شركة التأمين الأردنية
Jordan Insurance Company
1951

عمّان في 2019/3/31

522/80/2

السادة المحترمين،
هيئة الأوراق المالية،
عمان.

تحية واحتراما وبعد،،

نرفق لكم طيه البيانات المالية للفترة من 2018/1/1 ولغاية 2018/12/31.

شاكرين لكم حسن تعاونكم.

وتفضلوا بقبول فائق الاحترام ,,,

المدير العام
عماد عبد الخالق

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٣١ آذار ٢٠١٩
الرقم المتسلسل ....
الجهة المختصة ....

المكتب الرئيسي، الدوار الثالث - جبل عمان، ص.ب ٢٧٩ عمان ١١١١٨ الأردن، تلفون ٦٤٦٣٤١٦١ (٩٦٢)، فاكس ٦٤٦٣٧٩٠٥ (٩٦٢)
HEAD OFFICE, 3rd Circle - Jabal Amman, P.O.Box 279 Amman 11118 Jordan, Tel. (962) 6 4634161, Fax (962) 6 4637905
www.jicjo.com

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

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

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

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche (M.E.)
Jabal Amman, 5th Circle
190 Zahran Street
Amman, P.O. Box 248
Jordan

Tel: +962 (0) 6 550 2200
Fax: +962 (0) 6 550 2210
www.deloitte.com

Independent Auditor's Report

AM/ 007608

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Insurance Company (the Company), which comprise the statement of financial position as of December 31, 2018, and the statement of income and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Deloitte.

Key Audit Matters

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

Application of the International Financial Reporting Standard No. (9)	Scope of the Audit to Address the Risk
The International Accounting Standards Board issued IFRS 9 *"Financial Instruments"*, which replaces IAS 39. Application of the new standard has been considered a key audit matter because it requires Management to use significant estimates and assumptions in applying the expected credit loss model. The new standard addresses the classification, measurement, and derecognition of financial assets and financial liabilities, and introduces new accounting rules for hedge accounting and the impairment model for financial assets. The Company's Management applies the simplified expected credit loss model to determine the allowance for the impairment of various receivables. In this respect, the simplified expected credit loss model includes the use of different assumptions, the aging of receivables, macroeconomic factors, and the study of historical trends relating to the Company's experience in collecting receivables. At December 31, 2018, the carrying amount of the various receivables and financial assets subject to impairment requirements was about JD 46 million, and the provision for credit losses was about JD 4.7 million	We have undertaken the following procedures with regard to the application of IFRS 9: • Reviewed Management's analysis of the impact of IFRS 9 *"Financial Instruments"* in terms of classifying and measuring the Company's financial assets and liabilities; and understood the application approach; • Reviewed the expected credit loss model developed by Management, examined the reasonableness of the methodology used compared to the best accepted practices, and tested the accounting accuracy of the model; • Tested the key assumptions used by Management through comparing them with historical data. We also considered the inclusion of future economic factors to reflect the impact of future events on the expected credit losses; • Reviewed the aging of various receivables and the credit risks of financial assets subject to the impairment requirements provided to us by the Company's Management; and • Obtained the support of our specialists to examine the methodology used in the expected credit loss model and compared it with the best accepted practices. The significant accounting policies and accounting estimates are set out in Notes (2) and (3) to the financial statements

Deloitte.

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

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

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

The total receivables and financial assets subject to the above standard amounted to JD 46 million and the related provision for credit losses amounted to JD 4.7 million as of December 31, 2018.

Scope of the Audit to Address the Risk

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

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

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

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

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

Deloitte.

Technical Provisions

Technical provisions are key audit matters. Moreover, technical provisions amounted to JD 29.961.364, representing 50% of the total liabilities as of December 31, 2018. In addition, the Company assesses technical provisions according to International Financial Reporting Standards and the requirements of regulatory bodies. As such, technical provisions are calculated based on the adopted accounting policies, the Company's estimates, and historical data on claims. The reinsurers' share from the technical provision is re-calculated according to the related signed treaties. Furthermore, Executive Management appoints a certified actuary and a loss adjuster to periodically review the adequacy of the technical provisions.

Scope of Audit to Address Risks

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

Evaluation of Unquoted Investments in Regulated Markets

The financial assets at fair value through comprehensive income unquoted in financial markets amounted to JD 5.260.834, representing 6% of the Company's total assets as of December 31, 2018. Moreover, these financial assets should be stated at fair value in accordance with International Financial Reporting Standards. The Company should also determine the fair value of the financial assets.

Scope of Audit to Address Risks

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

Evaluation of Investment Property

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

Scope of Audit to Address Risks

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

Other Matter

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

Deloitte.

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

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

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

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

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

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

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

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

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

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

Deloitte.

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

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

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

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

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

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

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

Amman – Jordan
March 4, 2019

Deloitte & Touche

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010101

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

ASSETS	Note	December 31, 2018	December 31, 2017
		JD	JD
Deposits at banks	5	15,617,578	3,888,627
Financial assets at fair value through profit or loss	6	3,552,267	4,019,249
Financial assets at fair value through other comprehensive income	7	18,590,435	19,449,194
Investments property	8	19,161,688	19,156,441
Life insurance policy holders' loans	9	20,289	26,139
Total Investments		56,942,257	46,539,650
Cash on hand and at banks	10	5,604,926	12,224,831
Notes receivable and checks under collection	11	3,231,502	3,512,576
Accounts receivable - net	12	18,706,417	17,907,719
Reinsurance receivable	44 & 13	3,310,695	6,817,764
Deferred tax assets	14/d	1,392,462	1,137,157
Property and equipment - Net	15	1,113,915	1,197,650
Intangible assets - Net	16	56,734	64,125
Other assets	17	1,963,952	2,047,851
TOTAL ASSETS		92,322,860	91,449,323
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Unearned premiums reserve - net		14,170,808	15,775,843
Outstanding claims reserve - net		14,143,459	14,580,844
Mathematical reserve - net	18	1,562,597	2,076,639
Premiums deficiency reserve		84,500	180,000
Total Insurance Contracts Liabilities		29,961,364	32,613,326
Due to Banks	19	14,960,693	9,919,468
Accounts payable	20	3,004,446	4,215,276
Reinsurance payable	44 & 21	8,782,209	6,942,728
Various provisions	22	962,486	865,827
Provision for income tax	14/a	10	186,868
Other liabilities	23	975,010	954,488
TOTAL LIABILITIES		58,646,218	55,697,981
SHAREHOLDERS' EQUITY			
Paid-up capital	24	30,000,000	30,000,000
Statutory reserve	25	7,500,000	7,500,000
Financial assets valuation reserve	26	(5,151,430)	(4,292,662)
Retained earnings	27	1,328,072	2,544,004
Total Shareholders' Equity		33,676,642	35,751,342
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		92,322,860	91,449,323

Chairman of the Board of Directors — General Manager

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN -THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
Revenue:			
Gross written premiums - general insurance		53,201,804	58,638,103
Gross written premiums - life		19,698,594	20,476,053
Less: Re-Insurers' share - general Insurance		(22,034,911)	(25,479,767)
Re-Insurer's share - life		(12,304,406)	(12,875,343)
Net Written Premiums		38,561,081	40,759,046
Net change In unearned premiums reserve		1,605,035	207,679
Net change In mathematical reserve		514,042	213,431
Net change in premiums daficiency reserve		95,500	(1,000)
Net Earned Premium Revenue		40,775,658	41,179,156
Commissions' revenue		2,246,304	2,240,764
Insurance policies Issuance fees		1,568,860	1,717,847
Interest revenue	29	319,819	81,001
Net gains from financial assets and investments	30	300,624	1,147,641
Other revenue	31	305,009	155,232
Total Revenue		45,516,274	46,521,641
Claims, Losses and Expenses			
Paid claims		58,976,581	61,499,883
Less: Recoveries		(5,237,623)	(4,982,050)
Reinsurance share		(24,226,752)	(24,702,856)
Add: Matured and settled policies		229,886	87,917
Net paid claims		29,742,092	31,902,894
Net change In outstanding claims reserve		(437,385)	(313,170)
Allocated employees' expenses	32	4,497,233	4,423,910
Allocated general and administrative expenses	33	2,374,498	2,300,894
Excess of loss premiums		636,238	583,440
Policies acquisition cost		3,309,092	3,496,819
Other expenses related to underwritings		1,877,647	1,881,397
Net Claims Costs		41,999,415	44,276,184
Unallocated employees' expenses	32	798,717	814,971
Depreciation and amortization		257,114	294,809
Unallocated general and administrative expenses	33	427,975	417,625
Provision/(Recoveries of) in accounts receivable	12 & 13	366,500	838,828
Provision for checks under collection	11	35,350	40,700
Bank interest and charges		1,462,837	260,000
Other expenses	34	108,687	82,817
Total Expenses		3,457,180	2,749,750
(Loss) Income for the Year before Tax		59,679	(504,293)
Income tax surplus	14/b	56,025	(4,570)
Income (Loss) for the Year		115,704	(499,723)
Earning / (Loss) per share for the year - (Basic and Diluted)	35	004/-	(-/017)

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2018	2017
	JD	JD
income (Loss) for the year	115,704	(499,723)
Other Comprehensive Income Items		
Items not Transferrable Subsequently to the Income Statement:		
Change in financial assets at fair value - net after tax	(858,768)	3,415,790
Total Comprehensive Income Statement Items	(858,768)	3,415,790
Total Comprehensive (Loss) Income for the Year	(743,064)	2,916,067

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

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

	Note	Paid - up Capital	Statutory Reserve	Financial Assets Valuation Reserve	Retained Earnings Realized	Retained Earnings Unrealized	Total
For the Year Ended December 31, 2018		JD	JD	JD	JD	JD	JD
Balance - beginning of the year		30,000,000	7,500,000	(4,292,662)	379,898	2,164,106	35,751,342
IFRS (9) Effect (Note 3)		-	-	-	-	(263,720)	(263,720)
Effect of prior years adjustments (Note 44)		-	-	-	(1,067,916)	-	(1,067,916)
Adjusted Balance		30,000,000	7,500,000	(4,292,662)	(688,018)	1,900,386	34,419,706
Profit for the period		-	-	-	115,704	-	115,704
Net change in fair value for financial assets through comprehensive for the period		-	-	(858,768)	-	-	(858,768)
Total Comprehensive income for the period		-	-	(858,768)	115,704	-	(743,064)
Net change during the year		-	-	-	572,314	(572,314)	-
Balance - End of the Year		30,000,000	7,500,000	(5,151,430)	-	1,328,072	33,676,642
For the Year Ended December 31, 2017							
Balance - beginning of the year		30,000,000	7,500,000	(7,708,452)	2,495,548	2,348,179	34,635,275
(Loss) for the year		-	-	-	(499,723)	-	(499,723)
Change in fair value - net after tax		-	-	3,415,790	-	-	3,415,790
Total Comprehensive Income for the Year		-	-	3,415,790	(499,723)	-	2,916,067
Dividends Distributed	28	-	-	-	(1,800,000)	-	(1,800,000)
Net change during the year		-	-	-	184,073	(184,073)	-
Balance - End of the Year		30,000,000	7,500,000	(4,292,662)	379,898	2,164,106	35,751,342

a. The retained earnings balance includes JD 1,392,462 as of December 31, 2018, which represents deferred tax assets (JD 1,137,157 as of December 31, 2017).

b. The retained earnings balance includes JD 1,517,160 , as of December 31, 2018, which represents the effect of the early adoption of IFRS (9). This amount represents revaluation differences that may not be used until realized according to the Jordan Securities Commission's instructions.

c. As per the Instructions of the Jordan Securities Commission, there is a restriction for the use of an amount equivalent to the negative fair value accumulated change balance of JD 3,634,270 as of Decebmer 31, 2018 after taking into consideration the effect of statement (b) mentioned above.

