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للمرسلين

عمان 2018/3/28

السادة المحترمين،  
هيئة الأوراق المالية،  
عمان.

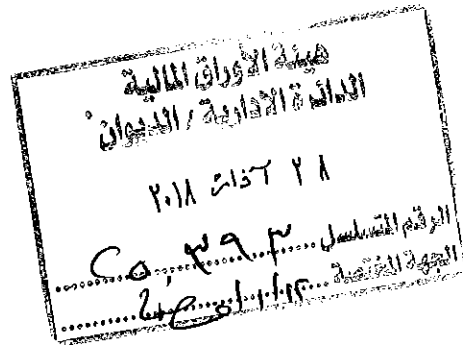
تحية طيبة وبعد ،

نرفق لكم طيه البيانات المالية للفترة من 2017/1/1 ولغاية 2017/12/31 باللغتين العربية والانجليزية بالإضافة إلى قرص مدمج (CD).

ونود إعلامكم أننا بانتظار عدم ممانعة إدارة التأمين/ وزارة الصناعة والتجارة والتموين على نشر البيانات المالية للعام المنتهي بتاريخ 2017/12/31.

وتفضلوا بقبول فائق الاحترام ،،،

المدير العام  
عماد عبد الخالق



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

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
TOGETHER WITH  
THE INDEPENDENT AUDITOR'S REPORT

JORDAN INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – HASHEMITE KINGDOM OF JORDAN  
DECEMBER 31, 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 5
Statement of Financial Position	6
Statement of Income	7
Statement of Comprehensive Income	8
Statement of Changes in Shareholders' Equity	9
Statement of Cash Flows	10
Statement of Underwriting Revenue for General Insurance Activities for Jordan Branches	11
Statement of Paid Claims Cost for General Insurance Activities for Jordan Branches	12
Statement of Underwriting Profit for General Insurance Activities for Jordan Branches	13
Statement of Underwriting Revenue for Life Insurance Activities	14
Statement of Paid Claims Cost for Life Insurance Activities	15
Statement of Underwriting Profit for Life Insurance Activities	16
Statement of Underwriting Revenue for General Insurance Activities for Foreign Branches	17
Statement of Paid Claims Cost for General Insurance Activities for Foreign Branches	18
Statement of Underwriting Profit for General Insurance Activities for Foreign Branches	19
Statement of Financial Position for Life Insurance Activities	20
Notes to the Financial Statements	21 - 66

## Independent Auditor's Report

AM/ 7953

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Jordan Insurance Company (the Company), which comprise the statement of financial position as of December 31, 2017, and the statement of income and other comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

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

#### **Emphasis of Matter Paragraph**

The General Assembly of the Company decided in its meeting which was held on April 27, 2017, to distribute cash dividends of JD 1,800,000, representing 6% of the paid-up capital. Noting that these distributed cash dividends are prohibited from being disposed of in accordance with the regulatory bodies' instructions which represent unrealized profits that consist of deferred tax asset balances, effect of early adoption of IFRS (9), and negative change in fair value reserves as of December 31, 2016.

## **Key Audit Matters**

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

### **Technical Provisions**

Technical provisions are key audit matters. Moreover, technical provisions amounted to JD 32,613,326 representing 59% of the total liabilities as of December 31, 2017. In addition, the Company assesses technical provisions according to International Financial Reporting Standards and the requirements of regulatory bodies. As such, technical provisions are calculated based on the adopted accounting policies, the Company's estimates, and historical data on claims. The reinsurers' share from the technical provision is re-calculated according to the related signed treaties. Furthermore, Executive Management appoints a certified actuary and a loss adjuster to periodically review the adequacy of the technical provisions.

### **Scope of Audit to Address Risks**

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

### **Evaluation of Unquoted Investments in Regulated Markets**

The financial assets at fair value through comprehensive income unquoted in financial markets amounted to JD 5,236,906, representing 6% of the Company's total assets as of December 31, 2017. Moreover, these financial assets should be stated at fair value in accordance with International Financial Reporting standards. The Company should also determine the fair value of the financial assets.

### **Scope of Audit to Address Risks**

The followed audit procedures include understanding the internal procedures to determine the fair value of financial assets not quoted in financial markets, assessing the reasonableness of the assumptions and estimates adopted by management for determining the fair value of not quoted financial assets. Moreover, these estimates have been compared with the requirements of International Financial Reporting standards in light of the available information.

### **Evaluation of Investment Property**

Investment property represents 21% of the Company's assets. Moreover, the Company should reevaluate its properties when preparing the financial statements to determine their fair value, and reflect the impact of any impairment in value in the statement of income, in line with the requirements of the International Financial Reporting Standards. Accordingly, the Company relies on independent real estate experts to determine the fair value of those evaluators investments and reflect any impairments in their value in the statement of income for that period. Consequently, fair value estimation of these assets was significant to our audit.

### **Scope of Audit to Address Risks**

The followed audit procedures included understanding the procedures applied by the Company in evaluating investment property, evaluating the reasonableness of the judgments used by the real estate experts, calculating the average fair value of those evaluations, recording any impairment in value in the statement of income, if any, and reviewing the appropriateness of the disclosure on the fair value of investment property.

## **Provision for Accounts Receivable**

Accounts receivable are a key audit matter. It requires the Company's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of accounts receivable amounted to JD 28,238,059 representing 31% of the total assets as of December 31, 2017.

The nature and characteristics of accounts receivable are varied. They include policyholders, agents, intermediaries, related parties, and other receivables as well as reinsurance receivables and checks under collection. This requires making assumptions and using estimates to take the provision for those receivables.

## **Scope of Audit to Address Risks**

The followed audit procedures included understanding the nature of accounts receivable and monitoring credit risks and procedures relating to calculating the impairment provision for accounts receivable. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, and discussed those factors with Executive Management. We also selected a sample of those receivables after taking into consideration the risks related to payment methods and guarantee. In addition, we discussed management's viewpoint with regard to the customer's expected cash flows and the adequacy of guarantees. Furthermore, we recalculated the provisions to be taken and reviewed the aging and movements of receivables and the adequacy of the related disclosures.

## ***Other Matter***

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

## **Other Information**

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

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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



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

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

### **Report on Legal and Other Regulatory Requirements**

The Company maintains proper accounting records that are consist, in all material respects, with the financial statements, and we recommend that they be approved by the General Assembly of Shareholders.

Amman – Jordan  
March 8, 2018

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





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

<u>ASSETS</u>	<u>Note</u>	<u>December 31,</u>	
		<u>2017</u>	<u>2016</u>
		<u>JD</u>	<u>JD</u>
Deposits at banks	4	3,888,627	5,935,575
Financial assets at fair value through profit or loss	5	4,019,249	4,124,466
Financial assets at fair value through other comprehensive income	6	19,449,194	16,020,109
Investments property	7	19,156,441	19,258,581
Life insurance policy holders' loans	8	26,139	27,012
Total Investments		<u>46,539,650</u>	<u>45,365,743</u>
Cash on hand and at banks	9	12,224,831	5,469,807
Notes receivable and checks under collection	10	3,512,576	4,397,221
Accounts receivable - net	11	17,907,719	16,803,007
Reinsurance receivable	12	6,817,764	4,374,537
Deferred tax assets	13/d	1,137,157	801,042
Property and equipment - Net	14	1,197,650	1,309,244
Intangible assets - Net	15	64,125	91,264
Other assets	16	2,047,851	1,012,764
TOTAL ASSETS		<u>91,449,323</u>	<u>79,624,629</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		15,775,843	15,983,522
Outstanding claims reserve - net		14,580,844	14,894,014
Mathematical reserve - net	17	2,076,639	2,290,070
Premiums deficiency reserve		180,000	179,000
Total Insurance Contracts Liabilities		<u>32,613,326</u>	<u>33,346,606</u>
Due to Banks	18	9,919,468	-
Accounts payable	19	4,215,276	2,507,297
Reinsurance payable	20	6,942,728	6,827,610
Various provisions	21	865,827	928,293
Provision for income tax	13/a	186,868	231,803
Other liabilities	22	954,488	1,147,745
TOTAL LIABILITIES		<u>55,697,981</u>	<u>44,989,354</u>
<u>SHAREHOLDERS' EQUITY</u>			
Paid-up capital	23	30,000,000	30,000,000
Statutory reserve	24	7,500,000	7,500,000
Financial assets valuation reserve	25	(4,292,662)	(7,708,452)
Retained earnings	26	2,544,004	4,843,727
Total Shareholders' Equity		<u>35,751,342</u>	<u>34,635,275</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>91,449,323</u>	<u>79,624,629</u>

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF  
THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND  
WITH THE INDEPENDENT AUDITOR'S REPORT.

**JORDAN INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - HASHEMITE KINGDOM OF JORDAN**  
**STATEMENT OF INCOME**

	Note	For the Year Ended December 31,	
		2017 JD	2016 JD
Revenue:			
Gross written premiums - general insurance		58,638,103	57,052,699
Gross written premiums - life		20,476,053	18,367,301
<u>Less:</u> Re-insurers' share - general insurance		(25,479,767)	(24,144,883)
Re-insurer's share - life		(12,875,343)	(11,682,506)
Net Written Premiums		40,759,046	39,592,611
Net change in unearned premiums reserve		207,679	(2,722,001)
Net change in mathematical reserve		213,431	(520,240)
Net change in premiums deficiency reserve		(1,000)	(179,000)
Net Earned Premium Revenue		41,179,156	36,171,370
Commissions' revenue		2,240,764	2,198,057
Insurance policies issuance fees		1,717,847	1,823,888
Interest revenue	28	81,001	66,044
Net gains from financial assets and investments	29	1,147,641	938,639
Other revenue	30	155,232	828,350
Total Revenue		46,521,641	42,026,348
Claims, Losses and Expenses			
Paid claims		61,499,883	51,461,382
<u>Less:</u> Recoveries		(4,982,050)	(5,007,278)
Reinsurance share		(24,702,856)	(20,201,405)
<u>Add:</u> Matured and settled policies		87,917	92,611
Net paid claims		31,902,894	26,345,310
Net change in outstanding claims reserve		(313,170)	1,347,978
Allocated employees' expenses	31	4,423,910	4,304,327
Allocated general and administrative expenses	32	2,300,894	2,288,863
Excess of loss premiums		583,440	621,003
Policies acquisition cost		3,496,819	3,408,345
Other expenses related to underwritings		1,881,397	1,356,725
Net Claims Costs		44,276,184	39,672,551
Unallocated employees' expenses	31	814,971	788,761
Depreciation and amortization		294,809	299,855
Unallocated general and administrative expenses	32	417,625	434,739
Provision/(Recoveries of) in accounts receivables	11&12	838,828	(1,823,267)
Provision for checks under collection	10	40,700	90,000
Bank interest and charges		260,000	50,000
Other expenses	33	82,817	127,824
Total Expenses		2,749,750	(32,088)
(Loss) income for the Year before Tax		(504,293)	2,385,885
Income tax expense	13/b	(4,570)	(1,196,671)
(Loss) income for the Year		(499,723)	1,189,214
(Loss) / Earning per share for the year - (Basic and Diluted)	34	(-/016)	-/040

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF  
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JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - HASHEMITE KINGDOM OF JORDAN

STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended	
	December 31,	
	2017	2016
	JD	JD
(Loss) income for the year	<u>(499,723)</u>	<u>1,189,214</u>
Other Comprehensive Income Items		
<u>items not Transferrable Subsequently to the Income Statement:</u>		
Change in financial assets at fair value - net after tax	<u>3,415,790</u>	<u>(463,528)</u>
Total Comprehensive Income Statement Items	<u>3,415,790</u>	<u>(463,528)</u>
Total Comprehensive Income for the Year	<u><u>2,916,067</u></u>	<u><u>725,686</u></u>

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF  
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**JORDAN INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - HASHEMITE KINGDOM OF JORDAN**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Note	Paid - up Capital	Statutory Reserve	Financial Assets Valuation Reserve	Retained Earnings Realized	Unrealized	Total
<b>For the Year Ended December 31, 2017</b>		JD	JD	JD	JD	JD	JD
Balance - beginning of the year		30,000,000	7,500,000	(7,708,452)	2,495,548	2,348,179	34,635,275
(Loss) for the year		-	-	-	(499,723)	-	(499,723)
Change in fair value - net after tax		-	-	3,415,790	-	-	3,415,790
Total Comprehensive Income for the Year		-	-	3,415,790	(499,723)	-	2,916,067
Dividends Distributed	27	-	-	-	(1,800,000)	-	(1,800,000)
Net change during the year		-	-	-	(195,825)	-	-
Balance - End of the Year		30,000,000	7,500,000	(4,292,662)	-	2,348,179	35,751,342
<b>For the Year Ended December 31, 2016</b>							
Balance - beginning of the year		30,000,000	7,500,000	(7,244,924)	1,043,255	2,611,258	33,909,589
Income for the year		-	-	-	1,189,214	-	1,189,214
Change in fair value - net after tax		-	-	(463,528)	-	-	(463,528)
Total Comprehensive Income for the Year		-	-	(463,528)	1,189,214	-	725,686
Net change during the year		-	-	-	263,079	(263,079)	-
Balance - End of the Year		30,000,000	7,500,000	(7,708,452)	2,495,548	2,348,179	34,635,275

a. Retained earnings balance include JD 1,137,157 as of December 31, 2017, which represents deferred tax assets (JD 801,042 as of December 31, 2016).

b. Retained earnings balance include JD 1,508,417, as of December 31, 2017 which represents the effect of the early adoption of IFRS (9). This amount represents revaluation differences that may not be used until realized according to the Jordan Securities Commission's instructions.

c. As per the instructions of the Jordan Securities Commission, there is a restriction for the use of an amount equivalent to the negative fair value accumulated change balance of JD 2,784,245 as of December 31, 2017 after taking into consideration the effect of statement (b) mentioned above.

