

الموضوع  
حوادث مركبة  
٢٠١٨ - ٩/٣٠

الرقم: 2018/٩٨٩  
التاريخ: 2018/10/30

السادة/ هيئة الأوراق المالية المحترمين  
عمان - الأردن

الموضوع: البيانات المالية كما في 2018/9/30

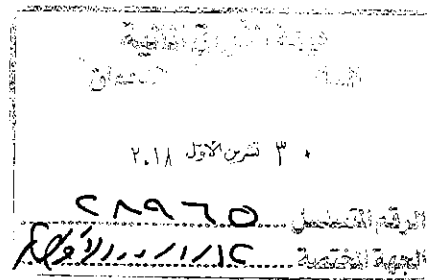
تحية طيبة وبعد،،،

نرفق لكم طيه البيانات المالية كما في 2018/9/30 لشركة المنارة للتأمين باللغتين العربية والإنجليزية مصادق عليها من المدقق الخارجي حسب الأصول بالإضافة الى قرص مدمج (CD) يحتوي على المادة المطلوبة .

واقبلوا فائق الإحترام،،

المدير العام

م. أسامة جعينة



**Al-Manara Insurance Company**

**Public Shareholding Company**

**Condensed Interim Consolidated Financial Statements (Unaudited)**

**30 September 2018**

Al-Manara Insurance Company  
Public Shareholding Company

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**Report on Review of the Condensed Interim Consolidated Financial Statements**

To The Board of Directors  
Al-Manara Insurance Company  
Public Shareholding Company  
Amman - Jordan

**Introduction**

We have reviewed the accompanying condensed interim consolidated financial statements of Al-Manara Insurance Company (PSC) comprising the interim consolidated statement of financial position as at 30 September 2018 and the related interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard number (IAS 34) Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim consolidated financial statement based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements number 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**


Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard number (IAS 34) Interim Financial Reporting.

**Emphasis of a Matter**

As disclosed in note (16) of the accompanying condensed interim consolidated financial statements, Company's solvency margin as at 30 September 2018 is below than the minimum margin determined by Insurance Administration which amounts to (150%).

28 October 2018  
Amman - Jordan



  
Arab Professionals  
Ibrahim Hammoudeh  
License No. (606)

Al-Manara Insurance Company  
Public Shareholding Company  
Interim consolidated statement of financial position

(In Jordanian Dinar)

	Note	30 September 2018 (Unaudited)	31 December 2017 (Audited)
<b>Assets</b>			
<b>Investments</b>			
Bank deposits	3	5,942,792	6,975,076
Financial assets at fair value through other comprehensive income	4	541,112	562,526
Financial assets at amortized cost	5	306,409	311,872
Investment property		1,231,586	1,231,586
<b>Total Investments</b>		<b>8,021,899</b>	<b>9,081,060</b>
Cash on hand and at banks		212,819	299,808
Checks under collection		891,898	641,548
Accounts receivable	6	1,792,358	1,833,716
Reinsurers receivables	7	245,059	172,325
Deferred tax assets	10	1,089,665	1,089,665
Property and equipment		1,944,348	2,001,384
Other assets		367,385	312,904
<b>Total Assets</b>		<b>14,565,431</b>	<b>15,432,410</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Unearned premiums reserve - net		3,658,880	3,463,846
Outstanding claims reserve - net		5,575,195	5,313,843
<b>Total Technical Reserves</b>		<b>9,234,075</b>	<b>8,777,689</b>
Accounts payable	8	610,828	549,592
Reinsurers payables	9	911,973	915,264
Other provisions		167,720	165,714
Other liabilities		825,530	1,006,655
<b>Total Liabilities</b>		<b>11,750,126</b>	<b>11,414,914</b>
<b>Equity</b>			
Paid - in capital		5,000,000	5,000,000
Statutory reserve		530,874	530,874
Voluntary reserve		17,684	17,684
Cumulative change in fair value		( 489,844)	( 541,292)
Accumulated losses		( 2,243,409)	( 989,770)
<b>Net Equity</b>		<b>2,815,305</b>	<b>4,017,496</b>
<b>Total Liabilities and Equity</b>		<b>14,565,431</b>	<b>15,432,410</b>

