AL-NISR AL-ARABI INSURANCE
PART OF ARAB BANK GROUP

Ref. : 6/1/6 004160
Date : 29 MAR 2018

M/S. Amman Stock Exchange

السادة / بورصة عمان

Subject: Audited Financial Statements for the fiscal year ended 31/12/2017

Attached the Audited Financial Statments of Al-Nisr Al-Arabi Insurance Company for the fiscal year ended 31/12/2017.

Kindly accept our high appreciation and respect.

Al-Nisr Al-Arabi Insurance Co.

الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في 2017/12/31

مرفق طيه نسخة من البيانات المالية المدققة لشركة النسر العربي للتأمين عن السنة المالية المنتهية في 2017/12/31 .

وتفضلوا بقبول فائق الاحترام،،،

شركة النسر العربي للتأمين

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٩ آذار ٢٠١٨
الرقم المتسلسل: 1633
رقم الملف: 21003
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AL NISR AL ARABI INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

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

AL NISR AL ARABI INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
DECEMBER 31, 2017

TABLE OF CONTENTS

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Independent Auditor's Report

AM/ 81593

To the Shareholders of
Al Nisr Al Arabi Insurance Company
A Public Shareholding Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Nisr Al Arabi Insurance Company (A Public Shareholding Limited Company) and its subsidiary (the company), which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2017, its consolidated financial performance, and its consolidated 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 Consolidated 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 relevant to our audit of the Company's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

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

Technical Provisions Technical provisions are key audit matters. Moreover, technical provisions amounted to approximately JD 57 million, representing approximately 91% of liabilities as of December 31, 2017. In addition, the Company estimates the required technical provisions according to the requirements of 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 of the technical provisions is re-calculated according to the related signed agreement. 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 included understanding the nature of the technical provisions, understanding the design and implementation of the adopted system of internal control, assessing the reasonableness of the estimates and assumption, and the adequacy of the provisions booked by management. This is carried out through studying a sample of the technical provisions and reinsurers' share and its methods of calculation, obtaining the reports of the loss adjuster and the Company's lawyer, and comparing them to the relevant provision. In addition, the actuary and his reports were relied on concerning the adequacy of the technical provisions, after reviewing his reports and the assumptions used. Moreover, we assessed the adequacy of disclosures on the technical provisions in the financial statements.
Provision for Impairment of Accounts Receivable The provision for impairment of accounts receivable is a key audit matter. It requires the Company's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of accounts receivable amounted to approximately JD 9,5 million, representing approximately 11% of the assets amount as of December 31, 2017. The nature and characteristics of accounts receivable include policyholders. This requires establishing bases and using estimates to book the provision for impairment in those receivables.	**Scope of Audit to Address Risks** Our audit procedures included understanding the nature of accounts receivable, understanding the design and implementation of the internal control system adopted in following up on accounts receivable, monitoring credit risks, and calculating the provision. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, as well as discussed those factors with Executive Management. We also selected a sample of those receivables after taking into consideration the risks related to the payment method and guarantees. In addition, we discussed with management its viewpoint on some granted receivables with regard to the expected cash flows and adequacy of guarantees. Meanwhile, we recalculated the provisions to be booked and reviewed the aging of receivables, their movement during the year, and adequacy of related disclosure.

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

Other Information
Management is responsible for other information which comprises information in the annual report excluding the consolidated 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 consolidated 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 consolidated financial statements, our responsibility is to read the aforementioned other information when it becomes available to us. In doing so, we consider whether the other information is materially inconsistent with the consolidated 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 preparation of the consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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- 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 the Company's internal control.

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

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

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

- Obtain sufficient and appropriate audit evidence regarding the consolidated financial statements of the entities or business activities within the Company to express an opinion on the consolidated 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 consolidated 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 duly organized and conform, in all material respects, with the consolidated financial statements, and we recommend their approval by the General Assembly.

Amman – Jordan
February 28, 2018

Deloitte & Touche (M.E.) – Jordan

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Deloitte & Touche (M.E.)

AL NISR AL ARABI INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Note	December 31 2017	December 31 2016
		JD	JD
Deposits at banks	4	10,236,837	10,917,740
Financial assets at fair value through comprehensive income	5	5,434,716	5,203,201
Financial assets at amortized cost	6	44,116,229	34,898,127
Investment in associate	7	107,934	107,934
Real estate investments	8	940,001	940,001
Life policyholders' loans	9	5,560,148	4,504,987
Total Investments		66,395,865	56,571,990
Cash on hand and at banks	10	2,327,927	2,518,945
Checks under collection	11	760,651	963,416
Receivables- net	12	9,018,689	7,255,973
Companies and reinsurers receivable-debit	13	89,136	475,332
Deferred tax assets	14/c	189,059	224,149
Property and equipment-net	15	3,361,350	3,563,569
Intangible assets-net	16	72,587	67,441
Other assets	17	1,286,517	1,273,226
Total Assets		83,501,781	72,914,041
Liabilities and Shareholders' Equity			
Liabilities:			
Provision for unearned premiums-net		5,786,578	4,463,934
Claims provision-net		2,455,268	2,049,334
Mathematical provision-net	18	48,782,179	40,582,005
Total Insurance Contracts Liabilities		57,024,025	47,095,273
Payables	19	1,780,220	1,610,913
Accrued expenses		356,207	358,474
Companies and reinsurers payable-credit	20	1,940,298	1,819,004
Lawsuit provision	21	201,575	201,575
Income tax provision	a\14	334,612	322,172
Other liabilities	22	932,059	749,561
Total Liabilities		62,568,996	52,156,972
Shareholders' Equity:			
Authorized and paid-in capital	23	10,000,000	10,000,000
Additional paid-in capital	23	3,750,000	3,750,000
Statutory reserve	24	2,584,775	2,565,868
Voluntary reserve	25	1,326,652	1,326,652
Investment valuation reserve	26	474,013	98,713
Retained earnings	27	2,797,345	3,015,836
Total Equity		20,932,785	20,757,069
Total Liabilities and Shareholders` Equity		83,501,781	72,914,041

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2017	2016
		JD	JD
Revenues:			
Total underwriting premiums		34,640,623	30,613,329
Less: Re-insurers' share		5,530,188	5,266,626
Net Underwriting Premiums		29,110,435	25,346,703
Net change in unearned premiums provision		(1,322,644)	107,874
Net change in mathematical provision		(8,200,174)	(7,295,752)
Net earned premiums revenue		19,587,617	18,158,825
Commissions revenue		581,957	576,467
Policies issuance service fees		896,851	851,499
Revenues relating to underwriting accounts		2,298,813	1,754,238
Other revenues relating to underwriting accounts		227,346	263,749
Interest income	29	870,777	810,468
Net profit from financial assets and investments	30	58,009	65,758
Other revenues		22,279	9,868
Total Revenues		24,543,649	22,490,872
Claims, Losses and Expenses			
Paid claims		12,433,866	18,179,976
Add: Matured and settled policies		4,420,813	3,358,825
Less: Recoveries		(393,584)	(457,792)
Reinsurers' share		(2,036,156)	(7,856,327)
Net Paid Claims		14,424,939	13,224,682
Net change in claims provision		405,934	(690,078)
Distributed employee expenses	31	3,334,302	3,258,576
Distributed general and administrative expenses	32	1,226,194	1,162,257
Excess of loss premiums		104,116	140,654
Policy acquisition expenses		1,692,590	1,598,077
Other expenses related to premiums		227,939	187,703
Net claims burden		21,416,014	18,881,871
Undistributed employee expenses	31	58,539	39,473
Depreciation and amortization	16&15	302,463	298,967
Undistributed general and administrative expenses	32	105,284	102,921
(Surplus) provision for impairment in receivables	13&12	-	(100,000)
Other expenses	33	78,800	244,003
Total Expenses		545,086	585,364
Profit before tax		2,582,549	3,023,637
Less: Income tax expense	14\b	581,235	494,978
Profit for the Year		2,001,314	2,528,659
Earnings per share for the year	34	0.200	0.253

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMETNT OF COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2017	2016
		JD	JD
Profit for the year		2,001,314	2,528,659
Other Comprehensive Income Items:			
Items not transferrable to the consolidated statement of income			
Net change in investment valuation reserve	26	375,300	(126,616)
(Losses) from sale of financial assets at fair value through comprehensive income	26	(898)	(726,053)
Total Comprehensive Income for the Year		2,375,716	1,675,990

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Authorized and Paid-up Capital	Additional Paid-in Capital	Statutory Reserve	Voluntary Reserve	Investment Valuation Reserve	Retained Earnings Realized	Retained Earnings Unrealized	Retained Earnings Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2017									
Balance - beginning of the year	10,000,000	3,750,000	2,565,868	1,326,652	98,713	3,015,836	-	3,015,836	20,757,069
Profit for the year	-	-	-	-	-	2,001,314	-	2,001,314	2,001,314
Change in investment valuation reserve	-	-	-	-	375,300	-	-	-	375,300
(Losses) from sale of financial assets at fair value through comprehensive income	-	-	-	-	-	(898)	-	(898)	(898)
Total Comprehensive Income	-	-	-	-	375,300	2,000,416	-	2,000,416	2,375,716
Dividends*	-	-	-	-	-	(2,200,000)	-	(2,200,000)	(2,200,000)
Transfer to reserve **	-	-	18,907	-	-	(18,907)	-	(18,907)	-
Balance - End of the Year	10,000,000	3,750,000	2,584,775	1,326,652	474,013	2,797,345	-	2,797,345	20,932,785
For the Year Ended December 31 , 2016									
Balance - beginning of the year	10,000,000	3,750,000	2,546,138	1,326,652	225,329	3,432,960	-	3,432,960	21,281,079
Profit for the year	-	-	-	-	-	2,528,659	-	2,528,659	2,528,659
Change in investment valuation reserve	-	-	-	-	(126,616)	-	-	-	(126,616)
(Losses) from sale of financial assets at fair value through comprehensive income	-	-	-	-	-	(726,053)	-	(726,053)	(726,053)
Total Comprehensive Income	-	-	-	-	(126,616)	1,802,606	-	1,802,606	1,675,990
Dividends*	-	-	-	-	-	(2,200,000)	-	(2,200,000)	(2,200,000)
Transfer to reserve **	-	-	19,730	-	-	(19,730)	-	(19,730)	-
Balance - End of the Year	10,000,000	3,750,000	2,565,868	1,326,652	98,713	3,015,836	-	3,015,836	20,757,069

- Retained earnings include JD 189,059 as of December 31, 2017, restricted against deferred tax assets (JD 224,149 as of December 31 , 2016).

