523	165,651
Policies acquisition cost		279,280	196,131
Excess of loss		61,174	58,363
Other expenses related to underwritings		<u>165,436</u>	<u>116,040</u>
Net Claims Costs		<u>5,663,029</u>	<u>4,176,105</u>
Unallocated employees' expenses		45,323	45,296
Depreciation and amortization		38,399	37,923
Unallocated general and administrative expenses		46,381	41,413
Provision for impairment in accounts receivable- Net	8 & 9	522	19,588
Other expenses		<u>40,776</u>	<u>734</u>
Total Expenses		<u>5,834,430</u>	<u>4,321,059</u>
Income for the Period before Tax		97,759	411,998
Income tax expense		<u>(23,329)</u>	<u>(98,880)</u>
Income for the Period / Total Comprehensive Income	12/a	<u>74,430</u>	<u>313,118</u>
The Company's Shareholders		<u>8,000,000</u>	<u>8,000,000</u>
Earnings per Share for the Period - Basic and Diluted	13	<u>0.009</u>	<u>0.039</u>

Chairman of the Board of Directors

General Manager

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EURO ARAB INSURANCE COMPANY

(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	Retained Earnings *		Income for the Period	Total
				Realized	Unrealized		
For the Three Months Ended March 31, 2018	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	8,000,000	1,249,375	15,676	657,549	579,331	-	10,501,931
IFRS(9) Implementation Impact - note(2)	-	-	-	-	(38,000)	-	(38,000)
Adjusted Balance	8,000,000	1,249,375	15,676	657,549	541,331	-	10,463,931
Transfers during the period	-	-	-	(22,233)	22,233	-	-
Total comprehensive income for the period	-	-	-	-	-	74,430	74,430
Balance - End of the Period	8,000,000	1,249,375	15,676	635,316	563,564	74,430	10,538,361
For the Three Months Ended March 31, 2017	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	8,000,000	1,164,943	15,676	808,076	488,002	-	10,476,697
Transfers during the period	-	-	-	(21,838)	21,838	-	-
Total comprehensive income for the period	-	-	-	-	-	313,118	313,118
Balance - End of the Period	8,000,000	1,164,943	15,676	786,238	509,840	313,118	10,789,815

- Retained earnings Includes deferred tax assets in an amount of JD 794,999 as of March 31, 2018 (JD 735,676 as of December 31, 2017).

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EURO ARAB INSURANCE GROUP
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AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the period before tax		97,759	411,998
Adjustments:			
Depreciation and amortization		38,399	37,923
Unrealized (gains) from financial assets through profit or loss		(9,782)	(23,121)
Impairment of accounts receivables - net	9 & 8	522	19,588
End-of-service indemnity provision	12/b	1,713	(5,728)
Provisions for other liabilities	12/b	40,000	-
Provision for unearned premiums - net		2,504,930	615,854
Claims reserve - net		44,704	(667,198)
Mathematical reserve - net		(29,307)	(15,764)
Cash Flows from Operating Activities before Changes in Working Capital Items		2,688,938	373,552
(Increase) decrease in checks under collection		(32,935)	22,148
(Increase) in accounts receivables		(3,423,025)	(827,469)
Decrease (Increase) in re-insurance companies' accounts (debit)		188,661	(148,111)
(Increase) decrease in financial assets through profit or loss		(105,246)	547,996
(Increase) in other assets		(139,346)	(142,437)
Increase in accounts payable		72,749	147,301
Increase in re-insurance companies' accounts (credit)		728,014	118,821
Increase in other liabilities		4,070	38,659
(Decrease) in accrued expenses		-	(42,115)
Net Cash Flows (used in) from Operating Activities before Income Tax Paid		(18,120)	88,345
Income tax paid	12/a	(48,460)	(24,713)
Net Cash Flows (used in) from Operating Activities		(66,580)	63,632
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (Increase) in deposits at banks for a period more than three months		657,994	(1,695,150)
(Purchase) of property and equipment		(6,969)	-
(Increase) in intangible assets		-	(5,406)
Net Cash Flows from (used in) Investing Activities		651,025	(1,700,556)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to bank		325,743	552,399
Net Cash Flows from Financing Activities		325,743	552,399
Net Increase (Decrease) in Cash		910,188	(1,084,525)
Cash and cash equivalents - beginning of the period		2,918,660	3,302,019
Cash and Cash Equivalents - End of the Period	14	3,828,848	2,217,494

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 THE 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 1995 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, 1996. 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, responsibility and medical liability.

