



الرقم : 11/2019 /04/ACC
التاريخ : 2019/04/07

<p>To: Jordan Securities Commission Amman Stock Exchange Date:- 7/4/2019 Subject: Audited Financial Statements for the fiscal year ended 31/12/2018</p>	<p>السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ:- 2019/4/7 الموضوع: البيانات المالية السنوية المدققة للسنة المنتهية في 2018/12/31</p>
<p>Attached the Audited Financial Statements in English of Jordan Insurance Company – Newton Insurance for the fiscal year ended 31/12/2018.</p>	<p>مرفق طيه نسخة من البيانات المالية المدققة باللغة الانجليزية لشركة الاردن الدولية للتأمين – نيوتن للتأمين عن السنة المالية المنتهية في 2018/12/31 .</p>
<p>Kindly accept our high appreciation and respect, Jordan International Insurance Company – Newton Insurance Finance Manager \ Murad Haddad</p>	<p>وتفضلوا بقبول فائق الاحترام،،، شركة الاردن الدولية للتأمين – نيوتن للتأمين المدير المالي / مراد حداد</p>



**JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN -JORDAN**

**CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2018**

**TOGETHER WITH THE INDEPENDENT AUDITOR'S
REPORT ON THE AUDIT OF THE CONSOLIDATED
FINANCIAL STATEMENTS**

**JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN –JORDAN**

FOR THE YEAR ENDED DECEMBER 31, 2018

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Independent Auditor's Report on the Audit of the Consolidated Financial Statements

**To The General Assembly
Jordan International Insurance Company
(Public Shareholding Limited Company)
Amman – Jordan**

Opinion

We have audited the accompanying financial statements of **Jordan International Insurance Company – Public Shareholding Limited Company- and its subsidiaries (“the Group”)** which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of profit or loss, other comprehensive income, changes in Shareholders’ equity and cash flows for the year then ended, and notes about consolidated financial statements, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters in accordance with our judgment are those which are most important in our audit of the consolidated financial statements for the current year. These matters have been considered in the context of our audit of the consolidated financial statements as a whole and our opinion on these consolidated financial statements, and not for the purpose of expressing a separate opinion on these matters. The description of the significant audit is described below:

<p>1. Valuation of investment properties</p> <p>The Group has investment properties amounting to JOD 7,543,045 as at December 31, 2018 representing 22% of the Group's total assets. Under IFRS, the Group is required to disclose the fair values of these assets and to assess impairment in value (if any). The management requires a lot of judgment and estimation to determine fair value, where judgments and estimates are applied to inputs to the fair value / impairment measurement process, including real estate appraisals from real estate valuers. Accordingly, the process of estimating the fair value / impairment of these assets by management was considered key matter to our audit.</p> <p>The accounting policies and the key accounting estimates relating to investment properties are set out in notes 2,3 and 7 to the consolidated financial statements.</p>	<p>Risk Response Audit System</p> <p>An audit involves evaluating the internal control procedures over determining the fair value of investment properties and comparing them with the carrying amounts to determine whether there is any impairment in value. In addition to the Group's management estimates of fair value / impairment of investment properties, we compared these estimates with the requirements of IFRS and discussed under the available information.</p> <p>The audit procedures included evaluating the methodology used and the appropriateness of the valuation models and inputs used to determine the fair value / impairment of investment properties and reviewing the reasonableness of the key inputs in the valuation process by reviewing future discounted cash flows and real estate valuations provided by real estate valuers and other inputs that have been reviewed. We have also assessed the adequacy of the Group's disclosures about key estimates.</p>
<p>2. Technical reserves</p> <p>The technical reserves are key to our audit. The total technical reserves amounted to JD 4,612,964 representing about 42% of the value of the liabilities as of December 31, 2018. The Company estimates the required technical reserves in accordance with the requirements of International Financial Reporting Standards and the requirements of the regulatory authorities. Technical reserves are measured in accordance with accounting policies and estimates of the Company and historical information on the claims. The reinsurers' share of the technical reserves is also re-calculated based on the agreements concluded with them. Management also appoints an actuarial specialist and loss adjuster to periodically review the adequacy of technical reserves periodically.</p>	<p>Risk Response Audit System</p> <p>The audit procedures include an understanding of the nature of the technical reserves and evaluation of the internal control procedures in addition to assessing the reasonableness of the estimates and assumptions and the adequacy of the reserves prepared by the management by reviewing the test of the technical reserves, the reinsurers' share, the methods of calculating them, using the loss adjuster reports and the Company's lawyers and comparing them with the related reserves. The actuarial specialist report is also reviewed to assess the adequacy of the technical provisions as well as the adequacy of the disclosure on technical reserves.</p>



3. Valuation of unquoted investments	Risk Response Audit System
<p>Financial assets at fair value through other comprehensive income comprise approximately 18% of the total assets of the Company as at December 31, 2018. These assets include unquoted financial investments in inactive financial markets. These financial assets should be stated at fair value in accordance with the requirements of IFRS 9. The Group is required to determine the fair value of these financial assets based on the latest available study to estimate future cash flows and / or to compare them with the current market value of a financial instrument that is substantially the same.</p>	<p>An audit involves evaluating the internal procedures for determining the fair value of a financial asset that is not quoted on an active market, and examining its effectiveness, as well as evaluating the assumptions and the appropriateness of inputs used to determine the fair value of financial assets and the review of the reasonableness of key inputs through reviewing the investee financial statements and future cash flows in addition to other inputs. These estimates have been compared to the requirements of IFRS under the available information.</p>

4. Adequate provisions for expected credit losses on receivables	Risk Response Audit System
<p>Impairment loss of receivables is one of the factors that affects the Group's results. In addition, it requires management to make a lot of judgments, assumptions and estimates to determine default and to measure impairment losses based on IFRS 9, where judgments and estimates are applied to set assumptions based on the inputs of the process of measuring the decline, including determining the probability and date of default, the financial position of the customers and the legal status of the issues placed on these customers. Accordingly, an assessment of the adequacy of the expected credit losses on receivables was considered to key to the audit.</p> <p>The balance of receivables amounted to JOD 6,243,449 and the provision for credit losses is JOD 1,327,347 as of December 31, 2018.</p> <p>The accounting policies and significant accounting estimates relating to receivables and provision for expected credit losses are disclosed in notes 2, 3 and 10 to the consolidated financial statements.</p>	<p>The audit procedures include evaluating the internal control procedures used by the Group in the collection of accounts receivable, studying the cash received during the subsequent period, understanding the methodology used in measuring the provision for expected credit losses against receivables and studying the legal status of issues established by the Group by assessing the management assumptions and evaluating the simplified approach of the expected credit losses and the methodology applied in compliance with the requirements of international standards, taking into account external information available about the risks of futures and macroeconomic factors to determine the future outlook. We have also evaluated the adequacy of the Group's disclosures about it.</p>



Other matter

The consolidated financial statements of the Group for the year ended December 31, 2017, which appears for comparison purposes, were audited by another auditor who expressed an unqualified audit opinion on February 28, 2018.

Other Information

Management is responsible for the other information. Other information consists of information provided in the annual report except for the consolidated financial statements and the independent auditor's report. We expect that the annual report will be provided to us later than the date of our report. Our opinion on the consolidated financial statements does not include other information and we do not express any kind of assurance or conclusion on them.

In assessing the consolidated financial statements, it is our responsibility to read the above-mentioned information as it becomes available to us. We assess whether the other information is not materially consistent with the consolidated financial statements or information obtained through our audit or that other information includes misstatements substantially. If we conclude that there is a material misstatement of this other information, we are required to report that fact. We were not provided with the annual report of the Group or any other information as it relates to this paragraph until the date of this report.

Responsibilities of Management the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes 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 Other Legal and Regulatory Requirements

The Group maintains proper accounting records. The accompanying consolidated financial statements are, in all material aspects, in agreement with the Company's accounting records, and we recommend that the General Assembly to approve these financial statements.

Kawasmy and Partners
KPMG Jordan

Hatem Kawasmy
License No. (656)

Amman – Jordan
February 28, 2019



Jordan International Insurance Company
(A Public Shareholding Limited Company)
Amman - Jordan
Consolidated Statement of Financial Position

In Jordanian Dinar

Assets	Notes	As of December 31,	
		2018	2017
Deposits at banks	3	6,890,171	7,536,331
Financial assets at fair value through profit or loss	4	786,057	574,742
Financial assets at fair value through comprehensive income	5	6,106,128	6,585,514
Financial assets at amortized cost	6	-	562,683
Investment properties - net	7	7,543,045	8,155,406
Total Investments		21,325,401	23,414,676
Cash on hand and at banks	8	407,482	259,269
Cheques under collection	9	524,855	277,607
Accounts receivable - net	10	6,243,449	8,988,991
Reinsurance receivables	11	1,215,280	891,886
Settlement guarantee fund deposits	12	25,000	25,000
Due from related parties	32	39,996	147,658
Deferred tax assets	13-D	780,335	696,402
Intangible assets -net	14	494,121	403,774
Property and equipment - net	15	2,294,942	2,385,572
Other assets	16	764,058	533,016
Total Assets		34,114,919	38,023,851
Liabilities and Shareholders' Equity			
Liabilities			
Unearned premiums reserve - net		2,711,428	2,437,190
Claims reserve - net		1,917,576	2,016,907
Mathematical reserve - net	17	42,935	50,465
Premium deficiency reserve - net		-	60,000
Total Insurance Contract Liabilities		4,671,939	4,564,562
Accounts payable	18	3,348,108	2,351,544
Reinsurance Payables	19	897,967	3,538,014
Accrued expenses		10,890	22,500
Due to related parties	32	3,375	17,020
Other provisions	20	152,448	148,948
Income tax provision	13-A	22,986	846
Deferred tax liabilities	13-D	491,817	453,807
Other liabilities	21	1,388,752	3,037,340
Total Liabilities		10,988,282	14,134,581
Shareholders' Equity			
Authorized and paid-up capital	22	18,150,000	18,150,000
Statutory reserve	23	2,719,891	2,692,344
Special reserve	24	2,225	2,225
Difference in purchasing non-controlling interest shares	25	342,876	342,037
Investment revaluation reserve	26	859,713	1,422,112
Retained earnings	27	176,577	420,232
Total Shareholders' Equity - Company's Shareholders		22,251,282	23,028,950
Non-controlling interests	28	875,355	860,320
Total Shareholders Equity		23,126,637	23,889,270
Total Liabilities and Shareholders Equity		34,114,919	38,023,851

The accompanying notes are an integral part of these consolidated financial statements and should be read with it and with the independent auditor's report.

Chairman of the Board of Directors

General Manager

Jordan International Insurance Company
(A Public Shareholding Limited Company)
Amman - Jordan
Consolidated Statement of Cash Flows

In Jordanian Dinar

	Notes	For the year ended December 31,	
		2018	2017
Cash flows from operating Activities			
Profit (Loss) for the year before income tax		143,734	(630,483)
Adjustments for:			
Depreciation and amortization		203,601	156,964
Net change in unearned premiums reserve		274,238	(291,257)
Net change in claims reserve		(99,331)	75,040
Net change in mathematical reserve		(7,530)	9,982
Net change in premium deficiency reserve		(60,000)	60,000
Net change in financial assets at fair value through profit or loss	29	102,424	93,187
Realized gain on sale of financial assets at fair value through profit or loss	29	(148,934)	-
Loss on sale of financial assets at amortized cost		19,161	-
(Recovered from) impairment of financial assets at amortized cost	29	(155,000)	105,000
(Recovered from) provision for impairment in receivables	10	-	(41,255)
Expected credit loss provision		237,386	-
Other provisions	20	3,500	55,000
Interest income	30	(335,715)	(251,378)
(Gain) on sale of Investment properties	31	(214,517)	(12,811)
Net cash flows from operating activities before changes in working capital		(36,983)	(672,011)
Changes in:			
Cheques under collection		(247,248)	(16,865)
Accounts receivable		2,508,156	1,825,383
Reinsurance receivables		(323,394)	(67,926)
Due from related parties		107,662	136,101
Other assets		7,519	(18,401)
Accounts payable		996,564	365,603
Due to related parties		(13,645)	17,020
Accrued expenses		(11,610)	(15,822)
Reinsurance payables		(2,640,047)	778,974
Other liabilities		(1,648,589)	(417,517)
Net Cash Flows (used in) from Operating Activities before income tax		(1,301,615)	1,914,539
Income tax paid on interest income		-	(21,553)
Paid and recovered from other provisions		-	(36,585)
Net Cash Flows (used in) from Operating Activities		(1,301,615)	1,856,401
Cash flows from investing activities			
Proceeds from sale of investment properties	7	813,160	34,000
Changes in Financial assets at amortized cost		(31,478)	-
Purchase of financial assets through other comprehensive income		(47,656)	(106,686)
Proceeds from sale of financial assets through comprehensive income		5,072	-
Financial assets through statement of profit or loss		(164,805)	-
(Increase) in restricted deposits		(12,435)	(10,112)
Decrease (Increase) in deposits		446	(10,112)
Purchase of intangible assets	14	(70,457)	-
Purchase of property and equipment	15	(26,330)	(33,997)
Net Cash Flows From (Used in) Investing Activities		465,517	(126,907)
Cash flows from financing activities			
Dividends distributed to Shareholders		-	(1,089,000)
Changes in non-controlling interests		11,647	(8,026)
Interest received		302,080	251,378
Net Cash Flow From (Used in) Financing Activities		313,727	(845,648)
Net (decrease) increase in cash and cash equivalents		(522,371)	883,846
Cash and cash equivalents- beginning of the year		7,058,928	6,175,082
Cash and Cash Equivalents- End of the Year	36	6,536,557	7,058,928
Non cash transactions			
Financial assets at amortized cost transferred to other assets	16,6	365,000	-
Decrease in other assets		91,213	227,451
(Increase) in intangible assets		(91,213)	(227,451)

The accompanying notes are an integral part of these consolidated financial statements and should be read with it and with the independent auditor's report.