- In its meeting held on April 27, 2017,the Company's General Assembly of Shareholders resolved to distribute cash dividends of JD 1,800,000, or 6% of the paid-up share capital. Moreover, it is prohibited, under the Instructions of the regulatory bodies, to use those distributed cash dividends, which include unrealized retained earnings,representing the balances of deferred tax assets, the effect of early application of IFRS 9, and the negative change in fair value reserve as at 31 December 2016.

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (Loss) for the year before tax		59,679	(504,293)
Adjustments:			
Depreciation and amortization		287,329	294,809
Added to accounts receivable provision	13 & 12	366,500	838,828
Provision for checks under collection	11	35,350	40,700
Loss on revaluation of financial assets at fair value through profit or loss	30	422,647	120,743
(Gains) loss on the sale of financial assets through profit or loss	30	(9,582)	3,836
Provision for unearned premiums - Net		(1,605,035)	(207,679)
End-of-service indemnity expense	22	108,687	81,817
Outstanding claims provision - net		(437,385)	313,170-
Mathematical reserve - net		(514,042)	(213,431)
Net change in premiums deficiency reserve		(95,500)	1,000
Cash Flows from Operating Activities before Changes in Working Capital Items		(1,381,352)	143,160
Decrease (Increase) in financial assets at fair value through profit or loss		53,917	(15,526)
Decrease in notes receivable and checks under collection		245,724	843,945
(Increase) in receivables		(1,512,198)	(1,329,212)
Decrease (Increase) In reinsurance receivable		2,960,241	(3,057,555)
Decrease (Increase) In other assets		83,899	(1,035,087)
(Decrease) Increase in payables		(1,210,830)	1,707,979
Increase in reinsurance payable		1,318,393	115,118
Increase (Decrease) in varous provisions and other liabilities		8,494	(255,341)
Net Cash Flows from (used in) Operating Activities before Provisions and Tax Paid		566,288	(2,882,519)
Income tax paid	14/a	(302,858)	(376,480)
Paid from end-of-service indemnity provision	22	-	(93,035)
Net Cash Flows from (used In) Operating Activities		263,430	(3,352,034)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) In deposits at banks		(151,817)	(162,339)
(Increase) in financial assets at fair value through other comprehensive income statement		(9)	(6,295)
Decrease in life insurance policyholders' loans		5,850	873
(Increase) in property and equipment	15	(31,811)	(43,988)
Proceeds from sale of investments property		75	-
(Increase) In intangible assets	16	(24,658)	(3,650)
(Increase) in investments property	8	(145,056)	(6,298)
Net Cash Flows (used in) investing Activities		(347,426)	(221,697)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to banks	19	5,041,225	9,919,468
Dividends paid to shareholders	28	-	(1,800,000)
Total Cash Flows from Financing Activities		5,041,225	8,119,468
Net Increase in Cash and Cash Equivalents		4,957,229	4,545,737
Cash and cash equivalents - beginning of the year		13,752,743	9,207,006
Cash and Cash Equivalents - End of the Year	36	18,709,972	13,752,743

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES FOR JORDAN BRANCHES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:														
Direct operations	14,109,824	15,413,830	1,525,128	1,564,217	10,713,254	10,741,824	481,130	709,898	9,725,531	9,299,372	98,820	65,570	36,653,687	37,794,711
Inward voluntary re-insurers'	638,555	652,139	175,963	222,492	2,818,906	4,416,804	27,541	130,198	-	17,164	458	758	3,661,423	5,439,555
Gross Earned Premiums	14,748,379	16,065,969	1,701,091	1,786,709	13,532,160	15,158,628	508,671	840,096	9,725,531	9,316,536	99,278	66,328	40,315,110	43,234,266
Less: Local re-insurers' share	270	800	165,714	175,673	3,074,609	4,697,013	27,654	128,671	-	450	-	-	3,268,247	5,002,607
Foreign re-insurers' share	442,155	460,212	1,329,096	1,397,626	9,831,339	9,951,775	446,344	688,784	3,592,641	3,646,551	58,563	32,553	15,700,138	16,177,501
Net Earned Premiums	14,305,954	15,604,957	206,281	213,410	626,212	509,840	34,673	22,641	6,132,890	5,669,535	40,715	33,775	21,346,725	22,054,158
Add: Unearned premiums reserve - beginning of the year	7,492,489	8,363,974	320,397	454,760	6,911,789	6,792,932	493,370	513,511	3,842,385	2,999,899	31,952	65,183	19,092,382	19,190,259
Less: Re-insurers share - beginning of the year	177,119	165,796	267,947	395,040	6,760,387	6,618,938	484,153	492,248	1,460,013	1,178,481	17,743	40,162	9,167,362	8,890,665
Net unearned premiums reserve - beginning of the year	7,315,370	8,198,178	52,450	59,720	151,402	173,994	9,217	21,263	2,382,372	1,821,418	14,209	25,021	9,925,020	10,299,594
Less: Unearned premiums reserve - end of the year	6,906,548	7,492,489	294,561	320,397	6,597,278	6,911,789	400,468	493,370	3,863,027	3,842,385	37,669	31,952	18,099,551	19,092,382
Re-insurers' share - end of the year	168,625	177,119	244,983	267,947	6,431,430	6,760,387	393,331	484,153	1,406,306	1,460,013	21,940	17,743	8,666,615	9,167,362
Net Unearned premiums reserve - end of the Year	6,737,923	7,315,370	49,578	52,450	165,848	151,402	7,137	9,217	2,456,721	2,382,372	15,729	14,209	9,432,936	9,925,020
Net Revenue earned from the Underwritten Premiums	14,883,401	16,487,765	209,153	220,680	611,766	532,432	36,753	34,687	6,058,541	5,108,581	39,195	44,587	21,838,809	22,428,732

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

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

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	18,560,115	20,273,723	274,920	534,910	5,046,443	2,208,162	89,230	30,118	7,791,053	6,091,503	3,059	21,402	31,764,820	29,167,838
Recoveries	3,808,557	3,910,500	5,869	-	26,341	37,092	1,715	238	-	-	-	-	3,842,482	3,947,830
Local re-insurers' share	37,092	7,846	-	15,725	986,995	105,497	1,145	896	-	-	-	-	1,025,232	129,964
Foreign re-insurers' share	272,600	206,289	212,190	449,506	3,856,413	1,826,090	71,711	34,888	3,591,751	2,952,527	-	14,981	8,004,665	5,484,281
Net paid claims	14,441,866	16,149,088	56,861	69,679	176,694	239,503	14,659	2,096	4,199,302	3,138,976	3,059	6,421	18,892,441	19,605,263
Add: Incurred and reported claimsreserve - end of the Year	9.216.206	10.815.192	1.127.400	1.083.962	6.812.050	5.378.309	2.030.184	1.031.835	313.738	404.376	164.923	140.243	19.664.501	18.853.917
Incurred but not reported (IBNR)	1,492,452	992,452	18,000	18,000	5,000	5,000	6,000	6,000	631,052	731,853	-	-	2,152,504	1,753,305
Less: Re-insurers share - end of the year	428.481	496.501	912.011	958.676	6.532.712	5.204.897	2.004.296	1.012.594	426.457	541.419	123.508	95.727	10.427.465	8.309.814
Recoveries	2.918.038	3.246.348	-	-	-	-	-	-	-	-	-	-	2.918.038	3.246.348
Net claims reserve - end of the year	7.362.139	8.064.795	233.389	143.286	284.338	178.412	31.888	25.241	518.333	594.810	41.415	44.516	8.471.502	9.051.060
Less: Incurred and reported claims reserve - beginning of the year	10.815.192	11.794.617	1.083.962	1.116.870	5.378.309	6.054.254	1.031.835	766.449	404.376	254.712	140.243	127.859	18.853.917	20.100.761
Incurred but not reported (IBNR)	992,452	686,452	18,000	18,000	5,000	5,000	6,000	6,000	731,853	381,000	-	-	1,753,305	1,096,452
Less: Re-insurers' share - beginning of the year	496.501	459.618	958.676	989.672	5.204.897	5.845.571	1.012.594	751.981	541.419	318.065	95.727	83.113	8.309.814	8.448.020
Recoveries	3.246.348	3.406.924	-	-	-	-	-	-	-	-	-	-	3.246.348	3.406.924
Net claims reserve - beginning of the year	8.064.795	8.614.527	143.286	145.198	178.412	213.683	25.241	20.460	594.810	317.647	44.516	39.746	9.051.060	9.351.269
Net Paid Claims Cost	13.739.210	15.599.356	146.964	67.767	282.620	204.232	21.306	6.869	4.122.825	3.416.139	(42)	11.191	18.312.883	19.305.554

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES FOR JORDAN BRANCHES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Liability		Medical		Other		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net revenue from the written premiums	14,883,401	16,487,765	209,153	220,680	611,766	532,432	36,753	34,687	6,058,541	5,108,581	39,195	44,587	21,838,809	22,428,732
(Less): Net paid claims cost	13,739,210	15,599,356	146,964	67,767	282,620	204,232	21,306	6,869	4,122,825	3,416,139	(42)	11,191	18,312,883	19,305,554
	1,144,191	888,409	62,189	152,913	329,146	328,200	15,447	27,818	1,935,716	1,692,442	39,237	33,396	3,525,926	3,123,178
Add: Received commissions	132.690	126.559	296.357	297.488	1.212.448	1.132.975	63.871	73.157	-	-	13.887	11.715	1.717.253	1.641.844
Insurance policies issuance fees	726,155	652,295	24,092	25,425	137,237	138,176	7,953	9,666	302,232	286,571	2,634	2,311	1,200,303	1,114,444
Revenues from investments related to underwriting accounts	153,300	146,275	37,867	183,392	-	-	-	-	5,912	6,274	-	-	197,079	335,941
Total Revenue	2,156,336	1,813,538	420,505	659,218	1,678,831	1,599,301	85,271	110,641	2,243,860	1,985,287	55,758	47,422	6,640,561	6,215,407
Less: Paid commissions	646.977	766.521	51.806	38.420	151.381	55.904	6.204	14.713	207.815	254.300	3.278	2 248	1.067.461	1.132.106
Excess of loss premiums	167,950	150,611	32,153	28,708	261,475	247,260	-	-	-	-	-	-	461,578	426,579
Administrative expenses related to underwriting accounts	1,149,838	964,845	149,942	158,569	955,738	1,049,455	43,791	68,507	812,358	731,474	8,066	5,327	3,119,733	2,978,177
Other expenses	484,036	488,367	9,632	10,475	70,943	84,265	-	-	746,168	706,229	-	-	1,310,279	1,289,287
Total Expenses	2,448,801	2,370,344	243,533	236,172	1,439,537	1,436,884	49,995	83,220	1,766,341	1,691,954	11,344	7,575	5,959,551	5,826,149
Net Written Profit	(292,465)	(556,806)	176,972	423,046	239,294	162,417	35,276	27,421	477,519	293,333	44,414	39,847	681,010	389,258