The accompanying condensed interim financial statements were approved by the Board of Directors in their meeting held on April 23, 2018.

2. Significant Accounting Policies

Basis of Preparation of financial statement

- 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 Jordan Insurance Department.
- The Jordanian Dinar is the functional and reporting currency of the condensed interim financial statements.
- The condensed interim financial statements don't 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 three month ended March 31, 2018 don't represent any indicator on the expected results for the year end December 31, 2018.
- The Company hasn't deducted the statutory reserves according to the Company's law and instructions issued from the income for the three months ended March 31, 2018 as these financial statements are interim. However, these deductions are made 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, 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	5,451,860	50,000
Deferred Tax Assets	735,676	723,676	(12,000)
Retained Earnings	1,236,880	1,198,880	38,000

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.

3. Deposits at Banks

This item consists of the following:

	March 31, 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	-	3,708,287	14,076,891	17,785,178	17,538,857
Outside Jordan	-	75,260	-	75,260	75,260
	-	3,783,547	14,076,891	17,860,438	17,614,117

- Interest rates on deposits at banks in Jordanian Dinar ranged from 5% to 6.35% during the period of three month ended March 31, 2018 (3.125% to 6.2% during the year 2017).
- Deposits collateralized to the order of the Insurance management amounted to JD 325,000 as of March 31, 2018 and December 31, 2017 for deposits maturing after more than 3 months.
- Restricted balances amounted to JD 1,200,000 as of March 31, 2018 and December 31, 2017 against credit facilities granted to the Company by a local bank. The utilized facilities balance amounted to JD 1,265,671 as of March 31, 2018 (JD 939,928 as of December 31, 2017).

4. Financial Assets at Fair Value through the statement of income

This item consists of the following:

	Number of Shares	March 31, 2018 JD	Number of Shares	December 31, 2017 JD
<u>Inside Jordan:</u>				
<u>Quoted shares:</u>				
Arab Jordan Investment Bank	187,050	299,281	187,050	327,338
Cairo Amman Bank	70,000	116,200	64,000	96,000
Jordan Petroleum Refinery Company	21,175	58,443	21,175	54,208
Specialized Investment Compounds	50,000	44,000	50,000	43,000
Al Etihad Bank	20,000	33,600	17,800	28,836
Capital Bank	115,000	115,000	20,000	15,800
Arab Bank	2,574	17,451	2,574	14,414
Arab Union International Insurance Company	50	57	50	58
The Holy Land Insurance Company	50	45	50	35
Middle East Insurance Company	50	85	50	85
Jordan Insurance Company	100	160	100	165
United Insurance Company	100	162	100	163
Wataniya Insurance Company	200	278	200	240
Al Manara Insurance Company	72	30	72	30
First Insurance Company	50	29	50	28
Jordan International Insurance	50	23	50	26
Royal Jordanian Airlines Company	15,000	7,350	-	-
Jordan Electric Power Company	2,000	3,260	-	-
		<u>695,454</u>		<u>580,426</u>

5. Financial Assets at Amortized Cost

This item consists of the following:

	March 31, 2018 JD	December 31, 2017 JD
<u>Inside Jordan</u>		
Arab Real Estate Development Company's debenture bonds *	300,000	300,000
<u>Less: Provision for impairment in the Investment of Arab Real Estate Development Company</u>	<u>(300,000)</u>	<u>(300,000)</u>
	<u>-</u>	<u>-</u>
Analysis of fixed rate bills and bonds	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 three months ended March 31, 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:

	March 31, 2018 JD	December 31, 2017 JD
Lands	753,216	753,216
Buildings	112,396	112,396
Accumulated depreciation	<u>(2,812)</u>	<u>(2,258)</u>
Net Investment Properties	<u>862,800</u>	<u>863,354</u>

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

7. Cheques under Collection

This item consists of the following:

	March 31, 2018 JD	December 31, 2017 JD
Cheques under collection*	637,787	604,852
	<u>637,787</u>	<u>604,852</u>

- * The maturities of cheques under collection of JD 631,287 extend to March 31, 2019, and of JD 6,500 to March 11, 2020.