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF  
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**JORDAN INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - HASHEMITE KINGDOM OF JORDAN**  
**STATEMENT OF CASH FLOWS**

	Note	For the Year Ended December 31,	
		2017	2016
		JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
(Loss) Income for the year before tax		(504,293)	2,385,885
Adjustments:			
Depreciation and amortization		294,809	299,855
Added to (recovered from) accounts receivable provision	11 & 12	838,828	(1,823,267)
Provision for checks under collection	10	40,700	90,000
Loss on revaluation of financial assets at fair value through profit or loss	29	120,743	66,328
Loss (gains) on the sale of financial assets through profit or loss	29	3,836	27,543
(Gains) on the sale of investment property	7 & 29	-	(347,990)
Provision for Unearned Premiums - Net		(207,679)	2,722,001
End-of-service indemnity expense	21	81,817	72,824
Outstanding claims provision - net		(313,170)	1,347,973
Mathematical reserve - net		(213,431)	520,240
Net change in premiums deficiency reserve		1,000	179,000
Cash Flows from Operating Activities before Changes in Working Capital Items		143,160	5,540,392
(Increase) decrease in financial assets at fair value through profit or loss		(15,526)	530,184
Decrease (increase) in notes receivable and checks under collection		843,945	(1,352,268)
(Increase) in receivables		(1,329,212)	(1,932,523)
(Increase) decrease in reinsurance receivable		(3,057,555)	1,268,137
(Increase) in other assets		(1,035,087)	(89,029)
Increase (decrease) in payables		1,707,979	(386,085)
Increase (decrease) in reinsurance payable		115,118	(520,216)
(Decrease) increase in various provisions and other liabilities		(255,341)	429,220
Net Cash Flows (used in) from Operating Activities before Provisions and Tax Paid		(2,882,519)	3,487,812
Income tax paid	13/a	(376,480)	(769,820)
Paid from end-of-service indemnity provision	21	(93,035)	(90,895)
Net Cash Flows (used in) from Operating Activities		(3,352,034)	2,627,097
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
(Increase) in deposits at banks		(162,339)	(10,101)
(Increase) in financial assets at fair value through other comprehensive income statement		(6,295)	(628,945)
Decrease in life insurance policy holders' loans		873	7,816
(Increase) in property and equipment	14	(43,988)	(111,953)
(Increase) in intangible assets	15	(3,650)	(35,205)
(Increase) in investments property	7	(6,298)	(701,997)
Proceeds from sale of investments property	7	-	376,784
Net Cash Flows (used in) Investing Activities		(221,697)	(1,103,601)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase in due to banks	18	9,919,468	-
Dividends paid to shareholders	27	(1,800,000)	-
Total Cash Flows from Financing Activities		8,119,468	-
Net Increase in Cash and Cash Equivalents		4,545,737	1,523,496
Cash and cash equivalents - beginning of the year		9,207,006	7,683,510
Cash and Cash Equivalents - End of the Year	35	13,752,743	9,207,006
<b>Non - Monetary Transactions</b>			
Acquisition of Investments property seized against accounts receivable		-	1,750,000

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF  
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JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES FOR JORDAN BRANCHES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Liability		Miscellaneous		Other Branches		Total
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:													
Direct operations	15,413,830	16,863,221	1,564,217	1,139,708	10,741,824	9,491,084	709,898	800,983	9,299,372	7,357,009	65,570	178,616	37,794,711
Inward voluntary re-insurers'	652,132	871,428	222,492	366,095	4,416,004	6,826,223	130,198	145,897	12,164	34,329	758	1,712	5,439,555
Gross Earned Premiums	16,065,969	17,694,649	1,786,709	1,405,803	15,158,628	15,517,307	840,096	946,590	9,316,536	7,391,338	66,328	180,328	43,136,005
Less: Local re-insurers' share	800	3,073	175,673	190,767	4,697,013	6,412,703	128,671	146,662	450	10,533	-	-	5,002,607
Foreign re-insurers' share	469,212	410,102	1,297,626	989,510	9,951,775	8,597,692	699,764	754,494	3,646,851	2,829,779	12,553	106,082	16,177,591
Net Earned Premiums	15,604,957	17,271,394	213,410	225,526	599,040	517,575	22,641	45,424	5,669,235	4,551,026	33,775	74,246	22,024,128
Add: Unearned premiums reserve - beginning of the year	8,363,974	8,077,935	454,760	401,994	6,792,932	7,129,398	513,511	603,483	2,999,899	2,838,714	65,183	45,881	19,190,259
Less: Re-insurers share - beginning of the year	165,796	54,436	395,040	340,979	6,618,938	6,927,841	492,248	588,300	1,178,481	1,461,339	40,142	25,307	8,820,665
Net unearned premiums reserve - beginning of the year	8,198,178	8,023,499	59,720	61,015	173,004	151,557	31,260	15,152	1,821,418	1,377,276	25,031	19,574	10,299,594
Less: Unearned premiums reserve - end of the year	7,492,489	8,363,974	320,397	454,760	6,911,789	6,792,932	493,370	513,511	3,843,385	2,999,899	31,952	65,183	19,092,382
Re-insurers' share - end of the year	177,119	165,796	767,347	395,040	6,760,187	6,618,938	454,153	492,248	1,460,013	1,178,481	17,743	40,162	8,999,663
Net Unearned premiums reserve - end of the Year	7,315,379	8,198,128	52,459	59,720	151,402	173,904	9,217	21,260	2,392,372	1,821,418	14,292	35,691	9,938,600
Net Revenue earned from the Underwritten Premiums	16,467,765	17,096,715	270,689	326,851	532,432	495,136	34,687	39,314	5,108,381	4,106,984	44,587	68,759	22,033,771

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.



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

STATEMENT OF PAID CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES FOR JORDAN BRANCHES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Liability		Medical		Other Expenses		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Paid claims	20,273,723	10,656,144	534,910	292,003	2,208,182	5,526,693	38,118	205,902	6,091,603	5,650,926	21,402	19,021	29,167,638	30,352,769
Recoveries	3,910,500	3,835,118	-	1,328	37,092	216,626	238	2,675	-	-	-	-	3,947,830	4,028,747
Local re-insurers' share	7,046	30,821	15,725	-	105,497	65,307	896	17,181	-	-	-	-	129,964	111,309
Foreign re-insurers' share	306,280	39,403	449,506	246,369	1,876,090	4,928,284	34,086	176,670	2,952,527	2,973,479	14,081	12,072	5,484,281	8,277,680
Net paid claims	16,149,008	14,723,802	990,679	44,386	2,390,571	6,520,287	43,138	209,758	9,044,130	8,624,405	25,483	31,093	34,627,733	38,770,438
Add: Incurred and reported claims Reserve - end of the Year	10,815,192	11,794,617	1,081,962	1,116,870	5,370,309	6,304,254	1,031,835	766,449	404,376	254,712	140,243	122,059	18,853,917	20,107,761
Incurred but not reported (IBNR)	992,432	666,432	18,000	18,000	5,000	5,000	6,000	6,000	731,853	381,000	-	-	1,753,305	1,096,452
Less: Re-insurers' share - end of the year	406,521	439,610	938,676	989,672	5,204,097	5,845,371	1,012,594	751,981	541,419	318,065	95,727	63,113	8,309,814	8,448,020
Recoveries	3,246,348	3,466,924	-	-	-	-	-	-	-	-	-	-	3,246,348	3,466,924
Net claims reserve - end of the year	8,664,795	8,614,527	143,286	145,168	176,412	213,683	25,241	20,469	594,810	317,647	44,516	39,746	9,951,060	9,251,269
Less: Incurred and reported claims reserve - beginning of the year	11,794,617	10,656,034	1,116,870	324,693	6,054,254	11,290,727	766,449	815,976	254,712	251,288	122,859	77,228	20,109,761	21,413,946
Incurred but not reported (IBNR)	666,432	1,012,218	18,000	18,037	5,000	21,022	6,000	149	361,000	437,863	-	2,941	1,096,452	1,493,130
Less: Re-insurers' share - beginning of the year	493,618	279,022	989,672	251,133	5,845,571	10,946,216	751,981	796,491	318,065	375,071	83,113	50,117	8,448,020	12,697,052
Recoveries	3,466,924	1,806,517	-	-	-	-	-	-	-	-	-	-	3,466,924	1,806,517
Net claims reserve - beginning of the year	8,614,527	9,280,713	145,168	92,497	213,683	296,531	20,468	19,634	312,442	313,280	29,246	30,052	9,251,269	10,492,797
Net Paid Claims Cost	15,590,326	13,787,616	67,767	97,097	204,212	110,628	6,869	12,810	3,451,339	2,681,814	11,191	16,648	19,399,554	16,756,995

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITORS' REPORT.

## STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES FOR JORDAN BRANCHES.

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended	
	December 31,	
	2017 JD	2016 JD
Written Premiums:		
Direct operations	20,472,708	18,154,817
Inward voluntary re-insurers'	3,345	212,484
Gross Written Premiums	20,476,053	18,367,301
<u>Less:</u> Local re-insurers' share	255,355	556,957
Foreign re-insurers' share	12,619,988	11,125,549
Net Written Premiums	7,600,710	6,684,795
<u>Add:</u> Mathematical reserve - beginning of the year	3,809,172	2,920,612
<u>Less:</u> Re-Insurers' share	1,519,102	1,150,782
Net Mathematical Reserve - Beginning of the Year	2,290,070	1,769,830
<u>Less:</u> Mathematical reserve - End of the Year	2,763,732	3,809,172
<u>Less:</u> Re-insurers' share	687,093	1,519,102
Net Mathematical Reserve - End of the Year (Note 17)	2,076,639	2,290,070
Net Earned Revenue from Written Premiums	7,814,141	6,164,555

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JORDAN INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended	
	December 31,	
	2017	2016
	JD	JD
Claims paid	18,044,778	13,386,040
Policies settlements and maturities	87,917	92,611
<u>Less:</u> Local re-insurers' share	156,275	149,491
Foreign re-insurers' share	13,619,750	9,929,458
Net Paid Claims	4,356,670	3,399,702
 <u>Add:</u> Reported claims reserve - end of the year	 4,632,463	 3,564,784
<u>Less:</u> Re-insurers' share	3,784,029	2,843,079
Net Claims Reserve - End of the Year	848,434	721,705
 <u>Add:</u> Reported claims reserve - beginning of the year	 3,564,784	 2,639,254
<u>Less:</u> Re-insurers' share	2,843,079	2,128,549
Net Claims Reserve - Beginning of the Year	721,705	510,705
 Net Claims Paid Cost	 4,483,399	 3,610,702

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF  
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JORDAN INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended	
	December 31,	
	2017	2016
	JD	JD
Net earned revenue from the written premiums	7,814,141	6,164,555
<u>Less:</u> Net claims paid cost	<u>4,483,399</u>	<u>3,610,702</u>
	3,330,742	2,553,853
<u>Add:</u> Received commissions	48,970	47,989
Insurance policies issuance fees	572,052	430,866
Interest revenue from investment related to underwriting accounts	18,946	224,501
Other revenue	<u>297,126</u>	<u>264,095</u>
Total Revenue	<u>4,267,836</u>	<u>3,521,304</u>
<u>Less:</u> Paid commissions	868,249	941,119
Administrative expenses related to underwriting accounts	1,952,209	1,410,804
Other expenses	<u>205,376</u>	<u>201,204</u>
Total Expenses	<u>3,025,834</u>	<u>2,553,127</u>
Net Underwriting Profit	<u>1,242,002</u>	<u>968,177</u>

