المتحدة للتأمين | UNITED INSURANCE

عمان في 2019/03/31
الإشار 19/140/0-0م

السادة : بورصة عمان المحترمين

عمان - الأردن

Messrs : Securities Commission
Amman Stock Exchange
Amman - Jordan

تحية واحتراما ،،،

الموضوع : البيانات المالية السنوية باللغة الانجليزيه للسنة المنتهية في 2018/12/31 .

Subject: Subject: Audited Financial Statements in English for the fiscal year ended 31/12/2018 .

مرفق طيه نسخة من البيانات المالية باللغة الانجليزيه المدققة للشركة المتحدة للتأمين م.ع.م عن السنة المالية المنتهية في 2018/12/31 .

Attached the Audited Financial Statements of United Insurance Co. Ltd for the financial year ended at 31/12/2018.

علماً بانه لم يتم اخذ موافقة ادارة التامين على هذه البيانات

لغاية تاريخه

وتفضلوا بقبول فائق الاحترام،،،

Kindly accept our high appreciation and respect

الشركة المتحدة للتأمين م.ع.م

المدير العام
عماد الحجه

The United Insurance co.Ltd

General Manager
Imad AL- Hajeh

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الدائرة الإدارية
الديوان
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UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
DECEMBER 31, 2018

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Independent Auditor's Report

AM/ 008607

To the Shareholders of
United Insurance Company
(Public Shareholding Limited Company)
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Insurance Company (A Public Shareholding Limited Company), which comprise the statement of financial position as at December 31, 2018, and the statement of income and other comprehensive income, statement of changes in shareholders equity and 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its 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 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 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.

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Key Audit Matters

Key audit matters, in our professional judgment, are the most significant matters in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide 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.

Meanwhile, the differences between the previously recorded carrying values and the new carrying values of financial instruments amounting to about JD 317 thousand were recognized as at January 1, 2018 in the opening balance of retained earnings.

In addition, the principal 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 methodology, 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.

- 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.

- 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 to the 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 and the bank deposits subject to the above standard amounted to JD 21 million and the related provision for credit losses amounted to JD 323 thousand 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 to the financial statements.

Technical Provisions
Technical provisions are considered a key audit matter for our audit. Moreover, technical provisions amounted to JD 18.6 Million representing 76% of the liabilities as of December 31, 2018. In addition, the Company assesses technical provisions according to International Financial Reporting Standards and the requirements of regulatory bodies. As such, technical provisions are calculated based on the adopted accounting policies, the Company's estimates, and historical data on claims. The reinsurers' share from the technical provision is re-calculated according to the related signed agreements. Furthermore, Executive Management appoints a certified actuary and a loss adjuster to periodically review the adequacy of the technical provisions.

Scope of Audit to Address Risks
The followed audit procedures include understanding the nature of the technical provisions, in addition assessing the reasonableness of the estimates and assumptions, and the adequacy of the provisions prepared by management. This is carried out through studying a sample of the technical provisions and reinsurers' share and its calculation, obtaining the support of the loss adjuster and the Company's lawyer, and comparing the sample with the provisions taken. In addition, the actuary and his reports were relied on concerning the adequacy of the technical provisions. Moreover, we assessed the adequacy of disclosures on the technical provisions.

Evaluating Investment Property
Investment property represents 13% of the Company's assets. Moreover, the Company should re-evaluate its properties when preparing the financial statements to determine their fair value, and reflect the impact of any impairment in value in the 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 statement of income for that period. Consequently, fair value estimation of these assets was significant to our audit.

Scope of Audit to Address Risks
The followed audit procedures included understanding the procedures applied by the Company in evaluating investment property, testing these evaluations which include evaluation of the real estate experts, calculating the average fair value of those evaluations, recording any impairment in value, if any, and reviewing the appropriateness of the disclosure on the fair value of investment property in note (7), and average fair value in Note (40).

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

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

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In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available to us. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

In preparing the 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 financial reporting process.

Auditor's Responsibilities for the Audit of the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 evidenced 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 that are consistent, in all material respects, with the financial statements, and we recommend that the General Assembly of Shareholders approve the financial statements.

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010103

Amman – Jordan
February 28, 2019

Deloitte & Touche (M.E) - Jordan

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION

		December 31,	
ASSETS	Note	2018	2017
		JD	JD
Investments:			
Deposits at banks	3	8,729,191	9,133,709
Financial assets at fair value through profit or loss	4	219,118	262,924
Financial assets at fair value through other comprehensive income	5	5,261,252	5,814,405
Financial assets at amortized cost	6	1,999,001	1,000,001
Investment property - net	7	5,032,276	4,156,248
		21,240,838	20,367,287
Cash on hand and at banks	8	352,801	1,099,313
Cheques under collection	9	2,466,775	1,317,681
Receivables - net	10	7,007,109	7,573,470
Re-insurance and local insurance companies' accounts receivables - net	11	664,320	955,343
Deferred tax assets	12	500,222	313,339
Property and equipment - net	13	5,342,101	5,578,769
Intangible assets - net	14	85,349	110,865
Other assets	15	653,346	689,084
		17,072,023	17,637,864
TOTAL ASSETS		38,312,861	38,005,151
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Unearned premiums provision - net		7,660,837	6,737,435
Claims provision - net		10,775,037	11,604,515
Mathematical provision	16	159,362	233,818
Total Insurance Contracts Liabilities		18,595,236	18,575,768
Payables	17	2,009,909	2,087,290
Re-insurance and local insurance companies' accounts payable	18	3,138,882	2,840,882
Accrued expenses and various provisions	19	83,806	129,108
Provision for income tax	12	240,223	28,549
Deferred tax liabilities	12	26,864	90,226
Other liabilities	20	351,637	350,427
TOTAL LIABILITIES		24,446,557	24,102,250
SHAREHOLDERS' EQUITY			
Authorized and paid-up capital	21	8,000,000	8,000,000
Issuance premium	21	41,507	41,507
Statutory reserve	22	2,000,000	2,000,000
Financial assets valuation reserve - net	23	(240,847)	200,655
Retained earnings	24	4,065,644	3,660,739
Total Shareholders' Equity		13,866,304	13,902,901
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		38,312,861	38,005,151

Chairman of the Board of Directors

General Manager

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

UNITED INSURANCE COMPANYAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
Revenue:			
Gross written premiums - general insurance		23,528,303	20,746,995
Gross written premiums - life		550,763	941,680
Less: Re-insurers' share - general insurance		6,991,904	6,497,176
Reinsurance share premiums - life		302,140	621,291
Net Written Premiums		16,785,022	14,570,208
Net change in unearned premiums reserve		(923,402)	810,657
Net change in mathematical reserve		74,456	(176,280)
Net Earned Written Premiums		15,936,076	15,204,585
Commissions' revenue		456,136	519,204
Insurance policies issuance fees		792,207	698,556
Interest revenue	25	624,295	434,564
Net gain from financial assets and investments	26	437,730	322,150
Other revenue - net	27	8,399	250,733
Total Revenue		18,254,843	17,429,792
Claims, Losses and Expenses:			
Paid claims - general insurance		20,143,366	14,720,108
Paid claims - life insurance		311,036	96,993
Less: Claims Recoveries		2,233,675	512,559
Re-insurers' share		4,378,836	2,694,057
Net paid claims		13,841,891	11,610,485
Net change in claims reserve		(829,478)	1,053,400
Allocated employees' expenses	28	1,158,004	1,048,575
Allocated general and administrative expenses	29	507,331	418,325
Excess of loss premiums		94,400	131,266
Policies acquisition cost - commissions paid		693,093	727,170
Other expenses related to underwriting		665,407	457,250
Net Claims Costs		16,130,648	15,446,471
Unallocated employees' expenses	28	157,187	136,585
Depreciation and amortization		380,888	371,325
Unallocated general and administrative expenses	29	126,833	104,581
Expected credit loss	11,10	5,655	46,071
Other expenses	30	30,000	43,315
Total Expenses		700,563	701,877
Income for the Year before Tax		1,423,632	1,281,444
Income tax expense	12	(301,460)	(131,747)
Income for the Year		1,122,172	1,149,697
Earnings per Share for the Year	31	-/140	-/144

Chairman of the Board of Directors — General Manager

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

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Income for the year	1,122,172	1,149,697
Items that will not be transferred to the statement of income in future:		
Change in the valuation reserve of financial assets at fair value through statement of other comprehensive income - net	(441,502)	(116,825)
(Loss) sale of financial asset at fair value through statements of other comprehensive income	-	(3,300)
Total Comprehensive Income	680,670	1,029,572

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

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid - up Capital	Issuance Premium	Statutory Reserve	Voluntary Reserve	Financial Assets Valuation Reserve	Retained Earnings * Realized	Retained Earnings * Unrealized	Total
	JD	JD	JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2018								
Balance - beginning of the year	8,000,000	41,507	2,000,000	-	200,655	3,300,811	359,928	13,902,901
Effect of applying the financial reporting standard No.9	-	-	-	-	-	-	(317,267)	(317,267)
Adjusted Balance - Beginning of the year	8,000,000	41,507	2,000,000	-	200,655	3,300,811	42,661	13,585,634
Income for the year	-	-	-	-	-	1,122,172	-	1,122,172
Change in the valuation reserve of financial assets - net	-	-	-	-	(441,502)	-	-	(441,502)
Total Comprehensive Income	-	-	-	-	(441,502)	1,122,172	-	680,670
Dividends distributed to shareholders (Note 42) ***	-	-	-	-	-	(400,000)	-	(400,000)
Balance - End of the Year	8,000,000	41,507	2,000,000	-	(240,847)	4,022,983	42,661	13,866,304
For the Year Ended December 31, 2017								
Balance - beginning of the year	8,000,000	41,507	2,000,000	164,472	415,619	2,686,955	364,776	13,673,329
Income for the year	-	-	-	-	-	1,149,697	-	1,149,697
Gain from sale financial assets through comprehensive income	-		-	-	(98,139)	93,308	-	(4,831)
Realized Retained earnings from the effect of IFRS (9) through sales transaction	-		-	-	-	6,379	(4,848)	1,531
Change in the valuation reserve of financial assets - net	-	-	-	-	(116,825)	-	-	(116,825)
Transferred to voluntary reserve **	-			(164,472)	-	164,472	-	-
Total Comprehensive Income	-	-	-	(164,472)	(214,964)	1,413,856	(4,848)	1,029,572
Dividends distributed to shareholders (Note 42)	-	-	-	-	-	(800,000)	-	(800,000)
Balance - End of the Year	8,000,000	41,507	2,000,000	-	200,655	3,300,811	359,928	13,902,901

* Retained earnings include JD 500,222 as of December 31, 2018 restricted against deferred tax assets (JD 313,339 as of December 31, 2017).

** The General Assembly approved in its meeting held on April 31,2017 to transfer the voluntary reserve amounted to JD 164,472 to retained earnings as this provision is no longer needed. Moreover, the company reached to the legal percentage of 25% of the paid-up capital for the Statutory reserve and there is no need to book any reserves in the future.

*** According to the General Assembly meeting held on April 29, 2018 it was approved to distribute JD 400,000 representing 5% from the nominal value of the shares as cash dividends to the shareholders related to the year of 2017.

- Retained earnings include a restricted amount of JD 138,798 , representing the effect of the early adoption of IFRS (9). The restriction is limited to realized amounts.

