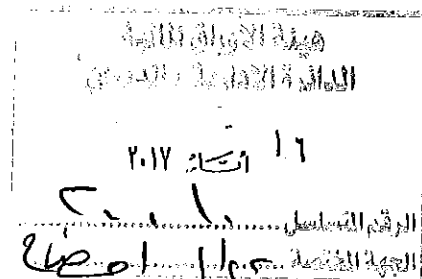




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<p>To: Jordan Securities Commission</p> <p>Amman Stock Exchange</p> <p>Date: - 15/5/2017</p> <p>Subject: Quarterly Report as of <u>31/03/2017</u></p>	<p>السادة هيئة الأوراق المالية</p> <p>السادة بورصة عمان</p> <p>التاريخ: 2017/5/15</p> <p>الموضوع: التقرير ربع السنوي كما هي في 2017/03/31</p>
<p>Attached the Quarterly Report of First Insurance Co. as of 31/03/2017</p>	<p>مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة الأولى للتأمين كما هي بتاريخ 2017/03/31م</p>
<p>Kindly accept our highly appreciation and respect.</p> <p>First Insurance Company</p> <p>CEO's Signature </p>	<p>وتفضلوا بقبول فائق الاحترام،،،</p> <p>شركة الأولى للتأمين</p> <p>توقيع الرئيس التنفيذي </p>



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

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR
THE THREE MONTHS ENDED
MARCH 31, 2017
TOGETHER WITH THE REVIEW REPORT

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
MARCH 31, 2017

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Review Report

AM/ 81700

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statement of First Insurance Company (A Public Shareholding Limited Company) as of March 31, 2017 and the related condensed consolidated interim statements of financial position, policyholders revenues and expenses, Income and comprehensive Income changes in Owners' equity, changes in policyholders' equity and cash flows for the three-month period ended then, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statement in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated 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 consolidated interim financial statements are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Explanatory Paragraph

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

Other Matters

1. The consolidated financial statements for the year ended December 31, 2016 and the condensed consolidated interim financial statements for the period ended March 31, 2016 that are shown for comparison purposes were audited and reviewed by another auditor and an unqualified opinion and conclusion were issued on February 28, 2017 and on April 28, 2016 respectively.
2. The accompanying consolidated financial statements are a translation of the statutory condensed consolidated interim financial statements which are in the Arabic language and to which reference should be made.

Amman - Jordan
April 27, 2017

Member of Deloitte Touche Tohmatsu Limited

Deloitte & Touche
Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

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

<u>ASSETS</u>	<u>Note</u>	March 31, 2017 (Reviewed not Audited) JD	December 31, 2016 JD
Investments:			
Deposits at banks	5	11,281,128	10,630,602
Financial assets at fair value through other comprehensive income	6	3,896,683	5,683,342
Financial assets at amortized cost		7,140,974	7,139,478
Investment properties		7,006,671	6,924,410
Total Investments		<u>29,325,456</u>	<u>30,377,832</u>
Cash on hand and at banks	7	4,353,451	5,113,703
Cheques under collection		1,669,447	1,882,893
Receivables - net	8	12,667,947	12,106,825
Re-Insurers' receivables - net	9	1,777,967	2,092,089
Other assets		761,142	296,755
Deferred tax assets	10	317,068	341,214
Property and equipment - net		4,647,201	4,669,642
Intangible assets - net		28,115	29,305
Projects under construction		49,545	35,476
TOTAL ASSETS		<u>55,597,339</u>	<u>56,945,734</u>
<u>LIABILITIES AND OWNERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned contributions and premiums reserve - net		8,523,814	7,860,757
Outstanding claims reserve - net		5,794,261	6,037,556
Mathematical reserve - net		103,072	90,443
Total Insurance Contracts Liabilities		<u>14,421,147</u>	<u>13,988,756</u>
Payables		1,840,834	1,331,124
Re-insurers' payables		6,436,960	9,252,091
Accrued expenses		56,819	73,536
Miscellaneous provisions		209,833	205,333
Provision for income tax	10	28,951	27,586
Deferred tax liabilities		2,598	1,370
Other liabilities		744,151	530,429
TOTAL LIABILITIES		<u>23,741,293</u>	<u>25,410,225</u>
Al Qard Al Hasan granted by shareholders to cover the policyholders' fund deficit	11	394,060	-
Reserve to cover policyholders' fund deficit (contingency provision)	12	129,888	129,888
Policyholders accumulated fund deficit	13	(523,948)	-
Net Policyholders' Equity		<u>-</u>	<u>129,888</u>
<u>OWNERS' EQUITY</u>			
Authorized and paid-up capital		28,000,000	28,000,000
Statutory reserve		2,501,096	2,501,096
Financial assets valuation reserve		(423,554)	(663,523)
Retained earnings		1,274,354	1,568,048
Profit for the period		504,150	-
Total Owners' Equity - Company Shareholders		<u>31,856,046</u>	<u>31,405,621</u>
Total Policyholders' and Owners' Equity		<u>31,856,046</u>	<u>31,535,509</u>
TOTAL LIABILITIES AND POLICYHOLDERS' AND SHAREHOLDERS' EQUITY		<u>55,597,339</u>	<u>56,945,734</u>