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

STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES FOR FOREIGN BRANCHES

Major	Marine and Transportation				Fire and Other				Liability				Medical				Other Branches				Total			
	For the Year Ended December 31,				For the Year Ended December 31,				For the Year Ended December 31,				For the Year Ended December 31,				For the Year Ended December 31,				For the Year Ended December 31,			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Written premiums																								
Direct operation	9,244,940	8,787,705	899,748	840,710	1,203,357	949,773	103,201	92,814	3,696,925	2,971,178	228,066	228,413	15,374,237	13,870,593										
Inward voluntary re-insurers'																								
Gross written premium	9,244,940	8,787,705	899,748	840,710	1,232,957	1,001,357	103,201	97,331	3,696,925	2,971,178	228,066	228,413	15,403,837	13,926,694										
Less: Local re-insurance premiums																								
Foreign re-insurance premiums	65,489	67,618	756,229	692,587	1,092,508	883,512	85,327	75,189	2,289,587	1,944,197	12,821	13,292	4,292,121	3,626,402										
Net earned premiums	9,179,451	8,720,087	143,409	120,319	143,508	112,658	17,874	22,142	1,406,241	1,023,265	213,195	215,114	11,104,178	10,222,695										
Add: Unearned premiums reserve - beginning of the year	4,977,589	3,360,572	208,819	158,368	406,471	512,171	42,552	31,525	1,583,664	497,305	109,777	94,174	7,408,972	4,654,115										
Less: Reinsurers' share - beginning of the year	34,320	29,002	174,457	129,687	428,855	464,276	34,512	25,141	1,047,201	357,844	5,699	3,818	1,725,044	1,040,768										
Net unearned premiums reserve - beginning of the year	4,943,269	3,331,570	34,362	28,681	57,616	47,895	8,040	6,384	536,463	99,461	104,078	90,356	5,683,928	3,613,347										
Premiums deficiency reserve	179,000																							
Less: Unearned premiums reserve - end of the Year	5,108,985	4,377,609	201,255	208,819	546,309	486,471	48,646	42,552	1,482,602	1,583,664	110,732	109,777	7,498,529	7,408,972										
Re-insurers' share - end of the Year	36,593	34,320	169,166	174,457	477,225	428,855	39,963	24,512	918,982	1,047,201	5,777	5,699	1,647,766	1,255,044										
Net unearned premiums reserve - end of the year	5,072,392	4,343,269	32,089	34,362	69,084	57,616	8,683	8,040	503,630	536,463	104,955	104,078	5,853,928	5,683,928										
Premiums deficiency reserve	180,000	179,000																						
Net Revenues from the Written Premiums	9,049,428	6,938,288	145,682	123,638	112,040	102,977	17,231	20,486	1,279,584	586,763	212,318	201,392	10,936,383	7,973,044										

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.



**JORDAN INSURANCE COMPANY**  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - HACHEMITE KINGDOM OF JORDAN

**STATEMENT OF CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES FOR FOREIGN BRANCHES**

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Paid claims	8,210,631	5,740,312	284,180	171,829	2,708,653	219,863	-	-	2,807,492	1,514,357	16,311	60,212	14,387,267	7,722,273
Recoveries	1,003,811	945,990	5,645	2,070	25,364	471	-	-	-	-	-	-	1,034,220	948,531
Local re-insurers' share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign re-insurers' share	8,603	36,253	235,959	146,229	2,640,165	208,724	-	-	2,430,280	1,216,387	292	27,454	5,812,586	1,636,467
Net Paid claims	7,130,619	4,762,569	48,176	21,529	123,174	10,668	-	-	558,282	298,029	16,059	41,298	7,840,403	5,137,275
Add: Incurred and reported claims reserve - end of the year	3,854,900	4,133,865	430,921	617,724	115,958	2,958,392	-	-	232,341	146,323	98,606	94,653	4,712,726	7,952,157
Incurred but not reported (IBNR)	1,607,298	1,302,298	28,000	28,000	1,000	1,000	-	-	399,499	288,844	17,000	17,000	2,852,797	1,637,142
Less: Re-insurers' share - end of the year	28,329	58,143	480,968	572,132	87,355	2,787,542	-	-	505,828	363,384	-	-	1,622,480	3,781,201
Recoveries	1,003,603	987,658	-	-	-	-	-	-	-	-	-	-	1,001,653	987,658
Net claims provision - end of the year	4,352,176	4,309,542	27,652	73,982	26,693	472,850	-	-	126,812	71,883	115,606	113,652	4,881,250	4,871,046
Less: Incurred and reported claims reserve - beginning of the year	4,133,865	2,677,976	617,724	876,264	2,958,392	2,996,083	-	-	146,223	79,928	94,653	75,975	7,952,157	6,706,246
Incurred but not reported (IBNR)	1,302,298	667,469	28,000	4,063	1,000	411	-	-	288,844	218,867	17,000	32	1,637,142	890,842
Less: Re-insurers' share - beginning of the year	58,143	3,700	572,132	612,907	2,787,542	2,888,483	-	-	363,384	239,037	-	-	3,781,201	3,944,127
Recoveries	987,658	1,030,337	-	-	-	-	-	-	-	-	-	-	987,658	1,030,337
Net claims provision - beginning of the year	4,329,952	2,321,408	73,982	67,440	172,850	138,011	-	-	71,983	59,758	111,652	76,007	4,821,040	2,632,624
Net Cost of Claims	7,165,618	6,927,123	27,507	27,682	(20,123)	75,587	-	-	613,312	308,275	20,012	27,404	7,880,271	7,325,911

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - HASHERITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES FOR FOREIGN BRANCHES

	Motor		Marine and Transportation		Fire and Damages Other for Properties		Liability		Medical		Other Branches		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net revenue from the written premiums	9,049,428	6,936,268	145,682	133,638	132,040	102,977	17,221	20,486	1,379,884	586,263	212,118	201,392	10,936,203	7,973,044
(Less): Net paid claims cost	7,160,033	6,837,123	27,537	27,032	120,123	75,507	-	-	613,312	308,225	30,812	77,404	7,800,771	7,325,991
	1,889,395	101,165	118,145	95,956	152,163	27,470	17,221	20,486	766,572	277,988	191,306	123,988	3,135,512	647,053
Add: Received commissions	18,011	19,389	195,418	189,586	300,296	242,175	29,256	25,614	142	433	4,827	4,988	548,950	482,185
Insurance policies issuance fees	27,013	207,242	1,501	1,255	1,798	1,984	569	532	142	67	338	301	31,351	211,381
	2,853	264	-	-	-	-	-	-	-	-	-	-	2,853	264
Revenues from Investment related to underwritten accounts	1,937,272	328,060	315,084	206,797	455,287	271,629	47,056	46,632	766,556	278,488	197,473	129,272	3,719,666	1,340,883
Total Revenue	949,735	861,287	91,423	80,857	123,979	87,915	17,803	11,924	265,640	171,359	27,804	25,823	1,496,464	1,241,165
Less: Paid commissions	88,595	97,430	19,292	19,315	48,974	41,577	-	-	-	-	-	-	156,861	158,322
Excess of loss premiums	1,267,206	1,154,738	82,243	84,407	109,144	105,177	5,775	5,929	315,236	330,998	14,624	17,861	1,794,416	1,699,190
Administrative expenses related to underwriting accounts	107,446	114,024	-	-	6,475	2,135	-	-	272,813	195,557	-	-	386,724	221,786
Other expenses	2,430,122	2,227,540	192,950	184,659	289,622	238,604	23,579	17,853	933,680	609,914	42,500	43,604	3,824,477	3,320,453
Total Expenses	(495,900)	(1,099,409)	122,106	102,138	167,675	34,825	23,478	28,779	(87,133)	(331,476)	154,963	85,593	(114,011)	(1,979,580)
Net Underwritten (Loss)														

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

<u>ASSETS</u>	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
	<u>JD</u>	<u>JD</u>
Deposits at banks	421,169	1,801,982
Financial assets at fair value through profit or loss	415,562	483,720
Life insurance policy holders' loans	26,139	27,012
Total Investments	862,870	2,312,714
Cash on hand and balances at banks	1,163,012	1,582,951
Checks under collection	755,281	1,182,418
Accounts receivable	7,645,463	7,021,179
Re-insurance companies' receivable	4,026,734	1,637,109
Property and equipment	90,429	129,521
Other assets	386,919	273,806
TOTAL ASSETS	14,930,708	14,139,698
<u>LIABILITIES AND HEAD OFFICE'S EQUITY</u>		
<u>LIABILITIES</u>		
Accounts payable	1,042,600	567,373
Re-insurance companies' payable	3,471,989	3,430,974
Other liabilities	6,554	7,830
<u>TECHNICAL RESERVES</u>		
Outstanding claims reserve - net	848,434	721,705
Mathematical reserve - net	2,076,639	2,290,070
Other technical reserves	125,170	171,755
TOTAL LIABILITIES	7,571,386	7,189,707
<u>HEAD OFFICE'S EQUITY</u>		
Head Office's current account	6,117,320	5,981,814
Income for the year	1,242,002	968,177
Total Head Office's Equity	7,359,322	6,949,991
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	14,930,708	14,139,698

THE ACCOMPANYING NOTES FROM (1) TO (43) CONSTITUTE AN INTEGRAL PART OF  
THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND  
WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - HASHEMITE KINGDOM OF JORDAN  
NOTES TO THE FINANCIAL STATEMENTS

1. General

- a. Jordan Insurance Company was established in 1951 and registered as a Jordanian public shareholding limited company under Number (11) with an authorized capital of JD 100 thousand. On July 12, 1981, the Company's capital was increased to JD 1.1 million. On May 1, 1988, General Insurance Society for Near East Company (Al - Ittihad Al-Watani) in Jordan was merged with Jordan Insurance Company after evaluating both companies' assets. Consequently, the Company's capital was increased to JD 5 million, divided into 5 million shares of JD 1 each. Furthermore, the Company's capital was increased in stages, the last of which was during the year 2006. When the Company's authorized and paid-up capital was increased by JD 10 million to become JD 30 million, divided into 30 million shares of JD 1 each. The Company's address is Amman - Prince Mohammed Street - P.O. Box 279 Amman - 11118, Jordan.

The Company conducts all types of insurance and has branches in Abu Dhabi, Sharja and Dubai. It also markets insurance policies in Kuwait through an agency.

- b. The accompanying financial statements were approved by the Board of Directors on February 27, 2018.

2. Accounting Policies

a. Basis of Preparation

- The financial statements have been prepared according to the standards issued by the International Accounting Standards Board; interpretations issued by the International Financial Reporting Standards Committee; as well as the forms prescribed by the Jordanian Insurance Management.
- The financial statements have been prepared according to the historical cost convention, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are stated at fair value as of the date of the financial statements. Stated at fair value are also the financial assets and financial liabilities whose change in fair value risks have been hedged.
- The Jordanian Dinar is the functional and reporting currency of the financial statements.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2016, except for what is mentioned in Note (43.a).

b. Sector Information

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

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

**c. Financial Assets at Amortized Cost**

- Financial assets at amortized cost are financial assets when the below conditions are met:
  - The purpose of holding these assets within the context of the business model is to collect contractual cash inflows.
  - According to the contractual terms of these assets, the cash flows arise on defined dates and represent only principal and interest payments on these assets.
- Financial assets at amortized cost are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount is amortized, using the effective interest rate method, and recorded to interest or in its account. Any impairment provisions resulting from the decline in value of these investments leading to the un-recoverability of the assets, or part thereof, are deducted, and any impairment is taken to the statement of Income and subsequently shown at amortized cost after deducting the impairment losses.
- Impairment in financial assets recorded at amortized cost is determined on the basis of the difference between the carrying amount and the present value of the expected cash flows discounted at the effective interest rate.
- Financial assets may not be reclassified to / from this item except in cases stated in International Financial Reporting Standards (and in the event of the sale of any of these assets before its maturity date, the outcome of the sale is recorded in the income statement under a separate item and disclosed according to International Financial Reporting Standards).

**Reclassification**

- Financial assets at amortized cost may be classified to financial assets at fair value through the income statement and vice versa. This can be carried out when the Company changes the business model on which it was established through classifying those assets as stated above, taking into consideration the following:
  - Previously recognized profits, losses, or interest may not be recovered.
  - When reclassifying financial assets whose fair value is to be measured, their fair value is determined on the reclassification date. Any gains or losses arising from the differences between the previously recorded amount and the fair value are recorded in the statement of income.
  - When reclassifying financial assets to be measured at amortized cost, they are recorded at fair value as of the reclassification date.

**d. Financial Assets at Fair Value Profit or loss**

- The remaining financial assets that do not meet the criteria of financial assets at amortized cost are recorded as financial assets at fair value.
- Financial assets at fair value through profit or loss represent shares and bonds held by the Company for trading and achieving gains from short-term fluctuations in market prices or gains from margin trading.
- Financial assets at fair value through profit or loss are initially stated at fair value on the acquisition date (purchase costs are recorded in the statement of income upon purchase). They are subsequently re-measured to fair value. Moreover, changes in fair value are recorded in the statement of income, including the fair value change resulting from the transfer of non- monetary assets denominated in foreign currencies. Gains or losses resulting from the sale of these financial assets, or part thereof, are taken to the statement of Income.

