

التاريخ: ٢٠١٩/٥/٩

السادة بورصة عمان المحترمين

عمان - الأردن

تحية طيبة وبعد ،

مرفق بطيه القوائم المالية المرحلية الموجزة للثلاثة أشهر المنتهية في ٢٠١٩/٣/٣١ المراجعة من قبل مدقق حسابات الشركة السادة ديلويت أند توش.

واقبلوا فائق الإحترام ،،،

عصام خليفات

مساعد المدير العام للشؤون المالية والإدارية



بورصة عمان
الدائرة الإدارية والمالية
السيد

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الجهة المختصة:

DELTA INSURANCE COMPANY
(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

DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
MARCH 31, 2019

TABLE OF CONTENTS

Review Report

| | <u>Page</u> |
|--|-------------|
| Condensed Interim Statement of Financial Position | 2 |
| Condensed Interim Statement of Income | 3 |
| Condensed Interim Statement of Comprehensive Income | 4 |
| Condensed Interim Statement of Changes in Shareholders' Equity | 5 |
| Condensed Interim Statement of Cash Flows | 6 |
| Notes to the Condensed Interim Financial Statements | 7 - 18 |

Review Report

AM/ 007043

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, 2019 and the related condensed interim statements of income, 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 Financial Reporting Standards. 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 all material respects in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Emphasis of Matter

We draw attention to note (24) of the condensed interim financial statements which describes the effect of an error in the preparation of the condensed interim financial statements issued in previous periods. Our conclusion is not modified in respect of this matter.

Other Matters

1. The Company's financial year ends on December 31 of each year. However, the condensed interim financial statements have been prepared for the purposes of management and Jordan Securities Commission purposes only.
2. The accompanying condensed interim financial statements are a translation of the original financial statements which are in the Arabic language, to which reference should be made.

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

| | Note | March 31, 2019 (Reviewed not Audited) | December 31, 2018 |
|---|------|---|----------------------|
| | | JD | JD |
| <u>ASSETS</u> | | | |
| Deposits at banks - Net | 4 | 10,418,318 | 10,380,551 |
| Financial assets at fair value through other comprehensive income | 5 | 629,515 | 601,348 |
| Financial assets at fair value through profit or loss | 6 | 370,068 | 324,373 |
| Financial assets at amortized cost - net | 7 | 2,773,712 | 3,554,712 |
| Investment property | 8 | 2,623,803 | 2,623,803 |
| Total Investments | | 16,815,416 | 17,484,787 |
| Cash on hand and balances at banks - net | | 1,301,621 | 897,510 |
| Cheques under collection - net | | 404,013 | 366,734 |
| Receivables - net | 9 | 4,320,507 | 3,323,536 |
| Re-insurers' receivables - net | 10 | 330,114 | 295,403 |
| Deferred tax assets | 15/B | 446,180 | 433,120 |
| Property and equipment - net | 11 | 2,928,214 | 2,955,937 |
| Intangible assets - net | | 13,285 | 10,620 |
| Other assets | 12 | 488,526 | 407,882 |
| TOTAL ASSETS | | 27,047,876 | 26,175,530 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | |
| <u>LIABILITIES</u> | | | |
| Unearned premiums reserve - net | | 4,949,599 | 4,866,387 |
| Outstanding claims reserve - net | | 5,965,014 | 6,329,666 |
| Mathematical reserve - net | | 318,000 | 217,034 |
| Total Insurance Contracts Liabilities | | 11,232,613 | 11,413,087 |
| Payables | 13 | 1,171,501 | 1,143,137 |
| Re-insurer's payables | 14 | 1,887,489 | 1,505,353 |
| Sundry provisions | | 309,578 | 305,628 |
| Provision for income tax | 15 | - | - |
| Other liabilities | 16 | 2,643,041 | 2,081,698 |
| TOTAL LIABILITIES | | 17,244,222 | 16,448,903 |
| <u>SHAREHOLDERS' EQUITY</u> | | | |
| Authorized and paid-up capital | | 8,000,000 | 8,000,000 |
| Statutory reserve | | 1,586,624 | 1,586,624 |
| Voluntary reserve | | 15,948 | 15,948 |
| Financial assets valuation reserve | | (140,204) | (168,372) |
| Retained earnings | | 292,427 | 292,427 |
| Profit for the period | | 48,859 | - |
| Total Shareholders' Equity | | 9,803,654 | 9,726,627 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 27,047,876 | 26,175,530 |

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.