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

Chairman of the Board of Directors

General Manager

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF POLICYHOLDERS' REVENUES AND EXPENSES
(REVIEWED NOT AUDITED)

		For the Three Months Ended	
		March 31,	
Note		2017	2016
		JD	JD
<u>Takaful Insurance Revenue:</u>			
	Gross written contributions	11,178,062	8,897,991
	<u>Less: Re-Insurers' share</u>	<u>(6,010,187)</u>	<u>(4,623,496)</u>
	Net Earned Contributions from Takaful Operations for Policyholders	5,167,875	4,274,495
	Net change in unearned contribution reserve	(663,057)	(1,370,831)
	Net change in mathematical reserve	<u>(12,629)</u>	<u>(22,764)</u>
	Net Earned Contributions from takaful Insurance for Policyholders	<u>4,492,189</u>	<u>2,880,900</u>
	Commissions' revenue	723,534	586,778
	Takaful policies Issuance fees	443,380	367,634
	Policyholders' share of Investment Income	14 47,951	42,191
	<u>Less: Owners' share for managing the Investment portfolio</u>	<u>14 (16,783)</u>	<u>(14,767)</u>
	Total Revenue from Takaful Insurance for Policyholders'	<u>5,690,271</u>	<u>3,862,736</u>
<u>Claims, Losses and Expenses from Takaful Insurance Operations</u>			
	Paid claims	7,308,741	3,728,214
	<u>Less: Recoveries</u>	<u>(488,026)</u>	<u>(297,071)</u>
	Re-Insurers' share	<u>(2,593,588)</u>	<u>(916,577)</u>
	Net Paid Claims from Takaful Insurance Operations	<u>4,227,127</u>	<u>2,514,566</u>
	Net change in claims reserve	(230,329)	176,728
	Owners' share for managing the operations of takaful Insurance	16 1,747,203	1,510,088
	Excess of loss contributions	39,365	37,043
	Takaful policies acquisition costs	160,822	136,063
	Other underwriting expenses	<u>246,503</u>	<u>133,521</u>
	Net Claims Costs	<u>6,190,691</u>	<u>4,508,009</u>
<u>Less: policyholders' share of takaful Insurance:</u>			
	Doubtful debts provision	(10,000)	(30,000)
	Depreciation and amortization	(8,596)	(8,732)
	Other expenses	<u>(4,932)</u>	<u>(7,632)</u>
	Policyholders' (Deficit) before Tax	<u>(523,948)</u>	<u>(691,637)</u>
	Income tax expense	-	-
	Net Policyholders' (Deficit) from Takaful Insurance	<u>(523,948)</u>	<u>(691,637)</u>

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

Chairman of the Board of Directors

General Manager

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

	Notes	For the Three Months Ended March 31,	
		2017	2016
		JD	JD
General Insurance Revenue			
Gross written premiums		-	118,653
Less: reinsurers' share		-	(99,333)
Net written premiums		-	19,320
Net change in unearned premiums reserve		-	388,944
Net change in mathematical reserve		-	15,323
Net earned premiums from general insurance operations		-	423,587
Commission income		-	3,665
Insurance policies issuance and underwriting fees		-	4,622
Total Revenue from General Insurance		-	431,874
Owners' takaful insurance revenue			
Owners' share of takaful insurance operations management	16	1,747,203	1,510,088
Owners' share of investment income	14	65,601	37,638
Owners' share of financial assets and investments income	15	173,036	169,504
Owners' share for managing the investments portfolio	14	16,783	14,767
Other revenue		36,686	-
Total Owners' Revenues from General and Takaful Insurance		2,039,309	2,163,871
General Insurance Claims and Related Expenses			
Paid claims		79,671	2,337,636
Less: Recoveries		(9,868)	(8,197)
Reinsurers' share		(59,696)	(2,041,630)
Net paid claims		10,107	287,809
Net change in outstanding claims reserve		(12,964)	(259,899)
Allocated employees' expenses		-	46,051
Allocated general and administrative expenses		-	45,170
Insurance policy acquisition costs		-	49,472
Other underwriting expenses		2,406	3,971
Net Claims from General Insurance		(451)	172,574
Unallocated employees' expenses		772,100	586,207
Unallocated general and administrative expenses		323,415	257,552
Al Qard Al Hassan granted to policyholders' expense		394,060	600,428
Depreciation and amortization		46,035	44,924
Other expenses		-	348
Total Expenses		1,535,610	1,662,033
Income for the period before income tax		504,150	501,838
Income tax expense		-	-
Income for the period		504,150	501,838
Earnings per share (basic & diluted)	17	0/018	0/018