"The accompanying notes from (1) to (18) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Interim consolidated statement of profit or loss (Unaudited)**  
**(In Jordanian Dinar)**

	Note	For the three months ended		For the nine months ended	
		30 September 2018	30 September 2017	30 September 2018	30 September 2017
<b>Revenues</b>					
Gross written premiums		2,095,849	1,853,260	7,343,763	7,259,355
Less: Reinsurers' share		204,347	178,409	1,269,235	1,235,585
Net written premiums		1,891,502	1,674,851	6,074,528	6,023,770
Net change in unearned premiums reserve		147,848	163,004	( 195,035)	( 921,412)
Net earned premiums		2,039,350	1,837,855	5,879,493	5,102,358
Commissions revenues		32,425	31,149	152,362	163,676
Insurance policies issuance fees		81,907	97,216	315,471	359,970
Other underwriting revenues		55,809	41,922	166,076	135,462
Interest income		78,667	60,870	252,706	221,978
Gains from financial assets and investments, net	11	-	60,800	19,886	77,848
Other revenues		-	1	-	2,371
<b>Total Revenues</b>		<b>2,288,158</b>	<b>2,129,813</b>	<b>6,785,994</b>	<b>6,063,663</b>
<b>Claims, losses and expenses</b>					
Paid claims		2,776,778	1,841,549	7,094,417	6,314,422
Less: Recoveries		224,119	116,166	537,353	366,997
Less: Reinsurers' share		587,370	156,025	821,240	954,876
Net paid claims		1,965,289	1,569,358	5,735,824	4,992,549
Net change in claims reserve		( 187,512)	18,375	261,352	( 636,921)
Allocated employees expenses		193,922	230,077	658,091	732,992
Allocated administrative expenses		86,562	100,928	284,598	292,010
Excess of loss premiums		73,479	48,600	160,941	178,825
Policies acquisition costs		95,876	101,886	385,221	352,607
Other underwriting expenses		52,239	30,308	145,612	133,239
<b>Net Claims</b>		<b>2,279,855</b>	<b>2,099,532</b>	<b>7,631,639</b>	<b>6,045,301</b>
Unallocated employees expenses		48,481	57,519	164,523	183,248
Depreciation		19,783	22,320	58,715	67,659
Unallocated administrative expenses		21,641	25,232	71,150	73,002
Provision for expected credit loss of financial assets		65,824	39,214	90,929	368,427
Other expenses		-	950	12,731	14,293
<b>Total Expenses</b>		<b>155,729</b>	<b>145,235</b>	<b>398,048</b>	<b>706,629</b>
<b>Loss for the period</b>		<b>( 147,426)</b>	<b>( 114,954)</b>	<b>( 1,243,693)</b>	<b>( 688,267)</b>
<b>Basic and diluted losses per share</b>	12	<b>( 0.029)</b>	<b>( 0.023)</b>	<b>( 0.249)</b>	<b>( 0.138)</b>

"The accompanying notes from (1) to (18) are an integral part of these condensed interim consolidated financial statements and read with review report"

Al-Manara Insurance Company  
Public Shareholding Company  
Interim consolidated statement of comprehensive income (Unaudited)

(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Loss for the period	( 147,426)	( 114,954)	( 1,243,693)	( 688,267)
<b>Other comprehensive income items:</b>				
Change in fair value of financial assets through other comprehensive income	( 25,140)	( 10,708)	( 6,060)	( 23,183)
<b>Total comprehensive loss for the period</b>	<b>( 172,566)</b>	<b>( 125,662)</b>	<b>( 1,249,753)</b>	<b>( 711,450)</b>

"The accompanying notes from (1) to (18) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Interim consolidated statement of changes in equity (Unaudited)**  
**(In Jordanian Dinar)**