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, | |
|---|------|---|------------|
| | | 2019 JD | 2018 JD |
| Revenue: | | | |
| Gross written premiums - general insurance | | 4,268,708 | 3,133,185 |
| Gross written premiums - life insurance | | 147,328 | 124,419 |
| Less: Re-insurers' share - general insurance | | 1,574,722 | 1,052,750 |
| Re-insurers' share - life insurance | | 13,983 | 12,567 |
| Net Written Premiums | | 2,827,331 | 2,192,287 |
| Net change in unearned premiums reserve | | (83,212) | 107,186 |
| Net change in mathematical reserve | | (100,966) | (20,109) |
| Net Revenue from Earned Written Premiums | | 2,643,153 | 2,279,364 |
| Commissions' revenue | | 294,828 | 240,254 |
| Policy issuance fees | | 133,458 | 75,367 |
| Interest revenue | | 173,707 | 187,836 |
| Other revenues | | - | (5,736) |
| Total Revenues | | 3,245,146 | 2,777,085 |
| Claims, Losses and Expenses | | | |
| Paid claims | | 3,310,809 | 3,331,862 |
| Less: Recoveries | | 585,714 | 440,855 |
| Re-insurers' share | | 332,523 | 430,017 |
| Net Paid Claims | | 2,392,572 | 2,460,990 |
| Net change in claims reserve | | (364,652) | (570,708) |
| Allocated employees' expenses | | 233,847 | 244,528 |
| Allocated general and administrative expenses | | 151,828 | 123,078 |
| Administrative expenses - life insurance | | 67,918 | 73,022 |
| Excess of loss premiums | | 95,156 | 93,174 |
| Policy acquisition cost | | 368,192 | 150,506 |
| Other expenses related to underwriting | | 125,632 | 65,151 |
| Net Claims Costs | | 3,070,493 | 2,639,741 |
| Unallocated employees' expenses | | 58,462 | 61,132 |
| Unallocated general and administrative expenses | | 37,957 | 30,769 |
| Depreciation and amortization | | 32,045 | 31,551 |
| Revaluation losses of financial assets at fair value through profit or loss | | 6,434 | - |
| Provision for employees end-of-service indemnity | | 3,952 | 5,271 |
| Total Expenses | | 138,850 | 128,723 |
| Profit for the Period before Tax | | 35,799 | 8,621 |
| Recovered from income tax provision | 15 | 13,060 | 4,516 |
| Profit for the Period | | 48,859 | 13,137 |
| Earnings per Share for the Period - Basic and Diluted | 17 | 0.0061 | 0.0016 |

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AND WITH THE ACCOMPANYING REVIEW REPORT.

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, | |
| | 2019 | 2018 |
| | JD | JD |
| Profit for the period | 48,859 | 13,137 |
| <u>Other Comprehensive Income Items:</u> | | |
| Change in financial assets valuation reserve | 28,168 | 20,525 |
| Total Comprehensive Income for the Period | <u>77,027</u> | <u>33,662</u> |