- Dividends or interest income from these financial assets are recorded in the statement of Income.

e. Financial Assets at Fair Value through Other Comprehensive Income

- Upon initial recognition of investments in owners' equity not held for trading, an irrevocable option may be adopted to present all the changes in these investments on an individual basis (each share separately) within the other comprehensive items. Not in any case at a subsequent date may the amounts of these changes, recognized within the comprehensive income statement, be reclassified to profit or loss.
- Financial assets at fair value through other comprehensive income are stated at fair value plus acquisition expenses at the date of acquisitions. Moreover, these assets are revalued at fair value. The change in fair value is stated in the statement of other comprehensive income and within shareholders' equity, including the change in fair value resulting from transfer differences on non-monetary assets denominated in foreign currencies. In case these assets, or part thereof, are sold, the gains / losses arising therefrom are taken to the statement of other comprehensive income and within shareholders' equity. Furthermore, the financial assets revaluation reserve balance relating to the sold instruments is directly taken to retained earnings / accumulated losses and not through the statement of Income.
- Dividends are taken to the income statement unless these dividends clearly represent partial recovery of all the investments.

f. Date of Recognition of Financial Assets

Financial assets and financial liabilities are recognized on the trading date (date on which the Company commits itself to purchase or sell the financial assets).

g. Fair Value

Fair value represents the closing market price (acquisition of assets/ sale of liabilities) on the date of the financial statements in active markets for financial assets with a market value.

In case declared market prices do not exist, active trading of some financial assets is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial instrument with similar terms and conditions.
- Analysis of the present value of expected future cash flows discounted at the same rate used for similar financial instrument.
- Adoption of the option pricing models.

The evaluation methods aim to provide a fair value reflecting the expectations of the market and taking into consideration the market factors expected risks, and expected benefits when evaluating these financial assets. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

h. Impairment of Financial Assets

The Company reviews the values of recorded financial assets at the date of the statement of financial position to determine if there are any indications of impairment in their value individually or as a portfolio.

In case such indications exist, the recoverable amount is estimated to determine the amount of impairment loss.



The impairment amount is determined as follows:

- Impairment in the value of financial assets at amortized cost: represents the difference between the stated amount and the present value of the expected cash flows discounted at the original effective interest rate.
- The impairment in value is taken to the statement of income. Moreover, any surplus in the subsequent period due to previous impairment in debt instruments is taken to the income statement while such a surplus in equity instruments is taken to the statement of other comprehensive income.

i. Real Estate Investments

Real estate investments are stated at cost net of accumulated depreciation (excluding land). Moreover, these investments are depreciated over their useful lives at an annual rate of 2%. In addition, impairment in their value is taken to the statement of income. The operating revenues or expenses of these investments are included in the statement of income.

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

j. Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, and balances at banks and financial institutions maturing within three months, less restricted balances.

k. Re-insurers' Accounts

Re-insurers' shares of insurance premiums, claims paid, technical provisions, and all other rights and obligations resulting from re-insurance based on contracts concluded between the Company and re-insurers are accounted for on the accrual basis.

l. Impairment in Re-insurance Assets

In case there is any indication as to the impairment of the re-insurance assets of the Company, which possesses the reinsured contracts, the Company has to reduce the present value of the contracts and record the impairment loss in the statement of income. The impairment is recognized in the following cases only:

1. There is an objective evidence resulting from an event that took place after the recording of the re-insurance assets confirming the Company's inability to recover all the amounts under the contracts terms.
2. The event has a reliably and clearly measurable effect on the amounts that the Company will recover from the re-insurer.

m. Acquisition Costs of Insurance Policies

Acquisition costs represent the costs incurred by the Company against selling, underwriting, or starting new insurance contracts. The acquisition costs are recorded in the statement of income.

n. Property and Equipment

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

	%
Buildings	2
Machinery, furniture and equipment	7 - 25
Vehicles	15

Property and equipment are depreciated when ready for their intended use.

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

When the carrying amounts of property and equipment exceed their recoverable values, assets are written down, and impairment losses are recorded in the statement of income.

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

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

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

o. Intangible Assets

Intangible assets obtained through merger are stated at fair value on their acquisition date.

Intangible assets obtained through other than merger are stated at cost. They are classified according to their estimated lives: definite or indefinite. Intangible assets with a definite useful life are amortized over their useful life and amortization is recorded in the statement of income. Intangible assets with indefinite lives are reviewed for impairment at the date of the financial statements, and the impairment is recorded in the statement of income.

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

Any indications to the impairment of these financial assets are reviewed as of the date of the financial statements. Moreover, the life estimate of those assets is reviewed and any related adjustments are made in the subsequent years.

Computer systems and programs are amortized over their estimated useful lives at 15% annually.

p. Mortgaged Financial Assets

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

q. Provisions

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

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

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

#### First: Technical Reserves

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

1. The reserve for unearned premiums for general insurance activities is calculated according to the remaining days up to the expiry date of the insurance policy on the basis of a 365-day per year, except for marine and land transport insurance for which the provision is calculated on the basis of written premiums of the effective policies and in accordance with related laws and regulations on the date of the financial statements.
2. The reserve for reported claims is computed through determining the maximum total expected costs for each claim on an individual basis.
3. Premiums deficiency reserve and provision for incurred but not reported (IBNR) claims are calculated based on the Company's experience and estimates.
4. The reserve for unearned premiums for life insurance activities is calculated based on the Company's experience and estimates and the actuary's experience.
5. The mathematical reserve for life insurance policies is calculated based on the actuarial equations which are reviewed periodically by an independent actuary.

#### Second: Provision for Doubtful Debts

A provision for doubtful debts is taken when there is objective evidence that whole or part of these debts has become irrecoverable. The provision is calculated based on the difference between the book value and the recoverable value. Moreover, the Company studies each receivable separately and takes the necessary provision.

#### Third: End of Service Provision

End of service provision for employees is calculated according to the company's policy which confirms with Jordanian Labor Law.

Annual paid compensations for employees who left the service are recorded in the end of service provision account when paid and a provision for company's liabilities resulting from end of service employee compensation is recorded in the statement of Income.

#### r. Commitment Sufficiency Test

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

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

#### s. Income Tax

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

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

t. Deferred Taxes

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

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

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

u. Cost of Issuing or Purchasing Shares

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

v. Offsetting

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

W. Revenue Recognition

First - Insurance Contracts

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

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

Second - Dividends and Interest

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

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

Third - Rental Income

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

x. Recognition of Expenses

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

y. Insurance compensations

Insurance compensations represents the paid claims for the period and the change in claims reserve.

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

z. Salvage and Subrogation Reimbursements

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

aa. General and Administrative and employee Expenses

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

Ab. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing at the transaction date.

Financial assets and financial liabilities denominated in foreign currencies are translated according to the prevailing average exchange rates issued by the Central Bank of Jordan at the date of the statement of financial position.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies are translated at fair value at the date of the determination of their fair value.

Exchange gains or losses resulting therefrom are taken to the statement of income.

The resulting translation differences from non-monetary assets and non-monetary liabilities are taken as part of the change in fair value.

3. Use of Estimates

Preparation of the financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and changes in the fair value shown within comprehensive income and shareholders' equity. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The aforementioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

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

- A provision for accounts receivable is taken according to the various assumptions and bases adopted by management to evaluate the required provision as per International Financial Reporting Standards.
- Management periodically revaluates the productive lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of those assets and estimates of their expected productive lives in the future. Any impairment loss is taken to the statement of income.
- The claims provision and technical provisions are taken based on technical studies and according to the instructions of the Insurance Commission. Moreover, the mathematical reserve is taken based on actuarial studies.
- A provision for lawsuits against the Company is based on a legal study by the Company's lawyer according to which probable future risks are determined. Such studies are reviewed periodically.
- Management periodically reviews the financial assets, shown at cost, to evaluate any impairment in their value. Such impairment is taken to the statement of income.
- Provision for income tax: The financial year is charged with its share from income tax according to the prevailing laws and regulations and IFRS, and the necessary tax provision is calculated and recorded accordingly.
- Real estate investments are evaluated by independent and certified real estate appraisers according to the resolutions issued by insurance management for the purpose of calculating the impairment. Moreover, their fair value is disclosed in the financial statements.
- Fair Value Hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant, which require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial assets and liabilities, the company uses market information when these are available. In case the Level one inputs are not available. The company deals with independent and qualified party to prepare evaluation studies. In such case, suitable evaluation methods and in puts used in preparing evaluation studies are reviewed by management.

4. Deposits at Banks

This item consists of the following:

This item consists of the following.

	December 31,				
	2017			2016	
	Deposits Maturing Within Three Months	Deposits Maturing After Three Months and Up to One Year	Deposits Maturing After One Year	Total	Total
	JD	JD	JD	JD	JD
<u>Inside Jordan:</u>					
Arab Jordan Investment Bank	210,485	-	-	210,485	87,834
Jordan Commercial Bank	45,737	-	-	45,737	861,580
Arab Bank *	-	-	445,659	445,659	435,322
Standard Chartered Bank	14,216	-	-	14,216	14,216
Ahli Bank	395,057	-	-	395,057	1,413,978
Al-Etihad Bank	165,483	-	-	165,483	466,000
Societe General Bank	32,045	-	-	32,045	32,024
BLOM Bank	41,960	-	-	41,960	41,460
Jordan Kuwait Bank	58,679	-	-	58,679	181,857
Total Banks Inside Jordan	963,662	-	445,659	1,409,321	3,534,271
<u>Outside Jordan:</u>					
Arab Bank	564,250	-	1,110,000	1,674,250	1,748,250
National Kuwait Bank	-	-	805,056	805,056	653,054
Total Banks Outside Jordan	564,250	-	1,915,056	2,479,306	2,401,304
Total	1,527,912	-	2,360,715	3,888,627	5,935,575

- Interest rates on deposits at Banks in Jordanian dinar were ranged from 2% - 4% and in dollar from 0.05% to 0.25%.

- \* Moreover, deposits collateralized to the order of the Director General of the Insurance Management in addition to his position amounted to JD 325,000 as of December 31, 2017 and 2016.

5. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31	
	2017	2016
	JD	JD
<u>Inside Jordan:</u>		
Quoted shares	4,018,184	4,123,647
	4,018,184	4,123,647
<u>Outside Jordan:</u>		
Quoted shares	1,065	819
Total Financial Assets at Fair Value	4,019,249	4,124,466

6. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31	
	2017	2016
	JD	JD
<u>Inside Jordan</u>		
Quoted shares	3,936,409	4,633,307
Unquoted shares	36,806	34,560
	<u>3,973,215</u>	<u>4,667,867</u>
<u>Outside Jordan</u>		
Quoted shares	10,275,879	6,941,251
Unquoted shares *	5,200,100	4,410,991
	<u>15,475,979</u>	<u>11,352,242</u>
Total financial assets at fair value	<u>19,449,194</u>	<u>16,020,109</u>

- \* This item includes an amount of JD 4,834,270 (net after adding the effect of evaluation of JD 779,380 as of December 31, 2017), representing the investment in shares in Asia Insurance Company (Iraq). Moreover, the shares registered in the Company's name amounted to 5,925,000,000 Share/ Iraqi Dinar equivalent to 19.75% of the company's paid capital as of December 31, 2017.

- Unquoted shares are evaluated according to the latest available audited financial statements.

7. Investment Property

- a. This item consists of the following:

	December 31	
	2017	2016
	JD	JD
Lands *	15,263,864	15,263,864
Buildings – Net after depreciation	3,892,577	3,994,717
	<u>19,156,441</u>	<u>19,258,581</u>

- \* This item includes the price of a two plots of land amounting to JD 3,007,099, plus direct acquisition costs, including appraisal fees, ownership title transfer fees, and taxes. This amount is included in the Company's real estate investments. Based on the Company's Board of Directors' decision on July 25, 2009, 10% of the land value has been transferred to the Company's personnel provident fund at a price equivalent to the acquisition cost. However, transfer to the provident fund has not been documented yet.

- b. Additions to real estate investments amounted to JD 106,200 and zero to disposals during the year 2017. (additions of JD 2,625,102 and disposals of JD 49,334 for the year 2016).
- c. Real estate investments depreciation amounted to JD 208,340 for the year ended December 31, 2017 (JD 180,215 for the year 2016).
- d. The fair value of real estate investments is evaluated by real estate appraisers at JD 35,818,179 as of December 31, 2017.



**8. Life Insurance Policy Holders' Loans**

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Life insurance policy holders' loans not exceeding the policy liquidation value	26,139	27,012
	<u>26,139</u>	<u>27,012</u>

**9. Cash on Hand and at Banks**

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Cash on hand	81,413	134,092
Current accounts at banks	12,143,418	5,335,715
	<u>12,224,831</u>	<u>5,469,807</u>

**10. Notes Receivable and Checks under Collection**

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Notes receivable	35,350	35,350
Checks under collection *	3,607,926	4,451,871
	3,643,276	4,487,221
Less: Provision for checks under collection **	(130,700)	(90,000)
	<u>3,512,576</u>	<u>4,397,221</u>

\* The maturities of checks under collection are up to November 3, 2019.

