



شركة الأراضي المقدسة للتأمين المساهمة العامة المحدودة

HOLY LAND INSURANCE CO. Ltd. H.L.I.C

٢٠١٨/٣/٢٩

٢٠١٨/٣٨٥/٢٦

الساده / بورصة عمان المحترمين .

عمان - الاردن

الموضوع : البيانات المالية والتقرير السنوي للعام ٢٠١٧

تحية وبعد ،

نرفق لكم طيه مسودة البيانات المالية الموحدة باللغتين العربية والانجليزية كما في ٢٠١٧/١٢/٣١ وتقرير مدقق الحسابات الخارجي عليها ، كما نرفق لكم قرص مدمج (CD) يحتوي مادة التقرير السنوي الثامن والثلاثون بصيغة PDF .
راجين التكرم بالاستلام حسب الأصول.

وتفضلوا بقبول فائق الاحترام والتقدير.

شركة الأراضي المقدسة للتأمين م . ع . م



بورصة عمان	
الدفتر الإداري والعام	
الديوان	
٢٩ آذار ٢٠١٨	
١٧٢٣	الرقم المتسلسل
٢١٥١٥	رقم الملف
٢٠١٨/٥/١١	الجهة المختصة



شركة الأراضي المقدسة للتأمين المساهمة العامة المحدودة

HOLY LAND INSURANCE CO. Ltd. H.L.I.C

٢٠١٨/٣/٢٩

٢٠١٨/٣٩٢/٢٦

السادة / بورصة عمان المحترمين .

عمان - الاردن

الموضوع : البيانات المالية والتقرير السنوي للعام ٢٠١٧

تحية وبعد ،

لاحقا لكتابنا رقم ٢٠١٨/٣٨٥/٢٦ نرجو اعلامكم بأننا ما زلنا بانتظار الموافقة النهائية لإدارة التأمين – وزارة الصناعة والتجارة والتموين على البيانات المالية والمقدر أن تصدر اليوم ٢٠١٨/٣/٢٩ على أن نزودكم بها بمجرد استلام الموافقة .

راجين التكرم بالاستلام حسب الأصول.

وتفضلوا بقبول فائق الاحترام والتقدير.

شركة الأراضي المقدسة للتأمين م . ع . م



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**The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan**

**Consolidated financial statements
As of December 31, 2017**



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مسودة للبحث

**The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan**

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Independent Auditors' Report

785 18 03

To The Shareholders,

Holy Lands Insurance Co. (P.S.C.)

Amman - Jordan

Report on the Audit of the consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of The Holy Lands Insurance Co. (P.S.C.), which comprise the consolidated statement of financial position as at 31 December 2017, statement of consolidated comprehensive income, statement of consolidated changes in owners' equity and statement of consolidated cash flows for the year then ended, and notes, comprising 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 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other

The accumulated losses for subsidiaries (Dead Sea for vehicle surveying & paint Co. and Reyaza real estate Co.) have exceeded its paid capital therefore the company is required to comply with the requirements of the article (75 B) of the companies' law.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

- **Impairment of receivables:**

Given the nature of estimation in the calculation of the impairment provision for the receivables Notes no. (13,14,15), the management estimate the impairment using the estimation and the assumptions, and if there is an objective evidence that the firm unable to collect all or a part of receivables, the provision amount is calculated on the basis of the difference between the carrying amount and the recoverable amount and according to the receivables aging, and in view of their importance, they considered, more important audit procedures, and an impairment provision has been recognized for receivables.

The firm's lawyer opinion has been taken into consideration when we evaluate the reasonableness of the management evaluation of the impairment calculation for the account receivables.

- **Technical Provisions:**

The Technical Provisions are considered as liabilities on the Company and right for the Policyholders to enable the Company to meet its obligations toward the Policyholders, in addition to the Technical Provisions maintained in accordance with Accounting Principles and Insurance Management requirements, and the Technical Provisions consist of the outstanding claims Provisions, the unearned contributions, and the mathematical reserve which is calculated in accordance with the basis adopted from the Insurance Management as mentioned in note (6) Technical Provisions page .

Given the nature of estimation in the calculation the Technical Provisions to meet its obligations toward the Policyholders, there is a probability that reserves are not sufficient, because the management calculate the Provisions using the assumptions and the estimations based on its experience, and the availability of information from many resources included (lawyers, loss adjusters, and the received documents from policies holders) as well as the application of the principles adopted from the insurance management as mentioned in Accounting Policies page (6).

The audit procedures included the:

The auditing procedures included a study of the control procedures used from the Company for receivables collection, and study the adequacy of the impairment provision through evaluation the management assumptions with take into account the available external information about the account receivables risks and the extent of the application of the regulatory commissions instructions, also we evaluated the adequacy of disclosures about the important estimations used to calculate the provision.

The audit procedures included the:

The auditing procedures included a study of the control procedures used from the Company for the estimation of Technical Provisions from Technical People, and study the reasonableness estimation for a sample of outstanding claims Provisions (Reported & Not Reported) with take into consideration the firm's lawyer opinion and loss adjusters reports (if available).

Study the calculation for a sample of unearned contributions for general insurance operations in accordance with Insurance Management instructions.

Study the extent of the application of the Insurance Management instructions related to the Basis of Calculating the Technical Provisions.

And accordance to the management opinion that the amounts recognized as provisions presents the best evaluation of the amounts required to settle the obligations as at Dec 31, 2017 with take into consideration the risks and the uncertainty associated to the obligations.