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Written Premiums:		
Direct operations	19,696,233	20,472,708
Inward voluntary re-insurers'	2,361	3,345
Gross Written Premiums	19,698,594	20,476,053
Less: Local re-insurers' share	277,398	255,355
Foreign re-insurers' share	12,027,008	12,619,988
Net Written Premiums	7,394,188	7,600,710
Add: Mathematical reserve - beginning of the year	2,763,732	3,809,172
Less: Re-insurers' share	687,093	1,519,102
Net Mathematical Reserve - Beginning of the Year	2,076,639	2,290,070
Less: Mathematical reserve - End of the Year	2,098,823	2,763,732
Less: Re-insurers' share	536,226	687,093
Net Mathematical Reserve - End of the Year (Note 18)	1,562,597	2,076,639
Net Earned Revenue from Written Premiums	7,908,230	7,814,141

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Claims paid	16,719,624	18,044,778
Policies settlements and maturities	229,886	87,917
Less: Local re-insurers' share	226,272	156,275
Foreign re-insurers' share	12,307,153	13,619,750
Net Paid Claims	4,416,085	4,356,670
Add: Reported claims reserve - end of the year	4,655,077	4,632,463
Less: Re-insurers' share	3,723,555	3,784,029
Net Claims Reserve - End of the Year	931,522	848,434
Add: Reported claims reserve - beginning of the year	4,632,463	3,564,784
Less: Re-insurers' share	3,784,029	2,843,079
Net Claims Reserve - Beginning of the Year	848,434	721,705
Net Claims Paid Cost	4,499,173	4,483,399

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Net earned revenue from the written premiums	7,908,230	7,814,141
Less: Net claims paid cost	4,499,173	4,483,399
	3,409,057	3,330,742
Add: Received commissions	45,424	48,970
Insurance policies issuance fees	361,234	572,052
Interest revenue from investment related to underwriting accounts	70,000	18,946
Other revenue	185,126	297,126
Total Revenue	4,070,841	4,267,836
Less: Paid commissions	933,263	868,249
Administrative expenses related to underwriting accounts	1,787,490	1,952,209
Other expenses	211,636	205,376
Total Expenses	2,932,389	3,025,834
Net Underwriting Profit	1,138,452	1,242,002

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES FOR FOREIGN BRANCHES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Written premiums	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Direct operation	8,682,365	9,244,940	703,915	899,748	1,099,291	1,203,357	104,039	103,201	2,088,084	3,696,925	178,487	226,066	12,856,181	15,374,237
Inward voluntary re-insurers'	-	-	-	-	30,513	29,600	-	-	-	-	-	-	30,513	29,600
Gross written premium	8,682,365	9,244,940	703,915	899,748	1,129,804	1,232,957	104,039	103,201	2,088,084	3,696,925	178,487	226,066	12,886,694	15,403,837
Less: Local re-insurance premiums	-	-	-	-	2.459	6.941	-	-	652	597	-	-	3.111	7.538
Foreign re-insurance premiums	107,331	65,489	602,248	756,339	968,253	1,082,508	86,505	85,327	1,290,374	2,289,587	8,704	12,871	3,063,415	4,292,121
Net earned premiums	8,575,034	9,179,451	101,667	143,409	159,092	143,508	17,534	17,874	797,058	1,406,741	169,783	213,195	9,820,168	11,104,170
Add: Unearned premiums reserve - beginning of the year	5.108.985	4.977.609	201.255	208.819	546.309	486,471	48.646	42.552	1.482.602	1.563.664	110.732	109.777	7.490.529	7.408,972
Less: Reinsurers' share - beginning of the year	36.593	34.320	169.166	174.457	477.225	428.855	39.963	34.512	918.982	1.047.201	5.777	5.699	1.647.706	1.725.044
Net unearned premiums reserve - beginning of the year	5.072.392	4.943.369	32.089	34.362	69.084	57.616	8.683	8.040	563.620	536.463	104.955	104.078	5.850.823	5.663.920
Premiums deficiency reserve	180.000	179.000	-	-	-	-	-	-	-	-	-	-	180.000	179.000
Less: Unearned premiums reserve - end of the Year	4.279.738	5.108.985	190.920	201.255	580.870	546.309	50.958	48.646	803.981	1.482.602	80.824	110.732	5.987.291	7.498.529
Re-insurers' share - end of the Year	46.624	36.593	167.341	169.166	501.889	477.225	43.187	39.963	487.268	918.982	3.110	5.777	1.249.419	1.647.706
Net unearned premiums reserve - end of the year	4.233.114	5.072.392	23.579	32.089	78.981	69.084	7.771	8.683	316.713	563.620	77.714	104.955	4.737.872	5.850.823
Premiums deficiency reserve	-	180.000	7.500	-	37.000	-	-	-	40.000	-	-	-	84.500	180.000
Net Rerenues from the Written Premiums	9.594.312	9.049.428	102.677	145.682	112.195	132.040	18.446	17.231	1.003.965	1.379.584	192.024	212.318	11.028.619	10.936.203

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES FOR FOREIGN BRANCHES

	Motor		Marine and Transportation		Fire and Other Damages to Properties	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Paid claims	7,651,454	8,210,631	164,363	284,180	63,417	2,788,653
Recoveries	1,391,903	1,003,811	925	5,045	2,313	25,364
Local re-insurers' share	-	-	-	-	-	-
Foreign re-insurers' share	433,635	8,001	108,233	235,959	52,026	2,640,165
Net Paid claims	5,825,916	7,198,819	55,205	43,176	9,078	123,124
Add: Incurred and reported claims reserve - end of the year	4,253,414	3,854,900	822,355	430,921	138,903	115,958
Incurred but not reported (IBNR)	1,567,298	1,607,298	28,000	28,000	1,000	1,000
Less: Re-insurers' share - end of the year	132,485	28,329	745,328	400,968	126,064	87,355
Recoveries	1,278,073	1,081,698	-	-	-	-
Net claims provision - end of the year	4,410,154	4,352,171	105,027	57,953	13,839	29,603
Less: Incurred and reported claims reserve - beginning of the year	3,854,900	4,133,865	430,921	617,724	115,958	2,959,392
Incurred but not reported (IBNR)	1,607,298	1,302,298	28,000	28,000	1,000	1,000
Less: Reinsurers' share - beginning of the year	28,329	58,143	400,968	572,132	87,355	2,787,542
Recoveries	1,081,698	987,058	-	-	-	-
Net claims provision - beginning of the year	4,352,171	4,390,962	57,953	73,592	29,603	172,850
Net Cost of Claims	5,883,899	7,160,028	102,279	27,537	(6,686)	(20,123)

	Liability		Medical		Other Branches		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	-	-	2,586,198	2,987,492	26,705	16,311	10,492,137	14,287,267
Recoveries	-	-	-	-	-	-	1,395,141	1,034,220
Local re-insurers' share	-	-	-	-	-	-	-	-
Foreign re-insurers' share	-	-	2,069,536	2,428,209	-	252	2,663,430	5,312,506
Net Paid claims	-	-	516,662	559,283	26,705	16,059	6,433,566	7,940,461
Add: Incurred and reported claims reserve - end of the year	-	-	206,307	232,341	109,823	98,606	5,530,802	4,737,726
Incurred but not reported (IBNR)	-	-	216,669	399,499	17,000	17,000	1,829,967	2,052,797
Less: Re-insurers' share - end of the year	-	-	338,384	505,828	-	-	1,342,261	1,022,480
Recoveries	-	-	-	-	-	-	1,278,073	1,081,698
Net claims provision - end of the year	-	-	84,592	126,012	126,823	115,606	4,740,435	4,681,345
Less: Incurred and reported claims reserve - beginning of the year	-	-	232,341	146,523	98,606	94,653	4,737,726	7,952,157
Incurred but not reported (IBNR)	-	-	399,499	288,844	17,000	17,000	2,052,797	1,637,142
Less: Reinsurers' share - beginning of the year	-	-	505,828	363,384	-	-	1,022,480	3,781,701
Recoveries	-	-	-	-	-	-	1,081,698	987,058
Net claims provision - beginning of the year	-	-	126,012	71,983	115,606	111,653	4,681,345	4,821,040
Net Cost of Claims	-	-	475,242	613,312	37,922	20,012	6,492,656	7,000,766

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES FOR FOREIGN BRANCHES

	Motor		Marine and Transportation		Other Fire and Damages for Properties		Liability		Medical		Other Branches		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net revenue from the written premiums	9,594,312	9,049,428	102,677	145,682	112,195	132,040	18,446	17,231	1,003,965	1,379,584	197,024	212,318	11,028,619	10,936,283
(Less): Net paid claims cost	5,883,899	7,160,026	102,279	27,537	(6,686)	(20,123)	-	-	475,242	613,312	37,922	20,012	6,492,656	7,800,766
	3,710,413	1,889,400	398	118,145	118,881	152,163	18,446	17,231	528,723	766,272	159,102	192,306	4,535,963	3,135,517
Add: Received commissions	32,215	18,011	151,045	195,418	266,599	302,296	30,504	29,256	-	142	3,264	4,827	483,627	549,950
Insurance policies issuance fees	3,256	27,013	1,212	1,501	1,920	1,788	575	569	82	142	278	338	7,323	31,351
Revenues from investment related to underwritten accounts	5,349	2,853	-	-	-	-	-	-	-	-	-	-	5,349	2,853
Total Revenue	3,751,233	1,937,277	152,655	315,064	387,400	456,247	49,525	47,056	528,805	766,556	162,644	197,471	5,032,262	3,719,671
Less: Paid commissions	958,705	969,735	86,072	91,423	106,268	123,979	13,747	17,803	122,083	265,640	21,493	27,884	1,308,368	1,496,464
Excess of loss premiums	116,663	88,595	15,847	19,292	42,150	48,974	-	-	-	-	-	-	174,660	156,861
Administrative expenses related to underwriting accounts	1,468,231	1,267,396	55,306	82,243	159,747	109,144	10,765	5,775	249,524	315,236	20,935	14,624	1,964,508	1,794,418
Other expenses	144,586	107,446	-	-	2,553	6,475	-	-	208,088	272,813	-	-	355,227	386,734
Total Expenses	2,688,185	2,433,172	157,225	192,958	310,718	288,572	24,512	23,578	579,695	853,689	42,428	42,508	3,802,763	3,834,477
Net Underwritten (Loss)	1,063,048	(495,895)	(4,570)	122,106	76,682	167,675	25,013	23,478	(50,890)	(87,133)	120,216	154,963	1,229,499	(114,806)

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE ACTIVITIES

	December 31,	
ASSETS	2018	2017
	JD	JD
Deposits at banks	1,126,847	421,169
Financial assets at fair value through profit or loss	363,832	415,562
Life insurance policy holders' loans	20,289	26,139
Total Investments	1,510,968	862,870
Cash on hand and balances at banks	2,805,486	1,163,012
Checks under collection	814,396	755,281
Accounts receivable	9,431,711	7,645,463
Re-insurance companies' receivable	1,208,467	4,026,734
Property and equipment	57,736	90,429
Other assets	352,574	386,919
TOTAL ASSETS	16,181,338	14,930,708
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES		
Accounts payable	934,573	1,042,600
Re-insurance companies' payable	2,254,784	3,471,989
Other liabilities	30,178	6,554
TECHNICAL RESERVES		
Outstanding claims reserve - net	931,522	848,434
Mathematical reserve - net	1,562,597	2,076,639
Other technical reserves	125,170	125,170
TOTAL LIABILITIES	5,838,824	7,571,386
HEAD OFFICE'S EQUITY		
Head Office's current account	9,204,062	6,117,320
Income for the year	1,138,452	1,242,002
Total Head Office's Equity	10,342,514	7,359,322
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	16,181,338	14,930,708

THE ACCOMPANYING NOTES FROM (1) TO (45) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

1. General

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

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

b. The accompanying financial statements were approved by the Board of Directors on February 28, 2019.

