

JORDAN FRENCH INSURANCE COMPANY

(PUBLIC SHAREHOLDING COMPANY)

**FINANCIAL STATEMENTS AND
CERTIFIED PUBLIC
ACCOUNTANT'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2017

JORDAN FRENCH INSURANCE COMPANY

(PUBLIC SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS AND CERTIFIED PUBLIC ACCOUNTANT'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

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CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Jordan French Insurance Company

Report on the Financial Statements

We have audited the accompanying financial statements of Jordan French Insurance Company (P.L.C), which comprise of the statement of financial position as of December 31, 2017, and the related statements of comprehensive income, Statement of owners' equity and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Basis for Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Jordan French Insurance Company (P.L.C) as of December 31, 2017, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

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

Key audit matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the financial statement. The basic auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

- Account receivables – net

In accordance with International Financial Reporting Standards, the company has to review the calculation of Account Receivables Impairment Provision, the company assesses the decline in Account Receivables through assumptions and estimations, and considering its importance it is considered one of the significant Audit Risks, and the Account Receivables Provision has been recognized.

- Unearned and unreported claims provisions

In accordance with International Financial Reporting Standards, and considering the nature of provision recognition the company has to make provisions that is related to the nature of insurance transaction and the technical advantages, and it is only required for insurance companies, the provision are an important element for the company to match with contingencies, but it cannot be accurately determined, so the company has to consider the studies of assumptions and estimations through technical experts reports (Actuary Report).

Key Audit matters procedures

- Account receivables – net

Our Audit procedures included the review of internal control of Account Receivable Collection, and ascertaining a sample of clients accounts through direct confirmations, and then reviewing the provision of account receivables and that through the assumptions the management considers and considering the risks of deferred accounts, and we have also assessed the efficiency of disclosures. The company has increased the provision to JD 181,147 and so the amount of accounts receivables is reported at fair value as of December 31, 2016.

- Unearned and unreported claims provisions

Our Audit Procedures included the process of provision recalculation in accordance with The Insurance Committee, so a sample of unearned claims has been reviewed through insurance policies from different branches and ascertaining that it is recognized on the periods on which they belong and it amounted JD 5,316,922 and the claims have been reviewed through its occurrence and comparing it to previous fiscal years, and the actuary reports have been taken into consideration so the provisions are precisely made, and it amounted JD 7,165,028 and based on that the provisions are reported.

Other information:

The management is responsible for other information.

Which includes other information reported in the final report, but not included in the financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it regarding our consolidate financial statement we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidates financial statement. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management responsibility of the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Certified public accountant responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the initial Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the initial Financial Statements, including the disclosures, and whether the initial Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.
- We communicated with audit the Financial Management 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.

Legal requirements report

The Company maintains proper books of accounting records which are in agreement with the accompanying financial statements and with the financial information included in the Board of Directors report, and we recommend the General Assembly to approve the financial statements.

Ghosheh & Co.

Abdul Kareem Qunais
License No.(496)

Amman- Jordan
February 27, 2018

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
Assets			
Deposits at banks	32, 5	7,641,565	6,687,204
Financial asstes designated at fair value through statement of comprehensive income	6	49,597	11,453
Financial asstes designated at fair value through statement of other comprehensive income	7	2,819,507	2,658,891
Investements in Real Estate	8	1,205,264	1,214,871
Total investements		11,715,933	10,572,419
Cash on hand and at Banks	32, 9	1,991,974	2,475,711
Cheques under collections and notes receivables	10	898,440	1,165,076
Account receivables – net	11	10,898,057	9,279,480
Receivables from reinsurance companies	12	2,125,769	2,045,042
Deferred Tax assets	13/A	1,129,032	1,116,894
Property and equipment- net	14	1,808,680	1,807,044
Other assets	15	596,965	826,436
Total assets		31,164,850	29,288,102

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
 (PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF FINANCIAL POSITION (continued)
AS OF DECEMBER 31, 2017
 (EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
Liabilities and shareholders' equity			
Liabilities			
Net unearned premiums provision		5,316,922	5,285,716
Net claims provision		7,165,028	6,231,281
Net provision	16	362,674	287,399
Total insurance contract liabilities		12,844,624	11,804,396
Due to Banks	32, 17	2,134,333	2,193,313
Accounts payables	18	4,049,419	3,554,029
Payables to reinsurers	19	1,338,636	1,898,085
Miscellaneous provisions	20	350,372	328,047
Income tax provision	13/B	317,094	498,981
Other payables	21	333,246	691,282
Total liabilities		21,367,724	20,968,133
Shareholders' equity			
Declared Capital		9,100,000	9,100,000
Paid Capital	22, 1	9,100,000	9,100,000
Statutory reserve	23	1,746,260	1,569,638
Accumulated change in fair value	24	(1,098,551)	(1,259,167)
Retained earnings /(Accumulated Losses)	25	49,417	(1,090,502)
Total Shareholders' Equity		9,797,126	8,319,969
Total Liabilities and shareholders' Equity		31,164,850	29,288,102

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
REVENUES			
Gross premiums		26,728,766	25,815,259
Less: premiums ceded to reinsurers		(6,556,478)	(6,206,574)
Net premiums		20,172,288	19,608,685
Net change in unearned premiums provision		(31,206)	(162,406)
Net change in accounting provision		(75,275)	20,754
Net earned premiums		20,065,807	19,467,033
Received commission		585,971	473,713
Revenue allocated to insurance department and other fees		1,676,168	1,642,191
Other Fees	34	925,012	868,090
Bank interest	26	244,406	128,197
Net gain from financial assets and investment	27	5,852	21,493
Other revenues	28	57,757	54,891
Total revenues		23,560,973	22,655,608
Claims, losses and expenses :			
Gross claims paid		22,636,215	21,952,721
Incurred and matured policies		-	8,710
Less: recoveries		4,106,004	4,313,453
Less: reinsureres share		3,896,359	3,809,928
Net paid claims		14,633,852	13,838,050
Net change in claims provision		933,747	773,923
Allocated employee expenses	29	2,667,731	2,490,338
Allocated administrative expenses	30	1,008,581	1,044,358
Excess of loss premiums		189,931	175,385
Cost of documents		541,809	573,152
Other expenses allocated underwriting		575,296	564,090
Net claims expenses		20,550,947	19,459,296
Unallocated employees expenses	29	666,933	622,585
Depreciation and amortization		119,848	119,893
Unallocated administrative expenses	30	252,145	261,090
Impairment of account provision		100,000	181,147
Income tax for previous years	13/B	104,881	-
Total expenses		1,243,807	1,184,715
Net income before tax		1,766,219	2,011,597
Income tax for the year	13/B	(461,816)	(629,568)
Tax assets surplus	13/B	12,138	215,780
Net income		1,316,541	1,597,809
Earnings per share JD/ share	31	0,14	0,18
Outstanding weighted average shares		9,100,000	9,100,000

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	<u>2017</u>	<u>2016</u>
Net income	1,316,541	1,597,809
Other comprehensive income :		
Change in fair value	160,616	(363,747)
Total comprehensive income	1,477,157	1,234,062

The accompanying notes are an integral part of these financial statement

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share capital	Statutory reserve	Accumulated Change in fair value	Retained earnings /(Accumulated losses)			Total owners' equity
					Realized	Unrealized profit	Accumulated losses *	
2017								
January 1, 2017		9,100,000	1,569,638	(1,259,167)	(1,107,202)	16,700	(1,090,502)	8,319,969
Comprehensive income for the year		-	-	-	1,316,541	-	1,316,541	1,316,541
Change in fair value	24	-	-	160,616	-	-	-	160,616
Transfer to statutory reserve		-	176,622	-	(176,622)	-	(176,622)	-
December 31, 2017		9,100,000	1,746,260	(1,098,551)	32,717	16,700	49,417	9,797,126
2016								
January 1, 2016		9,100,000	1,368,478	(895,420)	(2,503,851)	16,700	(2,487,151)	7,085,907
Comprehensive income for the year		-	-	-	1,597,809	-	1,597,809	1,597,809
Change in fair value	24	-	-	(363,747)	-	-	-	(363,747)
Transfer to statutory reserve		-	201,160	-	(201,160)	-	(201,160)	-
December 31, 2016		9,100,000	1,569,638	(1,259,167)	(1,107,202)	16,700	(1,090,502)	8,319,969

* The accumulated losses include unearned gain amounted to JD 16,700 which is restricted under the instructions of Jordan Securities Commission (JSC).