8. Accounts Receivable - Net

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Policyholders (A)	7,786,744	4,795,205
Brokers	1,511,351	1,093,396
Agents	368,348	365,970
Employees	89,284	66,373
Others	25,695	37,453
	9,781,422	6,358,397
<u>Less:</u> Provision for doubtful debts	(908,086)	(856,537)
Accounts receivable - Net	8,873,336	5,501,860

(A) These amounts represent debts with a repayment schedule after March 31, 2018 of JD 5,610,477 (JD 2,627,786 as of December 31, 2017).

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

	For the Three Months Ended March 31, 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)	50,000	-
	906,537	858,486
Additions during the period / year	1,549	-
Recoveries during the period / year	-	(1,949)
Balance - End of the Period / Year	908,086	856,537

(C) The ageing of receivables is as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Accounts receivable and scheduled	5,610,477	2,627,786
Less than 90 days	1,991,822	2,086,756
91 - 180 days	1,116,241	462,168
181 - 360 days	126,357	308,436
More than 360 days *	936,525	873,251
	9,781,422	6,358,397

* This item includes an amount of JD 54,605, representing receivables due from Jordanian governmental entities as of March 31, 2018 (JD 20,749 as of December 31, 2017).

9. Re-insurance Companies' Accounts - Debit

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Local insurance companies	799,196	857,497
Foreign re-insurance companies	23,545	153,905
	822,741	1,011,402
<u>Less:</u> Provision for doubtful debts	(155,318)	(156,345)
Re-insurance Companies' Accounts - Net	667,423	855,057

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

	March 31, 2018	December 31, 2017
	JD	JD
Less than 90 days	357,243	577,917
91 - 180 days	185,858	130,738
181 - 360 days	110,484	75,345
More than 360 days	169,156	227,402
	<u>822,741</u>	<u>1,011,402</u>

* Movement on the provision for doubtful debts was as follows:

	For the Three Months Ended March 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance - beginning of the period / year	156,345	152,076
Add: Additions during the period / year	-	4,269
Less: (Recoveries) during the period / year	(1,027)	-
Balance at the End of Period / Year	<u>155,318</u>	<u>156,345</u>

10. Due to Bank

This item represents the balance of an overdraft facility granted to the Company by Societe General Bank at a ceiling of JD 1,200,000. During the year 2017, the Company renewed the overdraft ceiling against 100% cash collaterals. Moreover, the overdraft bears interest at 6.6% calculated on the daily balance, and interest is recorded at the end of every six months.

11. Re-insurance Companies' Accounts - Credit

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Local insurance companies	76,596	80,182
Foreign re-insurance companies	1,526,932	795,332
	<u>1,603,528</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 2014. Moreover, the Company filed its income tax return for the years 2015, 2016 and 2017. However, no final settlement has been reached yet with the Income and Sales Tax Department. Moreover, the income tax for the three months ended March 31, 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 Three Months Ended March 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance - beginning of the period / year	176,546	(24,713)
Income tax paid	(48,460)	(53,406)
Income tax expense for the period/year	70,652	254,665
Balance - End of the Period / Year	198,738	176,546

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

	For the Three Months Ended March 31, 2018	2017
	JD	JD
Income tax accrued for the period	70,652	97,597
Deferred tax assets for the period - net	(47,323)	1,283
	23,329	98,880

b. Deferred Tax Assets

The details are as follows:

	For the Three Months Ended March 31, 2018				March 31, 2018	December 31, 2017
	Balance at the Beginning of the Year	Amounts Released	Amounts Added	Balance at Period-End	Deferred Tax	Deferred Tax
<u>Deferred Tax Assets</u>	JD	JD	JD	JD	JD	JD
<u>Accounts Included</u>						
Provision for doubtful debts	856,537	-	1,549	858,086	205,940	205,569
IFRS(9)Implementation Impact -note(2)	50,000	-	-	50,000	12,000	-
Impairment of re-insurance companies' accounts (debit)	156,345	1,027	-	155,318	37,276	37,522
Financial assets at fair value through profit or loss (Historical)	221,653	-	9,782	231,435	55,544	53,196
Impairment of financial assets at amortized cost	300,000	-	-	300,000	72,000	72,000
Unreported claims reserve	1,319,589	-	145,160	1,464,749	351,540	316,701
End-of-service indemnity provision	11,200	-	1,713	12,913	3,099	2,688
Other liabilities provision	200,000	-	40,000	240,000	57,600	48,000
	3,115,324	1,027	198,204	3,262,501	794,999	735,676

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

13. Earnings per Share for the Period

The details are as follows:

	March 31, 2018	March 31, 2017
	JD	JD
Income for the period	74,430	313,118
No of outstanding shares	8,000,000	8,000,000
Earnings per Share for the Period – JD	-/009	-/039

14. Cash and Cash Equivalents

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

	March 31, 2018	March 31, 2017
	JD	JD
Cash on hand and at banks	45,301	1,033,412
Deposits at banks maturing within three months	3,783,547	1,184,082
Net Cash and Cash Equivalents	3,828,848	2,217,494

15. 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	March 31, 2018	December 31, 2017
	JD	JD	JD	JD
<u>Statement of Financial Position Items:</u>				
Accounts receivable	858	8,502	9,360	2,574
Accounts payables	7,770	109	7,879	35,171
<u>Income Statement Items:</u>				
Policies revenues	39,105	2,173	41,278	44,648
Expenses paid	-	941	941	-

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

	For the Three Months Ended March 31,	
	2018	2017
Description	JD	JD
Salaries and benefits	130,004	121,516
Board of Directors' transportation fees	10,500	10,500
	140,504	132,016

16. 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 totaled JD 3,229,563 as of March 31, 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.

17. Information on Geographical Distribution

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

	<u>March 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Assets</u>	<u>Liabilities*</u>	<u>Assets</u>	<u>Liabilities*</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<u>According to Geographical Area</u>				
Inside Jordan	34,276,591	4,422,238	30,357,845	3,959,356
Asia and Middle East countries	97,996	1,287,902	158,095	622,725
Europe	9,473	239,030	78,884	172,608
Africa	7	-	5	-
	<u>34,384,067</u>	<u>5,949,170</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:

	<u>March 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<u>According to Sector</u>				
Public	645,077	5,525	845,669	5,764
Private Sector				
Companies and institutions	9,247,651	3,453,257	5,901,477	2,675,875
Individuals	711,433	199,735	613,653	176,117
	<u>10,604,161</u>	<u>3,658,517</u>	<u>7,360,799</u>	<u>2,857,756</u>

18. Contingent Liabilities

The Company was contingently liable for bank guarantees of JD 708,350 as of March 31, 2018.

19. Subsequent event

The general assembly has approved in its meeting that was held April 29, 2018 according to the board of director recommendation to distribute dividends equivalent to 5% of 2017 profit to the shareholder equivalent to JOD 400,000.

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	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
	March 31, 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	695,454	580,426	Level One	Stated Prices in financial markets	Not Applicable	Not Applicable
Total	695,454	580,426				

There were no transfers between Level 1 and Level 2 during the three month ended March 31, 2018 and for the year 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 condensed interim 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 year.

Financial Assets of Non-specified Fair Value	March 31, 2018		December 31, 2017	
	Book Value	Fair Value	Fair Value	Fair Value
Deposit at banks	17,860,438	18,175,453	17,614,117	17,931,070
Investments properties	862,800	1,570,817	863,354	1,570,817
Total Financial Assets of Non-specified Fair Value	18,723,238	19,746,270	18,477,471	19,501,887

For the items listed above, 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.