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

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

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 tax		1,423,632	1,281,444
Adjustments to non-monetary items:			
Depreciation and amortization		380,888	371,325
Expected credit loss - net	11 & 10	5,655	46,071
Provision for other liabilities - net	19	314,428	244,661
Change in the fair value of financial assets at fair value through profit or loss	26	43,806	68,127
Interest income		(624,295)	(434,564)
Unearned premium reserve - net		923,402	(810,657)
Mathematical reserve - net		(74,456)	176,280
Claims reserve - net		(829,478)	1,053,400
(Gain) from sale of disposal of property and equipment	27	(451)	(9,240)
(Gain) from sale of Financial Assets through profit or loss	26	-	(8,570)
Cash Flows from Operating Activities before Changes in Working Capital Items		1,563,131	1,978,277
(Increase) decrease in checks under collection		(1,156,551)	801,910
(Increase) in receivables		(684,578)	(1,591,531)
Decrease in re-insurance and local insurance companies' accounts receivable		261,402	373,116
Decrease (increase) in other assets		35,738	(105,986)
(Decrease) in payables		(77,381)	(504,895)
Increase in re-insurance and local insurance companies' accounts payable		298,000	459,240
Increase in other liabilities		11,845	20,599
Net Cash Flows from Operating Activities before Provisions and Tax Paid		251,606	1,430,730
Provisions paid	19	(359,730)	(255,497)
Income tax paid	12	(100,421)	(464,210)
Net Cash Flows from Operating Activities		(208,545)	711,023
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) decrease in deposits at banks		(2,329,326)	6,339,514
(Purchase) of financial assets at amortized cost		(1,000,000)	(1,000,000)
(Purchase) of financial assets at fair value through other comprehensive income		(38,405)	(814,393)
Sale of financial assets at fair value through profit or loss		-	73,269
Proceeds from the disposal of property and equipment		1,267	41,192
(Purchase) of property and equipment		(30,793)	(48,542)
Payments for acquisition of intangible assets		-	(43,756)
Proceeds from sale of investment properties		-	-
(Increase) in investment properties		(86,874)	(5,664)
(Purchase) of intangible assets	14	(2,881)	(1,500)
Interest income received		624,295	395,013
Net Cash Flows (used in) Investing Activities		(2,862,717)	4,935,133
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends distributed to shareholders		(400,000)	(771,660)
Net Cash Flows (used in) Financing Activities		(400,000)	(771,660)
Net Increase in Cash		(3,471,262)	4,874,496
Cash and cash equivalents - beginning of the year		6,199,063	1,324,567
Cash and Cash Equivalents - End of the Year	32	2,727,801	6,199,063
Non-monetary transaction			
Investment property as recovery of account receivable from related party	7	875,000	-

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

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

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

	Motor		Marine and Transportation		Fire and Damages Other for Properties		Liability		Medical		Aviation		Other		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 premiums:																
Direct premium	10,076,085	10,149,154	388,525	371,826	1,322,985	1,170,169	252,012	217,757	9,275,849	6,215,497	2,130	6,752	116,304	73,540	21,433,890	18,204,695
Re-insurers' inward premium	963,784	1,323,703	(141)	3,727	1,128,263	1,212,430	2,216	1,913	-	-	-	-	291	527	2,094,413	2,542,300
Gross Earned Premiums	11,039,869	11,472,857	388,384	375,553	2,451,248	2,382,599	254,228	219,670	9,275,849	6,215,497	2,130	6,752	116,595	74,067	23,528,303	20,746,995
Less: Local re-insurers' share	715,244	1,060,688	-	1,565	910,125	1,005,497	-	100	677,242	783,533	-	-	-	-	2,302,611	2,851,383
Foreign re-insurers' share	126,916	101,814	334,933	319,373	1,310,093	1,248,700	146,879	110,077	2,719,452	1,835,493	2,130	6,752	48,890	23,584	4,689,291	3,645,793
Net Earned Premiums	10,197,709	10,310,355	53,451	54,615	231,030	128,402	107,349	109,493	5,879,155	3,596,471	-	-	67,705	50,483	16,536,399	14,249,819
Add: Unearned premiums reserve - beginning of the year	5,187,059	5,757,755	147,075	85,398	881,506	818,751	111,985	75,726	2,705,951	2,440,360	-	49,891	19,999	34,836	9,053,575	9,262,717
Less: Re-insurers share - beginning of the year	133,338	113,704	127,620	75,117	817,245	765,807	55,911	30,789	1,168,415	663,891	-	47,501	13,611	17,816	2,316,140	1,714,625
Net Unearned Premiums Reserve - Beginning of the Year	5,053,721	5,644,051	19,455	10,281	64,261	52,944	56,074	44,937	1,537,536	1,776,469	-	2,390	6,388	17,020	6,737,435	7,548,092
Less: Unearned premiums reserve - end of the year	5,233,320	5,187,059	99,234	147,075	898,817	881,506	146,729	111,985	3,721,441	2,705,951	-	-	30,141	19,999	10,129,682	9,053,575
Re-insurers' share - end of the year	124,534	133,339	85,149	127,620	819,915	817,245	84,632	55,911	1,336,660	1,168,415	-	-	17,955	13,610	2,468,845	2,316,140
Net Unearned Premiums Reserve - End of the Year	5,108,786	5,053,720	14,085	19,455	78,902	64,261	62,097	56,074	2,384,781	1,537,536	-	-	12,186	6,389	7,660,837	6,737,435
Net Change in Unearned Premiums	(55,065)	590,331	5,370	(9,174)	(14,641)	(11,317)	(6,023)	(11,137)	(847,245)	238,933	-	2,390	(5,798)	10,631	(923,402)	810,657
Net Earned Revenue from the Underwritten Premiums	10,142,644	10,900,686	58,821	45,441	216,389	117,085	101,326	98,356	5,031,910	3,835,404	-	2,390	61,907	61,114	15,612,997	15,060,476

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UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

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

	Motor		Marine and Transportation		Fire and Damages Other for Properties		Liability		Medical		Aviation		Other		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	12,017,360	8,353,963	79,469	38,159	917,121	435,035	10,124	6,106	7,109,014	5,878,831	-	-	10,278	8,014	20,143,366	14,720,108
Less: Recoveries	2,183,475	500,524	2,837		47,363	11,584	-	451	-	-	-	-	-	-	2,233,675	512,559
Local re-insurers' share	202,132	54,972	-	35	-	-	1,254	-	748,939	406,322	-	-	-	-	952,325	461,329
Foreign re-insurers' share	-	-	58,167	35,265	874,027	376,834	5,224	-	2,258,537	1,756,635	-	-	-	-	3,195,955	2,168,734
Net Paid Claims	9,631,753	7,798,467	18,465	2,859	-4,269	46,617	3,646	5,655	4,101,538	3,715,874	-	-	10,278	8,014	13,761,411	11,577,486
Add: Claims Reserve - End of the Year	10,775,950	12,010,241	159,278	193,233	2,087,367	1,286,224	77,308	65,809	248,925	186,355			1,262	3,042	13,350,090	13,744,904
Incured but not reported claims (IBNR)	1,100,000	1,100,000	3,186	3,865	20,874	12,862	773	658	586,967	398,090		-	13	30	1,711,813	1,515,505
Less: Re-insurers share - end of the year	1,101,494	1,378,747	129,786	144,614	1,934,500	1,147,705	49,099	41,119	347,949	275,237			760	1,988	3,563,588	2,989,410
Recoveries	803,511	736,167	-	-	-		-		-			-			803,511	736,167
Net Claims Reserve - End of the Year	9,970,945	10,995,327	32,678	52,484	173,741	151,381	28,982	25,348	487,943	309,208		-	515	1,084	10,694,804	11,534,832
Less: Claims Reserve - Beginning of the Year	12,010,241	10,204,939	193,233	631,701	1,286,224	1,243,037	65,809	48,481	186,355	217,390	-	-	3,042	1,972	13,744,904	12,347,520
Incured but not reported claims (IBNR)	1,100,000	1,100,000	3,865	12,634	12,862	12,430	658	485	398,090	459,544	-	-	30	20	1,515,505	1,585,113
Less: Re-insurers' share - beginning of the year	1,378,747	780,793	144,614	579,901	1,147,705	1,086,968	41,119	41,872	275,237	235,662	-	-	1,988	1,400	2,989,410	2,726,596
Recoveries	736,167	743,474	0	-	-	-	-	-	-	-	-	-	-		736,167	743,474
Net Claims Reserve - Beginning of the Year	10,995,327	9,780,672	52,484	64,434	151,381	168,499	25,348	7,094	309,208	441,272	-	-	1,084	592	11,534,832	10,462,563
Net change in claims reserve	(1,024,382)	1,214,655	(19,806)	(11,950)	22,360	(17,118)	3,634	18,254	178,735	(132,064)	-	-	(570)	492	(840,029)	1,072,269
Net Paid Claims Cost	8,607,371	9,013,122	(1,341)	(9,091)	18,091	29,499	7,280	23,909	4,280,273	3,583,810	-	-	9,708	8,506	12,921,382	12,649,755

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UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

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

	Motor		Marine and Transportation		Fire and Damages Other for Properties		Liability		Medical		Aviation		Other		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
Net earned revenue from the underwritten premiums	10,142,644	10,900,686	58,821	45,441	216,389	117,085	103,326	98,356	5,031,910	3,835,404	-	2,390	61,907	61,114	15,612,997	15,060,476
(Less): Net paid claims cost	8,607,371	9,013,122	(1,341)	(9,091)	18,091	29,499	7,280	23,909	4,280,273	3,583,810	-	-	9,708	8,506	12,921,382	12,649,755
	1,535,273	1,887,564	60,162	54,532	198,298	87,586	94,046	74,447	751,637	251,594	-	2,390	52,199	52,608	2,691,615	2,410,721
Add: Received commissions	23,529	52,850	102,500	123,702	297,330	264,188	7,729	9,384	20,529	34,043	107	1,140	3,153	9,006	454,877	514,313
Insurance policies issuance fees	391,013	429,854	14,281	12,841	61,451	57,995	11,721	9,681	298,431	180,918	21	89	7,081	2,563	785,999	693,943
Total Revenue	416,542	482,704	116,781	136,545	358,781	342,183	19,450	19,065	318,960	214,961	128	1,229	10,234	11,569	1,240,876	1,208,256
Less: Polices acquisition cost - commissions paid	476,170	521,943	7,727	9,384	67,931	79,189	16,578	17,470	75,894	87,751	-	-	13,147	9,426	677,455	725,163
Excess of loss premiums	62,400	100,266	-	-	32,000	31,000	-	-	-	-	-	-	-	-	94,400	131,266
Employees and administrative expenses related to underwriting accounts	801,558	784,528	72,560	66,106	178,795	161,765	11,995	9,771	568,040	399,253	100	300	5,501	3,294	1,639,349	1,425,017
Other expenses related to underwriting accounts	320,261	267,472	2,442	2,607	14,416	23,153	174	122	290,044	[illegible]	-	-	396	99	627,735	429,287
Total Expenses	1,660,399	1,674,209	82,729	78,097	313,142	295,107	28,747	27,368	934,778	622,031	100	300	19,044	12,819	3,038,939	2,710,723
Net Written Profit (Loss)	291,416	696,059	94,214	112,990	243,937	134,662	84,749	66,144	135,819	(156,278)	28	3,319	43,389	51,358	893,557	908,244