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
 (PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
 (EXPRESSED IN JORDANIAN DINAR)

	2017	2016
Cash flow from operating activities		
Net income before tax	1,766,219	2,011,597
Adjustments on non-cash items :		
Depreciation and amortization	119,848	119,893
Gain from sale of property and equipment	(16,513)	(23,250)
Change in financial assets designated of fair value through other comprehensive income	(38,144)	1,097
Net unearned premium provision	31,206	162,406
Net outstanding claims provision	933,747	773,923
Net accounting provision	75,275	(20,754)
Compensation end of service provision	22,325	15,809
Allowance for doubtful accounts	100,000	50,000
Net cash available from operating before changes in working capital items	2,993,963	3,090,721
Cheques under collection and notes receivable	266,636	(4,689)
Accounts receivable	(1,618,577)	(268,507)
Accounts receivable from reinsurance	(180,727)	(4,821)
Other assets	229,471	(6,010)
Accounts payable	495,390	329,349
Accounts payables from reinsurers	(559,449)	(1,101,503)
Other payables	(358,036)	356,474
Net cash provided from operating activities before tax	1,268,671	2,391,014
Income tax paid	(643,703)	(525,437)
Net cash provided from operating activities	624,968	1,865,577

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
Cash flows from investements activities			
Purchase property and equipments		(116,864)	(250,515)
Proceeds from sale of property and equipmint		21,500	59,000
Net cash used in investments activities		(95,364)	(191,515)
Net changes in cash and cash equivalent		529,604	1,674,062
Cash and cash equivalent , January 1		6,969,602	5,295,540
Cash and cash equivalent , December 31	32	7,499,206	6,969,602

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
 (PUBLIC SHAREHOLDING COMPANY)

INCOME AND EXPENSES OF LIFE INSURANCE BRANCH
FOR THE YEAR ENDED DECEMBER 31, 2017
 (EXPRESSED IN JORDANIAN DINAR)

	2017	2016
Underwriting Premiums		
Direct Business	1,588,420	1,402,604
Add: Optional reinsurance premiums	-	-
Gross Premiums	1,588,420	1,402,604
Reinsurance Foreign Premiums Ceded	(855,428)	(759,841)
Reinsurance Local Premiums Ceded	-	-
Net Premiums	732,992	642,763
Beginning Balance		
Beginning Balance Accounting Provision	528,461	540,944
Beginning Balance Reinsurance Share Ceded	(241,062)	(232,791)
Net Beginning Balance Accounting Provision	287,399	308,153
Ending Balance		
Ending Balance Accounting Provision	(635,593)	(528,461)
Reinsurance Share Ceded	272,919	241,062
Net Ending Balance Accounting Provision	(362,674)	(287,399)
Net Earned Revenues from Written Premiums	657,717	663,517
Paid Compensations	(940,086)	(880,539)
Incurred and Matured Policies	-	(8,710)
Foreign Reinsurance share of Compensations Ceded	735,934	670,199
Net Paid Compensations	(204,152)	(219,050)
Ending Balance Claims Provision	(204,258)	(111,212)
Reinsurance share Ceded	158,496	91,970
Net Ending Balance Claims Provision	(45,762)	(19,242)
Beginning Balance Claims Provision	111,212	110,912
Reinsurance share Ceded	(91,970)	(87,230)
Net Opening Balance Claims Provision	19,242	23,682
Net Claims Cost	(230,672)	(214,610)
Net Premiums Income Earned		
Subtract	657,717	663,517
Net Claims Cost	(230,672)	(214,610)
Add :		
Earned Commissions	7,315	5,724
Issuing Insurance Policies Service	18,882	27,056
Other Revenues	5,824	5,294
Total Revenues	32,021	38,074
Subtract		
Paid Commissions	(25,794)	(32,114)
Underwriting Accounts Administrative Expenses	(213,781)	(186,937)
Other Expenses	(27,934)	(45,626)
Total Expenses	(267,509)	(264,677)
Underwriting Profit	191,557	222,304

The accompanying notes are an integral part of these financial statements

الشركة الأرنؤبة الفرنسية للتأمين المساهمة العامة المحدودة

Under Writing Revenues for General Insurance for the year December 31, 2017 and 2016

	Vehicles		Marine		Flight		Fire and other damages		Civil responsibility		Guarantees		Medical		their branches		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		
Under Writing Premiums																		
Direct Insurance	10,909,352	11,825,100	1,017,304	861,706	524,400	805,134	2,034,186	1,890,796	83,116	82,655	753,730	604,254	9,246,766	7,721,790	273,032	226,899	24,851,916	23,808,124
Optional reinsurance	0	0	0	151,888	0	0	288,257	452,464	173	180	0	0	0	0	0	0	288,430	604,532
Gross premiums	10,909,352	11,825,100	1,017,304	1,013,594	524,400	805,134	2,322,443	2,133,260	83,289	82,835	753,730	604,254	9,246,766	7,721,790	273,032	226,899	25,140,346	24,412,656
Abstract:																		
Local reinsurance installment	(356,741)	(358,403)	0	0	0	0	(329,736)	(499,994)	(2,485)	0	0	0	0	0	0	0	(688,962)	(688,397)
Foreign reinsurance installment	0	0	(947,582)	(974,803)	(427,239)	(620,742)	(1,331,501)	(1,101,196)	(39,698)	(56,828)	(473,209)	(359,163)	(1,780,439)	(1,658,776)	(12,405)	(6,071)	(5,012,089)	(4,568,344)
Net Premiums	10,552,611	11,466,697	69,721	138,791	97,143	184,392	661,205	621,315	41,105	26,007	290,524	245,091	7,466,328	6,063,014	260,658	220,818	19,439,296	18,955,925
Add:																		
Beginning balance																		
unearned installments provision	5,109,108	5,005,233	364,709	257,295	243,180	175,116	890,395	643,217	48,448	60,640	298,926	304,886	511,004	431,005	3,546	44,442	7,459,318	6,921,834
Abstract: reinsurers share	(244,273)	(341,882)	(346,474)	(244,430)	(241,026)	(172,838)	(835,567)	(601,734)	(46,026)	(57,608)	(154,733)	(164,729)	(305,502)	(215,502)	0	0	(2,173,602)	(1,798,523)
Net unearned installments provision	4,864,835	4,663,351	18,235	12,865	2,154	2,278	54,828	41,483	2,422	3,032	134,193	140,157	205,502	215,503	3,546	44,442	5,285,716	5,123,311
Abstract: ending balance																		
unearned installments provision	(4,894,865)	(5,109,108)	(233,792)	(364,709)	(260,276)	(243,180)	(977,359)	(890,395)	(38,919)	(48,448)	(370,201)	(288,926)	(541,145)	(611,004)	(8,865)	(3,546)	(7,338,421)	(7,459,316)
Abstract: reinsurers share	(4,675,546)	(4,864,835)	(13,660)	(18,235)	(2,485)	(2,154)	(70,087)	(54,828)	(6,523)	(2,422)	(174,246)	(134,193)	(388,998)	(205,502)	(8,865)	(3,546)	(5,316,922)	(5,285,716)
Net unearned installments provision	10,741,798	11,266,413	74,297	133,421	96,602	184,516	645,947	607,970	40,005	26,617	250,970	251,055	7,303,432	6,073,015	255,339	261,514	19,408,089	18,803,921

الشركة الوطنية للتأمين السليمانية العامة المحسوبة

The cost of compensation for General Insurance for the year December 31, 2017 and 2016

	Vehicles		Marine		Flight		Fire and other damages		Civil responsibility		Guarantees		Medical		Other branches		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Paid claims	(11,979,559)	(11,705,655)	(602,897)	(41,983)	(4,338)	0	(1,161,162)	(1,287,555)	(78,270)	(40,288)	(169,648)	(311,505)	(7,673,430)	(7,421,232)	(28,219)	(83,974)	(21,686,129)	(21,072,182)
Subtract: returns	3,203,727	3,333,336	0	0	0	652	591	600	15,000	169,648	311,505	728,638	648,239	2,739	4,782	4,106,004	4,313,453	
Local reinsurers share	6,981	283,938	0	0	0	2,730	107	0	0	0	0	0	0	0	0	9,711	28,945	
Foreign reinsurers share	96,642	55,992	586,252	39,587	3,038	955,916	1,238,623	62,494	105,718	0	1,439,211	1,638,389	7,163	37,475	3,190,713	3,110,784		
Net paid claims	(8,672,219)	(8,377,389)	(16,746)	(2,388)	(1,301)	0	(201,669)	(83,214)	(15,677)	(19,670)	0	(5,505,581)	(5,134,604)	(16,317)	(61,717)	(14,429,701)	(13,619,000)	
Add:																		
Ending balance of reported claims/provision	(7,619,287)	(6,886,025)	(271,275)	(945,275)	0	(425,169)	(1,477,218)	(44,267)	(127,240)	(223,865)	(222,796)	(607,090)	(539,903)	(12,247)	(31,754)	(8,203,199)	(9,730,211)	
Ending balance of unreported claims/provision	(1,850,000)	(2,150,000)	(215,000)	(50,000)	0	(65,000)	(100,000)	(10,000)	(15,000)	(10,000)	(100,000)	(600,000)	(403,268)	(25,000)	(10,000)	(2,830,000)	(2,828,289)	
Subtract: reinsurers share of reported claims	2,187,399	2,411,373	244,148	580,748	0	346,305	1,184,939	33,988	101,792	30,500	75,500	135,000	253,885	11,022	28,528	2,988,962	4,636,765	
Subtract: reinsurers share of unreported claims	0	0	205,000	40,000	55,000	58,000	80,000	8,000	12,000	0	50,000	132,077	212,590	18,000	8,000	476,077	402,590	
Subtract: returns	1,449,491	1,307,086	0	0	0	0	0	0	0	0	0	0	0	0	0	1,449,491	1,307,086	
Net ending balance	(5,832,387)	(5,117,569)	(37,127)	(74,527)	0	(65,860)	(312,279)	(12,279)	(28,448)	(203,355)	(197,298)	(940,013)	(476,668)	(8,225)	(5,226)	(7,119,269)	(6,512,038)	
Subtract:																		
Beginning balance of reported claims provision	6,686,025	5,891,844	645,275	235,633	0	1,477,218	2,335,986	127,240	211,479	222,796	132,286	539,903	564,889	31,754	158,313	9,730,211	9,686,381	
Beginning balance of unreported claims provision	2,150,000	1,710,000	50,000	55,000	0	100,000	50,000	15,000	2,000	100,000	3,000	403,268	415,254	10,000	56,000	2,828,288	2,291,254	
Subtract: reinsurers share of reported claims	(2,411,373)	(2,214,922)	(360,748)	(219,050)	0	(1,184,939)	(2,080,984)	(101,792)	(180,531)	(75,500)	(38,500)	(253,885)	(204,748)	(28,528)	(142,482)	(4,636,769)	(5,101,077)	
Subtract: reinsurers share of unreported claims	0	(60,000)	(40,000)	(44,000)	0	(80,000)	(40,000)	(12,000)	(1,800)	(50,000)	(1,500)	(212,590)	(269,121)	(8,000)	(50,000)	(402,890)	(446,231)	
Subtract: returns	(1,307,086)	(659,993)	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,307,086)	(658,993)	
Net beginning balance	5,117,566	4,467,879	74,527	45,603	0	312,279	254,992	28,448	21,548	197,296	95,206	476,696	526,265	5,226	21,831	6,212,038	5,433,324	
Net cost of claims	(9,387,046)	(9,027,086)	20,654	(31,320)	(1,301)	24,555	(60,501)	482	(26,570)	(6,039)	(102,099)	(5,098,889)	(5,085,035)	(13,316)	(35,112)	(14,536,828)	(14,397,714)	