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,

	Motor		Marine and transportation		Aviation		Fire and other damage of property		Liability		Personal Accidents		Medical		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<i>In Jordanian Dinar</i>																
Written premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct business	-	-	1,621,023	1,349,110	83,618	93,378	1,996,446	2,414,228	237,420	1,569,569	83,599	92,617	8,825,253	12,279,934	12,847,359	17,798,836
Optional re - insurers's share	-	-	107,358	159,587	-	-	55,027	73,956	-	-	-	-	-	-	162,385	233,543
Gross premiums	-	-	1,728,381	1,508,697	83,618	93,378	2,051,473	2,488,184	237,420	1,569,569	83,599	92,617	8,825,253	12,279,934	13,009,744	18,032,379
(Less): Local re-insurers's share	-	-	153,342	159,587	-	-	81,246	88,900	-	-	-	-	-	-	234,588	248,487
Foreign re-insurers' share	-	-	1,268,501	1,121,016	79,353	93,296	1,782,662	2,290,767	215,628	1,542,270	67,917	82,744	2,826,178	6,282,002	6,240,239	11,412,095
Net written premiums	-	-	306,538	228,094	4,265	82	187,565	108,517	21,792	27,299	15,682	9,873	5,999,075	5,997,932	6,534,917	6,371,797
Add: Unearned premiums reserve - beginning of the year	-	-	382,106	333,941	27,420	26,461	840,120	1,718,547	1,312,055	1,674,26	20,350	959	4,836,270	6,626,202	7,418,321	8,873,536
Less: Re-insurers' shares - end of the year	-	-	328,428	290,172	27,344	26,156	797,891	1,737,318	1,296,479	157,217	17,932	720	2,513,057	3,933,506	4,981,131	6,145,089
Net Unearned premiums reserve - beginning of the year	-	-	53,678	43,769	76	305	42,229	(18,771)	15,576	10,209	2,418	239	2,323,213	2,692,696	2,437,190	2,728,447
Less: Unearned premium reserve - End of the year	-	-	313,128	382,106	16,253	27,420	867,097	840,120	1,101,295	1,312,055	8,532	20,350	3,490,247	4,836,270	5,805,552	7,418,321
Re - insurers' share - end of the year	-	-	256,236	328,428	15,201	27,344	791,444	797,891	1,083,157	1,296,479	5,546	17,932	942,540	2,513,057	3,094,124	4,981,131
Net unearned premiums reserve - end of the year	-	-	56,892	53,678	1,052	76	75,653	42,229	18,138	15,576	2,986	2,418	2,556,707	2,323,213	2,711,428	2,437,190
Change in unearned premiums reserve	-	-	3,214	9,909	976	(229)	33,424	61,000	2,562	5,367	568	2,179	233,494	(369,483)	274,238	(291,257)
Premium deficiency reserve - beginning of the year	-	-	-	-	-	-	-	-	-	-	-	-	60,000	-	60,000	-
Premium deficiency reserve - end of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenue from the Underwritten Premiums	-	-	303,324	218,185	3,289	311	154,141	47,517	19,230	21,932	15,114	7,694	5,825,581	6,307,415	6,320,679	6,603,054

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

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

CONSOLIDATED STATEMENT OF CLAIMS FOR GENERAL INSURANCE ACTIVITIES FOR GENERAL INSURANCE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,

	Motor		Marine and transportation		Aviation		Fire and other damage of property				Public Liability		Personal Accidents		Medical		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<i>In Jordanian Dinar</i>																		
Paid Claims	128,906	183,529	1,588,555	894,553	-	33,844	936,845	4,051,881	72,551	256,700	96,422	41,247	11,276,833	14,989,043	14,100,112	20,450,797	14,100,112	20,450,797
(Less): Recoveries	66,868	76,433	92,373	9,499	-	-	35,335	14,559	-	-	-	-	401,121	397,223	595,697	497,714	595,697	497,714
Local re-insurers' share	-	-	-	-	-	-	4,227	11,931	-	-	-	-	-	-	-	-	4,227	11,931
Foreign re-insurers' share	593	8,100	1,239,237	800,765	-	33,844	845,116	3,964,043	68,031	235,726	81,316	34,885	4,910,425	8,172,077	7,144,718	13,249,240	7,144,718	13,249,240
Net Paid Claims	61,445	98,996	256,945	84,289	-	-	52,167	61,348	4,520	20,974	15,106	6,562	5,965,287	6,419,743	6,355,470	6,691,912	6,355,470	6,691,912
Add: Claims reserve - end of the year																		
Reserve for reported claims	857,153	965,493	1,408,194	1,864,429	-	-	4,196,851	3,973,327	1,539,047	997,464	146,616	140,521	260,213	456,120	8,408,074	8,397,354	8,408,074	8,397,354
Reserve for not reported claims	25,000	25,000	25,000	25,000	-	-	15,000	15,000	45,000	45,000	-	-	557,469	884,895	690,469	994,895	690,469	994,895
Less: Re-insurers' share - end of the year	231,742	247,004	1,205,550	1,665,021	-	-	4,024,155	3,807,165	1,357,532	839,640	108,538	108,465	261,247	708,347	7,188,764	7,375,642	7,188,764	7,375,642
Recoveries	28,786	28,786	-	-	-	-	-	-	-	-	-	-	-	-	28,786	28,786	-	28,786
Net Claims reserve - End of the year	621,625	714,703	227,644	224,408	-	-	210,696	181,162	226,515	202,824	38,078	32,056	556,435	632,668	1,880,993	1,987,821	1,880,993	1,987,821
Net reported claims reserve - end of the year	596,625	689,703	202,644	199,408	-	-	172,696	166,162	181,515	157,824	38,078	32,056	172,450	235,705	1,364,008	1,480,858	1,364,008	1,480,858
Net Unreported claims reserve - end of the year	25,000	25,000	25,000	25,000	-	-	38,000	15,000	45,000	45,000	-	-	383,985	396,963	516,985	506,963	516,985	506,963
Less: Reported claims reserve - beginning of the year																		
Reported claims reserve	965,493	1,139,575	1,864,429	2,117,755	-	-	3,973,327	7,858,522	997,464	469,105	140,521	32,772	456,120	520,515	8,397,354	12,138,244	8,397,354	12,138,244
Unreported claims reserve	25,000	25,000	25,000	30,000	-	-	15,000	30,000	45,000	25,000	-	-	884,895	663,478	994,895	773,478	994,895	773,478
Re-insurers' share - beginning of the year	247,004	286,659	1,665,021	1,881,458	-	-	3,807,165	7,734,139	839,640	353,498	108,465	27,638	708,347	666,636	7,375,642	10,950,028	7,375,642	10,950,028
Recoveries	28,786	59,288	-	-	-	-	-	-	-	-	-	-	-	-	28,786	59,288	-	28,786
Net Claims Reserve - Beginning of the year	714,703	818,628	224,408	266,297	-	-	181,162	154,383	202,824	140,607	32,056	5,134	632,668	517,357	1,987,821	1,902,406	1,987,821	1,902,406
Net reported Claims Reserve - beginning of the year	689,703	793,628	199,408	226,297	-	-	166,162	124,383	157,824	115,607	32,056	5,134	235,705	197,952	1,480,858	1,477,001	1,480,858	1,477,001
Net Unreported Claims Reserve - beginning of the year	25,000	25,000	25,000	30,000	-	-	15,000	30,000	45,000	25,000	-	-	396,963	319,405	506,963	429,405	506,963	429,405
Net change in claims reserve	(93,078)	(103,925)	3,216	(41,889)	-	-	29,534	26,779	23,691	62,217	6,022	26,922	(76,233)	115,311	(106,828)	85,415	(106,828)	85,415
Net Paid Claims Cost	(31,633)	(4,929)	260,181	42,400	-	-	81,701	88,127	28,211	83,191	21,128	33,484	5,889,054	6,535,054	6,248,642	6,777,327	6,248,642	6,777,327

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

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF UNDERWRITING (LOSSES) FOR GENERAL INSURANCE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,

	Motor			Marine and transportation			Aviation			Fire and other damage of property			Liability			Personal Accidents			Medical			Total		
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<i>In Jordanian Dinor</i>																								
Net revenue from the underwritten premiums	-	-	303,324	218,185	3,289	311	154,141	47,517	19,230	21,932	15,114	7,694	5,825,581	6,307,415	6,320,679	6,603,054								
Less: net paid claims cost	(31,633)	(4,929)	260,181	42,400	-	-	81,701	88,127	28,211	83,191	21,128	33,484	5,889,054	6,535,054	6,248,642	6,777,327								
Add: received commissions	-	-	230,773	259,477	10,568	7,004	319,128	397,023	22,210	58,398	1,735	4,241	220,310	576,010	804,724	1,302,153								
Policy issuance fees and others	-	-	59,156	29,873	2,364	1,839	21,808	34,907	3,296	6,688	1,555	1,081	318,926	517,331	407,105	591,719								
Other revenues (note 31)	3	3	147,939	114,384	-	-	3	45,269	-	-	-	-	124,988	58,617	272,933	218,473								
Total Revenue	3	3	437,868	403,934	12,932	8,843	340,939	477,199	25,506	65,086	3,290	5,322	664,224	1,151,958	1,484,762	2,112,345								
Less: policy acquisition cost	-	-	61,501	66,218	-	-	71,537	55,625	767	854	-	7	69,113	58,823	202,918	181,527								
Excess of loss premiums	-	-	-	-	-	-	37,833	34,750	-	-	-	-	-	-	37,833	34,750								
Underwriting administrative expenses	-	-	261,567	280,017	2,700	2,535	416,949	450,823	6,500	3,883	330	270	785,490	1,056,773	1,473,536	1,794,301								
Other expenses	-	-	14,658	32,796	250	613	40,642	114,154	630	940	75	64	61,248	196,636	117,503	345,203								
Total Expenses	-	-	337,726	379,031	2,950	3,148	566,961	655,352	7,897	5,677	405	341	915,851	1,312,232	1,831,790	2,355,781								
Net Underwriting (Loss)	31,636	4,932	143,285	200,688	13,271	6,006	(153,582)	(218,763)	8,628	(1,850)	(3,129)	(20,809)	(315,100)	(387,913)	(274,991)	(417,709)								

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JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,

	Life		Investment Related		Total	
	2018	2017	2018	2017	2018	2017
<i>In Jordanian Dinar</i>						
Written Premiums:						
Direct Insurance	1,032,836	1,133,764	-	-	1,032,836	1,133,764
Facultative reinsurance accepted	-	-	-	-	-	-
Gross Earned Premiums	1,032,836	1,133,764	-	-	1,032,836	1,133,764
<u>Less:</u> Local reinsurance share						
Foreign reinsurance share	755,231	837,986	-	-	755,231	837,986
Net Earned Premiums	277,605	295,778	-	-	277,605	295,778
Add: Mathematical provision - beginning of the year	96,677	97,843	-	-	96,677	97,843
<u>Less:</u> Reinsurance share	46,212	57,360	-	-	46,212	57,360
Net Mathematical Provision - beginning of the year	50,465	40,483	-	-	50,465	40,483
<u>Less:</u> Mathematical provision - beginning of the year	75,773	96,677	-	-	75,773	96,677
<u>Less:</u> Reinsurance share	32,838	46,212	-	-	32,838	46,212
Net Mathematical Provision - End of the year	42,935	50,465	-	-	42,935	50,465
Change in Mathematical reserve	(7,530)	9,982	-	-	(7,530)	9,982
Net Earned Premiums Income from Written Premiums	285,135	285,796	-	-	285,135	285,796

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FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE
ACCOMPANYING AUDIT REPORT .

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF CLAIMS FOR LIFE INSURANCE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,

	Life		Investment Related		Total	
	2018	2017	2018	2017	2018	2017
<i>In Jordanian Dinar</i>						
Paid Claims	816,244	643,045	-	-	816,244	643,045
<u>Less: Recoveries</u>	4,151	83,465	-	-	4,151	83,465
Forgin reinsurance share	644,048	443,255	-	-	644,048	443,255
Net Claims Paid	168,045	116,325	-	-	168,045	116,325
<u>Add: Outstanding Claims Reserve at the end of the year</u>						
Reported	72,970	35,483			72,970	35,483
Unreported	32,500	32,500	-	-	32,500	32,500
<u>Less: Reinsurance share</u>	68,887	38,897	-	-	68,887	38,897
Net outstanding claims reserve at the end of the year	36,583	29,086	-	-	36,583	29,086
Net outstanding claims reserve at the end of the year - Reported	21,583	14,086	-	-	21,583	14,086
Net outstanding claims reserve at the end of the year - Unreported	15,000	15,000	-	-	15,000	15,000
<u>Less: Outstanding Claims Reserve at the beginning of the year</u>						
Reported	35,483	66,233	-	-	35,483	66,233
Unreported	32,500	32,500	-	-	32,500	32,500
<u>Less: Reinsurance share</u>	38,897	59,272	-	-	38,897	59,272
Net Outstanding Claims Reserve at the beginning of the year	29,086	39,461	-	-	29,086	39,461
Net Outstanding Claims Reserve at the beginning of the year - Reported	14,086	24,461	-	-	14,086	24,461
Net Outstanding Claims Reserve at the beginning of the year - Unreported	15,000	15,000	-	-	15,000	15,000
Net change in outstanding claims reserve	7,497	(10,375)	-	-	7,497	(10,375)
Net Cost of Claims Incurred	175,542	105,950	-	-	175,542	105,950

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ACCOMPANYING AUDIT REPORT.