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

Chairman of the Board of Directors

General Manager

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

	For the Three Months	
	<u>Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
	JD	JD
Income for the period	504,150	501,838
<u>Add:</u> Other comprehensive Income Items after tax not to be reclassified to the Income statement in subsequent periods		
Owners' share from the change in fair value of financial assets at fair value through other comprehensive Income	239,969	(524,468)
(Loss) on sale of financial assets at fair value through other comprehensive Income	<u>(293,694)</u>	<u>(12,398)</u>
Total Comprehensive Income (Loss) for the Period	<u>450,425</u>	<u>(35,028)</u>

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

FIRST INSURANCE COMPANY
LA PUBLIC SHAREHOLDING LIMITED COMPANY
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITED)

	Financial Assets					
	Paid-up Capital	Statutory Reserve	Valuation Reserve	Retained Earnings	Income for the period	Net Owners' Equity
	JD	JD	JD	JD	JD	JD
For the Three Months Ended March 31, 2017						
Balance - beginning of the period						
Income for the period	28,000,000	2,501,096	(663,523)	1,568,048	-	31,405,621
Loss on sale of financial assets through comprehensive income	-	-	-	-	504,150	504,150
Net change in financial assets valuation reserve	-	-	-	(293,694)	-	(293,694)
Total comprehensive income for the period	-	-	239,869	-	-	239,869
Balance - End of the Period	28,000,000	2,501,096	(423,554)	1,274,354	504,150	31,856,046
For the Three Months Ended March 31, 2016						
Balance - beginning of the period						
Income for the Period	28,000,000	2,288,168	(800,568)	510,027	-	29,997,627
Loss on sale of financial assets through other comprehensive income	-	-	-	-	501,838	501,838
Net change in financial assets valuation reserve	-	-	-	(12,398)	-	(12,398)
Total comprehensive (loss) for the period	-	-	(524,468)	-	-	(524,468)
Capital additions expense	-	-	(524,468)	-	501,838	(35,028)
Balance - End of the Period	28,000,000	2,288,168	(1,325,036)	329,629	501,838	29,794,599

* An amount equivalent to the negative amount of the same item.

* An amount equivalent to the negative financial assets valuation reserve, which amounted to JD 423,554 as of March 31, 2017 (JD 663,523 as of December 31, 2016) is restricted from the retained earnings according to Jordan Securities Commission.

- Retained earnings include deferred tax assets an amount of JD 317,068 that is restricted as of March 31, 2017 (JD 341,214 as of December 31, 2016).

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

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY
(REVIEWED, NOT AUDITED)

	Accumulated Deficit				
	Reserve to cover deficit (Contingencies provision)*	Realized	Unrealized	Qard Hussan from Owners' to Cover the Policyholders' Deficit	Net Policyholders' Equity
JD	JD	JD	JD	JD	JD
For the Three Month Ended March 31, 2017					
Balance - beginning of the period	129,888	-	-	-	129,888
Policyholders' deficit for the year	-	(523,948)	-	-	(523,948)
Transfers from reserve to cover fund deficit (contingency provision)	(129,888)	129,888	-	-	-
Al Qard al Hassan granted by shareholders to cover policyholders deficit	-	-	-	394,060	394,060
Balance - End of the Period	-	(394,060)	-	394,060	-
For the Three Month Ended March 31, 2016					
Balance - beginning of the year	91,213	-	-	-	91,213
Policyholders' deficit for the year	-	(691,637)	-	-	(691,637)
Transfers from reserve to cover fund deficit (contingency provision)	(91,213)	91,213	-	-	-
Al Qard al Hassan granted by shareholders to cover policyholders' deficit	-	-	-	600,424	600,424
Balance - End of the year	-	(600,424)	-	600,424	-

* The reserve to cover fund deficit is computed by retaining 20% of the policyholders' surplus for the period and policyholders' share of the realized gain from sale of financial assets at fair value through other comprehensive income after settlement of Al Qard Al Hassan (if any).