2. Accounting Policies

- Basis of preparation

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

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

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

- Basis of Consolidation of the Financial Statements

  - The financial statements include the financial statements of the Company and those of its external branches, while inter-company transactions and balances are eliminated.

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

- Sector Information

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

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

- **Financial Instruments**

Initial recognition and measurement

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

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

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

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

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

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

- **Financial Assets**

Initial recognition

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

Subsequent measurement

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

Specifically:

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

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

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

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

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

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

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

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

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

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

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

Evaluating the Business Model

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

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

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

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

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

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

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

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

When a debt instrument measured at fair value through comprehensive income is derecognised, the cumulative gain / loss previously recognized in comprehensive income is reclassified as equity to the statement of income. On the other hand, for equity investments measured at fair value through comprehensive income, the cumulative gain / loss previously recognized in comprehensive income is not subsequently reclassified to the statement of income but transferred directly to equity.

Debt instruments that are subsequently measured are carried at amortized cost or at fair value through comprehensive income for impairment testing.

Reclassification

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

Impairment

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

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

No impairment loss is recognized in equity instruments.

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

Defining Default

The definition of default is very important in determining the expected credit loss. It is used to measure the value of credit loss, because default is a component of the probability of default that affects the measurement of credit losses.

Impairment of Financial Assets

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

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

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

Provision for the Expected Credit Losses

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

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

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

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

Adjustment and Derecognition of Financial Assets
An adjustment is made to the financial asset when the contractual terms that govern the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset. The adjustment affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is adjusted, the Company assesses whether such an adjustment results in derecognition. According to the Company's policy, the adjustment leads to derecognition when it causes a significant difference in terms.

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

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

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

- the probability of non-payment for the remaining period at the reporting date based on the modified terms.

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

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

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

Write-off
The Company derecognises financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. Such derecognition also applies if the debtor is placed under liquidation, or he has filed for bankruptcy, or where trade receivables are past due for more than two years, whichever is earlier. The Company may continue to subject written-off financial assets to collection procedures, taking into account legal advice, where appropriate. Meanwhile, any recoveries are recognized in the statement of income

- **Financial Liabilities and Equity Instruments Issued by the Company**

Classification as Debt or Equity Instruments

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance matter of the contractual arrangements, the definitions of financial liabilities, and the equity instrument.

Equity Instruments

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

Financial Liabilities

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

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

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

Derecognition of Financial Liabilities:

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

- **Foreign Exchange Gains and Losses**

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

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

- **Fair Value**

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

- Comparing it with the market value of another financial asset with similar terms and conditions.
- Analyzing future cash flows and discounting the expected cash flows based on a rate used for similar instruments.
- Adopting option pricing models.

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

- **Real Estate Investments**

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

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

- **Reinsurance and Reinsurers' Accounts**

Reinsurance

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

- **Reinsurers' Accounts**

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

- **Impairment in Reinsurance Assets**

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

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

- **Acquisition Costs of Insurance Policies**

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

- **Property and Equipment**

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

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

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

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

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

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

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

- **Intangible Assets**

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

- Intangible assets obtained through other than merger are stated at cost.

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

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

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

- **Computer Programs and Systems**

Software and computer systems are stated at cost on acquisition and amortized at 15% per annum.

- **Provisions**

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

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

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

Technical Reserves

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

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

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

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

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

5. The mathematical reserve for life insurance policies is calculated based on the actuarial equations which are reviewed periodically by an independent actuary, as well as according to the instructions of the Insurance Commission.

- **Provision for End- of-service Indemnity**

The provision for employees' end- of-service indemnity is calculated in accordance with the Company's policy that complies with the Jordanian Labor Law.

The annual compensation paid to employees leaving the service is recognized in the provision for end-of-service indemnity when paid, and a provision for the liabilities incurred by the Company concerning the employees' end- of- service indemnity is taken to the statement of income.

- **Liability Adequacy Test**

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

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

- **Income Tax**

a. Accrued Taxes

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

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

b. Deferred Taxes

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

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

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

- **Offsetting**

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

- **Revenue Recognition**

a. Insurance Contracts

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

b. Dividends and Interest

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

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

c. Rental Income

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

- **Recognition of Expenses**

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

- **Insurance Compensations**

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

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

- **Salvage and Subrogation Reimbursements**

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

- **General and Administrative and Employee Expenses**

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

- **Staff Expenses**

All employees 'distributable expenses are charged to each insurance branch on the basis of the actual costs of each department. 80% of the non-distributable employees' expenses are distributed to the various insurance departments on the basis of the premiums earned for each department attributed to total premiums.

- **Cash and Cash Equivalents**

This item represents cash and cash equivalents that mature over a period of three months and include cash and balances at banks and banking institutions, less restricted balances.

3. Application of New and Revised International Financial Reporting Standards

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

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

New and Revised Standards	Amendments to the New and Revised International and Standards
Annual improvements to IFRSs issued between 2014 and 2016.	Improvements include amendments to IFRS 1, *"Application of International Standards for the First Time"* and IAS 28 *"Investments in Associates and Joint Ventures (2011)"*.

New and Revised Standards	Amendments to the New and Revised International and Standards
	The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through the income statement is available separately for each associate or joint venture and that the selection should be made at initial recognition. As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.
IFRIC 22: *"Foreign currency transactions and prepayments ".*	This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign operation that results in the recognition of non-monetary assets or non-monetary liabilities. The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance. This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that: - A consideration in foreign currency or priced in foreign currency exists; - An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and - Prepaid assets or deferred income liabilities are not cash.
Amendments to IAS 40: *"Investment properties".*	The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)

New and Revised Standards	Amendments to the New and Revised International and Standards
Amendments to IFRS 2 *"Share-based payment"*.	These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following: 1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments. 2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a *"net settlement feature"*, this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net. 3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows: a. Abrogation of the original obligation; b. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and c. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income.

New and Revised Standards	Amendments to the New and Revised International and Standards
Amendments to IFRS 4: *"Insurance contracts"*.	These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.
IFRS 15 *"Revenue from Contracts with Customers"*.	IFRS 15 was issued in May 2014, which established a comprehensive model for enterprises to be used in accounting for revenue generated from contracts with customers. This standard will replace the current income recognition guidance, including IAS 18 *"Revenue"*, IAS 11 *"Construction Contracts and related Interpretations"* that an entity should recognize revenue to indicate the transfer of goods or services to the customer in an amount that reflects the consideration that the entity expects to receive for such goods or services. In particular, the standard provides a five-step approach to revenue recognition: Step 1: Determining the contract (s) signed with the client. Step 2: Defining performance obligations in the contract. Step 3: Determining the selling price. Step 4: Assigning a sale price to the performance obligations in the contract. Step 5: Recognizing revenue when the entity meets (or fulfills) an obligation to perform. Under this Standard, an entity recognizes revenue when (or at the time) it fulfills its performance obligation, that is, when control over the goods or services underlying the performance obligation is transferred to the customer. More mandatory guidelines have been added to the Standard to deal with specific scenarios. In addition, the standard requires comprehensive disclosures.
Amendments to IFRS 15 *"Revenue from Contracts with Customers"*.	These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.

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

IFRS 9 *"Financial Instruments"*

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

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

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

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

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

Classification and Measurement:

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

Impairment:

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

Hedge accounting:

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

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

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

January 1, 2018	Balance before Adjustment	Adjusted Balance	Effect of Applying the Standard
	JD	JD	JD
Receivables - Net	17,907,719	17,560,719	(347,000)
Deferred tax assets	1,137,157	1,220,437	83,280
Retained earnings	2,544,004	2,280,284	(263,720)

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

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

New and Revised Standards	Amendments to new and revised IFRSs	Effective for annual periods beginning on or after
Annual improvements to IFRSs issued between 2015 and 2017	Improvements include amendments to IFRS 3 "*Business Combinations*", (11) "*Joint Arrangements*", and IAS 12 "Income Taxes" and IAS 23 "*Borrowing Costs*".	January 1, 2019
IFRIC 23 "Uncertainty on the Treatment of Income Tax"	The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses: • whether the tax treatment should be considered in aggregate; • assumptions regarding the procedures for the examination of tax authorities; • determination of the taxable profit (tax loss), tax bases, unused tax losses, unused tax breaks, and tax rates; and • The impact of changes in facts and circumstances.	January 1, 2019

IFRS 16 *"Leases"*	IFRS 16 defines how the reporting entity can recognize, measure, present, and disclose lease contracts. The Standard also provides a separate accounting model for lessees that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lessors continue to classify leases as operating or financing leases. IAS 16's on lessor accounting has not changed significantly compared to IAS 17.	January 1, 2019
Amendments to IFRS 9 *"Financial Instruments"*	These amendments relate to the benefits of prepayment with negative compensation, where the current requirements of IFRS 9 regarding the end-of-service rights have been amended to allow for the measurement at amortized cost (or based on the business model at fair value through other comprehensive income) even in the negative compensation payments.	January 1, 2019
Amendments to IAS 28 *"Investment in Associates and Joint Ventures"*	These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 *"Financial Instruments"* to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it	January 1, 2019
Amendments to IAS 19 *"Employee Benefits"*	These relate to amendments to the plans, reductions, or settlements.	January 1, 2019
Amendments to IAS 1 *"Presentation of the Financial Statements"*	These amendments relate to the definition of materiality	January 1, 2019

Amendments to IFRS 3 *"Business Combinations"*	These amendments clarify the definition of business, as the International Accounting Standards Board published the Revised Financial Reporting Framework. This includes the revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation, and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which include amendments to IFRS 2, 3, 6 and 14; IAS 1, 34, 37 and 38; IFRIC 12, 19, 20, and 22 ; and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a different version of the conceptual framework.	January 1, 2019
IFRS 17 *"Insurance Contracts"*	This provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 "Insurance Contracts". IFRS 17 requires measurement of insurance liabilities at the present value of payment.	January 1, 2019
Amendments to IFRS 10 *"Consolidated Financial Statements"* and IAS 28 *"Investments in Associates and Joint Ventures (2011)"*	These amendments relate to the treatment of the sale or contribution of the investor's assets in the associate or joint venture.	The date of entry into force has been postponed indefinitely, and the application is still permitted.