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF UNDERWRITING (LOSSES) FOR LIFE INSURANCE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,

<i>In Jordanian Dinar</i>	Life		Investment Related		Total	
	2018	2017	2018	2017	2018	2017
Net Earned Premiums Income	285,135	285,796	-	-	285,135	285,796
Less: Cost of Claims Incurred	175,542	105,950	-	-	175,542	105,950
	109,593	179,846	-	-	109,593	179,846
Add: Commissions received	-	273	-	-	-	273
Policies issuing fees	34,885	29,453	-	-	34,885	29,453
Other revenues (Note 31)	8,302	2,957	-	-	8,302	2,957
Total Revenues	152,780	212,529	-	-	152,780	212,529
Less: Commissions paid	10,957	19,380	-	-	10,957	19,380
Underwriting administrative expenses	216,555	258,553	-	-	216,555	258,553
Other expenses	29,130	18,872	-	-	29,130	18,872
Total expenses	256,642	296,805	-	-	256,642	296,805
Net Underwriting (Loss)	(103,862)	(84,276)	-	-	(103,862)	(84,276)

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

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE ACTIVITIES

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
<u>Assets and investments</u>		
Deposits at banks	100,000	100,000
Total Investments	100,000	100,000
Accounts Receivable	245,415	262,442
Reinsurance receivables	47,430	46,062
Other assets	439	236
Assets and Investments	393,284	408,740
<u>Liabilities and Equity</u>		
<u>Liabilities</u>		
Accounts payable	6,600	51,443
Reinsurance payable	42,776	76,727
Other liabilities	12,864	19,112
<u>Technical provisions:</u>		
Outstanding claims reserve - net	36,583	29,086
Mathematical reserve - net	42,935	50,465
Total technical provisions	79,518	79,551
Total Liabilities	141,758	226,833
<u>Equity</u>		
Head office current account	355,388	266,183
Net (loss) for the year	(103,862)	(84,276)
Total equity	251,526	181,907
Total Liabilities and Equity	393,284	408,740

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

**JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN –JORDAN**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL

- A- Jordan International Insurance Company "The Company" was established in 1996 and registered as a Public Shareholding Limited Company at the Companies Control Department under Number (301), the Head office is in 6th Circle, Amman P.O. 3253 Amman 11181 Jordan .The Company's authorized and paid-up capital was JD 4 million, represented by 4 million shares at a par value of one Jordanian Dinar per share. The capital of the Company has been increased in several stages and most recently in 2010 to become JD 18/150 million distributed to 18/150 shares at nominal value of one share.
- B- The Company's main objectives are:
- Acquiring movable and immovable properties required to operate.
 - Carrying out all insurance business activities.
 - Investing the surplus fund as deemed by the Company.
 - Borrowing needed funds from banks.
- C- The Board of Directors approved the consolidated financial statements on February 17, 2019 and its subject to the Insurance Commission approval.

2) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS.

b) Basis of Measurement:

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets at fair value through profit or loss and financial assets at fair value through statement of comprehensive income and financial assets measured at amortized cost.

c) Functional and Presentation Currency:

The financial statements are presented in Jordanian Dinar, which is the Company's functional currency.

d) Basis of consolidating the consolidated financial statements

The consolidated financial statements include the consolidated financial statements for the Company and its following subsidiaries, after the elimination of transactions and balances between them, the Company has the following subsidiaries as of December 31, 2018:

<u>Company Name</u>	<u>Paid - Up Capital</u>	<u>Ownership Percentage</u>	<u>Nature of operation</u>	<u>Country of operation</u>	<u>Date of acquisition</u>
Ibda 'a for Financial Investments Company	2,500,000	100%	Financial brokerage	Jordan	2005
Jordan International Investment Company	10,000,000	90.71%	Investment in properties	Jordan	2006
Tellal Salem Real Estate Company	150,000	100%	Investment in properties	Jordan	2012
Newton Underwriting Management Company limited	248,500	100%	Insurance	Dubai	2018

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN –JORDAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following are the key information about the subsidiaries as of December 31, 2018 and 2017:

December 31, 2018				
<i>In Jordanian Dinar</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>
Ibda' Financial Investment Company	2,535,079	26,162	135,212	93,472
Jordan International Investment Company	9,540,691	101,616	289,556	114,156
Tellal Salem Real Estate Company	727,132	481,602	101,983	1,688
Newton Underwriting Management Company limited	270,167	153,404	-	131,737
December 31, 2017				
<i>In Jordanian Dinar</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>
Ibda' Financial Investment Company	2,494,584	48,074	106,444	29,540
Jordan International Investment Company	9,388,622	84,521	91,296	125,836
Tellal Salem Real Estate Company	625,150	479,315	-	1,180
Newton Underwriting Management Company limited	-	-	-	-

The Group accounts for business combinations of a subsidiary in the consolidated statement of profit and loss starting from the date of the acquisition which is the date when control is transferred to the Group.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on bargain purchases is recognized in the consolidated statement of profit or loss immediately. Transactions costs are expensed as incurred in the consolidated statement of profit or loss except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in the consolidated statement of profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as shareholders' equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the consolidated statement of profit or loss.

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the consolidated statement of profit or loss.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

e) Use of judgments and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is summarized as follows:

- Determination of expected credit loss allowance for financial assets is based on assumptions adopted by the Group's management in estimating the allowance in accordance with the requirements of IFRSs.
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations.
- Management periodically reassesses the economic useful lives of tangible and intangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management periodically reviews investment properties to determine any impairment and recognizes the impairment loss in the consolidated statement of profit and loss.
- Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the Company's legal advisors. This study highlights potential risks that the Company may incur in the future.
- Management estimates the claims and technical reserves based on technical and actuarial studies and in conformity with the instructions of the Insurance Commission.
- Management should determine and disclose the level of fair value hierarchy in which fair value measurements are classified, and to separate fair value measurements at the levels specified in the IFRSs. The Company is required to differentiate between Level 2 and Level 3 fair value measurements, meaning that assessing whether inputs are observable and whether unobservable inputs are important, this may require insights and careful analysis of inputs used to measure fair value, including the study of the factors of specifying assets or liabilities.

Management believes that its estimates and judgments are reasonable and adequate.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the consolidated financial statements are consistent with those adopted for the year ended December 31, 2017 except for the following new and adjusted standards which became applicable in January 1st, 2018:

- International Financial Reporting Standard (9): Financial Instruments.
- International Financial Reporting Standard (15): Revenue from Contracts with Customers.
- IFRS (2): Classification and Measurements of Share-Based Payments.
- IAS (40): Clarify Transfers of Investment in Property.
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments on IFRS (1) adopting IFRS for the first time and IAS (28) Investment in associate and joint venture (effective on Jan 1st 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The implementation of the above standards did not have a material impact in the consolidated financial statements except for IFRS 9. The following is a summary of the key IFRSs implemented:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

• IFRS (9) Financial Instruments

The Group has adopted IFRS 9 as from 1 January 2018. IFRS 9 defines requirements for the recognition and measurement of both financial assets and liabilities and certain contracts for the purchase or sale of non-financial items. This standard replace IAS 39 (Recognition and Measurement).

The details of the new significant accounting policies are set out below, the following table summarizes the impact of application of IFRS 9 on opening balances on both provisions and retained earnings:

<i>In Jordanian Dinar</i>	As of 1 January 2018	Expected Impact of Application of IFRS 9	As of January 1, 2018
Retained earnings	420,232	(301,485)	118,747
Deferred tax assets	696,402	105,925	802,327

The details of the new significant accounting policies are set out below:

A- Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, but eliminates the classification of held-to-maturity financial assets, loans and receivables and available-for-sale assets that fall under the criteria International Accounting standards No. (39).

- Financial assets

The Group has early adopted the first phase of IFRS (9) as of January 1st, 2011 based on the request of Jordan Securities Commission. There were no material differences between the first phase of the Standard and the final version of the Standard issued on 24 July 2014.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income – debt investment; fair value through other comprehensive income – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It's held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it's held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies applied are similar to the accounting policies adopted by the Group (considering that the Group has applied early to the first phase of IFRS 9) with the exception of the following accounting policies that became effective from January 1, 2018:

Debt investments at fair value through other comprehensive income.	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statements of profit or loss. Other net gains and losses are recognized in the consolidated statements of other comprehensive income. On derecognition, accumulated gains and losses transferred from the consolidated statement of other comprehensive income to consolidated statement of profit or loss.
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The impact of the adoption of IFRS 9 on the carrying amounts of financial assets as of January 1, 2018 is as follows:

<i>In Jordanian Dinars</i>	Classification in accordance with IAS 39	New classification in accordance with IFRS 9	Book value in accordance with IAS 39	New book value in accordance with IFRS 9
Financial Assets				
Cash on hand and at banks	Loans and receivables	At amortized cost	244,789	244,789
Deposits at banks	Loans and receivables	At amortized cost	7,536,331	7,535,755
Cheques under collection	Loans and receivables	At amortized cost	277,607	256,000
Accounts receivable	Loans and receivables	At amortized cost	8,988,991	8,603,764
Reinsurance receivables	Loans and receivables	At amortized cost	891,886	891,886
Due from related parties	Loans and receivables	At amortized cost	147,658	147,658

- Financial liabilities:

The adoption of IFRS 9 has no material impact on the Group's accounting policies relating to financial liabilities. IFRS 9 has maintained the requirements of IAS 39 regarding the classification of financial liabilities. IAS 39 requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the consolidated statement of profit or loss, whereas IFRS 9 requires:

- Recognition of differences in valuation of financial liabilities classified as financial liabilities at fair value through statement of profit and loss as a result of changes in credit risk in the consolidated statement of comprehensive income.
- The remaining amount of fair value valuation differences is recognized in the consolidated statement of profit or loss;

The Group has not classified any financial liabilities in financial liabilities at fair value through profit or loss. Accordingly, there is no impact of applying IFRS 9 to the consolidated financial statements:

B- Impairment on financial assets:

IFRS (9) replaces the "loss recognition" model adopted in IAS (39) to calculate the impairment of financial assets over "expected credit loss" model, which requires the use of estimates and judgments to estimate economic factors. The simplified approach model will be applied to financial assets - debt instruments classified at amortized cost or at fair value through other comprehensive income but not to investments in equity instruments. Where credit losses are recognized in accordance with IFRS (9), which is earlier than IAS (39).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The expected impairment of the life of the financial instrument to maturity is calculated based on the requirements of IFRS 9.

If the financial instrument is impaired or there is objective evidence of impairment as a result of a loss or default after initial recognition with a negative impact on the future cash flow, the financial instrument is transferred to the third level. The expected credit loss model requires recognition of the expected loss over the life of the asset debt instruments are very similar to the requirements of IAS (39).

When determining whether the credit risk of financial assets has increased significantly since initial recognition and in estimating the expected credit loss, the Group relies on reasonable and supportive information available and relevant, including quantitative and qualitative information and analysis of this information based on the Group's past experience and credit study.

The expected credit loss mechanism depends on the probability of default, which is calculated according to the credit risk and future economic factors, the loss given default, which depends on the value of the existing collateral, the exposure at default, The expected credit loss is discounted at the effective interest rate of the financial asset.

In each financial year, the Group evaluates the credit rating of financial assets at amortized cost and debt securities at fair value through other consolidated statement of comprehensive income. The credit rating of financial assets is considered to be impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset occur.

Provisions loss for financial assets measured at amortized cost are deducted from the total carrying amount of the financial asset. For debt securities at fair value through other comprehensive income, the provision for impairment is recognized in other consolidated statement of comprehensive income and is not deducted from the carrying amount of the financial asset. The losses of other financial assets are presented under 'Financing expenses' in the same manner of disclosure used in accordance with IAS (39). Such disclosure is not included in the consolidated statement of profit or loss and other consolidated statement of comprehensive income based on material considerations.

The following was the impact on applying IFRS 9 on the consolidated financial statements in relation to expected credit losses:

<i>In Jordanian Dinar</i>	Required provision as of 1 January 2018 as per IAS 39	Required provision as of 1 January 2018 as per IFRS 9	Difference
Expected credit losses on receivables	1,112,144	1,497,371	385,227
Expected credit losses on reinsurance receivables	61,462	61,462	-
Expected credit losses on cheques under collection	-	21,607	21,607
Expected credit losses on deposit	-	576	576
	1,173,606	1,581,016	407,410

IFRS 15: Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

The Company has adopted IFRS 15 from January 1, 2018. Under IAS 18 and IFRS 15 Revenue recognition is recognized based on accrual basis. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of discounts, returns and value added taxes. The Company recognizes revenue when the amount of revenue can be reliably measured; and when specific criteria have been met for each of the Company's activities.

IFRS 15 did not have a significant impact on the Company's accounting policies with respect to revenue streams.

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The following are the significant accounting policies applied by the Company:

Financial instruments (Policy applicable before January 1, 2018)

Non-derivative financial assets

The Company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets include cash on hand and at banks, accounts receivable and due from related parties.

Derivatives are initially measured at fair value, recognizing any transaction costs that are directly attributable to the statement of profit or loss as they are due. Subsequent to initial recognition, derivatives are measured at fair value and changes are recognized in the consolidated statement of profit or loss.

- **Receivables**

Receivables are financial assets with fixed or determinable payments that are not traded in an active market. Such assets are recognized initially at fair value plus any transaction costs directly attributable to them. Subsequent to initial recognition, receivables are measured at amortized cost less any impairment losses. Accounts receivable consist of accounts receivable and other debit balances.

- **Cash and cash equivalent**

Cash and cash equivalent consist of cash balances and demand deposits with maturities of three months or less from the date of linkage and are not exposed to a high degree of risk of change in fair value and are used by the Company to meet its short-term liabilities.