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

DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

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

| | Authorized and | Financial Assets at Fair Value | | | | | Profit/(Loss) for the Period | Total |
|---|--------------------|-----------------------------------|----------------------|----------------------|-----------------------|--------|---------------------------------|-----------|
| Note | Paid-up Capital | Statutory Reserve | Voluntary Reserve | Valuation Reserve | Retained Earnings* | | | |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| <u>For the Period Ended March 31, 2019</u> | | | | | | | | |
| Balance - beginning of the period | 8,000,000 | 1,586,624 | 15,948 | (168,372) | 292,427 | - | - | 9,726,627 |
| Profit for the period | - | - | - | - | - | 48,859 | 48,859 | 48,859 |
| Change in financial assets at fair value valuation reserve | - | - | - | 28,168 | - | - | - | 28,168 |
| Total Comprehensive Income | - | - | - | 28,168 | - | 48,859 | 48,859 | 77,027 |
| Balance - End of the Period | 8,000,000 | 1,586,624 | 15,948 | (140,204) | 292,427 | 48,859 | 48,859 | 9,803,654 |
| <u>For the Period Ended March 31, 2018 (restated)</u> | | | | | | | | |
| Balance - beginning of the period (as disclosed previously) | 8,000,000 | 1,569,090 | 15,948 | (327,433) | 228,779 | - | - | 9,486,384 |
| Effect of implementing IFRS 9 - Net | - | - | - | - | (136,602) | - | - | (136,602) |
| Adjusted Balance as of January 1, 2018 | 8,000,000 | 1,569,090 | 15,948 | (327,433) | 92,177 | - | - | 9,349,782 |
| Profit for the period | - | - | - | - | - | 13,137 | 13,137 | 13,137 |
| Change in financial assets valuation reserve | - | - | - | 20,525 | - | - | - | 20,525 |
| Total Comprehensive Income | - | - | - | 20,525 | - | 13,137 | 13,137 | 33,662 |
| Balance - End of the Period | 8,000,000 | 1,569,090 | 15,948 | (306,908) | 92,177 | 13,137 | 13,137 | 9,383,444 |

* Retained earnings includes an amount of JD 446,180 that is restricted against deferred tax assets as of March 31, 2019 in line with the instructions of Jordan Securities Commission.

- An amount equivalent to the negative balance of financial assets valuation reserve, which amounted to JD 140,204 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 ACCOMPANYING 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 Ended March 31, | |
|---|------|--|-----------|
| | Note | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | JD | JD |
| Profit for the period before tax | | 35,799 | 8,621 |
| Adjustments for Non Cash Items: | | | |
| Depreciation and amortization | | 32,045 | 31,551 |
| Provision for end-of-service indemnity | | 3,952 | 5,271 |
| Net change in unearned premiums reserve | | 83,212 | (107,186) |
| Net change in outstanding claims reserve | | (364,652) | (570,708) |
| Revaluation losses for financial assets through statement of income | | 6,434 | - |
| Net change in mathematical reserve | | 100,966 | 20,109 |
| Cash Flows (used in) Operating Activities before Changes in Working Capital | | (102,244) | (612,342) |
| (Increase) decrease in cheques under collection | | (37,279) | 21,859 |
| (Increase) in receivables | | (996,971) | (228,835) |
| (Increase) decrease in re-insurers' receivables | | (34,711) | 9,290 |
| (Increase) decrease in other assets | | (80,644) | 24,057 |
| Increase in accounts payable | | 28,364 | 69,578 |
| Increase (decrease) in re-insurance payable | | 382,136 | (361,910) |
| Increase in other liabilities | | 561,343 | 244,908 |
| Net Cash Flows (used in) Operating Activities before Tax paid and the paid End-of-service provision | | (280,006) | (833,395) |
| Income tax paid | | (7,951) | (40,211) |
| End of service indemnity paid provision | | - | (2,659) |
| Net Cash Flows (used in) Operating Activities | | (287,957) | (876,265) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Deposits at banks | | (549,870) | 280,075 |
| (Purchase) of property and equipment | | (4,323) | (6,067) |
| (Purchase) of intangible assets | | (2,665) | - |
| Maturity of financial assets at amortized cost | | 781,000 | - |
| Financial Assets at fair value through profit or loss | | (45,695) | - |
| Financial assets at fair value through other comprehensive income | | (28,167) | (64,070) |
| Net Cash Flows from Investing Activities | | 150,280 | 209,938 |
| Net (Decrease) in Cash | | (137,677) | (666,327) |
| Cash and cash equivalent - beginning of the period | | 5,935,596 | 5,346,449 |
| Cash and Cash Equivalent - End of the Period | 18 | 5,797,919 | 4,680,122 |

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
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

Delta Insurance Company was registered during the year 1976 as a Jordanian Public Shareholding Company in accordance to the companies' law No. (22) for the year 1997 with a registration number of (109) with authorized and 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 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 and transportation, fire and other damages, liability, medical, credit, other insurance streams and life insurance.