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

The effect of applying IFRS 16 "*Leases*"
The Standard provides a comprehensive model for determining and treating lease arrangements in the consolidated financial statements of both lessors and lessees. It will also replace IAS 17 *"Leases"* and related interpretations when it becomes effective for the financial periods beginning on or after January 1, 2019.

As permitted by the transitional provisions of IFRS 16, the Company will not restate the comparative figures. Any changes in the carrying amount of assets and liabilities at the date of transition are recognized in the opening balances of the related balances.

There is no material difference between the accounting treatment in the lessor's books between IFRS 16 and IAS 17.

The change in the definition of the lease relates mainly to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the use of a specific asset and the control is present if the customer has:

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

- The right to direct the use of this asset.

<u>Effect on the Accounting Treatment in the Lessee's Records Operating Leases</u>
Under IAS 16, the accounting treatment of leases previously classified as operating leases in accordance with IAS 17, which were classified as items outside the statement of financial position, has been changed.

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

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

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

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

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

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

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

Finance Leases

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

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

Effect on the Accounting Treatment in the Lessor's Records

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

Under IAS 16, for the purposes of the intermediate lessor, the principal lease and sub-lease are considered as separate contracts.

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

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

Management expects to apply IFRS 16 in the financial statements of the Company for the period beginning January 1, 2019.

4. Use of Estimates

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

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

- The claims provision and technical provisions are taken based on technical studies, according to the instructions of the Insurance Commission, and based on actuarial studies.

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

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

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

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

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

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

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

- Real estate investments are valued on the bases and assumptions that rely mainly on market conditions and prices. The average of three estimates by accredited real estate experts was adopted, the latest of which was at the end of 2018.

- Management estimates the amounts expected to be recovered from the insurance companies and the Jordan Insurance Association for automobile accidents based on studies prepared by the Company's management and according to the available information and documents.

- Fair value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant, which require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial assets and liabilities, the Company uses market information when these are available. In case Level 1 inputs are not available, the Company deals with independent and qualified parties to prepare evaluation studies. Furthermore, the suitable evaluation methods and inputs used in preparing the evaluation studies are reviewed by management.

5. Deposits at Banks

This item consists of the following:

	December 31,				
	2018				2017
	Deposits Maturing Within Three Months	Deposits Maturing After Three Months and Up to One Year	Deposits Maturing After One Year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan:					
Arab Jordan Investment Bank	653,193	-	-	653,193	210,485
Jordan Commercial Bank	159,553	-	-	159,553	45,737
Arab Bank *	-	-	456,243	456,243	445,659
Standard Chartered Bank	-	-	-	-	14,216
Ahli Bank	597,119	-	-	597,119	395,057
Al-Etihad Bank	195,000	-	-	195,000	165,483
Societe General Bank	32,299	-	-	32,299	32,045
BLOM Bank	42,592	-	-	42,592	41,960
Jordan Kuwait Bank	8,599	-	-	8,599	58,679
Total Banks Inside Jordan	1,688,355	-	456,243	2,144,598	1,409,321
Outside Jordan:					
Arab Bank	138,750	-	1,110,000	1,248,750	1,674,250
Emirates Islamic Bank	4,625,000	-	-	4,625,000	-
Union National Bank	6,652,941	-	-	6,652,941	-
National Kuwait Bank	-	-	946,289	946,289	805,056
Total Banks Outside Jordan	11,416,691	-	2,056,289	13,472,980	2,479,306
Total	13,105,046	-	2,512,532	15,617,578	3,888,627
Credit Loss Ratios **				-	-
				15,617,578	3,888,627

- Interest rates on deposits at Banks in Jordanian dinars ranged from 2% - 4%, and in US dollars from 0.05% to 0.25%.

* Moreover, deposits collateralized to the order of the Director General of the Insurance Management in addition to his position amounted to JD 325,000 as of December 31, 2018 and 2017.

** Management has calculated the effect of the application of IFRS 9 on deposits with banks as of January 1, 2018 and December 31, 2018. This effect has not been reflected in the financial statements as of January 1, 2018 and December 31, 2018 due to its immateriality.

6. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31	
	2018	2017
	JD	JD
Inside Jordan:		
Quoted shares	3,551,358	4,018,184
	3,551,358	4,018,184
Outside Jordan:		
Quoted shares	909	1,065
Total Financial Assets at Fair Value	3,552,267	4,019,249

7. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31	
	2018	2017
	JD	JD
Inside Jordan		
Quoted shares	3,366,527	3,936,409
Unquoted shares	40,032	36,806
	3,406,559	3,973,215
Outside Jordan		
Quoted shares	9,963,073	10,275,879
Unquoted shares *	5,220,803	5,200,100
	15,183,876	15,475,979
Total financial assets at fair value	18,590,435	19,449,194

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

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

8. Investment Property

a. This item consists of the following:

	December 31	
	2018	2017
	JD	JD
Lands *	15,325,903	15,263,864
Buildings – Net after depreciation	3,835,785	3,892,577
	19,161,688	19,156,441

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

b. Additions to real estate investments amounted to JD 145,056, and disposals to zero during the year 2018. (Additions of JD 106,200 and disposals of zero Jordanian dinars during the year 2017).

c. Real estate investments depreciation amounted to JD 139,809 for the year ended December 31, 2018 (JD 208,340 for the year 2017).

d. The fair value of real estate investments is evaluated by real estate appraisers at JD 33,755,027 as of December 31, 2018.

9. Life Insurance Policy Holders' Loans

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Life insurance policy holders' loans not exceeding the policy liquidation value	20,289	26,139
	20,289	26,139

10. Cash on Hand and at Banks

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Cash on hand	18,230	81,413
Current accounts at banks	5,586,696	12,143,418
	5,604,926	12,224,831

11. Notes Receivable and Checks under Collection

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Notes receivable	35,350	35,350
Checks under collection *	3,362,202	3,607,926
	3,397,552	3,643,276
Less: Credit Loss Ratios **	(166,050)	(130,700)
	3,231,502	3,512,576

* The maturities of checks under collection are up to March 31, 2021.

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

	2018	2017
	JD	JD
Balance - beginning of the year	130,700	90,000
IFRS (9) Implementation impact-note (2) *	-	-
Additions	35,350	40,700
Balance - end of the Year	166,050	130,700

* Management has calculated the impact of adopting IFRS 9 on receivables and checks under collection as at January 1, 2018. The effect on the financial statements as at January 1, 2018 has not been reflected in the financial statements as it is immaterial.

12. Accounts Receivable - Net

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Policyholders	17,527,276	16,657,108
Agents	3,670,858	3,170,492
Employees	142,766	116,906
Other receivables *	1,065,225	952,726
	22,406,125	20,897,232
Less: Credit Loss Ratios **	(3,699,708)	(2,989,513)
Accounts receivable - Net	18,706,417	17,907,719

* The details of this item are as follows:

	December 31, 2018	December 31, 2017
	JD	JD
Buildings receivable	471,841	437,082
Settlement of branches' accounts with the Head Office current account	119,413	91,570
Suspended policies receivable	156,383	154,280
Others	317,588	269,794
	1,065,225	952,726

The aging of receivables with no impaired value is as follows:

	December 31, 2018	December 31, 2017
	JD	JD
Undue receivables	2,904,477	2,800,156
Less than 60 days	7,931,065	7,660,395
From 60 to 90 days	1,262,024	1,187,436
From 91 to 180 days	3,285,751	3,087,552
From 181 t0 360 days	3,323,100	3,172,180
Total	18,706,417	17,907,719

The following is the ageing of receivables with the percentages of the expected credit losses:

	Credit Loss Ratios	December 31, 2018
		JD
Undue receivables	0.0%	2,904,477
Less than 60 days	0.0%	7,931,065
From 60 to 90 days	5.61%	1,233,219
From 91 to 180 days	16.36%	2,617,244
From 181 to 360 days	78.03%	4,020,412
Total		18,706,417

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

	2018	2017
	JD	JD
Balance - beginning of the year	2,989,513	2,815,324
IFRS (9) implementation impact - not (2)	347,000	-
Adjusted balance	3,336,513	2,815,324
Additions	366,500	224,500
Less: Written-off debts	(3,305)	(50,311)
Balance - End of the Year	3,699,708	2,989,513

13. Re-insurance Receivable

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Local insurance companies *	2,514,320	3,007,593
Foreign re-insurance companies **	1,658,017	4,671,813
Less: Credit loss ratios in reinsurance receivable accounts ***	861,(642)	(861,642)
	3,310,695	6,817,764

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

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

	December 31,	
	2018	2017
	JD	JD
Less than 60 days	2,826	2,149,057
From 61 to 90 days	746,987	812,808
From 91 to 180 days	203,966	1,484,516
From 181 to 360 days	702,668	160,214
More than 360 days	1,570	65,218
Total	1,658,017	4,671,813

The following is the ageing of receivables with the percentages of the expected credit losses:

	Credit Loss Ratios	December 31, 2017
		JD
Less than 60 days	0.0%	2,826
From 61 - 90 days	6.10%	1,247,635
From 91 - 180 days	13.49%	386,676
From 181 - 360 days	32.57%	1,007,703
More than 360 days	47.84%	665,855
Total		3,310,695

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

	December 31,	
	2018	2017
	JD	JD
Balance – beginning of the year	861,642	247,314
IFRS (9)Implementation impact-note (2) *	-	-
Adjusted balance	861,642	247,314
Additions	-	614,328
Balance – End of the Year	861,642	861,642

* Management has calculated the impact of adopting IFRS 9 on receivables and checks under collection as at January 1, 2018. The effect on the financial statements as at January 1, 2018 has not been reflected in the financial statements as it is immaterial.