* In its ordinary meeting held on April 20, 2017, the General Assembly approve the Board of Directors' recommendation to distribute JD 2,200,000 to the shareholders as cash dividends, equivalent to %22 of the authorized and paid-up capital (JD 2,200,000 for the previous year).

** The Company transfers 10 % of pretax income to the statutory reserve according to the results of operations of the parent Company and its subsidiary separately.

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2017 JD	2016 JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the year before tax		2,582,549	3,023,637
Adjustments:			
(Gains) losses from sale of property and equipment	33	(12,510)	1,658
Depreciation and amortization	15&16	302,463	298,967
(Surplus) in provision for impairment of accounts receivable	12&13	-	(100,000)
End of service indemnity provision	22	20,615	-
Net change in provision for unearned premiums		1,322,644	(107,874)
Net change in claims provision		405,934	(690,078)
Net change in mathematical provisions		8,200,174	7,295,752
Cash Flows from Operating Activities before Change in Working Capital Items		12,821,869	9,722,062
Decrease (Increase) in Assets:			
Checks under collection		191,018	1,735
Receivables		(1,812,669)	(624,497)
Companies and reinsurers receivable - debit		436,149	(329,548)
Other assets		(1,544)	(29,798)
Increase (Decrease) in Liabilities:			
Payables		169,307	(933)
Accrued expenses		(2,267)	(83,877)
Reinsurers payable-credit		121,294	257,691
Other liabilities		111,604	(49,158)
Cash Flows from Operating Activities before Income Tax Paid		12,034,761	8,863,677
Income tax paid	a\14	(533,705)	(679,953)
Net Cash Flows from Operating Activities		11,501,056	8,183,724
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks (mature after three months)		1,855,780	(1,855,780)
Financial assets at fair value through comprehensive income		142,887	4,092,295
Financial assets at amortized cost-Net		(9,218,102)	(5,486,247)
Life policyholders' loans		(1,055,161)	(935,689)
(Purchase) of property and equipment	15	(80,005)	(42,184)
Proceeds from sale of property and equipment		19,575	-
(Purchase) of intangible assets	16	(32,450)	(24,700)
Net Cash Flows (used in) Investing Activities		(8,367,476)	(4,252,305)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends		(2,149,721)	(2,148,896)
Net Cash Flows (used in) Financing Activities		(2,149,721)	(2,148,896)
Net Increase in Cash		983,859	1,782,523
Cash and cash equivalents - beginning of the year		11,255,905	9,473,382
Cash and Cash Equivalents - End of the Year	35	12,239,764	11,255,905

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Other Damages to Property		Liability		Medical		Personal Accidents		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	127,241	336,755	112,775	364,307	282,171	6,226,329	41,568	17,711	9,675,678	9,097,885	57,452	33,346	10,296,885	16,076,333
Less: Recoveries	14,572	35,589	517	97,282	21,279	5,962	-	-	357,216	317,650	-	1,309	393,584	457,792
Local re-insurers' share	(215)	-	-	-	10,412	915,655	-	-	-	-	-	-	10,197	915,655
Foreign re-insurers' share	19,660	60,692	72,235	150,543	240,135	5,250,902	33,797	13,534	43,888	(29,430)	19,608	23,444	429,323	5,469,685
Net Paid Claims	93,224	240,474	40,023	116,482	10,345	53,810	7,771	4,177	9,274,574	8,809,665	37,844	8,593	9,463,781	9,233,201
Add: Claims Provision - End of the Year	192,364	302,362	537,289	602,318	1,247,998	1,291,431	1,139,942	1,089,074	1,440,120	983,442	96,986	72,209	4,654,699	4,340,836
Un-reported	120,000	150,000	71,000	71,000	25,000	25,000	30,000	30,000	600,000	500,000	45,000	45,000	891,000	821,000
Less: Re-insurers' share - end of the year	102,897	116,396	570,438	620,071	1,207,208	1,247,302	1,132,727	1,079,471	534	534	90,592	73,325	3,104,396	3,137,099
Recoveries	68,277	75,687	163,373	153,662	616	1,998	-	-	743	5,055	-	-	233,009	236,402
Net Claims Provision - End of the Year	141,190	260,279	(125,522)	(100,415)	65,174	67,131	37,215	39,603	2,038,843	1,477,853	51,394	43,884	2,208,294	1,788,335
Reported	71,190	160,279	(140,522)	(115,415)	60,174	62,131	31,215	33,603	1,438,843	977,853	36,394	28,884	1,497,294	1,147,335
Unreported	70,000	100,000	15,000	15,000	5,000	5,000	6,000	6,000	600,000	500,000	15,000	15,000	711,000	641,000
Less: Claims Provision - Beginning of the Year	302,362	590,487	602,318	820,374	1,291,431	1,049,421	1,089,074	144,716	983,442	968,410	72,209	15,979	4,340,836	3,589,387
Un-reported	150,000	200,000	71,000	71,000	25,000	25,000	30,000	30,000	500,000	850,000	45,000	45,000	821,000	1,221,000
Less: Re-insurers' share - beginning of the year	116,396	169,027	620,071	745,942	1,247,302	1,021,988	1,079,471	149,269	534	534	73,325	41,311	3,137,099	2,128,071
Recoveries	75,687	129,852	153,662	168,733	1,998	2,317	-	-	5,055	1,483	-	-	236,402	302,385
Net Claims Provision - Beginning of the Year	260,279	491,608	(100,415)	(23,301)	67,131	50,116	39,603	25,447	1,477,853	1,816,393	43,884	19,668	1,788,335	2,379,931
Net Paid Claims Cost	(25,865)	9,145	14,916	39,368	8,388	70,825	5,383	18,333	9,835,564	8,471,125	45,354	32,809	9,883,740	8,641,605

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and transportation		Fire and other damages to property		Liability		Medical		Personal accidents		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net revenue from the written premiums	-	-	116,275	40,232	142,739	162,192	101,250	141,880	11,399,635	10,659,896	103,868	93,852	11,863,767	11,098,052
(Less): Net paid claims cost	(25,865)	9,145	14,916	39,368	8,388	70,825	5,383	18,333	9,835,564	8,471,125	45,354	32,809	9,883,740	8,641,605
	25,865	(9,145)	101,359	864	134,351	91,367	95,867	123,547	1,564,071	2,188,771	58,514	61,043	1,980,027	2,456,447
Add: Received commissions	-	-	115,907	99,880	360,799	365,430	64,494	59,909	-	-	1,081	13,690	542,281	538,909
Insurance policies issuance fees	-	-	26,043	26,508	125,004	130,870	36,654	35,450	476,296	404,574	124,771	153,188	788,768	750,590
Other revenue	3,279	3,394	27,767	45,811	5,350	99,194	-	-	37,268	28,242	15,856	7,745	89,520	184,386
Total Revenue	3,279	3,394	169,717	172,199	491,153	595,494	101,148	95,359	513,564	432,816	141,708	174,623	1,420,569	1,473,885
Less: Paid commissions	-	-	19,605	16,641	135,476	137,835	36,413	33,377	97,333	110,521	32,190	36,996	321,017	335,370
Excess of loss premiums	31,425	-	5,750	5,000	46,550	42,000	-	-	12,791	87,154	7,600	6,500	104,116	140,654
Employees and administrative expenses related to underwriting accounts	14,757	12,135	47,857	54,346	360,317	352,184	93,376	91,820	1,302,014	1,336,694	32,042	31,608	1,850,363	1,878,787
Other expenses	-	-	1,608	2,712	5,349	5,660	548	858	34,743	376	833	893	43,081	10,499
Total Expenses	46,182	12,135	74,820	78,699	547,692	537,679	130,337	126,055	1,446,881	1,534,745	72,665	75,997	2,318,577	2,365,310
Net Written Profit	(17,038)	(17,886)	196,256	94,364	77,812	149,182	66,678	92,851	630,754	1,086,842	127,557	159,669	1,082,019	1,565,022

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AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2017	2016
	JD	JD
Written Premiums:		
Direct business	18,082,807	16,261,848
Re-insurers' inward business	-	-
Gross Written Premiums	18,082,807	16,261,848
Less: Local re-insurers' share	-	-
Foreign re-insurers' share	2,176,711	1,898,872
Net Written Premiums	15,906,096	14,362,976
Add: Unearned premiums provision-beginning of the year	610,491	612,837
Less: re-insurance share	328,181	336,978
Net Unearned Premiums Provision-Beginning of the Year	282,310	275,859
Add: mathematical provision-beginning of the year	40,582,005	33,286,253
Less: re-insurance share	-	-
Net mathematical Provision-Beginning of the Year	40,582,005	33,286,253
Add: Unearned premiums provision-end of year	442,613	610,491
Less: re-insurance share	178,231	328,181
Net Unearned Premiums Provision-End of Year	264,382	282,310
Add: mathematical provision-end of year	48,782,179	40,582,005
Less: re-insurance share	-	-
Net Mathematical Provision-End of Year	48,782,179	40,582,005
Net Realized Revenues from Underwriting Premiums	7,723,850	7,060,773

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIM COST FOR LIFE INSURANCES

	For the Year Ended December 31,	
	2017	2016
	JD	JD
Paid claims	2,136,981	2,103,643
Matured and settled policies	4,420,813	3,358,825
Less: Local re-insurers' share	-	13
Foreign re-insurers' share	1,596,636	1,470,974
Net Paid Claims	4,961,158	3,991,481
Add: Reported claims provision - end of the year	1,534,667	1,218,529
Unreported claims provision - end of the year	350,000	350,000
Less: Re-insurers' share	1,637,692	1,307,529
Net Claims Provision - End of the Year	246,975	261,000
Reported	186,975	201,000
Unreported	60,000	60,000
Add: Reported claims provision - beginning of the year	1,218,529	887,013
Unreported claims provision - beginning of the year	350,000	300,000
Less: Re-insurers' share	1,307,529	827,531
Net Claims Provision - Beginning of the Year	261,000	359,482
Net Claims Paid Cost	4,947,133	3,892,999