- **Non-derivative financial liabilities**

Financial liabilities are initially recognized on the trade date, in which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes financial liabilities when the Company is discharged of its contractual obligations, or if it is canceled or terminated.

A reconciliation is made between financial assets and financial liabilities and the net amount is recognized in the consolidated statement of financial position only when the required legal rights are available. Or when they are settled on an accrual basis or the asset is realized and the liability settled at the same time. Financial liabilities include accounts payable, accrued expenses and other credit balances.

These financial liabilities are initially recognized at fair value plus direct transaction costs, after initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Impairment (Policy applicable before January 1, 2018)

Financial Assets

- A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.
- A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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- An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. These assets are assessed collectively for impairment testing. If any exists, the impairment of the non-significant financial assets is tested for the aggregation of these assets at low risk.

- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of profit or loss.

Non-Financial Assets

- The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
 - An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.
 - Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.
- All impairment losses are recognized in the consolidated statement of profit or loss.

Financial assets measured at amortised cost (Policy applicable before January 1, 2018)

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Financial assets at fair value through other comprehensive income (Policy applicable before January 1, 2018)

Impairment losses on financial assets at fair value through other comprehensive income are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in consolidated profit or loss.

If the fair value of an impaired financial asset, debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through consolidated profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as at fair value through other comprehensive income are not reversed through consolidated profit or loss.

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Property and Equipment

Recognition and Measurement

- Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for Land which is measured at cost less accumulated impairment losses.
- Cost includes expenditures that are directly attributable to the acquisition of the property and equipment.
- When parts of an item of property and equipment have different useful lives, they are accounted for as separated items of property and equipment.
- Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the statement of profit or loss.

Subsequent costs

- The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.
- Ongoing costs of repair and maintenance of property and equipment are expensed in the statement of profit or loss as incurred.

Depreciation

- Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated depreciation rates for property and equipment during the current year are the same as for the previous year and their details are as follows:

<u>Property and equipment</u>	<u>Depreciation rates</u>
	%
Buildings	2
Equipment and furniture	25 – 10
Vehicles	15

Intangible assets

Intangible assets with a specific useful life are amortized over the useful life and are stated at cost less accumulated amortization and any accumulated impairment losses and the amortization is recognized in the consolidated income statement. Intangible assets with indefinite useful lives are not amortized and are tested for impairment at the consolidated statement of financial position date. The impairment is recognized in the consolidated statement of profit or loss. Intangible assets are amortized as follows:

<u>Intangible assets</u>	<u>Amortization rate</u>
	%
Automated systems	25
Trade Name	25

Brokerage license is not amortized due to indefinite useful life.

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Reinsurance liabilities

Reinsurance shares are calculated from premiums, compensation paid, technical provisions and all rights and liabilities arising from reinsurance based on the contracts concluded between the Group and the reinsurers according to the accrual basis.

Technical reserves

- Technical reserves are monitored and retained in accordance with the instructions of the Insurance Commission in accordance with the following:
- Unearned premiums reserve for general insurance business is calculated on the basis of the number of days left for the expiry of the policy period after the date of the consolidated financial statements of the premiums realized for those documents and the number of days of the year (365) days, excluding marine insurance and transport. The basis of the written premiums of the documents in force at the date of preparation of the consolidated financial statements submitted in accordance with the provisions of the law and the regulations and instructions issued pursuant thereto.
- Reported claims reserve is calculated by determining the total expected costs for each claim.
- Incurred but not reported claims reserve is calculated based on the Company's experience and estimates.
- Unearned premiums reserve for life assurance business is calculated based on the Company's experience and estimates.
- Mathematical reserve for life insurance policies is calculated according to actuarial equations that are reviewed periodically by an independent actuarial expert.
- Premiums deficiency reserve is calculated based on the Company's experience and estimates.
- In the event of an increase in the fair value of investment properties that have been impaired in prior periods, the previously recorded impairment losses are recovered at no more than cost.
- Investment properties are evaluated in line with the decisions of the Ministry of Industry and Trade, Insurance Finance and Management and fair value is disclosed in the note of investment properties (note 7).

Compliance adequacy test

The adequacy and appropriateness of the insurance liabilities are assessed at the consolidated financial statements date by calculating the present value of future cash flows of the insurance contracts outstanding.

If the valuation shows that the present value of the insurance liabilities is inadequate compared to the future cash flows, the full amount of the deficiency is recognized in the consolidated statement of profit or loss.

Revenue and expenses recognition

Insurance contracts

Insurance premiums arising from insurance contracts are recognized as income for the year (premiums earned) on the basis of the due periods and in accordance with the period of insurance coverage. Unearned premiums through insurance contracts are recognized at the consolidated statement of financial position date as unearned premiums.

Dividends and interest income

Dividends income from investments is recognized when the right to shareholders to receive dividends is established when approved by the General Assembly of Shareholders.

Interest income is recognized on an accrual basis, based on the due dates, the original amounts and the interest rate earned.

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Commission revenue

These revenues represent sales and purchase commissions for brokerage and margin clients. Revenue is recognized when the sale or purchase is made and the service is rendered to the customer on an accrual basis.

Insurance compensation

Insurance compensation represents the claims paid during the year and the change in the allocation of claims. Insurance compensation includes all amounts paid during the year, whether for the current year or previous years. Subsequent claims represent the highest estimated value of settlement of all claims arising from events that occurred on the consolidated statement of financial position date but have not yet been settled. Claims under settlement are calculated on the basis of the best available information up to the date of preparation of the consolidated financial statements and include provision for unclaimed claims.

Wreckage and waiver compensation

The expected yield from wreckage and waiver compensation is taken into consideration when estimating the obligation to meet claims.

Administrative expenses

All administrative and general expenses which are distributable for each branch of insurance are to be collected by approximately (80%) of the administrative and general expenses that are not available for distribution to the various insurance departments on the basis of the premiums realized for each department.

Employees' expenses

All expenses of the distributable employees for each branch of insurance shall be borne by boat (80%) of the expenses of non-distributable employees to the various insurance departments on the basis of the premiums earned for each department.

Costs of acquisition of insurance policies

Acquisition costs represent costs incurred by the Company in respect of the sale, subscription or commencement of new insurance contracts, and acquisition costs are recognized in the consolidated statement of profit or loss.

Investment properties

Investments properties are those assets held for the purpose of income from leasing or for an increase in value or both. The sale does not include the Company's normal activities, use in production, supply of goods and services, or for administrative purposes. Real estate investments are recognized at the initial recognition of cost and fair value disclosed in the consolidated financial statements. Investment properties are assessed by independent real estate vaulters based on market prices in an active market and discount on expected cash flows.

- Estimated annual depreciation rates for real estate investments during the current and prior years are as follows:

<u>Investment properties</u>	<u>Depreciation rates</u>
	%
Apartments and offices	2

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Non-controlling interest

Non-controlling interests are initially measured at their proportionate share of the identifiable net assets of the acquired at the date of acquisition.

Changes in the Group's share in a subsidiary that do not result in loss of control are accounted for as equity transactions.

Transactions that were eliminated through consolidation

Balances and transactions between the Group and any unrealized income and expenses arising from intra-group transactions and unrealized gains arising from transactions are eliminated with equity.

Investors are eliminated from the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no evidence of impairment.

Foreign currency transaction

Transactions denominated in foreign currencies are recorded in Jordanian Dinars at the exchange rates at the date of the transaction and at the consolidated statement of financial position, the financial assets and liabilities denominated in foreign currencies are translated to the Dinar at the end of the period using the exchange rates prevailing at 31 December. The gain or loss on conversion is recognized in the consolidated statement of profit or loss.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present (legal or contractual) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other statement of profit or loss and other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax payable is in accordance with prevailing income tax law in Jordan at 24%.

FORTHCOMING REQUIREMENTS

The following new and revised IFRSs have been issued but are not effective yet, the Company has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

Standards

- International Financial Reporting Standards (16): Leases (effective on January 1st, 2019 with earlier application permitted).
- International Financial Reporting Standards (17): Insurance Contracts (effective on January 1st, 2021 with earlier application permitted).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective on January 1st, 2019).
- IFRS (10) and IAS (28): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective date to be determined).
- Repayment features with negative confirmation – Amendments to IFRS 9 (effective on January 1st, 2019).
- Long term interest in Associates and Joint Ventures – Amendments to IAS 28 (effective on January 1st, 2019).
- Plan amendments, Curtailment or Settlement – Amendments to IAS 19 (effective on January 1st, 2019).

The Company anticipates that each of the above standards and interpretations (amendments) will be adopted in the financial statements by its date mentioned above without having any material impact on the Company's financial statements.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. There are recognition exemptions for short-term leases and leases of low value-items. Lessor accounting remains similar to the current standard.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases and IFRIC 4 determining whether an arrangement contains a lease.

The Group is required to adopt IFRS 16 "Leases" from January 1, 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statement, as described below.

i. Leases in which the Group is a lessee

The Group will recognize new assets and liabilities for its operating leases of sites and rentals. The nature of expenses related to those leases will now change because the Group will recognize a depreciation charge for right-of-use (RoU) assets and interest expenses on lease liabilities.

Previously, the Group recognized operating lease expense on straight-line basis over the term of the lease, and recognized the asset and liabilities only to the extent that there was a timing difference between actual lease payments and the expenses recognized.

In addition, the Group will no longer recognize provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

Based in the information currently available, the Group estimates that there will be no impact on its financial statements.

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ii. Leases in which the Company is a lessor

No significant impact is expected for other leases in which the Group is a lessor.

iii. Effect of implementation

The Group has assessed the estimated financial impact of the initial application of this standard on the consolidated financial statements as at 31 December 2018 and has not had a material impact, as this effect may change when the effective implementation is effective on 1 January 2019, as the Group has not completed the testing and evaluation of IT systems controls. The new accounting policies are subject to change until the Company presents its first financial statements, which include the effective date of implementation.

3) DEPOSITS AT BANKS

	December 31, 2018			December 31, 2017
	Deposits due from one month to three months	Deposits due after three months	Total	Total
<i>In Jordanian Dinar</i>				
Inside Jordan	6,509,846	380,771	6,890,617	7,536,331
Expected credit loss*	-	(446)	(446)	-
	<u>6,509,846</u>	<u>380,325</u>	<u>6,890,171</u>	<u>7,536,331</u>

* The movement of the expected credit loss allowance is as follows:

<i>In Jordanian Dinar</i>	December 31,	
	2018	2017
Balance at the beginning of the year	-	-
Effect of application of IFRS 9	576	-
Balance adjusted at the beginning of the year	576	-
(Released) of the provision for expected credit losses	(130)	-
Balance at the end of the year	<u>446</u>	<u>-</u>

- Interest rates on banks deposits in Jordanian Dinars range from 3.25% to 6% and deposit balances in US Dollars at 2.25% in 2018.
- Deposits pledged to the Director General of the Insurance Commission in addition to his position amounted to JD 380,771 as of December 31, 2018 (JD 368,336 as at December 31, 2017).

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4) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>In Jordanian Dinar</i>	December 31, 2018	December 31, 2017
Listed Shares – Inside Jordan	8,989	177,152
Listed Shares – Outside Jordan	716,170	345,780
	725,159	522,932
Shares listed and not traded in Amman Stock Exchange*	60,898	51,810
	786,057	574,742

*These financial assets are evaluated based on the latest available financial information or the latest available to estimate future cash flows and / or compare them to the current market value of a financial instrument that is substantially the same.

5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>In Jordanian Dinar</i>	Number of shares	December 31, 2018	December 31, 2017
<u>Listed shares traded in Amman stock exchange</u>			
Cairo Amman Bank	50,000	66,500	75,000
Shares of Jordan Electricity Company	20,600	24,514	17,700
Shares of United Cable Industry Co	10,000	3,300	-
Phoenix Arab Holding	100,000	19,000	-
		113,314	92,700
<u>Listed shares not traded in Amman stock exchange</u>			
Shares of International Silica Industries Company*	425,440	302,170	802,170
		302,170	802,170
<u>Unlisted shares in Amman stock exchange</u>			
Shares of Royal Jordanian Air Academy*	622,913	5,690,644	5,690,644
		5,690,644	5,690,644
		6,106,128	6,585,514

* These shares have been valued according to the latest valuation available at the end of 2018 for Shares of International Silica Industries Company and according to the latest valuation available at the end of 2017 for Shares of Royal Jordanian Air Academy.

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6) FINANCIAL ASSETS AT AMORTIZED COST

<i>In Jordanian Dinar</i>	December 31, 2018	December 31, 2017
Bonds of Specialized Investment Companies*	-	365,000
Government bonds (Kingdom of Jordan)**	-	352,683
Impairment provision	-	(155,000)
	-	562,683

* This debt instrument is secured by real estate guarantees in the name of the Issuance manager. During the year ended December 31, 2018, the real estate guarantees were secured and acquired by the Issuance Manager (The Housing Bank for Trade and Finance), the Issuance Manager will compensate all parties participated in these debt instruments once they sold accordingly this item is classified as other assets.

** The Group sold Jordanian government bonds at a cost of JOD 352,683 for an amount of JOD 333,522, resulting in a loss of JD 19,161 recorded in profit or loss due to low credit rating.