And the actual results may vary based on the estimates of the management which leads to future change in estimated obligations, and in view of their importance, they considered, more important audit procedures.

The actuary report has been taken into consideration which includes neutral opinion about the adequacy of technical Provisions to meet its obligations toward the Policyholders and the beneficiaries of insurance policies which was its results consistent with the management estimates.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. We expected that we will give the annual report after our report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when its available and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Consolidated financial statements in accordance with IFRS, and for such internal control as management determines is 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 financial reporting process.

Auditors' 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 auditors' 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 ISAs, we exercise professional judgment 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 appropriate audit evidence regarding the financial information 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 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 safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes 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 Other Legal and Regulatory Requirements

The Company maintains proper accounting books of accounts and the accompanying consolidated Financial Statements agree with the consolidated Financial Statements incorporated, and we recommend the General Assembly to approve the Accompanying consolidated Financial Statements.

For Al Abbasi & Partners Co.

Ahmad M. Abbasi

License No. 710

25 February 2018

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**The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan**

**Consolidated financial position
As of December 31, 2017**

		Exhibit A	
	Note	2017	2016
		JD	JD
<u>Assets</u>			
Deposits at banks	7	3,077,507	2,168,867
Financial assets at fair value through income statement	8	508,324	437,370
Financial assets at fair value through other comprehensive income	9	60,000	60,000
Real estate investments - net	10	176,725	176,725
Investments in subsidiary	11	-	15,000
Total investments		3,822,556	2,857,962
Cash on hand & at banks	12	132,182	980,489
Notes receivable & cheques under collection - net	13	91,091	85,020
Accounts receivable - net	14	710,457	319,108
Due from related parties	31	-	425
Due from reinsurers - net	15	674,845	610,887
Deferred tax assets	16	1,674,443	1,674,443
Property , plant & equipments - net	17	2,081,933	1,918,805
Intangible assets - Net	18	26,156	15,437
Other assets	19	205,875	202,937
Total assets		9,419,538	8,665,513

The accompanying notes form from (1) To (41) is an integral part of these statements

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**The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan**

**Follow - consolidated financial position
As of December 31, 2017**

		Exhibit A	
	Note	2017	2016
		JD	JD
<u>Liabilities and owners' equity</u>			
<u>Technical provisions</u>			
Unearned premium provision - net		4,237,830	3,374,944
Outstanding claims provision - net		1,533,972	1,526,426
Total technical provisions		5,771,802	4,901,370
<u>Liabilities</u>			
Banks overdraft	20	216,634	419,816
Accounts payable	21	214,583	173,404
Due to reinsurers	22	609,043	343,239
Variety provisions	23	46,983	40,905
Other liabilities	24	352,106	408,699
Total liabilities		1,439,349	1,386,063
Total technical provisions & liabilities		7,211,151	6,287,433
<u>Owners' equity</u>			
Authorized & paid up capital	25	5,000,000	10,000,000
Issuance discount	25	(2,061,779)	(2,061,779)
Statutory reserve	25	745,254	745,254
Voluntary reserve	25	22,561	22,561
Fair value reserve	25	(150,000)	(150,000)
Accumulated (loss)	25	(1,347,649)	(6,177,956)
Net owners' equity		2,208,387	2,378,080
Total owners' equity & liabilities		9,419,538	8,665,513

The accompanying notes form from (1) To (41) is an integral part of these statements

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مسودة للبحث

The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan

Consolidated statement of comprehensive income
For the year ended December 31, 2017

Exhibit B

	Note	2017 JD	2016 JD
<u>Revenues</u>			
Total written premiums		10,099,540	7,223,493
Deduct: reinsurance share		(315,292)	(274,833)
Net written premiums		9,784,248	6,948,660
Net change in unearned premium provision		(862,886)	(564,613)
Net earned premium income		8,921,362	6,384,047
Commissions received		67,807	72,991
Issuance fees		423,129	364,106
Interests revenues	26	87,008	61,452
Gains from financial assets & investments	27	46,124	6,095
Other revenues due to written accounts		28,029	80,994
Other revenues	28	26,304	29,566
Return from impairment provisions		490,739	-
Total revenues		10,090,502	6,999,251
<u>Cost of claims</u>			
Claims paid		8,346,849	6,383,588
Deduct: recoveries		(1,016,234)	(1,150,214)
Deduct: reinsurance share		(62,903)	(281,174)
Net claims paid		7,267,712	4,952,200
Net change in outstanding claims provision		7,546	(1,435,409)
Allocated employees expenses	29	990,170	888,722
Allocated administrative expenses	30	494,220	501,606
Excess of loss		527,699	130,000
Acquisition policies cost		455,721	415,649
Other expenses due to written accounts		30,383	27,292
Net claims		9,773,451	5,480,060

The accompanying notes form from (1) To (41) is an integral part of these statements

**The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan
Follow - consolidated statement of comprehensive income
For the year ended December 31, 2017**

Exhibit B

	Note	2017 JD	2016 JD
Net claims		9,773,451	5,480,060
Employees expenses - not allocated		247,542	222,180
Administrative expenses - not allocated		123,554	125,401
Depreciation & amortization		115,648	99,588
Total expenses		10,260,195	5,927,229
(Loss) profit for the year before tax		(169,693)	1,072,022
Tax	12	-	-
(Loss) profit for the year		(169,693)	1,072,022
Total comprehensive (loss) income for the year (Exhibit C)		(169,693)	1,072,022
		Fils/Dinar	Fils/Dinar
Basic and diluted earning per share	18	(0.034)	0.129