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AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31, 2017	2016
	JD	JD
Net revenue from the written premiums	7,723,850	7,060,773
Less: Net claims paid cost	(4,947,133)	(3,892,999)
	2,776,717	3,167,774
Add: Received commissions	39,676	37,558
Insurance policies issuance fees	108,083	100,909
Interest revenue from investment related to underwriting accounts	2,298,813	1,754,238
Other revenue	137,826	79,363
Total Revenue	2,584,398	1,972,068
Less: Paid commission	1,371,573	1,262,707
Excess of loss premiums	-	-
Administrative expenses for underwriting accounts	2,710,133	2,542,046
Other expenses	184,858	177,204
Total Expenses	4,266,564	3,981,957
Net Underwriting Profit before Tax	1,094,551	1,157,885

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE BRANCH

	December 31	
ASSETS	2017	2016
	JD	JD
Deposits at banks	7,063,418	7,009,876
Financial assets at fair value through comprehensive income	3,749,954	3,340,455
Financial assets at amortized cost	30,440,198	22,404,598
Real estate investments	648,600	599,720
Investment in an associate	74,474	68,862
Life policyholders loans	5,560,148	4,504,987
Total Investments	47,536,792	37,928,498
Cash on hand and at banks	1,606,269	1,615,952
Checks under collection	524,849	618,513
Accounts receivable-Net	1,876,433	1,708,839
Re-insurance companies' accounts receivable	23,175	125,509
Deferred tax assets	47,264	55,987
Property and equipment	840,337	890,892
Intangible assets	18,147	16,860
Other assets	900,562	893,932
Total Assets	53,373,828	43,854,982
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES:		
Provision for unearned premiums - net	264,382	282,310
Claims provision - net	246,975	261,000
Mathematical provision - net	48,782,179	40,582,005
Total Insurance Contracts Liabilities	49,293,536	41,125,315
Accounts payable	445,055	402,728
Insurance companies' accounts payable	485,074	454,751
Accrued expenses	178,103	178,237
Income tax provision	262,692	275,981
Various provisions	201,575	201,575
Other liabilities	233,015	183,857
Total Liabilities	51,099,050	42,822,444
Head Office`s equity:		
Head Office's current account	1,180,227	(125,347)
Income for the year	1,094,551	1,157,885
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	53,373,828	43,854,982

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

1. General

a. Al Nisr Al Arabi Insurance Company was established on September 28, 1989 and registered under Number (207) to conduct insurance business after the merger between Al Nisr Al Arabi Insurance Company and RIFCO Life Insurance Company according to the Economic Security Commission's resolution on June 11, 1985 and in compliance with the Insurance Business Control Law.

b. The Company conducts all types of life and general insurance (motor, marine transport, fire and other property damages, liability, medical and personal accidents, and aviation).

c. Based on the minutes of the Company`s Board of Directors` meeting number (146) on October 27, 2011, it was decided not to renew the license for the Motor Branch effective from the year 2012.

d. The accompanying consolidated financial statements were approved by the Board of Directors on February 12, 2018.

2. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared according to the standards issued by the International Accounting Standards Board and the forms prescribed by the Jordan Insurance Commission.

- The consolidated financial statements have been prepared according to the historical cost convention, except for financial assets and liabilities stated at fair value as of the date of the consolidated financial statements.

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

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2016, except for what is mentioned in Note (44.a).

Basis of Consolidating the Consolidated Financial Statements

The consolidated financial statements include the financial statements of the parent Company and those of the subsidiary after eliminating intercompany balances and transactions:

Company's Name	Paid Capital	Ownership Percentage	Nature of Work	Place of Business	Date of Acquisition
Al Ameen Al Arabi Real Estate Company	458,841	100%	Real Estate Development	Amman	2012

The following is a summary of the data of the subsidiary:

	December 31, 2017	December 31, 2016
	JD	JD
Assets	2,941,796	2,991,098
Liabilities	2,248,559	2,313,680
Net partner`s equity	693,237	677,418

	For the year Ended December 31,	
	2017	2016
	JD	JD
Revenue	275,000	275,000
Expenses	(109,182)	(103,032)
Profit for the year	165818	171,968

Control is achieved when the Company obtains control over the financial and operating policies of the subsidiary to gain benefits from its activities. Furthermore, the intercompany balances, revenues, and expenses are totally eliminated.

The results of operations of the subsidiary are consolidated in the consolidated statement of income from the date of acquisition, the date on which the Company actually gains control over the subsidiary. Moreover, the results of operations of the subsidiaries disposed of are consolidated in the consolidated statement of income until the disposal date, the date on which the Company actually losses control over the subsidiary.

The financial statements of the subsidiary are prepared for the same period of the parent company, using the same accounting policies adopted by the parent company. In case the subsidiary uses accounting policies different from those used by the parent company, the required adjustments to the subsidiary`s financial statements are made to match the accounting policies adopted by the parent company.

The following are the significant accounting policies adopted during the year ended December 31, 2017:

Financial Assets at Amortized Cost

- The purpose of holding these assets within the context of the business model is to collect contractual cash inflows, representing payments of debt principal and interest on the outstanding balance of debts.

- Financial assets at amortized cost are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount is amortized, using the effective interest rate method, and recorded to interest or in its account. Any provisions for the decline in the value of these investments resulting in no recovery of the assets, or part thereof, are deducted, and any impairment is taken to the consolidated statement of income.

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

Reclassification

- Financial assets at amortized cost may be classified to financial assets at fair value through the income statement and vice versa. This can be carried out when the Company changes the business model on the basis of which those assets were classified as stated above, taking into consideration the following:

    - Previously recognized profits, losses, or interest may not be recovered.

    - When classifying financial assets whose fair value is to be measured, their fair value is determined on the reclassification date. Any gains or losses arising from the differences between the previously recorded amount and the fair value are recorded in the consolidated statement of income.

    - When classifying financial assets to be measured at amortized cost, they are recorded at fair value as of the classification date.

Financial Assets at Fair Value through Income Statement

- The remaining financial assets that do not meet the criteria for financial assets at amortized cost are recorded as financial assets at fair value.

- Financial assets at fair value through the income statement represent shares and bonds held by the Company for trading and achieving gains from short-term fluctuations in market prices or gains from margin trading.

- Financial assets at fair value through the income statement are initially stated at fair value on the acquisition date (purchase costs are recorded in the consolidated statement of income upon purchase). They are subsequently re-measured to fair value. Moreover, changes in fair value are recorded in the consolidated statement of income, including the fair value change resulting from the translation of non- monetary assets denominated in foreign currencies. Gains or losses resulting from the sale of these financial assets, or part thereof, are taken to the consolidated statement of income.

- Dividends and interest from these financial assets are recorded in the consolidated statement of income.

Financial Assets at Fair Value through Comprehensive Income

- Upon initial recognition of investments in owners' equity not held for trading, an irrevocable option may be adopted to present all the changes in the fair value of these investments on an individual basis (each share separately) within the other comprehensive items. Not in any case at a subsequent date may the amounts of these changes, recognized within the consolidated comprehensive income statement, be reclassified to profit or loss.

- Financial assets at fair value through the statement of comprehensive income are stated at fair value plus acquisition expenses at the date of acquisitions. Moreover, these assets are revalued at fair value. The change in fair value is stated in the statement of comprehensive income and within shareholders' equity, including the change in fair value resulting from the exchange differences arising from non-monetary assets denominated in foreign currencies. In case these assets, or part thereof, are sold, the gains / losses arising therefrom are taken to the consolidated statement of comprehensive income and within shareholders' equity. Furthermore, the financial assets revaluation reserve balance relating to equity instruments is directly taken to retained earnings / accumulated losses but not through the consolidated statement of income.

- Dividends are taken to the consolidated income statement unless these dividends clearly represent partial recovery of all the investments.

Sector Information

- Business sector represents a group of assets and transactions that jointly provide products or services which are subject to risks and returns different from those relating to other business sectors.

- Geographic sector relates to the delivery of products or services in a specific economic environment that is subject to risks and returns different from those relating to sectors functioning in other economic environment.

Date of Recognition of Financial Assets

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

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

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

- Comparison with the fair value of another financial asset with similar terms and conditions.

- Analysis of the present value of expected future cash flows for similar instruments.

- Adoption of the option pricing models.

The evaluation methods aim at providing a fair value reflecting the expectations of the market, expected risks, and expected benefits. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Impairment in Financial Assets
The Company and its subsidiary review the values of recorded financial assets at the date of the consolidated statement of financial position to determine if there are any indications to the impairment in their value individually or as a portfolio.

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

The impairment amount is determined as follows:

- Impairment in the value of financial assets at amortized cost: represents the difference between the stated amount and the present value of the expected cash flows discounted at the original effective interest rate.

- Impairment in the value of financial assets at fair value through the statement of income and comprehensive income: represents the difference between the book value and the fair value.

- Impairment in the value of financial assets at cost: represents the difference between the book value and the present value of the expected future cash flows discounted at the prevailing market rate for the return on similar financial assets.

  The impairment in value is stated in the consolidated statement of income. Moreover, any surplus in the subsequent period due to previous impairment in financial instruments is stated in the consolidated income statement while such a surplus in equity instruments at fair value through the statement of comprehensive income is recovered by using the investment valuation reserve and through the consolidated statement of comprehensive income and consolidated shareholders` equity.

Cash and Cash Equivalents
It represents cash and cash balances that mature within three months and include: cash and balances at banks and financial institutions, less restricted balances.

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

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

1. There is an objective evidence resulting from an event that took place after the recording of the re-insurance assets confirming the Company's inability to recover all the amounts under the contracts terms.

2. The event has a reliably and clearly measurable effect on the amounts that the Company will recover from the re-insurer.