الشركة الأردنية الفرنسية للتأمين العامة المحدودة

Under-Writing Profit (loss) for Insurance General the year December 31, 2017 and 2016

	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	Total
	Vehicles		Marine		Flight		Fire and other damages		Civil responsibility		Guarantees		Medical		Other branches				Total
Net revenues from written insurances	10,741,738	11,255,413	74,297	133,421	96,802	184,516	645,947	607,970	40,005	26,617	250,470	251,055	7,303,432	6,073,015	255,339	261,514	19,400,089	18,803,521	
Net cost of claims	(9,387,046)	(9,027,086)	20,654	(3,320)	(1,301)	0	24,555	(90,501)	492	(26,570)	(6,069)	(102,090)	(5,968,898)	(5,065,039)	(19,316)	(35,112)	(15,336,928)	(14,297,714)	
Add:																			
Earned commissions	67,500	0	28,057	36,493	79,685	3,994	177,352	163,181	1,431	922	124,402	70,006	97,438	192,909	2,791	484	578,658	467,989	
Policy issuance	844,233	884,420	3,955	5,774	9,335	6,200	63,323	64,890	5,259	4,450	513,095	445,614	193,079	194,932	5,007	8,556	1,657,286	1,615,136	
Other fees	728,086	705,809	449	2,806	0	0	180	455	170	0	0	0	190,323	153,705	0	20	919,188	862,795	
Total revenues	1,639,819	1,580,229	32,462	45,073	89,020	10,194	280,835	228,536	6,860	5,372	637,497	515,620	480,840	541,546	7,798	9,360	3,155,130	2,945,920	
post :																			
Documentaries cost	(307,532)	(360,382)	(16,717)	(17,143)	0	0	(98,154)	(58,645)	(2,092)	(3,130)	0	0	(130,155)	(100,847)	(1,584)	(911)	(616,014)	(541,038)	
Loss surplus instalments	(189,931)	(175,385)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(89,931)	(175,385)	
Administrative expenses	(1,566,247)	(1,670,105)	(136,916)	(155,091)	(70,577)	(107,307)	(293,544)	(284,318)	(11,210)	(11,048)	(102,788)	(80,534)	(1,244,464)	(1,029,151)	(36,756)	(30,219)	(3,462,531)	(3,347,759)	
Other expenses	(190,657)	(161,708)	(10,365)	(14,788)	(2,378)	(1,159)	(20,741)	(4,376)	740	0	(9,878)	(10,587)	(285,153)	(278,191)	(17,451)	(37,318)	(547,362)	(518,113)	
Total expenses	(2,254,366)	(2,367,559)	(163,997)	(167,000)	(72,955)	(108,466)	(372,439)	(357,339)	(14,042)	(14,170)	(112,666)	(91,131)	(1,669,802)	(1,408,189)	(55,571)	(68,442)	(4,715,838)	(4,582,289)	
Profits (loss)	740,235	1,480,598	(36,534)	(19,826)	111,566	86,244	559,897	388,656	33,316	(8,375)	789,231	573,454	145,572	121,337	188,250	167,320	2,510,453	2,769,442	

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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1. ORGANIZATION AND ACTIVITIES

Jordan French Insurance Company is a Jordanian public shareholding Company (“the Company”), was registered on March 20, 1976 under Commercial registration number (101). The Company’s share capital is JD 9,100,000 divided into 9,100,000 shares, the par value is one JD per share.

The Company engages in business of insurance in all kind.

A) Life Insurance:

- Life Insurance
- Pension Insurance
- Investments Insurance
- Perpetual Health insurance

B) General Insurance:

- Medical Insurance
- Marine and shipping insurance
- Flight Insurance
- Fire and property damage insurance
- Vehicles Insurance
- Accidents Insurance
- Responsibility Insurance
- Assurance insurance
- support insurance

The board of director approved the accompanying financial statement at meeting which was held on february 27, 2018 and its pending for approval from the General authority of shareholders.

2. BASIS OF PREPARATION

These financial statements were prepared in accordance with the International Reporting Financial Standards issued by The Board of international accounting standards and in accordance with the local regulations and in accordance with the Insurance committee.

The financial statements have been prepared on historical cost basis except for the financial assets designated at fair value through comprehensive income statement and the financial assets designated at fair value through other comprehensive income that are stated at fair value as of the date of financial statements. Moreover, reserved financial assets and financial liabilities are stated at fair value.

The Financial statements have been presented by the Jordanian Dinar as it is the main currency of the company.

The followed policies for the year are the policies followed previous year, except for what has been disclosed in the change of accounting policies.

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. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The above mentioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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We believe that the estimates within the financial statements are reasonable, and the details are as follows:

Management periodically evaluates the productive lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of those assets and the estimates of their expected productive lives in the future. Any impairment loss is taken to the statement of comprehensive income.

The Company allocates provision for doubtful debt after studying the ability of debt collection. The Company allocates to each financial year its own income tax expense according to the applied laws and regulation.

Provision is made allegations technical provisions is estimated based on technical studies and in accordance with the instructions of the Insurance Commission as the arithmetic provision is calculated according to actuarial studies.

The Company allocates provision for the cases upload against it depending on the estimate of the Company's lawyer.

The management regularly reviews financial assets stated at cost to estimate any impairment in value and are taking this decline in the income statement for the year.

3. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

<u>New Standards</u>	<u>Effective Date</u>
(IFRS) No.9 – Financial Instruments	January 1, 2018
(IFRS) No.15 – Revenues from Customers Contract	January 1, 2018
(IFRS) No.16 – Leases	January 1, 2019

Board of directors of the company is expecting that the application of these standards and interpretations will not have a substantial impact on the Company's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The sectoral report represents

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – markers in the Company.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The amount initially recognised for internally-generated intangible assets is recognised in profit or loss in the period in which it is incurred.

At the financial statement date, the Company reviews whether if there is any indication that the assets have suffered an impairment loss.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures on maintenance and repairs are expensed. While expenditures for betterment are capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Buildings	2%
Equipments, devices and furnituer	10-15%
Vehicle	15%
Computer equipments and software	40%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment.

Impairment test is performed to the value of the property and equipment that appears in the interim Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value. Impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment. recognize the value of gains or losses resulting. Which represents the difference between the net proceeds of exclusion and the value of the property and

equipment that appears in the interim Statement of Financial Position. Gross Profit and loss.

Investements In Real Estate

Investment properties are stated at cost (in accordance with IAS 40). The Company's criteria for recording investments are either at cost or at fair value provided that there is no impediment to the ability to reliably determine the value of the investments

	<u>Annual depreciation rate</u>
Investements In Real Estate	2%

Investments in affiliated companies

Affiliates are those companies which the company has effective influence on decisions regarding the financial and operating policies (as the company has no control) which the company owns

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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between 20% to 50% of the voting rights, and investments are shown in affiliated companies under the equity method.

Income and Expenses arising from transactions between the Company and its affiliates are excluded, and according to the company's proportion of the contribution in these companies.

Financial assets at amortized cost

-Financial assets at amortized cost are the financial assets which the company management intends according to its business model to hold to collect the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.

- 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 allocations resulting from the decline in value of these investments.

leading to the inability to recover the investment or part thereof are recorded, and any impairment is registered in the statement of income.

-Impairment in financial assets recorded at amortized cost is determined on the basis of the difference between the book value and the present value of the expected cash flows discounted at the effective interest rate.

Financial assets designated at fair value through statement of comprehensive income

Financial assets are classified as at fair value through statement of income when the financial asset is either held for trading or it is designated as at fair value through statement of income. A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through statement of income upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

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- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through statement of income.

Financial assets at fair value through statement of income are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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Reclassification

Financial assets from amortized cost may be re-classified to financial assets at fair value through the income statement and vice versa only when the entity changes the business model that was classified on basis of those assets, taking into consideration the following:

- Profits or losses or benefits that has been recognized previously may not be recovered•
- When re-classification of financial assets so that they are measured at fair value the fair value is then determined at the date of reclassification, any gain or loss arising from the difference between the previously recorded value and fair value in the income statement are classified.

Financial assets specified at fair value through statement of other comprehensive income

Specific financial assets at fair value through statement of other comprehensive income are non-derivative financial assets, the purpose of the acquisition is to keep them as available for sale until the date of maturity, not for trading.

Differences in the change in fair value of financial assets specified at fair value through other comprehensive income statement are recorded in other comprehensive income statement.

Financial assets specified at fair value through statement of other comprehensive income that is have a market prices stated at fair value after deducting any accumulated Impairment losses in its fair value.

Financial assets specified at fair value through statement of other comprehensive income that is do not have a market prices and cannot determine the fair value stated at cost and any Decline in its value recorded in other comprehensive income statement.