The accompanying notes form from (1) To (41) is an integral part of these statements

The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan
Consolidated statement of change in owners' equity
For the year ended December 31, 2017

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Exhibit C

Description	Capital		Premiums on paid up capital		Issuance discount		Statutory reserve		Voluntary reserve		Fair value reserve		Accumulated (loss)		Net	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the year ended December 31, 2017																
Balance as of January 1, 2017 (Exhibit A)	10,000,000	-	-	(2,061,779)	745,254	22,561	(150,000)	(6,177,956)	2,378,080							
(Loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) for the year (Exhibit B)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decreasing capital (Note 25)	(5,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2017 (Exhibit A)	5,000,000	-	-	(2,061,779)	745,254	22,561	(150,000)	(1,347,649)	2,208,387							
For the year ended December 31, 2016																
Balance as of January 1, 2016	6,607,729	904,976	(874,484)	637,965	22,561	(150,000)	(7,141,573)	7,174								
Prior years' adjustments	-	-	-	-	-	-	(1,116)	(1,116)								
Adjusted opening balances	6,607,729	904,976	(874,484)	637,965	22,561	(150,000)	(7,142,689)	6,058								
Profit for the year after tax	-	-	-	-	-	-	-	1,072,022	1,072,022							
Total comprehensive income for the year (Exhibit B)	-	-	-	-	-	-	-	1,072,022	1,072,022							
Transfer to statutory reserve	-	-	-	105,786	-	-	(105,786)	-	-							
Transfer to subsidiaries' reserves	-	-	-	1,503	-	-	(1,503)	-	-							
Increasing capital (Note 25)	3,392,271	(904,976)	(1,187,295)	-	-	-	-	-	-							
Balance as of December 31, 2016 (Exhibit A)	10,000,000	-	(2,061,779)	745,254	22,561	(150,000)	(6,177,956)	2,378,080								

In accordance with the instructions of Securities Commission, it is prohibited to dispose fair value reserve through dividends to shareholders or capitalization or loss amortization or anything else .

The accompanying notes form from (1) To (41) is an integral part of these statements

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مسودة للبحث

**The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan**

**Consolidated statement of cash flows
For the year ended December 31, 2017**

Exhibit D

	2017 JD	2016 JD
<u>Cash flows from operating activities</u>		
(Loss) profit for the year before tax	(169,693)	1,072,022
Prior years' adjustments	-	(1,116)
Capital loss	3,779	7,855
Depreciation & amortization	115,648	99,588
Net change in unearned premium provision	862,886	564,614
Net change in outstanding claims provision	7,546	(1,435,409)
(Gains) from selling financial assets at fair value through income statement	(46,124)	(6,095)
Returned from reinsurance companies impairment provision	(390,987)	-
Returned from notes receivable impairment provision	(2,893)	10,463
Returned from accounts receivable impairment provision	(96,858)	-
End of service indemnity	6,078	-
Operating income before changes in working capital	289,382	311,922
<u>Changes in assets & liabilities</u>		
Notes receivable & cheques under collection	(3,178)	11,404
Accounts receivable	(294,491)	(34,608)
Due from related parties	425	(425)
Due from reinsurers	327,029	(122,406)
Other assets	(2,938)	(32,622)
Accounts payable	41,179	(17,544)
Due to reinsurers	265,804	(99,815)
Other liabilities	(56,593)	166,113
Net cash flows provided from operating activities before paid tax	566,619	182,019
Paid tax	-	-
Net cash flows provided from operating activities	566,619	182,019

The accompanying notes form from (1) To (41) is an integral part of these statements



**The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan**

**Follow - Consolidated statement of cash flows
For the year ended December 31, 2017**

	Exhibit D	
	2017	2016
	JD	JD
<u>Cash flows from investing activities</u>		
Deposits at banks due over 3 months	(908,640)	(405,442)
Financial assets at fair value through profit or loss	(24,830)	(83,342)
Acquisitions of property , plant & equipments	(303,390)	(1,542,360)
Investments in subsidiary	15,000	(15,000)
Proceeds from sales of property , plant & equipments	30,600	55,500
Acquisitions of intangible assets	(20,484)	(8,444)
Net cash flows (used In) investing activities	(1,211,744)	(1,999,088)
<u>Cash flows from financing activities</u>		
Banks Overdraft	(203,182)	(154,838)
Paid up capital	-	1,300,000
Net cash flows (used in) provided from financing activities	(203,182)	1,145,162
Net (dicrease) in cash	(848,307)	(671,907)
Cash on hand and at banks at beginning of year	980,489	1,652,396
Cash on hand and at banks at end of year (Exhibit A)	132,182	980,489
<u>Non-cash flow items</u>		
Amortized some of accumulated loss to capital	5,000,000	-

The accompanying notes form from (1) To (41) is an integral part of these statements