14. Income Tax

a. Income Tax Provision

Movement on the income tax provision is as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	186,868	231,803
Income tax for the current year's and prior Years' profits	116,000	331,545
Income tax paid	(302,858)	(376,480)
Balance at the Ending of the Year	10	186,868

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

	2018	2017
	JD	JD
Income tax for the year's profits	-	331,545
Income tax for prior year's profits	116,000	-
Deferred Tax Assets Effect	(172,025)	(336,115)
	(56,025)	(4,570)

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

	2018	2017
	JD	JD
Accounting (loss) / Jordan branches	(1,202,928)	(148,848)
Tax exempted expenses	1,340,320	1,623,996
Tax exempted profits	(493,921)	(308,306)
Taxable income	(356,529)	1,166,842
Tax Rate	24%	24%

d. <u>Deferred Tax Assets</u>

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

	December 31, 2018					December 31, 2017
Deferred Tax Assets	Balance at the Beginning of the Year	Amounts Released	Amounts Added	Balance at Year-End	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provision for doubtful debts	3,094,834	-	261,000	3,355,834	805,400	659,480
Provision for end-of-service indemnity	237,017	-	56,569	293,586	70,461	56,884
Incurred but not reported claims provision	1,753,305	100,801	500,000	2,152,504	516,601	420,793
	5,085,156	100,801	817,569	5,801,924	1,392,462	1,137,157

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

	For the Year Ended December 31,	
	2018	2017
	Assets	
	JD	JD
Balance at the beginning of the year	1,137,157	801,042
IFRS (9) implementation impact – not (2)	83,280	-
	1,220,437	801,042
Additions	196,217	336,115
Released	(24,192)	-
Balance at Year – End	1,392,462	1,137,157

In the opinion of the Company's management and tax advisor, the Company can benefit from deferred taxes resulting from the above provisions in the future

f. A final settlement of income tax has been reached in Jordan until the end of 2016. The Company submitted its tax return for 2017 and paid the declared tax. However, the said tax return is still under consideration by the Income and Sales Tax Department.

- The profits of the Company's branches in the United Arab Emirates are not taxable. However, the Company's profit in Kuwait is subject to income tax at 10%, which has been settled up to the end of 2014. Moreover, the declared taxes up to the end of 2017 have been paid.

- The income tax due for 2018 has been calculated. In the opinion of the Company's management and tax advisor, there is no need to take a tax provision for 2018, as the Company incurred a net tax loss, and the provisions in the financial statements are sufficient for tax purposes for the year and the years not audited by the Income and Sales Tax Department.

15. Property and Equipment - Net

a. The details of this item are as follows:

	Lands	Buildings	Machineries, equipments and Furnitures	Vehicles	Total
For the Year 2018	JD	JD	JD	JD	JD
Cost:					
Balance at the beginning of the year	511,113	588,660	1,451,031	348,659	2,899,463
Additions	-	2,198	29,613	-	31,811
Disposals	-	-	(4,146)	-	(4,146)
Balance at end of the year	511,113	590,858	1,476,498	348,659	2,927,128
Accumulated Depreciation:					
Accumulated depreciation at the beginning of the year	-	175,879	1,263,253	262,681	1,701,813
Depreciation for the year	-	10,932	73,934	30,605	115,471
Disposals	-		(4,071)		(4,071)
Accumulated Depreciation at end of the year	-	186,811	1,333,116	293,286	1,813,213
Net Book Value of Property and Equipment at the End of the Year	511,113	404,047	143,382	55,373	1,113,915
For the Year 2017					
Cost:					
Balance at the beginning of the year	511,113	586,730	1,415,412	348,659	2,861,914
Additions	-	1,930	42,058	-	43,988
Disposals	-	-	(6,439)	-	(6,439)
Balance at end of the year	511,113	588,660	1,451,031	348,659	2,899,463
Accumulated Depreciation:					
Accumulated depreciation at the beginning of the year	-	164,972	1,157,674	230,024	1,552,670
Depreciation for the year	-	10,907	112,018	32,657	155,582
Disposals	-	-	(6,439)	-	(6,439)
Accumulated Depreciation at end of the year	-	175,879	1,263,253	262,681	1,701,813
Net Book Value of Property and Equipment at the End of the Year	511,113	412,781	187,778	85,978	1,197,650
Depreciation Rate %	-	2	7 - 25	15	

b. Fully depreciated assets amounted to JD 757,521 as of December 31, 2018 (JD 692,234 as of December 31, 2017).

16. Intangible Assets - Net

This item consists of the following:

	December 31, 2018	December 31, 2017
	Computer Systems and Programs	
	JD	JD
Balance at the beginning of the year	618,461	614,811
Additions	24,658	3,650
Balance at the end of the year	643,119	618,461
Amortizations	(586,385)	(554,336)
Balance at the end of the year	56,734	64,125
Amortization rate	15%	15%

17. Other Assets

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Refundable deposits	984,058	1,129,918
Accrued revenues and not received*	97,882	333,836
Prepaid expenses	548,414	517,930
Others	333,598	66,167
	1,963,952	2,047,851

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

18. Mathematical Reserve - Net

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Net mathematical reserve	1,562,597	2,076,639
Net Mathematical Reserve - Life	1,562,597	2,076,639

19. Due to Banks

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Bank of Jordan*	5,000,000	5,000,000
Arab Bank**	3,000,000	1,000,000
Cairo Amman Bank***	6,960,693	3,919,468
	14,960,693	9,919,468

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

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

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

- The movement on due to banks is as follows:

	December 31,	
	2018	2017
	JD	JD
Balance at the beginning of the year	9,919,468	-
Added during the year	8,469,960	9,919,468
Paid during the year	3,428,735	-
Balance at the End of the Year	14,960,693	9,919,468

20. Accounts Payable

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Policyholders payable	1,200,219	2,172,569
Workshops and spare parts payable	614,490	508,973
Brokers payable	755,263	599,843
Others	434,474	933,891
	3,004,446	4,215,276

21. Re-insurance Companies' Payable Accounts

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Local insurance companies	2,589,945	2,566,803
Foreign re-insurance companies	6,192,264	4,375,925
	8,782,209	6,942,728

22. Various Provisions

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Provision for vacation allowances	3,278	3,278
Provision for collective profits policy commissions	125,170	125,170
Provision for insurance management fees	16,959	28,987
Provision for end-of-service indemnity	817,079	708,392
	962,486	865,827

The following table illustrates the movement on the various provisions:

	December 31, 2018				December 31, 2017
	Balance Beginning of the Year	Incurred During the Year	Used During the Year	Balance End of the Year	Balance End of the Year
	JD	JD	JD	JD	JD
Provision for vacation allowances	3,278	-	-	3,278	3,278
Provision for collective profits policy commissions	125,170	-	-	125,170	125,170
Provision for insurance management fees	28,987	363,091	375,119	16,959	28,987
Provision for end-of-service indemnity	708,392	108,687	-	817,079	708,392
	865,827	471,778	375,119	962,486	865,827

23. Other Liabilities

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Unearned revenues	435,957	390,007
Accrued and not paid expenses	267,709	244,144
Ministry of finance deposits	241,133	287,795
Life deposits	13,567	-
Car parking deposits	4,735	4,665
Unpaid Visa deposits	6,224	21,923
Individual policies deposits	5,685	5,681
Unearned premiums	-	273
	975,010	954,488

24. Capital

Subscribed and paid capital amounted to JD 30,000,000 million distributed over 30,000,000 shares with a par value of JD 1 as of December 31, 2018 and 2017.

25. Statutory Reserve

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

26. Investment Revaluation Reserve - Net

The movement on the investments revaluation reserve is as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	(4,292,662)	(7,708,452)
Net changes in fair value	(858,768)	3,415,790
Balance at the End of the Year	(5,151,430)	(4,292,662)

27. Retained Earnings

The movement on retained earnings is as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	2,544,004	4,843,727
IFRS (9) implementation impact – not (2)	263,720	-
Effect of prior years' adjustments (Note 20)	1,067,916	-
	1,212,368	4,843,727
profit (Loss) for the year	115,704	(499,723)
Dividends distributed during the year (Note 27)	-	(1,800,000)
Balance at the End of the Year	1,328,072	2,544,004

a. The retained earnings balance includes an amount of JD 1,392,462 restricted against deferred tax assets as of December 31, 2018 (JD 1,137,157 as of December 31, 2017).

b. The retained earnings balance includes an amount of JD 1,517,160 as of December 31, 2018, representing the effect of early adoption of International Financial Reporting Standard No. (9). This item represents the revaluation differences and may not be used until realized according to the regulations of the Jordan Securities Commission.

c. According to the regulations of the Jordan Securities Commission, an amount equivalent to the balance of the accumulated change in the fair value negative balance of JD 3,634,270 may not be used, taking into consideration the effect of what is mentioned in paragraph (b) above as of December 31, 2018.

28. Distributed Dividends

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

29. Interest Revenue

This item consists of the following:

	2018	2017
	JD	JD
Earned bank interest	319,819	81,001
Cash dividends	70,000	18,946
Total	389,819	99,947
Amount transferred to underwriting accounts	(70,000)	(18,946)
	319,819	81,001

30. Net Gain from Financial Assets and Investments

This item consists of the following:

	2018	2017
	JD	JD
Cash dividends *	311,092	962,613
Gains (losses) on the sale of financial assets at fair value through profit or loss	9,582	(3,836)
(Losses) on the valuation of financial assets at fair value through profit or loss	(422,647)	(120,743)
Rental Income – Net	402,597	309,607
	300,624	1,147,641

* This amount represents cash dividends from the Company's investments in companies' shares, of which an amount of JD 145,056 relates to financial assets at fair value through other comprehensive income for the year ended December 31, 2018.

31. Other Revenue

This item consists of the following:

	2018	2017
	JD	JD
Currency exchange losses	(188,454)	(521,526)
Help-on-the-road service premiums	49,866	49,866
Treaties profits *	37,867	323,328
Earned discount	53,623	90,297
Others	352,107	213,267
Total	305,009	155,232

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

32. Employees Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries and bonuses	4,288,699	4,096,188
Provident fund	116,143	220,664
Company's social security contributions	344,726	357,112
Medical expenses	335,982	348,390
Employees development and training	11,813	37,077
Travel and transportation	198,587	179,450
Total	5,295,950	5,238,881
Employees' administrative expenses allocated to underwriting accounts *	4,497,233	4,423,910
Employees' Expenses Un-allocated to Underwriting Accounts	798,717	814,971

* Allocation:

	2018	2017
	JD	JD
Life	1,169,830	1,284,260
Motor	1,713,406	1,468,479
Marine and transportation	134,326	158,418
Fire and other damages to properties	730,034	762,184
Liability	35,704	48,866
Medical	694,953	688,578
Other branches	18,980	13,125
Total	4,497,233	4,423,910

33. General and Administrative Expenses

This item consists of the following:

	2018	2017
	JD	JD
Rents	120,594	120,742
Printing and supplies	141,444	197,813
Advertising, publishing and marketing	16,016	21,037
Bank interest and commissions	5,272	15,868
Water, electricity and heating	85,519	90,624
Maintenance	10,110	10,404
Post and telephone	124,823	152,885
National agent commissions / external	40,700	40,700
Professional fees	92,592	84,731
Hospitality and gifts	43,086	56,135
Lawyers' expenses and fees	278,829	111,587
Revaluation expenses	11,090	10,390
Computer expenses	9,825	12,167
Utilization of computer program fees	20,320	17,685
Computer program services	121,125	138,299
Subscriptions	19,543	19,250
Board of Directors' transportation	132,000	132,000
Tenders and guarantees expenses	83,991	88,393
Government and other fees	222,863	234,718
Donations and gifts	123,093	123,107
Insurance expenses	67,826	69,038
Marketing expenses	336,250	379,944
Bad debt expenses and allowable discount	116,082	100,791
Others	579,480	490,211
Total	2,802,473	2,718,519
Total General and Administrative Expenses Allocated to Underwriting Accounts *	2,374,498	2,300,894
Total General and Administrative Expenses Unallocated to Underwriting Accounts	427,975	417,625

