سـولـيـدرتـــي
SOLIDARITY
FIRST INSURANCE الأولــى للتـأمــين

الرقم: أ ت/ 2019/3503
التاريخ:2019/04/02

السادة/ بورصة عمان المحترمين

تحية واحتراماً،،،

الموضوع: البيانات المالية لعام 2018

بالإشارة إلى الموضوع أعلاه، نرفق لكم البيانات المالية باللغة الانجليزية للسنة المنتهية في 31 كانون الأول 2018 للشركة الاولى للتامين موقعة من المدقق الخارجي.

وتفضلوا بقبول فائق الاحترام ،،،

إسماعيل المهتدي
المدير التنفيذي للمالية

بورصة عمان
الدائرة الإدارية والمالية
الديـــوان
٠٢ نيسان ٢٠١٩
الرقم المتسلسل: ١٧٧٢
رقم الملف: ٤٢١٠٧٢
الجهة المختصة: ملف الدراج

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2018
TOGETHER WITH THE AUDIT REPORT

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31, 2018

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Independent Auditor's Report

AM/ 012534

To the Shareholders
First Insurance Company
(A Public Shareholding Limited Company)
Amman - The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of First Insurance Company "the Company" and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2018, consolidated statement of policyholders' revenues and expenses, consolidated statement of income and other comprehensive income, consolidated statement of changes in equity, consolidated statement of changes in policyholders' equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018, and its consolidated financial performance as well as its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Company's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The accompanying consolidated financial statements are a translation of the statutory consolidated financial statements, which are in the Arabic language and to which reference should be made.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant to our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters:

Application of the International Financial Reporting Standard No. (9)

The International Accounting Standards Board issued IFRS 9 "Financial Instruments", which replaces IAS 39.

Moreover, the Company has retroactively adopted IFRS 9 as of January 1, 2018 without restating the comparative figures in accordance with the above standard.

The differences between the previously recorded carrying values and the new carrying values of financial instruments amounting to around JD 342 thousand were recognized as at January 1, 2018 in the opening balance of retained earnings.

In addition, the major changes resulting from the adoption of IFRS 9 are that the Company's credit losses are currently based on the expected loss method instead of the incurred loss method and the change in the classification and measurement of the Company's financial assets and liabilities.

Scope of the Audit to Address the Risk

We have understood the Company's policy for the classification and measurement of financial assets and liabilities in accordance with IFRS 9, based on the use of the simplified approach, and have compared them with IFRS 9 requirements.

We have also understood the Company's expected credit loss methodology through the assistance of experts, where appropriate, to satisfy ourselves about these data, which included several items, the most important of which are the following:

- Reviewing the Company's policy on determining the expected credit losses in accordance with IFRS 9.
- Understanding the key data sources and assumptions for the data used in the expected credit loss models to determine the expected credit loss provisions and the forecast assumptions used in calculating the related expected credit loss.
- Reviewing the calculation of expected credit loss arising from default, including the adequacy of collaterals and consequential calculations.
- Reviewing the completeness of accounts receivable, reinsurers' receivables, checks under collection, financial assets at amortized cost, and deposits with banks used in the calculation of expected credit loss as at January 1, 2018.

The significant accounting policies and estimates are disclosed in Notes (2), (3) and (4) to the consolidated financial statements.

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Adequacy of the Provision for the Expected Credit Losses of Financial Assets

Accounts receivable and financial assets constitute a major part of the Company's assets and, because of the importance of the judgments used to prepare future estimates and forecasts set forth in IFRS 9, are considered to be a major audit risk.

The Company's management exercises significant judgment and uses assumptions to determine both the timing and the amount of provision to be recorded as expected credit losses.

The total receivables and financial assets subject to the above standard amounted to around JD 41 million and the related provision for credit losses amounted to around JD 1.3 million as of December 31, 2018.

Scope of the Audit to Address the Risk

We have understood the Company's key processes used in preparing the assumptions and estimates used in IFRS 9.

We have also reviewed the Company's policy on determining the provision for the expected credit loss through comparing it with IFRS 9 requirements in this regard. Furthermore, we have understood the Company's methodology in determining the provisions for each category and assessed the reasonableness of the basic assumptions, as well as adequacy of the data used by the Company. Where appropriate, we have consulted experts to satisfy ourselves regarding this data.

We have selected a sample of receivables and financial assets to review the following:

- Completion of the payment of receivables included in the expected credit loss calculation.
- Appropriateness of the Company's determination of the significant increase in credit risk and the basis for classifying exposures into different stages.
- Appropriateness of determining exposure when default occurs, and the probability of default and loss in the event of default used in calculating the expected credit loss of a sample of exposures.
- The Company's policy, which we have understood, based on the use of the simplified methodology and its compliance with IFRS 9.
- Management's estimate of future cash flows and their reasonableness, as well as the outcome of the calculation of provisions.

The significant accounting policies, estimates, and credit risk management disclosures are included in Notes (2), (3), (4) and (39) to the consolidated financial statements.

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Technical Provisions

Technical provisions are considered a key audit matter for our audit. Moreover, technical provisions amounted to around JD 14.2 million, representing 52% of total liabilities as of December 31, 2018. In this respect, the Company estimates the technical provisions according to the International Financial Reporting Standards and regulatory authorities' requirements. These provisions are calculated based on the Company's accounting policies, estimates, and claims' historical information. The Company also recalculates reinsurers' share of the technical provisions based on the agreements signed with them. The executive management also hires an actuary and a loss adjustor to periodically review the adequacy of the technical provisions.

Scope of the Audit to Address the Risk

The audit procedures performed included understanding the nature of the technical provisions and assessing the reasonableness of the estimates and assumptions, as well as the adequacy of the provisions prepared by management. This is carried out through testing, on a sample basis, the technical provisions and reinsurers' share and its calculation, obtaining the support of the loss adjuster and the Company's lawyers, and comparing them with the relevant booked provisions. In addition, we have reviewed the approved actuary's reports concerning the adequacy of the technical provision through consulting experts, where appropriate. Moreover, we assessed the adequacy and appropriateness of disclosures on the technical provisions.

Impairment in Real Estate Investments

Real estate investments represent around 11.4% of the Company's total assets. The Company should reevaluate its properties when preparing the consolidated financial statements to determine their fair value, and reflect the impact of any impairment in value in the consolidated statement of income, in line with the requirements of the International Financial Reporting Standards. Accordingly, the Company relies on independent real estate experts to determine the fair value of those investments and reflect any impairments in their value in the consolidated statement of income for that period. Consequently, the estimation of the fair value of these assets was considered as a key audit matter.

Scope of the Audit to Address the Risk

The audit procedures performed included understanding the Company's procedures for evaluating real estate investments, reviewing these evaluations which are based on the real estate experts' assessments, calculating the average fair value of those evaluations, recording any impairment in value in the consolidated statement of income, if any, and reviewing the adequacy of the disclosures on the fair value of real estate investments.

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the consolidated financial statements and the independent auditors' report thereon, which is expected to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the consolidated financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Legal and Other Regulatory Requirements

The Company maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

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

Amman – Jordan
February 28, 2019

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010105

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN -THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		December 31,	
ASSETS	Note	2018	2017
		JD	JD
Investments:			
Deposits at banks	5	14,184,563	13,601,984
Financial assets at fair value through comprehensive income	6	2,315,141	3,009,214
Financial assets at amortized cost	7	6,917,520	6,908,121
Real etate investments	8	6,821,022	6,869,794
Total Investments		30,238,246	30,389,113
Cash on hand and at banks	9	2,044,528	3,122,016
Checks under collection	10	2,813,213	2,035,195
Receivables - net	11	13,552,971	11,621,382
Re-insurers' receivables - net	12	2,137,730	2,455,518
Deferred tax assets	13 /c	416,168	310,860
Property and equipment - net	14	5,709,810	5,113,305
Intangible assets - net	15	79,509	49,720
Projects under construction	16	2,379,199	1,158,888
Other assets	17	681,937	571,816
TOTAL ASSETS		**60,053,311**	**56,827,813**
LIABILITIES AND OWNERS' EQUITY			
Unearned contributions and premiums reserve - net		7,992,599	7,792,360
Outstanding claims reserve - net		6,067,564	6,138,684
Mathematical reserve - net		134,235	119,822
Total Insurance Contracts Liabilities		14,194,398	14,050,866
Payables	18	1,765,597	1,482,960
Re-insurers' payables	19	10,403,138	7,799,676
Accrued expenses		76,248	32,766
Various provisions	20	45,000	225,000
Income tax provision	13/a	56,901	70,451
Deferred tax liabilities	13/c	-	1,393
Other liabilities	21	683,258	645,273
TOTAL LIABILITIES		27,224,540	24,308,385
Accumulated surplus for policyholders' fund	22	-	-
Reserve to cover policyholders' fund deficit (contingency provision)	23	143,284	135,535
Total Policyholders' Equity		143,284	135,535
OWNERS' EQUITY			
Authorized and paid-up capital	24	28,000,000	28,000,000
Statutory reserve	25	3,010,963	2,743,182
Financial assets valuation reserve net after tax	26	(1,874,622)	(1,213,406)
Retained earnings	27	3,549,146	2,854,117
Total Owners' Equity - Company Shareholders		32,685,487	32,383,893
Total Policyholders' and Owners' Equity		32,828,771	32,519,428
TOTAL LIABILITIES AND POLICYHOLDERS' AND SHAREHOLDERS' EQUITY		**60,053,311**	**56,827,813**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDITOR'S REPORT.

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF POLICYHOLDERS' REVENUES AND EXPENSES

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
Takaful Insurance Revenue:			
Gross written contributions		42,115,802	39,635,402
Less: Re-insurers' share		(25,699,584)	(22,396,172)
Net Earned Contributions from Takaful Operations for Policyholders		16,416,218	17,239,230
Net change in unearned contribution reserve		(200,239)	68,397
Net change in mathematical reserve		(14,413)	(29,379)
Net Earned Contributions from Takaful Insurance for Policyholders		16,201,566	17,278,248
Commissions' revenue		3,360,708	2,686,631
Takaful policies issuance fees		2,094,521	1,699,515
Policyholders' share of investment income	28	108,614	99,977
Policyholders' share of real estate investments income	29	92,721	108,073
Less: Owners' share for managing the investment portfolio	28, 29	(70,467)	(72,818)
Total Revenue from Takaful Insurance for Policyholders		21,787,663	21,799,626
Claims, Losses and Expenses from Takaful Insurance Operations			
Paid claims		27,043,406	23,871,410
Less: Recoveries		(1,581,014)	(1,472,772)
Re-insurers' share		(11,632,123)	(8,235,755)
Net Paid Claims from Takaful Insurance Operations		13,830,269	14,162,883
Net change in claims reserve		(67,107)	241,405
Owners' share for managing the operations of takaful insurance	30	6,051,354	5,561,022
Excess of loss contributions		167,948	240,065
Takaful policies acquisition costs		669,748	537,809
Other underwriting expenses		929,246	834,706
Net Claims Costs		21,581,458	21,577,890
Less: Policyholders' share of Takaful Insurance:			
Provision of impairment in accounts receivable	3/b	29,006	131,250
Depreciation and amortization		70,215	36,241
Other expenses		99,235	48,598
Policyholders' Profit before Tax		7,749	5,647
Income tax expense	13/b	-	-
Policyholders' Profit from Takaful Insurance		7,749	5,647

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THE AUDITOR'S REPORT.

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF INCOME

	Notes	For the Year Ended December 31, 2018	2017
		JD	JD
Owners' equity takaful insurance revenue			
Owners' equity share from management of takaful insurance operations	30	6,051,354	5,561,022
Owners' equity share of investment income	28	504,988	285,791
Owners' equity share of financial assets and investments income	29	704,559	541,961
Owners' equity share for managing the investments portfolio	28,29	70,467	72,818
Other revenue		74,328	283,718
Total Owners' Revenue from General and Takaful Insurance Activities		7,405,696	6,745,310
Claims, Losses and Expenses from General Insurance Operations			
Paid claims		61,634	134,679
Less: Recoveries		(84,120)	(72,140)
Reinsurers' share		(136)	(77,150)
Net paid claims		(22,622)	(14,611)
Net change in outstanding claims reserve		(4,013)	(140,277)
Other underwriting expenses		-	5,547
Net Claims from General Insurance Activities		(26,635)	(149,341)
Unallocated employees' expenses	32	3,312,074	3,020,622
Depreciation and amortization		136,034	121,645
General and administrative expenses	31	1,202,499	1,255,234
Expected credit loss	3/b	8,158	(30,000)
Total Expenses		4,632,130	4,218,160
Income for the year before income tax		2,773,566	2,527,150
Income tax for the year	13/b	(68,362)	(18,381)
Income for the year		2,705,204	2,508,769
Earnings per Share (Basic & Diluted)	33	0/097	0/090

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THE AUDITOR'S REPORT.

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Income for the year	2,705,204	2,508,769
Add: Other comprehensive income items after tax not to be transferred to the income statement in subsequent years		
Owners' equity share from the change in fair value of financial assets through comprehensive income - net after tax	(661,216)	(549,883)
(Loss) on sale of financial assets at fair value through comprehensive income	-	(280,614)
Total Comprehensive Income for the Year	2,043,988	1,678,272

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THE AUDITOR'S REPORT.

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

		Paid-up Capital	Statutory Reserve	Financial Assets Valuation Reserve - Net	Retained Earnings * Realized	Retained Earnings * Unrealized	Retained Earnings * Total	Net Owners' Equity
For the Year Ended December 31, 2018		JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year		28,000,000	2,743,182	(1,213,406)	2,543,257	310,860	2,854,117	32,383,893
Effect of applying IFRS 9 - net after tax**	3/b	-	-	-	(342,394)	-	(342,394)	(342,394)
Adjusted Balance		28,000,000	2,743,182	(1,213,406)	2,200,863	310,860	2,511,723	32,041,499
Income for the year		-	-	-	2,599,896	105,308	2,705,204	2,705,204
Net change in financial assets valuation reserve		-	-	(661,216)	-	-	-	(661,216)
Total comprehensive income for the year		-	-	(661,216)	2,599,896	105,308	2,705,204	2,043,988
Transferred to statutory reserve		-	267,781	-	(267,781)	-	(267,781)	-
Dividends ***		-	-	-	(1,400,000)	-	(1,400,000)	(1,400,000)
Balance - end of the year		28,000,000	3,010,963	(1,874,622)	3,132,978	416,168	3,549,146	32,685,487
For the Year Ended December 31, 2017								
Balance - beginning of the year		28,000,000	2,501,096	(663,523)	1,226,834	341,214	1,568,048	31,405,621
Income for the year		-	-	-	2,539,123	(30,354)	2,508,769	2,508,769
Loss on sale of financial assets at fair value through comprehensive income		-	-	280,614	(280,614)	-	(280,614)	-
Net change in financial assets valuation reserve		-	-	(830,497)	-	-	-	(830,497)
Total comprehensive income for the year		-	-	(549,883)	2,258,509	(30,354)	2,228,155	1,678,272
Transferred to statutory reserve		-	242,086	-	(242,086)	-	(242,086)	-
Dividends ***		-	-	-	(700,000)	-	(700,000)	(700,000)
Balance - end of the year		28,000,000	2,743,182	(1,213,406)	2,543,257	310,860	2,854,117	32,383,893

* An amount of JD 1,874,622 as of December 31, 2018 (JD 1,213,406 as of December 31,2017) from retained earnings, representing the negative financial assets valuation reserve, may not be used under the instructions of the Jordan Securities Commission.

** This item includes an amount of JD 277,970, representing the donations of the Company's shareholders to the policyholders to cover the effect of applying IFRS 9. This amount was approved by the Company's Board of Directors in its meeting held on February 13, 2019.

** Under the decision of the General Assembly in its meeting held on April 30, 2018, cash dividends were distributed to the shareholders at 5% of paid-up capital for the year 2017, representing an amount of JD 1,400,000 (JD 700,000 as of December 31, 2018).

- An amount from retained earnings equivalent to the negative financial assets valuation reserve is restricted under the instructions of the Jordan Securities Commission as of December 31, 2018.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THE AUDITOR'S REPORT.