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UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUES FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Written Premiums:		
Direct premium	425,821	453,724
Re-insurers' inward premium	124,942	487,956
Gross Written Premiums	550,763	941,680
Less: Foreign re-insurers' share	124,942	487,956
Less: Local re-insurers' share	177,198	133,335
Net Written Premiums	248,623	320,389
Add: Mathematical reserve - beginning of the year	309,176	138,275
Less: Re-insurers' share - beginning of the year	75,358	80,737
Net Mathematical Reserve - beginning of the year	233,818	57,538
Less: Mathematical reserve - end of the Year	223,292	309,176
Re-insurers' share - end of the year	63,930	75,358
Net mathematical reserve - end of the year	159,362	233,818
Net Change in Mathematical Reserve	74,456	(176,280)
Net Earned Revenue from Written Premiums	323,079	144,109

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UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Paid claims	311,036	96,993
Less: Foreign re-insurers' share	230,556	63,994
Net Paid Claims	80,480	32,999
Add: Reported claims reserve - end of the year	321,976	333,829
Unreported claims reserve - end of the year	10,000	10,000
Less: Re-insurers' share	251,743	274,146
Net Outstanding Claims Reserve - End of the Year	80,233	69,683
Less: Reported claims reserve - beginning of the year	10,000	269,393
Unreported claims reserve - beginning of the year	333,829	10,000
Less: Re-insurers' share	274,147	190,841
Net Claims Reserve - Beginning of the Year	69,682	88,552
Net Change in Claims Provision	10,551	(18,869)
Net Paid Claims Cost	91,031	14,130

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UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Net earned revenue from written premiums	323,079	144,109
Less: Net paid claims cost	91,031	14,130
	232,048	129,979
Add: Received commissions	1,259	4,891
Insurance policies insurance fees	6,208	4,613
Total Revenue	7,467	9,504
Less: Polices acquisition cost - commission paid	15,638	2,007
Administrative expenses related to underwriting accounts	25,986	41,883
Other expenses related to underwriting accounts	37,672	27,963
Total Expenses	79,296	71,853
Net Underwriting Profit	160,219	67,630

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

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE ACTIVITIES

	December 31, 2018	December 31, 2017
ASSETS	JD	JD
Deposits at banks	100,000	100,000
Total Investments	100,000	100,000
Accounts receivable	112,206	174,411
Re-insurance companies' accounts receivable	164,795	206,785
Property and equipment	55	67
TOTAL ASSETS	377,056	481,263
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES		
Accounts payable	9,576	95,934
Re-insurance companies' accounts payable	-	222,475
TECHNICAL RESERVES		
Claims reserve - net	80,234	69,682
Mathematical reserve - net	159,362	233,818
Total Technical Reserves	239,596	303,500
TOTAL LIABILITIES	249,172	621,909
HEAD OFFICE'S		
Head Office's current account	(32,335)	(208,276)
Income for the year	160,219	67,630
Surplus (Deficit) in Head Office's Equity	127,884	(140,646)
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	377,056	481,263

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

1. General

a. United Insurance Company was established in 1972 and registered as a Jordanian Public Shareholding Limited Company under Number (74) according to the Companies Law and its amendments. Moreover, United Insurance Company was merged with Egyptian Orient Insurance Company and New India Insurance Company in Jordan. The merger took effect from the beginning of 1988 and the Company resulting from the merger (United Insurance Company) has become the general success of the Company. In addition, more capital adjustments were made, the last of which was during the year 2008, so that authorized, paid-up capital became JD 8 million, divided into 8 million shares at a par value of JD 1 each.

   The Company's address is Zahran Street, Building No. (188), P.O. Box 7521 – 11118 Amman, Jordan.

   The Company's objective is conducting all types of insurance, including life insurance.

b. The accompanying financial statements were approved by the Board of Directors in their meeting held on February 20, 2019, and they are subject to the approval of the General Assembly of Shareholders.

2. Accounting Policies

Basis of Preparation

- The 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; enacted local laws and regulations; as well as the forms prescribed by the Jordanian Insurance Commission.

- The financial statements have been prepared according to the historical cost convention except for the financial assets at fair value through profit or loss and financial assets at fair value through statement of other comprehensive income and financial liability, which are stated at fair value in the financial statements.

- The Jordanian Dinar is the functional and reporting currency of the 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 (41.a).

The following are the significant accounting policies:

Sector Information

- The business sector represents a set of assets and operations that jointly provide products and services subject to risks and returns different from those of other business sectors. These risks and returns are measured according to the reports used by the Company's Chief Executive Officer and Key decision maker.

- The geographic sector relates to the providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

- **Financial Instruments**

Initial recognition and measurement

Financial assets and liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions.

Financial assets and financial liabilities are initially measured at fair value. Moreover, transaction costs directly attributable to the acquisition or issue of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted from them, where necessary, at initial recognition. The transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized directly in the statement of income.

If the transaction price is different from the fair value at initial recognition, the Company treats this difference as follows:

- If fair value is determined at an active market price for identical assets or liabilities or based on a valuation method that uses only observable inputs in the market, the difference in profit or loss is recognized on initial recognition (i.e., gain or loss on the first day).

- In all other cases, fair value is adjusted to the transaction price (that is, the first day gain or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be taken to the statement of income on a rational basis, only to the extent that a change in factor (including time) is taken into account by the market participants when pricing the asset or liability or when this instrument is derecognized.

- **Financial Assets**

Initial recognition

All financial assets are recognized on the trade date when the purchase or sale of a financial asset under a contract requires the terms of delivery of the financial asset within a time frame determined by the relevant market. Moreover, the financial asset is initially measured at fair value plus transaction costs except for those financial assets classified as at fair value through the statement of income. Transaction costs directly attributable to the acquisition of financial assets designated at fair value through profit or loss are recognized in the statement of income.

Subsequent measurement

Measurement of all recognized financial assets within the scope of IFRS 9 requires subsequent measurement at amortized cost or fair value based on the entity's business model for managing financial assets and their contractual cash flow characteristics.

Specifically:

- Financial instruments held in the business model for collecting contractual cash flows with contractual cash flows that are only principal and interest payments on the principal outstanding, and are subsequently measured at amortized cost; and

- Financial instruments held in the business model for both collecting contractual cash flows and selling debt instruments with contractual cash flows that are only principal and interest payments on the principal outstanding and are subsequently measured at fair value through other comprehensive income;

- All other financing instruments (such as debt instruments managed at fair value or held for sale) and equity investments are subsequently measured at fair value through the statement of income.

However, the Company may, after initial recognition of the financial asset, may make an irrevocable choice/designation concerning the financial asset on an individual basis, as follows:

- The Company may make an irrevocable choice to include in other comprehensive income the subsequent changes in the fair value of the equity investment not held for trading or potential replacement recognized by the acquirer within the business combinations to which IFRS 3 applies; and

The Company may irrevocably determine the financial instruments that fulfill the standards of amortized cost or fair value through other comprehensive income and are measured at fair value through the statement of income if it significantly eliminates or reduces the accounting mismatch (referred to as the fair value option).

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.

d. 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 and whether the management strategy focuses on obtaining a 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 derecognized, 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.

e. Reclassification

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.

f. Impairment

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.

g. Defining Default

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 affects the measurement of credit losses.

h. 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 risks 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.

i. 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.

j. 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.

k. Derecognition of Financial Assets

The Company derecognizes a financial asset upon the 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.

l. Write-off

The Company derecognizes the 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

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.

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.

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 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 evaluation 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). Moreover, these investments are depreciated over their useful lives using the straight-line method at an annual rate of 2%. In addition, impairment in their value is taken to the statement of income. The operating revenues or expenses of these investments are included in the statement of income.

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 the 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 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 statement of income.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment. Moreover, property and equipment (except for land) are depreciated, when ready for their intended use, according to the straight-line method over their estimated useful lives using the following annual rates. In addition, the depreciation expense is recorded in the statement of income:

	%
Office furniture and fixtures	10
Computers	20
Vehicles	15
Machinery and equipment	15
Electrical appliances	10
Buildings	2
Air-conditioning & cooling equipment	15
Fire alarm system	15
Elevators	15

Property and equipment under construction, for the Company's use, trading, or for purposes not determined yet, are stated at cost net of accumulated impairment.

When the carrying amounts of property and equipment exceed their recoverable values, assets are written down, and impairment losses are recorded in the 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 what was determined before, the change in estimate is recorded in the following years, being a change in estimate.

The gain or loss resulting from the disposal or derecognition of property and equipment, representing the difference between the property and equipment sale proceeds and their book value, are recorded in the statement of income.

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

Mortgaged Financial Assets

These are the financial assets mortgaged to other parties while the other party has the right of disposal thereof (sale or re-mortgage). Evaluation of these assets continues to be performed according to the accounting policies adopted for the evaluation of each according to its original classification.

Intangible Assets

Intangible assets obtained through merger are stated at fair value on their acquisition date, and the intangible assets obtained through other than merger are stated at cost.

Intangible assets represent computer systems recorded at cost under a separate item in the financial statements.

Intangible assets are classified according to their estimated lives: definite or indefinite. Intangible assets with a definite useful life are amortized at a rate of 20% during that life, and amortization is recorded in the statement of income. Intangible assets with indefinite lives are reviewed for impairment at the date of the financial statements, and the impairment is taken to the statement of income.

The value of intangible assets is tested for impairment at the date of the financial statements and reduced if there are indications that their value has been impaired in case the estimated recoverable amount of their cash-generating unit(s) is / are less than the recorded amount of the cash generating unit(s). The impairment in value is taken to the statement income.

Internally generated intangible assets are not capitalized by the Company but recorded in the income statement in the same year.

The estimated life of those assets is reviewed, and any changes are made in the subsequent periods.

Any indications to the impairment of these financial assets are reviewed as of the date of the financial statements.

Provisions

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

Amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as of the financial statements date, 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 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 value can be reliably measured.

Technical Reserves

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

1. The reserve for unearned premiums for general insurance activities is calculated according to the remaining days up to the expiry date of the insurance policy on the basis of a 365-day per year, except for marine and land transport insurance for which the provision is calculated on the basis of written premiums of the effective policies and in accordance with the related laws and regulations on the date of the financial statements.

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

3. Additional reserves for incurred but not reported claims are calculated based on the Company's experience and estimates.

4. The reserve for unearned premiums for life insurance activities is calculated based on the Company's experience and estimates.

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

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 statement of income.

Income Tax
Income tax expenses represent accrued taxes and deferred taxes.

A. Accrued Taxes
Accrued tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the statement of income since the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, as well as unallowable and non-taxable items.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

B. 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 financial statements and the value of the taxable amount.

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

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

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

Liability Adequacy Test
The adequacy and suitability of the insurance liabilities are evaluated through the calculation of the present value of the future cash flows relating to the outstanding insurance policies at the date of the statement of financial position.

If the evaluation shows that the present value of the insurance liabilities (various purchase expenses less suitable and related intangible assets) is inadequate compared to the expected future cash flows, the full impairment is recorded in the statement of income.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are 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.

Revenue Recognition

1. Insurance Contracts

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

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

2. Dividends and Interest

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

Interest income is calculated according to the accrual method based on the maturities of the time periods, original principals, and earned interest rate.

3. Rental Income

Rental income from real estate investments of operating lease contracts is recognized based on the straight-line method over the contract term. Moreover, other expenses are recognized 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 statement of income upon their occurrence. Other expenses are recognized on the accrual basis.

Insurance Compensation

Insurance compensations represents claims paid and change in claims reserves.

Insurance compensations represent 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 financial statements 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 financial statements and include the provision for unreported claims.

Salvage and Subrogation Compensation

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

General and Administrative Expenses

All distributable general and administrative expenses are allocated to the insurance branches separately. Moreover, 80% of the general and administrative expenses have been allocated to the various insurance departments based on the earned premiums of each department in proportion to total premiums.