Holy Lands Insurance Company

P.S.C

Amman - The Hashemite Kingdom Of Jordan

Consolidated statement of general insurance underwriting revenue

For the year ended December 31, 2017

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	Fire & other damage to										Exhibit E
	Motor		Marine & transport		property		Liability		Total		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
<u>Written premiums</u>											
Direct insurance	9,577,463	6,717,293	7,578	7,371	301,390	309,651	44,298	46,703	9,930,729	7,081,018	
Reinsurance inward business	159,897	129,906	-	-	8,914	12,569	-	-	168,811	142,475	
Total premiums	9,737,360	6,847,199	7,578	7,371	310,304	322,220	44,298	46,703	10,099,540	7,223,493	
<u>Less:</u>											
Local reinsurer share	(32,871)	(27,236)	-	-	-	-	-	-	(32,871)	(27,236)	
Foreign reinsurer share	-	-	(5,342)	(5,183)	(277,079)	(242,414)	-	-	(282,421)	(247,597)	
Net written premiums	9,704,489	6,819,963	2,236	2,188	33,225	79,806	44,298	46,703	9,784,248	6,948,660	
<u>Add : Balance at beginning of the year</u>											
Unearned premiums reserve	3,345,032	2,683,698	2,905	3,602	173,459	195,074	20,524	11,604	3,541,920	2,893,978	
Un expired risks reserve	-	94,569	-	-	-	-	-	-	-	94,569	
Less: Reinsurer share	(14,860)	(5,001)	(2,260)	(2,218)	(149,856)	(170,997)	-	-	(166,976)	(178,216)	
Net unearned premium reserve	3,330,172	2,773,266	645	1,384	23,603	24,077	20,524	11,604	3,374,944	2,810,331	
<u>Less : Balance at ending of the year</u>											
Unearned premiums reserve	4,209,072	3,345,032	3,538	2,905	149,407	173,459	20,951	20,524	4,382,968	3,541,920	
Un expired risks reserve	-	-	-	-	-	-	-	-	-	-	
Less: Reinsurer share	(15,896)	(14,860)	(2,660)	(2,260)	(126,582)	(149,856)	-	-	(145,138)	(166,976)	
Net unearned premium reserve	4,193,176	3,330,172	878	645	22,825	23,603	20,951	20,524	4,237,830	3,374,944	
Net earned revenue from written premiums	8,841,485	6,263,057	2,003	2,927	34,003	80,280	43,871	37,783	8,921,362	6,384,047	

The accompanying notes form from (1) To (41) is an integral part of these statements

Holy Lands Insurance Company

P.S.C

Amman - The Hashemite Kingdom Of Jordan

Statement of Consolidated General Insurance Cost Of Claims

For the year Ended December 31, 2017

DRAFT
مسودة للبحث

	Fire & Other Damage										Exhibit C
	Motor			Marine & Transport			To Property			Total	
							Liability				
	2017	2016		2017	2016		2017	2016			
Paid Claims	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Less:	8,288,804	6,279,905	-	-	57,501	71,524	544	32,159	8,346,849	6,383,588	
Recoveries	(1,013,553)	(1,134,144)	-	-	(2,681)	(16,070)	-	-	(1,016,234)	(1,150,214)	
Reinsurer Share	(12,316)	(225,255)	-	-	(50,587)	(39,589)	-	(16,330)	(62,903)	(281,174)	
Foreign Reinsurer Share	7,262,935	4,920,506	-	-	4,777	15,865	4,777	15,829	7,267,712	4,952,200	
Net Paid Claims											
Add: Outstanding Claims Reserve											
At End Of The Year											
RCR	2,095,536	2,440,026	-	1,000	1,431,337	1,309,801	24,230	33,564	3,551,103	3,784,391	
IBNER	1,032,239	518,109	-	-	-	-	-	-	1,032,239	518,109	
IBNYR	1,433,424	1,409,846	100	100	5,000	5,000	100	100	1,438,624	1,415,046	
Less:	(791,703)	(875,594)	-	(834)	(1,356,075)	(1,245,261)	-	-	(2,147,778)	(2,121,689)	
Reinsurer Share	(2,340,216)	(2,069,431)	-	-	-	-	-	-	(2,340,216)	(2,069,431)	
Recoveries											
Net Reported Outstanding Claims Reserve											
At End Of The Year	245,702	262,956	-	166	75,262	64,540	24,230	33,564	345,194	361,226	
Net Unreported Outstanding Claims Reserve											
Reserve At End Of The Year	1,183,578	1,160,000	100	100	5,000	5,000	100	100	1,188,778	1,165,200	
Less: Outstanding Claims Reserve											
At Beginning Of The Year											
RCR	2,440,026	3,590,171	1,000	1,500	1,309,801	1,291,342	33,564	64,597	3,784,391	4,947,610	
IBNER	518,109	858,883	-	-	-	-	-	-	518,109	858,883	
IBNYR	1,409,846	1,492,932	100	100	5,000	5,000	100	100	1,415,046	1,498,132	
Less:	(875,594)	(1,438,239)	(834)	(1,300)	(1,245,261)	(1,226,775)	-	(57,597)	(2,121,689)	(2,723,911)	
Reinsurer Share	(2,069,431)	(1,618,879)	-	-	-	-	-	-	(2,069,431)	(1,618,879)	
Recoveries											
Net Reported Outstanding Claims Reserve											
At Beginning Of The Year	262,956	1,724,868	166	200	64,540	64,567	33,564	7,000	361,226	1,796,635	
Net Unreported Outstanding Claims Reserve											
Reserve At Beginning Of The Year	1,160,000	1,160,000	100	100	5,000	5,000	100	100	1,165,200	1,165,200	
Net Claims Cost	7,269,259	3,458,594	(166)	(34)	15,499	15,838	(9,334)	42,393	7,275,258	3,516,791	

The accompanying notes form from (1) To (41) is an integral part of these statements

Holy Lands Insurance Company
P.S.C
Amman - The Hashemite Kingdom Of Jordan

Consolidated statement of general insurance underwriting profit
For the year ended December 31, 2017