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 consolidated statement of income.

Real Estate Investments
- Real Estate Investments (except for land) are stated at cost less accumulated depreciation, and these investments are depreciated over their useful lives at a rate of 2%. Any impairment amount is recorded at the consolidated statement of income. Moreover, operating revenues and expenses arising from those investments are taken to the consolidated statement of income.

- In case the fair value of previously impaired real estate investments increases, the previously recorded impairment loss is recovered for no more than the cost.

- Real estate investments are valued according to the resolutions of the Jordan Insurance Commission, and their fair values are reported in the real estate investments note.

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

	%
Buildings	2
Equipment, Devices, and Furniture	10-20
Elevators	10
Vehicles	15
Decorations	10-15
Lease improvements	10
Computer devices	20

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

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

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

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

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

Intangible Assets

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

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

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

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

Mortgaged Financial Assets

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

Computer Systems and Software

Computer systems and software are stated at acquisition cost and amortized at 20% annually.

Provisions

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

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

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

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

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

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

3. The reserve for unreported claims is calculated based on the Company's experience and estimates.

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

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

6. The provision for premium deficit is calculated based on the Company`s experience and estimates.

Second: Provision for Impairment in Accounts Receivable
A provision for impairment is taken when there is an objective evidence that whole or part of these receivables has become irrecoverable. The provision is calculated based on the difference between the carrying amount and the recoverable value. Moreover, the provision is calculated using percentages agreed upon by the Board of Directors and according to the aging of those receivables as of the consolidated financial statements date.

Liability Adequacy Test
At the date of the consolidated financial position statement, the adequacy and appropriateness of the insurance liabilities are evaluated by calculating the current value of the expected future cash flows relating to the outstanding insurance contracts.

If the evaluation indicates that the present value of the insurance liabilities (different purchase expenditures less adequate, and intangible assets less relevant) is insufficient compared to the expected future cash flows, the whole deficit amount is stated in the consolidated statement of income.

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

1- Accrued Taxes
   Accrued taxes are calculated on the basis of taxable profits. Moreover, taxable profits differ from the profits declared in the consolidated statement of income since the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses accepted by the tax authorities, or unallowable and non-taxable items.

   Taxes are calculated on the basis of the tax rates prescribed by the laws, regulations, and instructions in force in the Hashemite Kingdom of Jordan.

2- 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 consolidated financial statements and the value of the taxable amount.

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

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

Offsetting

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

Revenue Recognition

1. Insurance Contracts

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

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

2. Dividends and Interest revenues

Dividends revenues 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 maturity periods, principals, and earned interest rate.

3. Rental Income

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

4. Commissions Revenue

Shares' purchase and sale commissions are recorded to the revenues upon their realization.

Expense Recognition

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

Insurance Reimbursement

Insurance compensations represent all amounts paid during the year and changes in claims provision, 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 consolidated financial statements date but still unsettled at that date. Moreover, outstanding claims are calculated on the basis of the best information available at the date of the consolidated financial statements and include the provision for unreported claims.

Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are considered when calculating the insurance for claims.

General and Administrative Expenses

All distributable general and administrative expenses are allocated to the insurance branches separately according to the actual administrative expenses of each branch separately and in compliance with specific cost centers for various insurance departments. The remaining expenses are stated as unallocated expenses in the consolidated statement of income.

Employees expenses

All distributable employee expenses are allocated to the insurance branches separately according to the expenditures of each branch in compliance with specific cost centers for various insurance departments. Moreover, the related employee expenses of the Company`s subsidiary are stated as unallocated employee expenses.

Foreign Currency Transactions

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

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

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

Gains and losses resulting from the exchange of foreign currencies are recorded in the consolidated statement of income.

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

Investment in Associate

Associated company is an investee whereby the Company exercises significant influence on its financial and operational decisions, but does not control it. Moreover, the Company owns from 20% to 50% of the voting rights in the associate. The investment in the associate is recognized in the consolidated financial statements according to the equity method.

Provision for End of Service indemnity

Compensation paid to employees leaving the service is recognized on the allowance account. Provision is made for the liability of the Company for employees' end of service indemnities in the consolidated statement of income according to implemented law and regulation.

3. Use of Estimates

Preparation of the consolidated 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 any contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and the investments valuation reserve. In particular, the management of the Company and its subsidiary are 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 the changes resulting from the circumstances and situations of those estimates in the future.

Our estimates within the financial statements are reasonable. The details are as follows:

- A provision for accounts receivable is taken according to the various assumptions and bases adopted by the Board of Directors of the Company and its subsidiary to evaluate the required provision as per International Financial Reporting Standards.

- The financial year is charged with its share from income tax according to the prevailing laws and regulations and International Financial Reporting Standards.

- Real estate investments are evaluated by independent and certified real estate appraisers according to the resolutions issued by Jordan Insurance Commission. Moreover, their fair value is disclosed in the consolidated financial statements.

- 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 consolidated statement of income.

- Provision for employees' end of service indemnity is made in accordance with applicable laws and regulations.

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

- A provision for lawsuits against the Company and its subsidiary is created based on a legal study by the lawyer of the Company and its subsidiary according to which probable future risks are determined. Such studies are reviewed periodically.

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

- Fair Value Hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. Moreover, when the company measures the fair value, it uses independent and qualified parties to make the measurement studies. The appropriate evaluation methods and the interventions used to prepare the evaluation are reviewed by management

4. Deposits at Banks

This item consists of the following:

	December 31,				
	2017				2016
	Deposits Maturing Within One Month	Deposits Maturing Within Three Months	Deposits Maturing after Three Months and up to One Year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	9,144,147	-	-	9,144,147	8,124,541
Outside Jordan	1,092,690	-	-	1,092.690	2,793,199
Total	10,236,837	-	-	10,236,837	10,917,740

- During the year 2017, interest rates on deposits in Jordanian dinar ranged from 4.75% to 5.25%. For deposits in US dollars, interest rates 1.29 %

- Moreover, deposits collateralized to the order of the Director General of the Insurance Committee in addition to his position amounted to JD 325,000 as of December 31, 2017 and December 31, 2016 at Arab Jordan Investment Bank and mature within a period of less than three months.

- There were no restricted balances as of December 31, 2017 and December 31, 2016.

5. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31	
	2017	2016
Inside Jordan:	JD	JD
Quoted shares on Amman Stock Exchange	48,970	48,970
Outside Jordan:		
Quoted shares	1,606,825	1,548,592
Listed investment funds *	1,903,027	1,638,015
Quoted bonds	1,875,894	1,967,624
	5,434,716	5,203,201

* This item represents investment in listed investment funds with unguaranteed capital and at fair value as of the consolidated financial statements date.

- Interest rates on bonds outside Jordan ranged from 6.25% to 8.375% during the year 2017.

- Bonds maturity extend to the following dates:

	3-6 months	6-9 months	9 months-1 year	More than one year	Total
Outside Jordan	JD	JD	JD	JD	JD
Bonds quoted on Stock Exchange	-	-	-	1,875,894	1,875,894
	-	-	-	1,875,894	1,875,894

- The aforementioned bonds are of a fixed return.

6. Financial Assets at Amortized Cost

This item consists of the following:

	December 31	
	2017	2016
Inside Jordan	JD	JD
Government bonds	40,895,576	34,431,123
	40,895,576	34,431,123
Outside Jordan		
Corporate bonds	3,326,344	572,695
Provision for impairment	(105,691)	(105,691)
	3,220,653	467,004
	44,116,229	34,898,127

- The maturities of bonds extend to the following dates:

	1-3 months	3-6 months	6-9 months	9 months 1 year	More than 1 year	Total
Inside Jordan	JD	JD	JD	JD	JD	JD
Government bonds	-	2,801,288	1,305,112	1,101,571	35,687,605	40,895,576
Corporate bonds	-	-	-	-	-	-
Outside Jordan						
Corporate bonds	-	-	-	-	3,220,653	3,220,653
	-	2,801,288	1,305,112	1,101,571	38,908,258	44,116,229

- Interest rates on bonds denominated in Jordanian Dinar range from 4.689% to 7.999%. Moreover, interest rates on bonds denominated in foreign currency ranged from 3.25% to 6.5% during the year ended December 31, 2017.

- The above-mentioned bonds are of a fixed return.

7. Investment in Affiliate

This item represents the Company`s investment in Al Nisr Al Arabi For Real Estate Company (under liquidation) with 50 % of its capital amounting to JD 200 thousand as of December 31,2017, and this investment in the affiliate is stated in the Consolidated Financial Statements based on the equity method.

8. Real Estate Investments

a. This item consists of the following:

	December 31	
	2017	2016
	JD	JD
Investment land	940,001	940,001
	940,001	940,001

- The details of real estate investments and information on the fair value hierarchy as of December 31, 2017 are as follows:

	Level 1	Level 2	Level 3	Fair Value as of December 31, 2017*
	JD	JD	JD	JD
Investment land	-	974,580	-	974,580

- There were no transfers between Level 1 and Level 2 during the year 2017.

* The average fair value amounted to JD 974,580 according to the last appraisal of the land as of December 31, 2017 and January 4, 2018 conducted by three certified real estate appraisers.

9. Life Policyholders' Loans

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Loans for life insurance policyholders' not exceeding the policy liquidation value	5,560,148	4,504,987

The maturities of life insurance policyholders' loans extend to the following dates:

	More than 1 year	2017 Total
	JD	JD
Life policyholders' loans	5,560,148	5,560,148

10. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Cash on hand	1,788	2,091
Current accounts at banks	2,326,139	2,516,854
	2,327,927	2,518,945

11. Checks under Collection

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Checks under collection within 6 months	698,545	784,277
Checks under collection after 6 months	62,106	179,139
	760,651	963,416

- The maturities of checks under collection extend to March 30, 2019.