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

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

	For the Three Months Ended March 31,	
	Note	
	2017	2016
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Loss) / Income for the period before Income tax	(19,798)	(189,799)
Adjustments:		
Depreciation and amortization	54,631	53,656
Provision for doubtful debt	10,000	30,000
Net change in unearned contributions reserve	663,057	981,887
Net change in outstanding claims reserve	(243,295)	(83,171)
Net change in mathematical reserve	12,629	7,441
Financial assets at fair value through other comprehensive income dividends	(75,718)	-
Returns from sukouk	-	(90,136)
Provision against Al Qard Al Hasan granted to policyholders	394,060	600,428
Net Cash Flows from Operating Activities before Changes in Working Capital	795,566	1,310,306
Decrease (Increase) in notes receivable and cheques under collection	213,446	(678,075)
(Increase) in accounts receivable	(571,122)	(1,295,837)
Decrease (Increase) in re-insurers' receivables	314,122	(106,768)
(Increase) in other assets	(464,385)	(345,989)
Increase in accounts payable	509,710	649,109
(Decrease) Increase in accrued expenses	(16,717)	32,679
(Decrease) Increase in re-insurance payable	(2,815,131)	134,914
Increase (decrease) in other liabilities	213,722	(429,030)
Increase (decrease) in miscellaneous provisions	4,500	(70,016)
Net Cash Flows (used in) Operating Activities before Paid Income Tax	(1,816,289)	(799,707)
Income tax paid	(2,115)	(113,030)
Net Cash Flows (used in) Operating Activities	(1,818,404)	(912,737)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits at banks	(3,913,576)	(4,559,136)
Purchase of financial assets at fair value through other comprehensive income	-	(191,176)
Proceeds of dividends from financial assets at fair value through other comprehensive income	-	90,136
Acquisition of property and equipment	(43,880)	(21,377)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,761,787	37,480
Acquisition and development of investment property	(82,261)	(276)
Acquisition of intangible assets	(1,190)	(1,150)
Proceeds from Sukouk returns	74,222	-
Net Cash Flows (used in) Investing Activities	(2,204,898)	(4,645,499)
Net Increase (Decrease) in Cash and Cash Equivalent	(4,023,302)	(5,558,236)
Cash and cash equivalent - beginning of the period	12,896,415	17,874,988
Cash and Cash Equivalent - End of the period	8,873,113	12,316,751

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

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

1. General

- a. First Insurance Company (the "Company") was established on 28 December 2006 and registered as a public shareholding limited company under license No. (424) with an authorized paid-up capital of JD 24,000,000 divided into 24,000,000 shares at JD 1 per share.

On April 2, 2015, First Insurance Company acquired 76.25% of The Yarmouk Insurance Company's capital (a Public Shareholding Limited Company).

Based on the Shari'a Supervisory commission meeting no. 3/2015 on August 26, 2015 which states that the Yarmouk Insurance Company is a traditional insurance company and it should not be subject to the Shari'a standards. Accordingly, the Company should not be requested to cleanse its profits until it merges, and transforms to an Islamic insurance company, and any revenue cleansing prior to its merger and transformation is not valid. Based on what's mentioned above, the Shari'a commission sees that expensing all of the realized revenues of the merged company (Yarmouk Insurance Company) to cover all of the merger and transformation expenses and what follows from administrative expenses including committees members bonuses, marketing and advertisement related to the merger and its promotions, and preparing and training the employees, and any financial commitments related to the transformation and the merger.

On November 2, 2015, the Company's objectives were transformed with consent of the general assembly of the shareholders and the insurance commission where the company will practice its insurance activities in accordance with the Islamic Shari'a provisions. Accordingly, a final approval took place on the merger between the Yarmouk Insurance Company and the First Insurance Company and the result of the merger will be the First Insurance Company with an authorized and paid up capital of JD 28,000,000 at 1 JD per share.

- b. The accompanying condensed consolidated interim financial statements were approved by the Board of Directors in their meeting held on April 26, 2017.

2. Basis of preparation

- a. **Basis of preparation of the Condensed Consolidated Interim Financial Statements.**

- The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 relating to Interim Financial Reporting.
- The condensed consolidated interim financial statements are stated in Jordanian Dinar. Which represents the functional currency for the Company and its subsidiaries.
- The consolidated condensed interim financial statements are prepared in accordance with the historical cost principle except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed consolidated interim financial statements date.

- The condensed consolidated interim financial statements do not include all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards. Moreover, the results of operations for the three-month period ended March 31, 2017 do not necessarily provide an indication of the expected results of operations for the year ending December 31, 2017.
- The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the year ended December 31, 2016 except for the following:
 - Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS (12).
 - Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses.
 - Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The Adoption of the above new standards had no impact on the amounts reported and disclosures made in the condensed consolidated interim financial statements.

b. Basis of Consolidation of the Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements include the Company and its subsidiary companies that are subject to its control. Control is established when the Company has the ability to operate the main activities of the Subsidiary company and when its subject to the variable returns that result from its investment in the subsidiary company or it has the right to these returns, and when it the ability to influence the returns through its control on the subsidiary company. Intercompany transactions, balances, revenues and expenses are eliminated between the Company and its subsidiary:

Company's Name	Principal Activity	Percentage Ownership	Capital	Year of Incorporation
	JD	%	JD	
Mulkiyat for Trade and Investment	Investment	100	50,000	2010
Baden for Trade and Investment Company	Investment	100	5,000	2016

Control is established when the Company has the ability to influence the operational and the financial policies of the subsidiary companies for the benefit of its operations. Intercompany transactions and balances, and the intercompany revenues and expenses are eliminated between the company and its subsidiaries.