DRAFT
مسودة للبحث

Exhibit G

	Fire & other damage to							Total	
	Motor		Marine & transport		property		Liability	2017	2016
	2017	2016	2017	2016	2017	2016			
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	8,841,485	6,263,057	2,003	2,927	34,003	80,280	43,871	37,783	6,384,047
Net claims cost	7,269,259	3,458,594	(166)	(34)	15,499	15,838	(9,334)	42,393	3,516,791
Add:									
Commissions received	13	-	4,148	6,039	63,646	66,952	-	-	72,991
Insurance policies issuance fees	406,130	343,900	426	396	14,036	17,389	2,537	2,421	364,106
Other revenues	19,946	78,046	6,068	-	2,015	2,948	-	-	80,994
Net revenues	426,089	421,946	10,642	6,435	79,697	87,289	2,537	2,421	518,965
Less:									
Commissions paid	(450,548)	(411,849)	-	-	(5,173)	(3,800)	-	-	(415,649)
Excess of loss premiums	(527,699)	(130,000)	-	-	-	-	-	-	(130,000)
Allocated general & administrative expenses	(1,431,154)	(1,317,902)	(1,119)	(1,419)	(45,605)	(62,019)	(6,512)	(8,988)	(1,390,328)
Other allocated expenses	(28,655)	(23,135)	(36)	(72)	(1,692)	(4,085)	-	-	(27,292)
Total expenses	(2,438,056)	(1,882,886)	(1,155)	1,385	(52,470)	(69,904)	(6,512)	(8,988)	(1,963,269)
Underwriting profit (loss)	(439,741)	1,343,523	11,656	8,011	45,731	81,827	49,230	(333,124)	1,422,078

The accompanying notes form from (1) To (41) is an integral part of these statements

The Holy Lands Insurance Company
(P.S.C)
Amman - The Hashemite Kingdom Of Jordan

Notes to consolidated financial statements

1- Company's registration and objectives

The Holy Lands Insurance Company was established & registered as a public shareholding company in the Ministry of Industry & Trade under number (136) on the year 1980 .

The company exercised all kinds of general insurances according to license which obtained from Insurance Authority for these insurance branches :

- Motor insurance license
- Marine & transport insurance license
- Fire & other damage to property insurance license
- Liability insurance license

General assembly in its extraordinary meeting held on **June 30, 2015** decided to increase capital from JD/Share **6,000,000** to JD/Share **8,000,000** , by increasing amount of JD/Share **2,000,000** and by issuance discount JD/Share **0.35** through private written to the shareholders , by a plan declared by board of directors to correct company's financial status in accordance with regulations and laws for the benefit of the company , legal procedures were completed on **August 2, 2015**. Securities commission approved to register increased shares on **October 6, 2015** , and some of the shares were recovered (**607,729** shares).

The board of directors decided to recover the unrecovered increased shares amounted of **1,392,271** shares by customize it to the chairman and deputy of chairman of board of directors , legal & official procedures were completed on **February 8, 2016** .

General assembly in its extraordinary meeting held on **September 22, 2016** decided to increase capital from JD/Share **8,000,000** to JD/Share **10,000,000** , by increasing amount of JD/Share **2,000,000** and by issuance discount JD/Share **0.35** through owning land no. **200** basin no. **20** South Om Othaina of Amman lands , its space of **1,009** square meters , this land owned by debuty chairman of board of directors and its evaluated by five realestate evaluators delegated for Ministry of Industry & Trade by average market value of JD **1,836,380** , the rest amount of JD **163,620** was recovered through private written of shareholders , legal prcedures were completed on **October 30, 2016**. Securities commission approved to register increased shares on **November 23, 2016**, and in depository center on **November 28, 2016** .

General assembly in its extraordinary meeting held on **December 22, 2016** decided to reduce capital from JD/Share **10,000,000** to JD/Share **5,000,000** , by amortizing amount of JD/Share **5,000,000** from accumulated loss to capital , legal procedures were completed to competent authorities on **April 13, 2017**.

The Condensed interim consolidated financial statements were approved by the board of directors at its meeting held on **February 25, 2018**, these financial statements aren't subject to the approval of the general assembly of shareholders .

**The Holy Lands Insurance Company
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Notes to consolidated financial statements

2- Significant accounting policies

Basis of preparation of interim consolidated financial statements

The financial statements of the company have been prepared in accordance to International Financial Reporting Standards .

The consolidated financial statements are presented in Jordanian Dinars (JOD) which is the company's presentation functional currency .

The consolidated financial statements have been prepared on historical cost except financial assets and liabilities which appears on fair value.

The Holy Lands Insurance Company
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Notes to consolidated financial statements

3- Basis of consolidated financial statements

- The consolidated financial statements consist of assets , liabilities , revenues & expenses of The Holy Lands Insurance Company and 3 subsidiaries as follows :

Company's name	Legal form	Date of control	Capital	Ownership rate	Company's share of subsidiaries' (loss)	Investment's net book value
			JD	%	JD	JD
The Dead Sea Co. For Vehicle Surveying & Paint	L.L.C	9-Sep-2014	30,000	100	(1,928)	15,000
.Reyaza Realstate Investments Co.	L.L.C	30-Nov-2014	10,000	100	(2,696)	5,000
The Dead Sea Co. For Vehicles' Parts Trading	L.L.C	8-Nov-2016	30,000	100	(3,127)	15,000

- Summary for Subsidiary's Assets & Liabilities & Revenues & Profits :

Company's name	Assets	Liabilities	(Loss) for the year	
	JD	JD	Revenues	JD
The Dead Sea Co. For Vehicle Surveying & Paint	236,586	310,419	176,152	(1,928)
.Reyaza Realstate Investments Co.	158,295	167,882	-	(2,696)
The Dead Sea Co. For Vehicles' Parts Trading	14,994	3,121	-	(3,127)

Control realized when company has ability of control the financial and operation policies for subsidiaries for obtained benefets from its activities .