CONSOLIDATED STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY

	Reserve to cover deficit (Contingencies provision)*	Accumulated Deficit		Qard Hassan from Owners' to Cover the Policyholders' Deficit	Net Policyholders' Equity
		Realized	Unrealized		
	JD	JD	JD	JD	JD
For the Year Ended December 31, 2018					
Balance - beginning of the year	135,535	-	-	-	135,535
Policyholders' surplus for the year	-	7,749	-	-	7,749
Transfers from reserve to cover fund deficit (contingency provision)	7,749	(7,749)	-	-	-
Balance - end of the year	143,284	-	-	-	143,284
For the Year Ended December 31, 2017					
Balance - beginning of the year	129,888	-	-	-	129,888
Policyholders' surplus for the year	-	5,647	-	-	5,647
Transfers from reserve to cover fund deficit (contingency provision)	5,647	(5,647)	-	-	-
Balance - end of the year	135,535	-	-	-	135,535

* The reserve to cover the fund deficit from policyholders' surplus for the year is computed by retaining 20% of the policyholders' surplus for the year and policyholders' share of the gain from the sale of financial assets at fair value through comprehensive income after settlement of Al Qard Al Hassan (If any). The full amount was transferred as a reserve under the approval of the Company's Board of Directors and the Al-Shari'a Supervisory Committee No. 1/2019 dated February 13, 2019.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THE AUDITOR'S REPORT.

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN -THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the year before income tax		2,781,315	2,532,797
Adjustments:			
Depreciation and amortization		206,249	165,863
Provision for impairment in accounts receivable	3/b	37,164	101,250
Net change in unearned contributions reserve		200,239	(68,397)
Net change in outstanding claims reserve		(71,120)	101,128
Net change in mathematical reserve		14,413	29,379
Dividends income from financial assets at fair value through comprehensive income		(128,329)	(99,875)
Gains on the sale of property and equipment		(22,620)	-
Proceeds from bank deposits	28	(504,988)	(285,791)
Gains on the sale of sukouk	7	(62,369)	-
Returns from sukouk	7	(320,160)	(332,109)
Net Cash Flows from Operating Activities before Changes in Working Capital		2,129,794	2,144,245
(Increase) in notes receivable and checks under collection		(781,978)	(152,302)
(Increase) decrease in accounts receivable		(1,461,016)	324,193
Decrease (increase) in re-insurers' receivables		297,788	(363,429)
(Increase) in other assets		(26,059)	(275,061)
Increase in accounts payable		282,637	151,836
Increase (decrease) in re-insurance payable		2,603,462	(1,452,415)
Increase (decrease) in accrued expenses		43,482	(40,770)
Increase in other liabilities		37,985	135,507
Increase in various provisions		45,000	108,000
Net Cash Flows from operating activities before income tax paid		3,171,095	579,804
Income tax paid	13/a	(47,633)	(11,336)
Paid from the provision for the Board of Directors' remunerations	20	(45,000)	(45,000)
Paid from various provisions	20	(180,000)	(43,333)
Net Cash Flows from Operating Activities		2,898,462	480,135
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks		512,277	(4,571,515)
Proceeds of dividends from financial assets at fair value through other comprehensive income		51,201	99,875
Proceeds from sale of financial assets at fair value through comprehensive income		-	2,002,781
(Purchase) of financial assets at amortized cost	7	(1,796,196)	-
(Purchase) of property and equipment	14	(192,143)	(596,371)
Proceeds from the sale of property and equipment		24,000	-
Additions in projects under construction	16	(1,805,668)	(1,123,412)
(Purchase) of intangible assets	15	(51,945)	(33,570)
Proceeds from sale of Sukouk	7	1,785,961	563,466
Net Cash Flows (used in) Investing Activities		(1,472,513)	(3,658,746)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends		(1,400,000)	(700,000)
Net Cash and Cash Equivalent (used in) financing activities		(1,400,000)	(700,000)
Net (decrease) in Cash and Cash Equivalent		25,949	(3,878,611)
Cash and cash equivalent - beginning of the year		9,017,804	12,896,415
Cash and Cash Equivalent - end of the year before provision	34	9,043,753	9,017,804
Non-cash Transactions			
Transfers from projects under construction to properties	16	584,332	-
Transfers from projects under construction to intangible assets	16	1,025	-

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF UNDERWITTING REVENUES FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017

	Motor		Marine		Aviation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Contributions:																
Direct operations	9,920,314	9,066,972	1,313,503	1,098,234	158,117	242,007	7,375,240	7,188,969	774,305	578,629	15,148,595	13,753,334	1,580,832	1,392,513	36,270,906	33,320,658
Inward voluntary re-insurers	1,873,328	2,074,982	28,059	20,646	144,430	-	1,487,303	1,701,934	969	1,205	-	-	316,246	291,709	3,850,335	4,090,476
Gross Written Contributions	11,793,642	11,141,954	1,341,562	1,118,880	302,547	242,007	8,862,543	8,890,903	775,274	579,834	15,148,595	13,753,334	1,897,078	1,684,222	40,121,241	37,411,134
Less: Local re-insurers' share	2,141.875	2,323,083	112,198	141,972	-		1,570,844	1,785,394	10,769	4,126	-	-	308,006	291,315	4,143,692	4,545,890
Foreign re-insurers' share	3,749	7,130	1,081,046	897,886	302,547	242,007	7,149,337	6,993,771	739,170	550,956	9,702,743	6,368,956	1,344,074	1,256,319	20,322,666	16,317,025
Net Written Contributions	9,648,018	8,811,741	148,318	79,022	-	-	142,362	111,738	25,335	24,752	5,445,852	7,384,378	244,998	136,588	15,654,883	16,548,219
Add: Beginning of the year																
Unearned Contributions: provision	4,828,713	4,791,502	314,150	388,427	68,697	65,217	4,785,373	6,432,209	270,474	416,620	6,899,518	5,103,949	1,087,671	1,032,326	18,254,596	18,230,250
Less: Re-insurers share	610,900	554,997	292,251	367,634	68,697	65,217	4,735,968	6,378,369	260,440	390,237	3,460,779	1,677,170	1,033,201	935,869	10,462,236	10,369,493
Net Unearned Contributions Reserve - beginning of the year	4,217,813	4,236,505	21,899	20,793	-	-	49,405	53,840	10,034	26,383	3,438,739	3,426,779	54,470	96,457	7,792,360	7,860,757
Less: End of the year																
Unearned contributions provision	5,407,391	4,828,713	250,127	314,150	123,505	68,697	4,968,129	4,785,373	280,596	270,474	8,043,241	6,899,518	1,120,467	1,087,671	20,193,456	18,254,596
Re-insurers' share - end of the year	791,070	610,900	224,047	292,251	123,505	68,697	4,901,494	4,735,968	271,840	260,440	4,893,430	3,460,779	995,471	1,033,201	12,200,857	10,462,236
Net Unearned Contributions Reserve - End of the year	4,616,321	4,217,813	26,080	21,899	-	-	66,635	49,405	8,756	10,034	3,149,811	3,438,739	124,996	54,470	7,992,599	7,792,360
Net Revenue Earned from Underwriting Contributions	9,249,510	8,830,433	144,137	77,916	-	-	125,132	116,173	26,613	41,101	5,734,780	7,372,418	174,472	178,575	15,454,644	16,616,616

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF PAID CLAIMS COST FOR GENERAL TAKAFUL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	Motor		Marine		Aviation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	10,934,019	9,759,684	57,873	393,421	-	-	1,642,089	280,514	26,333	338,960	12,152,811	9,941,157	183,493	1,528,321	24,996,618	22,242,057
Less: Recoveries	1,579,777	1.445.345	418	25.634	-	-	786	131	-	-	-	-	33	1.662	1.581.014	1.472.772
Local re-insurers' share	610,501	536,945	-	-	-	-	403,834	54,200	-	-	-	-	491	-	1,014,826	591,145
Foreign re-insurers' share	45,048	72,464	50,315	335,146	-	-	1,172,672	213,953	24,747	336,673	7,374,163	3,986,354	149,273	1,362,019	8,816,218	6,306,609
Net Paid Claims	8,698,693	7,704,930	7,140	32,641	-	-	64,797	12,230	1,586	2,287	4,778,648	5,954,803	33,696	164,640	13,584,560	13,871,531
Add: Outstanding claims Reserve - end of the year																
Incurred and reported	5,600,063	6,039,265	114,467	82,439	-	-	1,001,775	841,196	60,014	74,539	478,468	507,577	160,839	176,539	7,415,626	7,721,555
Incurred but not reported (IBNR)	1,400,000	580,000	7,500	5,000	-	-	17,500	12,500	7,500	5,000	865,910	824,724	8,500	7,500	2,306,910	1,434,724
Less: Re-insurers share	1.059.559	964.221	105.214	75.794	-	-	984.791	817.498	51.389	66.884	855.496	675.252	140.157	150.809	3.196,606	2.750.458
Recoveries on incurred but not reported (IBNR)	651,654	436,229	-	-	-	-	-	-	-		-		-	-	651,654	436,229
Net Outstanding Claims Reserve - end of the year	5,288,850	5,218,815	16,753	11,645	-	-	34,484	36,198	16,125	12,655	488,882	657,049	29,182	33,230	5,874,276	5,969,592
Less: Outstanding Claims Reserve - beginning of the year																
Incurred and reported	6,039,265	5,553,818	82,439	336,685	-	-	841,196	445,108	74,539	269,965	507,577	534,670	176,539	199,421	7,721,555	7,339,667
Incurred but not reported (IBNR)	580,000	680,000	5,000	8,000	-	-	12,500	6,850	5,000	2,000	824,724	536,489	7,500	6,000	1,434,724	1,239,339
Less: Re-insurers' share	964.221	799.749	75.794	310.154	-	-	817.498	435.168	66,884	258.297	675.252	530.075	150.809	184,840	2.750,458	2.518.283
Recoveries	436,229	299,358	-	-	-	-	-	-	-	-	-	-	-	-	436,229	299,358
Net Outstanding Claims Reserve - beginning of the year	5,218,815	5,134,711	11,645	34,531	-	-	36,198	16,790	12,655	13,668	657,049	541,084	33,230	20,581	5,969,592	5,761,365
Net Paid Claims Cost	8,768,728	7,789,034	12,248	9,755	-	-	63,083	31,638	5,056	1,274	4,610,481	6,070,768	29,648	177,289	13,489,244	14,079,758

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING PROFIT (LOSS) FOR GENERAL TAKAFUL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	Motor		Marine		Aviation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net revenue earned from underwriting contributions	9,249,510	8,830,433	144,137	77,916	-	-	125,132	116,173	26,613	41,101	5,734,780	7,372,418	174,472	178,575	15,454,644	16,616,616
Less: Net paid claims cost	8,768,728	7,789,034	12,248	9,755	-	-	63,083	31,638	5,056	1,274	4,610,481	6,070,768	29,648	177,289	13,489,244	14,079,758
Add: Received commissions	24,246	66,161	351,087	394,377	5,534	31,750	939,071	1,126,547	138,491	124,458	1,696,140	723,560	185,633	209,765	3,340,202	2,676,618
Insurance policies takaful issuance fees	833,790	667,360	48,907	28,139	5,848	1,995	113,274	137,506	9,915	6,884	701,494	601,430	207,923	144,227	1,921,151	1,587,541
Revenues from investments related to underwriting accounts	36,677	38,015	4,172	3,818	941	826	27,562	30,335	2,411	1,978	47,111	46,925	5,900	5,746	124,774	127,643
Total Revenue	1,375,495	1,812,935	536,055	494,495	12,323	34,571	1,141,956	1,378,923	172,374	173,147	3,569,044	2,673,565	544,280	361,024	7,351,527	6,928,660
Less: Insurance policies Takaful issuance cost fees	371,441	242,859	31,469	30,034	-	-	85,037	82,467	19,100	13,274	147,503	163,502	12,127	5,673	666,677	537,809
Excess of loss contributions	115,950	188,065	-	-	-	-	51,998	52,000	-	-	-	-	-	-	167,948	240,065
Owners' equity share from takaful management operations	1,413,453	1,639,668	306,059	234,908	4,981	22,185	952,220	1,023,622	92,905	62,852	2,589,233	2,070,458	272,754	192,454	5,631,605	5,246,147
Other expenses	131,312	153,480	8,327	2,200	-	924	22,352	66,298	2,227	1,650	442,477	510,161	152,405	20,871	759,100	755,584
Total Expenses	2,032,156	2,224,072	345,855	267,142	4,981	23,109	1,111,607	1,224,387	114,232	77,776	3,179,213	2,744,121	437,286	218,998	7,225,330	6,779,605
Underwriting Profit	(656,661)	(411,137)	190,200	227,353	7,342	11,462	30,349	154,536	58,142	95,371	389,831	(70,556)	106,994	142,026	126,197	149,055

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CONTRIBUTION REVENUES FOR LIFE INSURANCE ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
	JD	JD
Written Contributions:		
Direct Business	1,959,707	2,173,651
Voluntary re-insurers	34,854	50,617
Gross Written Contributions	1,994,561	2,224,268
Less: Local re-insurers' share	-	-
Foreign re-insurers' share	1,233,226	1,533,257
Written Contributions	761,335	691,011
Add: Mathematical reserve - beginning of the year	243,082	348,829
Less: Re-insurers' share	123,260	258,386
Net mathematical reserve - beginning of the year	119,822	90,443
Less: Mathematical reserve - end of the Year	245,382	243,082
Less: Re-insurers' share	111,147	123,260
Net mathematical reserve - end of the year	134,235	119,822
Net Earned Revenue from Written Contributions	746,922	661,632

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	2018 JD	2017 JD
Paid Claims	2,046,788	1,629,353
Less: Local re-insurers' share	-	-
Foreign re-insurers' share	1,801,079	1,338,001
Net Paid Claims	245,709	291,352
Add: Outstanding claims reserve - end of the year	276,791	990,525
Less: Re-insurers' share	204,490	946,433
Net Outstanding Claims Reserve - End of the Year	72,301	44,092
Less: Outstanding claims reserve - beginning of the year	990,525	27,570
Less: Re-insurers' share	946,433	16,656
Net Outstanding Claims Reserve - Beginning of the Year	44,092	10,914
Net Claims Paid Cost	273,918	324,530

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING PROFIT (LOSS) FOR LIFE INSURANCE ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	2018 JD	2017 JD
Net earned revenue from written contributions	746,922	661,632
Less: Net claims paid cost	273,918	324,530
Add: Received commissions	20,506	10,013
Insurance policies takaful issuance fees	173,370	111,974
Revenue from investment related to underwriting accounts	6,094	7,589
Total Revenue	672,974	466,678
Less: Paid commissions	3,071	-
Owners' equity share from Takaful operations management	419,749	314,875
Other expenses	170,146	79,122
Total Expenses	592,966	393,997
Underwriting Profit	80,008	72,681

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	Motor		Marine		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Written premiums	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Direct operations *	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inward voluntary re-insurers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross written premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Local re-insurance premiums		-		-		-		-		-		-		-
Foreign re-insurance premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net earned premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: Unearned premiums reserve - beginning of the year		-		-		-		-		-		-		-
Less: Reinsurers' share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net unearned premiums reserve - beginning of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Unearned premiums reserve - end of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-insurers' share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net unearned premiums reserve - end of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenues from Written Premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN -THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	Motor		Marine		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	34,391	28,510	-	-	27,243	8,164	-	25,139	-	57,080	-	-	61,634	118,893
Less: Recoveries	84,098	72,140	-	-	22	-	-	-	-	-	-	-	84,120	72,140
Local re-insurers' share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign re-insurers' share	-	-	-	-	136	6,532	-	21,250	-	36,390	-	-	136	64,172
Net Paid claims	(49,707)	(43,630)	-	-	27,085	1,632	-	3,889	-	20,690	-	-	(22,622)	(17,419)
Add: Outstanding claims reserve - end of the year														
Incurred and reported	50,772	75,443	71,923	71,923	55,246	110,800	59,531	63,031	-	-	8,700	8,698	246,172	329,895
Incurred but not reported (IBNR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Re-insurers' share	-	31,410	67,702	67,702	51,649	94,252	8,374	11,821	-	-	6,535	6,535	134,260	211,720
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Outstanding Claims Provision - End of the Year	50,772	44,033	4,221	4,221	3,597	16,548	51,157	51,210	-	-	2,165	2,163	111,912	118,175
Less: Outstanding claims reserve - beginning of the year														
Incurred and reported	75,443	155,003	71,923	92,923	110,800	129,164	63,051	93,730	-	8,612	8,698	17,000	329,895	496,432
Incurred but not reported (IBNR)	-	-	-	600	-	600	-	100	-	28,536	-	1,250	-	31,086
Less: Reinsurers' share - beginning of the year	31,410	31,410	67,702	87,672	94,252	110,711	11,821	40,613	-	24,146	6,535	13,614	211,720	308,166
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Outstanding Claims Provision - Beginning of the Year	44,033	123,593	4,221	5,851	16,548	19,053	51,210	53,217	-	13,002	2,163	4,636	118,175	219,352
Net Cost of Claims	(42,968)	(123,190)	-	(1,630)	14,134	(873)	(53)	1,882	-	7,688	2	(2,473)	(28,885)	(118,596)

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

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING PROFIT (LOSS) FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR EDNED DECEMBER 31, 2018 AND 2017