	Paid - In Capital	Treasury Stocks	Statutory Reserve	Voluntary Reserve	Cumulative Change in Fair Value	Accumulated Losses	Net Equity
Balance at 1 January 2018	5,000,000	-	530,874	17,684	( 541,292)	( 989,770)	4,017,496
Impact of adopting IFRS (9)	-	-	-	-	-	47,562	47,562
Restated opening balance at 1 January 2018	5,000,000	-	530,874	17,684	( 541,292)	( 942,208)	4,065,058
Sale of financial assets at fair value through other comprehensive income	-	-	-	-	57,508	( 57,508)	-
Total comprehensive loss for the period	-	-	-	-	( 6,060)	( 1,243,693)	( 1,249,753)
Balance at 30 September 2018	5,000,000	-	530,874	17,684	( 489,844)	( 2,243,409)	2,815,305
Balance at 1 January 2017	7,000,000	( 1,172,559)	530,874	17,684	( 530,727)	( 827,441)	5,017,831
Call of treasury stocks	( 220,964)	1,172,559	-	-	-	( 951,595)	-
Loss extinguishment	( 1,779,036)	-	-	-	-	1,779,036	-
Total comprehensive loss for the period	-	-	-	-	( 23,183)	( 688,267)	( 711,450)
Balance at 30 September 2017	5,000,000	-	530,874	17,684	( 553,910)	( 688,267)	4,306,381

"The accompanying notes from (1) to (18) are an integral part of these condensed interim consolidated financial statements and read with review report"



Al-Manara Insurance Company  
Public Shareholding Company  
Interim consolidated statement of cash flows (Unaudited)

(In Jordanian Dinar)

	<u>Note</u>	<u>30 September 2018</u>	<u>30 September 2017</u>
<b>Cash Flows From Operating Activities</b>			
Loss for the period		( 1,243,693)	( 688,267)
Depreciation		58,719	67,659
Provision for doubtful debts		90,929	368,427
Net change in unearned premiums reserve		195,035	921,412
Net change in claims reserve		261,352	( 636,921)
<b>Changes in working capital</b>			
Checks under collection		( 251,241)	( 274,485)
Accounts receivable		( 50,792)	( 425,427)
Reinsurers receivables		( 19,896)	19,158
Other assets		( 54,482)	( 80,033)
Accounts payable		61,236	22,380
Reinsurers payables		( 3,291)	( 407,460)
Other provisions		2,006	117,228
Other liabilities		( 181,125)	( 5,724)
<b>Net cash flows used in operating activities</b>		<u>( 1,135,243)</u>	<u>( 1,002,053)</u>
<b>Investing Activities</b>			
Property and equipment		( 1,683)	( 28,147)
Financial assets at amortized cost		5,463	-
Deposits mature after three months		598,775	866,675
Financial assets at fair value through other comprehensive income		15,354	-
<b>Net cash flows from investing activities</b>		<u>617,909</u>	<u>838,528</u>
<b>Net change in cash and cash equivalents</b>		( 517,334)	( 163,525)
Cash and cash equivalents, beginning of year		1,015,645	638,057
Cash and cash equivalents, end of period	13	<u>498,311</u>	<u>474,532</u>

"The accompanying notes from (1) to (18) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Interim statement of underwriting revenues for the general insurance (Unaudited)**

(In Jordanian Dinar)