Profits and losses resulting from differences of foreign currency translation for the debt instruments are recorded within the financial assets specified at fair value through other comprehensive income statement in the statement of other comprehensive income, while differences from foreign currency translation for the debt instruments are recorded in the accumulated change in fair value in owners' equity.

The Decline in value of the financial assets

In date of each statement of financial position, values of the financial assets have been reviewed , to determine if there indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value , were evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing)also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

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The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. And this is for all the financial assets except the trade accounts receivable as the listed value had been reduced by provisions accounts . when is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of provisions.

The changes in the listed value for the provisions account recognized in statement of comprehensive income.

As for the ownership equity tools which are available for sale , decline losses are not closed in the recognized value in the statement of comprehansive income. However any increase in the fair value become after decline loss has recognized directly in statement of owner's equity.

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Offsetting

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

Recognition date of the financial assets

the purchase and selling of financial assets is recognized on the date of trading (the date of the company's commitment to purchase or sell financial assets).

Fair Value

Closing market prices (acquiring assets/selling liabilities) in active market at the date of the financial statement represent the fair value of the financial derivatives traded. In case declared market prices do not exist, active trading for some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several method including the following:

- Comparison with the market value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing model.

Accounts reinsurers

The shares of reinsurers is calculated from insurance premiums and paid compensations and technical provisions and all rights and obligations arising from the re-insurance based on contracts between the company and reinsurers, according to the accrual basis.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less, and which are not exposed to a significant risk of value change.

Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

Accrued Taxes

-Income tax expenses are accounted on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable

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revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, as well as unallowable and non-taxable items.

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

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

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

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Foreign currency translation

Foreign currency transactions are translated into Jordanian Dinar at the rates of exchange prevailing at the time of the transactions, Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date, Gains and losses from settlement and translation of foreign currency transactions are included in the statement of comprehensive income.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and reliable estimate can be made regarding the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Technical Provisions

Technical Provisions are taken and maintained according to the regulations of the insurance commission as follows:

1. The provision unearned premiums for general insurance activities is calculated according to the remaining up to the expiry date of the insurance policy after the financial statements date on the basis of a (365) day year except for marine and land transport insurance for which provision is calculated on the basis of written premiums of the policies issued on the date of financial statements according to laws, regulations and instructions issued for this purpose.
2. The provision for reported claims is computed by determining the maximum total expected costs for each claim on an individual basis.
3. Additional provisions for incurred but not reported claims are calculated based on the company's experience and estimates so as to meet any obligations that might arise due to events that took place prior to the end of fiscal year but have not been reported to the company.

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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 as the difference between the book value and recoverable value.

End of service inlemnity provision

End of service inlemnity provision is calculated based on the internal regulations prepared by the company in accordance with jordanian campanies law.

Annual compensations paid to terminated employees are charged at the end-of-service indemnity provision when paid. Moreover, an allowance for the company's liabilities in connection with end-of-service compensations is taken to the statement of income.

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Cost of issuance or purchase of shares of the insurance company

Any costs resulting from the issuance or purchase of shares of the insurance company are set on retained earnings (set in net value after tax impact to these costs if they occur) If the issuance or purchase process has not been completed then these costs are recognized as expenses on the income statement.

Revenue Recognition

-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. Insurance premiums from the insurance contracts unearned at the date of the statement of 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.

- Dividends and Interest

Dividends from investments are recorded when the right of the shareholder 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.

Rental Income

Rental income from investment properties is recognized in statement of income on a straight line basis over the term of operating lease and the advances and unearned portion of the rental income is recognized as a liability.

Expense Recognition

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

Insurance Compensation

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Insurance compensations represent the claims during the period and the change in the claims provision.

The insurance compensations represent all the amounts paid during the year whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for the settlement of all claims resulting from events that took place prior to the statement of financial position date but were still unsettled at that date. Moreover, outstanding claims are calculated on the basis of the best information available at the date of financial statements and include the incurred but not reported claims provision..

Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are considered as an allowance in the measurement of the insurance liability of claims.

General and Administrative Expenses

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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Employees Expenses

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

Acquisition Costs of Insurance Policies

Acquisitions costs represent the costs incurred by the company againsts selling, underwriting, or starting new insurance contracts. The acquisition costs are recorded in the statement of income.

Mortgaged Financial Assets

It is those financial assets pledged in favor of other parties with a right of the other party to dispose of them (selling or re-mortgage). Evaluation of these assets will continue in accordance with the adopted accounting policies according to each of their original classifications.

Liability Adequacy Test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The group makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the liability. Any deficiency is immediately charged to the statement of income.

5. BANK DEPOSITS

	Deposits maturing within a month	Deposits maturing for more than a month and up to three months	Deposits maturing after more than a month and a year	Total	
				2017	2016
In Jordan :					
Jordan Kuwait Bank	3,316,565	-	325,000	3,641,565	5,687,204
Cairo Amman Bank	1,000,000	-	-	1,000,000	-
Jordan Commercial Bank	1,000,000	-	-	1,000,000	-
Investment Bank	1,000,000	-	-	1,000,000	1,000,000
Audi Bank	1,000,000	-	-	1,000,000	-
	7,316,565	-	325,000	7,641,565	6,687,204

The interest rates on deposits in Jordan Dinar ranged from 3% to 5%.

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Moreover deposits collateralized against a bank guarantee issued to the order of the director of the insurance commission in addition to his position amounted to 325,000 at Jordan Kuwait Bank as of December 31, 2017 (2016:325,000 JD).

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT

Financial assets at fair value through the income statement which been classified upon initial recognition as follows:

	<u>2017</u>	<u>2016</u>
Stock listed at Amman stock exchange	49,597	11,453
	49,597	11,453

7. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2017</u>	<u>2016</u>
Inside Jordan		
Listed stocks	651,902	1,481,145
Unlisted stocks	1,703,626	849,072
	2,355,528	2,330,217
Outside Jordan		
Stock listed at foreign market	463,979	328,674
Total	2,819,507	2,658,891

	<u>2017</u>	<u>2016</u>
Amman International Center for Trading Improvement	10,000	10,000
Specialized for real estate investment and improvement	817,353	839,072
	827,353	849,072

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8. REALESTATE INVESTMENT

	2017	2016
Shmesani land	758,500	758,500
Shmesani building	480,390	480,390
Loss : accumulated depreciation	33,626	24,019
	1,205,264	1,214,871

The Company has re-evaluated Real Estates Investments in Januray 25, 2016 by Real Estate experts in accordance with the regulations of the Insurance committee and the international standndards amounted 2,762,614 JD and it resulted in an excess of 1,547,743 JD, as a a result of changes that occurred on the adjustment of the use of the building to the land (2964).

9. CASH AND CASH AT BANKS

	2017	2016
Cash on hand	48,758	43,619
Cash at bank	1,943,216	2,432,092
	1,991,974	2,475,711

10. CHEQUES UNDER COLLECTION AND NOTES RECEIVABLES

	2017	2016
Cheques under collection	877,674	1,089,332
Notes receivables	20,766	75,744
	898,440	1,165,076

The cheques under collection maturing date up to June 30, 2018.

11. NET – ACCOUNTS RECEIVABLE

	2017	2016
Policy holders	11,271,361	9,744,138
Agents	386,413	399,585
Brokers	37,119	42,257
Employees	95,620	87,334
Others	207,544	106,166
Allowance for doubtful account	(1,100,000)	(1,100,000)
*	10,898,057	9,279,480

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*The transaction on of allowance for doubtful account is as follows

	2017	2016
Beginning balance	1,100,000	1,050,000
Additions during the year	-	181,147
Disposals	-	(131,147)
Ending balance	1,100,000	1,100,000

**The following is the aging schedule for accounts receivable

	2017	2016
1-90 days	6,242,278	5,630,967
91-180 days	2,855,972	2,648,882
181-360 days	1,799,807	999,631
More than 361 days	-	-
	10,898,057	9,279,480

12. REINSURANCE COMPANIES ACCOUNTS – DEBIT

	2017	2016
Local insurance company	1,427,490	1,461,578
Foreign reinsurance company	1,598,279	1,383,464
Allowance for reinsurance account*	(900,000)	(800,000)
	2,125,769	2,045,042

*The following is the aging schedule for accounts receivable

	2017	2016
1-90 days	1,293,849	995,934
91-180 days	515,310	813,534
181-360 days	316,610	235,574
More than 361 days	-	-
	2,125,769	2,045,042

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* The movement on provision for impairment of reinsurers' receivables is as follows:

	2017	2016
1-90 days	800,000	800,000
91-180 days	100,000	-
181-360 days	-	-
More than 361 days	-	-
	900,000	800,000

13. INCOME TAX

A. Deferred Tax Assets

The Details Of this item is as Follow :

Accounts covered	2017			2016		
	Beginning of the year balance	Amounts released	The amounts added	Balance, end of year	Deferred tax	Deferred tax
1. Deferred tax assets						
Unreported claims	2,479,566	(71,150)	-	2,407,816	(17,220)	199,986
Provision Allowance for doubtful	1,850,063	-	100,000	1,950,063	24,000	12,000
Provision For end-of-service indemnity	324,096	-	22,325	346,421	5,358	3,794
Total	4,653,725	(71,150)	122,325	4,704,300	12,138	215,780

The transaction of deferred tax assets was as follows

	2017		2016	
	Assets	Liability	Assets	Liability
Balance at the beggung at the year	1,116,894	-	901,114	-
Additions	12,138	-	215,780	-
Balance at year end	1,129,032	-	1,116,894	-

The differed tax asset has been taken by 24% of various allowances, which is refundable at the opinion at management.