The condensed interim financial statements for the period ended March 31, 2019 were approved by the Board of Directors decision dated April 18, 2019.

2. Basis of preparation

a. Basis of preparation of the 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 in force, as well as the form prescribed by the Insurance Management.
- The interim financial statements are prepared according to the historical cost convention except for the financial assets and financial liabilities which are presented at fair value at the date of the condensed interim financial statements and the hedged financial assets and liabilities are presented in fair value.
- The Jordanian Dinar is the presentation currency for the financial statements and it represents the functional currency for the Company.
- The condensed interim financial statements do not include all the information and disclosures required for the annual financial statements prepared according to the International Financial Reporting Standards. In addition, the results of the Company's operations for the three-month period ended on March 31, 2019 do not necessarily represent an indication of the expected results for the year ending December 31, 2019.
- The Company did not deduct any statutory reserves for the profit of the three-month period ended March 31, 2019 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.

b. Change in accounting policies

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:

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

Annual Improvements to IFRS Standards 2015 – 2017

The improvements include the amendments on IFRS 3 "Business Combinations" and IFRS 28 "Joint Arrangements" and IAS 12 "Income Taxes" and IAS 23 "Borrowing costs"

IFRIC 23 Uncertainty on the Treatment of Income Tax

The interpretation clarifies the determination of taxable income (taxable 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;
- Determine taxable income (taxable loss), tax basis, unused tax losses, unused tax exemptions, and tax rates;
- The impact of changes in facts and circumstances.

Amendments to IFRS 9 Financial Instruments

The amendments allow companies to measure particular prepaid financial assets with so-called negative compensation at amortized cost (or at fair value through other comprehensive income) even with negative compensation payments.

Amendments to IAS 28 Investment in associate and joint venture

The amendments relating to the long term interests in an associate or joint venture. The amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Amendments to IAS 19 Employee Benefits

This amendments relate to the amendments in Plan Amendment, Curtailment or Settlement

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

IFRS 16 Leases

The Company applied the IAS 16 "Leases" which replaced the accounting policies and disclosures applicable to leases, including IAS 17 "Leases " and the international interpretation 4 determining whether an arrangement involving a lease" and interpretation of the Commission on previous interpretations (15) "operating lease contracts-Incentives" and interpretation of the Commission on previous interpretations (27) "the assessment of the substance of the transactions that take the legal form of the Lease".

The IFRS 16 was issued in January 2016 and is in effect for financial periods commencing on or after the first of January 2019. The IFRS 16 states that all leases and associated contractual assets and liabilities must generally be recognized in the financial position of the Company, unless the term of the lease is 12 months or less or a lease for low-value assets. Therefore, the classification required under IAS (17) "Leases" in the operating or financing leases was cancelled for leases. For each lease, the lessee recognizes a liabilities against future rental obligations. In contrast, the right to use the leased asset is capitalized, which is generally equivalent to the present value of future lease payments plus the costs directly charged and extinguished over the useful life.

The Company chose to use the simplified and permitted method under the IFRS (16) when applying the IFRS (16) for the first time on an individual operating lease contract (for each lease), the right to use assets was measured in general in the lease commitment amount using the first-time interest rate.

The Company has assess the scope of the International Financial Reporting Standard (16), and there were no material impact on the condensed interim financial statements.

3. Use of Estimates

Preparation of the condensed consolidated interim 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, provisions in general, expected credit loss, and changes in fair value presented on the condensed interim statement of comprehensive income and within, shareholders' equity. 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 used for preparing the condensed interim financial statements are reasonable and consistant with the estimates used in preparing the financial statements for the year 2018.