Subsidiaries' income results is being consolidated in statement of consolidated income from date of control up to stop that control on subsidiaries when the actual control on subsidiaries move to company or from company .

The financial statements for the mother company and subsidiaries are prepared for the period of the same accounting policies which used in the mother company (The Holy Lands Insurance Company) , if subsidiary used differnet policies some adjusting must made on its financial statements to be applicable to the policies used in the mother company .

Minority interests represents part non owned by company from subsidiaries' owner's equity , minority interests stated in net company's assets as a separated item from shares owner's equity of the company .

The Holy Lands Insurance Company
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Notes to consolidated financial statements

4- Bussiness sector

Bussiness sector represents a collection of assets and operations which are sharing together for serving produces or services subject to risk and benefits different from those related of other sectors and it measured according to reports used by excutive manager and decision maker of the company .

Geografic sector associated by serving produces and services in limited economical environment subject to risks and benefits differnt from those related of bussiness sectors in economical environments .

5- Use of estimates

The preparation of the 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 particular, considerable judgement 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 change in such provisions.

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

- Management evaluates its investments for impairment on a regular basis where there is a prolonged decline , Management estimates the value of impairment and the same is charged in the statement of comprehensive income - An estimate of the collectible amount of trade accounts receivables is made when collection of the full amount is no longer probable. For individually significant amounts , this estimation is performed on an individual basis. Amounts which are not individually significant , but which are past due , are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates .
- Inventories are held at the lower of either cost or net realizable value. When inventories become old or obsolete, an estimate is made of their realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence, based on historical selling prices.
- Management reviews periodically the tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of comprehensive income.

The Holy Lands Insurance Company
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Notes to consolidated financial statements

6- Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended **31 December 2016** except for the followings:

A. New and amended standards adopted by the company:

The following standards have been adopted by the company the first time for the financial year beginning on 1 January 2017, which had material on the financial statements of the company.

Amendments to IAS 12 - 'Income taxes' which explains the recognition of deferred tax assets for unrealised losses.

Amendments to IAS 7 - 'Statement of cash flows' . The amendment requires additional disclosures about changes in liabilities arising from financing activities.

B. New standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2017 and have not been early adopted:

IFRS 9, ' Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

IFRS 15, ' Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

IFRS 16, ' Leases' which will replace IAS 17 'Leases'. The standard requires the lessee to book future lease commitments for all lease contracts including " rights to use assets". The standard is effective for annual periods beginning on or after 1 January 2019 and early adoption is permitted if IFRS 15 is also adopted.

The application of the new amendments did not have significant impact on the financial position, financial performance or disclosures of the company.

**The Holy Lands Insurance Company
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Notes to consolidated financial statements

Financial assets at fair value through income

Variation of changes in fair value for financial assets is recording through income statements

Financial assets at fair value through income statement appear in fair value which had market prices in active markets.

Financial assets at fair value through comprehensive income

Financial assets at fair value through comprehensive income are non derivative financial assets, the purpose of the acquisition is to keep them available for sale and not to trade or keep them until maturity.

The differences in the change in fair value of financial assets carried at fair value are recorded through the statement of comprehensive income.

Financial assets at fair value through comprehensive income that is available to quoted market prices in active markets at fair value, net of accumulated impairment losses in the fair value appear.

Gains and losses arising from differences foreign currency debt instruments that bear interest within the specified financial assets at fair value through comprehensive income transfer register, while the registration of foreign exchange rate changes ownership of the tools included in the cumulative change in fair value in equity.

If the company did not adopt the recognition of the fair value changes of financial assets in equity instruments in the list of other comprehensive income must be an option then these assets are measured at fair value and recognize changes in fair value in the statement of comprehensive income.

Real estate investments

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use.

Investment property is valued in accordance with Insurance Administration regulations, and its fair value is disclosed in the investment property note.

Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated financial statement at cost. For the purposes of the consolidated statement of cash flow, cash and cash equivalents comprise cash on hand and at banks, deposits with maturities less than three months, less restricted funds.

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Notes to consolidated financial statements

Accounts receivable

Accounts receivable are stated at their net realizable value net of a provision for doubtful accounts , bad debts where written off when identified deduct of its stated provision and the collected amounts from debts which identified to revenues .

Reinsurers' accounts

Reinsurers shares of insurance premiums, paid claims, technical provisions, and all other rights and obligations resulting are calculated based on signed contracts between the Company and reinsures are accounted for based on accrual basis.

Receivables impairment

The receivables impairment is provided when there is objective evidence that the Company will not be able to collect all or part of the due amounts, and this allowance is calculated based on the difference between book value and recoverable amount. The allowance is measured after monitoring the receivables in details and all receivables aging one year and above is provided for provision.

Property, plant & equipments

Property, plant & equipments are recorded at cost and depreciated (except lands) over its estimated useful lives under the **straight line** method by using annual depreciation rates as follows:

Buildings	4
Tools machines ,furniture & decorations	9-7
Vehicles	10

An assets carrying amounts is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount , the impairment record in statement of comprehensive income .

The expected production life for assets is reviewed at end of the year , whenever ther are changes between the expected life and the estimated , the depreciation method is changed to depreciate on net book value based on the remaining production life after re-estimation from the year re-estimated on .

When there are no expected economic benifits from usage , that item will be written down immediately .