\*\* The movement on the provision for checks under collection is as follows:

	2017	2016
	JD	JD
Balance – beginning of the year	90,000	-
Additions	40,700	90,000
Balance – end of the Year	<u>130,700</u>	<u>90,000</u>

**11. Accounts Receivable - Net**

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Policy Holders	16,657,108	16,614,413
Agents	3,170,492	2,029,650
Employees	116,906	101,095
Other receivables *	952,726	873,173
	20,897,232	19,618,331
Less: Provision for doubtful debts **	(2,989,513)	(2,815,324)
Accounts receivable – Net	<u>17,907,719</u>	<u>16,803,007</u>

\* The details of this item are as follows:

	December 31,	
	2017	2016
	JD	JD
Buildings receivable	437,082	365,617
Settlement of branches' accounts with the Head Office current account	91,570	62,809
Suspended policies receivable	154,280	154,071
Others	269,794	290,676
	<u>952,726</u>	<u>873,173</u>

The aging of receivables that has no impairment in its value is as follows:

	December 31,	
	2017	2016
	JD	JD
Undue receivables	2,800,156	2,098,454
Less than 60 days	7,660,395	7,544,461
From 60 - 90 days	1,187,436	1,728,332
From 91 - 180 days	3,087,552	3,202,599
From 181 - 360 days	3,172,180	2,229,161
Total	<u>17,907,719</u>	<u>16,803,007</u>

Total due debts with an impairment in their values amounted to JD 2,989,513 as of December 31, 2017 (JD 2,815,324 as of December 31, 2016). Moreover, there are debts with a repayment schedule totaling JD 2,800,156 as of December 31, 2017.

\*\* Movement on the provision for doubtful debts is as follows:

	2017	2016
	JD	JD
Balance - beginning of the year	2,815,324	4,770,284
Additions	224,500	155,500
(Recovered) during the year	-	(2,108,767)
<u>Less: Written-off debts</u>	<u>(50,311)</u>	<u>(1,693)</u>
Balance - End of the Year	<u>2,989,513</u>	<u>2,815,324</u>

## 12. Re-insurance Receivable

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Local insurance companies *	3,007,593	3,058,518
Foreign re-insurance companies **	4,671,813	1,563,333
<u>Less: Provision for impairment in reinsurance receivable accounts ***</u>	<u>(861,642)</u>	<u>(247,314)</u>
	<u>6,817,764</u>	<u>4,374,537</u>

\* The Company adopts a policy of settling local insurance claims within three months from the claims date.

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

	December 31,	
	2017	2016
	JD	JD
Less than 60 days	2,149,057	1,084,953
From 61 – 90 days	812,808	109,099
From 91 – 180 days	1,484,516	137,346
From 181 – 360 days	160,214	89,311
More than 360 days	65,218	142,624
Total	<u>4,671,813</u>	<u>1,563,333</u>

- \*\*\* Movement on the provision for impairment in reinsurance receivable accounts is as follows:

	December 31,	
	2017	2016
	JD	JD
Balance – beginning of the year	247,314	117,314
Additions	614,328	130,000
Balance – End of the Year	<u>861,642</u>	<u>247,314</u>

### 13. Income Tax

#### a. Income tax provision

Movement on the income tax provision is as follows:

	2017	2016
	JD	JD
Balance at the beginning of the year	231,803	352,005
Income tax for the current year and prior years profits	331,545	649,618
Income tax paid	<u>(376,480)</u>	<u>(769,820)</u>
Balance at the Ending of the Year	<u>186,868</u>	<u>231,803</u>

- b. The income tax expense stated in the statement of income represents the following:

	2017	2016
	JD	JD
Income tax for the year and prior years profits	331,545	649,618
Deferred Tax Assets Effect	<u>(336,115)</u>	<u>547,053</u>
	<u>(4,570)</u>	<u>1,196,671</u>

- c. Summary of the reconciliation between accounting income and taxable income:

	2017	2016
	JD	JD
Accounting (loss) profit / Jordan branches	(149,353)	4,604,607
Tax exempted expenses	1,623,996	34,873
Tax exempted profits	<u>(308,306)</u>	<u>(2,236,086)</u>
Taxable income	<u>1,166,337</u>	<u>2,403,394</u>
Tax Rate	<u>24%</u>	<u>24%</u>

d. Deferred Tax Assets

Deferred tax assets and liabilities resulted from temporary timing differences for financial statements items for the Company's branches operating in Jordan. The details are as follows:

	December 31, 2017				December 31, 2016	
	Balance at the Beginning of the Year	Amounts Released	Amounts Added	Balance at Year-End	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
<u>Deferred Tax Assets</u>						
Provision for doubtful debts	2,083,506	-	664,328	2,747,834	659,480	500,041
Provision for end-of-service indemnity	157,721	-	79,296	237,017	56,884	37,853
Incurrd but not reported claims provision	1,096,452	-	656,853	1,753,305	420,793	263,148
	<u>3,337,679</u>	<u>-</u>	<u>1,400,477</u>	<u>4,738,156</u>	<u>1,137,157</u>	<u>801,042</u>

e. The movement on deferred tax assets is as follows:

	For the Year Ended December 31,	
	2017	2016
	Assets	
	JD	JD
Balance at the beginning of the year	801,042	1,348,096
Additions	336,115	63,853
Released	-	(610,907)
Balance at Year - End	<u>1,137,157</u>	<u>801,042</u>

- f. Final settlement for the income tax in Jordan has been reached up to the end of the year 2014. Moreover, the Company submitted it's income tax return for the year 2016 and paid the declared taxes. However, the tax return has not been reviewed yet by the income tax department.
- The Company's branches in the United Arab Emirates are not subject to tax. However, the profits of the Company's agent in Kuwait are subject to tax at a rate of 10%. A related tax settlement has been reached up to the end of the year 2014, and the declared taxes have been paid up to the end of the year 2016.
  - The income tax for the year 2017 has been calculated. In the opinion of the Company and its tax consultant, the provisions in the financial statements are adequate for tax purposes for the year and the years not ended yet.

#### 14. Property and Equipment - Net

a. The details of this item are as follows:

	Machineries, equipments and				
	Lands	Buildings	Furnitures	Vehicles	Total
	JD	JD	JD	JD	JD
<b>For the Year 2017</b>					
<b>Cost:</b>					
Balance at the beginning of the year	511,113	586,730	1,415,412	348,659	2,861,914
Additions	-	1,930	42,058	-	43,988
Disposals	-	-	(6,439)	-	(6,439)
Balance at end of the year	<u>511,113</u>	<u>588,660</u>	<u>1,451,031</u>	<u>348,659</u>	<u>2,899,463</u>
<b>Accumulated Depreciation:</b>					
Accumulated depreciation at the beginning of the year	-	164,972	1,157,674	230,024	1,552,670
Depreciation for the year	-	10,907	112,018	32,657	155,582
Disposals	-	-	(6,439)	-	(6,439)
Accumulated Depreciation at end of the year	<u>-</u>	<u>175,879</u>	<u>1,263,253</u>	<u>262,681</u>	<u>1,701,813</u>
Net Book Value of Property and Equipment at the End of the Year	<u>511,113</u>	<u>412,781</u>	<u>187,778</u>	<u>85,978</u>	<u>1,197,650</u>
<b>For the Year 2016</b>					
<b>Cost:</b>					
Balance at the beginning of the year	511,113	570,958	1,322,781	367,437	2,772,289
Additions	-	15,772	96,181	-	111,953
Disposals	-	-	(3,550)	(18,778)	(22,328)
Balance at end of the year	<u>511,113</u>	<u>586,730</u>	<u>1,415,412</u>	<u>348,659</u>	<u>2,861,914</u>
<b>Accumulated Depreciation:</b>					
Accumulated depreciation at the beginning of the year	-	154,103	1,037,049	213,731	1,404,883
Depreciation for the year	-	10,869	120,625	35,071	166,565
Disposals	-	-	-	(18,778)	(18,778)
Accumulated Depreciation at end of the year	<u>-</u>	<u>164,972</u>	<u>1,157,674</u>	<u>230,024</u>	<u>1,552,670</u>
Net Book Value of Property and Equipment at the End of the Year	<u>511,113</u>	<u>421,758</u>	<u>257,738</u>	<u>118,635</u>	<u>1,309,244</u>
Depreciation Rate %	-	2	7 - 25	15	

b. Fully depreciated assets amounted to JD 692,234 as of December 31, 2017 (JD 623,384 as of December 31, 2016).

**15. Intangible Assets - Net**

This item consists of the following:

	December 31,	
	2017	2016
	Computer Systems and Programs	
	JD	JD
Balance at the beginning of the year	614,811	579,606
Additions	3,650	35,205
Balance at the end of the year	618,461	614,811
Amortizations	(554,336)	(523,547)
Balance at the end of the year	64,125	91,264
Amortization rate	15%	15%

**16. Other Assets**

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Refundable deposits	1,129,918	434,090
Accrued revenues and not received*	333,836	2,665
Prepaid expenses	517,930	560,600
Others	66,167	15,409
	2,047,851	1,012,764

- \* This item represents dividends accrued from investments in companies which received in the subsequent period.

**17. Mathematical Reserve - Net**

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Net mathematical reserve	2,076,639	2,290,070
Net Mathematical Reserve - Life	2,076,639	2,290,070

**18. Due to Banks**

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Bank of Jordan*	5,000,000	-
Arab Bank**	1,000,000	-
Cairo Amman Bank***	3,919,468	-
	9,919,468	-

- \* This item represents the utilized balance as of December 31, 2017 from an overdraft current account facilities, granted by Bank of Jordan with a limit of JD 5 million and at interest rate of 8,875 %, calculated on a daily basis and recorded on a monthly basis and guaranteed against the Company's solvency. The main purpose from the facilities is to finance the company's financial activity.

- \*\* This item represents the utilized balance as of December 31, 2017 from an overdraft current account facilities, granted by Arab bank with a limit of JD 6/9 million and at interest rate ranging from 8,25 % to 8,75 %, calculated on a daily basis and recorded on a monthly basis and guaranteed against the Company's solvency. The main purpose from the facilities is to finance the company's financial activity.

\*\*\* This item represents the utilized balance as of December 31, 2017 from an overdraft current account facilities, granted by Cairo Amman bank with a limit of JD 4 million and at interest rate of 8,25%, calculated on a daily basis and recorded on a monthly basis and guaranteed against the Company's solvency. The main purpose from the facilities is to finance the company's financial activity.

- The movement on due to banks is as follows:

	December 31,	
	2017	2016
	JD	JD
Balance at the beginning of the year	-	-
Added during the year	9,919,468	-
Paid during the year	-	-
Balance at the End of the Year	<u>9,919,468</u>	<u>-</u>

#### 19. Accounts Payable

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Policy holders payable	2,172,569	813,045
Workshops and spare parts payable	508,973	341,328
Brokers payable	599,843	759,180
Others	933,891	593,744
	<u>4,215,276</u>	<u>2,507,297</u>

#### 20. Re-insurance Companies' Payable Accounts

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Local insurance companies	2,566,803	1,780,770
Foreign re-insurance companies	4,375,925	5,046,840
	<u>6,942,728</u>	<u>6,827,610</u>

#### 21. Various Provisions

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Provision for vacation allowances	3,278	3,278
Provision for collective profits policy commissions	125,170	151,118
Provision for unpaid accrued policies	-	20,637
Provision for insurance management fees	28,987	33,650
Provision for end-of-service indemnity	708,392	719,610
	<u>865,827</u>	<u>928,293</u>

The following table illustrates the movement on the various provisions:

	December 31, 2017				December 31, 2016
	Balance Beginning of the Year	Incurred During the Year	Used During the Year	Balance End of the Year	Balance End of the Year
	JD	JD	JD	JD	JD
Provision for vacation allowances	3,278	-	-	3,278	3,278
Provision for collective profits policy commissions	151,118	-	25,948	125,170	151,118
Provision for unpaid accrued policies	20,637	-	20,637	-	20,637
Provision for insurance management fees	33,650	394,168	398,831	28,987	33,650
Provision for end-of-service indemnity	719,610	81,817	93,035	708,392	719,610
	<u>928,293</u>	<u>475,985</u>	<u>538,451</u>	<u>865,827</u>	<u>928,293</u>

**22. Other Liabilities**

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Unearned revenues	390,007	386,433
Accrued and not paid expenses	244,144	263,858
Board of Directors' remunerations	-	55,000
Unearned premiums	273	273
Car parking deposits	4,665	4,665
Ministry of finance deposits	287,795	431,835
Individual policies deposits	5,681	5,681
Unpaid Visa deposits	21,923	-
	<u>954,488</u>	<u>1,147,745</u>

**23. Capital**

Subscribed and paid capital amounted to JD 30,000,000 million distributed over 30,000,000 shares with a par value of JD 1 as of December 31, 2017 and 2016.

**24. Statutory Reserve**

The amounts in this account represent appropriations from annual income before tax at 10%. Moreover, the reserve balance amounted to 25% of the Company's capital according to the Companies Law. This reserve may not be distributed to shareholders.