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B- Income tax provision

Transaction on the income tax provision was as follows:

	2017	2016
Balance beginning of the year	498,981	394,850
Income tax paid	(643,703)	(525,437)
Provision for the year	461,816	629,568
	317,094	498,981

- A tax settlement has been reached for income tax up to end of year 2015 As for 2016, the self-assessment of the department has been submitted and has not been reviewed by the department.
- In the opinion of management and tax consultant the tax provision is sufficient.

The income tax is represented as follows:

	2017	2016
Income tax for the year's profit *	(461,816)	(629,568)
Deferred Tax Assets	12,138	215,780
	(449,678)	(413,788)

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

	2017	2016
Accounting profit	1,766,219	2,011,597
Profit not subject to tax	(94,324)	(66,905)
Non – deductible tax expenses	252,338	678,508
Taxable profit	1,924,233	2,623,200
Income tax	461,816	629,568

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14. PROPERTY AND EQUIPMENT – NET

<u>2017</u>	Lands	Buildings *	Equipment and furniture's	Vehicles	Computers	Total
Cost						
Balance at the beginning of the year	913,900	959,078	305,777	342,233	327,377	2,848,365
Additions	-	-	7,877	63,250	45,737	116,864
Disposals	-	-	-	(72,000)	-	(72,000)
Balance at the end of the year	913,900	959,078	313,654	333,483	373,114	2,893,229
Accumulated depreciation						
Accumulated Depreciation - beginning of the year	-	355,519	237,029	173,322	275,451	1,041,321
Depreciation of the year	-	19,182	11,573	34,851	44,635	110,241
Disposals	-	-	-	(67,013)	-	(67,013)
Accumulated Depreciation - End of the year	-	374,701	248,602	141,160	320,086	1,084,549
Property and Equipment net book value	913,900	584,377	65,052	192,323	53,028	1,808,680

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2016	Lands	Buildings *	Equipment and furniture's	Vehicles	Computers	Total
Cost						
Balance at the beginning of the year	913,900	949,090	291,486	271,733	266,641	2,692,850
Additions	-	9,988	14,291	165,500	60,736	250,515
Disposals	-	-	-	(95,000)	-	(95,000)
Balance at the end of the year	913,900	959,078	305,777	342,233	327,377	2,848,365
Accumulated Depreciation						
Accumulated Depreciation - beginning of the year	-	336,437	225,578	201,846	226,425	990,286
Depreciation of the year	-	19,082	11,451	30,726	49,026	110,285
Disposals	-	-	-	(59,250)	-	(59,250)
Accumulated Depreciation - End of the year	-	355,519	237,029	173,322	275,451	1,041,321
Property and Equipment net book value	913,900	603,559	68,748	168,911	51,926	1,807,044

Among the buildings, there is a first-class mortgage on a building that belongs to the company in which its book value amounts 598,900 JD for bank facilities granted by The Jordan Kuwait Bank . The mortgage amounts 1,500,000 JD which has been referred to in note (17).

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15. OTHER ASSETS

	2017	2016
Prepaid expenses	517,174	761,628
Refundable deposits	10,262	10,262
Other	69,529	54,546
	596,965	826,436

16. NET ACCOUNTING PROVISION

	2017	2016
Net accounting provision	362,674	287,399
	362,674	287,399

17. BANKS OVERDRAFT

	2017	2016
Inside Jordan :		
Jordan kuwait Bank	2,134,333	2,193,313
	2,134,333	2,193,313

Bank Overdrafts are presented by the bank facilities granted by The Jordan Kuwait Bank as a current account ceiling of 2,250,000 JD with an average interest of 2%.

18. ACCOUNTS PAYABLE

	2017	2016
Policyholders	435,431	638,769
Agents payable	99,857	59,919
Associate company	31,109	30,050
Employees payable	5,938	10,110
Brokers	63,265	38,638
Deferred Cheques	3,278,411	2,636,667
Others	135,408	139,876
	4,049,419	3,554,029

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19. REINSURERS ACCOUNTS PAYBLE

	<u>2017</u>	<u>2016</u>
Local insurance companies	114,931	27,413
Foreign reinsurers companies	1,223,705	1,870,672
	<u>1,338,636</u>	<u>1,898,085</u>

20. MISCELLANEOUS PROVISIONS

This item consists of the following:

	<u>2017</u>	<u>2016</u>
*Provision For end-off-services indemnity	350,372	328,047
	<u>350,372</u>	<u>328,047</u>

* Transaction on differet provisions is as follows:-

	Balance at the beginning of the year	Charged durring the year	Paid durring the year	Balance at ending of the year
Provision for end of service indemnity	328,047	22,325	-	350,372
	<u>328,047</u>	<u>22,325</u>	-	<u>350,372</u>

21. OTHER PAYEBLES

	<u>2017</u>	<u>2016</u>
Unearned revenue	18,000	72,335
Shareholders deposits	60,065	60,065
Governmental deposits	170,904	515,443
Clients deposit from accidents and others	84,277	43,439
	<u>333,246</u>	<u>691,282</u>

22. PAID IN CAPITAL

Authotized and paid capital amounted to JD 9,100,000 distributed over 9,100,000 shares, the parvalue of each share is JD 1 as of December 31, 2016 compared to the paid capital 9,100,000 JD as of December 31, 2015 divided into 9,100,000 JD each for 1 JD.

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23. STATUTORY RESERVE

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

24. ACCUMULATED CHANGE IN FAIR VALUE

	2017	2016
Beginning balance	(1,259,167)	(895,420)
Change during the year	160,616	(363,747)
Net change during the year	160,616	(363,747)
Ending balance	(1,098,551)	(1,259,167)

25. RETAINED EARNINGS /(ACCUMULATED LOSSES)

	2017	2016
Balance at the beginning of the year	(1,090,502)	(2,487,151)
Net income for the year	1,316,541	1,597,809
Trasferred to statuary reserves	(176,622)	(201,160)
	49,417	(1,090,502)

26. INTEREST INCOME

	2017	2016
Interest Revenue	244,406	128,197
	244,406	128,197

27. NET PROFIT FROM FINANCIAL ASSETS AND INVESTMENTS

	2017	2016
Revenue dividends from financial assets designated through income	24,568	22,590
Unrealized losses from financial assets designated	(18,716)	(1,097)
	5,852	21,493

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28. OTHER REVENUE

	2017	2016
Currency exchange differences	(756)	(1,351)
Revenue fom sale of non-current assets	16,513	23,250
Rent Reveunes	42,000	42,000
Other revenue	-	(9,008)
Amount transferred to income statement	57,757	54,891

29. EMPLOYEES EXPENSES

	2017	2016
Salaries and bonuses	2,574,369	2,391,041
Provident fund	218,909	200,281
End – off service indemnity	22,325	15,809
Company contribution to social security	308,863	275,329
Travel and transportations	120,885	103,405
Medical expenses	89,313	127,058
	3,334,664	3,112,923
Employes expenses distributed to initial performance bond	2,667,731	2,490,338
Employes expenses not distributed to initial performance bond	666,933	622,585
Total	3,334,664	3,112,923

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30. GENERAL AND ADMINISTRATIVE

	2017	2016
Rent	52,748	49,989
Stationary and printing	45,055	45,740
Advertisement	43,601	37,917
Bank fees	15,642	13,982
Bank commission	118,195	107,725
Electricity, water and heating	48,412	51,612
Maintenance	7,459	45,263
Post and telephone	47,111	40,016
Legal and consultation fees	165,425	282,892
Hospitality	22,381	29,201
Subscriptions	9,904	8,699
Board of directors transportation expenses	42,000	44,930
Government and others fees	138,103	148,158
Insurance expenses	27,001	10,731
Business insurance fees	179,679	179,279
Non deductible tax	49,205	29,614
Launched retained installments interest	30,149	35,943
Computer preparation expenses	20,259	1,129
Cleaning preparation	21,662	21,269
Security Expenses	-	10,510
Scientific Research And Vocational Training	49,578	27,634
Vehicles Expenses	11,484	10,448
Compensation for the affected by car accident	46,774	29,959
Other expenses *	68,899	42,808
Total And Allocated As Follow	1,260,726	1,305,448
Total general and administrative expenses allocated to underwriting accounts	1,008,581	1,044,358
Total general and administrative expenses unallocated to underwriting accounts	252,145	261,090
Total	1,260,726	1,305,448

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***OTHER EXPENSES**

	2017	2016
Uniforms For Employees	9,498	4,992
Stamps	755	1,605
Tender Expenses	2,055	2,117
Donations	40,541	15,520
Collecting Expenses	9,953	9,083
Miscellaneous	6,097	9,491
	68,899	42,808

31. EARNING PER SHARE

	2017	2016
Net income for the year	1,316,541	1,597,809
Weighted average number of shares	9,100,000	9,100,000
Earning Per Share	0,14	0,18

32. CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand and at the bank	1,991,974	2,475,711
Addition: Deposits At Banks maturing within three months	7,641,565	6,687,204
Less: Due to Banks maturing within three months	2,134,333	2,193,313
Net cash and cash equivalents	7,499,206	6,969,602

33. RELATED PARTY TRANSACTIONS

The Company's transacted with the allied company, major shareholder, the Board of Directors, and the management within the company's main activities using commercial interest rates. All deferred sale account receivables and funds granted to related parties are effective and no provision was allocated.

	2017	2016
The terms of the balance sheet:		
Accounts receivable (major shareholders) *	4,073,027	3,405,341
The terms of the income statement:		
Underwriting premiums (major shareholders)	4,960,426	4,448,183
Discontinued compensation (major shareholders)	2,541,981	2,589,849

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* The account payable item present obligation for the specialized for medical expenses management (L.L.C) which is owned from the affiliated company the jordanian for management and consultation company.