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Notes to consolidated financial statements

Intangible assets

Intangible assets, which have finite useful lives, are amortized over their useful lives. Amortization is recognized in the statement of income; however, intangible assets without definite useful lives should not be amortized and are required to be tested for impairment as of the date the financial statement. Impairment loss shall be recognized in the statement of income.

Intangible assets arising from company operation are not capitalized and should be recognized in the statement of income when incurred.

Intangible assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired as well as the useful lives of the intangible assets are annually reassessed and any adjustments raised are recognized in the subsequent events. The amortization expense is recognized in the statement of income on a straight line basis over the estimated useful life of each item of intangible assets. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment loss. They are amortized annually of 20%.

Impairment in financial assets value

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the recoverable value is estimated in order to determine impairment loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated financial statement when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to

Date of financial assets recognized

Purchases and sales financial assets are recognized on the trade date (the date on which the company commits its self to purchase or sell the assets) .

Fair value

The close price at the financial statements date represent the fair value for current financial statement in international markets , in case if the prices are not available for some financial investments the fair value evaluated through the comparative with market current value to similar financial instrument .

In case if there is a financial assets to be unfeasible measuring its fair value completely the cost & the amortizing cost shown , in case if there is a lower in its fair value the lower value recording in statements of income.

The evaluation types aim to measure a fair value reflect market expectation , it take market positions and also any risks or expected benefits when reevaluated the financial instruments , when the fair value of financial instruments is not measured reliably it will record at cost after deducting any impairment of its value .

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Notes to consolidated financial statements

Accounts payable & accrued amounts

The accounts Payable and accrued amounts are recognized upon receipt of the goods by the company, whether billed by the supplier or not.

Income tax

Accrued taxes expenses are calculated according to taxable gains in accordance to law (34) for the year 2014, taxable gains are different from declared gains in income statement because declared gains include non-taxable revenues or non-reduction expenses at the current year but in coming years , or acceptable taxable accumulated loss , or non-taxable items or reducing for tax purposes .

Taxes are calculated according to decision tax rate in accordance with laws , systems and instructions .

Deferred tax

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the financial statements and the value that is calculated on the basis of taxable profit. Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to allow all or part of deferred tax asset to be utilized.

Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events , it is probable that an outflow or resource will be required to settle the obligation , and a reliable estimate of the amount can be made . Where the company expect a provision to be reimbursed , for example under an insurance contract , the reimbursed is recognized as a sepearte asset but only when the reimbursement is virtually certain .

Technical prvisions

Technical reserves are provided for in accordance to the Insurance Commission's instructions, as follows:

- Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws,
- Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.
- Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Company.

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Notes to consolidated financial statements

Insurance policy acquisition cost

Acquisition costs represent the cost incurred by the Company for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in statement of income.

Compliance adequacy test

The liability adequacy test has been performed by calculating the present value of the future cash flows of the existing insurance contracts as they have been found to be adequate and adequate for the insurance liabilities.

Revenue recognition

Insurance policies

Insurance premiums are recorded as revenues (earned premiums) based on the accrual periods and policy covering period. Unearned premiums are recorded according to insurance policy periods at the date of financial statements claims expenses are recognized in the statement of income based on the expected claim value to compensate other parties.

Dividend and interest revenue

The Dividends revenues are realized when the shareholder has the right to receive the payment once declared by the General Assembly of Shareholders.

Interest revenues are recorded using the accrual basis based on the accrual periods, principle amount and interest rate.

Expenditures recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the statement of income during the period it occurred in and all other expenditures are recognized using the accrual basis.

Insurance compensations

Insurance compensations represent paid claims during the year and change in outstanding claims reserve.

Insurance compensations include all payments paid during the year whether it's related to the current year or prior years. Outstanding claims represent the highest estimated amount settle the claims resulting from events occurring before the date of financial statements but not settled yet.

Outstanding claim reserve is recorded based on the best available information at the date of financial statements and includes the IBNR.

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Notes to consolidated financial statements

Recoverable scraped value

Recoverable scraped value is considered when recording the outstanding claim amount.

Administrative expenses

Administrative expenses are distributed to each insurance division separately. Moreover, 80% of the non-distributable general and administrative expenses are allocated to different insurance departments based on the ratio of written premiums of the department to total premiums.

Employees' expenses

The traceable employees' expenses are allocated directly to insurance departments, and 80% of un-allocated employees' expenses are allocated based on earned premiums per department to total premiums.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the consolidated statement of comprehensive income.

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Notes to consolidated financial statements

7- Deposits at banks

A. This item consists of :

	From 3 months to 1 year	
	2017	2016
	JD	JD
Jordan Trade Bank - JD	7,017	7,017
Cairo Amman Bank - JD	519,243	4,701
Union Bank for Saving & Investment - JD	202,500	202,500
Arab Bank - JD & \$	719,224	364,582
Arab Jordanian Investment Bank - \$	5,296	5,291
Housing Bank for Trade & Finance - JD	15,962	15,676
Jordan Dubai Islamic Bank - JD	11,306	11,306
Oudih Bank - JD	500,000	500,000
Capital Bank - JD	1,096,960	1,057,794
Total	3,077,508	2,168,867

B. Interest rates on deposits at banks in jordanian dinar ranging between **3.25%** to **5.25%** and on deposits at banks in jordanian dinar ranging between **0.5%** to **2%**, these deposits accrued quarterly and midterm and annually.

There are mortgage opposite finance facilities granted to the company from Oudih Bank amounted of JD **500,000** , as well, on Capital Bank amounted of JD **519,287**.