	Motors		Marine		Aviation		Fire and other property damage		Liability		Medical		Others		Total	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
<b>Written Premiums:</b>																
Direct insurance	4,822,000	5,063,942	50,421	61,705	-	-	783,767	605,173	51,321	18,734	874,623	754,560	61,467	49,145	6,643,599	6,553,259
Facultative inward reinsurance	323,532	289,032	11,274	80,938	2,698	-	79,043	115,290	283,227	217,523	-	-	390	3,313	700,164	706,096
<b>Total premiums</b>	<b>5,145,532</b>	<b>5,352,974</b>	<b>61,695</b>	<b>142,643</b>	<b>2,698</b>	<b>-</b>	<b>862,810</b>	<b>720,463</b>	<b>334,548</b>	<b>236,257</b>	<b>874,623</b>	<b>754,560</b>	<b>61,857</b>	<b>52,458</b>	<b>7,343,763</b>	<b>7,259,355</b>
<b>Less:</b>																
Local reinsurance share	124,931	135,816	-	-	-	-	830	8,895	-	-	-	-	-	480	125,761	145,191
Foreign reinsurance share	-	-	51,549	131,143	-	-	773,313	668,828	290,376	217,927	-	49,276	28,236	21,220	1,143,474	1,090,394
<b>Net written premiums</b>	<b>5,020,601</b>	<b>5,217,158</b>	<b>10,146</b>	<b>11,500</b>	<b>2,698</b>	<b>-</b>	<b>88,667</b>	<b>42,740</b>	<b>44,172</b>	<b>18,330</b>	<b>874,623</b>	<b>705,284</b>	<b>33,621</b>	<b>28,758</b>	<b>6,074,528</b>	<b>6,023,770</b>
<b>Add:</b>																
Balance at beginning of the period																
Unearned premiums reserve	2,977,762	2,450,188	24,759	33,304	-	4,332	564,069	596,414	169,452	173,902	479,640	81,076	43,431	45,055	4,259,113	3,384,271
Less: Reinsurers' share	61,812	70,069	19,829	27,241	-	-	538,988	577,516	160,142	161,327	-	37,485	14,497	18,904	795,268	892,542
<b>Net beginning unearned premiums</b>	<b>2,915,950</b>	<b>2,380,119</b>	<b>4,930</b>	<b>6,063</b>	<b>-</b>	<b>4,332</b>	<b>25,081</b>	<b>18,898</b>	<b>9,310</b>	<b>12,575</b>	<b>479,640</b>	<b>43,591</b>	<b>28,934</b>	<b>26,151</b>	<b>3,463,845</b>	<b>2,491,729</b>
<b>Less:</b>																
Balance at end of the period																
Unearned premiums reserve	3,028,476	3,068,995	13,982	28,220	1,201	802	414,226	449,752	191,626	127,555	590,164	336,225	45,955	34,380	4,285,630	4,045,929
Less: Reinsurers' share	62,772	52,578	11,710	24,846	-	-	364,681	424,057	166,876	118,172	-	1,682	20,711	11,453	626,750	632,788
<b>Net ending unearned premiums</b>	<b>2,965,704</b>	<b>3,016,417</b>	<b>2,272</b>	<b>3,374</b>	<b>1,201</b>	<b>802</b>	<b>49,545</b>	<b>25,695</b>	<b>24,750</b>	<b>9,383</b>	<b>590,164</b>	<b>334,543</b>	<b>25,244</b>	<b>22,927</b>	<b>3,658,880</b>	<b>3,413,141</b>
<b>Net earned revenues from written premiums</b>	<b>4,970,847</b>	<b>4,580,860</b>	<b>12,804</b>	<b>14,189</b>	<b>1,497</b>	<b>3,530</b>	<b>64,203</b>	<b>35,943</b>	<b>28,732</b>	<b>21,522</b>	<b>764,099</b>	<b>414,332</b>	<b>37,311</b>	<b>31,982</b>	<b>5,879,493</b>	<b>5,102,358</b>

"The accompanying notes from (1) to (18) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Interim statement of claims cost for the general insurance (Unaudited)**

(In Jordanian Dinar)