- The movement in the provision for impairment for the year ended December 31, 2018 is as follows:

<i>In Jordanian Dinar</i>	December 31, 2018	December 31, 2017
Balance at the beginning of the year	155,000	50,000
Provided during the period	(155,000)	105,000
Balance at the end of the year	-	155,000

7) INVESTMENT PROPERTIES - NET

This item consists of the following:

<i>In Jordanian Dinar</i>	December 31, 2018	December 31, 2017
Lands	7,018,000	7,616,643
Buildings	467,119	467,119
Apartments	120,697	120,697
Wadi Saqra Office	88,433	88,433
	7,694,249	8,292,892
<u>Less: Accumulated depreciation</u>	(145,078)	(131,360)
Impairment in investments properties	(6,126)	(6,126)
	7,543,045	8,155,406

- The fair value of the investment properties (other than buildings) was reassessed by two accredited valuers with an average market value of JOD 10,160,140 (2017: JOD 10,970,115) under the latest real estate valuation available to the Company on June 30, 2018. The fair value of investment properties was determined by comparing them with the market value of similar investment properties.

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- During the year, a plot of land costing JOD 598,643 (2017: JOD 21,189) of Telal Salem area has been sold for JOD 813,160 (2017: JOD 34,000) which resulted in a gain in amount of JOD 214,517 (2017: JOD 12,811) recognized in the consolidated statement of profit or loss and other comprehensive income.

8) CASH ON HAND AND AT BANKS

This item consists of the following:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Cash on hand	3,601	14,480
Current accounts at banks	402,624	241,930
Current accounts – facilities	1,257	2,859
	407,482	259,269

9) CHEQUES UNDER COLLECTION

This item consists of the following:

<i>In Jordanian Dinar</i>	December 31, 2018	December 31, 2017
Cheques under collection at banks – short term	545,436	241,652
Cheques under collection at banks – long term	-	35,955
	545,436	277,607
Excepted credit loss provision– cheques under collection	(20,581)	-
	524,855	277,607

The maturities of cheques under collection extends up to December 31, 2019.

The movement on expected credit loss provision is as follows:

<i>In Jordanian Dinar</i>	For the year ended December 31,	
	2018	2017
Balance – beginning of the Year	-	-
Impact of implementation of IFRS (9)	21,607	-
Adjusted balance – beginning of the year	21,607	-
Released during the year	(1,026)	-
Balance – End of the Year	20,581	-

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10) ACCOUNTS RECEIVABLE – NET

This item consists of the following:

<i>In Jordanian dinar</i>	December 31, 2018	December 31, 2017
Policyholders	6,031,025	8,885,804
Brokerage customers	538,314	596,897
Agents	27,036	26,088
Employees	8,090	11,829
Commercials	154,856	116,831
Brokers	173,432	225,639
Other receivables	638,043	238,047
	7,570,796	10,101,135
Less: expected credit loss provision*	(1,327,347)	(1,112,144)
	6,243,449	8,988,991

- The Aging of receivables is as follows:

<i>In Jordanian dinar</i>	December 31, 2018	December 31, 2017
Not Matured yet	3,629,229	4,645,920
Less than 60 days	390,827	834,604
From 61 – 90 days	154,438	1,064,691
From 91 – 180 days	410,619	480,810
From 181 – 360 days	1,381,383	1,631,753
More than 360 days	1,604,300	1,443,357
	7,570,796	10,101,135

The Company follows a policy of dealing with creditworthy parties as well as obtaining adequate collateral where appropriate to mitigate the risk of financial losses arising from non-performance of obligations.

* Movement on the expected credit loss provision is as follows:

<i>In Jordanian dinar</i>	For the year ended December 31,	
	2018	2017
Balance – beginning of the Year	1,112,144	1,153,399
Impact of implementation of IFRS (9)	385,227	-
Adjusted balance – beginning of the year	1,497,371	1,153,399
Provision for doubtful accounts	-	14,010
Released from provision for doubtful accounts	-	(55,265)
Released from expected credit loss provision	(170,024)	-
Balance – End of the Year	1,327,347	1,112,144

** On July 24, 2017, the Court of First Instance of Amman issued a decision empowering the Amman Stock Exchange to sell the shares of some brokerage clients against them in favor of Ibda' Financial Investment Company. Accordingly, Ibda' Financial Investment Company (a subsidiary) has released the provision of JOD 55,265 As of December 31, 2017, which represents the share of Ibda' Financial Investment Company (a subsidiary) of the value of the sale of shares. The sale procedures commenced on 6 February 2018 and have completed on 18 April 2018 with a total value of JOD 58,875.

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11) REINSURANCE RECEIVABLES

This item consists of the following:

<i>In Jordanian dinar</i>	December 31, 2018	December 31, 2017
Local insurance companies	285,521	217,727
Foreign reinsurance companies	991,221	735,621
	1,276,742	953,348
<u>Less: Expected credit loss of insurance companies</u>	<u>(61,462)</u>	<u>(61,462)</u>
	1,215,280	891,886

- The Aging of local insurance receivables is as follows:

<i>In Jordanian dinar</i>	December 31, 2018	December 31, 2017
Less than 60 days	105,243	1,886
From 61 – 90 days	29,576	4,829
From 91 – 180 days	300	39,596
From 181 – 360 days	2,894	6,419
More than 360 days	147,508	164,997
	285,521	217,727

The Aging of foreign reinsurance receivables is as follows:

<i>In Jordanian dinar</i>	December 31, 2018	December 31, 2017
Less than 60 days	737,398	520,804
From 61 – 90 days	5,983	50,866
From 91 – 180 days	14,256	82,499
From 181 – 360 days	11,286	12,431
More than 360 days	222,298	69,021
	991,221	735,621

12) SETTLEMENT GUARANTEE FUND DEPOSITS

The item represents the balance of Ibda' for Financial Investment Company (subsidiary company) in the settlement guarantee fund in accordance with article provisions No. (90) of the securities law No. (76) for the year 2002 and the internal regulations of the settlement guarantee fund for the year 2004.

13) INCOME TAX:

A- Income tax provision

- The movement in income tax provision is as follows:

<i>In Jordanian dinar</i>	December 31, 2018	December 31, 2017
Balance – beginning of the year	846	21,553
Income tax paid on credit interest	-	(21,553)
Income tax for the year	22,140	846
	22,986	846

- A final settlement has been reached with the Income and Sales Tax Department up to the end of the year 2016. Moreover, the Company has submitted the income tax return for the year 2017 for Jordan International Insurance Company (the Parent Company) and has not been audited by the Income and Sales Tax Department.

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- A final settlement has been reached with the Income and Sales Tax Department up to the end of the year 2016 for Jordan International Investment Company (a Subsidiary). Moreover, the Company has submitted the income tax return for the year 2017, which has not been audited from the income and sale tax department.
- The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2016 for Ibda' Financial Investment Company (a Subsidiary). Moreover, the Company has submitted the income tax returns for the years 2017 which has not been audited by the Income and Sales Tax Department.
- The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2016 for Tellal Salem (a Subsidiary). Moreover, the Company has submitted the income tax return for the year 2017 which has not been audited by the Income and Sales Tax Department.
- In the opinion of the Company's management and its tax consultant, the provisions in the financial information are sufficient for the purpose of tax liabilities.

B- The income tax presented in the consolidated statement of profit or loss is as follows:

	December 31, 2018	December 31, 2017
<i>In Jordanian dinar</i>		
Deferred tax assets	36,340	128,745
Amortization of deferred tax assets	(119,339)	(48,700)
Effect of new tax law adjustment	61,007	-
Income tax for the year	(22,140)	(846)
	<u>(44,132)</u>	<u>79,199</u>

C- Summary of the accounting income and taxable income reconciliation during the year:

	December 31, 2018	December 31, 2017
<i>In Jordanian dinar</i>		
Accounting profit (loss)	85,030	(548,334)
Non – deductible tax expense	801,297	1,085,164
Non-taxable income	(1,687,759)	(1,384,743)
Taxable Loss	<u>(801,432)</u>	<u>(874,913)</u>

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D- Deferred tax assets/liabilities

This item consists of the following:

<i>In Jordanian dinar</i>	Balance at the beginning of the year	Released amounts	Additions	Balance at the end of the year	Deferred Tax December 31,	
					2018	2017
Deferred tax assets						
Provision for doubtful accounts	1,173,606	3,610	-	1,169,996	311,826	279,154
Expected credit loss provision	-	167,570	407,410	239,840	62,358	-
Provisions for end of service indemnity	35,000	-	3,500	38,500	10,012	8,402
Impairment in financial assets provision	195,524	-	102,424	297,948	77,254	46,689
Impairment in financial assets at amortized cost provision	155,000	155,000	-	-	-	37,200
Impairment in investment properties provision	6,126	-	-	6,126	1,286	1,225
Goodwill impairment losses	111,064	111,064	-	-	-	26,655
Provisions for administration bonuses	40,000	-	-	40,000	10,368	9,600
Lawsuits provision	5,448	-	-	5,448	1,176	1,090
Contingent liability provisions	68,500	-	-	68,500	14,385	13,700
Unreported claims provisions	521,964	-	10,022	531,986	137,918	124,873
Provision for disability in installments	60,000	60,000	-	-	-	14,400
Accepted forwarded losses	555,881	-	35,469	591,350	153,752	133,414
	2,928,113	497,244	558,825	2,989,694	780,335	696,402
Deferred tax liabilities						
Net change in valuation of financial assets through other comprehensive income	1,888,879	-	38,010	1,926,889	491,817	453,807
	1,888,879	-	38,010	1,926,889	491,817	453,807

The movement on the deferred tax assets/liabilities is as follows:

<i>In Jordanian dinar</i>	For the year ended December 31, 2018		For the year ended December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Balance at the beginning of the year	696,402	453,807	616,357	477,807
Impact of application of IFRS (9)	97,778	-	-	-
Impact of new tax law adjustment	8,147	-	-	-
Adjusted balance at the beginning of the year	802,327	453,807	616,357	477,807
Additions during the year	36,340	-	128,745	-
Amortized during the year	(119,339)	-	(48,700)	(24,000)
Impact for adjusting tax brackets	61,007	38,010	-	-
Balance at the end of the year	780,335	491,817	696,402	453,807

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14) INTANGIBLE ASSETS – NET

	Automated systems	Trade name	Trading license *	Total
<i>In Jordanian Dinar</i>				
<u>For the year ended December 31, 2018</u>				
<u>Cost</u>				
Balance as at January 1, 2018	227,451	-	200,000	427,451
Additions	69,334	93,936	-	163,270
Balance as at December 31, 2018	296,785	93,936	200,000	590,721
<u>Accumulated amortization</u>				
Balance as at January 1, 2018	23,677	-	-	23,677
Amortization for the year	66,129	6,794	-	72,923
Balance as at December 31, 2018	89,806	6,794	-	96,600
Net book value as at December 31, 2018	206,979	87,142	200,000	494,121
<u>For the year ended December 31, 2017</u>				
<u>Cost</u>				
Balance as at January 1, 2017	-	-	200,000	200,000
Additions	227,451	-	-	227,451
Balance as at December 31, 2017	227,451	-	200,000	427,451
<u>Accumulated amortization</u>				
Balance at January 1, 2017	-	-	-	-
Amortization for the year	23,677	-	-	23,677
Balance as at December 31, 2017	23,677	-	-	23,677
Net book value as at December 31, 2017	203,774	-	200,000	403,774

*Ibda'a for Financial investment Company (the subsidiary) did not amortize the trading license due to its indefinite useful life.

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15) PROPERTY AND EQUIPMENT - NET

<i>In Jordanian Dinar</i>	<u>Land</u>	<u>Buildings</u>	<u>Equipment and furniture</u>	<u>Vehicles</u>	<u>Total</u>
<u>For the year ended December 31, 2018</u>					
<u>Cost</u>					
Balance as at January 1, 2018	363,068	2,164,069	714,300	85,794	3,327,231
Additions	-	-	26,330	-	26,330
Balance as at December 31, 2018	363,068	2,164,069	740,630	85,794	3,353,561
<u>Accumulated depreciation</u>					
Balance at January 1, 2018	-	425,389	436,888	79,382	941,659
Depreciation for the year	-	43,331	69,954	3,675	116,960
Disposals	-	-	-	-	-
Balance as at December 31, 2018	-	468,720	506,842	83,057	1,058,619
Net book value as at December 31, 2018	363,068	1,695,349	233,788	2,737	2,294,942
<u>For the year ended December 31, 2017</u>					
<u>Cost</u>					
Balance as at January 1, 2017	363,068	2,164,069	1,019,331	85,794	3,632,262
Additions	-	-	33,997	-	33,997
Disposals	-	-	(339,028)	-	(339,028)
Balance as at December 31, 2017	363,068	2,164,069	714,300	85,794	3,327,231
<u>Accumulated depreciation</u>					
Balance as at January 1, 2017	-	382,058	702,525	76,536	1,161,119
Depreciation for the year	-	43,331	73,390	2,846	119,567
Disposals	-	-	(339,027)	-	(339,027)
Balance as at December 31, 2017	-	425,389	436,888	79,382	941,659
Net book value as at December 31, 2017	363,068	1,738,680	277,412	6,412	2,385,572

16) OTHER ASSETS

This item consists of the following:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Refundable deposits	221,296	309,172
The new trade name	-	92,813
Prepaid expenses	36,907	45,034
Accrued revenues	13,250	46,882
Assets deposited at Housing Bank (SPIC)*	440,021	-
Prepaid Withholding income tax	16,595	24,462
Trading settlement	30,494	-
Other	5,495	14,653
	764,058	533,016

* As stated in Note (6), the debt instruments have been reclassified to assets deposited at Housing Bank as the Issuance Manager (Housing Bank) acquired the real estate guarantees and pledged to pay the Company's share in the amount of JOD 490,000 in cash when the guarantees are sold, the difference represents the present value of these assets.