Employees Expenses

All distributable employees' expenses are allocated to the insurance branches separately. Moreover, 80% of employees' expenses have been allocated to the various insurance departments based on the earned premiums of each department in proportion to total premiums.

Use of Estimates

Preparation of the 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 changes in the fair value shown within comprehensive income and shareholders' equity. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The aforementioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and conditions of those estimates in the future.

Management believes that the estimates within the financial statements are reasonable. The details are as follows:

- Calculation of the expected 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.

- Revenue Recognition: The Company's management uses significant estimates and assumptions to determine the amount and timing of the recognition of revenue under IFRS 15 *"Revenue from Contracts with Customers"*.

- The financial year is charged with its share from income tax according to the prevailing laws and regulations in Jordan.

- Management periodically re-evaluates 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 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 lawyers according to which probable future risks are determined. A review of such studies is performed periodically.

- Management reviews the financial assets, shown at cost, to evaluate any impairment in their value. Such impairment is taken to the statement of income.

- Real estate investments are evaluated by independent real estate experts according to decision issued by the Jordanian Insurance Commission to evaluate any impairment in their value in the 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, may 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 Level 1 inputs are not available, the Company deals with independent and qualified parties to prepare evaluation studies. Furthermore, the suitable evaluation methods and inputs used in preparing the evaluation studies are reviewed by management.

3. Deposits at Banks

This item consists of the following:

	December 31, 2018			December 31, 2017
	Deposits Maturing Within One Month to Three Months	Deposits Maturing after Three Months and up to One Year	Total	Total
	JD	JD	JD	JD
Inside Jordan:				
Societe General Bank	-	2,313,285	2,313,285	1,700,000
Invest Bank	-	2,625,000	2,625,000	3,433,709
Bank Al Etihad	1,000,000	-	1,000,000	2,000,000
Arab Jordan Investment Bank	-	800,000	800,000	-
Bank Audi	2,000,000	-	2,000,000	2,000,000
Balance	3,000,000	5,738,285	8,738,285	9,133,709
IFRS (9) Implementation impact *	-	-	(9,094)	-
Adjusted Balance	3,000,000	5,738,285	8,729,191	9,133,709

* Movement on the expected credit loss for the deposits at Banks:

	2018	2017
	JD	JD
Balance - beginning of the year	-	-
Effect of applying the financial reporting standard No.9	9,094	-
Adjusted Balance	9,094	-
Provision booked during the year	-	-
Balance - End of the Year	9,094	-

- During the year 2018, interest rates on deposits in Jordanian Dinar ranged from 5.5% to 6.1%.

- Moreover, deposits collateralized to the order of the Director General of the Insurance Commission in addition to his position amounted to JD 325,000 as of December 31, 2018 at the Invest Bank.

- Restricted balances amounted to JD 300,000 as of December 31, 2018. These balances represent cash deposits against an overdraft facility granted to the Company, in addition to the deposits mortgaged to the order of the Director General of the Insurance Commission.

4. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31	
	2018	2017
Inside Jordan:	JD	JD
Quoted shares or listed	219,118	262,924
	219,118	262,924

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31	
	2018	2017
Inside Jordan	JD	JD
Quoted shares at Amman Stock Market	5,054,375	5,610,050
Unquoted shares at Amman Stock Market	8,589	7,895
	5,062,964	5,617,945
Outside Jordan		
Arab Reinsurance Company – Lebanon *	198,288	196,460
	5,261,252	5,814,405

* This investment has been evaluated according to the equity method used and the Company's last audited financial statements.

6. Financial Assets at Amortized Cost

This item consists of the following:

	December 31	
	2018	2017
Inside Jordan	JD	JD
Arab Corp Company bonds *	50,000	50,000
Ahli Bank bonds **	1,000,000	1,000,000
Commercial Tashelat Bonds ***	1,000,000	
Less: Provision for impairment in Arab Corp Company bonds	(49,999)	(49,999)
Balance	2,000,001	1,000,001
Effect of applying the financial reporting standard No.9 ****	1,000	-
Adjusted Balance - Beginning of the year	1,999,001	1,000,001

* Arab Corp Company bonds matured on April 1, 2014. The bonds face value or interest thereon has not been paid to the Company during the years 2016 and 2017. Moreover, a provision has been taken for the full amount of these bonds, and recognition of interest was suspended during the previous years.

** On October 12, 2017 , the Company invested in (10) bonds with a nominal value of JD 100,000/ bond, and with a total of one million Jordanian Dinar from Ahli Bank with a contribution percentage of 4% for each bond. The maturity date for these bonds is November 12, 2023, with an issuance interest rate of 6.75% for the first six months, and with a variable interest rate where the interest rate will be recalculated every six months during the life of the bond where the effective interest rate at the beginning of each period equals the discounted interest rate as per the Central Bank of Jordan in addition to a margin of 2%.

*** One the first of February the Company invested in two bonds issued by Commercial Tashelat through Invest Bank, which has a par value of JD 500,000 / Bonds with total amount of one million. The maturity date for these bonds is February 2, 2019 with a fixed annual interest rate of 6.75%, calculated based on active days divided by 360 days.

**** Movement on the Expected Credit Loss for Financial Assets at Amortized Cost:

	2018	2017
	JD	JD
Balance - beginning of the year	-	-
Effect of applying the financial reporting standard No.9	1,000	-
Adjusted Balance	1,000	-
Provision booked during the year	-	-
Balance - End of the Year	1,000	-

7. Investment Property - Net

This item consists of the following:

	December 31	
	2018	2017
	JD	JD
Lands	646,985	646,985
Buildings	5,007,455	4,045,581
Less: Accumulated depreciation	(622,164)	(536,318)
Buildings - net of accumulated depreciation	4,385,291	3,509,263
	5,032,276	4,156,248

- The movement on the buildings account was as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	4,045,581	4,039,917
Additions during the year	961,874	5,664
Balance at Year-End	5,007,455	4,045,581

* During 2018, the company has acquired a villa in aqaba, as recovery of account receivables from a Related Party a value of JD 875,000.

- The movement on the accumulated depreciation account was as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	536,318	455,215
Depreciation expense	85,846	81,103
Balance at Year-End	622,164	536,318

- Buildings are depreciated at an annual rate of 2% and are stated at the carrying amount.

- The fair value of investments property has been assessed by three real estate evaluators at JD 7,488,355 as of December 31, 2018.

8. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Cash on hand	8,024	3,577
Current accounts at banks	344,777	1,095,736
	352,801	1,099,313

9. Cheques under Collection

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Balance	2,474,232	1,317,681
Effect of applying the financial reporting standard No.9 *	(7,457)	-
Adjusted Balance	2,466,775	1,317,681

* Movement on the expected credit loss for the cheques under collection:

	2018	2017
	JD	JD
Balance - beginning of the year	-	-
Effect of applying the financial reporting standard No.9	7,457	-
Adjusted Balance	7,457	-
Provision booked during the year	-	-
Balance - End of the Year	7,457	-

* The maturities of cheques under collection are up to February 21, 2021. These cheques include cheques due from related parties totaling JD 729,030.

10. Receivables - Net

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Policyholders receivable	4,624,778	3,411,685
Agents receivable	1,072,504	1,263,622
Brokers receivable	1,343,547	1,312,588
Employees receivable	15,622	18,131
Legal cases receivable *	495,000	496,069
Related parties receivable (Note 39)	1,031,012	2,248,459
Others	58,441	80,772
	8,640,904	8,831,326
Less: Expected Credit Loss **	(1,633,795)	(1,257,856)
Receivables – Net	7,007,109	7,573,470

* A provision for lawsuits of JD 495,000 has been booked within the expected credit loss as of December 31, 2018.

** Movement on the expected credit loss was as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	1,257,856	1,204,675
Effect of applying the financial reporting standard No.9	370,284	-
Adjusted Balance	1,628,140	1,204,675
Additions during the year	5,655	79,818
Released balances during the year	-	(16,684)
Written off during the year	-	(9,953)
Balance - End of the Year	1,633,795	1,257,856

The aging of receivables is as follows:

	December 31,	
	2018	2017
	JD	JD
Less than 90 days	2,859,844	2,700,924
90 - 180 days	3,375,299	2,981,393
181 - 270 days	535,970	622,682
271 - 360 days	487,357	448,676
More than 360 days	1,382,434	2,077,651
	8,640,904	8,831,326

*** There are receivables due from related parties amounted to JD 1,031,012 of which an amount of JD 387,627 aging more than 365 days with provision amounted to JD 387,627, as of December 31, 2018.

- In the opinion of the Company's management, no provisions are needed for these debts

11. Re-insurance and Local Insurance Companies' Accounts Receivable

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Local insurance companies	467,394	659,248
Foreign re-insurance companies	274,271	343,818
	741,665	1,003,066
Less: Expected credit loss for re-insurance accounts *	(77,345)	(47,723)
Re-insurance Companies' Accounts - Net	664,320	955,343

* Movement on the expected credit loss was as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	47,724	103,021
Effect of applying the financial reporting standard No. (9)	29,621	-
Adjusted Balance	77,345	103,021
Additions during the year	-	-
Released during the year	-	(17,062)
Written off during the year	-	(38,235)
Balance at - End of Year	77,345	47,724

The aging of re-insurance companies' accounts receivable is as follows:

	December 31,	
	2018	2017
	JD	JD
Less than 90 days	495,953	764,180
90 - 180 days	119,934	100,473
181 - 270 days	56,715	49,643
271 - 360 days	26,941	38,335
More than 360 days	42,122	50,435
	741,665	1,003,066

- A provision is taken for reinsurers' doubtful debts aging more than one year with no repayments.

12. Income Tax

a. Income tax provision

- Movement on the income tax provision was as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	28,549	361,520
Income tax paid	(73,802)	(444,616)
Income tax expense for the year*	305,803	129,393
Tax paid on interest deposits	(26,619)	(19,594)
Income tax expense for prior years **	6,292	1,846
Balance at Year – End of the Year	240,223	28,549

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

	2018	2017
	JD	JD
Income tax for the year	305,803	129,393
Prior years' taxes **	6,292	1,846
Deferred tax assets	(10,635)	508
	301,460	131,747

b. Deferred Tax Assets / Liabilities

The details are as follows:

	December 31, 2018									December 31, 2017
Accounts Included	Balance at the Beginning of the Year	IFRS 9 Impact	Adjusted Balance	Amounts Released	Amounts Added	Balance at Year -End	Deferred Tax	Transferred to the Income Statement	Transferred to Valuation Reserve	Deferred Tax
a. Deferred Tax Assets	JD	JD	JD	JD	JD			JD	JD	JD
Expected credit loss	1,305,580	417,456	1,723,036	-	5,655	1,728,691	414,886	(1,357)	-	413,528
Reserve of financial assets – net	-	-	-	-	316,908	316,908	76,058	-	(76,059)	-
End of service provision	-	-	-	-	38,660	38,660	9,278	(9,278)	-	-
	1,305,580	417,456	1,723,036	-	361,223	2,084,259	500,222	(10,635)	(76,059)	413,528
b. Deferred Tax Liabilities										
Effect of adopting standards (9)	111,934	-	-	-	-	111,934	26,864	-	-	27,232
Financial assets valuation reserve	264,016	-	-	264,016	-	-	-	-	63,362	62,994
	375,950	-	-	264,016	-	111,934	26,864	-	63,362	90,226

- The movement on deferred tax assets and liabilities was as follows:

	December 31,			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	313,339	90,226	313,847	159,643
Effect of applying the financial reporting standard No. (9)	100,189	-	-	-
Adjusted Balance	413,528	90,226	313,847	159,643
Additions	86,694	-	11,057	367
Released	-	(63,362)	(11,565)	(69,784)
Balance at Year – End for the Year	500,222	26,864	313,339	90,226

- Summary of the reconciliation of accounting profit with taxable profit:

	2018	2017
	JD	JD
Declared accounting profit	1,423,632	1,281,442
Non-taxable item	(1,954,972)	(2,404,143)
Non-deductible expenses	1,787,423	1,661,839
Taxable Profit	1,256,083	539,138
Income Tax Rate	24%	24%

- The Income and Sales Tax Department accepted the tax returns until 2016 However, the Company submitted it's tax return for 2017 and the returns have not been reviewed by the Income and Sales Tax Department yet.