-The specialized for medical expenses management (L.L.C) engaged auditing the medical claim and medical claim through the year 2017 amounted to JD 250,750 for the company.

-Top executive management and board of dorector (salary,bonuses, and other benefits) are as follows:

	2017	2016
Salaries and bonuses charged by senior management	410,620	395,193
The transportations of the members of the Board of Directors instead	42,000	45,500

34. OTHER FEES

	2017	2016
Other fees - vehicles	728,086	705,809
Other fees - Bahri	449	2,806
Other fees - medical	190,323	153,705
Other fees – other	6,154	5,770
	925,012	868,090

35. RISK MANAGEMENT

The company manages various risk through placed a comprehensive strategy identifies risks and ways to address them, mitigate and through the unit to the Risk Committee and the Investment Committee where the risks are reviewed and adopt the necessary measures to face it and work to reduce and limit them. Add to that all the work centers responsible for identifying the risks related to their activity and to develop appropriate controls and monitor the effectiveness of continuity. The Company is exposed to insurance risk and credit risk, liquidity risk and market risk.

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It is the company's management that is responsible for identifying and controlling risk, and in addition to that there are several others responsible for the company's risk management process.

Risk measurement and reporting systems

The risk monitoring and control is through control limits for each type of risk types and that these limits reflect the company's business strategy and various market factors surrounding. Information is collected from the company's various departments and analysis to identify the potential risks that may arise from them.

It was presented and explained this information on the company's board.

Internal audit

The risk management audits annually by the Internal Audit Department, and by examining all the measures taken and the extent of compliance with the required procedures. The Internal Audit Department to discuss the audit results with the company's management, and are presented the results of its work to the Audit Committee.

First: Descriptive Disclosures:

Risk management is the evaluation of the risk process of measurement and development of strategies to manage it. these strategies include the transfer of risks to another party, avoiding and mitigating their adverse effect on the company, in addition to accepting the related consequences partially or wholly.

Insurance risk

It includes insurance contract, pricing and risk diagnosis and classification and measurement of risk and also includes compensation for risk and exposure to disasters political and economic considerations risks

Risks of political and economic considerations

The company being a public company will be affected by the overall political and economic factors associated with Jordan and with all laws and regulations and legislation in Jordan, and for Jordan's correlation with its neighboring countries, the political stability and economic and social factors have direct impact on Jordan.

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Credit risk and concentration on assets

The practice of the company's insurance business exposes the company to many risks, including the credit risk resulting from the failure or inability of debtors to fulfill their obligations towards the company resulting in case it happens to realized losses. Therefore, the most important duties of the Department of Finance in the company is to make sure these risks as not to exceed the specified general framework previously in the company's policy that works to balance risk and return.

As the company's management is working to control credit risk where the credit standing of the clients and customers on a regular basis in accordance with the evaluation system assessed, either the focus on risk assets are processed through the distribution of the company's portfolio on a global reinsurers from first class to ensure the distribution of the risks minimal.

Interest Rate Risks:

Interest rate risks relate to long-term bond deposits, development bonds, and other deposits. Moreover, the company always endeavors to mitigate there risks through monitoring the changes in interest rates in the market nterest rate risks relate to fixed deposits at banks and overdrafts accounts.

Foreign Currencies Risk

Foreign currencies risks are the risks resulting from the fluctuations in the value of the financial instruments due to the changes in the exchange rates of foreign currencies.

Liquidity Risk

The company's management follows a suitable system for the management of risks relating to short-term and long-term financing. This is performed through maintaining proper reserves, actual monitoring of the expected cash flows, and comparing the maturities of assets, on one hand, the financial liabilities and technical obligations, on the other.

Stock Market Risk

Since the company conducting investment activities in stock then it is necessary to analyze the performance of the stock market where the stock market in Jordan is one of the emerging markets, therefore dealing with it can cause into a liquidity squeeze risk.

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Second: Quantitative Disclosures

INSURANCE RISK 1-

Risk of any insurance policy represent the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve , the primary risks facing the company are that incurred claims and the related payment may exceed the book value of the insurance obligation . this may happen if the probability and risks of claims are greater than expected . as insurance accident are unstable and vary from one year to another , estimates may differ from the related statics.

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

Fire and other damage to property

The purpose of the Property Insurance compensate policyholders for damage caused to their real estate or for lost real estate value. And also policyholders can catch compensation for loss of earnings due to the inability to use the insured properties.

The main risks for real estate insurance contracts are fire and business interruption as the company in recent years has issued policies for properties containing fire alarm equipment. The conclusion of insurance contracts on the basis of the replacement for value of real estates and its content insured, cost of reconstruction of the real estate and providing alternatives to the content and the time required to restart the discontinued operations is considered as the main factors, that affect the size of the claims for the company's cover from reinsurance companies to limit the damage whether at the level of the low and great values and ratios that provide the required protection and its clients.

Vehicles

The purpose of vehicle insurance is to compensate policyholders from damage caused to their vehicles or responsibility against third parties arising from the accident. Also policyholders can catch compensation for combustion or steal their vehicles.

As for motor the main risks are claims for death and personal injuries and the replacement or repair of automobiles. The Company has cover from reinsurers to cover losses both

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at the level of the low and large values and ratios provide the required protection for businesses and their customers notification. The amounts to be paid in compensation for deaths and to injured and replacement costs of cars are the main factors affecting the level of claims.

Marine and transportation insurance

As for marine and transportation insurance that are considered the main risk in the loss or damage of the marine and land units and accidents resulting in total or partial loss of goods.

the purpose of marine and transport insurance is compensating insurance policies for damaged that arises from the loss or damaged sea and land units and accidents at sea and land, which produces partial or total loss of goods.

The strategy followed for the marine and transportation insurance sector is to ensure that policies are varied regarding shipping, land and roads covered by insurance. the Company has cover from reinsurers to cover losses both at the level of the low and great values and provided ratios that require protection for businesses and their clients.

Medical Insurance

Includes the insured losses when damage is caused by illness or disability and is followed by providing fixed financial benefits or benefits in the form of compensation or a combination of both benefits that the company has the intention of providing cover from reinsurance companies to reduce this risk.

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2- THE EVOLUTION OF ALLEGATIONS

Tables below show the actual allegations (based on management's estimates at the end of the year), compared to expectations for the past four years on the basis of the year that have been reported by the claim for insurance cars and on the basis of the year in which the insurance was underwritten to other general Insurance and branches of life insurance, as follows:

TOTAL – VEHICLES:-

Accident year	2013 and before	2014	2015	2016	2017	Total
As at year end	852,481	292,694	624,068	1,341,856	2,831,001	5,942,100
After a years	932,333	420,912	828,819	1,777,189	-	3,959,253
After two years	1,062,132	455,292	917,349	-	-	2,434,773
After three years	1,176,013	495,841	-	-	-	1,671,854
After four years	1,305,191	-	-	-	-	1,305,191
deficit	(452,710)	(203,147)	(293,281)	(435,333)	-	(1,384,471)
Accumulated current Claims estimation	1,305,191	495,841	917,349	1,777,189	2,831,001	7,326,571
Accumulated payments	481,712	124,395	(131,994)	(226,566)	(2,390,263)	(2,142,716)
Unreported claims	-	-	107,500	215,000	1,527,500	1,850,000
Obligation as it shown in balance sheet	823,479	371,446	941,843	1,788,755	3,693,764	7,619,287

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TOTAL – MARINE AND TRANSPORT:-

Accident year	2013 and before	2014	2015	2016	2017	Total
As at year end	88,650	-	37,000	-	128,275	253,925
After a years	88,650	-	37,000	-	-	125,650
After two years	88,650	-	37,000	-	-	125,650
After three years	88,650	-	-	-	-	88,650
After four years	88,650	-	-	-	-	88,650
Surplus/deficit	-	-	-	-	-	-
Accumulated						
current Claims	88,650	-	37,000	-	128,275	253,925
estimation						
Accumulated	650	-	(10,750)	(21,500)	(200,750)	(232,350)
payments						
Unreported claims	-	-	10,750	21,500	182,750	215,000
Obligation as it						
shown in balance	88,000	-	37,000	-	146,275	271,275
sheet						

TOTAL – AVIATION:-

Accident year	2013 and before	2014	2015	2016	2017	Total
As at year end	-	-	-	-	-	-
After a years	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	18,000	-	-	-	18,000
After four years	-	-	-	-	-	-
Surplus	-	18,000	-	-	-	18,000
Accumulated current						
Claims estimation	-	-	-	-	-	-
Accumulated payments	-	-	-	-	-	-
Unreported claims	-	-	-	-	-	-
Obligation as it shown in						
balance sheet	-	-	-	-	-	-

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TOTAL – FIRE AND OTHER INSURANCE :-

Accident year	2013 and before	2014	2015	2016	2017	Total
As at year end	196,981	38,036	4,297	9,952	183,447	432,713
After a years	196,981	43,493	4,955	9,952	-	255,381
After two years	196,981	43,528	4,955	-	-	245,464
After three years	197,556	43,528	-	-	-	241,084
After four years	197,556	-	-	-	-	197,556
deficit	(575)	(5,492)	(658)	-	-	(6,725)
Accumulated current Claims estimation	197,556	43,528	4,955	9,952	183,447	439,438
Accumulated payments	576	10,528	450	(7,200)	(55,081)	(50,727)
Unreported claims	-	-	3,250	6,500	55,250	65,000
Obligation as it shown in balance sheet	196,980	33,000	1,255	10,652	183,278	425,165