The results of the subsidiary companies are incorporated into the condensed consolidated interim statement of income from the effective date of acquisition (establishment), which is the date on which the Company assumes an actual control over the subsidiary. Moreover, the operating results of the disposal subsidiaries are incorporated into the condensed consolidated interim statement of income up to the effective date of disposal, which is the date on which the Company loses control over the subsidiary companies.

The financial statements of the subsidiary companies are prepared for the same period of the parent Company using the same accounting policies. If the accounting policies adopted by the subsidiary companies are different, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies used by the parent Company.

The non controlling interest represents the part of the owners' equity of the subsidiaries that is not owned by the company. The non-controlling interest is shown in subsidiary Company's net assets

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, 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 consolidated interim financial statements are reasonable and consistent with the estimates adopted in the consolidated financial statements for the year ended December 31, 2016.

4. Merger and Acquisition of a Subsidiary

On 2 April 2015, the Group acquired 76.25% of Yarmouk Insurance Company's capital, which conducts its operations in Jordan. The Extraordinary General Assembly has agreed in its meeting held on 2 November 2015, to transfer their entire share, which consists of 100% of Yarmouk Insurance Company capital (the merged company), to First Insurance Company (Public Shareholding Limited Company). As a result of the merger, Yarmouk Insurance Company (Public Shareholding Limited Company) registration was deleted from the companies register and First Insurance Company (Public Shareholding Limited Company) was declared as the legal successor to Yarmouk Company. The merger committee declared November 2, 2015 to be the final official approval date for the transfer of ownership based on the balances mentioned in the transferred companies the financial statements balances as of 30 June 2015. Based on the merger committee issued assessment on November 2, 2015.

5. Deposits at Banks

This item consists of the following:

March 31, 2017										December 31, 2016									
		Deposits maturing within one month		Deposits maturing after a month till three month		Deposits maturing after three months till one year		Total				Total				Total			
		Policyholders	Owners	Policyholders	Owners	Policyholders	Owners	Policyholders	Owners	Policyholders	Owners	Policyholders	Owners	Policyholders	Owners	Policyholders	Owners	Policyholders	Owners
Inside Jordan		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Outside Jordan		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
		-	74,990	-	4,444,672	2,500,950	2,133,516	2,500,950	6,653,178	9,154,128	2,494,844	6,717,756	9,212,602	-	1,418,000	1,418,000	1,418,000	-	1,418,000
		-	-	-	-	-	2,127,000	-	2,127,000	2,127,000	-	-	-	-	-	-	-	-	-
		-	74,990	-	4,444,672	2,500,950	4,260,516	2,500,950	8,780,178	11,281,128	2,494,844	8,135,756	10,630,602	-	-	-	-	-	-

* Return rates on the deposits at banks in Jordanian Dinar ranges from 3% to 3.5%.

6. Financial Assets at Fair Value through Other Comprehensive Income
This item consists of the following:

		March 31, 2017		December 31, 2016	
		Policyholders	Owners	Policyholders	Shareholders
		JD	JD	JD	JD
<u>Inside Jordan</u>					
Quoted shares listed in Amman Stock Exchange		-	1,874,125	-	1,826,727
Unquoted Shares *		-	1,265,102	-	1,265,102
<u>Outside Jordan</u>					
Quoted shares		-	406,538	-	2,240,595
Unquoted shares **		-	350,918	-	350,918
		-	3,896,683	-	5,683,342

* This item represents financial assets with no publicly traded prices. The Fair values were estimated by the Company's management based on the last audited financial statements.

** This item represents a payment for 18,000 shares with an amount of JD 350,918 for a share in Jouman Village Company as an exempted limited liability company. Which was established in accordance with Cayman Island's Laws at 2.35%.

7. Cash on Hand and at Banks

This item consists of the following:

	March 31, 2017			December 31, 2016		
	Policyholders	Owners	Total	Policyholders	Owners	Total
	JD	JD	JD	JD	JD	JD
Cash on hand	1,066,227	1,886,963	2,953,190	34,340	84,263	118,603
Current accounts at banks	1,191,176	209,085	1,400,261	4,608,505	366,595	4,995,100
	<u>2,257,403</u>	<u>2,096,048</u>	<u>4,353,451</u>	<u>4,642,845</u>	<u>470,858</u>	<u>5,113,703</u>

8. Receivables - Net

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Policyholders' receivable	12,756,781	12,072,658
Policies receivable due to the merger	305,736	327,653
Brokers' receivable	10,476	5,907
Employees' receivable	42,642	14,458
Shareholders receivable	15,087	121,705
Other	164,171	184,074
Total	13,294,893	12,726,455
Provision for doubtful debts*	(626,946)	(619,630)
	<u>12,667,947</u>	<u>12,106,825</u>