4. Deposits at Banks - Net

This item consists of the following:

| | March 31, 2019 | | | | December 31, 2018 |
|---|------------------------------------|---|--|------------|-------------------|
| | 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 | - | 2,815,671 | - | 2,815,671 | 2,815,671 |
| Societe Generale Bank * | 199,607 | - | 2,446,246 | 2,645,853 | 2,608,086 |
| Bank al Etihad | - | 306,000 | 3,155,000 | 3,461,000 | 3,461,000 |
| Cairo Amman Bank | - | 1,500,000 | - | 1,500,000 | 1,500,000 |
| | 199,607 | 4,621,671 | 5,601,246 | 10,422,524 | 10,384,757 |
| Less: Expected credit loss provision ** | (81) | (1,865) | (2,260) | (4,206) | (4,206) |
| | 199,526 | 4,619,806 | 5,598,986 | 10,418,318 | 10,380,551 |

- Interest rates on deposits in Jordanian Dinar ranged from 4.75% to 6.5% during the period ended March 31, 2019.

- Deposits collateralized to the order of the General Director of the Insurance management, in addition to his position, amounted to JD 325,000 as of March 31, 2019 and December 31, 2018 and are held at Capital Bank of Jordan.

- * The amount of the deposits accrued within a month amounted to JD 199,607 which represents cash margin for credit insurance.

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|-----------------------|----------------|-------------------|
| | JD | JD |
| <u>Inside Jordan</u> | | |
| Listed shares | 270,297 | 274,218 |
| | 270,297 | 274,218 |
| <u>Outside Jordan</u> | | |
| Listed shares | 359,218 | 327,130 |
| | 359,218 | 327,130 |
| | 629,515 | 601,348 |

6. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|-----------------------|----------------|-------------------|
| | JD | JD |
| <u>Outside Jordan</u> | | |
| Investment fund * | 370,068 | 324,373 |
| | 370,068 | 324,373 |

- * The Company signed an agreement with Gulf Capital which was established in Cayman Islands in 2015 to invest in one of its funds in an amount of USD 1,400,000 which is equivalent to JD 994,000. The amount of JD 370,068 represents the fair value of the investment at the date of the condensed interim financial statements which is approximate to its fair value based on the latest available financial information from the fund's management.

7. Financial Assets at Amortized Cost – Net

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|---|-------------------|----------------------|
| <u>Inside Jordan</u> | JD | JD |
| The Jordanian Government Treasury bonds * | 1,275,152 | 1,275,152 |
| Capital Bank of Jordan bonds | - | 781,000 |
| Arab International Hotel Company's bonds ** | 1,000,000 | 1,000,000 |
| Jordan Ahli Bank bonds *** | 500,000 | 500,000 |
| Total Financial Assets at Amortized Cost | 2,775,152 | 3,556,152 |
| <u>Less: Expected credit loss provision</u> | <u>(1,440)</u> | <u>(1,440)</u> |
| | <u>2,773,712</u> | <u>3,554,712</u> |

* The maturity of the Jordanian Government treasury bonds extend till January 31, 2027 and it's in the U.S dollar which has a fixed return ranging from 5.75% to 6.125% and are paid on two instalments, during the life of the bond.

** The Arab International Hotels bonds mature on January 29, 2022 with a fixed return and interest rate of 5.5% is paid on two installments, on January 29 and July 29 during the bond life, and are in Jordanian Dinar and listed on Amman Stock Exchange.

*** The Jordan Ahli Bank bonds mature on October 12, 2023 with a fixed interest rate ranging from 6.75 % to 7.5% and are paid on two installments, on October 12, April 12 during the bond life, and are in Jordanian Dinar and listed on Amman Stock Exchange.

8. Investments Property

This item represents the cost of a plot of land that was bought during the year 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 the year 2018 by three certified appraisers in accordance to the laws and regulations of the Insurance Management (Previously Jordan Insurance Committee), and their average estimated market value amounted to JD 1,431,629 and JD 1,367,330 respectively.