* Allocation:

	2018	2017
	JD	JD
Life	617,660	667,949
Motor	904,663	763,762
Marine and transportation	70,922	82,394
Fire and other damages to properties	385,451	396,415
Liability	18,852	25,416
Medical	366,929	358,132
Other branches	10,021	6,826
	2,374,498	2,300,894

34. Other Expenses

This item consists of the following:

	2018	2017
	JD	JD
Provision for end-of-service indemnity	108,687	82,817
	108,687	82,817

35. Income (Losses) Earnings per Share for the Year

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

	2018	2017
	JD	JD
Income (Loss) for the year	115,704	(499,723)
	Share	Share
Weighted average number of shares	30,000,000	30,000,000
	JD / Share	JD / Share
Earnings per Share for the Year (Basic and Diluted)	-/004	(-/017)

36. Cash and Cash Equivalents

The details of this item are as follows:

	December 31,	
	2018	2017
	JD	JD
Cash on hand	18,230	81,413
Deposits at banks maturing within three months	13,105,046	1,527,912
Current accounts at banks	5,586,696	12,143,418
	18,709,972	13,752,743

37. Risk Management

First: Descriptive Disclosures:

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

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

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

a. Material risks, which are natural disasters, fires, accidents and other external risks not related to the Company's business.

b. Legal risks arising from judicial claims or other risks arising from laws and legislations issued by regulatory bodies.

c. Financial risks, representing interest rate risk, credit risk, foreign currency risk and market risk.

d. Unpredictable intangible risks representing the knowledge risks of the Company's key personnel. These risks arise from inadequate knowledge and relations risks, as well as deficient cooperation with customers. All these risks directly reduce the employee's knowledge productivity and efficiency, downgrade service quality, and detract from reputation, thus affecting the Company's expenditures and profits.

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

Risk Management Policy

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

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

The Company deals with potential risks through the following:

a. Transferring the risk to another party through contracting or financial hedging.

b. Avoiding risks through refraining from actions that may lead to risks.

c. Mitigating losses arising from risk occurrence.

d. Accepting unavoidable risks, as acceptance of small risks is an effective strategy.

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

The Company follows a risk management strategy through the following:

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

Second: Quantitative Disclosures:

a. Insurance Risks

1. Insurance Risk

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

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

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

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

2. Claims Development

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

Gross - Motor Insurance:

Accident Year	2014 and before	2015	2016	2017	2018	Total
					December 31,	
	JD	JD	JD	JD	JD	JD
As of year-end	110,979,327	18,294,628	23,074,596	22,795,046	19,723,058	194,866,655
After one year	113,617,775	16,889,753	22,776,409	21,745,282	-	175,029,219
After two years	113,073,482	16,955,261	23,503,605	-	-	153,532,348
After three years	112,628,064	17,177,494	-	-	-	129,805,558
After four years	113,202,962	-	-	-	-	113,202,962
Current expectations of cumulative claims	113,202,962	17,177,494	23,503,605	21,745,282	13,723,058	195,352,401
Cumulative payments	112,150,852	16,910,508	22,855,003	20,174,744	10,928,035	183,019,142
Liabilities as stated in the statement of financial position	1,052,110	266,986	648,602	1,570,538	8,795,023	12,333,259
(Deficit) from the Preliminary Assessment of the Provision	(2,223,635)	1,117,134	(429,009)	1,049,764	-	(485,746)

Gross - Medical Insurance:

Accident Year	2014 and before	2015	2016	2017	2018	Total
					December 31,	
	JD	JD	JD	JD	JD	JD
As of year-end	4,825,174	7,223,865	7,310,817	9,806,061	10,048,259	39,214,176
After one year	4,691,234	7,014,501	7,280,105	1,696,378	-	20,682,218
After two years	4,715,105	7,045,033	380	-	-	11,760,518
After three years	4,729,713	-	-	-	-	4,729,713
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	-	-	380	1,696,378	10,048,259	11,745,017
Cumulative payments	-	-	380	1,696,378	8,680,493	10,377,251
Liabilities as stated in the statement of financial position	-	-	-	-	1,367,766	1,367,766
Surplus from the Preliminary Assessment of the Provision	4,825,174	7,223,865	7,310,437	8,109,683	-	27,469,159

Gross - Fire and Other Damages to Properties:

				December 31,		
Accident Year	2014 and before	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As of year-end	60,579,486	3,745,201	1,620,051	971,941	6,402,375	73,319,054
After one year	57,738,319	3,315,217	1,775,460	1,284,625	-	64,113,621
After two years	56,614,159	3,190,475	1,754,147	-	-	61,558,781
After three years	56,965,229	3,194,301	-	-	-	60,159,530
After four years	56,881,360	-	-	-	-	56,881,360
Current expectations of cumulative claims	56,881,360	3,194,301	1,754,147	1,284,625	6,402,375	69,516,808
Cumulative payments	53,142,639	3,019,728	1,731,321	891,305	3,774,862	62,559,855
Liabilities as stated in the statement of financial position	3,738,721	174,573	22,826	393,320	2,627,513	6,956,953
Surplus from the Preliminary Assessment of the Provision	3,698,126	550,900	(134,096)	(312,684)	-	3,802,246

Gross - Marine and Transportations:

				December 31,		
Accident Year	2014 and before	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As of year-end	10,054,787	1,545,833	1,203,373	607,440	723,560	14,134,993
After one year	10,366,757	1,723,400	1,334,666	1,147,556	-	14,572,379
After two years	10,011,758	1,611,379	982,868	-	-	12,606,005
After three years	9,982,928	1,626,566	-	-	-	11,609,494
After four years	9,977,033	-	-	-	-	9,977,033
Current expectations of cumulative claims	9,977,033	1,626,566	982,868	1,147,556	723,560	14,457,583
Cumulative payments	9,708,596	1,358,804	585,528	522,553	286,347	12,461,828
Liabilities as stated in the statement of financial position	268,438	267,762	397,340	625,003	437,213	1,995,756
Surplus from the Preliminary Assessment of the Provision	77,753	(80,733)	220,505	(540,116)	-	(322,591)

Gross - Liability:

				December 31,		
Accident Year	2014 and before	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As of year-end	855,691	-	52,651	26,942	124,937	1,060,221
After one year	1,245,555	14,123	53,680	28,808	-	1,342,166
After two years	1,330,911	24,123	53,314	-	-	1,408,348
After three years	1,596,206	23,769	-	-	-	1,619,975
After four years	2,569,206	-	-	-	-	2,569,206
Current expectations of cumulative claims	2,569,206	23,769	53,314	28,808	124,937	2,800,034
Cumulative payments	658,325	3,769	56,879	2,858	42,019	763,850
Liabilities as stated in the statement of financial position	1,910,881	20,000	(3,565)	25,950	82,918	2,036,184
Surplus from the Preliminary Assessment of the Provision	(1,713,515)	(23,769)	(663)	(1,866)	-	(1,739,813)

Gross - Life:

				December 31,		
Accident Year	2014 and before	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As of year-end	9,752,991	10,739,105	14,892,785	19,636,894	14,100,214	69,121,989
After one year	9,805,626	10,171,986	14,689,433	3,059,311	-	37,726,356
After two years	9,802,780	10,055,577	176,848	-	-	20,035,205
After three years	200,525	104,722	-	-	-	305,247
After four years	200,525	-	-	-	-	200,525
Current expectations of cumulative claims	200,525	104,722	176,848	3,059,311	14,100,214	17,641,620
Cumulative payments	29,626	6,441	28,243	2,555,109	10,367,124	12,986,543
Liabilities as stated in the statement of financial position	170,899	98,281	148,605	504,202	3,733,090	4,655,077
Surplus from the Preliminary Assessment of the Provision	9,552,466	10,634,383	14,715,937	16,577,583	-	51,480,369

Gross - Other Branches:

	December 31,					
Accident Year	2014 and before	2015	2016	2017	2018	Total
	JD	JD	JD	JD	JD	JD
As of year-end	1,375,265	47,302	116,718	80,660	78,399	1,698,344
After one year	1,371,334	80,768	110,144	83,766	-	1,646,012
After two years	1,378,489	77,914	108,950	-	-	1,565,353
After three years	1,361,547	74,956	-	-	-	1,436,503
After four years	1,378,074	-	-	-	-	1,378,074
Current expectations of cumulative claims	1,378,074	74,956	108,950	83,766	78,399	1,724,145
Cumulative payments	1,273,134	34,151	67,432	45,394	12,288	1,432,399
Liabilities as stated in the statement of financial position	104,940	40,805	41,518	38,372	66,111	291,746
Surplus from the Preliminary Assessment of the Provision	(2,809)	(27,654)	7,768	(3,106)	-	(25,801)

3. Concentration of Insurance Risks

Concentration of assets and liabilities based on insurance type is as follows:

For the Year Ended December 31, 2018:

	Motor	Marine and Transportation	Fire and other damages to properties insurance	Liability	Medical	Other Branches	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Gross	27,715,656	2,488,736	14,172,101	2,487,610	6,074,774	410,239	6,753,900	60,103,016
Net	22,743,330	411,573	543,006	46,796	3,376,359	261,681	2,494,119	29,876,864

For the Year Ended December 31, 2017:

	Motor	Marine and Transportation	Fire and other damages to properties insurance	Liability	Medical	Other Branches	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Gross	30,051,315	2,082,535	12,958,365	1,579,851	7,093,056	398,533	7,396,195	61,559,851
Net	24,984,733	285,778	428,501	43,141	3,666,814	279,286	2,925,073	32,613,326

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

	December 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to geographical area:				
Inside Jordan	70,835,901	37,159,950	71,708,723	35,888,378
Other Middle East countries	21,486,959	21,486,268	19,740,600	19,809,603
Europe	-	-	-	-
Asia *	-	-	-	-
Africa *	-	-	-	-
America	-	-	-	-
Other countries	-	-	-	-
	21,486,959	21,486,268	19,740,600	19,809,603
Total	92,322,860	58,646,218	91,449,323	55,697,981

* Excluding Middle East Countries.