12. Receivables - Net

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Policyholders	9,516,485	7,743,608
Other receivables	5,902	5,902
	9,522,387	7,749,510
Less: Provision for impairment of receivables *	(503,698)	(493,537)
Accounts Receivable – Net	9,018,689	7,255,973

The ageing of receivables is as follows:

	December 31,	
	2017	2016
	JD	JD
Less than 90 days	8,498,713	6,768,563
From 91 – 180 days	875,736	693,291
From 181 – 360 days	95,465	144,314
More than 361 days	52,473	143,342
	9,522,387	7,749,510

* Movement on the provision for the impairment of receivables is as follows:

	2017	2016
	JD	JD
Balance – beginning of the year	493,537	678,976
(Recovered) during the year	-	(100,000)
Transferred from/to re-insurers receivable during the year	49,953	(26,703)
Less: Written-off debts	(39,792)	(58,736)
Balance- End of the Year	503,698	493,537

13. Companies and Re-insurance Receivables - Debit

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Local insurance companies	89,153	496,017
Foreign re-insurance companies	61,841	91,126
	150,994	587,143
Less: Provision for impairment of receivables *	(61,858)	(111,811)
Re-insurance Companies' Accounts - Net	89,136	475,332

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

	December 31,	
	2017	2016
	JD	JD
Less than 90 days	70,701	98,864
91 – 180 days	14,709	374,802
181 – 360 days	3,726	1,666
More than 361 days	61,858	111,811
	150,994	587,143

* Movement on the provision for companies and reinsurance accounts debts is as follows:

	2017	2016
	JD	JD
Balance – beginning of the year	111,811	85,108
Transferred to/from accounts receivable during the year	(49,953)	26,703
Balance – End of the Year	61,858	111,811

14. Income Tax

a. Income Tax Provision

- Movement on the income tax provision is as follows:

	For the Year Ended December 31	
	2017	2016
	JD	JD
Balance - beginning of the year	322,172	514,756
Income tax paid	(533,705)	(679,953)
Income tax for the year	546,145	487,369
Balance – End of the Year	334,612	322,172

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

	2017	2016
	JD	JD
Income tax on the year`s profit	546,145	487,369
The impact of deferred tax assets- Net	35,090	7,609
	581,235	494,978

A final income tax settlement of the company and its subsidiary had been reached up to the end of the year 2015. Moreover, the Company has submitted the tax return for the year 2016 on time. The income tax provision for the year ended December 31, 2017 has been calculated and booked. In the opinion of the Company's management and its tax consultant, the Company and its subsidiary will not incur any additional liabilities exceeding the provisions taken as of December 31, 2017.

c. Deferred Tax Assets

The details of this item are as follows:

	For the Year Ended December 31, 2017					For the Year Ended December 31, 2016
Accounts Included	Balance at the Beginning of the Year	Amounts Released	Amounts Added	Balance at End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provision for doubtful debts	605,348	(89,745)	49,953	565,556	135,733	145,284
Provisions for tax deductible losses from foreign investments	304,870	(304,870)	-	-	-	30,487
End of service indemnity provision	-	-	20,615	20,615	4,948	-
Lawsuits provision	201,575	-	-	201,575	48,378	48,378
	1,111,793	(394,615)	70,568	787,746	189,059	224,149

- The movement on deferred tax assets is as follows:

	For the Year Ended December 31,	
	2017	2016
	JD	JD
Balance - beginning of the year	224,149	231,758
Additions	16,936	36,896
Released	(52,026)	(44,505)
Balance - End of the Year	189,059	224,149

- According to the management's opinion, deferred tax assets will be used in the near future.

d. The following is a summary of the reconciliation between accounting profit and tax return:

	2017	2016
	JD	JD
Accounting profit	2,732,540	3,023,637
(Loss) from sale of financial assets at fair value through comprehensive income	(898)	(726,053)
Non-taxable profit	(1,360,678)	(1,529,738)
Non-deductible expenses	1,016,020	1,372,284
Taxable income	2,386,984	2,140,130
Income tax due	546,145	487,369

- The prevailing tax rate in Jordan is 24% for the parent Company and 20% for the subsidiary

The details of this item are as follows:

	Land	Buildings	Lease Improvements	Elevators	Equipment, Devices and Furniture	Transportation Vehicles	Decorations	Computer Software and Devices	Total
Year 2017	JD	JD	JD	JD	JD	JD	JD	JD	JD
cost:									-
Balance- beginning of the year	777,480	1,786,131	26,850	57,000	642,332	70,625	940,028	357,485	4,657,931
Additions	-	-	850	-	8,089	50,000	14,039	7,027	80,005
Disposals	-	-	-	-	(1,277)	(50,000)	-	-	(51,277)
Balance- End of the Year	777,480	1,786,131	27,700	57,000	649,144	70,625	954,067	364,512	4,686,659
Accumulated Depreciation:									
Balance- beginning of the year	-	81,372	7,839	17,100	361,580	55,807	338,699	231,965	1,094,362
Depreciation for the year	-	27,124	6,437	5,700	96,665	8,417	93,045	37,771	275,159
Disposals	-	-	-	-	(1,277)	(42,935)	-	-	(44,212)
Balance- End of the Year	-	108,496	14,276	22,800	456,968	21,289	431,744	269,736	1,325,309
Net Book Value- end of the year	777,480	1,677,635	13,424	34,200	192,176	49,336	522,323	94,776	3,361,350
Year 2016									
cost:									
Balance- beginning of the year	777,480	1,786,131	24,850	57,000	724,047	70,625	937,574	286,340	4,664,047
Additions	-	-	2,000	-	13,494	-	5,125	21,565	42,184
Disposals	-	-	-	-	(10,908)	-	(2,671)	(34,721)	(48,300)
Transfers during the year	-	-	-	-	(84,301)	-	-	84,301	-
Balance- End of the Year	777,480	1,786,131	26,850	57,000	642,332	70,625	940,028	357,485	4,657,931
Accumulated Depreciation:									
Balance- beginning of the year	-	54,248	1,625	11,400	274,276	46,765	249,400	228,992	866,706
Depreciation for the year	-	27,124	6,214	5,700	95,220	9,042	91,580	39,418	274,298
Disposals	-	-	-	-	(9,641)	-	(2,281)	(34,720)	(46,642)
Transfers during the year	-	-	-	-	1,725	-	-	(1,725)	-
Balance- End of the Year	-	81,372	7,839	17,100	361,580	55,807	338,699	231,965	1,094,362
Net Book Value- end of the year	777,480	1,704,759	19,011	39,900	280,752	14,818	601,329	125,520	3,563,569

- Fully depreciated property and equipment amounted to JD 190,211 as of December 31, 2017 (JD 180,963 as of December 31, 2016).

16. Intangible Assets

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Balance - beginning of the year	67,441	67,410
Additions	32,450	24,700
Amortizations	(27,304)	(24,669)
Balance – End of the Year	72,587	67,441

17. Other Assets

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Accrued revenues	739,627	578,864
Various accrued accounts	439,397	459,609
Prepaid expenses	86,757	205,597
Other	11,212	25,345
Refundable Deposits	9,524	3,811
	1,286,517	1,273,226

18. Mathematical Provision - Net

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Net mathematical provision	48,782,179	40,582,005

19. Payable

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Policyholders payable	1,534,738	1,390,096
Brokers payable	187,109	162,174
Others	58,373	58,643
	1,780,220	1,610,913

20. Companies Reinsurance and Payable - Credit

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Local insurance companies	13,199	20,941
Foreign re-insurance companies	1,397,686	1,289,632
Refundable deposits	529,413	508,431
	1,940,298	1,819,004

21. Lawsuits provision

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Lawsuits provision	201,575	201,575

- The following table illustrates the movement on the lawsuits provision:

	2017	2016
	JD	JD
Balance- beginning of the year	201,575	201,575
Additions	-	-
Charges	-	-
Balance- End of the Year	201,575	201,575

22. Other Liabilities

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Accrued unpaid compensations	220,303	-
Various deposits	161,227	277,656
Shareholders' deposits	327,461	282,290
Refundable amounts for cancelled contracts\Life	157,796	151,710
Board of Directors' remunerations	35,000	35,000
End of service indemnity provision*	20,615	-
Unearned revenues	9,657	2,905
	932,059	749,561

* The movement on end of service indemnity provision is as follows:

	2017	2016
	JD	JD
Balance - beginning of the year	-	-
Additions	20,615	-
Balance – End of the Year	20,615	-

23. Capital and Additional Paid-in Capital

- Authorized, subscribed, and paid-in capital amounted to JD 10 million, distributed over 10 million shares at a par value of JD 1 each as of December 31, 2017 and 2016.

- Additional paid-in capital amounts to JD 3.75 million.

24. Statutory Reserve

The accumulated amounts in this account represent appropriations from annual income before tax for the Company and the subsidiary at 10% during this year and previous years according to the Companies Law at a rate not exceeding 25% of the paid up capital. This reserve may not be distributed to shareholders. Noting that the statutory reserve of the parent company has been discontinued from deduction.

25. Voluntary Reserve

The accumulated amounts in this account represent the transfers from income before tax during the past years at a rate of 20% of paid-up capital. Voluntary reserve is used for the purposes determined by the Board of Directors. Moreover, the General Assembly has the right to distribute all or part of the voluntary reserve as dividends to shareholders.

26. Investment Valuation Reserve

This item represents the net change in the fair value of financial assets at fair value through comprehensive income. The details are as follow:

	2017	2016
	JD	JD
Balance - beginning of the year	98,713	225,329
Realized losses transferred to retained earnings	898	726,053
Change during the year	374,402	(852,669)
Net change during the year	375,300	(126,616)
Balance – End of the Year	474,013	98,713

27. Retained Earnings

This item consists of the following:

	2017	2016
	JD	JD
Balance - beginning of the year	3,015,836	3,432,960
Profit for the year	2,001,315	2,528,659
(Losses) on the disposal of financial assets at fair value through comprehensive income	(898)	(726,053)
Transferred to reserves	(18,907)	(19,730)
Dividends	(2,200,000)	(2,200,000)
Balance – End of the Year	2,797,346	3,015,836

28. Proposed dividends

The Board of Directors recommended the distribution of 20%, of the current year`s profits, equivalent to JD 2 million, subject to the approval of the General Assembly, as dividends to shareholders for the current year. In the previous year, dividends equal to 22% of capital, equivalent to JD 2.2 million, were distributed.