	Motors		Marine		Aviation		Fire and other property damage		Liability		Medical		Others		Total	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
<b>Paid claims</b>	5,932,055	5,385,477	22,159	78,298	-	-	313,275	355,714	1,520	7,792	823,460	479,796	1,948	7,345	7,094,417	6,314,422
Less: Recoveries	449,085	343,577	212	320	-	-	10,715	2,406	200	-	77,065	20,565	76	129	537,353	366,997
Local reinsurers' share	445,075	403,323	-	-	-	-	4,838	-	-	-	-	-	-	-	449,913	403,323
Foreign reinsurers' share	-	25,869	15,868	65,519	-	-	289,689	329,404	-	7,212	64,591	118,481	1,179	5,068	371,327	551,553
<b>Net Paid Claims</b>	<b>5,037,895</b>	<b>4,612,708</b>	<b>6,079</b>	<b>12,459</b>	<b>-</b>	<b>-</b>	<b>8,033</b>	<b>23,904</b>	<b>1,320</b>	<b>580</b>	<b>681,804</b>	<b>340,750</b>	<b>693</b>	<b>2,148</b>	<b>5,735,824</b>	<b>4,992,549</b>
<b>Add:</b>																
Outstanding claims reserve at period end																
Reported claims	5,409,985	5,051,636	109,857	130,511	-	-	3,121,231	1,978,432	240,500	244,400	124,545	61,125	236,572	92,072	9,242,690	7,558,176
Incurred but not reported claims	1,107,000	1,100,000	6,500	6,500	-	-	40,000	13,200	2,000	2,000	4,576	7,091	13,000	13,000	1,173,076	1,141,791
Less: Reinsurers' share	943,687	845,679	103,679	122,786	-	-	3,002,737	1,891,869	220,500	220,500	-	3,456	205,268	82,536	4,475,871	3,166,826
Less: Recoveries	364,700	19,500	-	-	-	-	-	-	-	-	-	-	-	-	364,700	19,500
<b>Net outstanding claims reserve at period end</b>	<b>5,208,598</b>	<b>5,286,457</b>	<b>12,678</b>	<b>14,225</b>	<b>-</b>	<b>-</b>	<b>158,494</b>	<b>99,763</b>	<b>22,000</b>	<b>25,900</b>	<b>129,121</b>	<b>64,760</b>	<b>44,304</b>	<b>22,536</b>	<b>5,575,195</b>	<b>5,513,641</b>
Reported claims	4,101,598	4,186,457	6,178	7,725	-	-	118,494	86,563	20,000	23,900	124,545	60,242	31,304	9,536	4,402,119	4,374,423
Incurred but not reported claims	1,107,000	1,100,000	6,500	6,500	-	-	40,000	13,200	2,000	2,000	4,576	4,518	13,000	13,000	1,173,076	1,139,218
Less:																
Outstanding claims reserve at beginning of the period																
Reported claims	5,089,154	5,635,441	128,222	129,085	-	-	1,897,950	1,986,441	240,500	843,600	135,672	34,787	36,124	64,802	7,527,622	8,694,156
Incurred but not reported claims	1,107,000	1,100,000	6,500	6,500	-	-	10,000	10,000	2,000	2,000	11,242	43,059	13,000	13,000	1,149,742	1,174,559
Less: Reinsurers' share	835,604	832,148	121,254	121,794	-	-	1,812,586	1,896,964	220,500	790,500	-	40,848	26,077	22,699	3,016,021	3,704,953
Less: Recoveries	347,500	13,200	-	-	-	-	-	-	-	-	-	-	-	-	347,500	13,200
<b>Net outstanding claims reserve at beginning of the period</b>	<b>5,013,050</b>	<b>5,890,093</b>	<b>13,468</b>	<b>13,791</b>	<b>-</b>	<b>-</b>	<b>95,364</b>	<b>99,477</b>	<b>22,000</b>	<b>55,100</b>	<b>146,914</b>	<b>36,998</b>	<b>23,047</b>	<b>55,103</b>	<b>5,313,843</b>	<b>6,150,562</b>
<b>Net claims cost</b>	<b>5,233,443</b>	<b>4,009,072</b>	<b>5,289</b>	<b>12,893</b>	<b>-</b>	<b>-</b>	<b>71,163</b>	<b>24,190</b>	<b>1,320</b>	<b>( 28,620)</b>	<b>664,011</b>	<b>368,512</b>	<b>21,950</b>	<b>( 30,419)</b>	<b>5,997,176</b>	<b>4,355,628</b>

"The accompanying notes from (1) to (18) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Interim statement of underwriting (loss) profit for the general insurance (Unaudited)**

(In Jordanian Dinar)