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17) MATHEMATICAL RESERVE – NET

<i>In Jordanian Dinar</i>	For the year ended December 31,	
	2018	2017
Net mathematical reserve	50,465	40,483
Reserve- life	(7,530)	9,982
Mathematical reserve – Net	42,935	50,465

18) ACCOUNTS PAYABLE

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Medical providers	2,729,282	1,648,100
Policyholders	385,295	526,150
Brokerage customers	20,902	11,680
Services companies	140,916	60,107
Garages and car spare part shops	7,652	7,652
Agents	4,094	3,797
Brokerage	22,575	47,997
Employees	567	1,067
Other	36,825	44,994
	3,348,108	2,351,544

19) REINSURANCE PAYABLE

This item consists of the following:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Local insurance companies	97,357	78,874
Foreign reinsurance companies	800,610	3,459,140
	897,967	3,538,014

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20) OTHER PROVISIONS

	Balance at the beginning of the year	Provided during the year	Paid during the year	Retrieved during the year	Balance at the ending of the year
2018					
Provision for end of service indemnity	35,000	3,500	-	-	38,500
Provisions for administration bonuses	40,000	-	-	-	40,000
Lawsuits provision	5,448	-	-	-	5,448
Contingent liability provisions	68,500	-	-	-	68,500
	148,948	3,500	-	-	152,448
2017					
Provision for end of service indemnity	25,000	10,000	-	-	35,000
Employee lawsuits provision	11,585	-	3,585	8,000	-
Provisions for administration bonuses	20,000	45,000	25,000	-	40,000
Lawsuits provision	5,448	-	-	-	5,448
Contingent liability provision	68,500	-	-	-	68,500
	130,533	55,000	28,585	8,000	148,948

21) OTHER LIABILITIES

This item consists of the following:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Reinsurers' deposits	1,247,522	2,676,705
Outstanding claims deposits	55,487	169,434
Other deposits	59,321	137,324
Unearned revenues	20,000	4,583
Trading settlement	-	32,479
Others	6,421	16,815
	1,388,751	3,037,340

22) AUTHORIZED AND PAID UP CAPITAL

The authorized and paid-up capital is JOD 18,150,000 distributed to 18,150,000 shares at a face value of JOD 1 per share as of December 31, 2018.

23) STATUTORY RESERVE

The amounts collected in this account represent the annual profits before tax of 10% during the year and prior years in accordance with the Companies Law and is not distributable to shareholders.

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24) SPECIAL RESERVE

This item represents the increase in the value of the assets of the merged company which formed Jordan International Investment Company (a subsidiary) for the company's capital after the merger, according to the report of the merger committee formed by the General Controller of Companies.

25) DIFFERENCE IN PURCHASING NON-CONTROLLING INTEREST SHARES

During the year, the Company acquired a portion of the non-controlling interest in Jordan International Investment Company whereby the Company's interest in the subsidiary became 90.71% as of the date of the consolidated financial statements. The difference between the value paid and the share of these shares in the net assets purchased for the years 2011 through 2017 amounting to JOD 342,876 as of the end of 2018 was recognized directly in equity in accordance with IFRS 3 (amended in 2008) on business combinations.

26) INVESTMENT REVALUATION RESERVE

This item represents the net change in the financial assets at fair value through other comprehensive income as follows:

<i>In Jordanian Dinar</i>	For the year ended December 31,	
	2018	2017
Balance at the beginning of the year	1,422,112	1,511,072
Change during the year	524,389	(112,960)
Change in deferred tax liabilities	(38,010)	24,000
Balance at the end of the year	<u>859,713</u>	<u>1,422,112</u>

27) RETAINED EARNINGS

This item consists of the following:

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Balance at the beginning of the year	420,232	2,065,256
Impact of implementation of IFRS (9)	(301,485)	-
Adjusted balance at the beginning of the year	<u>118,747</u>	<u>2,065,256</u>
Profit/(loss) for the year	85,030	(548,334)
Realized gain on sale of financial assets at fair value through other comprehensive income	347	-
Cash dividends	-	(1,089,000)
Transferred to statutory reserve	(27,547)	(7,690)
Balance at the end of the year	<u>176,577</u>	<u>420,232</u>

28) NON CONTROLLING INTEREST

This item represents the portion not owned by the Company in equity in the subsidiary (Jordan International Investment Company).

Year	Ownership percentage	Paid up capital	Statutory reserve	Special reserve	Accumulated (Losses)	Profit for the year	*Total non-controlling interest	Non-controlling interest	Share of the non-controlling interest of the profit (loss) for the year
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
2018	%90.71	10,000,000	47,346	2,225	(564,640)	156,944	9,437,472	875,355	16,644
2017	%90.70	10,000,000	29,806	2,225	(704,391)	(31,738)	9,304,101	860,320	(4,277)

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29) NET GAINS FROM FINANCIAL ASSETS AND INVESTMENTS

This item consists of the following:

<i>In Jordanian Dinar</i>	For the year ended December 31,	
	2018	2017
Cash dividends from financial assets at fair value through profit or loss	11,855	13,264
Cash dividends from financial assets through other comprehensive income	622,910	882,044
Recovered from (Impairment) in value of financial assets at amortized cost	155,000	(105,000)
Gain from sale of financial assets at fair value through profit or loss	148,934	-
Loss from sale of financial assets at amortized cost	(19,161)	-
Cumulative change in fair value of financial assets through profit or loss	(102,424)	(93,187)
	817,114	697,121

30) INTEREST INCOME

This item consists of the following:

<i>In Jordanian Dinar</i>	For the year ended December 31,	
	2018	2017
Bank interest	321,550	229,463
Interest on financial assets at amortized cost	14,175	21,915
	335,715	251,378

31) OTHER REVENUES - NET

This item consists of the following:

<i>In Jordanian Dinar</i>	For the year ended December 31,	
	2018	2017
Other revenues related to underwriting*	281,235	221,430
Gain from sale of investment properties	214,517	12,811
Brokerage	27,036	28,318
Other	30,755	1,383
	553,543	263,942

* This item includes profits of marine treaties of JOD 136,099 and general treaties profits of JOD 39,856 during the year 2018 from AWRIS.

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32) RELATED PARTIES BALANCES AND TRANSACTIONS

- As a part of the Company's operations, the Company and its subsidiaries carry out transactions with their Board of Directors' members and their related parties (companies and individuals) based on the terms governing such transactions and approved by the Board of Directors.
The following is the summary of the transactions with the related parties:

<i>In Jordanian Dinar</i>	December 31, 2018	December 31, 2017
<u>Consolidated Statement of Financial Position</u>		
<u>1-Due from related parties</u>		
Board of Directors members and their related parties (companies and individuals)*	<u>39,996</u>	<u>147,658</u>
<u>2-Due to related parties</u>		
Board of Directors members and their related parties (companies and individuals)	<u>3,375</u>	<u>17,020</u>
<i>Jordanian Dinar</i>		
	For the year ended December 31, 2018	2017
<u>Consolidated Statement of Profit or Loss</u>		
Insurance premiums	18,412	10,483
Paid claims	-	26,631

*This item represents balances due from related parties (Board of Directors members and their related parties from companies and individuals resigned on April 30, 2018, their balances were maintained because the comparative figures included balances for these members.

Key Management Benefits

Salaries and remunerations benefits paid to the Company key management for the year ended December 31, 2018 amounted to: JOD 424,336 (December 31, 2017: JOD 581,278).

33) EMPLOYEES' EXPENSES

This item consists of the following:

<i>In Jordanian Dinar</i>	For the year ended December 31, 2018	2017
Salaries and bonuses	1,338,415	1,523,870
Company's share of social security	161,968	175,815
Employees' training	6,108	3,353
Travel and transportation	42,490	66,931
Medical expenses	64,939	99,086
Security	7,942	4,934
Emergency liabilities	-	45,000
Employee's clothing	334	1,062
	<u>1,622,196</u>	<u>1,920,051</u>
Amount allocated to underwriting	1,396,597	1,713,496
Amount allocated to the consolidated statement of profit or loss	<u>225,599</u>	<u>206,555</u>

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34) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

<i>In Jordanian Dinar</i>	For the year ended December 31,	
	2018	2017
Professional fees	232,109	275,106
Stationery	99,981	128,269
Government fees and other fees	104,176	69,056
Rent	31,937	13,802
Advertising	22,727	40,106
Computer expenses	72,634	51,395
Mail and communications	43,896	44,579
Hospitality	17,991	20,087
Utilities	41,641	58,597
Non-deductible sales tax	34,895	29,952
Transportation for board members	55,467	61,500
Bank fees	85,662	71,973
Donations	-	1,000
Subscriptions	23,011	43,657
Maintenance	26,800	37,665
Cleaning	5,397	5,910
Company's cars expenses	3,615	5,824
Office insurance	12,930	5,910
Bidding	8,780	6,645
Provision for end of service indemnity	6,700	1,794
Brokerage commissions	1,173	47
Other	44,263	44,110
	975,785	1,016,984
Amount allocated to underwriting	293,494	339,347
Amount allocated to the statement of profit or loss	682,291	677,637

35) EARNINGS (LOSSES) PER SHARE

Earnings per share is calculated by dividing the earnings for the period by the weighted average number of shares during the year and the details are as follows:

<i>Jordanian Dinar</i>	For the year Ended December 31,	
	2018	2017
Profit /(Loss) for the year attributable to the Shareholders of the Company	85,030	(548,334)
Weighted average for number of shares	Share 18,150,000	Share 18,150,000
Earnings (Losses) per share for the period - basic and diluted - (JOD/Share)	JOD/Share 0.005	JOD/Share (0.030)

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36) CASH AND CASH EQUIVALENTS

This item consists of the following:

<i>In Jordanian Dinar</i>	December 31, 2018	December 31, 2017
Cash on hand and at banks (note 8)	407,482	259,269
Add: deposits at banks-Net (note 3)	6,509,846	7,167,995
(Less): restricted deposits	(380,771)	(368,336)
	6,536,557	7,058,928

37) RISK MANAGEMENT

First: descriptive disclosures:

The company manages its risks through various means through a comprehensive risk reduction and mitigation strategy, establishing appropriate controls and monitoring its effectiveness in accordance with the risk control system to achieve the optimal balance between risk and return factors. The risk management process includes identification, measurement, the continuous management and control of financial and non-financial risks that could adversely affect the performance and reputation of the company, as well as ensure the effective distribution of capital to achieve the optimum rate of return against risk. The Company is exposed to the following risks: market risk, liquidity risk, insurance risk, interest rate risk and currency risk.

Second: quantitative disclosures:

A- Risks related to insurance

1- Insurance risks

The risk of any insurance contract is the possibility of the occurrence of the insured event and the uncertainty of the amount of the claim related to that event due to the nature of the insurance contract where the risks are volatile and unexpected insurance contracts related to the insurance category, where the theory of probability can be applied to pricing and reserve, The Company faces that the claims incurred and the related payments may exceed the carrying amount of the insurance liabilities. This may occur if the probability and seriousness of the claims is greater than expected, since the insurance events are not constant and vary from year to year, the estimates may differ from the relevant statistics.

Studies have shown that the more similar insurance contracts are, the closer the actual loss rate is. A diversification of insurance risks that are covered leads to a lower probability of total loss of insurance.

The company, through its professional and administrative staff, works to provide the best service to its customers. A plan is put in place to protect them from potential risks, whether natural or unnatural, and this necessitates the provision of the necessary allocations and the provision of the necessary technical equipment capable of maintaining the continuity of the company. And hence the urgent need to develop a strategy for risk management.

Risk management is a process of measurement and assessment of risks and the development of strategies to manage them. These strategies include risk transfer, avoiding and reducing its negative effects on the company, as well as acceptance of some or all of its consequences. Where risk management is divided into four sections:

First: material risks and examples of this type of risk (natural disasters, fires, accidents and other external risks that have nothing to do with the Company).

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Second: Legal risks are the risks arising from legal proceedings or any risks arising from the laws and legislations issued by the Insurance Authority and non-compliance with them.

Third: Risks arising from financial reasons and examples (interest rate risk, credit risk, foreign currency risk and market risk).

Fourth: Intangible and difficult to identify risks, for example the risk of knowledge of employees that occur on the application of incomplete knowledge. Also the risks of relationships and talk about the existence of ineffective cooperation with customers. All these risks directly reduce the employee's productivity in knowledge and reduce the effectiveness of spending, profit, service, quality, price and quality gains.

The company's risk management is based on prioritization, so that the risk of large losses and their probability of being high is addressed first while the risks with less losses and the probability of occurrence less are addressed later.