**25. Investment Revaluation Reserve - Net**

The movement on investments revaluation reserve is as follows:

	2017	2016
	JD	JD
Balance at the beginning of the year	(7,708,452)	(7,244,924)
Net changes in fair value	<u>3,415,790</u>	<u>(463,528)</u>
Balance at the End of the Year	<u>(4,292,662)</u>	<u>(7,708,452)</u>

**26. Retained Earnings**

The movement on retained earnings is as follow:

	2017	2016
	JD	JD
Balance at the beginning of the year	4,843,727	3,654,513
(Loss) profit for the year	(499,723)	1,189,214
Dividends distributed during the year (Note 27)	<u>(1,800,000)</u>	<u>-</u>
Balance at the End of the Year	<u>2,544,004</u>	<u>4,843,727</u>

- The retained earnings balance includes an amount of JD 1,137,157, restricted against deferred tax assets as of December 31, 2017 (JD 801,042 as of December 31, 2016).
- The retained earnings balance includes an amount of JD 1,508,417 as of December 31, 2017, representing the effect of early adoption of International Financial Reporting Standard No. (9). This item represents the revaluation differences and may not be used until realized according to the regulations of the Jordan Securities Commission.
- According to the regulations of the Jordan Securities Commission, an amount equivalent to the balance of the accumulated change in the fair value negative balance of JD 2,784,245 may not be used, taking into consideration the effect of what is mentioned in paragraph (b) above as of December 31, 2017.



**27. Distributed dividends**

The General Assembly of Shareholders decided in its meeting held on April 27, 2017 to approve the distribution of JD 1.8 million as cash dividends related to the year 2016 to shareholders, equivalent to 6% of authorized and paid-up capital.

**28. Interest Revenue**

This item consists of the following:

	2017	2016
	JD	JD
Earned bank interest	81,001	66,044
Cash dividends	18,946	48,337
Total	99,947	114,381
Amount transferred to underwriting accounts	(18,946)	(48,337)
	<u>81,001</u>	<u>66,044</u>

**29. Net Gain from Financial Assets and Investments**

This item consists of the following:

	2017	2016
	JD	JD
Cash dividends *	962,613	320,311
(Losses) gains on the sale of financial assets at fair value through profit or loss	(3,836)	(27,543)
(Losses) on the valuation of financial assets at fair value through profit or loss	(120,743)	(66,328)
Gain on the sale of real estate investments	-	347,990
Rental Income - Net	309,607	364,209
	<u>1,147,641</u>	<u>938,639</u>

- \* This amount represents cash dividends from the Company's investments in companies' shares, of which an amount of JD 667,672 related to financial assets at fair value through other comprehensive income for the year ended December 31, 2017.

**30. Other Revenue**

This item consists of the following:

	2017	2016
	JD	JD
Currency exchange losses	(521,526)	(44,606)
Help-on-the-road service premiums	49,866	46,360
Treaties profits *	323,328	187,727
Earned discount	90,297	78,922
Others	213,267	559,947
Total	<u>155,232</u>	<u>828,350</u>

- \* This item represents marine treaties profits from AWRIS and profits on medical sharing.

**31. Employees Expenses**

This item consists of the following:

	2017	2016
	JD	JD
Salaries and bonuses	4,096,188	3,984,044
Provident fund	220,664	209,044
Company's social security contributions	357,112	324,249
Medical expenses	348,390	348,904
Employees development and training	37,077	16,635
Travel and transportation	179,450	210,212
Total	<u>5,238,881</u>	<u>5,093,088</u>
Employees' administrative expenses allocated to underwriting accounts *	<u>4,423,910</u>	<u>4,304,327</u>
Employees' Expenses Un-allocated to Underwriting Accounts	<u>814,971</u>	<u>788,761</u>

\* Allocation:

	2017	2016
	JD	JD
Life	1,284,260	921,037
Motor	1,468,479	1,886,034
Marine and transportation	158,418	136,249
Fire and other damages to properties	762,184	677,524
Liability	48,866	53,957
Medical	688,578	608,560
Other branches	13,125	20,966
Total	<u>4,423,910</u>	<u>4,304,327</u>

### 32. General and Administrative Expenses

This item consists of the following:

	2017	2016
	JD	JD
Rents	120,742	113,959
Printing and supplies	197,813	179,938
Advertising, publishing and marketing	21,037	16,783
Bank interest and commissions	15,868	11,562
Water, electricity and heating	90,624	61,070
Maintenance	10,404	11,516
Post and telephone	152,885	126,701
National agent commissions / external	40,700	40,700
Professional fees	84,731	69,491
Hospitality and gifts	56,135	67,684
Lawyers' expenses and fees	111,587	132,129
Revaluation expenses	10,390	6,864
Computer expenses	12,167	12,487
Utilization of computer program fees	17,685	30,698
Computer program services	138,299	98,577
Subscriptions	19,250	22,359
Board of Directors' transportation	132,000	132,000
Tenders and guarantees expenses	88,393	114,556
Government and other fees	234,718	188,690
Donations and gifts	123,107	118,275
Insurance expenses	69,038	45,629
Marketing expenses	379,944	365,595
Bad debt expenses and allowable discount	100,791	199,844
Others	490,211	556,495
Total	<u>2,718,519</u>	<u>2,723,602</u>
Total General and Administrative Expenses		
Allocated to Underwriting Accounts *	<u>2,300,894</u>	<u>2,288,863</u>
Total General and Administrative Expenses		
Unallocated to Underwriting Accounts	<u>417,625</u>	<u>434,739</u>

\* Allocation:

	2017	2016
	JD	JD
Life	667,949	489,767
Motor	763,762	1,002,913
Marine and transportation	82,394	72,453
Fire and other damages to properties	396,415	360,280
Liability	25,416	28,692
Medical	358,132	323,609
Other branches	6,826	11,149
	<u>2,300,894</u>	<u>2,288,863</u>

**33. Other Expenses**

This item consists of the following:

	2017	2016
	JD	JD
Board of Directors' remunerations	-	55,000
Provision for end-of-service indemnity	82,817	72,824
	<u>82,817</u>	<u>127,824</u>

**34. (Losses) Earnings per Share for the Year**

(Losses) Earnings per share has been computed by dividing (loss) profit for the year by the weighted average shares. The details are as follows:

	2017	2016
	JD	JD
(Loss) Income for the year	<u>(499,723)</u>	<u>1,189,214</u>
	Share	Share
Weighted average of the number of shares	<u>30,000,000</u>	<u>30,000,000</u>
	JD / Share	JD / Share
Earnings per Share for the Year (Basic and Diluted)	<u>(-/017)</u>	<u>-/040</u>

**35. Cash and Cash Equivalents**

The details of this item are as follows:

	December 31,	
	2017	2016
	JD	JD
Cash on hand	81,413	134,092
Deposits at banks maturing within three months	1,527,912	3,737,199
Current accounts at banks	<u>12,143,418</u>	<u>5,335,715</u>
	<u>13,752,743</u>	<u>9,207,006</u>

**36. Risk Management**

**First: Descriptive Disclosures:**

Risks faced by the Company are concentrated in insurance and financial risks. Within the Company's assessment of these risks, a strategy had been developed, including controls to mitigate them, taking into account the risk and return components.

The elements of effective risk management are identification, measurement, management and control of insurance risks and financial risks that negatively affect the Company's profitability and reputation, as well as ensuring a return commensurate with the said risks margin.

The risks to which the Company is exposed consist of the following:

- a. Material risks, which are natural disasters, fires, accidents and other external risks not related to the Company's business.
- b. Legal risks arising from judicial claims or other risks arising from laws and legislations issued by regulatory bodies.
- c. Financial risks, representing interest rate risk, credit risk, foreign currency risk and market risk.
- d. Unpredictable intangible risks representing the knowledge risks of the Company's key personnel. These risks arise from inadequate knowledge and relations risks, as well as deficient cooperation with customers. All these risks directly reduce the employee's knowledge productivity and efficiency, downgrade service quality, and detracts from reputation, thus affecting the Company's expenditures and profits.

The Company prioritizes risks, so that risks with large losses and high probability of occurrence are dealt with first, while risks with smaller losses and lower probability of occurrence are dealt with later.

#### Risk Management Policy

A plan has been developed for the Company's scope of work and risk assessment bases through creating a special department that caters for quality and development and monitors planning efficiency and proper preparation.

Risks are events that produce negative effects upon their occurrence. Therefore, risks consequences should be identified to avert them together with any resultant new risks. This is to enable the Company to address them before they occur. Moreover, there are many ways to identify risks, including goal-based identification, as each of the Company's sections has certain goals to achieve. As such, any event obstructing achievement of these goals is a risk, subject to study and follow-up. There is also a risk identification type whereby identification is based on classification, which is comprehensive and includes potential sources of risk. Moreover, risks are identified through reviewing common risks, especially for similar companies.

The Company deals with potential risks through the following:

- a. Transferring the risk to another party through contracting or financial hedging.
- b. Avoiding risks through refraining from actions that may lead to risks.
- c. Mitigating losses arising from risk occurrence.
- d. Accepting unavoidable risks, as acceptance of small risks is an effective strategy.

To avoid losses, a clear and easy-to-manage risk management plan has been developed through a pricing policy that relies on historical statistics. The Company's technical departments also implement the plan to avoid or mitigate the effects of those risks. Moreover, the Risk Department keeps abreast of developments in the Company, and therefore, continuously develops and updates the plan.

The Company follows a risk management strategy through the following:

- a. Defining the Company's objectives.
- b. Clarifying strategies for the Company's objectives.
- c. Distinguishing and assessing risk.
- d. Finding ways to address and avoid risk.

Second: Quantitative Disclosures:

a. Insurance Risks

1. Insurance risk

The risk of any insurance contract is the probability of occurrence of the insured event and the uncertainty of the amount of the claim related to that event. This is due to the nature of the insurance contract where the risks are volatile and unpredictable for the insurance contracts related to the insurance category. Moreover, the probabilities theory of pricing and reserve can be applied, and the Company's main risks are that the claims incurred and related payments may exceed the carrying amount of the insurance liabilities. This may occur if the probability and severity of the claims are greater than expected. As the insurance events are not constant and vary from year to year, the estimates may differ from the related statistics.

Studies have shown that the more similar insurance contracts are, the more expectations approximate the actual loss rate. Furthermore, diversification in covered insurance risks leads to lower probability of total loss of insurance.

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

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

2. Claims Development

The tables below show the actual claims (based on management's estimates at the end of the year) compared to the expectations for the past four years based on the year in which the accident occurred separately for each branch of insurance, as follows:

**Gross - Motor Insurance:**

<u>Accident Year</u>	2013					December 31,	
	and before	2014	2015	2016	2017	Total	Total
	JD	JD	JD	JD	JD	JD	JD
As of year-end	133,423,297	12,940,113	14,703,139	21,193,471	19,867,536	202,127,556	202,127,556
After one year	135,208,365	19,301,500	19,301,500	27,049,660	-	200,861,025	200,861,025
After two years	147,332,004	14,406,104	19,242,077	-	-	180,980,185	180,980,185
After three years	132,925,900	14,083,480	-	-	-	147,009,380	147,009,380
After four years	132,373,454	-	-	-	-	132,373,454	132,373,454
Current expectations of cumulative claims	132,373,454	14,083,480	19,242,077	27,049,660	19,867,536	212,616,207	212,616,207
Cumulative payments	130,391,525	13,299,358	17,990,069	24,133,828	13,859,626	199,674,406	199,674,406
Liabilities as stated in the statement of financial position	1,981,929	784,122	1,252,008	2,915,832	6,007,910	12,941,801	12,941,801
(Deficit) from the Preliminary Assessment of the Provision	1,049,843	(1,143,367)	(4,538,938)	(5,856,189)	-	(10,488,651)	(10,488,651)

**Gross - Medical Insurance:**

<u>Accident Year</u>	2013					December 31,	
	and before	2014	2015	2016	2017	Total	Total
	JD	JD	JD	JD	JD	JD	JD
As of year-end	5,000,379	4,825,174	7,223,865	7,310,817	9,806,062	34,166,297	34,166,297
After one year	4,619,535	4,691,234	7,014,501	7,280,105	-	23,605,375	23,605,375
After two years	4,643,222	4,715,105	7,045,033	-	-	16,403,360	16,403,360
After three years	4,654,643	4,729,713	-	-	-	9,384,356	9,384,356
After four years	4,654,643	-	-	-	-	4,654,643	4,654,643
Current expectations of cumulative claims	4,654,643	4,729,713	7,045,033	7,280,105	9,806,062	33,515,556	33,515,556
Cumulative payments	4,654,643	4,729,713	7,045,033	7,280,105	8,037,993	31,747,487	31,747,487
Liabilities as stated in the statement of financial position	-	-	-	-	1,768,069	1,768,069	1,768,069
Surplus from the Preliminary Assessment of the Provision	345,736	95,461	178,832	30,712	-	650,741	650,741