* The movement on the provision for doubtful debts is as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period	619,630	509,630
Additions	10,000	110,000
Disposals	(2,684)	-
Balance at the end of the period	<u>626,946</u>	<u>619,630</u>

The table below shows the aging of unimpaired receivables:

	Neither Past Due Nor Impaired	Past due but not impaired				Total
		1-90	91-180	181-360	More	
		Days	Days	Days	361 Days	
	JD	JD	JD	JD	JD	JD
<u>March 31, 2017</u>						
Policyholders receivable	7,702,850	2,588,412	1,287,948	687,231	57,821	12,324,262
Policies receivables due to the merger	-	3,486	55,653	18,509	36,142	113,790
Brokers' receivable	-	7,116	2,956	-	-	10,072
Employees' receivable	42,642	-	-	-	-	42,642
Owners receivable	-	13,887	-	-	-	13,887
Other receivables	26,115	123,012	11,187	2,980	-	163,294
Net Receivables	<u>7,771,607</u>	<u>2,735,913</u>	<u>1,357,744</u>	<u>708,720</u>	<u>93,963</u>	<u>12,667,947</u>

	Neither past due nor impaired	Past due but not impaired				Total
		1-90	91-180	181-360	More 361	
		days	days	days	days	
	JD	JD	JD	JD	JD	JD
<u>December 31, 2016</u>						
Policyholders receivable	7,746,422	1,941,278	1,396,901	571,893	-	11,656,495
Policies receivables due to the merger	-	71,685	15,436	18,906	19,421	125,448
Agents receivable	-	-	-	-	-	-
Brokers' receivable	-	5,471	-	-	-	5,471
Employees' receivable	14,458	-	-	-	-	14,458
Shareholders receivable	-	72,041	19,239	6,000	24,425	121,705
Other receivables	81,481	87,465	152	14,150	-	183,248
Net Receivables	<u>7,842,361</u>	<u>2,177,940</u>	<u>1,431,729</u>	<u>610,949</u>	<u>43,846</u>	<u>12,106,825</u>

9. Reinsurance Receivables - Net

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Local insurance companies	715,966	841,720
Foreign reinsurance companies	1,181,472	1,369,840
Total reinsurance receivables	<u>1,897,438</u>	<u>2,211,560</u>
Provision for doubtful debts*	(119,471)	(119,471)
Reinsurance receivables - net	<u>1,777,967</u>	<u>2,092,089</u>

The movement on the provision for the reinsurance receivables is as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period / year	119,471	109,471
Additions	-	10,000
Balance at the end of the period / year	<u>119,471</u>	<u>119,471</u>

The table below shows the ageing of the unimpaired reinsurance receivables:

	Neither past due nor impaired JD	Past due but not impaired				Total JD
		1-90 days JD	91-180 days JD	181-360 days JD	More 361 days JD	
March 31, 2017						
Local Insurance companies	-	269,982	248,716	60,627	29,440	608,765
Foreign reinsurance companies	-	1,013,262	152,196	3,744	-	1,169,202
Net reinsurance receivables	-	1,283,244	400,912	64,371	29,440	1,777,967
December 31, 2016						
Local Insurance companies	202,667	341,758	117,461	52,763	7,600	722,249
Foreign reinsurance companies	-	1,011,703	197,950	142,796	17,391	1,369,840
Net reinsurance receivables	202,667	1,353,461	315,411	195,559	24,991	2,092,089

10. Income Tax

a. Income tax provision

Movement on the income tax provision was as follows:

	31 March 2017			31 December 2016		
	Policyholders JD	Shareholders JD	Total JD	Policyholders JD	Shareholders JD	Total JD
Balance at beginning of the period / year	27,586	-	27,586	16,581	339,681	356,262
Income tax paid	-	(2,115)	(2,115)	(11,923)	(338,617)	(350,540)
Income tax provision for the period / year	2,400	1,080	3,480	28,800	10,080	38,880
Prior year income tax surplus	-	-	-	(5,872)	(11,144)	(17,016)
Balance at end of the period / year	29,986	(1,035)	28,951	27,586	-	27,586

Income tax in the condensed consolidated interim statement of policyholders' revenues and expenses and the condensed consolidated interim income statement is as follows:

	March 31, 2017		March 31, 2016	
	Policyholders JD	Owners JD	Policyholders JD	Owners JD
Accrued income tax for the period	2,400	1,080	7,200	-
Increase in deferred tax assets	(2,400)	(1,080)	(7,200)	-
Income tax expense	-	-	-	-

- On 18 November 2015, the successor (First Insurance Public Shareholding Limited Company) was granted an income tax exemption for three years from the council of Ministers based on Article No. (8/B) from the investments law No. (30) for the year 2014.
- In the opinion of the management and the tax consultant, the income tax provision is sufficient as of March 31, 2017.
- Tax declaration forms for the year 2015 were submitted within the legal period. However, the income tax department did not finalize the review and did not issue a final opinion towards it.
- Tax declaration forms for the year 2014 were accepted as part of the sample basis employed by the income tax department.