TOTAL – OTHER BRANCHES:-

Accident year	2013 and before	2014	2015	2016	2017	Total
As at year end	33,152	-	180	200	1,050	34,582
After a years	33,152	-	180	200	-	33,532
After two years	33,152	-	180	-	-	33,332
After three years	43,152	-	-	-	-	43,152
After four years	43,152	-	-	-	-	43,152
deficit	(10,000)	-	-	-	-	(10,000)
Accumulated current Claims estimation	43,152	-	180	200	1,050	44,582
Accumulated payments	10,315	-	(500)	(11,000)	(8,500)	(9,685)
Unreported claims	-	-	500	1,000	8,500	10,000
Obligation as it shown in balance sheet	32,837	-	180	10,200	1,050	44,267

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TOTAL – RESPONSIBILITY:-

Accident year	2013 and before	2014	2015	2016	2017	Total
As at year end	98,387	8,228	37,945	46,270	105,127	295,957
After a years	99,427	10,016	95,588	77,128	-	282,159
After two years	99,427	10,016	95,588	-	-	205,031
After three years	99,427	10,016	-	-	-	109,443
After four years	99,427	-	-	-	-	99,427
deficit	(1,040)	(1,793)	(57,643)	(30,858)	-	(91,334)
Accumulated current Claims estimation	99,427	10,016	95,588	77,128	105,127	387,286
Accumulated payments	24,507	8,548	92,198	16,381	11,787	153,421
Unreported claims	-	-	500	1,000	8,500	10,000
Obligation as it shown in balance sheet	74,920	1,468	2,890	59,747	84,840	223,865

TOTAL – CREDIT AND GUARANTEE:-

Accident year	2013 and before	2014	2015	2016	2017	Total
As at year end	-	-	-	-	-	-
After a years	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Surplus\deficit	-	-	-	-	-	-
Accumulated current Claims estimation	-	-	-	-	-	-
Accumulated payments	-	-	-	-	-	-
Unreported claims	-	-	1,250	2,500	21,250	25,000
Obligation as it shown in balance sheet	-	-	3,536	8,143	568	12,247

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3. CONCENTRATION OF RISK

Assets, liabilities and accounts off the balance sheet are set according to the type of insurance

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Life in thousands of JD's	Other branches in thousands of JD's	Medical in thousands of JD's	Credit in thousands of JD's	Responsibility in thousands of JD's	Fire in thousands of JD's	Aviation in thousands of JD's	Marine and transportation in thousands of JD's	Vehicles in thousands of JD's	Insurances type
204	46	1,761	604	93	1,468	315	720	14,364	Total
45	17	1,308	378	16	156	2	51	10,508	Net

FOR THE YEAR ENDED DECEMBER 31, 2016

Life in thousands of JD's	Other branches in thousands of JD's	Medical in thousands of JD's	Credit in thousands of JD's	Responsibility in thousands of JD's	Fire in thousands of JD's	Aviation in thousands of JD's	Marine and transportation in thousands of JD's	Vehicles in thousands of JD's	Insurances type
111	45	1,454	612	191	2,468	243	1,060	13,945	Total
19	8	682	331	31	367	2	93	9,982	Net

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Assets, liabilities off the balance sheet are set according to the geographical and sectoral distributions as follow:-

A- By geographical areas

	Assets	Liabilities	Accounts off the balance sheet	Assets	Liabilities	Accounts off the balance sheet
Within Kingdom	5,644,434	19,575,875	-	7,304,927	20,129,009	-
Other Middle Eastern countries	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	-	-	-	-	-	-
Africa	-	-	-	-	-	-
America	-	-	-	-	-	-
Other countries	-	-	-	-	-	-
Total	5,644,434	19,575,875	-	7,304,927	20,129,009	-

Assets, liabilities off the balance sheet are set according to the geographical and sectoral distributions as follow:-

B- By Sector

	Assets	Liabilities	Accounts off the balance sheet	Assets	Liabilities	Accounts off the balance sheet
Public sector	694,030	3,287,117	-	1,247,528	3,471,495	-
Institutes and companies	2,566,064	6,747,813	-	3,119,562	6,932,191	-
Members	2,384,340	9,540,945	-	2,937,837	9,725,323	-
Total	5,644,434	19,575,875	-	7,304,927	20,129,009	-

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	Change in percentage %	The impact on write premiums JD	The impact pre – tax profit for the year JD	The impact on owners equity * JD
Vehicles	10	1,090,935	1,074,180	816,377
Maritime and transportation	10	101,730	7,430	5,647
Aviation	10	52,440	9,680	2,323
Fire and other damage to property	10	232,244	64,595	49,092
Responsibility	10	8,329	4,000	3,040
Credit and warranty	10	76,373	25,047	19,035
Medical	10	924,676	730,343	555,061
Others branches	10	27,306	25,534	19,405
		2,514,033	1,940,809	1,469,980

4 - REINSURANCE COMPANIES

As it is with other insurance companies in order to minimize exposure to financial losses arising from large insurance claims, the Company within the normal course of business to enter into reinsurance agreements with other parties.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial position of the reinsurance companies that deal and monitors concentrations of credit risk arising from geographic regions, activities or economic characteristics similar to those companies. the re-insurance contracts issued the company is not relieved of its obligations towards policyholders campaign, and as a result the company remains committed with claims reinsured in the case of the inability of reinsurers to meet its obligations assumed under the reinsurance agreements.

5- THE SENSITIVITY OF RISK INSURANCE

The following table illustrates the possible change in the prices of the written premiums on income statement and while keeping all other influential changes fixed

* Net after the deduction of income tax impact.

In case of negative change the effect is then equal to the changes above with reverse of the sign.

The following illustrates the possible change in the prices of the written premiums on income statement and while keeping all other influential changes fixed:-

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	Change in percentage	The impact on writhe premiums JD	The impact pre – tax profit for the year JD	The impact on owners equity * JD
Vehicles	10	1,197,956	(938,705)	(713,415)
Maritime and transportation	10	60,300	2,065	1,569
Aviation	10	434	(130)	(31)
Fire and other damage to property	10	116,116	2,455	589
Responsibility	10	7,877	49	12
Credit and warranty	10	16,965	(607)	(146)
Medical	10	767,343	(596,890)	(143,254)
Others branches	10	2,622	(1,932)	(464)
		2,169,613	(1,533,695)	(855,140)

* Net after the deduction of income tax impact.

In case of negative change the effect is then equal to the changes above with reverse of the sign.

6- FINANCIAL RISKS

The Company follows the financial policies of the various risk management within a specific strategy and assume management control of the company and adjust the risk and make optimal strategic distribution for each of the financial assets and financial liabilities, including interest rate risk, credit risk, foreign exchange risk and market risk.

The company follows the financial hedge for each of the financial assets and financial liabilities whenever the need arises policy, a hedge on future unexpected dangers.

Credit risk:

Credit risk is the risk that may result from the failure or inability of debtors and other parties to fulfill their obligations towards the company.

The company believes that it is not significantly exposed to credit risk in terms of existing monitors receivables on an ongoing basis. The company also maintains balances and deposits with leading banking institutions.

The company carries out various insurance and secure the large number of customers, the largest customer the company has accounted for 32% of accounts receivable as of December 31, 2014 compared to 35% as at 31 December 2013, the company's largest customers and referred to above are a receivables government.

The company worked on the development of credit policy, and the company maintains balances and deposits with credit suitable banking institutions.

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Market price risk

known as the danger that results from a fluctuation in the value of financial instruments due to changes in market prices. and that the securities that exposes the company to the risk of market price as at the balance sheet is the investment.

Interest rate risk

The company is exposed to interest rate risk on its assets and liabilities that bears interest such as bank deposits, loans and bank overdrafts.

The interest rate on bank interest as of december, 31, 2016 is 3%-5% annually (2016: 3%-5%).

The following table illustrates the sensitivity of the income statement for possible changes on interest rate as of december, 31, 2017 while all other influential changes kept fixed.

The sensitivity of the income statement is presented by the expected possible effects on the interest rate for the profits of the year, which is calculated on financial assets and liabilities that hold various interest rates as of December 31, 2016..

Currency	Increase in interest rate	Impact on (loss) gain for the year before tax
JD		JD
2017	1%	21,343
2016	1%	21,933

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Changes in price of shares risk

The following table illustrates the sensitivity of the income statement for possible changes on interest rate as of december,31,2014 while all other influential changes kept fixed.

A sensitivity analysis was made assuming that the prices of shares move with the same rate of change of the markets indicator.

	Change in indicator	Impact on owners equity	Impact on income statement
2017			
Financial assets designated at fair value through statement comprehensive income	5%	2,480	2,480
Financial assets designated at fair value through statement comprehensive income	5%	86,048	-
2016			
Financial assets designated at fair value through statement comprehensive income	5%	573	573
Financial assets designated at fair value through statement comprehensive income	5%	69,986	-

In case of negative change the effect is then equal to the changes above with reverse of the sign.

Foreign currency risk

Foreign currencies risks are the risks resulting from the fluctuations in the value of the financial instruments due to the change rates of foreign currencies. most of the company's assets and liabilities are funded by Jordanian Dinar or US Dollar.

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Currency type	In Jordanian Dinar		Foreign currencies	
	Current year	Comparative year	Current year	Comparative year
US Dollar	631,702	631,702	352,624	448,509
Syrian Pound	83,988,146	71,250,456	276,321	234,414

Liquidity Risk

Liquidity risk represents the inability of the company to provide the necessary funding to perform its obligations in due dates, to guard against this risk, management has diversified funding sources and management of assets and liabilities and convenient maturities and maintaining an adequate balance of cash and cash equivalents and securities negotiable.