9. Receivables - Net

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|---|-------------------|----------------------|
| | JD | JD |
| Policyholders receivable | 3,901,655 | 2,912,201 |
| Agents receivable | 532,429 | 540,495 |
| Employees receivable | 15,263 | 16,461 |
| Other receivables | 76,384 | 59,603 |
| Total | 4,525,731 | 3,528,760 |
| <u>Less: Provision for expected credit losses</u> | <u>(205,224)</u> | <u>(205,224)</u> |
| | <u>4,320,507</u> | <u>2,323,536</u> |

The ageing of receivables is as follows:

| | March 31, 2019 | December 31, 2018 |
|----------------------|-------------------|----------------------|
| | JD | JD |
| Less than 90 days | 2,782,100 | 2,450,433 |
| From 91 to 180 days | 1,267,125 | 582,574 |
| From 181 to 360 days | 375,323 | 403,215 |
| More than 360 days | 101,183 | 92,538 |
| | <u>4,525,731</u> | <u>3,528,760</u> |

10. Re-insurers' Receivables - Net

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|---|-------------------|----------------------|
| | JD | JD |
| Local insurance companies | 288,764 | 200,099 |
| Foreign re-insurance companies | 135,871 | 189,825 |
| | 424,635 | 389,924 |
| <u>Less: Provision for expected credit losses</u> | <u>(94,521)</u> | <u>(94,521)</u> |
| | <u>330,114</u> | <u>295,403</u> |

11. Property and Equipment - net

Additions to property and equipment amounted to JD 4,323 and no disposals on property and equipment during the period.

12. Other Assets

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|-----------------------|-------------------|----------------------|
| | JD | JD |
| Prepaid expenses | 94,021 | 23,955 |
| Refundable deposits | 2,542 | 2,542 |
| Accrued revenues | 164,003 | 169,980 |
| Income tax deposits | 73,550 | 65,600 |
| Payments to suppliers | 154,410 | 145,805 |
| | <u>488,526</u> | <u>407,882</u> |

13. Payables

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|-----------------------------|-------------------|----------------------|
| | JD | JD |
| Agents payables | 722,210 | 720,949 |
| Garages and parts payables | 71,883 | 93,136 |
| Policyholders payables | 355,209 | 318,727 |
| Employee and other payables | 22,199 | 10,325 |
| | <u>1,171,501</u> | <u>1,143,137</u> |

14. Re-insurers' Payables

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|--------------------------------|-------------------|----------------------|
| | JD | JD |
| Local insurance companies | 541,104 | 363,525 |
| Foreign re-insurance companies | 1,346,385 | 1,141,828 |
| | <u>1,887,489</u> | <u>1,505,353</u> |

15. Income Tax

a. Income tax provision

- Movement on the income tax provision was as follows:

| | For the Three Months Ended March 31, 2019 | For the year ended December 31, 2018 |
|---|--|---|
| | JD | JD |
| Balance at the beginning of the period / year | 65,600 | (31,146) |
| Income tax paid | - | - |
| Income tax expense for the period / year | - | - |
| Prepaid income tax | 7,951 | (34,454) |
| Transferred to income tax deposits | 73,551 | 65,600 |
| Balance at the End of the Period / Year | - | - |

- Summary of the income tax presented in the condensed interim statement of income:

| | For the Three-Month Period Ended March 31, | |
|---|---|-------|
| | 2019 | 2018 |
| | JD | JD |
| Income tax for the profit of the period | - | - |
| Deferred tax assets | 13,060 | 4,516 |
| | 13,060 | 4,516 |

- The Company reached a final settlement with the Income and Sales Tax Department up to the end of the year 2016, and has submitted its income tax returns for the years 2017 and 2018. However, the tax returns have not been reviewed yet by the Income and Sales Tax Department to date.
- Income tax provision has been booked in accordance with the prevailing Income Tax Law number (38) for the year 2018 which has been in force effective from January 1, 2019. In the opinion of the management and the tax advisor, the provision recorded in the condensed interim financial statements is sufficient to meet any future tax obligations due to the existence of accepted tax losses.