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

	December 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to Sector:				
Public sector	564,536	61,908	530,352	46,088
Private Sector:				
Companies and Institution	19,130,757	11,527,407	21,873,558	10,869,788
Individuals	2,321,819	197,340	2,321,573	242,128
Total	22,017,112	11,786,655	24,725,483	11,158,004

4. Re-insurers Risk

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

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

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

5. Insurance Risks Sensitivity

a. Positive assumption has been adopted. It is the assumption that net underwritten premiums will increase by 5% for the year ended December 31, 2018 for all insurance branches and the subsequent increase in paid commissions.

b. The negative assumption has been adopted. It is the assumption that net underwritten premiums will decrease by 5% for the year ended December 31, 2018 for all insurance branches and the subsequent decrease in paid commissions.

c. The positive assumption has been adopted. It is the assumption that net compensations will decrease by 5% for the year ended December 31, 2018 for all insurance branches and the subsequent decrease in the percentage of recoveries.

d. The negative assumption has been adopted. It is the assumption that net compensations will increase by 5% for the year ended December 31, 2018 for all insurance branches and the subsequent increase in recoveries.

b. Financial Risks

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

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

1. Market Risk

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

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

	+ 5%		- 5%	
	For the year ended December 31,		For the year ended December 31,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Statement of Income	177,614	200,962	(177,614)	(200,962)

	+ 5%		- 5%	
	December 31,		December 31,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Shareholders' Equity	666,480	710,614	(666,480)	(710,614)

2. Liquidity Risk

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

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

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

- Managing concentrations and debts maturity dates.

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

	Less than One Month	From 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	More than 1 Year to 3 Years	More than 3 Years	Without Maturing	Total
December 31, 2018	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Due to banks	-	-	-	14,960,693	-	-	-	14,960,693
Accounts payable	-	2,617,104	387,342	-	-	-	-	3,004,446
Re-insurance payable	-	-	8,782,209	-	-	-	-	8,782,209
Other liabilities	282,513	232,553	-	459,944	-	-	-	975,010
Total	282,513	2,849,657	9,169,551	15,420,637	-	-	-	27,722,358
Assets	16,832,652	14,250,356	2,295,185	15,830,175	1,641,754	-	41,472,738	92,322,860

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

3. Currency Risks

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

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

Type of Currency:	December 31, 2018			
		Book Value	Market Value	Effect
		JD	JD	JD
US dollar	1,036,752	734,021	735,058	1,037
UAE dirham	75,390,622	13,947,265	14,553,406	606,141
Kuwaiti dinar	394,287	946,289	916,800	(29,489)
Bahraini dinar	83,194	155,988	155,932	(56)
Qatari riyal	2,067	401	402	1
Euro	13,033	10,557	10,570	13
Pound	1,419	1,277	1,276	(1)
				577,646

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

4. Interest Rate Risk

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

The sensitivity analysis for the year ended December 31, 2018 is as follows:

	Effect of increase of interest rate of 0.5% on statement in income	Effect of decrease of interest rate of 0.5% on statement in income
Currency	JD	JD
Jordanian dinar	6,856	(6,856)
USD	-	-
Kuwaiti dinar	4,731	(4,731)
UAE dirham	67,088	(67,088)

Sensitivity analysis for the year 2017

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

5. Sensitivity of Insurance Risks

	December 31, 2018		December 31, 2017	
	Statement of Income	Shareholders' Equity	Statement of Income	Shareholders' Equity
	JD	JD	JD	JD
Income (Loss) / shareholders' equity	115,704	33,676,642	(499,723)	35,751,342
Impact of decreasing gross premium by 5% while holding other factors constant	(3,644,705)	(3,644,705)	(3,955,708)	(3,955,708)
	(3,529,001)	30,031,937	(4,455,431)	31,795,634
Income (Loss) / shareholders' equity	115,704	33,676,642	(499,723)	35,751,342
Impact of increasing gross compensations by 5% while holding other factors constant	(2,686,948)	(2,686,948)	(2,825,892)	(2,825,892)
	(2,571,244)	30,989,694	(3,325,615)	32,925,450

6. Credit Risk

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

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

Geographical Area	Indebtedness
	JD
United Arab Emirates	3,290,171
Hashemite Kingdom of Jordan	14,098,478
Other countries	1,317,768
	18,706,417

38. Transactions with Related Parties

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

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

	December 31, 2018	December 31, 2017
	JD	JD
Statement of Financial Position Items:		
Accounts receivable	990,600	658,975
Accounts payable	121,807	16,318

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
Statement of Income Items:	JD	JD
Insurance premiums	741,821	1,086,045
Net payments to re-insurers	1,432,760	1,130,752
Compensations paid	3,437,002	79,125

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

- The following is a summary of the benefits (salaries, bonuses, and other benefits) for Executive Management of the Company:

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Salaries and other benefits	603,099	575,096

39. Main Segments Analysis

a. Information on the Company's Operating Segments

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

b. Information on Geographical Distribution

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

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

	Inside Jordan	
	For the Year Ended December 31,	
	2018	2017
	JD	JD
Total revenue	33,798,021	34,940,229
Capital expenditures	41,905	124,352

	December 31,	
	2018	2017
	JD	JD
Total assets	70,835,901	71,708,723

	Outside Jordan	
	For the Year Ended December 31,	
	2018	2017
	JD	JD
Total revenue	11,718,253	11,581,412
Capital expenditures	13,650	5,335

	December 31,	
	2018	2017
	JD	JD
Total assets	21,486,959	19,740,600

40. Capital Management

- Achieving Capital Management Objectives:

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

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

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

	For the Year Ended December 31,	
	2018	2017
	JD	JD
First: Available capital *	48,269,981	52,413,080
Second: Required capital		
Capital required against assets risks	17,619,362	16,908,031
Capital required against underwriting liabilities	3,818,586	4,025,146
Capital required against reinsurers' risks	393,145	614,718
Capital required against life insurance	4,144,760	4,607,668
Total Required Capital	25,975,853	26,155,563
Third: Solvency margin ratio (available capital / required capital)	186%	200%

* Available capital consists of the following:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Primary Capital:		
Paid-up capital	30,000,000	30,000,000
Statutory reserve	7,500,000	7,500,000
Retained earnings	1,328,072	2,544,004
	38,828,072	40,044,004
Add: Additional Capital:		
Financial assets cumulative change in fair value	(5,151,430)	(4,292,662)
Increase in fair value investment properties	14,593,339	16,661,738
	48,269,981	52,413,080

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

41. Assets and Liabilities Maturities Analysis

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

December 31, 2018	Within One Year	More than One Year	Total
	JD	JD	JD
Assets			
Deposits at banks	13,105,046	2,512,532	15.617.578
Financial assets at fair value through profit or loss	3,552,267	-	3,552,267
Financial assets at fair value through other comprehensive income	-	18,590,435	18,590,435
Investment property	-	19,161,688	19,161,688
Life policyholders' loans	-	20,289	20,289
Cash on hand and at banks	5,604,926	-	5,604,926
Checks under collection and notes receivable	3,231,502	-	3,231,502
Accounts receivable – net	18,680,829	25,588	18,706,417
Re-insurance receivable	3,069,846	240,849	3,310,695
Deferred tax assets	-	1,392,462	1,392,462
Property and equipment – net	-	1,113,915	1,113,915
Intangible assets - net	-	56,734	56,734
Other assets	1,963,952	-	1,963,952
Total Assets	49,208,368	43,114,492	92,322,860
Liabilities			
Unearned premiums provision – net	14,170,808	-	14,170,808
Outstanding claims provision – net	14,143,459	-	14,143,459
Mathematical provision – net	1,562,597	-	1,562,597
Premiums deficiency reserve provision	84,500	-	84,500
Due to banks	14,960,693	-	14,960,693
Accounts payable	3,004,446	-	3,004,446
Re-insurance payable	8,782,209	-	8,782,209
Various provisions	962,486	-	962,486
Provision for Income tax	10	-	10
Other liabilities	975,010	-	975,010
Total Liabilities	58,646,218	-	58,646,218
Net Assets	(9,437,850)	43,114,492	33,676,642

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

42. Lawsuits against the Company

- There are lawsuits against the Company claiming compensation on various accidents. The lawsuits at courts with determined amounts totaled around JD 2,448,147 as of December 31, 2018 (JD 2,904,232 as of December 31, 2017). In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the claims provision shall arise.

  There are lawsuits raised by the Company against others of JD 2,806,589 (JD 2,363,871 as of December 31, 2017).

43. Contingent Liabilities

As of the date of the statement of financial position, the Company was contingently liable for Bank guarantees of JD 2,887,261 guaranteed against the Company's solvency as of December 31, 2018 (JD 2,775,260 as of December 31, 2017).

44. Effect of Prior Periods' Adjustments

During the year ended December 31, 2018, the Company adjusted the opening balance of retained earnings by JD 1.1 million in accordance with IAS 8requirements to deal with the treatment of reinsurance premiums payable. The comparative figures have not been restated since it is impracticable to do so.

The previous period comparisons were not reassessed due to regulatory restrictions, the large number of individual insurance policies, the different reinsurance ratios used for each policy, as well as the difficulties in determining the impact of the above on the results for the year ended December 31, 2017 and prior periods.

The effect of the adjustments on the opening balance is as follows:

	December 31,		
	Balance before Adjustments	Prior Years' Adjustments	Adjusted Balance
	JD	JD	JD
Shareholders' Equity			
Retained earnings	2,544,004	(1,067,916)	1,476,128
Assets			
Reinsurers receivable	6,817,764	(546,828)	6,270,936
Liabilities			
Reinsurers payable	6,942,728	521,088	7,463,318

45. Fair Value Heirarchy

A) Fair value of the Company's financial assets, determined at fair value on an ongoing basis:

Some of the Company's financial assets are valued at fair value at the end of each financial period. The table below provides information on how to determine the fair value of these financial assets (Valuation methods and inputs used)

Fixed Assets	Fair Value December 31, 2018	Fair Value December 31, 2017	Fair Value Heirarchy	Valuation Methods an Inputs Used	Significant Intangible Inputs Used	Realationship between Significant Intangible Inputs and Fair Value
Financial assets at fair value	JD	JD				
Financial assets at fair value through the income statement:						
Shares	3,552,267	4,019,249	Level 1	Quoted Prices on Stock Exchanges	Not Applicable	Not Applicable
Financial assets at fair value through comprehensive income:						
Shares with market prices	13,329,601	14,212,288	Level 1	Quoted Prices on Stock Exchanges	Not Applicable	Not Applicable
Shares without market prices	5,260,834	5,236,906	Level 2	Equity method based on the latest audited financial statements available	Not Applicable	Not Applicable
	18,590,435	19,449,194				
Total Assets at Fair Value	22,142,702	23,468,443				

There were no transfers between Level 1 and Level 2 during 2018 and 2017.

b) Fair value of the Company's financial assets and financial liabilities not yet determined at fair value:

Except as described in the table below, we believe that the carrying amounts of financial assets and financial liabilities in the Company's financial statements approximate their fair values:

	December 41, 2018		December 31, 2017		
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value Heirarchy
	JD	JD	JD	JD	
Financial assets not designated at fair value					
Deposits at banks	15,617,578	15,929,929	3,888,627	3,919,736	Level 2
Policyholders' loans	20,289	20,694	26,139	26,146	Level 2
Real estate investments	19,161,688	33,755,027	19,156,441	35,818,179	Level 2
Total Finacial Assets Not Designated at Fair Value	34,799,555	49,705,650	23,071,207	39,764,061	

The fair value of the financial assets included in the second level category above has been determined in accordance with the adopted and accepted pricing models based on discounted cash flows taken into account in the calculation.