2- Claims growth

The following tables show the actual claims (based on management estimates at the end of the year) compared to expectations for the past four years based on the year in which claims were reported and on the basis of the year in which other general insurance is subscribed as follows:

- Motor insurance:

Year of incident	2014	2015	2016	2017	2018	Total
	JOD	JOD	JOD	JOD	JOD	JOD
As of year end	1,669,546	1,445,412	1,139,575	965,493	857,153	6,077,179
After one year	1,052,508	1,370,359	1,139,575	965,493	-	4,527,935
After two years	1,052,508	1,370,359	1,139,575	-	-	3,562,442
After three years	1,052,508	1,370,359	-	-	-	2,422,867
After four years	1,052,508	-	-	-	-	1,052,508
Current expectations of accumulated claims	1,052,508	1,370,359	1,139,575	965,493	857,153	5,385,088
Cumulative payments	3,255,178	658,269	275,053	183,529	128,906	4,527,935
Liabilities as reflected in the consolidated statement of financial position	(2,202,670)	685,090	864,522	781,964	728,247	857,153
Surplus	617,038	75,053	-	-	-	1,549,244

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- Marine insurance:

<u>Year of incident</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>
As of year end	921,571	1,298,523	2,117,755	1,864,429	1,408,194	7,610,472
After one year	917,892	1,006,644	2,053,326	975,336	-	4,953,198
After two years	917,892	1,006,644	2,053,326	975,336	-	4,953,198
After three years	917,892	1,006,644	-	-	-	1,924,536
After four years	917,892	-	-	-	-	917,892
Current expectations of accumulated claims	917,892	1,006,644	2,053,326	975,336	1,408,194	6,361,392
Cumulative payments	519,919	1,458,292	491,879	894,553	1,588,555	4,953,198
Liabilities as reflected in the consolidated statement of financial position	<u>397,973</u>	<u>(451,648)</u>	<u>1,561,447</u>	<u>80,783</u>	<u>(180,361)</u>	<u>1,408,194</u>
Surplus	<u>3,679</u>	<u>291,879</u>	<u>64,429</u>	<u>889,093</u>	<u>-</u>	<u>2,657,274</u>

- Fire and other insurance:

<u>Year of incident</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>
As of year end	16,551,881	10,070,996	7,858,522	3,973,327	4,196,851	42,651,577
After one year	15,135,075	2,212,474	2,515,336	2,801,532	-	22,664,417
After two years	3,270,075	2,212,474	-	-	-	5,482,549
After three years	3,270,075	-	-	-	-	3,270,075
After four years	-	-	-	-	-	-
Current expectations of accumulated claims	3,270,075	2,212,474	2,515,336	2,801,532	4,196,851	14,996,268
Cumulative payments	391,569	1,416,806	4,002,316	4,051,881	936,845	10,799,417
Liabilities as reflected in the consolidated statement of financial position	<u>2,878,506</u>	<u>795,668</u>	<u>(1,486,980)</u>	<u>(1,250,349)</u>	<u>3,260,006</u>	<u>4,196,851</u>
Surplus	<u>1,416,806</u>	<u>7,858,522</u>	<u>5,343,186</u>	<u>1,171,795</u>	<u>-</u>	<u>19,987,160</u>

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- Aviation insurance:

<u>Year of incident</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>
As of year end	-	-	-	-	-	-
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of accumulated claims	-	-	-	33,844	-	-
Cumulative payments	-	-	-	33,844	-	-
Liabilities as reflected in the consolidated statement of financial position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- Liability insurance:

<u>Year of incident</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>
As of year end	506,964	617,206	469,105	997,464	1,539,047	4,129,786
After one year	40	42,158	35,324	436,719	-	514,241
After two years	40	94,589	35,324	-	-	129,953
After three years	40	94,589	-	-	-	94,629
After four years	40	-	-	-	-	40
Current expectations of accumulated claims	40	94,589	35,324	436,719	1,539,047	2,105,719
Cumulative payments	125,000	5,218	107,203	256,700	72,551	566,672
Liabilities as reflected in the consolidated statement of financial position	<u>506,924</u>	<u>575,048</u>	<u>433,781</u>	<u>560,745</u>	<u>1,539,047</u>	<u>1,539,047</u>
(Deficit) Surplus	<u>(124,960)</u>	<u>89,371</u>	<u>(71,879)</u>	<u>180,019</u>	<u>-</u>	<u>3,615,545</u>

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- Personal accident insurance:

<u>Year of incident</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>
As of year end	1,970	1,904	32,772	140,521	146,616	323,783
After one year	1,970	45	28,555	109,755	-	140,325
After two years	1,970	45	28,555	-	-	30,570
After three years	1,970	45	-	-	-	2,015
After four years	1,970	-	-	-	-	1,970
Current expectations of accumulated claims	1,970	45	28,885	109,755	146,616	286,941
Cumulative payments	103	2,553	-	41,247	96,422	140,325
Liabilities as reflected in the consolidated statement of financial position	<u>-</u>	<u>1,859</u>	<u>4,217</u>	<u>30,766</u>	<u>146,616</u>	<u>146,616</u>
Surplus (Deficit)	<u>1,867</u>	<u>(2,508)</u>	<u>28,555</u>	<u>68,508</u>	<u>-</u>	<u>183,458</u>

- Medical insurance:

<u>Year of incident</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>
As of year end	169,653	216,800	520,515	456,120	260,213	1,623,301
After one year	169,653	216,800	520,515	456,120	-	1,363,088
After two years	169,653	216,800	520,515	-	-	906,968
After three years	169,653	216,800	-	-	-	386,453
After four years	169,653	-	-	-	-	169,453
Current expectations of accumulated claims	169,653	216,800	520,515	456,120	260,213	1,653,301
Cumulative payments	169,653	216,800	520,515	456,120	-	1,363,088
Liabilities as reflected in the consolidated statement of financial position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,213</u>	<u>260,213</u>
Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,213</u>

3- Concentration of insurance risk

Assets and liabilities are concentrated by type of insurance as follows:

For the year ended December 31, 2018:

	<u>Motor</u>	<u>Marine</u>	<u>Fire and other</u>	<u>Liability</u>	<u>Aviation</u>	<u>Personal accidents</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Gross	882,153	1,746,322	5,101,948	2,685,342	16,253	155,148	4,316,929	181,243	15,085,338
Net	621,625	284,536	286,349	244,653	1,052	41,064	3,113,142	79,518	4,671,939

For the year ended December 31, 2017:

	<u>Motor</u>	<u>Marine</u>	<u>Fire and other</u>	<u>Liability</u>	<u>Aviation</u>	<u>Personal accidents</u>	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Gross	990,493	2,271,535	4,828,447	2,354,519	27,420	160,871	6,237,285	164,660	17,035,230
Net	714,703	278,086	223,391	218,400	76	34,474	3,015,881	79,551	4,564,562

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Liabilities and assets are concentrated by geographical distribution as follows:

<i>In Jordanian Dinar</i>	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
<u>By geographic region</u>				
Inside Jordan	<u>3,697,798</u>	<u>4,671,939</u>	<u>4,428,334</u>	<u>4,564,562</u>
Other Middle Eastern countries	1,769,236	-	2,118,766	-
Europe	4,216,385	-	5,049,373	-
Asia*	<u>729,979</u>	<u>-</u>	<u>874,195</u>	<u>-</u>
	<u>10,413,399</u>	<u>4,671,939</u>	<u>12,470,668</u>	<u>4,564,562</u>

*This item covers all countries of Asia except the Hashemite Kingdom of Jordan and the Middle East.

Liabilities and assets attributable to accounts receivable and payables are concentrated by sector as follows:

<i>In Jordanian Dinar</i>	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
<u>By sector</u>				
Private sector				
Companies and institutions	7,340,136	4,227,628	9,752,963	5,848,499
Individuals	<u>118,593</u>	<u>18,447</u>	<u>127,914</u>	<u>41,059</u>
	<u>7,458,729</u>	<u>4,246,075</u>	<u>9,880,877</u>	<u>5,889,558</u>

4- Reinsurance risk

As with other insurance companies, in order to reduce exposure to financial losses that may result from large insurance claims, the Group, in its normal course of business, enters into reinsurance agreements with other parties.

In order to reduce its exposure to large losses as a result of the failure of reinsurance companies, the Group assesses the financial condition of its reinsurers and monitors concentrations of credit risk arising from geographic regions, activities or economic components similar to those companies. Reinsurance contracts do not relieve the Group of its obligations to policyholders. As a result, the Group remains committed to the balance of reinsured claims in the event that the reinsurers are uncertain of the fulfillment of their obligations under the reinsurance contracts.

In order to reduce exposure to financial losses that may result from large insurance claims, the Group enters into reinsurance agreements with other parties.

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5- Insurance risk sensitivity

<i>In Jordanian Dinar</i>	December 31, 2018		December 31, 2017	
	Consolidated statement of profit or loss	Consolidated Shareholders' equity	Consolidated statement of profit or loss	Consolidated Shareholders' equity
Income / Shareholders' equity	99,602	22,926,637	(551,284)	23,889,270
Impact of reducing the total compensation premiums 5% with the stability of other factors	(702,129)	(702,129)	(958,307)	(958,307)
	(602,527)	22,224,508	(1,509,591)	23,930,963
Consolidated income / consolidated Shareholders' equity	99,602	22,926,637	(551,284)	23,889,270
Impact of reducing the total compensation premiums 5% with the stability of other factors	(745,818)	(745,818)	(1,054,692)	(1,054,692)
	(646,216)	22,180,819	(1,605,976)	22,834,578

B- Financial risks

The Group follows different risk management financial policies within a specific strategy. The Group manages and controls risks and optimizes the strategic distribution of both financial assets and financial liabilities, including interest rate risk, credit risk, foreign currency risk and market risk.

The Group follows the financial hedging policy for both financial assets and financial liabilities as required, which is the hedge relating to future anticipated risks.

1-Market risk

Market risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market prices. Market risk arises as a result of open positions in interest rates, currencies and equity investments. These risks are monitored in accordance with specific policies and procedures and through specialized committees and duty stations concerned. Market risk includes interest rate risk, exchange rate risk, and equity risk.

The following table summarizes the effect of a decrease of 5% on the fair value of financial assets through profit or loss, which reflects the consolidated statement of changes in equity as at the consolidated statement of financial position date. Sensitivity analysis was prepared on the assumption that stocks are moving at the same rate as the market index:

<i>In Jordanian Dinar</i>	% 5+		(%5)	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Consolidated statement of profit or loss	39,303	28,737	(39,303)	(28,737)

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<i>In Jordanian Dinar</i>	% 5+		(%5)	
	December 31,		December 31,	
	2018	2017	2018	2017
Consolidated statement of change in Shareholders' equity	39,303	28,737	(39,303)	(28,737)

The Group is not exposed to foreign currency fluctuations because financial settlements with customers or reinsurers are carried out in local currency.

As for operations in US dollars, the group's management believes that the foreign currency risk of the US dollar is immaterial because the Jordanian dinar (the functional currency of the group) is pegged to the US dollar.

2- Interest rate risk

Interest rate risk is the risk associated with changes in the value of financial management as a result of changes in market interest rates. The Group is constantly risking exposure to interest rate risk, and various considerations such as financing and renewing existing positions are evaluated. The sensitivity analysis below is determined in accordance with the interest rate exposure relating to the bank accounts as of the date of the consolidated financial statements. The analysis is based on the assumption that the amount outstanding at the date of the consolidated financial statements was available throughout the year. An increase or decrease of 5% is used to estimate the Group's management of a possible change in interest rates.

<i>In Jordanian Dinar</i>	December 31, 2018		December 31, 2017	
	<u>%5</u>	<u>(%5)</u>	<u>%5</u>	<u>(%5)</u>
Profit for the year	34,451	(34,451)	37,682	(37,682)
Consolidated Shareholders' equity	34,451	(34,451)	37,682	(37,682)

3- Liquidity risk

Liquidity risk is the risk that the Group will not be able to provide the necessary funding to meet its obligations on due dates. The risk management process includes:

- Maintain highly marketable assets that can be readily traded as protection against any unforeseen shortage of liquidity.
- Control of liquidity indicators according to the internal requirements and the requirements of the regulatory authorities.
- Management of concentrations and maturity dates.

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The table below summarizes the maturities of the financial liabilities (based on the maturity period from the date of the financial statements):

<i>In Jordanian Dinar</i> December 31 ,2018	Less than a month	One month – Three months	Three months – six months	Six months – one year	One year – three years	More than three years	Without maturity	Total
Liabilities:								
Accrued expenses	-	10,890	-	-	-	-	-	10,890
Due to reinsurance	-	897,967	-	-	-	-	-	897,967
Accounts payable	-	3,348,108	-	-	-	-	-	3,348,108
Multiple reserves	-	152,448	-	-	-	-	-	152,448
Income tax provision	-	22,986	-	-	-	-	-	22,986
Due from related parties	-	3,375	-	-	-	-	-	3,375
Deferred tax liabilities	-	-	-	-	491,817	-	-	491,817
Other liabilities	-	-	26,421	1,306,843	55,487	-	-	1,388,751
Total	-	4,435,774	26,421	1,306,843	547,304	-	-	6,316,342
Assets	8,987,464	2,469,306	2,052,583	1,778,882	8,080,907	10,451,656	294,121	33,114,919

<i>In Jordanian Dinar</i> December 31 ,2017	Less than a month	One month – Three months	Three months – six months	Six months – one year	One year – three years	More than three years	Without maturity	Total
Liabilities:								
Accounts payable	-	2,351,544	-	-	-	-	-	2,351,544
Due to reinsurance	-	3,538,014	-	-	-	-	-	3,538,014
Accrued expenses	-	22,500	-	-	-	-	-	22,500
Multiple reserves	-	148,948	-	-	-	-	-	148,948
Income tax provision	-	846	-	-	-	-	-	846
Due from related parties	-	17,020	-	-	-	-	-	17,020
Deferred tax liabilities	-	-	-	-	453,807	-	-	453,807
Other liabilities	32,479	10,926	4,583	143,213	2,846,139	-	-	3,037,340
Total	32,479	6,089,798	4,583	123,213	3,299,946	-	-	9,570,019
Assets	9,674,082	2,861,098	2,716,612	2,502,231	8,400,671	11,465,386	43,771	38,023,851

4- Currency exchange risk

The Group's major operations are in Jordanian Dinar and the currency risk relates to changes in currency rates that apply to foreign currency repayments. As for US dollar transactions, the Group's management believes that the foreign currency risk associated with the US dollar is immaterial because the Jordanian Dinar (the functional currency of the Group) is pegged to the US Dollar.