b. Deferred tax assets:

The details are as follows:

| | March 31, 2019 | | | December 31, 2018 |
|---------------------------------------|--|---------------------|--|----------------------|
| | Balance at the Beginning of the Period | Released Amounts | Balance at the End of the Period | Deferred Tax |
| <u>Included Accounts</u> | JD | JD | JD | JD |
| Expected credit loss provision | 307,927 | - | 307,927 | 80,060 |
| End of service indemnity provision | 305,628 | - | 309,580 | 80,491 |
| Unreported outstanding claims reserve | 1,052,292 | 3,721 | 1,098,571 | 285,629 |
| | 1,665,847 | 3,721 | 1,716,078 | 446,180 |
| | | | | 80,061 |
| | | | | 79,463 |
| | | | | 273,596 |
| | | | | 433,120 |

- According to the prevailing Income Tax Law number (38) for the year 2018 which has been in force effective from January 1, 2019, an effective tax rate of 26% has been used to calculate the deferred taxes as of March 31, 2019 and December 31, 2018.

16. Other Liabilities

This item consists of the following:

| | March 31, 2019 | December 31, 2018 |
|----------------------------------|-------------------|----------------------|
| | JD | JD |
| Accrued expenses | 44,252 | 48,889 |
| Undue premiums | 1,667,278 | 1,055,249 |
| Board of directors' remuneration | 22,531 | 22,531 |
| Reinsurers' deposits | 784,260 | 234,509 |
| Others | 124,720 | 720,520 |
| | <u>2,643,041</u> | <u>2,081,698</u> |

17. Earnings per Share for the Period

Earnings per share are computed by dividing the profit 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, | |
|--|---|------------------|
| | 2019 | 2018 |
| | JD | JD |
| Profit for the period | 48,859 | 13,137 |
| Average number of outstanding shares | <u>8,000,000</u> | <u>8,000,000</u> |
| | Fils/Dinar | Fils/Dinar |
| Basic and diluted earnings per share for the period | <u>0,0061</u> | <u>0,0016</u> |

18. Cash and Cash Equivalent

This item consists of the following:

| | March 31 | |
|---|------------------|------------------|
| | 2019 | 2018 |
| | JD | JD |
| Deposits maturing within three months | 4,821,298 | 4,758,664 |
| Cash on hand and balances at banks | 1,301,621 | 246,458 |
| <u>Less:</u> Collateralized deposits to the order of the General Director of the Insurance management | <u>(325,000)</u> | <u>(325,000)</u> |
| | <u>5,797,919</u> | <u>4,680,122</u> |

19. Balances and Transactions with Related Parties

The Company engaged in transactions with the major shareholders, members of the Board of Directors and the executive management within the course of its normal activities.

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

| | March 31, 2019 | December 31, 2018 |
|--|-------------------|----------------------|
| | JD | JD |
| <u>Condensed Interim Statement of Financial Positions items:</u> | | |
| Accounts receivable* | 258,706 | 523,424 |
| Accounts payable | 96,729 | 60,563 |

| | For the Three-month Period Ended March 31, | |
|---|---|---------|
| | 2019 | 2018 |
| | JD | JD |
| <u>Condensed Interim Statement of Income Items:</u> | | |
| Underwriting premium revenues | 144,487 | 147,409 |
| Paid claims | 38,958 | 25,098 |

- * Provision for expected credit losses was booked recorded for related parties receivables and are included in receivables – net "Note 9" of the condensed interim financial statements.