	Motor		Marine		Fire and Damages Other for Properties		Liability		Medical		Other Branches		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net revenue from the written premiums		-		-		-		-		-		-		-
Less: Net paid claims cost	(42,968)	(123,190)	-	(1,630)	14,134	(873)	(53)	1,882	-	7,688	2	(2,473)	(28,885)	(118,596)
Total Revenue	42,968	123,190	-	1,630	(14,134)	873	53	(1,882)	-	(7,688)	(2)	2,473	28,885	118,596
Other expenses related to underwriting	-	-	-	-	-	-	-	-	-	5,547	-	-	-	5,547
Total Expenses	-	-	-	-	-	-	-	-	-	5,547	-	-	-	5,547
Underwritten (Loss) Profit	47,968	123,190	-	1,630	(14,134)	873	53	(1,882)	-	(13,235)	(2)	2,473	28,885	113,049

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATE STATEMENT OF WRITTEN REVENUE FOR LIFE INSURANCE ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	Life	
	2018	2017
	JD	JD
Written premiums		
Direct operation	-	-
Voluntary re-insurers	-	-
Gross written premium	-	-
Less: Local re-insurance premiums	-	-
Foreign re-insurance premiums	-	-
Net earned premiums	-	-
Add: Mathematical reserve - beginning of the year	-	-
Less: Reinsurers' share	-	-
Net Mathematical rReserve - beginning of the year	-	-
Less: Mathematical reserve - end of the year	-	-
Less: Reinsurers' share	-	-
Net mathematical reserve - end of the year	-	-
Net Revenues from Written Premiums	-	-

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	Life	
	2018	2017
	JD	JD
Paid Claims	-	15,786
Less: Local re-insurers' share	-	1,744
Foreign re-insurers' share	-	11,234
Net Paid Claims	-	2,808
Add: Outstanding claims reserve - end of the year	16,877	13,877
Less: Re-insurers' share	7,802	7,052
Net Outstanding Claims Reserve - End of the Year	9,075	6,825
Less: Outstanding claims reserve - beginning of the year	13,877	52,377
Less: Re-insurers' share	7,052	6,452
Net Outstanding claims reserve - beginning of the year	6,825	45,925
Net Claims Cost	2,250	(36,292)

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CONTRIBUTION PROFIT FOR LIFE INSURANCE

ACTIVITIES - GENERAL INSURANCE

FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	Life	
	2018	2017
	JD	JD
Net revenue from written premiums	-	-
Less: Net paid claims cost	2,250	(36,292)
Add: Received commissions	-	-
Insurance policies issuance fees	-	-
Total Revenue	(2,250)	36,292
Less: Paid commissions	-	-
Total Expenses	-	-
Net Underwritten (Loss)	(2,250)	36,292

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

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE LIFE INSURANCE BRANCH

FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	December 31,	
ASSETS	2018	2017
	JD	JD
Deposits at banks	250,000	90,000
Total Investments	250,000	90,000
Receivables - net	256,117	253,061
TOTAL ASSETS	506,117	343,061
LIABILITIES AND HEAD OFFICE'S EQUITY		
Mathematical reserve -net	134,235	119,822
Claims reserve	81,376	50,917
Total Technical Reserves	215,611	170,739
TOTAL LIABILITIES	215,611	170,739
Head Office's Equity		
Head Office's current account	60,886	22,710
Retained earnings	229,620	149,612
Total Head Office's Equity	290,506	172,322
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	506,117	343,061

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

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 and 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 Al-Yarmouk Insurance Company's capital (a Public Shareholding Limited Company). The General Assembly decided at its extraordinary meeting held on November 2, 2015 to transfer their 100% share capital from Al-Yarmouk Insurance Company (a public shareholding limited company) (the merged company) to First Insurance Company (a public shareholding limited company). As a result of the merger, the registration of Al-Yarmouk Insurance Company (a public shareholding limited company) was removed from the corporate register and First Insurancec Company (a public shareholding limited company) became the legal successor to Al-Yarmouk Insurance Company with an authorized and paid-up capital of JD 28,000,000 at JD 1 per share.

The Company conducts insurance on fire, natural hazards, accidents, medical and marine vehicles, cargo during transportation, and other damage of properties, liability of land-based vehicles, general liability, assistance insurance, ships insurance, ships liability, aircraft insurance, aircraft liability and life insurance in accordance with Islamic Shari'a.

The consolidated financial statements include the results of Takaful insurance of First Insurance Company and the general insurance business of the acquired company (formerly Al-Yarmouk Insurance Company). Accordingly, these results are presented separately in the supplemental Insuarnce Operations Information accompanying the consolidated financial statements until the end of the general non-takaful insurance contracts resulting from the merger.

b. The accompanying consolidated financial statements were approved by the Board of Directors in their meeting held on February 21, 2019.

2. Accounting Policies

- The consolidated financial statements have been prepared according to the standards issued by the International Accounting Standards Board; interpretations issued by the International Financial Reporting Standards Committee; as well as the forms prescribed by the Jordanian Insurance Management.

- The consolidated financial statements have been prepared according to the historical cost convention, except for financial assets and financial liabilities, which are stated at fair value through profit or loss, and financial assets, which are stated at fair value through comprehensive income,. These are stated at fair value as of the date of the consolidated financial statements. Moreover, financial assets and financial liabilities whose change in fair value risks have been hedged are also stated at fair value.

- The Jordanian Dinar is the functional and reporting currency of the consolidated financial statements.

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2017, except for what is mentioned in Note (3.a).

Basis of Consolidation of the Consolidated Financial Statements

The consolidated financial statements include the financial statements of the Company and its subsidiary companies that are subject to its control. In this regard, control is established when the Company has the ability to conduct the main activities of the subsidiary company, it is subject to the variable returns arising from its investment in the subsidiary company, or it has the right to these returns, and it has the ability to influence the returns through its control of the subsidiary company. Intercompany transactions, balances, revenues and expenses are eliminated between the Company and its subsidiaries:

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

The most important financial information of the subsidiary companies for the year 2018 is as follows:

Company's Name	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JD	JD	JD	JD
Mulkiyat for Investment and Trade Company	2,512,834	2,351,414	280,577	159,834
Baden for Trade and Investment Company	385,771	1,508,528	-	-

The Company established Mulkiyat for Investment and Trade Company in the register of limited liability companies under No. (22534) on August 10, 2010 with a capital of JD 50,000.

The Company established Baden for Trade and Investment Company in the register of limited liability companies under No. (44259) on June 5, 2016 with a capital of JD 5,000.

The financial statements of the subsidiary companies are prepared for the same finacial year of Takaful Insurance Company using the same accounting policies of Takaful Insurance Company. If the accounting policies adopted by the subsidiary companies differ from those of Takaful Insurance Company, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies of Takaful Insurance Company.

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

Control is achieved when the Company:

- has the ability to control the investee;
- is subject to variable returns, or have the right to variable returns arising from its association with the investee;and
- has the ability to use its power to influence the returns of the investee.

The Company re-evaluates whether it controls the investee companies or not, if the facts and circumstances indicate that there are changes to one or more of the control criteria referred to above.

If the Company's voting rights are less than the majority's voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Company the ability to direct the activities of the related subsidiary unilaterally. Moreover, the Company takes into account all the facts and circumstances in assessing whether the Company has enough voting rights in the investee to enable it to control or not. These facts and circumstances include the following:

- The size of voting rights owned by the Company in relation to the size and distribution of other voting rights;
- Potential voting rights held by the Company and any other voting rights held by others or third parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the Company has or does not have an existing responsibility for directing the relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings

When the Company loses control over any of its subsidiaries, the Company:

- derecognizes the assets of the subsidiary (including goodwill) and liabilities;
- derecognizes the carrying amount of any uncontrolled interest;
- derecognizes the cumulative transfer differences recognized in equity;
- derecognizes the fair value of the consideration received;
- derecognizes the fair value of any investment held;
- derecognizes any surplus or deficit in the income statement; and
- Reclassifies the Company's equity previously recognized in other comprehensive income to the statement of income or retained earnings, as appropriate.

Segmental Information

Business is a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, to the effect that it is measured according to the reports used by the Chief Executive Officer and the main decision maker at the Company.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Debt Instruments at Amortized Cost or at Fair Value through Comprehensive Income

The Company evaluates the classification and measurement of the financial asset based on the contractual cash flow characteristics and the Company's business model for asset management.

For an asset classified at amortized cost or at fair value through comprehensive income, its contractual terms should result in cash flows that are only principal and interest payments on the principal outstanding.

For the purpose of testing the principal and interest payments on the principal outstanding, the asset is the fair value of the financial asset at initial recognition. This principal amount may change over the life of the financial asset (for example, if there is a principal repayment). Interest consists of the allowance for the time value of money, the credit risk associated with the original amount outstanding over a given period of time, and other basic lending options and risks, as well as the profit margin. An assessment of the principal and interest payments is made for the principal amount outstanding in the currency in which the financial asset is evaluated.

Contractual cash flows represent the principal and interest payments on the principal outstanding and are consistent with the underlying funding arrangement. Contractual terms involving exposure to risks or fluctuations in contractual cash flows unrelated to the underlying financing arrangement, such as exposure to changes in equity prices or commodity prices, do not result in contractual cash flows that are only from principal and interest payments. A financial asset granted or acquired may also be the primary financing arrangement regardless of whether it is a loan in its legal form.

Evaluating the Business Model

Evaluation of business models for the management of financial assets is essential for the classification of financial assets. Moreover, the Company defines business models at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. In this regard, the Company's business model does not depend on the management's intentions concerning an individual instrument, and therefore the business model is evaluated at a group level and not on an instrument-by-instrument basis.

The Company adopts more than one business model to manage its financial instruments that reflect how the Company manages its financial assets to generate cash flows. In addition, the Company's business models determine whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

The Company takes into account all relevant information available when conducting an evaluation of the business model. However, this assessment is not done on the basis of scenarios that the Company does not expect to occur reasonably, such as the so-called "worst case" or "stress state" scenarios. The Company also takes into account all available relevant evidence such as:

- The portfolio stated policies and objectives and the application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, matching the period of financial assets with the period of financial liabilities that finance those assets, or achieving cash flows through the sale of assets.

- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel;

- Risks affecting the performance of the business model (and the financial assets of that model), in particular the manner in which such risks are managed; and

- How to compensate business managers (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows received).

  Upon initial recognition of the financial asset, the Company determines whether the newly recognized financial assets are part of an existing business model or whether they reflect the beginning of a new business model. The Company evaluates its business models in each reporting period to determine whether business models have changed since the prior period.

  When a debt instrument measured at fair value through comprehensive income is derecognised, the cumulative gain / loss previously recognized in comprehensive income is reclassified as equity to the statement of income. On the other hand, for equity investments measured at fair value through comprehensive income, the cumulative gain / loss previously recognized in comprehensive income is not subsequently reclassified to the statement of income but transferred directly to equity. Debt instruments that are subsequently measured are carried at amortized cost or at fair value through comprehensive income for impairment testing.

<u>Reclassification</u>
If the business model in which the Company retains financial assets changes, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Company's financial assets. Changes in contractual cash flows are considered in the accounting policy for the adjustment and disposal of the financial assets described below.

<u>Impairment</u>
The Company recognizes the expected credit loss provisions on the following financial instruments that are not measured at fair value through the income statement:

- Balances and deposits with banks and financial institutions.
- Receivables and receivables from reinsurers.
- Financial assets at amortized cost (debt instruments).
- Checks under collection

No impairment loss is recognized in equity instruments.

The Company calculates the impairment of financial statements using the simplified method.

<u>Defining Default</u>
The definition of default is very important in determining the expected credit loss. It is used to measure the value of credit loss, because default is a component of the probability of default that affect the measurement of credit losses.

Impairment of Financial Assets
The Company takes a provision for the expected credit losses on receivables, checks under collection, and reinsurers' receivable. The expected credit losses are updated on each reporting date to reflect changes in creditworthiness since the initial recognition of the relevant financial instrument.

The Company continuously records the expected credit losses over their lives as regards receivables, checks under collection, and reinsurers' receivable. Moreover, the expected credit losses are estimated using a provsion matrix based on the Group's previous credit loss experience and adjusted to the factors relating to debtors, general economic conditions, and assessment of the current and future conditions at the reporting date, including the time value of cash, as appropriate.

For all other financial assets, the Company recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since the initial recognition. The expected credit loss over its life span represents the expected credit losses that will arise from all probable defaults over the course of the expected lifetime of the financial instrument.

Provision for the Expected Credit Losses
The Company has adopted the simplified method to recognize the expected credit losses over their lifetime concerning receivables, checks under collection, and reinsurers' receivable as permitted by IFRS 9. Accordingly, non-impaired receivables, checks under collection, and reinsurers' receivable that do not contain a significant component of finance have been classified within the second stage with the recognition of expected credit losses over their lifetime.

A provision for the expected long-term credit loss of a financial instrument should be recognized if the credit risk on that financial instrument increases substantially since the initial recognition, and the expected credit loss is a potential weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is an objective evidence of impairment on an individual basis for each asset with an individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Adjustment and Derecognition of Financial Assets
An adjustment is made to the financial asset when the contractual terms that govern the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and and maturity of the financial asset. The adjustment affects the amount and / or timing of the contractual cash flows either immediately or at a future date. When a financial asset is adjusted, the Company assesses whether such an adjustment results in derecognition. According to the Company's policy, the adjustment leads to derecognition when it causes a significant difference in terms.

If a financial asset is derecognized, the provision for the credit losses expected at the derecognition date is re-measured to determine the net carrying amount of the asset at that date. The difference between the adjusted carrying amount and the fair value of the new financial assets with the new terms will result in a gain or loss on derecognition.

When the contractual terms of a financial asset are modified, and the adjustment does not result in derecognition, the Company determines whether the credit risk of the financial asset has increased significantly since the initial recognition by comparing

- the probability of non-payment for the remaining period estimated on the basis of data at initial recognition and original contractual terms; with
- the probability of non-payment for the remaining period at the reporting date based on the modified terms.

When the adjustment does not result in derecognition, the Company calculates the adjustment gain / loss to compare the total carrying amount before and after the adjustment (except for the expected credit loss provision). The Company then measures the expected credit loss of the adjusted asset, as the expected cash flows arising from the adjusted financial asset are included in the expected cash deficit from the original asset.

Derecognition of Financial Assets
The Company derecognises a financial asset upon completion of the contractual rights relating to the receipt of the cash flows from the asset, or when the entity has transferred the financial asset, together with all significant risks and rewards of ownership, to another entity. If the Company does not transfer or retain substantially the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its remaining interest in the transferred asset and the related liabilities that the Company may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the financial asset.

Upon derecognition of any financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received or receivable is recognized in the statement of income.

Write-off
The Company derecognises financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. When the debtor has been placed under liquidation, has entered bankruptcy proceedings, or where trade receivables age exceeds two years, whichever is earlier. The Company may continue to subject financial assets written off to collection procedures, taking into account legal advice, where appropriate. Meanwhile, any recoveries are recognized in the statement of income

Financial Liabilities and Equity Instruments Issued by The Company
1. Classification as debt or equity instruments
Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements, the definitions of financial liabilities, and the equity instrument.

2. Equity Instruments
An equity instrument is defined as a contract that evidences ownership of the remaining shares of an entity's assets after deducting all liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

3. Financial Liabilities
All financial liabilities are subsequently measured at amortized cost using the effective yield method or at fair value through profit or loss. Financial liabilities that are not (i) a potential consideration for the acquiree in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

Other accounts payable are initially classified as "financial liabilities" at fair value less transaction costs, whereas they are subsequently measured at amortized cost using the effective yield method. Interest expense is recognized on an effective yield basis except for short-term liabilities if it is insignificant to recognize the return.

The effective yield method is the method of calculating the amortized cost of a financial liability and allocating the expense over the period in question. The effective interest rate is the rate that exactly discounts the expected future cash payments within the expected life of the financial obligation or, where appropriate, a shorter period.

Derecognition of Financial Liabilities:

The Company derecognises financial liabilities when it is discharged from its obligations, or when such obligations are canceled or expired. The difference between the carrying amount of the derecognised financial liability and the consideration payable or payable is recognized in profit or loss.

Foreign Exchange Gains and Losses

The carrying amount of financial assets recorded in a foreign currency is determined and translated at the rate prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a specific hedging relationship, the currency exchange differences are recognized in the statement of income; and
- For debt instruments measured at fair value through comprehensive income that are not part of a specific hedging relationship, the exchange differences on the amortized cost of the debt instrument are recognized in the income statement. Other exchange differences in comprehensive income are recognized in the revaluation reserve; and
- if financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or
- if a derivative is included in the basic financial or non-financial contract, and the derivative is not closely related to the basic contract.