29. Interest Income

This item consists of the following:

	2017	2016
	JD	JD
Interest from investments in financial assets at amortized cost	2,270,061	1,877,088
Earned bank interest	334,211	257,118
Loans interest	243,654	185,242
Total	2,847,926	2,319,448
Amount transferred to underwriting accounts	1,977,149	1,508,980
Amount transferred to consolidated statement of income	870,777	810,468

30. Net Profit from Financial Assets and Investments

This item consists of the following:

	2017	2016
	JD	JD
Dividends from financial assets at fair value through profit or loss	2,904	-
Dividends from financial assets at fair value through comprehensive income	376,769	311,016
	379,673	311,016
Amount transferred to underwriting account	321,664	245,258
Amount transferred to consolidated financial statement	58,009	65,758

31. Employees Expenses

This item consists of the following:

	2017	2016
	JD	JD
Salaries and bonuses	2,857,100	2,783,640
End of service indemnity provision	20,615	-
Company's social security contributions	447,998	455,457
Travel and transportation	36,608	33,548
Training	30,520	25,404
Total	3,392,841	3,298,049
Amount transferred to underwriting account	3,334,302	3,258,576
Amount transferred to consolidated statement of income	58,539	39,473

32. General and Administrative Expenses

This item consists of the following:

	2017	2016
	JD	JD
Advertising and marketing	142,273	137,846
Insurance Federation fees	225,912	202,015
Rent	35,686	31,526
Printing and supplies	146,054	126,582
Professional fees	79,757	83,872
Fees and commissions	80,860	79,244
Computer expenses	116,816	110,252
Post and telephone	70,439	70,799
Marketing expenses	26,880	22,343
Water, electricity and heating	69,911	69,694
Board of Directors' transportation	25,200	24,900
Donations	22,129	26,607
Subscriptions	17,713	12,678
Maintenance	44,307	50,613
Hospitality	31,413	24,528
Company`s vehicles expenses	7,682	8,436
Government and other fees	56,489	49,166
Cleaning	11,701	9,744
Insurance	120,050	124,327
Others	206	6
Total	1,331,478	1,265,178
Amount transferred to underwriting account	1,226,194	1,162,257
Amount transferred to consolidated statement of income	105,284	102,921

33. Other Expenses- Net

This item consists of the following:

	2017	2016
	JD	JD
(Gains) losses from disposal of property and Equipment	(12,510)	1,658
Sales tax differences	88,237	91,317
Board of Directors' remunerations	35,000	35,000
Currency differences	(31,927)	116,028
	78,800	244,003

34. Earnings per Share for the Year

Earnings per share has been calculated by dividing profit for the year by the outstanding shares. The details are as follows:

	For the year ended December 31	
	2017	2016
	JD	JD
Income for the year	2,001,314	2,528,659
Number of shares	10,000,000	10,000,000
Earnings per Share for the Year	-/200	-/253

35. Cash and Cash Equivalents

The details of this item are as follows:

	December 31,	
	2017	2016
	JD	JD
Cash on hand and at banks	2,327,927	2,518,945
Add: Deposits at banks maturing within three months	10,236,837	9,061,960
Less: Mortgaged deposits	(325,000)	(325,000)
Net Cash and Cash Equivalents	12,239,764	11,255,905

36. Related Parties Balances and Transactions

The Company and its subsidiary have entered into transactions with major shareholders, members of the Board of Directors, and executive management in the ordinary course of business. Moreover, all insurance receivables are operating, and no provisions have been taken for those receivables.

The pricing policy and terms related to these transactions have been adopted by the Company`s management.

The following summarizes the transactions with the related parties during the year:

				Total	
	December 31,				
	Members of the Board of Directors	Executive Management	Parent Company	2017	2016
Consolidated Financial Position Items:	JD	JD	JD	JD	JD
Deposits at Arab Bank	-	-	1,092,690	1,092,690	2,594,771
Current accounts at Arab Bank	-	-	849,420	849,420	1,019,730
Accrued interest	-	-	3,166	3,166	6,786
Accounts receivable	-	-	3,291	3,291	26,532
Consolidated Income Statement Items:					
Underwriting premiums	-	-	304,385	304,385	307,609
Outstanding claims	-	-	35,321	35,321	-
Paid claims	-	-	506,497	506,497	51,984
Paid commissions	-	-	316,815	316,815	321,612
Interest revenue	-	-	9,512	9,512	7,905

The following is a summary of the remunerations (salaries, bonuses, and fringe benefits) of the Company's Executive Management:

	2017	2016
	JD	JD
Salaries, bonuses, and other benefits	443,634	397,807
Board of Directors` transportation	25,200	24,900
	468,834	422,707

37. Risk Management

First: Descriptive Disclosures:

The Company manages risks, using various methods, through a comprehensive strategy to limit and mitigate risks, installs proper controls, and monitors their effectiveness in a manner compatible with the risk monitoring system in order to achieve the optimal risk-return balance. Moreover, managing risks includes identifying, measuring, managing, and constantly supervising financial and non-financial risks that negatively affect the Company`s performance and reputation, as well as ensuring a return commensurate with the said risks margin.

The Company is exposed to the following risks: Market risks, liquidity risks, insurance risks, interest rate risks, and currency risks.

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 and its subsidiary, through their staff, provide the best service to their customers. Accordingly, a plan has been prepared to protect them against potential risks, natural or unnatural. This requires taking the necessary provisions and making available the technical staff necessary to ensure continuity of the Company and its subsidiary, hence the need for a risk management strategy.

Risk management is the process of measuring and assessing risks and developing strategies to manage them. This strategy includes transferring the risks to another party, avoiding them and mitigating their adverse effects on the Company and its subsidiary, as well as accepting all or some of their effects. Risk management is divided into four sections:

a. Material risks, which are natural disasters, fires, accidents and other external risks not related to the work of the Company or its subsidiary.

b. Legal risks arising from judicial claims or other risks arising from laws and legislations issued by the Insurance Commission and non-compliance therewith.

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 knowledge employee's productivity and efficiency, downgrade service quality, and detracts from reputation, thus affecting the Company's expenditures and profits.

The Company and its subsidiary prioritize 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.

2. <u>Claims Development</u>

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 for each branch of insurance, as follows:

Motor Insurance:

year of accident	2013 and before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
As of year-end	30,322,595	-	-	-	120,000	30,442,595
After one year	30,404,259	-	-	-	-	30,404,259
After two year	30,447,905	-	-	-	-	30,447,905
After three year	30,471,344	-	-	-	-	30,471,344
After four year	30,518,251	-	-	-	-	30,518,251
Current expectations for cumulative claims	30,518,251	-	-	-	120,000	30,638,251
Cumulative payments	30,428,703	-	-	-	-	30,428,703
Liabilities as stated in the consolidated financial position *	89,548	-	-	-	120,000	209,548
(Deficit)	(195,656)	-	-	-	-	(195,656)

* The liability as stated in the balance sheet amounted to JD 244,087. The difference represents the amount of outstanding claims under settlement for the borders' branches of JD 27,039 and Orange Card of JD 7,500 as received from the Jordanian Union of Insurance Companies.

Marine Insurance

Year of Accident	2013 and before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
As of year-end	1,989,517	127,207	466,684	68,824	141,062	2,793,294
After one year	2,008,484	135,388	467,406	65,839	-	2,677,117
After two year	2,462,844	141,510	467,582	-	-	3,071,936
After three year	2,472,216	140,718	-	-	-	2,612,934
After four year	2,701,029	-	-	-	-	2,701,029
Current expectations for cumulative claims	2,701,029	140,718	467,582	65,839	141,062	3,516,230
Cumulative payments	2,175,214	183,376	520,313	122,784	69,627	3,071,314
Liabilities as stated in the consolidated financial position	525,815	(42,658)	(52,731)	(56,945)	71,435	444,916
(Deficit)	(711,511)	(13,510)	(898)	2,985	-	(722,934)

Fire and other:

Year of Accident	2013 and before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
As of year-end	4,007,569	231,829	276,360	228,298	193,056	4,937,112
After one year	4,046,852	324,525	6,481,169	425,464	-	11,278,010
After two years	4,023,938	338,774	6,455,296	-	-	10,818,008
After three year	4,032,211	337,586	-	-	-	4,369,797
After four years	3,937,934	-	-	-	-	3,937,934
Current expectations for cumulative claims	3,937,934	337,586	6,455,296	425,464	193,056	11,349,336
Cumulative payments	3,268,604	313,807	6,350,499	92,309	51,735	10,076,954
Liabilities as stated in the consolidated financial position	669,330	23,779	104,797	333,155	141,321	1,272,382
Surplus (Deficit)	69,634	(105,758)	(6,178,936)	(197,166)	-	(6,412,226)

Life:

Year of Accident	2013 and before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
As of year-end	12,078,154	1,776,643	995,586	1,464,556	2,239,220	18,554,159
After one year	12,753,520	2,444,618	1,766,415	2,327,069	-	19,291,622
After two years	12,751,866	2,479,868	1,691,857	-	-	16,923,591
After three years	12,753,136	2,530,671	-	-	-	15,283,807
After four years	12,721,123	-	-	-	-	12,721,123
Current expectations for cumulative claims	12,721,123	2,530,672	1,691,857	2,327,069	2,239,220	21,509,941
Cumulative payments	12,671,410	2,383,103	1,754,640	1,923,200	892,921	19,625,274
Liabilities as stated in the consolidated financial position	49,713	147,569	(62,783)	403,869	1,346,299	1,884,667
(Deficit)	(642,969)	(754,028)	(696,271)	(862,513)	-	(2,955,781)

Liability Insurance:

Year of Accident	2013 and before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
As of year-end	466,731	26,256	11,458	16,203	1,777	522,425
After one year	469,856	32,748	1,025,318	34,330	-	1,562,252
After two year	531,125	46,403	1,025,448	-	-	1,602,976
After three years	449,683	70,963	-	-	-	520,646
After four years	494,224	-	-	-	-	494,224
Current expectations for cumulative claims	494,224	70,963	1,025,448	34,330	1,777	1,626,742
Cumulative payments	408,062	27,181	23,511	26,439	1,607	486,800
Liabilities as stated in the consolidated financial position	86,162	43,782	1,001,937	7,891	170	1,139,942
(Deficit)	(27,493)	(44,708)	(1,013,990)	(18,127)	-	(1,104,318)