The details of this item are as follows:

	Office Furniture and Fixtures	Computers	Vehicles	Machinery and Equipment	Electrical Appliances	Building	Air-conditioning and Cooling Equipment	Fire Alarm Systems	Elevators	Total
December 31, 2018	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:										
Balance at the beginning of the year	252,307	174,552	237,054	48,218	47,460	5,113,388	347,443	10,333	286,365	6,517,120
Additions	1,420	5,595	-	-	4,510	-	-	19,268	-	30,793
Disposals	(1,181)	-	-	(38,484)	-	-	-	-	-	(39,665)
Balance at End of Year	252,546	180,147	237,054	9,734	51,970	5,113,388	347,443	29,601	286,365	6,508,248
Accumulated Depreciation:										
Balance at the beginning of the year	109,247	157,641	89,587	38,837	28,035	262,024	132,587	9,422	110,971	938,351
Depreciation for the year	19,590	5,798	35,558	1,460	4,114	103,130	52,116	1,924	42,955	266,645
Disposal	(365)	-	-	(38,484)	-	-	-	-	-	(38,849)
Balance at End of the Year	128,472	163,439	125,145	1,813	32,149	365,154	184,703	11,346	153,926	1,166,147
Net Book Value of Property and Equipment at End of the Year	124,074	16,708	111,909	7,921	19,821	4,748,234	162,740	18,255	132,439	5,342,101
December 31, 2017										
Cost:										
Balance at the beginning of the year	252,307	166,272	291,913	38,485	40,882	5,113,388	340,233	9,333	286,365	6,539,178
Additions	-	8,280	15,741	9,733	6,578	-	7,210	1,000	-	48,542
Disposals	-	-	(70,600)	-	-	-	-	-	-	(70,600)
Balance at End of Year	252,307	174,552	237,054	48,218	47,460	5,113,388	347,443	10,333	286,365	6,517,120
Accumulated Depreciation:										
Balance at the beginning of the year	89,660	153,094	92,360	38,484	24,001	159,744	81,099	9,332	68,016	715,790
Depreciation for the year	19,587	4,547	35,875	353	4,034	102,280	51,488	90	42,955	261,209
Disposal	-	-	(38,648)	-	-	-	-	-	-	(38,648)
Balance at End of the Year	109,247	157,641	89,587	38,837	28,035	262,024	132,587	9,422	110,971	938,351
Net Book Value of Property and Equipment at End of the Year	143,060	16,911	147,467	9,381	19,425	4,851,364	214,856	911	175,394	5,578,769
Annual Depreciation Rate %	10	20	15	15	10	2	15	15	15	

- Fully depreciated assets amounted to JD 364,338 as of December 31, 2018 (JD 212,489 as of December 31, 2017).

14. Intangible Assets - Net

This item consists of the following:

December 31, 2018	Computer JD
Cost:	
Balance at the beginning of the year	277,180
Additions	2,881
Balance - End of Year	280,061
Accumulated Amortization:	
Balance at the beginning of the year	166,315
Amortization for the year	28,397
Balance at Year-End	194,712
Net Book Value of Intangible Assets	85,349

December 31, 2017	Computer JD
Cost:	
Balance at the beginning of the year	155,680
Additions	1,500
Transferred *	120,000
Balance - End of Year	277,180
Accumulated Amortization:	
Balance at the beginning of the year	137,302
Amortization for the year	29,013
Balance at Year-End	166,315
Net Book Value of Intangible Assets	110,865

* This amount represents intangible assets capitalized during the year 2017 and transferred from payments on acquisition of intangible assets.

15. Other Assets

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Accrued revenues	209,774	229,167
Prepaid expenses	18,893	13,043
Recovered claims paid – net *	215,864	193,653
Refundable deposits	3,426	4,076
Payments for purchases of intangible assets	-	43,756
Other	205,389	205,389
	653,346	689,084

* During the year, the Company assessed other insurance companies' recoveries and deducted the related amounts from the compensations paid.

16. Mathematical Reserve

The movement on the mathematical reserve is as follows:

	December 31,	
	2018	2017
	JD	JD
Balance at the beginning of the year	233,818	57,538
(Addition) Disposals during the year	(74,456)	176,280
Net Mathematical Reserve – End of the Year	159,362	233,818

17. Accounts Payable

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Agents payable	300,314	315,658
Employees' payable	76,792	75
Brokers payable	296,882	273,250
Others*	1,335,921	1,498,307
	2,009,909	2,087,290

* This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Policyholders (compensations)	137,742	103,929
Laboratories	-	3,702
Car workshops and spare parts	165,338	132,519
Third party administrative – medical insurance	761,682	1,057,535
Trade payables	-	96,736
Other	271,159	103,886
	1,335,921	1,498,307

18. Re-insurance and Local Insurance Companies' Accounts Payable

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Foreign re-insurance companies	2,435,594	2,136,903
Local insurance companies	703,288	703,979
	3,138,882	2,840,882

19. Accrued Expenses and Various Provisions

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Provision for the Insurance Commission's fees	8,146	7,906
End of service provision	38,660	-
Accrued bonuses	37,000	121,202
	83,806	129,108

The following table illustrates the movement on accrued expenses and the various provisions:

	Balance Beginning of the Year	Taken for the Year	Used During the Year	December 31, 2018
	JD	JD	JD	JD
Provision for the Insurance Commission's fees	7,906	147,221	146,981	8,146
End of service provision	-	38,660	-	38,660
Accrued bonuses	121,202	128,547	212,749	37,000
	129,108	314,428	359,730	83,806

20. Other Liabilities

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Accrued expenses	-	500
Revenues received in advance	174,682	181,610
Board of Directors' bonuses	34,612	47,928
Other	142,343	120,389
	351,637	350,427

21. Authorized and Paid – up Capital and Issuance Premiums

- Authorized and paid – up capital amounted to JD 8,000,000 million, distributed over 8,000,000 shares with a par value of JD 1 each.

- Issuance premiums amounted to JD 41,507.

22. Reserves

Statutory Reserve

The amounts in this account represent appropriations from annual income before tax at 10% according to the Companies Law. This reserve may not be distributed to shareholders. The total accumulated balance at the account shouldn't exceed 25% of the Company's paid up capital.

Voluntary Reserve

The amounts accumulated in this account represent appropriations from annual income before tax at a rate not exceeding 20%. The voluntary reserve is used for the purposes decided by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to fully or partially distribute this amount as profits to shareholders.

The General Assembly approved in its meeting held on April 31, 2017 to transfer the voluntary reserve amounted to JD 164,472 to retained earnings as this provision is no longer needed.

23. Financial Assets Valuation Reserve - Net

This item consists of the following:

	2018	2017
	JD	JD
Balance at the beginning of the year	200,655	415,619
Gain on sale of financial assets through other comprehensive income	-	(98,139)
	200,655	317,480
Changes during the year	580,923	(186,242)
Released from deferred tax liabilities	63,362	69,417
Released from deferred tax assets	76,059	-
Net Change during the Year	(441,502)	(116,825)
Balance – End of Year	(240,847)	200,655

24. Retained Earnings

The movement on this item as the following:

	2018	2017
	JD	JD
Balance at the beginning of the year	3,660,739	3,051,731
Effect of applying the financial reporting standard No.9	(317,267)	-
Adjusted Balance	3,343,472	3,051,731
Profit for the year	1,122,172	1,149,697
Dividends distributed to shareholders	(400,000)	(800,000)
Transferred to reserves	-	164,472
Verified through the sale from the effect of standard (9)	-	1,531
Gains on disposal of financial assets at fair value through other comprehensive income	-	93,308
Balance – End of Year	4,065,644	3,660,739

25. Interest Revenue

This item consists of the following:

	2018	2017
	JD	JD
Earned interest	624,295	434,564
	624,295	434,564

26. Net Gain from Financial Assets and Investments

This item consists of the following:

	2018	2017
	JD	JD
Net Change in fair value of financial assets fair value through profit or loss	(43,806)	(68,127)
Cash dividends (from financial assets at fair value through profit or loss)	4,114	83,400
Cash dividends (from financial assets at fair value through other comprehensive income)	278,140	219,748
Gain on sale of financial assets through income Statement	-	8,570
Net rental income	199,282	78,559
	437,730	322,150

27. Other Revenue - Net

This item consists of the following:

	2018	2017
	JD	JD
Gain on sale of property and equipment	451	9,240
Arab War Risks Insurance Syndicate Revenues *	7,069	197,371
Other revenue	879	44,122
	8,399	250,733

* This item represents revenue not previously recognized, which is a result of reinsurer's account receivable adjustment related to prior years.

28. Employees' Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries and bonuses	956,143	888,269
Company's social security contributions	116,749	112,590
Medical expense	66,811	55,506
Provision for bonuses *	167,208	121,700
Travel and transportation	8,280	7,095
	1,315,191	1,185,160
Employees Expenses Related Directly to Underwriting Accounts	529,256	502,236
Employees' Administrative Expenses Allocated to underwriting Accounts	628,748	546,339
Total Employees' Expenses Allocated to Underwriting Accounts	1,158,004	1,048,575
Employees' Expenses Unallocated to Underwriting Accounts	157,187	136,585

* This item represents employees' bonuses allocated to entitled personnel according to the Board of Directors' decision at the time.