Fair Value

Closing market prices (acquiring assets / selling liabilities) in active markets at the date of the consolidated financial statements represent the fair value of traded financial derivatives. In case declared market prices do not exist, some financial derivatives are not actively trading, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the market value of another financial asset with similar terms and conditions.
- Analysis of future cash flows and expected discounted cash flow based on a rate used for similar instruments.
- Adoption of option pricing models.

The valuation methods aim at providing a fair value reflecting expectations of the market, and take into consideration market factors, risks, and future benefits when estimating the derivatives value. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Real Estate Investments

Real estate investments are stated at cost net of accumulated depreciation (excluding land). In addition, impairment in their value is taken to the consolidated statement of income. The operating revenues or expenses of these investments are included in the consolidated statement of income and/or in the statement of Policyholders' Revenues and Expenses. Moreover, these investments are depreciated over their useful lives using the straight-line method at an annual rate of 2 - 20%.

Real estate investments are evaluated according to the decisions issued by the Ministry of Industry and Trade and Insurance Management. Moreover, their fair value is disclosed in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with banks and financial institutions maturing within three months, less restricted balances.

Reinsurance Accounts

The Company carries out reinsurance operations with other insurance and reinsurance companies and is exposed in many areas to certain levels of risk. Reinsurance operations include the relative share, excess of loss agreements, facultative reinsurance and other reinsurance forms that essentially cover all types of insurance. Reinsurance contracts do not exempt the Company from its obligations to policyholders. Failure of reinsurers to meet their obligations may result in losses to the Company, and therefore, provisions are taken for the uncollectible amounts. The recoverable amount of the reinsurer is estimated in a manner commensurate with the Company's commitment to each claim.

Reinsurers' shares of insurance premiums and contributions, paid claims, technical provisions, and all the rights and obligations resulting from reinsurance based on agreements between the Company and reinsurers are accounted for on the accrual basis.

Impairment in Reinsurance Assets

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contracts, the Company reduces the present value of the contracts and records the impairment loss in the consolidated statement of income. The impairment is only recognized in the following two cases:

1. There is objective evidence resulting from an event that took place after recording the reinsurance assets confirming the Company's inability to recover all amounts according to the contracts terms.

2. The event has a reliably and clearly measurable effect on the amounts the Company will recover from reinsurers.

Acquisition Costs of Insurance Policies and Takaful Policies

Acquisition costs represent the costs incurred by the Company against selling, underwriting, or starting new insurance contracts. The acquisition costs are recorded in the consolidated statement of income and/or in the statement of policyholders' revenues and expenses.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses. Moreover, property and equipment (excluding land) are depreciated when they are ready for use based on the straight-line method over their estimated useful lives using the following annual depreciation rates. The depreciation expense is recorded in the consolidated statement of income:

	%
Buildings	2
Offices	2
Equipment, furniture, and fixtures	10 - 20
Vehicles	15
Decorations	10 - 20

Depreciation is calculated for readily usable property and equipment when they are being used for their intended use.

Property and equipment, for the Company's use, are stated at cost net of accumulated impairment.

When the recoverable values of property and equipment is less than their carrying amounts, assets are written down to their recoverable values, and impairment losses are recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from the expectations determined previously, the change in estimate is recorded in the following years, being a change in estimates.

Gains or losses on disposal of property and equipment, representing the difference between their sale proceeds and their carrying value, are recorded in the consolidated statement of income.

Property and equipment are derecognized when disposed of or when no future benefits are expected from their use or disposal.

Intangible Assets

Intangible assets acquired through merger are recorded at fair value upon their acquisition.

However, intangible assets acquired through other than merger are recorded at cost. Moreover, intangible assets are classified according to their estimated definite or indefinite lives. Intangible assets with definite useful lives are amortized over the life of the asset, and the impairment is recorded in the consolidated statement of income. Meanwhile, intangible assets with indefinite lives are reviewed for impairment at the date of the consolidated financial statements, and the impairment is recorded in the consolidated statement of income.

Internally generated intangible assets are not capitalized by the Company and its subsidiaries. Instead, they are taken to the consolidated statement of income in the same year.

Indications of impairment in the value of intangible assets are reviewed at the date of the consolidated financial statements. Moreover, their useful lives are reassessed and adjustments are recorded in the subsequent periods.

Computer systems and programs are amortized over their estimated useful lives at 25% annually.

Collateralized Financial Assets

Collateralized Financial Assets are those assets pledged to other parties with the right to use them (sell or re-mortgage). These assets are continuously evaluated according to the implemented accounting policies for each type according to their original classification.

Provisions

Provisions are recognized when the Company has obligations on the date of the consolidated statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as of the date of the consolidated financial statements, taking into consideration risks and the uncertainty relating to the obligation. When the provision amount is determined on the basis of the expected cash flows for the settlement of the current obligation, its current book value represents the present value of these cash flows.

When it is expected that some or all of the economic benefits required from other parties to settle the provision will be recovered, the receivable is recognized within assets if receipt of the compensations is actually certain and their values can be reliably measured.

First: Technical Provisions

Technical provisions are taken and maintained according to the regulations of the Insurance Commission as follows:

1. The provision for unearned contributions for general insurance activities is calculated according to the remaining days up to the expiry date of the insurance policy after the consolidated financial statements date on the basis of a (365) day year except for marine and land transport insurance in which the provision for unearned premiums is calculated on the basis of written contributions of the valid policies on the date of the consolidated financial statements according to the laws, regulations and instructions issued for this purpose.

2. The provision for reported claims is computed by determining the maximum amount of the total expected costs for each claim on an individual basis.

3. Contributions deficiency reserve and provision for incurred but not reported (IBNR) claims are calculated based on the Company's experience and estimates.

4. The reserve for unearned contributions for Takaful insurance activities is calculated based on the Company's experience and estimates and the actuary's experience.

5. The mathematical reserve for life insurance policies is calculated based on the actuarial equations which are reviewed periodically by an independent actuary.

Second: Provision for end- of-service indemnity

The provision for employees' end- of-service indemnity is calculated in accordance with the Company's policy that complies with the Jordanian Labor Law. The annual compensation paid to employees leaving the service is recognized in the provision for end-of-service indemnity when paid, and a provision for the liabilities incurred by the Company concerning the employees' end- of- service indemnity is taken in the consolidated statement of income.

Liability Adequacy Test
All insurance claims are evaluated for sufficiency and suitability as of the consolidated statement of financial position date through calculating the present value of future cash flows for outstanding insurance contracts.

If the evaluation indicates that the present value of the insurance claims (varied and less convenient purchase expenditures and relevant intangible assets) is not enough compared to the expected future outflows, then the whole amount of deficit is taken to the consolidated statement of Income.

Income Tax
Income tax expenses represent accrued taxes and deferred taxes. They are determined based on taxable income. Moreover, taxable income differs from income declared in the consolidated statement of income, as declared revenue includes non-taxable revenue, tax expenses not deductible in the current year but deductible in the subsequent years, or accumulated losses acceptable by the tax authorities, or allowable for tax deduction purposes.

Taxes are calculated according to the tax rates prescribed by the prevailing laws, regulations, and instructions in the countries where the Company operates.

Deferred Taxes
Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount.

Deferred taxes are calculated according to the liability method in the consolidated statement of financial position, based on the tax rates expected to be applied at the tax liability settlement date, or the realization of the deferred tax assets.

The balances of deferred tax assets and liabilities are reviewed at the consolidated statement of financial position date and reduced in case they are (wholly or partially) not expected to be utilized, or the tax liability has been settled, or is no longer needed.

Cost of Issuing or Purchasing the Insurance Company's Shares
Costs arising from issuing or purchasing shares are taken to retained earnings (net after taking into account the tax effect of these costs,). If issuance or purchase is incomplete, these costs are recorded in the consolidated statement of income.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position when there are binding legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

af. Revenue Recognition

1. Insurance Contracts for General Insurance and Takaful Insurance

   General and Takaful Insurance contributions arising from general and Takaful insurance contracts are recorded as revenue for the year (earned insurance contributions) on the basis of the maturities of time periods and in accordance with the insurance coverage periods. Unearned insurance premiums for general insurance and Takaful contributions from insurance contracts at the date of the consolidated statement of financial position are recorded as unearned insurance premiums and contributions within liabilities.

Claims and incurred losses settlement expenses from Takaful insurance are recognized in the consolidated statement of policyholders' revenues and expenses based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

Claims and incurred losses settlement expenses for general insurance are recorded in the consolidated statement of income based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

2. Dividends Income and Returns

Dividends income from investments are recorded when the right of the shareholder to receive dividends arises upon the related resolution of the General Assembly of Shareholders.

Returns income is calculated on the accrual basis according to the maturity periods, original principals, and average earned return rate.

3. Rent Revenue

Revenue from real estate investments with operating lease contracts are recognized based on the straight-line method over the contracts' periods, while the other expenses are recognized based on the accrual basis.

Expense Recognition

All commissions and other costs relating to the acquisition of new or renewed insurance policies are amortized in the consolidated statement of income upon their occurrence. Other expenses are recognized on the accrual basis.

Insurance Compensations for General Insurance and Takaful Insurance

Insurance compensations for general insurance and Takaful Insurance represent the paid claims for the period and the change in claims reserve.

General and Takaful insurance compensations include all amounts paid during the year, whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for settlement of all claims resulting from events prior to the consolidated statement of financial position date but still unsettled at that date. Moreover, outstanding claims are calculated on the basis of the best information available at the date of the consolidated financial statements and include the provision for unreported claims.

Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are considered in the measurement of the insurance liability for claims.

General and Administrative and Employee Expenses

First: General and Administrative Expenses - Takaful Insurance

General and administrative expenses relate to the owners' equity and are not distributed over underwriting accounts.

Shareholders' administration fees are allocated to underwriting accounts according to the Company's Sharia Supervisory committee at the beginning of each year.

Second: Employees' Expenses - Takaful Insurance

Employees' expenses are directly related to the owners' equity and should not be allocated to underwriting accounts.

Deficit Coverage Reserve (Contingencies Provision)
This item represent the amount deducted at 20% of policyholders' surplus and policyholders' gain from the sale of financial assets at fair value through comprehensive income for the purposes of covering the deficit in future financial periods, only if no accumulated deficit is present at the date of the transfer, and it is not distributable to policyholders', provided that the deficit coverage reserve does not exceed the total technical provisions.

In case of liquidation, the deficit coverage reserve (contingencies provision) is distributed over welfare activities after the settlement of Al-Qard Al-Hassan, if any.

Basis for determining the insurance surplus
Insurance surplus is the balance of the total contributions collected, returns on their investment, and any other revenues after deducting paid claims, technical reserves, shareholders' share for managing Takaful operations and investments, and all policyholders' fund expense.

The Company calculates the insurance surplus while considering all types of Takaful insurance as one unit.

Allocating the insurance surplus
The insurance surplus is limited to policyholders, and is owned jointly by them, while shareholders do not have the right to share this surplus.

The insurance surplus was distributed to all policyholders according to the percentage of their contribution without distinguishing between those who received compensation and those who did not during the financial period.

The Company retains the amounts to be distributed and not claimed by the policyholders in a separate account, and presents them within the rights of the policyholders, provided that they are transferred to the deficit coverage reserve (contingencies provision) after obtaining the approval of the Shari'a Supervisory Committee.

In case of liquidation, the insurance surplus for the period is allocated to policyholders' while any undistributed and unclaimed surplus of prior periods (if any) is distributed to welfare activities after the settlement of Al-Qard Al-Hassan, if any.

Methods of covering policyholders' fund deficit
In case of a deficit or an accumulated deficit in the policyholders' current account, the deficit is covered by the contingencies provision. In case of shortage in the contingencies provision, the shareholders shall grant Al-Qard Al-Hassan to the policyholders to cover the whole deficit. The Company maintains this provision versus these loans.

Transactions Non-compliant with Sharia'
- The Company is committed to comply with the principles of Islamic Sharia' in all of its transactions and to disclose revenues and profits that are inconsistent with the Islamic Sharia' Principles.

- Any revenues and gains non-compliant with Sharia' are recorded in a separate account which is presented in the consolidated financial statements within other credit balances (owners' equity liabilities) and are recorded in the consolidated statement of income. This account is used for charity, based on the Sharia' Supervisory Committee's decision.

- Investment of financial assets of policyholders' and owners' equity.
  The Company complies with the principles of Takaful Insurance by maintaining completely separate entries and records for both the policyholders and equity owners.

- The Company determines a deduction rate of the contributions intended for investment purposes in accordance with its annual budget and expected future cash flows for each financial period.

Foreign Currency

For the purpose of the consolidated financial statements, the results and financial position of each entity of the Group are expressed in the functional currency unit of the Company and the presentation currency of the consolidated financial statements.

Separate financial statements of the subsidiaries are prepared, and the separate financial statements of each entity of the Group are presented in the functional currency in which it operates. Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of those transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date. Non-monetary items carried at fair value and denominated in foreign currencies are translated at the exchange rates at the date when the fair value is determined. Non-monetary items measured at historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the consolidated statement of income in the period in which they arise except for:

- Foreign exchange differences on transactions made in order to hedge foreign exchange risk.

- Foreign exchange differences on monetary items due to / from a foreign operation that are not planned to be settled, or are unlikely to be settled in the near future (and therefore these differences form part of the net investment in the foreign operation) are initially recognized in the comprehensive income statement and reclassified from equity to the income statement when selling or partially disposing of the net investment.

  In order to present the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated at the exchange rates prevailing at the statement of financial position date. Income is also translated at the average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates prevailing on the transactions dates are used. The exchange differences therefrom, if any, are recognized in the consolidated statement of other comprehensive income and stated in a separate line item under equity.

  When foreign operations are disposed of (i.e. disposal of the Company's entire share from foreign operations, outcome of loss of control over a subsidiary within foreign operations, partial disposal of its share in a joint arrangement or associate of a foreign nature in which the held share becomes a financial asset), all foreign exchange differences accumulated in a separate item under equity regarding that transaction attributable to the Company's owners are reclassified to the consolidated statement of income.

  Concerning the partial disposal of a subsidiary involving foreign operations that do not result in the Company's loss of control over the subsidiary, its share of accumulated exchange differences is credited to net comprehensive income at the rate at which the disposal was made. Such share is not recognized in the consolidated statement of income. As for all other partial liquidation (such as partial liquidation of associates or joint ventures that do not result in the Company's loss of significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of income.

3. Application of New and Revised International Financial Reporting Standards

a) Amendments not having a material impact on the Company's consolidated financial statements:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and Revised Standards	Amendments to the New and Revised International and Standards
Annual improvements to IFRSs issued between 2014 and 2016.	Improvements include amendments to IFRS 1, "Application of International Standards for the First Time" and IAS 28 "Investments in Associates and Joint Ventures (2011)". The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through income statement is available separately for each associate or joint venture and that the selection should be made at initial recognition. As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.
IFRIC 22: "Foreign currency transactions and prepayments ".	This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign operation that results in the recognition of non-monetary assets or non-monetary liabilities. The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance.

New and Revised Standards	Amendments to the New and Revised International and Standards
	This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that: • A consideration in foreign currency or priced in foreign currency exists; • An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and • Prepaid assets or deferred income liabilities are not cash.
Amendments to IAS 40: "Investment properties".	The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)
Amendments to IFRS 2 "Share-based payment".	These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following: 1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments. 2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a "net settlement feature", this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net.

3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows:

A. Abrogation of the original obligation;

B. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and

C. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income

Amendments to IFRS 4: "Insurance contracts".

These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.

IFRS 15 Revenue from Contracts with Customers.

IFRS 15 was issued in May 2014, which established a comprehensive model for enterprises to be used in accounting for revenue generated from contracts with customers. This standard will replace the current income recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations that an entity should recognize revenue to indicate the transfer of goods or services to the customer in an amount that reflects the consideration that the entity expects to receive for such goods or services. In particular, the standard provides a five-step approach to revenue recognition:

Step 1: Determining the contract (s) signed with the client.

Step 2: Defining performance obligations in the contract.

Step 3: Determining the selling price.

Step 4: Assigning a sale price to the performance obligations in the contract.

Step 5: Recognizing revenue when the entity meets (or fulfills) an obligation to perform.

Under this Standard, an entity recognizes revenue when (or at the time) it fulfills its performance obligation, that is, when control over the goods or services underlying the performance obligation is transferred to the customer. More mandatory guidelines have been added to the Standard to deal with specific scenarios. In addition, the standard requires comprehensive disclosures.

New and Revised Standards	Amendments to the New and Revised International and Standards
Amendments to IFRS 15 Revenue from Contracts with Customers.	These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.

b. Amendments to the Company's Consolidated Financial Statements:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and the derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" category of some simple debt instruments.