**Gross - Fire and Other Damages to Properties:**

<u>Accident Year</u>	2013					December 31,	
	and before	2014	2015	2016	2017	Total	Total
	JD	JD	JD	JD	JD	JD	JD
As of year-end	78,469,131	28,858,056	6,057,405	3,810,410	993,125	118,188,127	118,188,127
After one year	71,438,482	22,567,871	5,164,364	1,874,700	-	101,045,417	101,045,417
After two years	69,658,610	21,101,230	3,353,886	-	-	94,113,726	94,113,726
After three years	67,989,969	5,531,458	-	-	-	73,521,427	73,521,427
After four years	67,989,969	-	-	-	-	67,989,969	67,989,969
Current expectations of cumulative claims	67,989,969	5,531,458	3,353,886	1,874,700	993,125	79,743,138	79,743,138
Cumulative payments	63,878,618	4,926,114	3,169,763	1,802,624	465,752	74,242,871	74,242,871
Liabilities as stated in the statement of financial position	4,111,351	605,344	184,123	72,076	527,373	5,500,267	5,500,267
Surplus from the Preliminary Assessment of the Provision	10,479,162	23,326,598	2,703,519	1,935,710	-	38,444,989	38,444,989

**Gross - Marine and Transportations:**

<u>Accident Year</u>	2013					December 31,	
	and before	2014	2015	2016	2017	Total	Total
	JD	JD	JD	JD	JD	JD	JD
As of year-end	14,421,812	681,123	1,513,189	1,203,373	833,441	18,652,938	18,652,938
After one year	14,434,305	862,749	1,657,469	1,334,665	-	18,289,188	18,289,188
After two years	14,617,803	797,991	1,545,447	-	-	16,961,241	16,961,241
After three years	14,332,438	793,409	-	-	-	15,125,847	15,125,847
After four years	14,302,329	-	-	-	-	14,302,329	14,302,329
Current expectations of cumulative claims	14,302,329	793,409	1,545,447	1,334,665	833,441	18,809,291	18,809,291
Cumulative payments	14,222,812	592,629	1,254,310	528,895	649,762	17,248,408	17,248,408
Liabilities as stated in the statement of financial position	79,517	200,780	291,137	805,770	183,679	1,560,883	1,560,883
Surplus from the Preliminary Assessment of the Provision	119,483	(112,286)	(32,258)	(131,292)	-	(156,353)	(156,353)



**Gross - Liability:**

<u>Accident Year</u>	2013					December 31, 2017	Total
	and before	2014	2015	2016	2017		
	JD	JD	JD	JD	JD	JD	JD
As of year-end	1,005,474	17,808	3,104	56,651	32,942		1,115,979
After one year	1,055,092	17,017	14,797	57,680	-		1,144,586
After two years	1,445,073	5,017	24,797	-	-		1,474,887
After three years	1,542,430	4,117	-	-	-		1,546,547
After four years	1,776,566	-	-	-	-		1,776,566
Current expectations of cumulative claims	1,776,566	4,117	24,797	57,680	32,942		1,896,102
Cumulative payments	792,681	4,117	3,117	56,510	1,842		858,267
Liabilities as stated in the statement of financial position	983,885	-	21,680	1,170	31,100		1,037,835
Surplus from the Preliminary Assessment of the Provision	(771,092)	13,691	(21,693)	(1,029)	-		(780,123)

**Gross - Life:**

Accident Year	December 31,					
	2013 and before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
As of year-end	9,668,576	9,752,992	10,739,105	14,892,785	19,636,895	64,690,353
After one year	9,568,419	9,805,626	10,171,986	14,689,433	-	44,235,464
After two years	9,558,995	9,802,780	10,055,577	-	-	29,417,352
After three years	9,552,635	9,780,317	-	-	-	19,332,952
After four years	9,589,368	-	-	-	-	9,589,368
Current expectations of cumulative claims	9,589,368	9,780,317	10,055,577	14,689,433	19,636,895	63,751,590
Cumulative payments	9,474,703	9,683,300	9,891,944	14,349,970	15,719,210	59,119,127
Liabilities as stated in the statement of financial position	114,665	97,017	163,633	339,463	3,917,685	4,632,463
Surplus from the Preliminary Assessment of the Provision	79,208	(27,325)	683,528	203,352	-	938,763

**Gross - Other Branches:**

<u>Accident Year</u>	2013					December 31,	
	and before	2014	2015	2016	2017	Total	
	JD	JD	JD	JD	JD	JD	
As of year-end	1,750,506	84,280	93,389	57,786	97,619	2,083,580	
After one year	1,756,966	123,272	75,467	110,144	-	2,065,849	
After two years	1,770,613	144,149	88,398	-	-	2,003,160	
After three years	1,778,339	71,497	-	-	-	1,849,836	
After four years	1,763,687	-	-	-	-	1,763,687	
Current expectations of cumulative claims	1,763,687	71,497	88,398	110,144	97,619	2,131,345	
Cumulative payments	1,700,287	35,026	41,774	64,708	33,700	1,875,495	
Liabilities as stated in the statement of financial position	63,400	36,471	46,624	45,436	63,919	255,850	
Surplus from the Preliminary Assessment of the Provision	(13,181)	12,783	4,991	(52,358)	-	(47,765)	

3. Concentration of Insurance Risks  
Concentration of assets and liabilities based on insurance type is as follows:

For the Year Ended December 31, 2017:

	Motor	Marine and Transportation	Fire and other damages to properties insurance	Liability	Medical	Other Branches	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Gross	30,051,316	2,082,535	12,958,365	1,579,851	7,093,056	398,533	7,396,195	61,559,851
Net	24,984,733	285,778	428,501	43,141	3,666,814	279,286	2,925,073	32,613,326

For the Year Ended December 31, 2016:

	Motor	Marine and Transportation	Fire and other damages to properties insurance	Liability	Medical	Other Branches	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Gross	31,258,895	2,444,173	16,299,049	1,328,512	5,654,642	409,472	7,373,956	64,768,699
Net	26,326,036	312,872	618,644	49,771	2,747,511	279,997	3,011,775	33,346,606

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

	December 31, 2017		December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>According to geographical area:</u>				
Inside Jordan	<u>71,708,723</u>	<u>35,888,378</u>	<u>68,611,610</u>	<u>34,116,337</u>
Other Middle East countries	19,740,600	19,809,603	11,013,019	10,873,017
Europe	-	-	-	-
Asia *	-	-	-	-
Africa *	-	-	-	-
America	-	-	-	-
Other countries	-	-	-	-
	<u>19,740,600</u>	<u>19,809,603</u>	<u>11,013,019</u>	<u>10,873,017</u>
Total	<u>91,449,323</u>	<u>55,697,981</u>	<u>79,624,629</u>	<u>44,989,354</u>

\* Excluding Middle East Countries.

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

	December 31, 2017		December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>According to Sector:</u>				
Public sector	530,352	46,088	465,789	62,324
Private Sector:				
Companies and Institution	21,873,558	10,869,788	18,301,034	9,113,542
Individuals	<u>2,321,573</u>	<u>242,128</u>	<u>2,410,721</u>	<u>159,041</u>
Total	<u>24,725,483</u>	<u>11,158,004</u>	<u>21,177,544</u>	<u>9,334,907</u>

#### 4. Re-insurers Risk

To reduce exposure to risks of financial losses arising from large claims, the Company, within its regular activities, enters into re-insurance contracts with other parties.

Moreover, re-insurance risks are the risks arising from re-insurance companies' failure to meet their commitments related to the signed re-insurance arrangements.

In this regard, the Company's management selects highly solvent re-insurance companies with high credit rankings. It also evaluates the financial position of re-insurance companies it deals with, as well as monitors credit risk concentrations stemming from those companies' geographical areas and activities, or similar economic components. The issued re-insurance policies do not exempt the Company from its obligations toward the policy holders. Consequently, the Company remains liable in terms of the re-insured claims balance should re-insurers default on their obligations as per re-insurance contracts.

## 5. Insurance Risks Sensitivity

- a. Positive assumption has been adopted. It is the assumption that net underwritten premiums will increase by 5% for the year ended December 31, 2017 for all insurance branches and the subsequent increase in paid commissions.
- b. The negative assumption has been adopted. It is the assumption that net underwritten premiums will decrease by 5% for the year ended December 31, 2017 for all insurance branches and the subsequent decrease in paid commissions.
- c. The positive assumption has been adopted. It is the assumption that net compensations will decrease by 5% for the year ended December 31, 2017 for all insurance branches and the subsequent decrease in the percentage of recoveries.
- d. The negative assumption has been adopted. It is the assumption that net compensations will increase by 5% for the year ended December 31, 2017 for all insurance branches and the subsequent increase in recoveries.

## b. Financial Risks

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

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

### 1. Market Risk

Market risks are irregular risks that vary according industry and include price risks, commercial capability, and competition. These risks can be mitigated through diversifying the Company's investment portfolio. Moreover, risk can be estimated by means of standard deviation if the expected return on investments is equal. If, on the other hand, the expected return is unequal, the variance factor for each investment is calculated by dividing standard deviation by the expected return for each investment. The lower the standard deviation, the lesser the risk degree. Furthermore, the Company monitors the stock exchange prices and prices of securities held by the Company daily to take the necessary action at the end of each quarter of the fiscal year.

The table below summarizes the effect of the increase (decrease) in Amman Stock Exchange and arabian markets by 5% of the fair value of financial assets at fair value through income statement and through other comprehensive income statement for the year 2017. This effect is reflected in the income statement and shareholders' equity as of the statement of financial position date. The sensitivity analysis has been prepared on the assumption that share prices move by the same percentage of market index change.

	+ 5%		- 5%	
	For the year ended		For the year ended	
	December 31,		December 31,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Statement of income	200,962	206,223	(200,962)	(206,223)
	+ 5%		- 5%	
	December 31,		December 31,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Shareholders' Equity	710,614	578,727	(710,614)	(578,727)

## 2. Liquidity Risk

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

- Keeping highly marketable assets that can be easily liquidated as a safeguard against unforeseeable shortfall in liquidity.
- Monitoring liquidity indicators according to the internal requirements and regulatory authorities' requirements.
- Managing concentrations and debts maturity dates.

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

December 31, 2017		Less than One Month		From 1 Month to 3 Months		From 3 Months to 6 Months		From 6 Months to 1 Year		From 1 Year to 3 Years		More than 3 Years		Without Maturing		Total	
		JD		JD		JD		JD		JD		JD		JD		JD	
Liabilities:																	
Due to banks		9,919,468		-		-		-		-		-		-		9,919,468	
Accounts payable		-		3,324,712		890,564		-		-		-		-		4,215,276	
Re-insurance payable		-		-		6,942,728		-		-		-		-		6,942,728	
Other liabilities		268,063		285,752		-		400,673		-		-		-		954,488	
Total		10,187,531		3,610,464		7,833,292		400,673		-		-		-		22,031,960	
Assets		15,526,061		13,174,090		2,117,027		17,237,406		1,514,317		-		41,880,422		91,449,323	

December 31, 2016		Less than One Month		From 1 Month to 3 Months		From 3 Months to 6 Months		From 6 Months to 1 Year		From 1 Year to 3 Years		More than 3 Years		Without Maturing		Total	
		JD		JD		JD		JD		JD		JD		JD		JD	
Liabilities:																	
Due to banks		-		-		-		-		-		-		-		-	
Accounts payable		-		1,905,402		601,895		-		-		-		-		2,507,297	
Re-insurance payable		-		-		6,827,610		-		-		-		-		6,827,610	
Other liabilities		276,463		474,230		-		397,052		-		-		-		1,147,745	
Total		276,463		2,379,632		7,429,505		397,052		-		-		-		10,482,652	
Assets		13,531,148		11,188,932		1,844,992		13,353,929		2,374,469		-		37,331,159		79,624,629	

### 3. Currency Risks

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

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

		December 31, 2017		
Type of Currency:		Book Value	Market Value	Effect
		JD	JD	JD
US dollar	140,867	98,607	99,734	1,127
UAE dirham	63,544,853	11,755,798	12,264,157	508,359
Kuwaiti Dinar	585,440	1,391,307	1,361,116	(30,191)
Bahraini dinar	4,773	8,950	9,007	57
Qatari riyal	9,472	1,752	1,838	86
Euro	12,227	10,393	10,393	-
Pound	2,344	2,223	2,229	6
				<u>479,444</u>

		December 31, 2016		
Type of Currency:		Book Value	Market Value	Effect
		JD	JD	JD
US dollar	925,434	647,804	655,208	7,404
UAE dirham	20,941,000	3,874,085	4,041,614	167,529
Kuwaiti Dinar	282,979	679,149	650,852	(28,297)
Bahraini dinar	20,637	38,695	38,819	124
Qatari riyal	18,038	3,337	3,333	(4)
Euro	10,617	8,917	7,915	(1,002)
				<u>145,754</u>

### 4. Interest Rate Risk

These risks arise from the fluctuations in the prevailing market interest rates. The Company manages interest rate risks through applying sensitivity analysis to instruments subject to interest rates in a manner that does not negatively affect net interest income (parallel analysis LIBOR +/- 0.5% on the return curve).