- Expenses were allocated as follows:

	2018			2017
	Direct Expenses	Allocated Administrative Expenses	Total Allocated Expense	Total Allocated Expenses
	JD	JD	JD	JD
Life	-	14,381	14,381	23,720
Motor	280,683	288,271	568,954	563,243
Marine and transportation	54,236	10,141	64,377	58,862
Fire and other damages	63,142	64,007	127,149	115,810
Liability	-	6,638	6,638	5,534
Medical	131,195	242,209	373,404	279,370
Aviation	-	56	56	170
Others	-	3,045	3,045	1,866
	529,256	628,748	1,158,004	1,048,575

29. General and Administrative Expenses

This item consists of the following:

	2018	2017
	JD	JD
Legal expenses and fees	133,109	134,105
Insurance Commission fees	147,221	124,662
Rent	8,124	4,305
Printing and stationery	23,491	16,679
Advertising and marketing	2,215	4,325
Bank charges	26,927	20,642
Bank interest	108	5,619
Travel and transportation	5,976	25,749
Maintenance	73,309	38,519
Post and telephone	29,439	20,231
Collection commissions – shift	-	470
Hospitality	5,714	6,726
Companies controller's fees	600	630
Donations	3,880	2,548
Subscriptions	10,641	9,601
Government fees	7,536	6,402
Professional fees	4,541	24,083
Assets insurance	3,366	9,619
Cars expenses	20,209	17,587
Computer expenses	16,303	11,934
Actuary's fees	7,250	7,700
Other expenses	104,205	30,770
	634,164	522,906
Total General and Administrative Expenses Allocated to Underwriting Accounts *	507,331	418,325
Total General and Administrative Expenses Unallocated to Underwriting Accounts	126,833	104,581

* Expenses were allocated as follows:

	2018	2017
	JD	JD
Life	11,605	18,163
Motor	232,604	221,285
Marine and transportation	8,183	7,244
Fire and other damages	51,646	45,955
Liability	5,357	4,237
Medical	195,436	119,883
Aviation	44	130
Others	2,456	1,428
	507,331	418,325

30. Other Expenses

This item consists of the following:

	2018	2017
	JD	JD
Board of Directors' bonuses	30,000	43,315
	30,000	43,315

31. Earnings per Share

Earnings per share have been computed by dividing income for the year by the outstanding shares during the year and as follows:

	2018	2017
	JD	JD
Income for the year	1,122,172	1,149,697
	Share	Share
Outstanding shares	8,000,000	8,000,000
	JD / Share	JD / Share
Earnings per Share for the Year	-/140	-/144

32. Cash and Cash Equivalent

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Cash on hand	8,024	3,577
Deposits at banks maturing within three months	3,000,000	5,700,000
Current accounts at banks	344,777	1,095,736
Less: Restricted deposits	(625,000)	(600,250)
	2,727,801	6,199,063

33. Risk Management

The Company manages risks by various methods, using a comprehensive strategy to restrict and mitigate risks. Moreover, the Company sets up appropriated controls and monitors their effectiveness in a manner that achieves the optimal risk-return balance. Management of risks included constantly identifying, measuring, managing, and monitoring the financial and non-financial risks that may negatively affect the Company's performance and reputation. In addition, the Company guarantees the allocation of capital to achieve the optimal average return on risks. The Company is also exposed to the following risks: insurance risks and, financial risks, representing: market risks, liquidly risks, interest rate risks, and commission rate risks.

a. Insurance Risk

1. Insurance Risks

Insurance risks are the risks of uncertainty as to the occurrence, timing, and amount of insurance claims. Moreover, insurance risks can be managed through following up on the size and all types of new insurance, soundness of pricing, and actual claims against the expected claims.

Risk according to the insurance policy is the probability of occurrence of an accident to the insured and the consequential claims of uncertain amounts due to the nature of the insurance policy. The occurrence of the risk is sudden, and therefore, cannot be expected.

The key risk that the insurance companies face according to the insurance policies arises from actual claims and benefits payments exceeding the amount stated under insurance liabilities. In addition, there is the probability of improper pricing of risks and underwriting in bad, uninsurable risks. Consequently, the inflow of claims, benefits, and their severity exceed the assessed incurable amounts of insurance claims. Moreover, the actual amounts, claims amounts, and benefits differ, from year to year, from the expected assessments.

The more diversified the insurance portfolio, the less susceptible it becomes to the impact of the changes to any of its components. Moreover, the Company has developed the strategy of underwriting through insurance policies to diversify the insurance risks it accepts. Such diversification included every category to broaden the risks base and reduce the percentage of change in the expected result.

The Company signed insurance policies with other companies to mitigate the risks arising from large claims.

The re-insurance policies do not resolve the Company's liabilities toward others. Instead, the Company remains liable to others concerning the reinsured share even if the re-insured Company does not fulfill its liabilities.

The Company manages these risks through a sound underwriting strategy, excellent category of re-insurance treaties, and dealing effectively with accidents. Moreover, the Company sets the underwriting bases that make available the criteria for risk selection.

The risk analysis below is determined based on the exposure to risks related to unearned premiums as of the financial statements date. Moreover, the analysis has been prepared, assuming that the amount of unearned premiums as of the date of the financial statements was outstanding for the whole year. An increase or decrease of (5%) is used, representing management's evaluation of the probable and acceptable extent of accuracy of the provision for unearned premiums calculation.

	+5%		-5%	
	December 31,		December 31,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Statement of income	383,042	336,872	(383,042)	(336,872)
Change of equity	383,042	336,872	(383,02)	(336,872)

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 vehicles insurance claims were reported as follows:

Gross - Motor Insurance:

Year of Accident	2014 and prior years	2015	2016	2017	December 31, 2018	Total
	JD	JD	JD	JD	JD	JD
As of year-end	14,537,068	4,245,767	3,894,671	4,082,324	3,403,958	30,163,788
After one year	14,537,068	4,245,767	3,894,671	4,082,324	-	26,759,830
After two years	14,537,068	4,245,767	3,894,671	-	-	22,677,506
After three years	14,537,068	4,245,767	-	-	-	18,782,835
After four years	14,537,068	-	-	-	-	14,537,068
Current expectations of cumulative claims	14,537,068	4,245,767	3,894,671	4,082,324	3,403,958	30,163,788
Cumulative payments	11,635,713	3,714,543	1,700,218	2,337,364	-	19,387,838
Liabilities as stated in the statement of financial position	2,901,355	531,224	2,194,453	1,744,960	3,403,958	10,775,950
Unreported claims	-	-	-	-	1,100,000	1,100,000
(Deficit) from the preliminary assessment of the provision	-	-	-	-	-	-

Gross - Medical Insurance:

Year of Accident	2014 and prior years	2015	2016	2017	December 31, 2018	Total
	JD	JD	JD	JD	JD	JD
As of year-end	244,978	432,047	217,040	186,355	248,925	1,329,345
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	244,978	432,047	217,040	186,355	248,925	1,329,345
Cumulative payments	244,978	432,047	217,040	186,355	-	1,080,420
Liabilities as stated in the statement of financial position	-	-	-	-	248,925	248,925
Unreported claims	-	-	-	-	586,967	586,967
(Deficit) from the preliminary assessment of the provision	-	-	-	-	-	-

	2014 and prior years	2015	2016	2017	December 31, 2018	Total
Year of Accident	JD	JD	JD	JD	JD	JD
As of year-end	3,597,023	375,377	361,267	175,979	947,281	5,456,927
After one year	3,597,023	375,377	361,267	175,979	-	4,509,646
After two years	3,597,023	375,377	361,267	-	-	4,333,667
After three years	3,597,023	375,377	-	-	-	3,972,400
After four years	3,597,023	-	-	-	-	3,597,023
Current expectations of cumulative claims	3,597,023	375,377	361,267	175,979	947,281	5,456,927
Cumulative payments	2,537,113	365,278	333,966	133,203	-	3,369,560
Liabilities as stated in the statement of financial position	1,059,910	10,099	27,301	42,776	947,281	2,087,367
Unreported claims	-	-	-	-	20,874	20,874
Excess (deficit) in the preliminary estimate of the provision	-	-	-	-	-	-

Gross - Marine and Transportations Insurance:

	2014 and prior years	2015	2016	2017	December 31, 2018	Total
Year of Accident	JD	JD	JD	JD	JD	JD
As of year-end	869,762	23,399	22,266	72,856	47,554	1,035,837
After one year	869,762	23,399	22,266	72,856	-	988,283
After two years	869,762	23,399	22,266	-	-	915,427
After three years	869,762	23,399	-	-	-	893,161
After four years	869,762	-	-	-	-	869,762
Current expectations of cumulative claims	452,891	23,399	22,266	72,856	47,554	618,966
Cumulative payments	367,791	3,500	18,605	69,792	-	459,688
Liabilities as stated in the statement of financial position:	85,100	19,899	3,661	3,064	47,554	159,278
Unreported claims	-	-	-	-	3,186	3,186
Excess (deficit) in the preliminary estimate of the provision	49,080	-	-	-	-	49,080

oss - Liability Insurance:

	2014 and prior years	2015	2016	2017	December 31, 2018	Total
r of Accident	JD	JD	JD	JD	JD	JD
of year-end	132,301	4,000	183	2,848	21,623	160,955
er one year	132,301	4,000	183	2,848	-	139,332
er two years	132,301	4,000	183	-	-	136,484
er three years	132,301	4,000	-	-	-	136,301
er four years	132,301	-	-	-	-	132,301
rent expectations of cumulative claims	132,301	4,000	183	2,848	21,623	160,955
mulative payments	80,197	3,450	-	-	-	83,647
bilities as stated in the statement of financial position	52,104	550	183	2,848	21,623	77,308
ported claims	-	-	-	-	658	658
eficit) in the preliminary estimate of the provision	-	-	-	-	-	-

oss - Personnel Insurance:

	2014 and prior years	2015	2016	2017	December 31, 2018	Total
ar of Accident	JD	JD	JD	JD		JD
of year-end	7,320	1,263	722	1,070	360	10,735
er one year	7,320	1,263	722	1,070	-	10,375
er two years	7,320	1,263	1,263	-	-	9,846
er three years	7,320	1,263	-	-	-	8,583
er four years	7,320	-	-	-	-	7,320
rrent expectations of cumulative claims	7,320	1,263	1,263	1,070	360	11,276
mulative payments	6,707	974	1,263	1,070	-	10,014
bilities as stated in the statement of financial position:	613	289	-	-	360	1,262
reported claims	-	-	-	-	30	30
eficit) in the preliminary estimate of the provision	-	-	(541)	-	-	(541)

oss - Life Insurance:

	2014 and prior years	2015	2016	2017	December 31, 2018	Total
ar of Accident	JD	JD	JD	JD		JD
of year-end	264,507	54,392	109,992	161,429	166,981	757,301
r one year	264,507	54,392	109,992	161,429	-	590,320
er two years	264,507	54,392	109,992	-	-	428,891
r three years	264,507	54,392	-	-	-	318,899
er four years	264,507	-	-	-	-	264,507
ent expectations of cumulative claims	179,985	54,392	109,992	161,429	166,981	672,779
mulative payments	121,467	35,420	99,604	94,312	-	350,803
bilities as stated in the statement of financial position:	58,518	18,972	10,388	67,117	166,981	321,976
reported claims	-	-	-	-	10,000	10,000
cess in the preliminary estimate of the provision	-	-	-	-	-	-

3. **Concentration of Insurance Risks**

Concentration of assets and liabilities and off-statement of financial position items related to unearned premiums provision, claims provision, and mathematical provision is as follows:

	For the Year Ended December 31,			
	2018		2017	
	Risks Type			
Type of Insurance	Gross	Net	Gross	Net
	JD	JD	JD	JD
Motor	17,203,800	15,079,731	18,297,300	16,049,047
Marine and transportation	261,698	46,763	344,173	71,939
Fire and other damages to properties insurance	3,007,058	252,643	2,180,592	215,642
Liability	224,810	91,079	178,452	81,422
Medical	4,557,333	2,872,724	3,290,396	1,846,744
Other insurance	31,416	12,700	23,071	7,473
Life insurance	555,268	239,596	653,005	303,501
	25,841,383	18,595,236	24,966,989	18,575,768

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

	December 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to Geographical Area:				
Inside Jordan	37,571,196	22,011,008	37,267,502	21,965,347
Europe	274,271	2,435,549	343,819	2,136,903
Other Middle East countries	467,394	-	393,830	-
	38,312,861	24,446,557	38,005,151	24,102,250

Concentration of accounts receivable and accounts payable according to sector is as follows:

	December 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to Sector:				
Private Sector	7,007,109	2,009,909	7,573,470	2,087,290
Total	7,007,109	2,009,909	7,573,470	2,087,290

4. **Re-insurers Risk**

The Company signed re-insurance contracts with other companies to mitigate the risks arising from large claims.