IFRS 9 *"Financial Instruments"* issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS 9 led to changes in the accounting policies and amendments to the previously recognized amounts in the consolidated financial statements. Moreover, the Company has adopted IFRS 9 (first phase) of 2009 early, regarding the classification and measurement of financial assets since the beginning of 2010.

As required by the transitional provisions of IFRS 9, the Company has not restated the comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Company has also chosen to continue to apply the accounting requirements of IAS 39 *"Financial Instruments: Recognition and Measurement"*, concerning the application of IFRS 9.

IFRS 9 has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS 9 also modifies other standards that address financial instruments such as IFRS 7 *"Financial Instruments: Disclosures"*.

The final version of IFRS 9 includes the accounting requirements for financial instruments and supersedes IAS 39 *"Recognition and Measurement"*. The new version of the standard includes the following requirements:

Classification and Measurement:

Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provides a new classification of certain debt instruments that could be classified as "financial assets at fair value through other comprehensive income". The financial liabilities are classified similarly to IAS 39, but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

Impairment:
The 2014 version provided the "expected credit loss" model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

Hedge accounting:
The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

Derecognition:
The requirements for derecognition of financial assets and financial liabilities have been followed in accordance with IAS 39.

- The details of the accounting policies adopted by the Company and the significant estimates used by the Company's management in accordance with IFRS 9 as set out and applied in the current period are stated in Notes (2) and (3). The disclosure regarding the impact of the adoption of the IFRS 9 on the Company is as follows:

January1, 2018	Balance before Adjustment	Effect of Applying the Standard	Adjusted Balance
	JD	JD	JD
Equity			
Retained earnings	2,854,117	(342,394)	2,511,723
Assets			
Deposits at banks	13,601,984	(80,568)	13,521,416
Checks under collection	2,035,195	(58,540)	1,976,655
Receivables - net	11,621,382	(282,891)	11,338,491
Reinsurers' receivable	2,455,518	(23,000)	2,432,518
Financial assets at amortized cost	6,908,121	(5,518)	6,902,603
Deferred tax assets	310,860	108,123	418,983

Credit losses expected for the subsequent financial period as at 1 January 2018:

	Balance at the Beginning of the Year	Expected Credit Losses	Balance at the End of the Year
	JD	JD	JD
Deposits at banks - Note (5)	80,568	4,925	85,493
Checks under Collection - Note (10)	58,540	3,960	62,500
Receivables - net - Note (11)	993,558	7,443	1,001,001
Reinsurer's receivables - Note (12)	150,000	20,000	170,000
Financial assets at amortized cost - Note (7)	5,518	836	6,354
	29,006	37,164	1,325,348

C. **New and revised International Financial Reporting Standards issued and not yet effective:**

The Company has not adopted the following new and amended IFRSs issued but not yet effective as at the date of the consolidated financial statements, and their details as follows:

New and Revised Standards	Amendments to new and revised IFRSs	Effective for annual periods beginning on or after
Annual improvements to IFRSs issued between 2015 and 2017	Improvements include amendments to IFRS 3 *"Business Combinations"*, (11) *"Joint Arrangements"*, and IAS 12 "Income Taxes" and IAS 23 *"Borrowing Costs"*.	January 1, 2019
IFRIC 23 *"Uncertainty on the Treatment of Income Tax"*	The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses: • whether the tax treatment should be considered in aggregate; • assumptions regarding the procedures for the examination of tax authorities; • determination of the taxable profit (tax loss), tax bases, unused tax losses, unused tax breaks, and tax rates; and • The impact of changes in facts and circumstances.	January 1, 2019
IFRS 16 *"Leases"*	IFRS 16 defines how the reporting entity can recognize, measure, present, and disclose lease contracts. The Standard also provides a separate accounting model for lessees that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lessors continue to classify leases as operating or financing leases. IAS 16's on lessor accounting has not changed significantly compared to IAS 17.	January 1, 2019
Amendments to IFRS 9 *"Financial Instruments"*	These amendments relate to the benefits of prepayment with negative compensation, where the current requirements of IFRS 9 regarding the end-of-service rights have been amended to allow for the measurement at amortized cost (or based on the business model at fair value through other comprehensive income) even in the negative compensation payments.	January 1, 2019

New and Revised Standards	Amendments to new and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 28 *"Investment in Associates and Joint Ventures"*	These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 *"Financial Instruments"* to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.	**January 1, 2019**
Amendments to IAS 19 *"Employee Benefits"*	These relate to amendments to the plans, reductions, or settlements.	**January 1, 2019**
Amendments to IAS 1 *"Presentation of the Financial Statements"*	These amendments relate to the definition of materiality	**January 1, 2019**
Amendments to IFRS 3 *"Business Combinations"*	These amendments clarify the definition of business, as the International Accounting Standards Board published the Revised Financial Reporting Framework. This includes the revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation, and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which include amendments to IFRS 2, 3, 6 and 14; IAS 1, 34, 37 and 38; IFRIC 12, 19, 20, and 22 ; and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a different version of the conceptual framework.	**January 1, 2019**
IFRS 17 *"Insurance Contracts"*	This provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 "Insurance Contracts". IFRS 17 requires measurement of insurance liabilities at the present value of payment.	**January 1, 2019**
Amendments to IFRS 10 *"Consolidated Financial Statements"* and IAS 28 *"Investments in Associates and Joint Ventures (2011)"*	These amendments relate to the treatment of the sale or contribution of the investor's assets in the associate or joint venture.	**The date of entry into force has been postponed indefinitely, and the application is still permitted.**

Management expects to apply these new standards, interpretations, and amendments to the Company's consolidated financial statements when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Company's consolidated financial statements in the initial application period except for the effect of the adoption of IFRS 16, as shown below:

The effect of applying IFRS 16 *"Leases"*

The Standard provides a comprehensive model for determining and treating lease arrangements in the consolidated financial statements of both lessors and lessees. It will also replace IAS 17 *"Leases"* and related interpretations when it becomes effective for the financial periods beginning on or after January 1, 2019.

As permitted by the transitional provisions of IFRS 16, the Company will not restate the comparative figures. Any changes in the carrying amount of assets and liabilities at the date of transition are recognized in the opening balances of the related balances. There is no material difference between the accounting treatment in the lessor's books between IFRS 16 and IAS 17. The change in the definition of the lease relates mainly to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the use of a specific asset and the control is present if the customer has:

- The right to a substantial degree of all economic benefits arising from the use of specific assets; and
- The right to direct the use of this asset.

<u>Effect on the Accounting Treatment in the Lessee's Records</u>

<u>Operating Leases</u>

Under IAS 16, the accounting treatment of leases previously classified as operating leases in accordance with IAS 17, which were classified as items outside the consolidated statement of financial position, has been changed.

In the initial application of IFRS 16 (except as referred to below), the Company will undertake the following for all leases:

A. Recognition of "right to use" assets and lease commitments in the consolidated statement of financial position. These assets are initially measured on the basis of the present value of future cash flows paid.

B. Recognition of the depreciation of "right to use" assets and interest on lease commitments in the consolidated statement of income.

C. Separating the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the consolidated statement of cash flows.

For short-term leases (12 months or less) and low-value asset leases (such as personal computers and office furniture), the Company will choose to recognize lease expenses on a straight-line basis as permitted by the IFRS 16. The Company's management believes that the impact of the adoption of IFRS 16 is immaterial and will not be reflected in the consolidated financial statements of the Company, as all leases are short term and are automatically renewed on an annual basis.

Recognition of lease obligation incentives previously recognized in respect of operating leases will be derecognised, and the amount will be calculated in the measurement of the leasehold assets and liabilities.

Under IAS 17, all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS 16 will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

Financial Leases

The principal differences between IFRS 16 and IAS 17 in respect of previously existing advances under a finance lease are the measurement of residual value guarantees provided by the lessee to the lessor. IFRS 16 requires recognition as part of its lease obligation only the amount expected to be paid under the residual value guarantee, rather than the maximum secured amount as required by IAS 17. Upon initial request, the Company will state the equipment previously included in property, plant, and equipment under "right to use" assets and lease commitments, previously stated under borrowings, under a separate line item of the lease liabilities.

Based on the analysis of the Company's finance leases as at December 31, 2018 on the basis of the facts and circumstances prevailing at that date, this change was not considered to affect the amounts recognized in the Company's consolidated financial statements.

Effect on the Accounting Treatment in the Lessor's Records

Under IFRS 16, the lessor continues to classify leases as either financial leases or operating leases and account for these two types of leases differently. However, IFRS 16 has changed and expanded the scope of disclosures required, in particular on how the lessor manages the risks arising from its remaining share in the leased assets. Under IAS 16, for the purposes of the intermediate lessor, the principal lease and sub-lease are considered as separate contracts.

The intermediate lessor should classify the sub-lease as operating or financial lease by reference to the original "right to use" arising from the principal lease (not by reference to the underlying asset as in the case of IAS 17).

Because of this change, the Company will classify some of its sub-lease agreements as financila leases. As required by IFRS 9, an allowance for credit losses recognized in the financial lease receivable will be recognized, and the leased assets and receivables from the finance lease will be derecognised. This change in accounting will result in a change in the timing of recognition of the related revenue. Management expects to apply IFRS 16 in the consolidated financial statements of the Company for the period beginning January 1, 2019.

4. Use of Estimates

Preparation of the consolidated 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 and investments revaluation reserve which present in owners' equity and/or policyholders' equity and consolidated comprehensive income. In particular, the Company's management is required to issue significant judgments to assess expected future cash flows and their timing. The above -mentioned 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 situations of those estimates in the future.

We believe that the estimates within the consolidated financial statements are reasonable. The details are as follows:

- Management periodically revaluates the productive lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of those assets and estimates of their expected productive lives in the future. Any impairment loss is taken to the consolidated statement of income.
- The claims provision and technical provisions are taken based on technical studies and according to the instructions of the Insurance Commission. Moreover, the mathematical reserve is taken based on actuarial studies.

- A provision for lawsuits against the Company is based on a legal study by the Company's lawyer according to which probable future risks are determined. Such studies are reviewed periodically.

- Calculation of the provision for credit losses requires management to use significant judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of an increase in the credit risk of financial instruments after initial recognition and future measurement information for expected credit losses. The expected credit loss is measured as an expected credit loss provision over the life of the asset.

  Determination of the number and relative weight of scenarios and the outlook for each type of product / market and the determination of future information relevant to each scenario: When measuring the expected credit loss, the Company uses reasonable and supported future information based on the assumptions of future variables of different economic variables and how these variables affect each other.

  Probability of Default: The probability of default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

  Loss on presumption of default: Loss on the presumption of default is an estimate of loss resulting from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account the cash flows from the collateral (if any).

- The Company classifies financial instruments or components of financial assets at initial recognition either as a financial asset or financial liability or as a title deed in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

- When measuring financial assets and liabilities, some of the Company's assets and liabilities are re -measured at fair value for financial reporting purposes. When estimating the fair value of any assets or liabilities, the Company uses available observable market data.

- Provision for income tax: The financial year is charged with its share from income tax according to the prevailing laws and regulations and IFRS, and the necessary tax provision is calculated and recorded accordingly.

- Real estate investments are evaluated by independent and certified real estate appraisers according to the resolutions issued by insurance management for the purpose of calculating the impairment. Moreover, their fair value is disclosed in the consolidated financial statements.

- Fair Value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant, which require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial assets and liabilities, the company uses market information when these are available. In case the Level one inputs are not available. In case of Level one input doesn't exist, the company deals with independent and qualified party to prepare evaluation studies. In such case, suitable evaluation methods and in puts used in preparing evaluation studies are reviewed by management.

5. Deposits at Banks

This item consists of the following:

	December 31, 2018									December 31, 2017		
	Deposits maturing within one month		Deposits maturing after a month till three months		Deposits maturing after three months till one year		Total			Total		
	Policyholders	Equity Owners	Policyholders	Equity Owners	Policyholders	Equity Owners	Policyholders	Equity Owners	Total	Policyholders	Equity Owners	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	-	5,059,435	-	1,204,911	2,501,826	3,236,822	2,501,826	9,501,168	12,002,994	3,062,956	8,356,125	11,419,081
Outside Jordan	-	-	-	734,879	-	1,532,183	-	2,267,062	2,267,062	-	2,182,903	2,182,903
Expected credit loss	-	(28,960)	-	(11,103)	(18,133)	(27,297)	(18,133)	(67,360)	(85,493)	-	-	-
	-	5,030,475	-	1,928,687	2,483,693	4,741,708	2,483,693	11,700,870	14,184,563	3,062,956	10,539,028	13,601,984

* The movement on expected credit losses is as follows:

	December 31, 2018			December 31, 2017		
	Policyholders	Equity Owners	Total	Policyholders	Equity Owners	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-	-	-
Effect of application of IFRS 9 - Note 3/b	18,133	62,435	80,568	-	-	-
Balance adjusted as at the beginning of the year	18,133	62,435	80,568	-	-	-
Changes during the year - Note 3b	-	4,925	4,925	-	-	-
Balance as at the end of the year	18,133	67,360	85,493	-	-	-

* The return rates on deposits at banks in Jordanian Dinars range from 4% to 5%. Meanwhile, the rate of return on deposit balances outside of Jordan in US Dollars ranged from 3.8% to 4% during the year 2018.

6. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31, 2018		December 31, 2017	
	Policyholders	Equity Owners	Policyholders	Equity Owners
	JD	JD	JD	JD
Inside Jordan				
Quoted shares listed in Amman Stock Exchange	-	1,553,759	-	1,847,837
Unquoted Shares *	-	390,349	-	773,221
	-	1,944,108	-	2,621,058
Outside Jordan				
Quoted shares	-	248,211	-	265,334
Unquoted shares **	-	122,822	-	122,822
	-	371,033	-	388,156
Total	-	2,315,141	-	3,009,214

* This item represents financial assets without publicly traded prices. The Fair values were estimated by the Company's management based on the latest available audited financial statements.

** This item represents a payment for 18,000 shares with a total cost of JD 350,918 and market value of JD 122,822. This difference was recorded in the consolidated statement of comprehensive income for the year 2017. This is considered for the establishment of AL-Jouman Village Company, which is a limited liability company established in accordance with Cayman Islands' Laws and exempted at 2.35%.

7. Financial Assets at Amortized Cost

This item consists of the following:

	December 31, 2018			December 31, 2017		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Sukuk	989,829	5,934,045	6,923,874	988,896	5,919,225	6,908,121
Expected credit losses*	(790)	(5,564)	(6,354)	-	-	
	989,039	5,928,481	6,917,520	988,896	5,919,225	6,908,121

* The movement on expected credit losses is as follows:

	December 31, 2018			December 31, 2017		
	Policyholders	Equity Owners	Total	Policyholders	Equity Owners	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-	-	-
Effect of application of IFRS 9 - Note 3b	790	4,728	5,518	-	-	-
Balance adjusted at the beginning of the year	790	4,728	5,518	-	-	-
Changes during the year - Note 3b	-	836	836	-	-	-
Balance as at the end of the year	790	5,564	6,354	-	-	-

- The above Sukuk have an annual fixed return rate that ranges from 5,092% to 6.75%.
- Sukuk returns are accrued on a semi-annual basis up to the maturity date. The maturity dates range from 2 years to 6 years.
- During the year 2018, one of the bonds was sold for JD 1,388,921, resulting in a profit of JD 62,369 which was recorded in the consolidated statement of income as of December 31, 2018. Other bonds were purchased for JD 1, 796,196 with a nearer maturity date and higher returns ranging from 5.23 % to 6.52% per annum.
- During the year, a bond with a nominal value of JD 397,040 matured.
- Sukuk returns were recognized during the year 2018 for JD 320,160.

8. Investment Properties -Net

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Land	5,004,525	5,004,525
Buildings – Net after depreciation*	1,816,497	1,865,269
Investment properties – Net	6,821,022	6,869,794

- The fair value of real estate investments was estimated by real estate experts at JD 7,212,643 as of December 31, 2018.

- Buildings include an amount of JD 855,000 owned by policyholders and intended for investment in rental activities.

* Depreciation on real estate investments amounted to JD 48,772 for the year ended December 31, 2018 (JD 48,772 as of December 31, 2017).

9. Cash on Hand and at Banks

This item consists of the following:

	December 31, 2018			December 31, 2017		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Cash on hand	1,089,787	12,635	1,102,422	295,510	6,463	301,973
Current accounts at banks	676,357	265,749	942,106	2,377,170	442,873	2,820,043
	1,766,144	278,384	2,044,528	2,672,680	449,336	3,122,016

10. Checks under Collection

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Checks under collections *	2,875,713	2,035,195
Less: Expected credit losses**	(62,500)	-
	2,813,213	2,035,195

* Maturity of checks under collection are dated until December 31, 2019.