Personal Accidents Insurance:

Year of Accident	2013 and before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
As of year-end	489,065	18,184	11,991	79,574	133,652	732,466
After one year	500,476	25,181	26,284	80,059	-	632,000
After two years	473,134	24,928	19,542	-	-	517,604
After three years	469,098	24,928	-	-	-	494,026
After four years	468,932	-	-	-	-	468,932
Current expectations for cumulative claims	468,932	24,928	19,542	80,059	133,652	727,113
Cumulative payments	468,932	23,982	17,320	55,090	19,803	585,127
Liabilities as stated in the consolidated financial position	-	946	2,222	24,969	113,849	141,986
Surplus (Deficit)	20,133	(6,744)	(7,551)	(485)	-	5,353

Medical Insurance:

Year Of Accident	2013 and before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
As of year-end	36,137,034	4,658,468	5,238,435	5,010,538	6,723,027	57,767,502
After one year	38,647,115	7,562,729	9,036,135	8,721,022	-	63,967,001
After two years	38,677,428	7,640,552	9,076,116	-	-	55,394,096
After three years	38,693,697	7,643,337	-	-	-	46,337,034
After four year	38,698,468	-	-	-	-	38,698,468
Current expectations for cumulative claims	38,698,468	7,643,337	9,076,116	8,721,022	6,723,027	70,861,970
Cumulative payments	38,696,794	7,643,369	9,067,085	8,629,150	4,786,195	68,822,593
Liabilities as stated in the consolidated financial position	1,674	(32)	9,031	91,872	1,936,832	2,039,377
(Deficit)	(2,561,433)	(2,984,869)	(3,837,681)	(3,710,484)	-	(13,094,467)

-The amount of recoveries has been subtracted from the total amount of claims mentioned above .

3. Concentration of Insurance Risks

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

For the Year Ended December 31, 2017:

	Motor	Marine	Fire and Other Damages to Properties Insurance	Liability	Personal Accidents	Medical	Life Insurance	Total
	JD	JD	JD	JD		JD	JD	JD
Gross	244,087	538,756	2,594,430	1,545,136	238,650	7,316,613	51,109,459	63,587,139
Net	141,190	(108,118)	183,226	95,544	102,568	7,316,079	49,293,536	57,024,025

For the Year Ended December 31, 2016:

	Motor	Marine	Fire and Other Damages to Properties Insurance	Liability	Personal Accidents	Medical	Life Insurance	Total
	JD	JD	JD	JD		JD	JD	JD
Gross	376,675	644,253	2,431,492	1,447,336	208,058	5,527,249	42,761,025	53,396,088
Net	260,279	(38,481)	85,796	62,286	73,364	5,526,715	41,125,315	47,095,274

Concentration of the assets and liabilities according to the geographical distribution for the total insurance contracts claims is as follows:

	December 31, 2017		December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to geographical area:				
Inside Jordan	73,740,851	60,641,897	63,448,375	50,358,909
Other Middle East countries	-	-	-	-
Europe	9,760,930	1,927,099	9,045,106	1,798,063
Asia *	-	-	274,528	-
USA	-	-	146,032	-
Total	83,501,781	62,568,996	72,914,041	52,156,972

* Excluding Jordan and Middle East Countries.

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

	December 31, 2017		December 31, 2016	
	*Assets	*Liabilities	*Assets	*Liabilities
	JD	JD	JD	JD
According to Sector:				
Public sector	-	-	-	-
Private Sector:				
Companies and institutions	8,225,311	1,673,522	6,152,097	1,599,269
Individuals	793,378	106,698	1,103,876	11,644
	9,018,689	1,780,220	7,255,973	1,610,913

* The above-mentioned assets represent net receivables. Moreover, the above-mentioned liabilities represent net payables.

- The Company did not segregate technical provisions from re-insurers` share according to sector because the law does not permit such segregation.

4. Re-insurance 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 insurance policies do not exempt the Company from its obligations toward the policyholders. 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.

In order to mitigate the risk of financial loss resulting from large insurance claims, the Company enters into re-insurance arrangements with other parties.

5. Insurance Risks Sensitivity:

	December 31, 2017		December 31, 2016	
	Consolidated Income	Consolidated Equity	Consolidated Income	Consolidated Equity
	JD	JD	JD	JD
Consolidated income / Consolidated Equity	2,001,314	20,932,785	2,528,659	20,757,069
Effect of 5 % reduction in total premiums while other factors remain the same	1,732,031	1,732,031	1,530,666	1,530,666
Total	269,283	19,200,754	997,993	1,530,666
Consolidated income / Consolidated Equity	2,001,314	20,932,785	2,528,659	20,757,069
Effect of 5 % increase in total premiums while other factors remain the same	842,734	842,734	1,076,940	1,076,940
Total	1,158,580	20,090,051	1,451,719	19,680,129

b. Financial Risks

The Company and its subsidiary adopt financial policies for managing the different risks within a specified strategy. Moreover, management of the Company and its subsidiary 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 and its subsidiary adopt a financial hedging policy for financial assets and financial liabilities, when necessary. This hedging relates to the expected future risks.

1. Market Risk:

Market risks are the risks arising from the fluctuations of the fair value or cash flows of financial instruments due to the changes in market prices. Market risks arise from open positions in interest rates, foreign currency exchange rates, and investments in shares. These risks are monitored according to specific policies and procedures through specialized committees and responsible workshops. Market risks also include interest rate risks, exchange rate risks, and equity instrument risks.

The Company and its subsidiary are not exposed to exchange rate risks, as the financial reconciliations with clients or reinsurers are in local currency. The Company's management believes that the foreign currency risk related to the USD is immaterial since the Jordanian Dinar (the functional currency) is pegged to the USD.

Investments in Bonds:

The following table illustrates bonds ratings according to Moody`s Credit Rating:

Rating Degree	December 31, 2017	December 31, 2016
	JD	JD
Aaa	3,220,653	476,004
Other *	40,895,576	34,431,123
	44,116,229	34,898,127

* This item represents bonds of the Jordanian Government and has no available credit rating according to Moody`s.

2. Interest rate risks

Interest rate risk represents risks arising from changes in the financial instrument due to the change in market interest rates. Moreover, the Company and its subsidiary continually manage their exposure to interest risk, and all other considerations such as financing and renewal of the current positions are re-assessed continually.

The sensitivity analysis below is determined according to the exposure to interest rates related to banking sensitivity as of the date of the consolidated statement of financial position. Furthermore, the analysis was prepared on the assumption that the outstanding amount as of the date of the consolidated statement of financial position was outstanding during the whole year. An increase or decrease of 0/5%, representing the Company's and its subsidiary`s management's assessment of the likely and acceptable change in interest rates, is used.

	2017		2016	
	+ 5%	- (5)%	+ 5%	- (5)%
	JD	JD	JD	JD
Profit (loss) for the year	51,184	(51,184)	54,589	(54,589)
Consolidated equity	51,184	(51,184)	54,589	(54,589)

3. Liquidity Risk

Liquidity risk is the inability of the Company and its subsidiary to provide the funding necessary to perform its obligations on the due dates. The risk management process includes the following:

- Maintaining highly marketable assets that can be easily liquidated in protection against any unforeseen shortage in liquidity.
- Monitoring liquidity indicators in accordance with the internal requirements and the requirements of regulatory authorities.
- Managing the concentrations and maturity dates of debts.

The following table illustrates the maturities of financial obligations (on the basis of remaining period to maturity as of the consolidated financial statements date):

	Less than One Month	More Than 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 Maturity	Total
December 31, 2017	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Provision for unearned premiums	922,645	666,457	1,686,269	2,511,207	-	-	-	5,786,57
Claims provision	2,455,268	-	-	-	-	-	-	2,455,26
Mathematical provision	-	-	-	-	-	-	48,782,179	48,782,17
Payable	1,780,220	-	-	-	-	-	-	1,780,22
Accrued expenses	-	356,207	-	-	-	-	-	356,20
Companies' and reinsurers payables-Credit	-	1,940,298	-	-	-	-	-	1,940,29
Lawsuits provision	201,575	-	-	-	-	-	-	201,57
Income tax provision	334,612	-	-	-	-	-	-	334,61
Other liabilities	932,059	-	-	-	-	-	-	932,05
Total Liabilities	6,626,379	2,962,962	1,686,269	2,511,207	-	-	48,782,179	62,568,99
Total Assets	13,851,281	8,575,316	4,028,616	2,661,574	13,875,209	26,908,943	13,600,842	83,501,78
December 31, 2016								
Liabilities:								
Provision for unearned premiums	73,206	388,345	1,371,041	2,631,342	-	-	-	4,463,93
Claims provision	2,049,334	-	-	-	-	-	-	2,049,33
Mathematical provision	-	-	-	-	-	-	40,582,005	40,582,00
Payable	1,610,913	-	-	-	-	-	-	1,610,91
Accrued expenses	-	385,474	-	-	-	-	-	358,47
Companies' and reinsurers payables-Credit	-	1,819,004	-	-	-	-	-	1,819,00
Lawsuits provision	201,575	-	-	-	-	-	-	201,57
Income tax provision	322,172	-	-	-	-	-	-	322,17
Other liabilities	749,561	-	-	-	-	-	-	749,56
Total Liabilities	5,006,761	2,565,823	1,371,041	2,631,342	-	-	40,582,005	52,156,97
Total Assets	15,961,247	3,042,625	5,707,916	692,610	14,896,624	21,461,463	11,151,556	72,914,04

4. Foreign Currency Risks

The Company's main operations are in Jordanian Dinar. Moreover, the foreign currency risk arises from the fluctuations in the exchange rates related to foreign currency payments. As for transactions denominated in USD, the Company's management believes that the foreign currency risk related to the USD is immaterial, as the Jordanian Dinar (the Company's functional Currency) is pegged to the US Dollar.