	Motors		Marine		Aviation		Fire and other property damage		Liability		Medical		Others		Total	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Net earned revenues from written premiums	4,970,847	4,580,860	12,804	14,189	1,497	3,530	64,203	35,943	28,732	21,522	764,099	414,332	37,311	31,982	5,879,493	5,102,358
Less:																
Net claims cost	5,233,443	4,009,072	5,289	12,893	-	-	71,163	24,190	1,320	( 28,620)	664,011	368,512	21,950	( 30,419)	5,997,176	4,355,628
Add:																
Commissions revenues	-	551	14,139	23,711	-	-	107,826	112,299	27,536	22,841	-	-	2,861	4,274	152,362	163,676
Insurance policies issuance fees	209,577	265,656	3,932	5,052	568	-	42,602	47,584	13,059	12,103	42,900	26,243	2,833	3,333	315,471	359,971
Other revenues	166,076	135,462	-	-	-	-	-	-	-	-	-	-	-	-	166,076	135,462
Total revenues	113,057	973,457	25,586	30,059	2,065	3,530	143,468	171,636	68,007	85,086	142,988	72,063	21,055	70,008	516,226	1,405,839
Less:																
Policies acquisition costs	268,783	269,938	5,384	8,760	-	-	65,682	49,418	7,004	2,263	33,797	19,132	4,571	3,096	385,221	352,607
Excess of loss premiums	97,711	148,483	-	-	-	-	19,117	19,092	-	-	44,113	11,250	-	-	160,941	178,825
Allocated administrative expenses	660,511	755,826	7,920	20,141	346	-	110,755	101,727	42,945	33,359	112,272	106,542	7,940	7,407	942,689	1,025,002
Other expenses	77,372	78,983	921	1,058	4	-	8,618	8,669	415	200	57,721	43,743	561	586	145,612	133,239
Total expenses	1,104,377	1,253,230	14,225	29,959	350	-	204,172	178,906	50,364	35,822	247,903	180,667	13,072	11,089	1,634,463	1,689,673
Underwriting(loss) profit	( 991,320)	( 279,773)	11,361	100	1,715	3,530	( 60,704)	( 7,270)	17,643	49,264	( 104,915)	( 108,604)	7,983	58,919	( 1,118,237)	( 283,834)

"The accompanying notes from (1) to (18) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Al-Manara Insurance Company**  
**Public Shareholding Company**  
**Notes to the condensed interim consolidated financial statements (Unaudited)**  
**30 September 2018**  
**(In Jordanian Dinar)**

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**1 . General**

Al-Manara Insurance Company (-Previously- Al Bihar Al Arabia for Insurance Company) was incorporated as a public shareholding company during the year 1974 under the number (82) with paid-in capital of JOD (150,000) divided equally into (150,000) shares with par value JOD (1) per share. Many adjustments on the Company's capital, the latest was during the year 2006 to reach an authorized and paid-in capital of JOD (21) Million/share. The General Assembly has resolved in its extraordinary meeting held on 15 June 2014 to decrease the paid - in capital by JOD (14) Million to extinguish accumulated losses as at 31 December 2014 with the same amount, also the General Assembly has resolved in its extraordinary meeting held on 24 April 2017 to decrease the paid - in capital by JOD (2) Million to call treasury stocks and extinguish calling losses and accumulated losses as at 31 December 2016, accordingly the authorized and paid-in capital of the Company became JOD (5) Million/share. Jimbal Holding Company owns 78.8% of the Company's capital. The Company is engaged in the insurance activities including motors, fire and other property damages, personal accidents, marine, transportation, aviation, liability, and medical. The Company's head office is in the Hashemite Kingdom of Jordan.

Company's shares are listed in Amman Stock Exchange.

The condensed interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 28 October 2018.

**2 . Summary of Significant Accounting Policies**

**Basis of Preparation**

The condensed interim consolidated financial statements of the company have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2017.

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for the financial assets, which have been measured at fair value.

The condensed interim consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the company.

**Principles of Consolidation**

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are consolidated in the statement of comprehensive income from the acquisition date which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are consolidated in the comprehensive income to the disposal date which is the date on which the Company loses control over the subsidiaries.

The following subsidiaries have been consolidated:

Company	Capital	Ownership	Establishment Country
Al Bihar Investment and Trading Company	79,503	100%	Jordan
Overseas for Investment in Real Estates Company	50,000	100%	Jordan
Abar for Investment and Real Estate Development Company	1,500	100%	Jordan

### Changes in Accounting Policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in preparation of the Company's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as at 1 January 2018:

### IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

### Impairment of financial assets

The Company has changed the loan loss impairment method by replacing IAS 39's incurred loss approach with an expected credit loss approach as described by the provisions of IFRS 9.

The expected credit loss allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12 months' expected credit loss is the portion of lifetime expected credit loss that represent the expected credit loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its assets that are subject to impairment test into Stage 1, Stage 2, and Stage 3 as described below:

**Stage 1:** Includes financial instruments that have not deteriorated significantly in credit quality since initial recognition or that has low credit risk at the reporting date. At this stage, a 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset.