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

	December 31, 2018			December 31, 2017		
	Policyholders	Equity Owners	Total	Policyholders	Equity Owners	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-	-	-
Effect of application of IFRS 9 - Note 3b	58,540	-	58,540	-	-	-
Balance adjusted as at the beginning of the year	58,540	-	58,540	-	-	-
Changes during the year - Note 3b	3,960	-	3,960	-	-	-
Balance as at the end of the year	62,500	-	62,500	-	-	-

11. Receivables -Net

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Policyholders' receivable	14,205,527	12,172,061
Brokers' receivable	11,595	404
Employees' receivable	138,059	27,376
Equity Owners' receivable	93,444	41,475
Other	105,367	90,733
Total	14,553,972	12,332,049
Less: Expected credit losses*	(1,001,001)	(710,667)
	13,552,971	11,621,382

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

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the year	710,667	619,630
Effect of application of IFRS 9 - Note 3b	282,891	-
Adjusted Balance at the Beginning of the Year	993,558	619,630
Add: Expected credit losses during the year	7,443	123,721
Balance as at the end of the year	-	(30,000)
Less: Provision no longer needed	-	(2,684)
Balance at the end of the year	1,001,001	710,667

The table below shows the aging of unimpaired receivables:

	Neither Past Due Nor Impaired	Past due but not impaired: 1-90 Days	91-180 Days	181-360 Days	More than 361 Days	Total
December 31, 2018	JD	JD	JD	JD	JD	JD
Policyholders receivable	7,128,261	3,887,026	1,371,791	924,167	894,262	14,205,507
Brokers' receivable	-	5,582	394	1,150	4,469	11,595
Employees' receivable	138,059	-	-	-	-	138,059
Equity Owners' receivable	-	93,444	-	-	-	93,444
Other receivables	21,772	59,350	21,235	1,317	1,693	105,367
Net Receivables	7,288,092	4,045,402	1,393,420	900,424	900,424	14,553,972

	Neither past due nor impaired	Past due but not impaired: 1-90 days	91-180 days	181-360 days	More than 361 days	Total
December 31, 2017	JD	JD	JD	JD	JD	JD
Policyholders receivable	5,601,517	3,789,270	1,285,750	787,236	542,576	12,006,349
Policies receivables due to the merge	-	1,126	1,000	3,000	160,587	165,713
Brokers' receivable	-	-	-	-	404	404
Employees' receivable	27,376	-	-	-	-	27,376
Owners' Equity receivable	-	41,475	-	-	-	41,475
Other receivables	83,347	5,463	834	291	797	90,732
Net Receivables	5,712,240	3,837,334	1,287,584	790,527	704,364	12,332,049

The total scheduled debts amounted to JD 7,162,737 as of December 31, 2018.

12. Reinsurance Receivables - Net

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Local insurance companies	1,289,776	1,052,718
Foreign reinsurance companies	1.017.954	1,529,800
Total reinsurance receivables	2,307,730	2,582,518
Less: Expected credit losses*	(170,000)	(127,000)
Reinsurance receivables - net	2,137,730	2,455,518

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

	December 31, 2018	December 31, 2017
	JD	JD
Balance at the beginning of the year	127,000	119,471
Effect of application of IFRS 9 - Note 3b	23,000	-
Adjusted Balance at the Beginning of the Year	150,000	119,471
Add: Expected credit losses during the year – Note 3b	20,000	7,529
Balance at the end of the year	170,000	127,000

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

	Neither past due nor impaired	Past due but not impaired: 1-90 days	91-180 days	181-360 days	More than 361 days	Total
	JD	JD	JD	JD	JD	JD
December 31, 2018						
Local insurance companies	747,840	268,368	129,470	60,629	83,469	1,289,776
Foreign reinsurance companies	-	701,735	151,026	153,811	11,382	1,017,954
Net reinsurance receivables	747,840	970,103	280,496	214,440	94,851	2,307,730
December 31, 2017						
Local insurance companies	631,064	191,627	18,407	99,383	112,235	1,052,718
Foreign reinsurance companies	-	1,325,040	185,302	4,826	14,632	1,529,800
Net reinsurance receivables	631,064	1,516,667	203,709	104,209	126,867	2.582.518

13. Income Tax

a. Income tax provision

- Movement on the income tax provision is as follows:

	December 31, 2018 Policyholders	Owners' Equity	Total	December 31, 2017 Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	59,086	11,365	70,451	27,586	-	27,586
Income tax paid	(5,730)	(41,903)	(47,633)	-	(11,336)	(11,336)
Income tax provision for the year	-	15,724	15,724	31,500	22,701	54,201
Income tax for the year	-	18,359	18,359	-	-	-
Balance at the end of the year	53,356	3,545	56,901	59,086	11,365	70,451

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

	December 31, 2018		December 31, 2017	
	Policyholders	Owners' Equity	Policyholders	Owners' Equity
	JD	JD	JD	JD
Accrued income tax for the year	-	15,724	31,500	22,701
Amortization of deferred tax assets	-	18,359	-	-
Increase in deferred tax assets	-	34,279	(31,500)	(4,320)
Income tax expense	-	68,362	-	18,381

- On November 18, 2015, the successor (First Insurance Public Shareholding Limited Company) was granted an income tax exemption for three years by the Council of Ministers based on Article No. (8/B) for the Investment Law No. (30) for the year 2014.

- In the opinion of management and the Company's tax consultant, the income tax provision is sufficient as of December 31, 2018.

- The tax return of the Company and its subsidiaries for the fiscal years 2015-2017 was submitted within the legal period. Moreover, the Income and Sales Tax Department has not yet reviewed the tax return and issued its final decision thereon.

- The Company's income tax has been settled until the end of the fiscal year 2016 for the parent company and until the end of the fiscal year 2017 for the subsidiaries.

c. Deferred Tax Assets/Liabilities:

Deferred Tax Assets and Liabilities are a result of temporary differences in terms of items that appear in the Company's consolidated financial statements and details as follows:

	December 31, 2018							December 31, 2017
	Balance at the Beginning of the Year	Effect of Applying IFRS 9	Adjusted Beginning Balance	Amounts Released	Amounts added	Balance at the End of the Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD	JD
Deferred Tax Assets:								
Cumulative change in fair value of financial assets through comprehensive income	592,238	-	592,238	592,238	496,088	496,088	130,824	99,360
Provision for doubtful debts	838,667	450,529	1,288,196	-	37,154	1,325,350	285,344	168,300
End of service indemnity provision	180,000	-	180,000	180,000	-	-	-	43,200
	1,610,905	450,529	2,060,434	772,238	533,242	1,821,438	416,168	310,860
Deferred Tax Liabilities:								
Cumulative change in fair value of financial assets through comprehensive income	-	-	-	-	-	-	-	1,393

The income tax provision for the years 2017 and 2018 was calculated in accordance with the Income Tax Law No. 34 of 2014. The tax rate was amended to 26% instead of 24% to calculate deferred taxes of the Company according to the amended Income Tax Law (38/2018).

- No deferred taxes have been calculated on the subsidiaries, as the investment income in the shares is not taxable under the Income Tax Law No. 34 of 2014.

14. Property and Equipment

The details of this item are as follows:

	Land	Buildings	Offices	Equipment, Hardware, and Furniture	Vehicles	Decorations	Total
For the Year 2018	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance at the beginning of the year	2,676,458	1,309,482	1,076,599	694,795	114,115	369,308	6,240,757
Additions	-	-	-	52,354	66,380	73,409	192,143
Disposals	-	-	-	-	58,700	-	58,700
Transfers - Note (16)	-	-	479,300	53,432	-	51,600	584,332
Balance at the end of the year	2,676,458	1,309,482	1,555,899	800,581	121,795	494,317	6,958,532
Accumulated depreciation:							
Balance at the beginning of the year	-	130,970	68,070	559,796	74,442	294,174	1,127,452
Depreciation for the year	-	29,233	30,120	62,366	20,105	36,766	178,590
Disposals	-	-	-	-	(57,320)	-	(57,320)
Balance at the end of the year	-	160,203	98,190	622,162	37,227	330,940	1,248,722
Net book value at the end of the year	2,676,458	1,149,279	1,457,709	178,419	84,568	163,377	5,709,810
For the Year 2017							
Cost:							
Balance at the beginning of the year	2,676,458	1,309,482	576,599	657,324	113,839	311,618	5,645,320
Additions	-	-	500,000	38,405	276	57,690	596,371
Disposals	-	-	-	934	-	-	934
Balance at the end of the year	2,676,458	1,309,482	1,076,599	694,795	114,115	369,308	6,240,757
Accumulated depreciation:							
Balance at the beginning of the year	-	101,737	54,045	492,911	52,416	274,569	975,678
Depreciation for the year	-	29,233	14,025	66,885	22,026	19,605	151,774
Balance at the end of the year	-	130,970	68,070	559,796	74,442	294,174	1,127,452
Net book value at the end of the year	2,676,458	1,178,512	1,008,529	134,999	39,673	75,134	5,113,305
Depreciation %	-	2	2	10-20	15	10-20	

- Fully depreciated property and equipmentamounted to JD 904,841 as at 31 December 2018 (JD 838,987 as at 31 December 2017).

- The disposal resulted in profits of JD 22,620, which is recorded in the Company's consolidated statement of income as of December 31, 2018.

15. Intangible Assets - Net

This item consists of the following:

	Software and Computer Programs	
	December 31,	
	2018	2017
	JD	JD
Balance at the beginning of the year	49,720	29,305
Additions	51,945	33,570
Transfers – Note (16)	1,025	-
Balance at the end of the year	102,690	62,875
Amortization	(23,181)	(13,155)
Net book value at the end of the year	79,509	49,720
Annual Amortization Rate	25%	25%

16. Projects under Construction

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Balance at the beginning of the year	1,158,888	35,476
Additions	1,805,668	1,123,412
Transfers - Note (15)	(1,025)	-
Transfers - Note (14)	(584,332)	-
Net Carrying Amount at the End of the Year	2,379,199	1,158,888

In September 2016, the Company commenced the construction of their new headquarters on a plot of land located at Sweileh with a total estimated cost of JD 5 million. The percentage of completion was 44% as of December 31, 2018.

17. Other Assets

This item consists of the following:

	December 31, 2018			December 31, 2017		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Accrued and un-received revenues	29,491	440,361	469,852	37,922	214,563	252,485
Prepaid expense	-	101,684	101,684	-	96,792	96,792
Refundable insurance deposits	71,596	38,805	110,401	178,926	43,613	222,539
	101,087	580,850	681,937	216,848	354,968	571,816

18. Payables

This item consists of the following:

	December 31, 2018			December 31, 2017
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Agents payable	121,459	-	121,459	51,241
Brokers payable	131,189	-	131,189	112,083
Employees payable	77	67,539	67,616	21,930
Suppliers payable	1,016,375	83,088	1,099,463	911,083
Other *	286,991	58,879	345,870	386,623
Total	1,556,091	209,506	1,765,597	1,482,960

* This item consists of amounts payable to customers, loss adjusters, lawyer and consultants.

19. Reinsurers Payable

This item consists of the following:

	December 31, 2018			December 31, 2017
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Local insurance companies	5,138	414,642	419,780	163,550
Foreign reinsurance companies	75,662	9,907,696	9,983,358	7,636,126
Total	80,800	10,322,338	10,403,138	7,799,676

20. Various provisions

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Provision for end-of-service indemnity	-	180,000
Board of Directors Remuneration	45,000	45,000
	45,000	225,000

The following table illustrates the movement on the sundry provisions:

	December 31, 2018				December 31, 2017
	Balance Beginning of the Year	Incurred During the Year	Paid During the Year	Balance End of the Year	Balance End of the Year
	JD	JD	JD	JD	JD
Provision for end-of-service indemnity	180,000	-	180,000	-	180,000
Board of Directors Remuneration	45,000	45,000	45,000	45,000	45,000
	225,000	45,000	225,000	45,000	225,000

21. Other Liabilities

This item consists of the following:

	December 31, 2018			December 31, 2017		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Various governmental deposits	41,231	220,426	261,657	155,420	110,017	265,437
Miscellaneous deposits	190,065	231,536	421,601	143,107	236,729	379,836
	231,296	451,962	683,258	298,527	346,746	645,273

22. Policyholders' Surplus

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

	December 31,	
	2018	2017
	JD	JD
Balance at the beginning of the year	-	-
Policyholders' Surplus during the year	7,749	5,647
Transfers to reserve to cover the deficit (contingencies provision)	(7,749)	(5,647)
Balance at the end of the year	-	-

The approval of the Sharia Supervisory Committee has been taken to allocate the full surplus as the deficit coverage reserve in the fund.

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

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

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

	December 31,	
	2018	2017
	JD	JD
Balance at the beginning of the year	135,535	129,888
Transfers from reserve to cover the policyholders' fund deficit	7,749	5,647
Balance at the end of the year	143,284	135,535

The approval of the Sharia Supervisory Committee has been taken to allocate the entire surplus as a deficit coverage reserve in the fund.

24. Authorized and Paid up-Capital

Authorized and paid up-capital amounted to JD 28 million as of December 31, 2018 and 2017 distributed over 28 million shares, with a par value of JD 1 per share.

24. Statutory Reserve

The amounts in this account represent appropriations from the annual income before tax at 10% according to the Companies Law. This reserve may not be distributed to shareholders.

26. Financial Investments Valuation Reserve – Net after Tax

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Balance at the beginning of the year	(1,213,406)	(663,523)
Unrealized (loss) for financial assets at fair value through comprehensive income	(661,216)	(830,497)
Gain from sale of financial assets at fair value through compressive income	-	280,614
Balance at the end of the year	(1,874,622)	(1,213,406)

27. Retained Earnings

a. This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Balance at the beginning of the year	2,854,117	1,568,048
Effect of applying IFRS 9 - Note (2)	(342,394)	-
Adjusted Balance	2,511,723	1,568,048
Profit for the year	2, 705,204	2,508,769
(Loss) from sale of financial assets at fair value through comprehensive income	-	(280,614)
Deducted to Statutory Reserve	(267,781)	(242,086)
Distributed Dividends	(1,400,000)	(700,000)
Balance at the end of the year	3,549,146	2,854,117

b. Proposed dividends:

In its meeting held on February 21, 2019, the Board of Directors decided to recommend to the General Assembly which will be held on April 25, 2019 to approve the distribution of 5% of the Company's capital in cash to shareholders. The distribution percentage to shareholders was 5% of paid-up capital as of December 31, 2017.

28. Investments Income - Takaful Insurance

This item consists of the following:

	2018		2017	
	Policyholders	Owners' Equity	Policyholders	Owners' Equity
	JD	JD	JD	JD
Income from deposits	108,614	504,988	99,977	285,791
Shareholders share in return to managing company's investments	(38,015)	38,015	(34,992)	34,992
Total	70,599	543,003	64,985	320,783

- The compensation for managing the investments is determined on the basis of the Islamic principle Mudaraba, which is based on the budgets prepared by the Company and on a fair basis to policyholders.

- The Company strictly separates the assets and liabilities of the policyholders and those of equity owners. Therefore, the investment returns of the assets of the policyholders are determined accurately.

- As for the investing policyholders' surplus, the contractual relation between the equity owners and policyholders is based on the Islamic trading (Mudaraba) against a percentage from the investments projects.

- For the year 2018 and 2017, the percentage from the investments income was 35%.

29. Financial Assets and Investment Gains

This item consists of the following:

	2018		2017	
	Policyholders	Owners' Equity	Policyholders	Owners' Equity
	JD	JD	JD	JD
Net rental income *	33,470	162,411	52,750	152,226
Dividends received from financial assets at fair value through comprehensive income	-	128,329	-	99,875
Return in sukuk and wakala investments**	55,755	382,529	55,323	276,786
Foreign currency exchange differences	3,496	-	-	-
Other Revenues	-	31,290	-	13,074
Total Financial Assets and Investment Gains	92,721	704,559	108,073	541,961
Shareholders' share in return of investment property portfolio management	(32,452)	32,452	(37,826)	37,826
	60,269	737,011	70,247	579,787

* Net of depreciation for the year of JD 48,772.

** Includes gains on the sale of sukuk of JD 62,369.

30. Owners' Share for Takaful Operations Management

- The contractual relationship between equity owners and policyholders represents an agent relationship to manage the insurance business through a specialized staff appointed for this mission.

- Wakala fees for the year 2018 were determined at %17 for the motor departments (17% for 2017), 22% for the medical department (22% for 2017), 25% for the marine department (25% for 2017), 7% for the aviation department (7% for 2017), 20% for the fire department and other damages (20% for 2017), 25% for the liability and other departments (25% for 2017), and 22% for Takaful insurance – Life (15% for 2017). Moreover, Wakala fees were decreased to 10% for the policies issued by the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for the returned policies for which Wakala fees have been set at 100% optionally, and a maximum of 10% is charged on the insurance contributions for the policies issued by the said departments, provided that the value of this percentage does not exceed 90% of the reinsurance commission. As for the surplus of the bondholders' funds, the contractual relationship between equity owners and policyholders is based on speculation against a share of the investment profits set for 2018 at 35% of the investment profits.