5. 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 and its subsidiary. Moreover, the Company and its subsidiary adopt 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 and its subsidiary do not follow a policy of taking guarantees against trade receivables. Consequently, trade receivables are not guaranteed.

The Company's and its subsidiary`s financial assets consist mainly of policy holders, financial assets at fair value through the statement of comprehensive income, financial assets at amortized cost, cash and cash equivalents, and other debit balances. Moreover, policyholders' receivables consist of debts due from the locally insured, some governmental parties, large projects, and foreign clients.

In the opinion of the Company's management, the percentage of uncollected receivables or part thereof is very low. These receivables represent important concentrations of credit risks in the clients' geographical areas. Moreover, a strict credit policy is maintained, whereby every client's account is monitored separately and continuously. Client's concentration per geographical area is as follows:

Geographical Area	Indebtedness
	JD
Inside Jordan	9,018,689
Outside Jordan	-
	9,018,689

37. Main Segments Analysis

a. Information on the Company's Operating Segments

For managerial purposes, the Company was organized into two sectors:

1. The General Insurance Sector which includes general, motor, transport, fire and other damages on properties, and liability.

2. 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 and subsidiary`s revenues, assets, and capital expenditures:

	Inside Jordan		Outside Jordan		Total	
	December 31		December 31		December 31	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Total Revenues	24,155,255	22,068,688	388,394	422,184	24,543,649	22,490,872
Total Assets	73,740,851	63,448,375	9,760,930	9,465,666	83,501,781	72,914,041
Capital Expenditures	112,455	66,884	-	-	112,455	66,884

39. Capital Management

The Company's objectives as to the management of capital are as follows:

The Company's management and its subsidiary aim to achieve capital management objectives through developing the Company's and its subsidiary`s business, achieving surplus in operating revenues and other revenues, and optimally utilizing available fund resources, to achieve the targeted growth in owners' equity

The Company and its subsidiary take into account the appropriateness between capital size and the nature of risks that the Company and its subsidiary are exposed to, provided that this does not contradict the prevailing laws and regulations. This is reflected in the Company's and its subsidiary`s strategic plans and their estimated budgets. The effects of participating in investments on capital adequacy ratio are taken into consideration, and capital and its adequacy are monitored continuously. In the opinion of the Board of Directors, the regulatory capital is adequate to achieve the objectives of the Company and its subsidiary.

- The solvency margin as of December 31, 2107 and 2016 is as follows:

	December 31,	
	2017	2016
	JD	JD
First: Available capital *	20,967,364	20,856,035
Second: Required capital :		
Capital required against assets risks	3,684,294	4,222,870
Capital required against underwriting liabilities	975,158	801,742
Capital required against reinsurers' risks	16,545	27,446
Capital required against life insurance risks	2,446,374	2,233,638
Total Required Capital	7,122,372	7,285,696
Third: Solvency margin ratio (available capital / required capital)	294%	286%

* Available capital consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Primary Capital:		
Paid-up Capital	10,000,000	10,000,000
Statutory reserve	2,584,775	2,565,868
Special reserve	1,326,652	1,326,652
Additional paid-in capital	3,750,000	3,750,000
Retained earnings	2,797,345	3,015,836
Add: Investments not in compliance with investment directives:		
Increase in investment properties value	34,579	98,966
Investments valuation reserve	474,013	98,713
Total Available Capital	20,967,364	20,856,035

40. Assets and Liabilities Maturities

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

December 31, 2017	Within One Year	More than One Year	Total
	JD	JD	JD
Assets			
Deposits at banks	10,236,837	-	10,236,837
Financial assets at fair value through comprehensive income	-	5,434,716	5,434,716
Financial assets at amortized cost	5,207,971	38,908,258	44,116,229
Investment in associate	-	107,934	107,934
Real estate investments	-	940,001	940,001
Life policyholders' loans	-	5,560,148	5,560,148
Cash on hand and at banks	2,327,927	-	2,327,927
Checks under collection	760,651	-	760,651
Receivable – net	9,018,689	-	9,018,689
Companies and reinsurance Receivable – debit	89,136	-	89,136
Deferred tax assets	189,059	-	189,059
Property and equipment – net	-	3,361,350	3,361,350
Intangible assets - net	-	72,587	72,587
Other assets	1,286,517	-	1,286,517
Total Assets	29,116,787	54,384,994	83,501,781
Liabilities			
Provision for unearned premiums – net	5,786,578	-	5,786,578
Claims provision – net	2,455,268	-	2,455,268
Mathematical provision – net	-	48,782,179	48,782,179
Payables	1,780,220	-	1,780,220
Accrued expenses	356,207	-	356,207
Companies and reinsurance payable - credit	1,940,298	-	1,940,298
Lawsuits provision	201,575	-	201,575
Income tax provision	334,612	-	334,612
Other liabilities	932,059	-	932,059
Total Liabilities	13,786,817	48,782,179	62,568,996
Net	15,329,970	5,602,815	20,932,785

December 31, 2016	Within One Year JD	More than One Year JD	Total JD
Assets			
Deposits at banks	10,917,740	-	10,917,740
Financial assets at fair value through comprehensive income	-	5,203,201	5,203,201
Financial assets at amortized cost	1,999,766	32,898,361	34,898,127
Investment in associate	-	107,934	107,934
Real estate investments	-	940,001	940,001
Life policyholders' loans	-	4,504,987	4,504,987
Cash on hand and at banks	2,518,945	-	2,518,945
Checks under collection	963,416	-	963,416
Receivable – net	7,255,973	-	7,255,973
Companies and reinsurance receivable – debit	475,332	-	475,332
Deferred tax assets	-	224,149	224,149
Property and equipment – net	-	3,563,569	3,563,569
Intangible assets - net	-	67,441	67,441
Other assets	1,273,226	-	1,273,226
Total Assets	25,404,398	47,509,643	72,914,041
Liabilities			
Provision for unearned premiums – net	4,463,934	-	4,463,934
Claims provision – net	2,049,334	-	2,049,334
Mathematical provision – net	-	40,582,005	40,582,005
Payable	1,610,913	-	1,610,913
Accrued expenses	358,474	-	358,474
Companies and reinsurance payable - credit	1,819,004	-	1,819,004
Lawsuits provision	201,575	-	201,575
Income tax provision	322,172	-	322,172
Other liabilities	749,561	-	749,561
Total Liabilities	11,574,967	40,582,005	52,126,810
Net	13,829,431	6,927,638	20,757,069

41. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 742,802 as of December 31, 2017 (JD 704,610 as of December 31, 2016), and the Company took the necessary provisions to face any liabilities that may arise from these lawsuits. In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the net claims provision shall arise.

There are lawsuits by the company against third parties, the total estimated lawsuits amounted to JD 795,110 as of December 31, 2017 (JD 593,631 as of December 31, 2016).

42. Contingent Liabilities

There are commitments by the Company against bank guarantees of JD 57,131 as of December 31, 2017 (JD 76,846 as of December 31, 2016).

43. Fair Value Hierarchy

a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

Some of the financial assets and financial liabilities of the Company are estimated at fair value at the end of each financial period. The following table provides information about the manner in which financial assets and financial liabilities are determined (Evaluation methods and input used):

Financial assets / liabilities	Fair Value at December 31, 2017	Fair Value at December 31, 2016	Fair Value Level	Evaluation Method and Inputs Used	Significant Intangible Inputs	Relation between Significant Intangible Inputs and Fair Value
	JD	JD	JD	JD	JD	JD
Financial assets at fair value						
Financial assets at fair value through comprehensive income:						
Shares with quoted prices	1,655,795	1,597,562	First Level	Prices listed in Financial Markets	N\A	N\A
Investment funds with quoted prices	1,903,027	1,638,015	First Level	Prices listed in Financial Markets	N\A	N\A
Investment Bonds with quoted prices	1,875,894	1,967,624	First Level	Prices listed in Financial Markets	N\A	N\A
Total	**5,434,716**	**5,203,201**				
Total Financial Assets at Fair Value	**5,434,716**	**5,203,201**				

There were no transfers between Level 1 and Level 2 during the years 2017 and 2016.

b. Fair Value of Financial Assets and Financial Liabilities Continuously Undetermined at Fair Value

Except for what is stated in the schedule below, we believe that the carrying value of the financial assets and financial liabilities stated in the Company's Consolidated financial statements approximates their fair value. Moreover, the Company's management believes that the carrying value of the items below approximates their fair value due to either their short-term maturity or the re-pricing of interest rates during the year.

	December 31, 2017		December 31, 2016		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Fair Value Layer
Financial Assets not Evaluated at Fair Value	JD	JD	JD	JD	JD
Deposits at banks	10,236,837	10,251,063	10,917,740	10,942,822	Second Level
Financial assets at amortized cost	44,116,229	44,796,680	34,898,127	35,428,415	Second Level
Real estate investments	940,001	974,580	940,001	1,038,967	Second Level
Total Financial Assets not Evaluated at Fair Value	55,293,067	56,022,323	46,755,868	47,410,204	

For the items shown above, the fair value of assets and liabilities for the first and second level were determined according to agreed upon pricing models that reflect credit risks related to the parties dealt with.

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

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

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

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

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

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

Amendments to IAS 7 *Disclosure Initiative*

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes, the application of these amendments has had no impact on the Company's consolidated inancial statements.

Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12

The Company has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 44-b).

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

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

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

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

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

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

Annual Improvements to IFRS Standards 2015–2017

The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2019.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
The interpretation addresses foreign currency transactions or parts of transactions where:

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

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

IFRIC 23 *Uncertainty over Income Tax Treatments*
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

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

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

Amendments to IFRS 2 *Share Based Payment*
The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts
The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 40 *Investment Property*
Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

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

Amendments to IAS 28 Investment in Associates and Joint Ventures
The amendments are related to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

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

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

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

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

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

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

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

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

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

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

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

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

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

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

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

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

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

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

Amendments to IFRS 15 *Revenue from Contracts* with Customers
The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

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

Amendments to IFRS 7 *Financial Instruments: Disclosures*
The amendments are related to disclosures about the initial application of IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 7 Financial Instruments: Disclosures
The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied

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

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)
The amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

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

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

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