The sensitivity analysis for the year ended December 31, 2017 is as follows:

Currency	Effect of increase of interest rate of 0.5% on statement in income	Effect of decrease of interest rate of 0.5% on statement in income
	JD	JD
Jordanian Dinar	4,747	(4,747)
USD	-	-
Kuwaiti Dinar	6,956	(6,956)
UAE dirham	8,026	(8,026)

Sensitivity analysis for the year 2016

Currency	Effect of increase of interest rate of 0.5% on statement of income	Effect of decrease of interest rate of 0.5% on statement of income
	JD	JD
Jordanian Dinar	13,638	(13,638)
USD	610	(610)
Kuwaiti Dinar	3,265	(3,265)
UAE dirham	8,279	(8,279)

## 5. Sensitivity of Insurance Risks

	December 31, 2017		December 31, 2016	
	Statement of Income	Shareholders' Equity	Statement of Income	Shareholders' Equity
	JD	JD	JD	JD
(Loss) Income / shareholders' equity	(499,723)	35,751,342	1,189,214	34,635,275
Impact of decreasing gross premium by 5% while holding other factors constant	(3,955,708)	(3,955,708)	(3,771,000)	(3,771,000)
	(4,455,431)	31,795,634	(2,581,786)	30,864,275
(Loss) Income / shareholders' equity	(499,723)	35,751,342	1,189,214	34,635,275
Impact of increasing gross compensations by 5% while holding other factors constant	(2,825,892)	(2,825,892)	(2,322,705)	(2,322,705)
	(3,325,615)	32,925,450	(1,133,491)	32,312,570

## 6. Credit Risk

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

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

<u>Geographical Area</u>	<u>Indebtedness</u>
	JD
United Arab Emirates	3,981,896
Hashemite Kingdom of Jordan	12,131,949
Other countries	1,793,874
	17,907,719

## 36. Transactions with Related Parties

- The Company entered into transactions with major shareholders, members of the Board of Directors, and executive management within its regular activities. All insurance credit granted to related parties are considered operating, and no related provisions have been taken (if provisions had been taken, their amounts are determined).



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

	December 31,	
	2017	2016
	JD	JD
<u>Statement of Financial Position Items:</u>		
Accounts receivable	658,975	702,478
Accounts payable	16,318	7,990
	For the Year Ended	
	December 31,	
	2017	2016
	JD	JD
<u>Statement of Income Items:</u>		
Insurance premiums	1,086,045	1,172,505
Net payments to re-insurers	1,130,752	1,511,147
Compensations paid	79,125	53,319

Transactions with related parties related to the Board of Directors and their relatives.

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

	For the Year Ended	
	December 31,	
	2017	2016
	JD	JD
Salaries and other benefits	575,096	575,120

### 37. Main Segments Analysis

#### a. Information on the Company's Operating Segments

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

#### b. Information on Geographical Distribution

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

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

		Inside Jordan	
		For the Year Ended December 31,	
		2017	2016
		JD	JD
Total revenue		34,940,229	33,513,139
Capital expenditures		124,352	125,142
		December 31,	
		2017	2016
		JD	JD
Total assets		71,708,723	68,611,610
		Outside Jordan	
		For the Year Ended December 31,	
		2017	2016
		JD	JD
Total revenue		11,581,412	8,513,209
Capital expenditures		5,335	6,245
		December 31,	
		2017	2016
		JD	JD
Total assets		19,740,600	11,013,019

### 38. Capital Management

#### - Achieving Capital Management Objectives:

The Company aims to achieve capital management objectives through growing the Company's operations; achieving surplus in operating profits and revenues; and attaining optimal employment of available resources. This is to achieve the targeted growth in shareholders' equity through growing the statutory reserve by 10% of realized profits and retained earnings.

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

- The solvency margin as of December 31, 2017 and 2016 is as follows:

	For the Year Ended December 31,	
	2017	2016
	JD	JD
First: Available capital *	52,413,080	51,612,381
Second: Required capital		
Capital required against assets risks	16,908,031	15,024,868
Capital required against underwriting liabilities	4,025,146	4,060,919
Capital required against reinsurers' risks	614,718	590,187
Capital required against life insurance	4,607,668	4,160,281
Total Required Capital	26,155,563	23,836,255
Third: Solvency margin ratio (available capital / required capital)	200%	216%

- \* Available capital consists of the following:

	For the Year Ended December 31,	
	2017	2016
	JD	JD
Primary Capital:		
Paid-up capital	30,000,000	30,000,000
Statutory reserve	7,500,000	7,500,000
Retained earnings	2,544,004	4,843,727
	40,044,004	42,343,727
Add: Additional Capital:		
Financial assets cumulative change in fair value	(4,292,662)	(7,708,452)
Increase in fair value investment properties	16,661,738	16,977,106
	52,413,080	51,612,381

In the opinion of the Board of Directors, regulatory capital is adequate and commensurate with the size of capital and nature of risks the company is exposed to.

### 39. Assets and Liabilities Maturities Analysis

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

	Within One Year	More than One Year	Total
	JD	JD	JD
<u>December 31, 2017</u>			
<b>Assets</b>			
Deposits at banks	1,527,912	2,360,715	3,888,627
Financial assets at fair value through profit or loss	4,019,249	-	4,019,249
Financial assets at fair value through other comprehensive income	-	19,449,194	19,449,194
Investment property	-	19,156,441	19,156,441
Life policy holders' loans	-	26,139	26,139
Cash on hand and at banks	12,224,831	-	12,224,831
Checks under collection and notes receivable	3,512,576	-	3,512,576
Accounts receivable – net	17,907,719	-	17,907,719
Re-insurance receivable	6,814,446	3,318	6,817,764
Deferred tax assets	-	1,137,157	1,137,157
Property and equipment – net	-	1,197,650	1,197,650
Intangible assets - net	-	64,125	64,125
Other assets	2,047,851	-	2,047,851
<b>Total Assets</b>	<u>48,054,584</u>	<u>43,394,739</u>	<u>91,449,323</u>
<b>Liabilities</b>			
Unearned premiums provision – net	15,775,843	-	15,775,843
Outstanding claims provision – net	14,580,844	-	14,580,844
Mathematical provision – net	2,076,639	-	2,076,639
Premiums deficiency reserve provision	180,000	-	180,000
Due to banks	9,919,468	-	9,919,468
Accounts payable	4,215,276	-	4,215,276
Re-insurance payable	6,942,728	-	6,942,728
Various provisions	865,827	-	865,827
Provision for Income tax	186,868	-	186,868
Other liabilities	954,488	-	954,488
<b>Total Liabilities</b>	<u>55,697,981</u>	<u>-</u>	<u>55,697,981</u>
<b>Net Assets</b>	<u>(7,643,397)</u>	<u>43,394,739</u>	<u>35,751,342</u>

	Within One Year	More than One Year	Total
<u>December 31, 2016</u>	JD	JD	JD
<b>Assets</b>			
Deposits at banks	3,737,199	2,198,376	5,935,575
Financial assets at fair value through profit or loss	4,124,466	-	4,124,466
Financial assets at fair value through other comprehensive income	-	16,020,109	16,020,109
Investment property	-	19,258,581	19,258,581
Life policy holders' loans	-	27,012	27,012
Cash on hand and at banks	5,469,807	-	5,469,807
Checks under collection and notes receivable	4,397,221	-	4,397,221
Accounts receivable – net	16,803,007	-	16,803,007
Re-insurance receivable	4,374,537	-	4,374,537
Deferred tax assets	-	801,042	801,042
Property and equipment – net	-	1,309,244	1,309,244
Intangible assets – net	-	91,264	91,264
Other assets	1,012,764	-	1,012,764
<b>Total Assets</b>	<u>39,919,001</u>	<u>39,705,628</u>	<u>79,624,629</u>
<b>Liabilities</b>			
Unearned premiums provision – net	15,983,522	-	15,983,522
Outstanding claims provision – net	14,894,014	-	14,894,014
Mathematical provision – net	2,290,070	-	2,290,070
Provision for premiums deficit	179,000	-	179,000
Accounts payable	2,507,297	-	2,507,297
Re-insurance payable	6,827,610	-	6,827,610
Various provisions	928,293	-	928,293
Provision for Income tax	231,803	-	231,803
Other liabilities	1,147,745	-	1,147,745
<b>Total Liabilities</b>	<u>44,989,354</u>	<u>-</u>	<u>44,989,354</u>
<b>Net Assets</b>	<u>(5,070,353)</u>	<u>39,705,628</u>	<u>34,635,275</u>

#### 40. Lawsuits against the Company

- There are lawsuits against the Company claiming compensation on various accidents. The lawsuits at courts with determined amounts totaled JD 2,363,871 as of December 31, 2017 (JD 2,353,724 as of December 31, 2016). In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the claims provision shall arise.

There are lawsuits raised by the company against others amounted to 2,904,232 as of December 31, 2017.

#### 41. Contingent Liabilities

As of the date of the statement of financial position, the Company was contingently liable for Bank guarantees of JD 2,775,260 guaranteed against the Company's solvency as of December 31, 2017.

#### 42. Fair Value Hierarchy

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

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

Financial Assets	Fair Value		The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
	2017	2016				
	JD	JD				
<b>Financial Assets at Fair Value</b>						
<b>Financial Assets at Fair Value Through Profit or Loss Statement</b>						
Shares	4,019,249	4,124,466	Level One	Prices quoted on financial markets	Not Applicable	Not Applicable
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>						
Shares with available market prices	14,212,288	11,574,556	Level One	Prices quoted on financial markets	Not Applicable	Not Applicable
Shares without market prices	5,236,906	4,445,553	Level Two	Owners' equity based on the latest available audited financial statements	Not Applicable	Not Applicable
<b>Total Financial Assets at Fair Value</b>	<b>19,449,194</b>	<b>16,020,109</b>				
	<b>23,468,443</b>	<b>20,144,575</b>				

These were no transfers between level One and level Two during the years 2017 and 2016.

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

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

Financial Assets with non-specified Fair Value	December 31, 2017		December 31, 2016		The Level of Fair Value
	Book value	Fair Value	Book value	Fair Value	
	JD	JD	JD	JD	
Deposits at Banks	3,888,627	3,919,736	5,935,575	5,980,092	Level Two
Policy holders' loans	26,139	26,146	27,012	27,019	Level Two
Investments Properties	19,156,441	35,818,179	19,258,581	36,234,314	Level Two
<b>Total Financial Assets with non-specified Fair Value</b>	<b>23,071,207</b>	<b>39,764,061</b>	<b>25,221,168</b>	<b>42,241,425</b>	

The fair value of financial assets for Level 2 were determined in accordance with applied and agreed pricing models, based on discounted cash flows, and by taking into consideration the interest rate as the most important input for the calculation.

#### 43. Application of new and revised International Financial Reporting Standards (IFRS)

##### **43.a New and revised IFRSs applied with no material effect on the consolidated financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2017, have been adopted in these consolidated financial statements.

##### **Amendments to IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealised Losses**

The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's consolidated financial statements.

##### **Amendments to IAS 7 Disclosure Initiative**

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Company's liabilities arising from financing activities amount of JD 9,919,468 consist of borrowings (note 18) and certain other financial liabilities. A reconciliation between the opening and closing balances of these items is provided in (note 18). Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior period. Apart from the additional disclosure in (note 18), the application of these amendments has had no impact on the Company's financial statements.

##### **Annual Improvements to IFRS Standards 2014-2016 Cycle – Amendments to IFRS 12**

The Company has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 43 - b).

IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

#### **43.b New and revised IFRS in issue but not yet effective**

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

##### **Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28**

The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

##### **Annual Improvements to IFRS Standards 2015–2017**

The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2018.

##### **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The interpretation is effective for annual periods beginning on or after January 1, 2018.

##### **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

##### **Amendments to IFRS 2 Share Based Payment**

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

##### **Amendments to IFRS 4 Insurance Contracts**

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

##### **Amendments to IAS 40 Investment Property**

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

The Amendments are effective for annual periods beginning on or after January 1, 2018.



### **Amendments to IAS 28 Investment in Associates and Joint Ventures**

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

The Amendments are effective for annual periods beginning on or after January 1, 2019.

### **IFRS 16 Leases**

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company will apply IFRS 16 in the effective date which is the annual periods beginning on or after January 1, 2019. The Company is in the process of evaluating the impact of IFRS 16 on the Company's consolidated financial statements.

### **Amendments to IFRS 9 Financial Instruments**

The amendments are related to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

### **IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)**

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

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

- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Company adopted IFRS 9 (phase 1) that was issued in 2009 related to classification and measurement financial assets, the company will adopt the finalized version of IFRS 9 from the effective date of January 1, 2018; apply it retrospectively and recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings as of January 1, 2018.

#### **IFRS 15 Revenue from Contracts with Customers**

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

The Company intends to adopt the standard using the cumulative effect approach, which means that the Company will recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. The Company is continuing to analyze the impact of the changes and its impact will be disclosed in the first consolidated financial statements as of December 31, 2018 that includes the effects of its application from the effective date.

#### **Amendments to IFRS 15 *Revenue from Contracts with Customers***

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

#### **Amendments to IFRS 7 *Financial Instruments: Disclosures***

The amendments are related to disclosures about the initial application of IFRS 9. The Amendments are effective when IFRS 9 is first applied

#### **IFRS 7 *Financial Instruments: Disclosures***

The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied

#### **IFRS 17 *Insurance Contracts***

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of January 1, 2021.

#### **Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)***

The amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

The Amendments effective date deferred indefinitely and the adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning January 1, 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning January 1, 2019.