B. Deferred Tax Assets:

The details are as follows:

	March 31, 2017				December 31, 2016	
	Balance at the Beginning of the Period	Amounts Released	Amounts booked	Balance at the End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred Tax Assets:						
Cumulative change in fair value of financial assets through other comprehensive income	855,091	855,091	610,822	610,822	137,908	165,534
Provision for doubtful debts	739,101	(2,684)	10,000	746,417	139,200	136,800
End of service indemnity provision	162,000	-	4,500	166,500	39,960	38,880
	<u>1,756,192</u>	<u>852,407</u>	<u>625,322</u>	<u>1,523,739</u>	<u>317,068</u>	<u>341,214</u>
Deferred Tax Liabilities:						
Cumulative change in fair value of financial assets through other comprehensive income	<u>27,405</u>	<u>27,405</u>	<u>51,958</u>	<u>51,958</u>	<u>2,598</u>	<u>1,370</u>

Deferred tax assets were calculated at a rate of 24%.

The tax rate on deferred taxes for the subsidiary is 20% and it's in conformity with the Income Tax Law No. 34 for the year 2014 which was implemented on 1 January, 2015 where the deferred tax assets should be calculated based on the determined or expected future rates.

11. Al Qard Al Hassan Granted by the Owners to Cover the Policyholders' Fund Deficit

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period / year	-	-
Al Qard Al Hassan granted by shareholders to cover the deficit	394,060	-
Transferred to policyholders' fund deficit	<u>(394,060)</u>	<u>-</u>
Balance at the end of the period / year	<u>-</u>	<u>-</u>

12. Reserve to Cover Policyholders' Fund Deficit (Contingency Provision)

This account represents what has been transferred from the policyholders' fund surplus during this year and previous years at a percentage of 20%.

Below is a summary movement of the reserve to cover deficit (contingencies provision):

	March 31, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period / year	129,888	91,213
Transfers from reserve to cover the policyholders' fund deficit	(129,888)	38,675
Balance at the end of the period / year	-	129,888

13. Policyholders Accumulated Fund Deficit

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period / year	-	-
Policyholders' (deficit) surplus during the period / year	(523,948)	-
Transfers from reserve to cover fund deficit (contingencies provision)	129,888	-
Transferred from Al Qard Al Hasan to cover the fund deficit	394,060	-
Balance at the end of the period / year	-	-

14. Revenue from Investments

This item consists of the following:

	March 31, 2017		March 31, 2016	
	Policyholders	Owners	Policyholders	Owners
	JD	JD	JD	JD
Gain from deposits	47,951	65,601	42,191	37,638
Shareholders share of portfolio management	(16,783)	16,783	(14,767)	14,767
Total	31,168	82,384	27,424	52,405

15. Net Financial Assets and Investments Income

This item consists of the following:

	For the Three Months Ended March 31,	
	2017	2016
	JD	JD
Net rental revenue	59,701	79,368
Dividends revenue	37,618	90,136
Returns on Soukok	75,718	-
	<u>173,036</u>	<u>169,504</u>

16. Owners Share for Takaful Operations Management

The contractual relationship between shareholders and policyholders represents an agent relationship to manage the insurance business through a specialized staff which were appointed for this mission.

Wakala fees for the first quarter of 2017 were determined at %17 for Motors department (2016: 17%) and 22% for Medical department less the administrative fees (2016: 22%) and 15% for life department (2016: 15%) and 25% for marine department (2016: 25%) and 7% for aviation department (2016: 7%) and 20% for fire department and other damages (2016: 20%) and 25% for the liability and other departments (2016: 25%) and the policies that were issued by the policyholders department in which and decreasing the Wakala fees to a rate of 10% for policies issued from the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for 100% reinsured policies, 10% of the premium were deducted while it should not exceed 90% from the reinsurances commission. As for investing policyholders' surplus, the contractual relation between the shareholders and policyholders is based on the Islamic trading (Modaraba) against a percentage of 35% from the investments gain in 2017.

The determined compensation for the investment management is based on the Islamic principles (Modaraba & Wakala) based on budgets prepared by the Company and on a fair basis to the policyholders. The Company has a strict separation between the assets and liabilities of the policyholders and shareholders and hence the investment returns of the assets of the policyholders are determined accurately.