The Company evaluated the financial position of the contracted re-insurance company. Its concern hinges on credit risks resulting from the geographical distribution and nature of work and activities of the re-insurance companies.

The Company entered into re-insurance contracts that enable it to face risks with competitive pricing and to maintain the optimal level of risks, taking into consideration financial resources such as reserves, volume of securities portfolio, and ready assets.

The size of retained risks is in line with scientific criteria and the general comparison index. More important for the Company is keeping a high liquidity ratio.

The re-insurance premiums do not replace the Company's liabilities toward others. Instead, the Company remains liable to others in terms of the reinsured share even if the Company does not fulfill its insurance obligations.

b. Financial Risks

The Company adopts financial policies for managing the different risks within a specified strategy. Moreover, the Company's management monitors and controls risks and performs the optimal strategic distribution for both financial assets and financial liabilities. Risks include interest rate risks, credit risks, foreign currency risks, and market risks.

The Company adopts a financial hedging policy for financial assets and financial liabilities, when necessary. This hedging relates to the expected future risks.

1. **Market Risk**

Market risks are the risks arising from the fluctuation in fair value or cash flows of financial instruments as a result of the change in market prices. Moreover, market risks arise from open positions relating to interest rates, currencies, and investments in shares. These risks are monitored according to certain policies and procedures through competent committees and the concerned work centers. Additionally, market risks include interest rates, exchange rates risks, and equity instrument risks.

2. **Liquidity Risk**

Liquidity risks relate to the Company's inability to make available the necessary financing to meet its obligations on their maturity dates. Furthermore, management of risks include the following:

- Keeping highly marketable assets that can be easily liquidated as a safeguard against unforeseeable shortfall in liquidity.

- Monitoring liquidity indicators according to the internal requirements and regulatory authorities' requirements.

- Managing concentrations and debts maturity dates.

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

mber 31, 2018	Less than One Month	From 1 Month to 3 Months	From 3 Months to 6 Months	From 6 Months to 1 Year	From 1 Year to 3 Years	More than 3 Years	Total
	JD	JD	JD	JD	JD	JD	JD
ities:							
surance companies'	423,865	213,382	983,409	1,210,397	307,829	-	3,138,882
ount Payables	1,130,006	174,909	187,393	228,209	289,392	-	2,009,909
er liabilities	209,294	-	-	142,343	-	-	351,637
otal	1,763,165	388,291	1,170,802	1,580,949	597,221	-	5,500,428
otal Assets (according to their expected maturities)	4,971,730	5,222,084	6,709,995	1,317,388	999,000	19,092,664	38,312,861

mber 31, 2017	Less than One Month	From 1 Month to 3 Months	From 3 Months to 6 Months	From 6 Months to 1 Year	From 1 Year to 3 Years	More than 3 Years	Total
ities:	JD	JD	JD	JD	JD	JD	JD
surance companies'	280,153	285,000	394,838	1,880,891	-	-	2,840,882
ount Payables	247,727	58,556	98,804	1,682,203	-	-	2,087,290
er liabilities	286,309	-	-	64,118	-	-	350,427
otal	814,189	343,556	493,642	3,627,212	-	-	5,278,599
otal Assets (according to their expected maturities)	1,180,537	5,109,750	3,038,251	9,247,016	833,983	18,595,614	38,005,151

3. Currency Risks

The Company's main operations are in Jordanian Dinar. Moreover, currency risk relates to the risk of changes in currency rates that relate to payments denominated in foreign currencies. As for transactions in US Dollars, management believes that the foreign currency risk relating to the US Dollar is immaterial as the Jordanian Dinar (the functional currency) is pegged to the US Dollar.

The following illustrates the Company's major foreign currency risks:

	Foreign Currency		Jordanian Dinar	
	December 31,			
	2018	2017	2018	2017
Type of Currency:	JD	JD	JD	JD
US Dollar	23,381	32,993	16,601	23,392
Euro	-	34,317	-	29,152

Management believes that the Company's foreign currency risks and their impact on the financial statements are immaterial. The following table summarizes the effect of change in the exchange rate of Euro by 5% as of the date of the statement of financial position:

	Assets			
	December 31,			
	2018	2018	2017	2017
Type of Currency:	(+2%)	(-2%)	(+2%)	(-2%)
Euro	-	-	686	(686)

4. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Moreover, the Company manages interest rate risks through applying the sensitivity analysis of interest rate instruments in a manner that does not negatively affect net interest income.

The Company also manages its interest rate risk regularly by evaluating the different alternatives such as funding and renewing current positions and alternative funding.

The sensitivity analysis below has been determined based on the exposure to interest rates of deposits at the financial statements date. The analysis is prepared assuming that the amount of deposits at the statement of financial position date was outstanding for the whole year. A (0.5%) increase or decrease is used which represents management's assessment of the reasonable probable net change in market interest rates.

	+0/5%		(0/5%)	
	December 31,		December 31,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Statement of income	43,646	45,669	(43,646)	(45,669)
Shareholders' equity	43,646	45,669	(43,646)	(45,669)

5. Sensitivity of Insurance Risks

	December 31, 2018		December 31, 2017	
	Statement of Income	Changes in Equity	Statement of Income	Changes in Equity
	JD	JD	JD	JD
Income / shareholders' equity	1,122,172	13,866,304	1,149,697	13,902,901
Impact of decreasing gross compensations by 5% while holding other factors constant	(1,203,953)	(1,203,953)	(1,084,434)	(1,084,434)
	(81,781)	12,662,351	65,263	12,818,467
Income / shareholders' equity	1,122,172	13,866,304	1,149,697	13,902,901
Impact of increasing gross compensations by 5% while holding other factors constant	(1,022,720)	(1,022,720)	(740,855)	(740,855)
	99,452	12,843,584	408,842	13,162,046

6. Share Price Risks

These risks represent the decrease in equity investments due to the changes in the indicators level of subscribed shares in the Company's portfolio.

The following is the impact of a +5% or -5% change in the index of the stock exchange in which the shares are traded:

	Change in Index	Impact on Profit for the year 2018	Impact on the Year's Profit 2017	Impact on shareholders' Equity 2018	Impact on Shareholders' Equity 2017
	JD	JD	JD	JD	JD
Stock Exchanges	5% Increase	10,956	13,146	10,956	19,788
Stock Exchanges	5% Decrease	(10,956)	(13,146)	(10,956)	(19,788)

7. Credit Risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Company. Moreover, the Company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Company's default on its liabilities. The Company does not follow a policy of taking guarantees against accounts receivable. Consequently, accounts receivable are not guaranteed.

The Company's financial assets consist primarily of holders of documents and financial investments at fair value through the statement of income, financial investment at fair value through the statement of comprehensive income, property investments, cash and cash equivalents, and other debit accounts. Moreover, holders of documents represent debts due from the locally insured parties, governmental bodies, large projects, and external customers. Moreover, the Company's management believes that the ratio of the debts owed to the Company is high. However, the probability of no collection of all or part of these debts is very low. Moreover, these debts represent significant concentration of risk in the customers' geographical areas. In addition, stringent credit risks control is maintained, as each customer's account is monitored separately and constantly. Customers concentration according to their geographical areas is as follows:

	Assets	
	2018	2017
Geographical Area	JD	JD
Inside Jordan	9,863,933	9,490,574
Outside Jordan	274,271	343,818
	10,138,204	9,834,392

34. Main Segments Analysis

a. Information on the Company's Operating Segments

For managerial purposes, the Company was organized into two sectors; the General Insurance Sector which includes motor, marine transportation, fire and other damages on properties, liability, and medical; and the Life Insurance Sector. These two sectors represent the main sectors that the Company uses to demonstrate the information related to the main sectors. The above mentioned sectors also include investments and management of cash for the Company's own account. Moreover, transactions among the operational sectors are based on estimated market prices at 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.

The following is the distribution of the Company's revenue and capital expenditures according to geographical sector:

	Inside Jordan		Outside Jordan		Total	
	For the Year Ended December 31,					
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Total revenue	18,254,843	17,429,792	-	-	18,254,843	17,429,792
Capital expenditures	441,502	121,500	-	-	441,502	121,500

	December 31,					
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Total assets	37,840,302	37,464,873	472,559	540,278	38,312,861	38,005,151

35. Capital Management

- Achieving Capital Management Objectives:

The Company aims to achieve capital management objectives through growing the Company's operations; achieving surplus in operating profits and revenues; and optimal employment of available resources. This is to achieve the targeted growth in shareholders' equity through growing the statutory reserve at 10% of the realized profits and the voluntary reserve at no more than 20% (if necessary), and retained earnings.

The Company takes into consideration that the size of capital should be compatible with the size and nature of risks that the Company is exposed to. This is carried out in a manner that does not contradict the regulations and instructions in force, and is reflected in the Company's strategies and budgets. Moreover, the effect on capital adequacy ratio is considered upon acquiring investments. Additionally, capital and its adequacy are monitored periodically.

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

	December 31, 2018	December 31, 2017
	JD	JD
First: Available capital *	15,922,383	15,965,424
Second: Required capital		
Capital required against assets risks	5,360,015	5,719,846
Capital required against underwriting liabilities	2,782,666	2,857,897
Capital required against life insurance	190,786	300,156
Total Required Capital	8,333,467	8,877,899
Third: Solvency margin ratio (available capital / required capital)	%191	180%

* Available capital consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Primary Capital:		
Paid-up capital	8,000,000	8,000,000
Statutory reserve	2,000,000	2,000,000
Voluntary reserve	-	-
Insurance premium	41,507	41,507
Retained earnings	4,065,644	3,660,739
Less: Proposed dividends	400,000	400,000
	13,707,151	13,302,246
Plus: Supplementary Capital:		
Financial assets cumulative change in fair value	(240,847)	200,655
Increase in investment properties fair value	2,456,079	2,462,523
Total Supplementary Capital	2,215,232	2,663,178
	15,922,383	15,965,424

36. Assets and Liabilities Maturities

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

December 31, 2018	Within One Year JD	More than One Year JD	Total JD
Assets			
Deposits at banks	8,729,191	-	8,729,191
Financial assets at fair value through profit or loss	219,118	-	219,118
Financial assets at fair value through other comprehensive income	-	5,261,252	5,261,252
Financial assets at amortized cost	1,999,001	-	1,999,001
Investment property	-	5,032,276	5,032,276
Cash on hand and at banks	352,801	-	352,801
Cheques under collection	2,466,775	-	2,466,775
Receivable – net	-	7,007,109	7,007,109
Re-insurance and local insurance companies' accounts receivables	-	664,320	664,320
Deferred tax assets	-	500,222	500,222
Property and equipment – net	-	5,342,101	5,342,101
Intangible assets - net	-	85,349	85,349
Other assets	-	653,346	653,346
Total Assets	13,766,886	24,545,975	38,312,861
Liabilities			
Unearned premiums provision – net	7,660,837	-	7,660,837
Claims provision – net	10,775,037	-	10,775,037
Mathematical provision – net	159,362	-	159,362
Payables	2,009,909	-	2,009,909
Re-insurance and local insurance companies' accounts payables	3,138,882	-	3,138,882
Various provisions	83,806	-	83,806
Income tax provision	240,223	-	240,223
Deferred tax liabilities	-	26,864	26,864
Other liabilities	351,637	-	351,637
Total Liabilities	24,419,693	26,864	24,446,557
Net	10,652,807	24,519,111	13,866,304

December 31, 2017	Within One Year JD	More than One Year JD	Total JD
Assets			
Deposits at banks	9,133,709	-	9,133,709
Financial assets at fair value through profit or loss	262,924	-	262,924
Financial assets at fair value through other comprehensive income	-	5,814,405	5,814,405
Financial assets at amortized cost	-	1,000,001	1,000,001
Investment property	-	4,156,248	4,156,248
Cash on hand and at banks	1,099,313	-	1,099,313
Cheques under collection	-	1,317,681	1,317,681
Receivable – net	-	7,573,470	7,573,470
Re-insurance and local insurance companies' accounts receivables	-	955,343	955,343
Deferred tax assets	-	313,339	313,339
Property and equipment – net	-	5,578,769	5,578,769
Intangible assets - net	-	110,865	110,865
Other assets	-	689,084	689,084
Total Assets	10,495,946	27,509,205	38,005,151
Liabilities			
Unearned premiums provision – net	6,737,435	-	6,737,435
Claims provision – net	11,604,515	-	11,604,515
Mathematical provision – net	233,818	-	233,818
Payables	2,087,290	-	2,087,290
Re-insurance and local insurance companies' accounts payables	2,840,882	-	2,840,882
Various provisions	129,108	-	129,108
Income tax provision	28,549	-	28,549
Deferred tax liabilities	-	90,226	90,226
Other liabilities	350,427	-	350,427
Total Liabilities	24,012,024	90,226	24,102,250
Net	(13,516,078)	27,418,979	13,902,901

37. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 3,956,047 as of December 31, 2018 (JD 2,957,034 as of December 31, 2017). In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the claims provision shall arise.