- Compensation for the investment management parties is based on the Islamic principles of (Modaraba & Wakala) and the Company's budgets, and is determined fairly for the policyholders. Moreover, the Company strictly separates the assets and liabilities of the policyholders from those of the equity owners. Therefore, the returns on the policyholders' assets are determined accurately.

31. General and Administrative Expenses

This item consists of the following:

	2018	2017
	JD	JD
Stationery and printing	87,070	95,335
Advertisements	133,787	196,292
Sharia' Supervisory Committee's fees	27,300	27,300
Board of Directors' expenses	212,232	152,185
Water, electricity, and heating Expenses	60,254	53,800
Maintenance	34,700	21,859
Cleaning	35,513	44,046
Mail and communications	73,428	74,590
Rents	140,167	165,563
Technical consultations fee	63,667	53,047
Hospitality	48,196	40,676
Professional fees	66,729	68,271
Subscriptions and license fees	45,168	45,415
Tenders expenses and bank charges	7,728	12,174
Computer supplies	71,907	51,418
Legal fees	7,280	15,749
Sales tax expense	29,810	58,030
Other	57,563	79,484
	1,202,499	1,255,234

32. Employees Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries and bonuses	2,743,984	2,509,864
End-of-service indemnity	-	18,000
Company's share of social security contributions	292,870	273,028
Company's share of medical and Takaful Insurance	182,803	164,279
Travel and transportations	82,792	45,911
Staff training and development	9,625	9,540
	3,312,074	3,020,622

33. Earnings per Share

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

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Income for the year	2,705,204	2,508,769
	Share	Share
Weighted average common stock	28,000,000	28,000,000
	JD/Share	JD / Share
Earnings per share (basic & diluted)	0/097	0/090

34. Cash and Cash Equivalent

Cash and cash equivalent included in the consolidated statement of cash flows consists of the amounts shown in the consolidated statement of financial position as follows:

	December 31,	
	2018	2017
	JD	JD
Cash on hand and at banks	2,044,528	3,121,016
Add: Bank deposits maturing within three months	6,999,225	5,896,788
Cash and cash equivalents at the end of the year	9,043,753	9,017,804

35. Related Party Balances and Transactions

The Company engaged in transactions with major shareholders, directors, and key management personnel according within normal business activities. All of the insurance receivables granted to the related parties are considered to be active, and no provisions have been recorded.

Pricing policy and terms related to these transactions are approved by the Company's management.

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

	Major Shareholders, Board Members, and Sharia Supervisory Committee	Executive Management	Sister Companies	2018	2017
	JD	JD	JD	JD	JD
Consolidated Statement of Financial Position Items					
Accounts receivable	93,444	64,817	-	158,261	41,475
Accounts payable	66,377	-	-	66,377	12,118
Deposit outside of Jordan	-	-	2,267,062	2,267,062	2,182,903
Consolidated Statement of Income and Comprehensive Income Items					
Investments Income	-	-	87,745	87,745	76,755
Takaful Insurance contributions	2,350	606	-	2,956	13,880
Paid claims	1,431	4,103	-	5,534	25,327

Executive management salaries and rewards:

The salaries and bonuses of the Executive Management of the Company and its subsidiaries amounted to JD 1,090,127 for the year ended December 31, 2018 (JD 887,391 for the year ended December 31, 2017).

36. Risk Management

First: Explanatory Disclosures:

The Company manages its risks in various ways through a comprehensive strategy to mitigate and minimize risks and establish the right control in order to ensure continuity of its effectiveness along with a risk control system to achieve the optimum risk-return balance. The process of risk management includes continuous identification, measurement, and control of financial and non-financial risks that might negatively affect the Company's performance and reputation, in addition to ensuring effective distribution of the Company's capital to achieve the optimum risk-return balance. The Company is exposed to the following risks: market risks, liquidity risks, insurance risks, and return rate and commission risks.

Second: Quantitative Disclosures:

a. Insurance Risk

1. Insurance Risk

Risks of any insurance policy represents the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve, the primary risks facing the Company are that incurred claims and the related payments may exceed the book value of the insurance obligations. This may happen if the probability and risk of claims are greater than expected. As insurance accidents are unstable and vary from one year to another, estimates may differ from the related statistics.

Studies have shown that the more similar the insurance policies are, the nearer the expectations are to the actual loss. Moreover, diversifying the types of covered insurance risks decreases the probability of the overall insurance loss.

Through its staff, the Company provides the best service to its customers. Accordingly, a plan has been prepared to protect them against potential risks. This requires taking the necessary provisions and making available the technical staff necessary to maintain continuity of the Company.

The steps taken includes extending the assumptions to internal data derived from the quarterly claims reports and the insurance policies performed as at the balance sheet date to derive the existing insurance contracts. Selection of the applicable results for the year accidents for each insurance type is based on evaluating the most appropriate mechanism for monitoring the related development.

2. Claims Development

The schedules below show the actual claims (based on management's estimates at year-end) compared to the expectations for the past four years based on the year in which the accident took place for all insurance types as follows:

Motor Insurance for Takaful Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	4,984,746	3,340,450	3,818,022	3,714,027	4,844,100	20,701,345
After one year	4,532,633	3,172,923	4,126,270	4,253,091	-	16,084,917
After two years	4,377,655	3,290,967	4,362,259	-	-	12,030,881
After three years	4,309,249	3,330,254	-	-	-	7,639,503
After four years	3,972,735	-	-	-	-	3,972,735
Current expectations of cumulative claims	3,972,735	3,330,254	4,362,259	4,253,091	4,844,100	20,762,439
Cumulative payments	3,681,448	3,050,701	3,849,672	3,180,555	-	13,762,376
Liabilities as stated in the consolidated statement of financial position	291,287	279,553	512,587	1,072,536	4,844,100	7,000,063
Surplus (Deficit)	1,012,011	10,196	(544,237)	(539,064)	-	(61,094)

Motor Insurance for General Insurance Activites:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	1,120,949	7,500	-	-	-	1,128,449
After one year	1,113,355	7,500	-	-	-	1,120,855
After two years	1,113,355	7,500	-	-	-	1,120,855
After three years	1,113,355	7,500	-	-	-	1,120,855
After four years	1,113,355	-	-	-	-	1,113,355
Current expectations of cumulative claims	1,113,355	7,500	-	-	-	1,120,855
Cumulative payments	1,070,083	-	-	-	-	1,070,083
Liabilities as stated in the consolidated statement of financial position	43,272	7,500	-	-	-	50,772
Surplus	7,594	-	-	-	-	7,594

Activities: Marine Insurance for Takaful Insurance:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	118,282	45,170	202,434	11,837	51,909	429,632
After one year	107,855	57,588	166,276	10,803	-	342,522
After two years	108,003	52,587	163,907	-	-	324,497
After three years	49,232	31,667	-	-	-	80,899
After four years	49,232	-	-	-	-	49,232
Current expectations of cumulative claims	49,232	31,667	163,907	10,803	51,909	307,518
Cumulative payments	15,012	-	160,437	10,102	-	185,551
Liabilities as stated in the consolidated statement of financial position	34,220	31,667	3,470	701	51,909	121,967
Surplus	69,050	13,503	38,527	1,034	-	122,114

Marine Insurance for General Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	4,272,396	2,000	-	-	-	4,274,396
After one year	4,248,286	2,000	-	-	-	4,250,286
After two years	4,248,286	2,000	-	-	-	4,250,286
After three years	4,248,286	2,000	-	-	-	4,250,286
After four years	4,248,286	-	-	-	-	4,248,286
Current expectations of cumulative claims	4,248,286	2,000	-	-	-	4,250,286
Cumulative payments	4,178,363	-	-	-	-	4,178,363
Liabilities as stated in the consolidated statement of financial position	69,923	2,000	-	-	-	71,923
Surplus	24,110	-	-	-	-	24,110

Fire and Other Damages to Property for Takaful Insurance Actvities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	903,205	235,432	199,520	714,216	832,116	2,884,489
After one year	889,602	251,328	134,883	624,830	-	1,900,643
After two years	860,591	150,389	125,555	-	-	1,136,535
After three years	818,184	151,836	-	-	-	970,020
After four years	816,791	-	-	-	-	816,791
Current expectations of cumulative claims	816,791	151,836	125,555	624,830	832,116	2,551,128
Cumulative payments	754,649	115,451	101,943	559,810	-	1,531,853
Liabilities as stated in the consolidated statement of financial position	62,142	36,385	23,612	65,020	832,116	1,019,275
Surplus	86,414	83,596	73,965	89,386	-	333,361

Fire and Other Damages to Property for General Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	6,178,184	27,000	-	-	-	6,205,184
After one year	6,185,684	27,000	-	-	-	6,212,684
After two years	6,185,684	27,000	-	-	-	6,212,684
After three years	6,185,684	27,000	-	-	-	6,212,684
After four years	6,185,684	-	-	-	-	6,185,684
Current expectations of cumulative claims	6,185,684	27,000	-	-	-	6,212,684
Cumulative payments	6,132,438	25,000	-	-	-	6,157,438
Liabilities as stated in the consolidated statement of financial position	53,246	2,000	-	-	-	55,246
(Deficit)	(7,500)	-	-	-	-	(7,500)

Liability Insurance for Al-Takaful Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	14,947	4,250	177,879	15,668	14,265	227,009
After one year	30,174	3,600	104,613	15,506	-	153,893
After two years	30,254	3,600	146,709	-	-	180,563
After three years	31,257	3,600	-	-	-	34,857
After four years	33,500	-	-	-	-	33,500
Current expectations of cumulative claims	33,500	3,600	146,709	15,506	14,265	213,580
Cumulative payments	17,633	3,090	119,613	5,730	-	146,066
Liabilities as stated in the consolidated statement of financial position	15,867	510	27,096	9,776	14,265	67,514
Surplus (Deficit)	(18,553)	650	31,170	162	-	13,429

Liability Insurance for the General Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	180,078	6,355	-	-	-	186,433
After one year	171,051	6,355	-	-	-	177,406
After two years	171,231	6,355	-	-	-	177,586
After three years	169,851	6,355	-	-	-	176,206
After four years	165,051	-	-	-	-	165,051
Current expectations of cumulative claims	165,051	6,355	-	-	-	171,406
Cumulative payments	111,875	-	-	-	-	111,875
Liabilities as stated in the consolidated statement of financial position	53,176	6,355	-	-	-	59,531
Surplus	15,027	-	-	-	-	15,027

Other General Accident Insurance for Takaful Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	152,910	8,500	198,082	124,507	62,944	546,943
After one year	191,598	4,110	284,704	61,986	-	542,398
After two years	192,638	4,031	245,914	-	-	442,583
After three years	165,211	3,982	-	-	-	169,193
After four years	158,469	-	-	-	-	158,469
Current expectations of cumulative claims	158,469	3,982	245,914	61,986	62,944	533,295
Cumulative payments	111,431	2,682	237,313	12,530	-	363,956
Liabilities as stated in the consolidated statement of financial position	47,038	1,300	8,601	49,456	62,944	169,339
Surplus (Deficit)	(5,559)	4,518	(47,832)	62,521	-	13,648

Other General Accident Insurance for General Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	10,728	126	-	-	-	10,854
After one year	10,724	126	-	-	-	10,850
After two years	10,724	126	-	-	-	10,850
After three years	10,724	126	-	-	-	10,850
After four years	10,724	-	-	-	-	10,724
Current expectations of cumulative claims	10,724	126	-	-	-	10,850
Cumulative payments	2,150	-	-	-	-	2,150
Liabilities as stated in the consolidated statement of financial position	8,574	126	-	-	-	8,700
Surplus	4	-	-	-	-	4

Medical Insurance for Al-Takaful Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	638,955	571,603	1,071,159	1,332,301	1,344,378	4,958,396
After one year	433,507	440,757	1,045,292	1,277,868	-	3,197,424
After two years	433,507	440,757	1,045,292	-	-	1,919,556
After three years	433,507	440,757	-	-	-	874,264
After four years	433,507	-	-	-	-	433,507
Current expectations of cumulative claims	433,507	440,757	1,045,292	1,277,868	1,344,378	4,541,802
Cumulative payments	433,507	440,757	1,045,292	1,277,868	-	3,197,424
Liabilities as stated in the consolidated statement of financial position	-	-	-	-	1,344,378	1,344,378
Surplus	205,448	130,846	25,867	54,433	-	416,594

Medical Insurance for the General Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	7,049,250	2,967,628	37,148	-	-	10,054,026
After one year	7,049,250	2,967,628	37,148	-	-	10,054,026
After two years	7,049,250	2,967,628	37,148	-	-	10,054,026
After three years	7,049,250	2,967,628	-	-	-	10,016,878
After four years	7,049,250	-	-	-	-	7,049,250
Current expectations of cumulative claims	7,049,250	2,967,628	37,148	-	-	10,054,026
Cumulative payments	7,049,250	2,967,628	37,148	-	-	10,054,026
Liabilities as stated in the consolidated statement of financial position	-	-	-	-	-	-
Surplus	-	-	-	-	-	-

Social Solidarity Insurance (Life Insurance Activities):

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	-	-	27,570	979,312	268,791	1,275,673
After one year	-	-	31,213	962,672	-	993,885
After two years	-	-	43,000	-	-	43,000
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	-	-	43,000	962,672	268,791	1,274,463
Cumulative payments	-	-	40,000	957,672	-	997,672
Liabilities as stated in the consolidated statement of financial position	-	-	3,000	5,000	268,791	276,791
Surplus (Deficit)	-	-	(15,430)	16,640	-	1,210

Life Insurance for General Insurance Activities:

Year in Which the Accident Occurred	2014 and Earlier	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	619,486	434,946	52,377	13,877	-	1,120,686
After one year	619,486	434,946	52,377	16,127	-	1,122,936
After two years	619,486	434,946	52,377	-	-	1,106,809
After three years	619,486	434,946	-	-	-	1,054,432
After four years	619,486		-	-	-	619,486
Current expectations of cumulative claims	619,486	434,946	52,377	16,127	-	1,122,936
Cumulative payments	619,486	434,946	52,377	(750)	-	1,106,059
Liabilities as stated in the consolidated statement of financial position	-	-	-	16,877	-	16,877
(Deficit)	-	-	-	(2,250)	-	(2,250)

3. Concentration of Insurance Risk:

Concentration of assets and liabilities according to Takaful Insurance type is as follows:

For the Year Ended December 31, 2018:

	Motor	Marine	Aviation	Fire and other damages	Liability	Medical	Other Branches	Life Takaful Insurance	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross	12,407,454	372,094	123,505	5,987,404	348,110	9,387,619	1,289,806	522,173	30,438,165
Net	9,905,171	42,833	-	101,119	24,881	3,638,693	154,178	206,536	14,073,411

For the Year Ended December 31, 2017:

	Motor	Marine	Aviation	Fire and other damages	Liability	Medical	Other Branches	Life Takaful Insurance	Total
	JD	JD		JD	JD	JD	JD	JD	JD
Gross	11,447,978	401,589	68,697	5,639,069	350,013	8,231,819	1,271,710	1,233,607	28,644,482
Net	9,436,628	33,544	-	85,603	22,689	4,095,788	87,700	163,914	13,925,866

Concentration of assets and liabilities according to general insurance type is as follows:

For the Year Ended December 31, 2018:

	Motor	Marine	Aviation	Fire and other Damages	Liability	Medical	Other Branches	Life Takaful Insurance	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross	50,772	71,923	-	55,246	59,531	-	8,700	16,877	263,049
Net	50,772	4,221	-	3,597	51,157	-	2,165	9,075	120,987

For the Year Ended December 31, 2017:

	Motor	Marine	Aviation	Fire and other Damages	Liability	Medical	Other Branches	Life Takaful Insurance	Total
	JD	JD		JD	JD	JD	JD	JD	JD
Gross	75,443	71,923	-	110,800	63,031	-	8,700	13,877	343,774
Net	44,023	4,221	-	16,548	51,210	-	2,165	6,825	124,992

The concentration in assets and liabilities related to insurance contracts according to geographical sectors is as follows:

	December 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to geographical area:				
Inside Jordan	49,854,828	13,567,411	45,823,598	11,938,492
Other Middle Eastern countries *	9,886,156	9,044,647	10,459,825	7,940,811
Europe	312,327	4,612,482	544,390	4,429,082
Total	60,053,311	27,224,540	56,827,813	24,308,385

* This item includes all Asian countries excluding the Hashemite Kingdom of Jordan and the Middle East countries.