17. Earnings Per Share

Earnings per share is calculated by dividing the net earnings for the period over the weighted average common stock and it is calculated as follows:

	For the Three Month Ended March 31,	
	2017	2016
	JD	JD
Net Income for the period	504,150	501,838
	Share	Share
Weighted average common stock	28,000,000	28,000,000
	JD / Share	JD / Share
Earnings per share (basic & diluted)	<u>-/018</u>	<u>-/018</u>

18. Cash and Cash Equivalents

	March 31,	
	2017	2016
	JD	JD
Cash on hand and at banks	4,353,451	6,354,938
Add: Bank deposits maturing in three months	4,519,662	5,961,813
Cash and cash equivalents at the end of the period	<u>8,873,113</u>	<u>12,316,751</u>

19. Analysis of Business Sectors**A. Background Information on the Company's Business Segments**

For management purposes, the company measures its insurance segments in accordance with the reports used by the Executive Manager and the Group's primary decision maker to include the General Takaful Insurance sector which comprised (motors, marine, fire, accidents, medical and aviation insurance). This sector is the base used by the company to disclose information related to key sectors, the mentioned sector also includes the company's investments and cash management. Transactions between business sectors are based on estimated market prices with the same terms used with other market participants.

B. Geographical Distribution

The following disclosure demonstrates geographical distribution of the Company's operation. The Company mainly conducts its operations in Jordan and its represented in local and regional operations.

The following table depicts the distribution of gross income and capital expenditures based on their pertaining geographical distribution:

	For the Three Month Period Ended March 31,					
	Inside Jordan		Outside Jordan		Total	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Total revenues	4,966,737	5,346,164	723,534	590,443	5,690,271	6,026,607
Capital expenditure	17,375	23,677	-	-	17,375	23,677

The following table demonstrates the concentration of assets, liabilities and off balance sheet items per their pertaining geographical distribution:

	Assets		Liabilities	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
	JD	JD	JD	JD
Geographical Areas				
Inside Jordan	45,132,917	45,258,599	17,304,333	21,059,562
Other middle eastern countries	10,464,422	11,687,135	6,436,960	4,350,663
	<u>55,597,339</u>	<u>56,945,734</u>	<u>23,741,293</u>	<u>25,410,225</u>

20. Related Party Balances and transactions

The Company engaged in transactions with major shareholders, directors, key management and within normal activities. All of the deferred insurance accounts receivables and financing due to the related parties are performing, and no provisions were recorded.

The Company's management depends on the pricing policy and conditions for these transactions.

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

	Related Party			Total	
	Major Shareholders and Directors	Key Management	Sister Companies	March 31, 2017	December 31, 2016
	JD	JD		JD	JD
<u>Condensed Consolidated Interim Statement of Financial Position Items</u>					
Accounts receivable	15,087	7,983	-	23,070	123,578
Accounts payable	27,331	1,092	-	28,423	13,772
Deposit outside of Jordan	-	-	2,127,000	2,127,000	1,418,000
<u>Condensed Consolidated Interim Income Statement Items</u>					
Investments income	15,454	-	-	15,454	17,575
Rent revenue	-	-	-	-	106,842
Takaful Insurance contribution	1,650	353	-	2,003	21,503
Paid claims	-	2,677	-	2,677	6,202

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

	March 31,	
	2017	2016
	JD	JD
Salaries and bonuses	280,978	217,129
Other benefits	1,150	750
	<u>282,128</u>	<u>217,879</u>

21. Lawsuits against the Company

There are lawsuits held against the Company for various types of claims, the determined lawsuits at courts is about JD 1,200,873 as of March 31, 2017. In the management and the legal advisors' opinion, the Company will not have claims that exceed the outstanding claims provision amount.

22. 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	Relationship of Unobservable Inputs to fair value
	March 31, 2017	December 31, 2016				
	JD	JD				
Financial assets at fair value:						
Financial assets at fair value through other comprehensive Income						
Shares quoted market values	2,290,088	4,067,322	level 2	Last audited Financial Statements	Not Applicable	Not Applicable
Shares unquoted market values	1,598,595	1,616,020	level 2	Last audited Financial Statements	Not Applicable	Not Applicable
Investment Fund-Inside Jordan	3,896,683	5,683,342				
Total	3,896,683	5,683,342				
Total Financial Assets at Fair Value						

There were no transfers between level 1 and level 2 hierarchies during the three month period ended March 31, 2017 and the year ended December 31, 2016.

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 recognized in the Company's financial statements approximate their fair values; because the company's management believes that the reason why the following item's book value are approximately equal to fair value is due to either their short term maturity or that there interest rates are repriced during the period.

Financial assets not calculated at fair value	March 31, 2017		December 31, 2016		Fair value Hierarchy
	Book value JD	Fair value JD	Book value JD	Fair value JD	
Deposits at banks	11,281,128	11,507,256	10,630,602	10,749,048	Level 2
Investment property	7,006,671	7,264,335	6,924,410	7,264,335	Level 2
Total Financial assets with undetermined fair value	18,287,799	18,771,591	17,555,012	18,013,383	

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 that reflects the credit risk of counterparties.