There are lawsuits claimed by the company against others and the totaled valuated lawsuits amounted to approximately JD 1,667,328 as of December 31, 2018

38. Contingent Liabilities

As of the date of the statement of financial position, the Company was contingently liable for the following:

- Bank guarantees of JD 538,000
- Bank credits of JD 20,088.

39. Transactions with Related Parties

- The Company entered into transactions with major shareholders, members of the Board of Directors, and executive management within its regular activities. All insurance credit granted to related parties are considered operating.

- The following is a summary of the transactions with related parties during the year:

	December 31, 2018	December 31, 2017
Statement of Financial Position Items:	JD	JD
Accounts receivable:		
Jordan Projects for Tourism Development * / **	125,730	841,624
Jordan Paper and Cardboard Company * / **	387,627	387,627
Orient Insurance Agency *	22,500	10,543
Modern Arab Distribution Company Ltd *	211,569	258,029
Yousef Nader & Sons Company *	81,311	90,166
Specialized Logistics Services Company	77,337	51,308
General Investment Company *	30,562	94,398
Abu Jaber Brothers Company *	16,200	454,546
Board of Directors and Shareholders Receivables	7,683	54,636
Communication Development Company *	7,233	3,999
Sad Abu Jaber and Sons Company *	23,705	-
Al Awael Distribution and General Trading Company *	569	-
Arabian Italian Trading Company*	9,851	-
Specialized Distributors for consumer goods Company *	27,743	-
Bidfood Service Middle East- Jordan Company *	864	-
Jordan Distribution Company and Agencies*	530	-
Al-Yadouda Trading Company *	-	1,583
	1,031,012	2,248,459
Checks under Collection:		
Jordan Projects for Tourism Development Company *	18,613	-
Orient Insurance Company *	100,303	151,796
Communication Development Company *	-	6,000
Abu Jaber Brothers Company *	610,114	-
	729,030	157,796
Accounts Payable:		
Jordan Projects for Tourism Development	-	8,852
Marina Plaza Hotel	169	-
Board of directors and shareholders payables	10,560	5,714
Jordan Spectrum Information Technology Company	14,657	-
	25,386	14,566

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
Income Statement Items:	JD	JD
Revenues and commissions on underwritten installments	1,346,622	1,195,141
Compensation paid	782,969	739,450
Rental income	102,716	97,013

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

	For the Year Ended December 31,	
	2018	2017
Description	JD	JD
Salaries and other benefits	671,372	523,825

* The Company is partially owned by a member of the Board of Directors.

*** There are receivables due from related parties amounted to JD 1,031,012 of which an amount of JD 1,091,902 aging more than 365 days with provision amounted to JD 387,627 as of December 31, 2018.

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets / Financial Liabilities	Fair Value December 31, 2018	Fair Value December 31, 2017	The Level of Fair Value	Valuation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
Financial Assets at Fair Value Through Income Statement	JD	JD				
Shares without market prices *	-	-	Level Two	Owners' equity	Not Applicable	Not Applicable
Shares with available market prices	219,118	262,924	Level One	Stated Rates in financial markets	Not Applicable	Not Applicable
	219,118	262,924				
Financial Assets at Fair Value through statement of Comprehensive Income						
Shares without market prices *	206,877	204,355	Level Two	Owners' equity	Not Applicable	Not Applicable
Shares with available market prices	5,054,375	5,610,050	Level One	Stated Rates in financial markets	Not Applicable	Not Applicable
	5,261,252	5,814,405				

* The investment in Arab Re-insurance Company - Lebanon has been reclassified within financial assets at fair value through other comprehensive income.

B -The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the Company's financial statements approximate their fair value.

The carrying value of the below items is equivalent to their fair value. This is due to either their short-term maturity or repricing of their interest rates during the year.

	December 31, 2018 Book value	December 31, 2018 Fair Value	December 31, 2017 Book value	December 31, 2017 Fair Value	The Level of Fair Value
Financial Assets of non-specified Fair Value	JD	JD	JD	JD	
Deposits at Banks	8,729,191	8,938,966	9,133,709	9,362,876	Level Two
Investments Properties	5,032,276	6,604,066	4,156,248	6,618,771	Level Two
Total Financial Assets of non-specified Fair Value	13,761,467	15,543,032	13,289,957	15,981,647	

The fair value for the financial assets for the level 2 and level 3 were determined in accordance to agreed pricing models, which reflect the credit risk of the parties dealt with.

41. Application of the new and revised International Financial Reporting Standards (IFRS)

a. Amendments with no material effect on the financial statements of the company:

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 financial statements that did not materially affect the amounts and disclosures in the 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 new and revised IFRSs
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 statement of income 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 advances".*	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 currency 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 new and revised IFRSs
	This Interpretation relates to transactions made in foreign currency or parts of such transactions in the events 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.

New and revised standards	Amendments to new and revised IFRSs
	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 recognised 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	In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise the revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: Step 1: Identify the contract(s) with customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

New and revised standards	Amendments to new and revised IFRSs
	Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.
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 exemptions for modified contracts and completed contracts.

B. Amendments with material effect on financial statements of the company

IFRS 9 Financial Instruments	IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) an impairment requirements for financial assets and b) a limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. IFRS 9 "Financial Instruments" issued by International Accounting Standards Board has been adopted on July 2014. The initial application date of this standard is on December 2018. The application of IFRS 9 has resulted on a changes on the accounting policies and amendments on the previous recognised balances on the financial statements. Noting that the Company has made the initial application of IFRS 9 (Stage one) released on 2009 and related to the classification and measurement of the financial assets since the beginning of 2010.

The Company has applied the simplified approach to the recognised expected credit losses over the time on its account receivables, as permitted by IFRS 9. The Company has also chosen to continue applying the hedge accounting requirements, related to IAS 39 Financial Instruments: Recognition and measurement, about the application of IFRS 9.

The adoption of IFRS 9 has resulted in a changes on the accounting policies to measure financial assets and liabilities and classification and measurement, as well to the decline of financial assets value. Also, IFRS 9 amends other standards, which mentions financial instruments such as IFRS 7 "Financial instruments: Disclosures".

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement.

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from 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:

	International Accounting Standard (39)	International Financial Reporting Standard (9) – Financial Instruments	Impact of the standard
	JD	JD	JD
Deposits at banks	9,133,709	9,124,615	(9,094)
Financial assets at amortized cost	1,000,001	999,001	(1,000)
Cheques under collection	1,317,681	1,310,224	(7,457)
Receivables	7,573,470	7,203,186	(370,284)
Re-insurance and local insurance companies' accounts receivables	955,343	925,722	(29,621)
Deferred tax assets	313,339	413,528	100,189
Retained earnings	3,660,739	3,343,472	(317,267)

- The expected credit loss as of December 31,2018 as follows:

	Balance at beginning of the year	Provision During the year	Total
	JD	JD	JD
Deposits at banks	(9,094)	-	(9,094)
Financial assets at amortized cost	(1,000)	-	(1,000)
Cheques under collection	(7,457)	-	(7,457)
Receivables	(370,284)	(5,655)	(375,939)
Re-insurance and local insurance companies' accounts receivables	(29,621)	-	(29,621)
Deferred tax assets	100,189	-	100,189
Total	317,267	5,655	322,922

c- New and revised IFRS in issue but not yet effective:

The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the financial statements with its details as follows:

New and revised standards	Amendments to new and revised IFRSs
Annual Improvements on IFRS Standards for financial statement issued in 2015 - 2017 (Effective form on January 1, 2019).	The annual Improvements includes Amendments to IFRS 3 *"Business Combinations"*, IFRS 11 *"Joint Arrangements"*, IAS 12 *"Income Taxes"* and IAS 23 *"Borrowing Costs."*
IFRIC 23 Uncertainty over Income Tax Treatments (Effective form on January 1, 2019).	The interpretation clarifies the determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses: • whether the tax treatment should be considered in aggregate؛ • assumptions regarding the procedures for the examination of tax authorities؛ • determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates؛ and • The impact of changes in facts and circumstances.
IFRS 16 *"Leases"* (Effective form on January 1, 2019).	IFRS 16 defines how the preparer of the reports can recognise, measure, display and disclose lease contracts. The Standard also provides a separate accounting model for tenants that requires the lessee to recognise the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lenders continue to classify leases as operating or financing leases. The approach of IAS 16 on accounting of lessors has not changed significantly from IAS 17.
Amendments in IFRS 9 *"Financial Instruments"* (Effective form on January 1, 2019).	These amendments are related to Prepayment Features with Negative Compensation. The current requirements of IFRS 9 regarding termination 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 case of negative compensation payments.

New and revised standards	Amendments to new and revised IFRSs
Amendments to IAS 28 "*Investment in Associates and Joint Ventures*" (Effective form on January 1, 2019).	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 shares 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.
Amendment to IAS 19 "Employee Benefits" (Effective form on January 1, 2019).	These amendments are related to amendment, curtailment or settlement of a defined benefit plan.
Amendment to IAS 1 "*Presentation of financial statement*" (Effective form on January 1,2020)	These amendments are related to definition of material.
Amendment to IFRS 3 "*Business Combinations*" (Effective form on January 1, 2020).	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes 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 contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12, Interpretation 19, Interpretations 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 reference to a different version of the conceptual framework.
IFRS 17 "*Insurance Contracts*" (Effective form on January 1, 2022).	It 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 the liability.
Amendments to IFRS 10 Financial Statements and IAS 28 "*Investments in Associates and Joint Ventures* (2011)" **(Effective date deferred indefinitely. Adoption is still permitted).**	These amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management expects to apply these new standards, interpretations and amendments to the financial statements of the Company when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the initial period of application except for IFRS16, as shown:

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.

42. Dividend distributed to shareholders

The General Assembly has approved, on April 29, 2018, the distribution of 5% of the nominal value of the shares – i.e. equivalent to JD 400,000 as profits to the shareholder for the year 2017.

The Board of Directors have recommend for dividend distribute of 5% of the nominal value of the share equivalent to JD 400,000 as profits to shareholders for the year 2018.