4. Reinsurance Risk

As with other insurance companies and for the purpose of reducing exposure to financial risks that may arise from major insurance claims, the Company, within the normal course of its operations, enters into reinsurance contracts with other parties.

In order to reduce its exposure to major losses arising from the insolvency of reinsurance companies, the Company evaluates the financial position of the reinsurance companies it deals with while monitoring credit concentrations in geographic areas and activities or economic components similar to those companies. Moreover, the reinsurance policies issued do not exempt the Company from its obligations towards policyholders. As a result, the Company remains committed to the reinsured claims balance in case the reinsurers are unable to meet their obligations according to the reinsurance contracts.

In order to reduce exposure to the financial risks that may arise from the major insurance claims, the Company enters into reinsurance agreements with other parties.

5. Sensitivity of Insurance Risks

	December 31, 2018		December 31, 2017	
	Consolidated Income Statement	Owners' Equities	Consolidated Income Statement	Owners' Equities
	JD	JD	JD	JD
Consolidated income / Consolidated Owners' Equity	2,712,953	32,828,771	2,514,416	32,519,428
Decrease of gross premiums by 5% while holding all other variables constant	(2,105,790)	(2,105,790)	(1,981,770)	(1,981,770)
Total	607,163	30,722,981	532,646	30,537,658
Consolidated income / Consolidated Owners' Equity	2,712,953	32,828,771	2,514,416	32,519,428
Increase of gross claims by 5% while holding all other variables constant	(1,355,252)	(1,355,252)	(1,200,304)	(1,200,304)
Total	1,357,701	31,473,519	1,314,112	31,319,124

b. Financial Risk

The Company and its subsidiaries follow financial policies to manage the various risks within a predefined strategy. Moreover, the Company's management and its subsidiary monitor and control the risks and perform the optimal strategic allocation of both financial assets and financial liabilities. Risks include interest rate risks, credit risks, foreign currencies risks, and market risks.

Moreover, the Company follows the financial hedge policy for both financial assets and financial liabilities whenever the need arises. This hedge relates to the expected future risks.

1. **Market Risks**

Market risks is the potential losses that may arise from the volatility of the fair value or cash flows from financial instruments according to the changes in market prices. Market risks arise as a result of the existence of open positions in return rates, foreign currency exchange rates, and stocks investments prices. These risks are monitored according to specific policies and procedures through specialized committees and responsible workshops. Market risks also include return rate risks, exchange rate risks, and equity instrument risks.

The following table illustrates the effect of a 5% increase (decrease) in Amman Stock Exchange index on financial assets at fair value through other comprehensive income statement reflected in the consolidated statement of equity as of the consolidated statement of financial position date. The sensitivity analysis have been prepared on the assumption that share prices move at the same rate of market index change:

	+ 5%		(5) %	
	For the Year Ended December 31,			
	2018	2017	2018	2017
	JD	JD	JD	JD
Consolidated owners' equity	70,933	(70,933)	68,010	(68,010)

The Company and its subsidiaries are not exposed to exchange rate risks, as the financial reconciliations with clients or reinsurers are in local currency. The Company's management believes that the foreign currency risk related to the USD is immaterial since the Jordanian Dinar (the functional currency) is pegged to the USD.

2. Return Rate Risks

Return rate risk represents the risks resulting from changes in the value of financial management as a result of the change in average return rates prevailing in the market.

Moreover, the Company and its subsidiaries continually manage their exposure to return risk, and all varied considerations such as financing and the renewal of the current positions are revalued continually.

The sensitivity analysis below is determined according to the exposure to interest rates related to banking sensitivity as of the date of the consolidated statement of financial position. Furthermore, the analysis was prepared on the assumption that the outstanding amount as of the date of the consolidated statement of financial position was outstanding during the whole year. An increase or decrease of 0/5%, which represents the Company's and its subsidiaries management's assessment of the likely and acceptable change in interest rates, is used.

	For the Year Ended December 31,			
	2018		2017	
	+ 0/5%	(0/5)%	+ 0/5%	(0/5)%
	JD	JD	JD	JD
Profit for the year / Consolidated Owners' Equity	105,510	(105,510)	102,550	(102,550)

- There is no material risk concerning sukuk as they have a fixed rate of return.

3. Liquidity Risk

Liquidity risk is the inability of the Company and its subsidiaries to provide the funding necessary to perform its obligations on the due dates. The risk management process includes the following:

- Maintaining highly marketable assets that can be easily liquidated in protection against any unforeseen shortage in liquidity.
- Monitoring liquidity indicators in accordance with the internal requirements and the requirements of regulatory authorities.
- Managing the concentrations and maturity dates of debts.

The following table summarizes financial liabilities (on the basis of the remaining period of the maturity from the date of the consolidated financial statements):

	Less than One Month	More Than 1 Month to 3 Months	More Than 3 Month to 6 Months	More Than 6 Month to 1 year	More Than 1 year to 3 years	More Than 3 years	Without Maturity	Total
December 31, 2018	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Accounts payable	147,133	441,399	441,399	735,665	-	-	-	1,765,596
Accrued expenses	76,248	-	-	-	-	-	-	76,248
Reinsures payables	866,928	2,600,785	2,600,785	4,334,641	-	-	-	10,403,139
Various provisions	45,000	-	-	-	-	-	-	45,000
Income tax provision	-	-	-	56,901	-	-	-	56,901
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	220,426	231,793	231,039	-	-	-	-	683,258
Total Liabilities	1,355,73	3,273,977	3,273,223	5,127,207	-	-	-	13,030,142
Total Assets	9,622,522	7,106,047	5,422,615	15,279,101	7,199,400	4,324,524	11,099,102	60,053,311
December 31, 2017								
Liabilities:								
Accounts payable	-	1,319,635	163,325	-	-	-	-	1,482,960
Accrued expenses	32,766	-	-	-	-	-	-	32,766
Reinsures payables	2,008,55	2,082,248	2,662,280	1,046,598	-	-	-	7,799,676
Various provisions	45,000	-	-	-	-	180,00	-	225,000
Income tax provision	-	-	-	-	-	70,451	-	70,451
Deferred tax liabilities	-	-	-	-	-	1,393	-	1,393
Other liabilities	-	645,273	-	-	-	-	-	645,273
Total Liabilities	2,086,316	4,047,156	2,825,605	1,046,598	-	251,844	-	10,257,519
Total Assets	11,687,127	4,175,478	1,978,853	15,744,339	3,833,103	3,833,481	15,575,432	56,827,813

4. Foreign Currency Risks

The Company's main operations are in Jordanian Dinar. Moreover, the foreign currency risk arises from the fluctuations in the exchange rates related to foreign currency payments. As for transactions denominated in USD, the Company's management believes that the foreign currency risk related to the USD is immaterial, as the Jordanian Dinar (the Company's functional Currency) and Bahrain Dinar are pegged to the US Dollar.

- The following is the net of the Company's net currency concentrations:

Type of Currency	Foreign Currency		Equivalent in JD	
	2018	2017	2018	2017
US Dollar	11,558,184	11,427,544	8,194,753	8,102,129
Bahraini Dinar	1,860,879	1,859,123	989,829	988,895

5. Credit Risks

Credit risk is the risk of failure of the other party to fulfil its contractual obligations, causing losses to the Company and its subsidiaries. Moreover, the Company and its subsidiaries follow the policy of dealing with only creditworthy parties, so as to reduce the risk of financial losses resulting from failure to meet commitments. Furthermore, the Company and its subsidiaries do not take any guarantees for collecting trade receivables. Therefore, trade receivables are not guaranteed.

The Company's and its subsidiaries' financial assets consist mainly of policyholders, financial assets at fair value through profit or loss, financial assets at fair value through the statement of comprehensive income, cash and cash equivalents, and other debit balances. Moreover, policyholders' receivables consist of debts due from the locally insured, some governmental parties, large projects, and foreign clients. In the opinion of the Company's management, the percentage of uncollected receivables or part thereof is very low. These receivables represent important concentrations of credit risks in the clients' geographical areas. Moreover, a strict credit policy is maintained, whereby every client account is monitored separately. Client's concentration per geographical area is as follows:

Geographical Area	**Indebtedness JD**
Inside Jordan	27,408,226
Outside Jordan	9,561,969
Total	36,970,195

37. Main Segments Analysis

a. Information on the Company's Operating Segments

For managerial purposes, the Company and its subsidiaries were organized into sectors: the Life Insurance Sector; the General Insurance Sector, which includes general, motor, marine, fire and other damages on properties, liability, medical, and others; the Investments Sector, which includes real-estate investments, financial assets at fair value through profit or loss and comprehensive statement of income; in additions to the Financial Brokerage Sector. Moreover, transactions among business sectors are based on estimated market prices on the same terms used for others.

b. Information on Geographical Distribution

This note represents the geographical distribution of the Company's operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations. Moreover, the company and its subsidiaries conduct international operations.

The following is the distribution of the Company's and its Subsidiaries revenues, assets and capital expenditures according to geographical sector:

	Inside Jordan		Outside Jordan		Total	
	Current Year Amounts	Comparative Amounts	Current Year Amounts	Comparative Amounts	Current Year Amounts	Comparative Amounts
	JD	JD	JD	JD	JD	JD
Total revenues	26,665,262	26,604,498	2,528,097	1,940,438	29,193,359	28,544,936
Capital expenses	244,088	629,941	-	-	244,088	629,941

38. Management of Capital

The Company's objectives as to the management of capital are as follows:

The Company's management and its subsidiaries aim to achieve capital management objectives through developing the Company's and its subsidiaries business, achieving surplus in operating revenues and other revenues, and optimally utilizing available fund resources, to achieve the targeted growth in owners' equity.

The Company and its subsidiaries take into account the appropriateness between capital size and the nature of risks that the Company and its subsidiaries are exposed to, provided that this does not contradict with the prevailing laws and regulations. This is reflected in the Company's and its subsidiaries strategic plans and its estimated budget. The effects of participating in investments on capital adequacy ratio are taken into consideration, and capital and its adequacy are monitored continuously. In the opinion of the Board of Directors, the regulatory capital is adequate to achieve the objectives of the Company and its subsidiaries.

The solvency ratio as of December 31, 2018 and 2017 is as follows:

	December 31,	
	2018	2017
	JD	JD
First: Available capital *	33,077,108	32,726,743
Second: Capital required		
Capital required against assets risk	6,964,895	7,188,082
Capital required against underwriting liability	1,853,675	1,874,021
Capital required against reinsurance risk	4,049	52,149
Capital required against life insurance risk	773,355	831,721
Total Capital Required	9,595,974	9,945,973
Third: Solvency ratio (Available capital / required capital)	345%	329%

* The following table shows the available capital:

	December 31	
	2018	2017
Primary Capital:	JD	JD
Paid - up Capital	28,000,000	28,000,000
Statutory reserve	3,010,963	2,743,182
Special reserve	-	-
Non-controlling interests	-	-
Difference of non-controlling interest shares	-	-
Retained earnings	3,549,146	2,854,117
Less: Investment not compatible with investment regulations:	-	-
Increase in real estate investments	391,621	342,850
Investments revaluation reserve	(1,874,622)	(1,213,406)
Total Available Capital	33,077,108	32,726,743

39. The Maturities of Assets and Liabilities

The following table shows the analysis of assets and liabilities according to their expected period to recovery or settlement:

December 31, 2018	Within One Year	More than One Year	Total
	JD	JD	JD
Assets:			
Deposits at banks	14,184,562	-	14,184,562
Financial assets at fair value through the comprehensive income	-	2,315,141	2,315,141
Financial assets at amortized cost	2,015,343	4,902,177	6,917,520
Real estate investment	-	6,821,022	6,821,022
Cash on hand and at banks	2,044,528	-	2,044,528
Checks under collection	2,813,213	-	2,813,213
Accounts receivable - net	13,552,971	-	13,552,971
Reinsurance receivables	2,137,730	-	2,137,730
Deferred tax assets	-	416,168	416,168
Property and equipment - net	-	5,709,810	5,709,810
Intangible assets	-	79,509	79,509
Project Under Construction	-	2,379,199	2,379,199
Other assets	681,938	-	681,938
Total Assets	37,430,285	22,623,026	60,053,311
Liabilities:			
Unearned premiums provision - net	7,992,599	-	7,992,599
Outstanding Claims provision - net	6,067,564	-	6,067,564
Mathematical reserve	134,235	-	134,235
Accounts payable	1,765,597	-	1,765,597
Accrued expenses	76,248	-	76,248
Reinsurance payables	10,403,138	-	10,403,138
Various provisions	45,000	-	45,000
Income tax provision	56,901	-	56,901
Deferred tax liabilities	-	-	-
Other liabilities	683,258	-	683,258
Total liabilities	27,224,540	-	27,224,540
Net	10,205,745	22,623,026	32,828,771

December 31, 2017	Within One Year	More than One Year	Total
	JD	JD	JD
Assets:			
Deposits at banks	13,601,984	-	13,601,984
Financial assets at fair value through the comprehensive income	-	3,009,214	3,009,214
Financial assets at amortized cost	404,025	6,504,096	6,908,121
Real estate investment	-	6,869,794	6,869,794
Cash on hand and at banks	3,122,016	-	3,122,016
Checks under collection	2,031,595	3,600	2,035,195
Accounts receivable - net	11,621,382	-	11,621,382
Reinsurance receivables	2,455,518	-	2,455,518
Deferred tax assets	-	310,860	310,860
Property and equipment - net	-	5,113,305	5,113,305
Intangible assets	-	49,720	49,720
Project Under Construction	-	1,158,888	1,158,888
Other assets	349,277	222,539	571,816
Total Assets	33,585,797	23,242,016	56,827,813
Liabilities:			
Unearned premiums provision - net	7,792,360	-	7,792,360
Outstanding Claims provision - net	6,138,684	-	6,138,684
Mathematical reserve	119,822	-	119,822
Accounts payable	1,482,960	-	1,482,960
Accrued expenses	32,766	-	32,766
Reinsurance payables	7,799,676	-	7,799,676
Various provisions	45,000	180,000	225,000
Income tax provision	-	70,451	70,451
Deferred tax liabilities	-	1,393	1,393
Other liabilities	645,273	-	645,273
Total liabilities	24,056,541	251,844	24,308,385
Net	9,529,256	22,990,172	32,519,428

40. Lawsuits against the Company

There are lawsuits filed against the Company for various types of claims. The lawsuits at courts totalled JD 1,269,844 as of December 31, 2018. In the management and the legal advisors' opinion, the Company will not incur any claims that exceed the outstanding claims provision amount (JD 1,478,003 as of December 31, 2017). The lawsuits at courts filed by the Company against others amounted to JD 2,035,152 (JD 823,587 as of December 31, 2017).

41. Contingent Liabilities

The Company was contingently liable for bank guarantees of JD 1,199,666 as of December 31, 2018 (JD 1,166,827 as of December 31, 2018).

42-Fair Value Heirarchy

a) The Fair value of the Company's financial assets and financial liabilities determined at fair value on an ongoing basis:

Some of the Company's financial assets and financial liabilities are valued at fair value at the end of each financial period.

The table below shows information on how to determine the fair value of financial assets and financial liabilities (valuation methods and inputs used):

Financial Assets/Financial Liabilities	Fair Value December 31, 2018	Fair Value December 31, 2017	Fair Value Heirarchy	Valuation Methods and Inputs Used	Significant Intangible Inputs	Relationship between Significant Intangible Inputs and Fair Value
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through comprehensive income						
Shares with market prices	1,801,970	2,113,171	Level 1	Prices published in financial markets	Not Applicable	Not Applicable
Shares without market prices	513,171	896,043	Level 2	Based on the latest audited financial statements	Not Applicable	Not Applicable
Total	2,315,141	3,009,214				

There were no transfers between Level 1 and Level 2 during the year ended 31 December 2018 and 2017.

b) The fair value of the Company's financial assets and financial liabilities not determined on an ongoing basis:

Except as described in the table below, we believe that the carrying amounts of the financial assets and financial liabilities stated in the Company's consolidated financial statements approximate their fair values because the Company's management believes that the carrying amounts of the items below approximate their fair value due either to their short-term maturity or interest rates being re-priced during the year.

	December 31, 2018		December 31, 2017		Fair Value
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Heirarchy
	JD	JD	JD	JD	
Financial assets not determined at fair value					
Deposits at banks	14,184,563	14,349,783	13,601,984	13,772,336	Level 2
Real estate investments	6,821,022	7,212,643	6,869,794	7,212,643	Level 2
Financial assets at amortized cost	6,917,520	6,978,841	6,908,121	6,987,246	Level 2
Total Financial Assets Not Determined at Fair Value	27,923,105	28,541,267	27,379,899	27,972,225	

For the above items, the fair value of the second and third levels financial assets and liabilities has been determined in accordance with the agreed pricing models that reflect the credit risk of the parties dealt with.