5- Credit risk

Credit risk represents the risk that the Group will incur a financial loss as a result of a failure of the customer or the party dealing with the Group to have a financial instrument with its contractual obligations. The Group's assets consist mainly of policyholders and financial assets at fair value through statement of profit or loss and through other comprehensive income, cash and cash equivalents and other receivables. The payables are debts to local insurers, large projects as well as foreign clients. In the opinion of the Group's management, the percentage of non-collection of debt or non-collection of part of it is almost very weak, as it represents an important center of credit risk in the areas of geographical customers and maintains strict credit control where the accounts are monitored each client separately and continuously, The customer center is based on their geographical areas as follows:

Geographical area	Indebtedness
	JOD
Inside Jordan	6,528,970
Outside Jordan	991,221

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The carrying amounts of financial assets represents the maximum amount that an asset can be exposed to credit risk as at the date of the consolidated financial statements are as follows:

<i>In Jordanian Dinar</i>	Listed value as of December 31,	
	2018	2017
Cash at banks	403,881	244,789
Deposits at banks – net	6,890,171	7,536,331
Accounts receivable – net	6,243,449	8,988,991
Cheques under collection – net	524,855	277,607
Due from reinsurance – net	1,215,280	891,886
Due from related parties	39,996	147,658
	15,317,632	18,087,262

The Group applies IFRS 9, by the simplified approach that measures expected credit losses using the provision for loss of life of the expected amounts of all financial assets.

For the purposes of measuring expected credit losses, financial assets are grouped based on the characteristics of the combined credit risk and the maturity of the receivables. The Group therefore summarizes the expected loss rates for trade receivables as approximate and reasonable in relation to loss ratios of receivables.

The expected loss ratios are based on payments / repayments of receivables over a period of three years and similar historical credit losses tested during this period. The historical loss ratios have been adjusted to reflect the impact of research information on macroeconomic factors, affecting the ability of customers to repay receivables.

On this basis, the provision for anticipated credit losses has been prepared as follows:

In Jordanian Dinar

December 31, 2018	Less than 30 days	30 – 60 days	More than 60 days	Extra permission	Total
Major receivables					
Expected credit loss	%4	%8	%100		
Gross book value	6,006,377	615,274	949,145	88,725	1,327,347
Loss provision	240,255	49,222	949,145	88,725	1,327,347

38) KEY SECTORS ANALYSIS

A- Group business information

For administrative purposes, the group has been organized to include two sectors of life insurance sector and general insurance sector which includes vehicles, marine, transport, fire, damage, liability, medical and other branches. Transactions between business segments are carried out on the basis of estimated market prices and on the same terms that are dealt with by third parties.

B- Geographic distribution information

This note represents the geographical distribution of the Group's business. The Group operates mainly in the Kingdom, which represents the local business. The Group also carries out international activities.

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The Group's revenues and assets and capital expenditures by geographical segment are as follows:

<i>In Jordanian Dinar</i>	Inside Jordan		Outside Jordan		Total	
	Current year figures	Comparative figures	Current year figures	Comparative figures	Current year figures	Comparative figures
Total revenues	8,802,131	8,747,293	804,724	1,302,426	9,606,855	10,049,719
Total assets	32,407,528	36,942,450	1,707,391	1,081,401	33,914,919	38,023,851

39) CAPITAL MANAGEMENT

The Group's management aims to achieve the objectives of capital management by developing the Group's business, achieving surplus operating profits and revenues and optimizing available sources of funds to achieve the growth in shareholders' equity through growth in the compulsory reserve by 10% of the profits achieved.

The Group considers the adequacy of the size of the capital with the size and nature of the risks to which the Group is exposed, in a way that does not contradict the legislations and instructions in force and is reflected in the Company's strategic plans and budget. Investment impacts are taken on capital adequacy ratio, and capital adequacy is monitored regularly. In the opinion of the Board of Directors, regulatory capital is sufficient to achieve the objectives of the Group.

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

<i>In Jordanian Dinar</i>	December 31,	
	2018	2017
	JOD	JOD
Capital available for withdrawal*	25,743,732	26,351,251
Required Capital:		
Capital required against assets risks	7,143,956	7,375,052
The capital required against underwriting liabilities	603,761	620,574
Capital required against life insurance risks	352,960	408,175
Total capital required	8,100,677	8,403,801
Solvency margin (available capital / required capital)	317.80%	313.56%

* The capital available for withdrawal includes the following:

<i>In Jordanian Dinar</i>	December 31,	
	2018	2017
Basic capital		
Paid up capital	18,150,000	18,150,000
Statutory reserve	2,719,891	2,692,344
Special reserve	2,225	2,225
Non-controlling interest	875,355	860,320
Difference in purchasing non-controlling interest shares	342,876	342,037
Retained earnings	176,577	420,232
Less: Investments inconsistent with investment instructions	-	-
Increase in value of investment properties	2,617,095	2,461,981
Investment valuation reserve	859,713	1,422,112
Total available capital	25,743,732	26,351,251

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40) ANALYSIS OF THE MATURITY OF ASSETS AND LIABILITIES

The following table presents assets and liabilities and the related maturities:

<i>In Jordanian Dinar</i>	<u>Up to one year</u>	<u>More than one year</u>	<u>Total</u>
December 31, 2018			
Assets:			
Deposits at banks	6,509,400	380,771	6,890,171
Financial assets at fair value through profit or loss	786,057	-	786,057
Financial assets at fair value through other comprehensive income	-	6,106,128	6,106,128
Investment properties	-	7,543,045	7,543,045
Cash on hand and at banks	407,482	-	407,482
Cheques under collection	524,855	-	524,855
Accounts receivable – net	5,016,102	1,227,347	6,243,449
Reinsurance receivables	1,215,280	-	1,215,280
Settlement guarantee fund deposits	25,000	-	25,000
Due from related parties	39,996	-	39,996
Deferred tax assets	-	780,335	780,335
Property and equipment – net	-	2,294,942	2,294,942
Intangible asset –net	-	494,121	494,121
Other assets	764,058	-	764,058
Total assets	15,288,235	18,826,689	34,114,919
Liabilities:			
Unearned premiums reserve – net	2,711,428	-	2,711,428
Claims reserve – net	1,917,576	-	1,917,576
Mathematical reserve – net	42,935	-	42,935
Accounts payable	3,348,108	-	3,348,108
Reinsurance Payables	897,967	-	897,967
Accrued expenses	10,890	-	10,890
Multiple reserves	152,448	-	152,448
Income tax provision	22,986	-	22,986
Due to related parties	3,375	-	3,375
Deferred tax liabilities	-	491,817	491,817
Other liabilities	1,333,264	55,487	1,388,751
Total liabilities	10,440,977	547,304	10,988,281
Net	4,847,258	18,279,385	23,126,638

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The following table shows the analysis of assets and liabilities in accordance with the expected period for recovery or settlement:

<i>In Jordanian Dinar</i>	Up to one	More than	Total
December 31, 2017	year	one year	
Assets:			
Deposits at banks	7,167,995	368,336	7,536,331
Financial assets at fair value through profit or loss	574,742	-	574,742
Financial assets at fair value through other comprehensive income	-	6,585,514	6,585,514
Financial assets at amortized cost	-	562,683	562,683
Investment properties	-	8,155,406	8,155,406
Cash on hand and at banks	259,269	-	259,269
Cheques under collection	277,607	-	277,607
Accounts receivable – net	7,876,847	1,112,144	8,988,991
Reinsurance receivables	891,886	-	891,886
Settlement guarantee fund deposits	25,000	-	25,000
Due from related parties	147,658	-	147,658
Deferred tax assets	-	696,402	696,402
Property and equipment – net	-	2,385,572	2,385,572
Intangible asset –net	-	403,774	403,774
Other assets	533,016	-	533,016
Total assets	17,754,020	20,269,831	38,023,851
Liabilities:			
Unearned premiums reserve – net	2,437,190	-	2,437,190
Claims reserve – net	2,016,907	-	2,016,907
Mathematical reserve – net	50,465	-	50,465
Accounts payable	2,351,544	-	2,351,544
Premium deficiency reserve	60,000	-	60,000
Reinsurance Payables	3,538,014	-	3,538,014
Trading settlement	32,479	-	32,479
Accrued expenses	22,500	-	22,500
Multiple reserves	148,948	-	148,948
Income tax provision	846	-	846
Due to related parties	17,020	-	17,020
Deferred tax liabilities	-	453,807	453,807
Other liabilities	164,611	2,840,250	3,004,861
Total liabilities	10,840,524	3,294,057	14,134,581
Net	6,913,496	16,975,774	23,889,270

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41) LAWSUITS AGAINST THE GROUP

- There are lawsuits against the Company claiming compensation for various accidents amounted to JOD 3,354,205 at courts as of December 31, 2018 (JOD 3,249,180 as of December 31, 2017). In the opinion of the Group's management and its lawyer, no obligations shall arise that exceeds the allocated amounts within the net claims reserve.
- There are labor cases against the subsidiary (Jordan International Investment Company) (a subsidiary) amounted to JOD 2,692 as of December 31, 2018 which were provided for where the case has been dropped temporarily due to the plaintiff's absence.
- There is a lawsuit against Tellal Salem (a subsidiary). This lawsuit is to terminate the sale of lands' contracts the Company owned the land in prior year which appears under investment properties (Note 7). The case is currently in the court going through the presentation of the evidence. In the opinion of the company's lawyer, no need to book any lawsuits provision against this case since the legal status of the Company is good.

In the opinion of the Company's management and its lawyer, no obligations shall arise that exceeds the allocated amounts within the net claims reserve.

42) CONTINGENT LIABILITIES

- A- As of the consolidated financial position date, the Company had contingent liabilities representing bank letters of guarantees of JOD 2,101,937 as of December 31, 2018.
- B- There is a claim lodged against the Company by one of the corporation with an amount of JOD 68,500. The claim represents service fees, operational costs, and penalties related to the Company-owned buildings in Halabat Industrial Zone. Consequently, the Company has filed a lawsuit to preclude a claim at the Amman Court of First Instance. Furthermore, a decision was issued prohibiting the Company to claim the above-mentioned amount and dismiss the apprehendable money of the company and guarantee the defendant to take the fees. Moreover, the defendant has presented an appeal and a response on that appeal was made. The defendant filed a cassation therefore, the lawsuit is currently going through the cassation phase. In the opinion of the Company's management and its legal consultant, the Company will not incur any amounts in excess of the provisions taken as of December 31, 2018.

In the opinion of the management and the Company's lawyer, no obligations shall arise that exceeds the allocated amounts within the net claims reserve.

43) FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for financial assets.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instrument evaluated based on:

Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

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A. Financial assets measured at fair value on a recurring basis:

As of December 31, 2018				
In Jordanian dinar	Carrying Amount	Fair Value		
		Level (1)	Level (2)	Level (3)
December 31, 2018				
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss	786,057	725,159	60,898	-
Financial assets at fair value through other comprehensive income	6,106,128	113,314	5,992,814	-
As of December 31, 2017				
In Jordanian dinar	Carrying Amount	Fair Value		
		Level (1)	Level (2)	Level (3)
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss	574,742	522,932	51,810	-
Financial assets at fair value through other comprehensive income	6,585,514	894,870	5,690,644	-
Cash on hand and at banks	259,269	259,269	-	-

There were no transfers between level 1 and level 2 during the period ended December 31, 2018.

B. Financial assets and liabilities not measured at fair value on a recurring basis:

<i>In Jordanian dinar</i>	Carrying Amount	Fair Value		
		Level (1)	Level (2)	Level (3)
<u>December 31, 2018</u>				
Cash on hand and at banks	407,482	407,482	-	-
Deposits at banks	6,890,171	6,890,171	-	-
Cheques under collection	524,855	-	524,855	-
Accounts receivable	6,243,449	-	6,243,449	-
Reinsurance receivables	1,215,280	-	1,215,280	-
Due from related parties	39,996	-	39,996	-
Deferred tax assets	780,338	-	780,338	-
Settlement guarantee fund deposits	25,000	-	25,000	-
Unearned premiums reserve	(2,711,428)	-	(2,711,428)	-
Claims reserve	(1,917,576)	-	(1,917,576)	-
Mathematical reserve	(42,935)	-	(42,935)	-
Accounts payable	(3,348,108)	-	(3,348,108)	-
Reinsurance payables	(897,967)	-	(897,967)	-
Due to related parties	(3,375)	-	(3,375)	-
Accrued expenses	(10,890)	-	(10,890)	-

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<i>In Jordanian dinar</i>	<u>Carrying Amount</u>	<u>Fair Value</u>		
		<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>
<u>December 31, 2017</u>				
Deposits at banks	7,536,331	7,536,331	-	-
Cheques under collection	277,607	-	277,607	-
Accounts receivable	8,988,991	-	8,988,991	-
Reinsurance receivables	891,886	-	891,886	-
Due from related parties	147,658	-	147,658	-
Deferred tax assets	696,402	-	696,402	-
Settlement guarantee fund deposits	25,000	-	25,000	-
Unearned premiums reserve	(2,437,190)	-	(2,437,190)	-
Claims reserve	(2,016,907)	-	(2,016,907)	-
Mathematical reserve	(50,465)	-	(50,465)	-
Premium deficiency reserve	(60,000)	-	(60,000)	-
Accounts payable	(2,351,544)	-	(2,351,544)	-
Due to related parties	(17,020)	-	(17,020)	-
Accrued expenses	(22,500)	-	(22,500)	-

There were no transfers between level 1 and level 2 during the period ended in December 31, 2018.

C. Non-financial assets that are not measured at fair value and which are disclosed at fair value in the financial statements:

As of December 31, 2018				
<i>In Jordanian dinar</i>	<u>Carrying Amount</u>	<u>Fair Value</u>		
		<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>
<u>Non- Financial Assets</u>				
Investment properties	7,543,045	-	10,160,140	-
As of December 31, 2017				
<i>In Jordanian dinar</i>	<u>Carrying Amount</u>	<u>Fair Value</u>		
		<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>
<u>Non- Financial Assets</u>				
Investment properties	8,155,406	-	10,970,115	-

The above items represent the fair value of the non- financial assets that are determined based on values of similar financial investments in a non- active market.