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Liabilities

	Less than 1 moth	From 1 month to 3 month	More than 3 month to 6 month	More than 6 month to 1 year	More than 1 year to 3 years	More than 3 years	Without maturity	total
Banks overdraft	2,134,333	-	-	-	-	-	-	2,134,333
Accounts payable	-	809,884	1,214,826	2,024,709	-	-	-	4,049,419
Reinsures companies accounts	-	267,727	401,591	669,318	-	-	-	1,338,636
Other provisions	-	-	-	-	-	350,372	-	350,372
Income tax provisions	-	-	-	317,094	-	-	-	317,094
Other liabilities	-	-	-	-	333,246	-	-	333,246
Total	2,134,333	1,077,611	1,616,417	3,011,121	333,246	350,372	-	8,523,100
Total assets	9,349,455	3,116,485	4,674,728	10,284,400	3,739,782	-	-	31,164,850

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FOR THE YEAR ENDED DECEMBER 31, 2016

Liabilities

	Less than 1 moth	From 1 month to 3 month	More than 3 month to 6 month	More than 6 month to 1 year	More than 1 year to 3 years	More than 3 years	Without maturity	total
Banks overdraft	2,193,313	-	-	-	-	-	-	2,193,313
Accounts payable	-	710,806	1,066,209	1,777,014	-	-	-	3,554,029
Reinsures companies accounts	-	379,617	569,426	949,042	-	-	-	1,898,085
Other provisions	-	-	-	-	-	328,047	-	328,047
Income tax provisions	-	-	-	498,981	-	-	-	498,981
Other liabilities	-	-	-	-	691,290	-	-	691,290
Total	2,193,313	1,090,423	1,635,635	3,225,037	691,290	328,047	-	9,163,745
Total assets	8,786,431	2,928,810	4,393,215	9,665,074	3,514,572	-	-	29,288,102

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36. THE ANALYSIS OF THE MAIN SECTORS
(A) Information about the company's business segments

For administrative purposes the company is organized into two business segments, general insurance sector includes vehicles, and maritime transport, aviation, fire and other damage to property, liability insurance, credit and guarantee, and accident and health, and the sector life insurance, which includes life insurance, dental insurance or pension , insurance-related investment, permanent health insurance. These two sectors constitute the foundation on which the company used to show information related to key sectors. Above also includes sectors on investment and cash management for the company's own account. Transactions between business segments are based on estimated market prices and the same conditions are dealt with others.

(B) the geographical distribution Information

This illustration represents the geographical distribution of the company's business, the company's activities are mainly in the Kingdom, which represents the local business practice and the Company exercised any international activities.

The following is the distribution of the company's revenues and assets by geographic region:

	Inside Kingdom		Out Kingdom		Total	
	2017	2016	2017	2016	2017	2016
Total revenue	20,065,807	19,467,033	-	-	20,065,807	19,467,033
Total Assets	31,164,850	29,288,102	-	-	31,164,850	29,288,102

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37. CAPITAL MANAGEMENT

Is placed regulate capital requirements by the Insurance Commission, I have put these requirements to ensure an adequate margin, it has been put additional goals by the company to maintain a strong credit scores and the percentage of high capital in order to support its business and increase the upper limit of the value of the shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions, the company does not in any amendments to the objectives, policies and procedures related to the structuring of the capital during the current year and previous year.

The opinion of management: the company's management is seeking to raise the solvency margin during 2017.

The following table shows the amount that it considers the company as head of capital and solvency margin ratio:

	2017	2016
Initial capital items:		
Paiding capital	9,100,000	9,100,000
Statury reserve	1,746,260	1,569,638
Accumulated losse	49,417	(1,090,502)
Items of additional capital:		
Accumulated change in fair value of financial assets available for sale	(1,098,551)	(1,259,167)
Increase in real estate investment	1,557,350	1,547,743
Accumulated strucured capital (A)	11,354,476	9,867,712
Accumulated required capital (B)	6,626,591	6,399,903
Margin rate (A)/(B)	171%	154%

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38- ANALYSIS OF ASSETS AND LIABILITIES MATURITIES

<u>2017</u>	Up to a year	More than a year	Total
Assets:			
Deposits at bank	7,641,565	-	7,641,565
Financial asstes designated at fair value through statement of comprehensive income	49,597	-	49,597
Financial asstes designated at fair value through statement of other comprehensive income	-	2,819,507	2,819,507
Cash on hand and at Banks	1,991,974	-	1,991,974
Cheques under collections	898,440	-	898,440
Account recievables – net	10,898,057	-	10,898,057
Receivables from reinsurance companies	2,125,769	-	2,125,769
Deferred Tax assets	1,129,032	-	1,129,032
Investements in affiliated company	-	1,205,264	1,205,264
Fixed assets-net	-	1,808,680	1,808,680
Other assets	596,965	-	596,965
Total assets	25,331,399	5,833,451	31,164,850
Liabilities			
Net unearned premiums provision	5,316,922	-	5,316,922
Net claims provision	7,165,028	-	7,165,028
Net accounting provision	362,674	-	362,674
Due to Banks	2,134,333	-	2,134,333
Accounts payables	4,049,419	-	4,049,419
Payables to reinsurers	1,338,636	-	1,338,636
Miscellaneous provisions	350,372	-	350,372
Income tax provision	317,094	-	317,094
Other payables	333,246	-	333,246
Total liabilities	21,367,724	-	21,367,724
Net	3,963,675	5,833,451	9,797,126

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ANALYSIS OF ASSETS AND LIABILITIES MATURITIES (continued)

<u>2016</u>	Up to a year	More than a year	Total
Assets:			
Deposits at bank	6,687,204	-	6,687,204
Financial asstes designated at fair value through statement of comprehensive income	11,453	-	11,453
Financial asstes designated at fair value through statement of other comprehensive income	-	2,658,891	2,658,891
Investements in affiliated company	2,475,711	-	2,475,711
Cash on hand and at Banks	1,165,076	-	1,165,076
Cheques under collections	9,279,480	-	9,279,480
Account recievables – net	2,045,042	-	2,045,042
Receivables from reinsurance companies	1,116,894	-	1,116,894
Deferred Tax assets	-	1,214,871	1,214,871
Fixed assets-net	-	1,807,044	1,807,044
Other assets	826,436	-	826,436
Total assets	23,607,296	5,680,806	29,288,102
Liabilities			
Net unearned premiums provision	5,285,716	-	5,285,716
Net claims provision	6,231,281	-	6,231,281
Net accounting provision	287,399	-	287,399
Due to Banks	2,193,313	-	2,193,313
Accounts payables	3,554,029	-	3,554,029
Payables to reinsurers	1,898,085	-	1,898,085
Miscellaneous provisions	328,047	-	328,047
Income tax provision	498,981	-	498,981
Other payables	691,282	-	691,282
Total liabilities	20,968,133	-	20,968,133
Net	2,639,163	5,680,806	8,319,969

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39- CASES HELD ON THE COMPANY

There are cases raised on the company from accidents and varied damages as at 31 December 2016 amounted JD 2.313.158 and these cases are still pending by the competent courts, And that's according to what has been said in the lawyer's letter of the company, and in managements opinion, the amounts allocated to meet the obligations that may arise from these cases are adequate.

40- CONTINGET LIABILITIES

The Company had the contingent liability as of December 31 2017 from bank guarantees. which amount JD 1.517.461 (2016: JD 3.013.312).

41- FINANCIAL INSTRUMENTS

The Fair Value

The fair value of financial assets and financial liabilities Financial assets include cash and cash equivalents and checks under collection and receivables, securities, and include accounts payable, credit facilities and loans and credits and other financial liabilities.

First level: the market prices stated in active markets for the same financial instruments.

Level II: assessment methods depend on the input affect the fair value and can be observed directly or indirectly in the market.

Level III: valuation techniques based on inputs affect the fair value cannot be observed directly or indirectly in the market.

JORDAN FRENCH INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)
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<u>December 31, 2017</u>	<u>level one</u>	<u>Second Level</u>	<u>third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	49,597	-	-	49,597
Financial assets designated at fair value through statement of other comprehensive income	2,819,507	-	-	2,819,507
	2,869,104	-	-	2,869,104
<u>December 31, 2016</u>	<u>level one</u>	<u>Second Level</u>	<u>third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	11,453	-	-	11,453
Financial assets designated at fair value through statement of other comprehensive income	2,658,891	-	-	2,658,891
	2,670,344	-	-	2,670,344

The value set out in the third level reflect the cost of buying these assets rather than its fair value due to the lack of an active market for them, this is the opinion of Directors that the purchase cost is the most convenient way to measure the fair value of these assets and that there was no impairment.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017
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42- APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors and authorized for issuance on February 27, 2018.

43- COMPARTIVE FIGURES

Certain figures for 2016 have been reclassified to confirm presentation in the current year.

Statement of financial position of the branch of life insurance as at 31 December

	2017	2016
Assets		
Deposits at banks	303,771	1,122,168
Totals investments	771,303	1,122,168
Cash on hand and bank balances	292,341	183,819
Notes receivables	61,003	172,219
Accounts receivable – net	1,660,335	446,774
Accounts insurers – debtors	276,572	202,902
Other assets	58,908	74,418
Total assets	2,652,930	2,202,300
Liabilities and shareholder's equity		
Liabilities		
Claims provision – net	45,762	19,242
Mathematical provision – net	362,674	287,399
Total insurance contracts liabilities	408,436	306,641
Accounts payable	16,810	12,050
Accounts payable reinsurers	15,844	14,574
Other Liabilities	3,050	3,080
Total Liabilities	444,140	336,345
Shareholders' equity		
Retained earnings	2,208,790	1,865,955
Total shareholders' equity	2,208,790	1,865,955
Total liabilities and shareholders' equity	2,652,930	2,202,300