Below is a summary of the top executive management benefits (salaries, bonuses, and other benefits):

| <u>Description</u> | For the Three-month Period Ended March 31, | |
|----------------------------|---|---------|
| | 2019 | 2018 |
| | JD | JD |
| Salaries and other bonuses | 141,347 | 181,105 |

20. Information on Geographical Distribution

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

| | March 31, 2019 | | December 31, 2018 | |
|---------------------|----------------|--------------------------------------|-------------------|--------------------------------------|
| | Assets | Liabilities and Shareholders' Equity | Assets | Liabilities and Shareholders' Equity |
| | JD | JD | JD | JD |
| Inside the Kingdom | 26,234,849 | 24,917,231 | 25,334,202 | 24,313,182 |
| Outside the Kingdom | 813,027 | 2,130,645 | 841,328 | 1,862,348 |
| Total | 27,047,876 | 27,047,876 | 26,175,530 | 26,175,530 |

The Company's assets and liabilities returned to accounts receivable and payable and reinsurers according to sectors are as follows:

| <u>Sector</u> | March 31, 2019 | | December 31, 2018 | |
|----------------|----------------|-------------|-------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| | JD | JD | JD | JD |
| Private sector | 4,950,365 | 3,058,990 | 3,918,684 | 2,648,490 |
| Total | 4,950,365 | 3,058,990 | 3,918,684 | 2,648,490 |

21. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents and lawsuits at courts with determined amounts which amounted to JD 1,814,881 as of March 31, 2019 (JD 1,748,661 as of December 31, 2018). In the opinion of the Company's management and its lawyer, the outstanding claims reserve booked in the condensed interim financial statement are sufficient to cover any liabilities.

22. Contingent Liabilities

- As of the date of the condensed interim statement of financial position, the Company was contingently liable for bank guarantees with an amount of JD 3,120 with cash margin of 1,200.
- There is a commitment for the investment in Gulf Capital Investment Fund in an amount of JD 623,932.

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 | Fair Value | | Fair Value Hierarchy | Valuation Techniques and Key Inputs | Significant Unobservable Inputs | Relationship of Unobservable Inputs to Fair Value |
|--|----------------|-------------------|----------------------|-------------------------------------|---------------------------------|---|
| | March 31, 2019 | December 31, 2018 | | | | |
| | JD | JD | | | | |
| Financial assets at fair value: | | | | | | |
| Financial assets at fair value through other comprehensive income | | | | Quoted rates in | | |
| Shares with available market values (Inside and Outside the Kingdom) | 629,515 | 601,349 | level 1 | financial markets | Not Applicable | Not Applicable |
| Investment fund-outside Jordan | 370,068 | 324,373 | level 2 | Investment fund manager | Not Applicable | Not Applicable |
| | 999,583 | 925,722 | | | | |

There was no transfer between level 1 and level 2 during the period.

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 condensed 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 reprised during the period.

| Assets not Measured at Fair Value | March 31, 2019 | | December 31, 2018 | | Fair Value Hierarchy |
|--|-------------------|-------------------|-------------------|-------------------|----------------------|
| | Book Value | Fair Value | Book Value | Fair Value | |
| Deposits at banks | JD | JD | JD | JD | |
| Investments property | 10,418,318 | 10,543,446 | 10,380,551 | 10,469,919 | Level 2 |
| Financial assets at amortized cost | 2,623,803 | 2,798,959 | 2,623,803 | 2,798,959 | Level 2 |
| | 2,773,712 | 2,812,587 | 3,554,712 | 3,635,324 | Level 2 |
| Total Assets not Measured at Fair Value | 15,815,833 | 16,154,992 | 16,559,066 | 16,904,202 | |

The fair values of the financial assets included in level 2 category above have been determined in accordance with the generally accepted pricing models that reflects the credit risk of counterparties.

24. Comparative Figures

During the three-months period ended March 31, 2019, the Company's management adjusted the comparative figures for the three-months period ended March 31, 2018 as per the requirements of IAS (8). The restatement impacted the 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.

The impact is as follows:

| | March 31, 2018 | | |
|------------------------------------|-----------------------|-------------------|------------------|
| | Balance before | | |
| | Adjustments | Adjustment Effect | Restated Balance |
| <u>Shareholders' Equity</u> | JD | JD | JD |
| Retained earnings | 228,779 | (136,602) | 92,177 |