**Stage 2:** Includes financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event. At this stage, a lifetime expected credit losses are recognized Interest revenue is still calculated on the asset's gross carrying amount.

**Stage 3:** Includes financial assets that have objective evidence of impairment at the reporting date. At this stage, a lifetime expected credit losses are recognized Interest revenue is calculated on the net carrying amount (i.e. reduced for expected credit losses).

The accounting policies are consistent with those used in the previous period, except for change in the policy for calculation of impairment loss of financial assets to comply with IFRS (9).

The table below shows the effect on opening balances as at 1/1/2018 :

	Balance at 31/12/2017	Impact of adopting IFRS (9)	Balance at 1/1/2018
Accumulated losses	( 989,770)	47,562	( 942,208)
Bank deposits	6,975,076	( 8,760)	6,966,316
Checks under collection	641,548	( 640)	640,908
Accounts receivable - net	1,833,716	( 17,808)	1,815,908
Reinsurers receivables - net	172,325	74,770	247,095

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The core principle of IFRS 15 is that the Company 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 Company satisfies a performance obligation.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The effect of adopting IFRS 15 did not have a material impact on the Company's condensed interim consolidated financial statements.

The Company's policy for revenue recognition changed as detailed below:

#### (a) Sale of goods

The Company's contracts with customers for the sale of goods generally include performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment/goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

#### Variable consideration

Some contracts for the sale of goods provide customers with a right of return and volume rebates.

Prior to the adoption of IFRS 15, the Company recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved.

Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

**(b) Rendering of services**

Under IFRS 15, the Company concluded that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

**(c) Advances received from customers**

Upon the adoption of IFRS 15, for short-term advances, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the goods or service and when the Company transfers that promised good or service to the customer is more than one year, the Company shall adjust the promised amount of consideration for the effects of the time value of money.

**Amendments to IAS 40 Transfers of Investment Property**

The amendments clarify when the Company should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of property does not provide evidence of a change in use.

These amendments do not have any impact on the Company's condensed interim consolidated financial statements.

**Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions**

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Company's condensed interim consolidated financial statements.



**Use of Estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).
- The financial period is charged with its related income tax in accordance with Jordanian laws and regulations.
- Management reviews periodically the tangible assets in order to assess the depreciation for the period based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of profit or loss.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to insurance administrations regulation and filed actuarial studies.
- A provision on lawsuits against the Company is made based on the Company's lawyers' studies in which contingent risk is determined; review of such study is performed periodically.

**3 . Bank Deposits**

	30 September 2018			31 December 2017
	Deposits mature within (1) month	Deposits mature after (1) month till (3) months	Deposits mature after (3) months till (1) year	Total
<u>Inside Jordan</u>	60,492	225,000	5,657,300	5,942,792
				6,975,076

- Deposits pledged to the favor of the General Secretary of the Ministry of Industry, Trade and Supply amounted to JOD (225,000) as at 30 September 2018 and 31 December 2017.
- Provision against expected credit loss in deposits amounted to JOD (3,164) as at 30 September 2018.

**4 . Financial Assets at Fair Value Through Other Comprehensive Income**

	30 September 2018	31 December 2017
<u>Inside Jordan:</u>		
Investments in listed shares	208,696	230,110
Investments in unlisted shares	128,366	128,366
<b>Total</b>	<b>337,062</b>	<b>358,476</b>
<u>Outside Jordan:</u>		
Investments in unlisted shares	204,050	204,050
<b>Total</b>	<b>541,112</b>	<b>562,526</b>

6 . Accounts Receivable

	30 September 2018	31 December 2017
Policy holders	2,746,074	2,794,538
Agents receivable	162,600	122,507
Brokers receivable	120,602	103,291
Employees receivable	72,181	57,641
Others	31,642	24,887
<b>Total</b>	<b>3,133,099</b>	<b>3,102,864</b>
Less: Provision for expected credit loss	( 1,340,741)	( 1,269,148)
<b>Net Accounts Receivable</b>	<b>1,792,358</b>	<b>1,833,716</b>

\* Movements on provision for expected credit loss were as follows:

	30 September 2018	31 December 2017
Balance at beginning of the period	1,269,148	1,203,710
Impact of adopting IFRS (9)	17,808	-
Restated opening balance	1,286,956	1,203,710
Provision for the period	57,173	68,483
Write off	( 3,388)	( 3,045)
<b>Balance at end of the period</b>	<b>1,340,741</b>	<b>1,269,148</b>

7 . Reinsurers Receivables

	30 September 2018	31 December 2017
Local insurance companies	458,542	426,794
Foreign reinsurance companies	509,463	504,146
Provision for expected credit loss	( 722,946)	( 758,615)
<b>Net reinsurers receivables</b>	<b>245,059</b>	<b>172,325</b>

\* Movements on provision for expected credit loss were as follows:

	30 September 2018	31 December 2017
Balance at beginning of the period	758,615	423,739
Impact of adopting IFRS (9)	( 74,770)	-
Restated opening balance	683,845	423,739
Provision for the period	39,101	334,876
<b>Balance at end of the period</b>	<b>722,946</b>	<b>758,615</b>

## 8 . Accounts Payable

	30 September 2018	31 December 2017
Policy holders	162,541	85,320
Agents payable	93,423	87,163
Brokers payable	135,500	102,661
Employees payables	2,322	22,818
Other	217,042	251,630
	<u>610,828</u>	<u>549,592</u>

## 9 . Reinsurers Payables

	30 September 2018	31 December 2017
Local insurance companies	484,561	350,650
Foreign reinsurance companies	427,412	564,614
	<u>911,973</u>	<u>915,264</u>

## 10 . Income Tax

## A- Income tax status

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2015.
- The income tax returns for the years 2016 and 2017 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- No income tax provision has been taken on the Company's results of operations for the nine months ended at 30 September 2018 as the Company's expenses exceeded its taxable revenues.
- In the opinion of management and the tax consultant the Company will benefit from deferred tax assets in the future according to the future business plan.

## B - Deferred tax assets

This item consists of the following:

	30 September 2018	31 December 2017
Tax accepted accumulated losses	( 4,540,271)	( 4,540,271)
Statutory tax rate	24%	24%
Deferred tax assets at period end	<u>1,089,665</u>	<u>1,089,665</u>

\* Movements on deferred tax asset were as follows:

	30 September 2018	31 December 2017
Beginning balance	1,089,665	1,139,723
Utilized deferred tax asset	-	( 50,058)
Ending balance	<u>1,089,665</u>	<u>1,089,665</u>

## 15 . Analysis of Main Sectors

### Background information on the Company's business segments

For management purposes, the Company measures its insurance segments in accordance with the reports used by executive manager and the Company's primary decision maker to include General insurance sector which comprised fire, accidents, marine, medical, and motor insurance. This sector is the base used by the Company to disclose information related to key sectors, the mentioned sector also includes the Company's investments and cash management. The activities between the business sectors are performed based on commercial basis.

## 16 . Capital Management

- The Company manages its capital in line with the regulations of the Ministry of Industry, Trade and Supply-Insurance Administration. These requirements were designed to ensure a suitable margin. Additional targets have been assigned by the Company to maintain strong credit rating and high capital margin in order to support its business and maximize shareholders value.
- The Company manages its capital structure and makes necessary adjustments in light of changes in business conditions. No changes were made in the objectives, policy or processes during the current and previous years.
- The Company's solvency margin as at 30 September 2018 is below than the minimum margin determined by Insurance Administration which amounts to (150%).

	30 September 2018	31 December 2017
Available capital (A)	3,864,266	5,066,457
Capital requirements to meet		
Assets risks	2,726,373	2,551,506
Underwriting liabilities	1,415,043	1,368,529
Reinsurers' credit risk	294,872	198,364
Total capital requirements (B)	4,436,288	4,118,399
Solvency margin (A) / (B)	87 %	123 %

## 17 . Lawsuits Against the Company

There are lawsuits filed against the Company amounting to JOD (5,144,577) as at 30 September 2018 (2017: JOD (4,553,423)).

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

## 18 . Contingent Liabilities

The Company has bank guarantees of JOD (62,348) as at 30 September 2018.