C. The deposits mortgaged to the benefit of Director General of the Insurance Authority in addition to his job amounted of JD **225,000** as at **December 31, 2017** , details as follow:

	2017	2016
	JD	JD
Union Bank for Saving & Investment	202,500	202,500
Housing Bank for Trade & Finance	11,250	11,250
Jordan Dubai Islamic Bank	11,250	11,250
Total	225,000	225,000

**The Holy Lands Insurance Company
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Notes to consolidated financial statements

8- Financial assets at fair value through income statement

A. This item consists of :

	<u>2017</u>	<u>2016</u>
	JD	JD
<u>Inside JORDAN</u>		
Securities listed in Amman Stock Exchang (8 C)	351,018	280,064
Securities unlisted in Amman Stock Exchang	2,621	2,621
<u>Outside JORDAN</u>		
Securities unlisted in global exchange	154,685	154,685
Total	<u><u>508,324</u></u>	<u><u>437,370</u></u>

B. Financial assets at fair value through income statement are stated at cost according to couldn't measure its fair value trustly .

C. For purposes of company's membership in the Investing companys' board of directors, the number of share reserved was **25,000** share of market value amounted of **JD 15,000** .

9- Financial assets at fair value through comprehensive income statement

This item consists of :

	<u>2017</u>	<u>2016</u>
	JD	JD
<u>Inside JORDAN</u>		
Securities unlisted in Amman Stock Exchang	60,000	60,000
Total	<u><u>60,000</u></u>	<u><u>60,000</u></u>

Financial assets at fair value through comprehensive income statement are stated at cost according to couldn't measure its fair value trustly .

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Notes to consolidated financial statements

10- Real estate investments - net

A. This item consists of :

	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
	JD	JD	JD
<u>Cost</u>			
Balance ending of the year	176,725	123,737	300,462
<u>Accumulated depreciations</u>			
Balance ending of the year	-	123,737	123,737
Net book value as of December 31, 2017	176,725	-	176,725
Net book value as of December 31, 2016	176,725	-	176,725

B. The lands item represents of the cost of land of JD 23,500 and constitute a percentage of 47% of whole land's value located on land number 853 basin number 11 wadi Assalt of Amman lands with a totaly space of 788 square meters and the buildings constructed on it.As well, the cost of land of JD 153,225 located on land number 2363 basin number 42 alboqan of Assalt lands with a totaly space of 1,803 square meters (according to the article number 14A of The law of renting immovable property and selling it to non - Jordanians and legal persons ,The company is prohibited from disposing of it for three years starting on February 1, 2015 through put the signal not to act on its record at the Department of Lands and Survey. The weighted average of fair value for the real estate during the month of February 2017 is reached to JD 839,612 , this based on two licensed real estate evaluators valuations.

11- Investment in susidiary

This item consists of :

	<u>Ownership</u>	<u>2017</u>	<u>2016</u>
	rate		
	%	JD	JD
<u>Inside JORDAN</u>			
<u>Limited liabilities companies</u>			
The Dead Sea Co. For Vehicles' Parts Trading	100	-	15,000
Total		-	15,000

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12- Cash on hand & at banks

This Item Consists of :

	<u>2017</u>	<u>2016</u>
	JD	JD
Cash on hand	3,500	11,156
Banks Current accounts	128,682	969,333
Total	<u><u>132,182</u></u>	<u><u>980,489</u></u>

13- Notes receivable & cheques under collection - net

A. This Item Consists of :

	<u>2017</u>	<u>2016</u>
	JD	JD
Notes receivable	91,091	101,998
Cheques under collection (13 B)	99,105	85,020
Total	<u><u>190,196</u></u>	<u><u>187,018</u></u>
Deduct : notes receivable impairment provision (Note 13C)	(99,105)	(101,998)
Net	<u><u>91,091</u></u>	<u><u>85,020</u></u>

B. Cheques under collection maturity extend to **December 31, 2018.**

C. The movement of notes receivable impairment provision during the year as follow :

	<u>2017</u>	<u>2016</u>
	JD	JD
Balance beginning of the year	101,998	101,998
Disposals for the year (returned to income statement)	(2,893)	-
Balance ending of the year	<u><u>99,105</u></u>	<u><u>101,998</u></u>

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14- Accounts receivable - net

A. This Item Consists of :

	2017	2016
	JD	JD
Policies holder receivable	714,807	730,732
Agents receivable	637,137	428,882
Returned cheques	81,626	81,626
Claims and settlement cases receivable	117,983	122,462
Garages receivable	151,753	56,729
Employees receivable	62,401	50,785
Total	1,765,707	1,471,216
Deduct : accounts receivable impairment provision (Note 14B)	(1,055,250)	(1,152,108)
Net	710,457	319,108

B. The movement of notes receivable impairment provision during the year as follow :

	2017	2016
	JD	JD
Balance beginning of the year	1,152,108	1,152,108
Disposals for the year (returned to income statement)	(96,858)	-
Balance ending of the year	1,055,250	1,152,108

15- Due from reinsurers - net

A. This Item Consists of :

	2017	2016
	JD	JD
Local insurance companies	592,865	412,731
Foreign reinsurance companies	588,518	1,095,681
Total	1,181,383	1,508,412
Deduct : reinsurer companies impairment provision (Note 15C)	(506,538)	(897,525)
Net	674,845	610,887

B. The movement of reinsurer companies impairment provision during the year as follow :

	2017	2016
	JD	JD
Balance beginning of the year	897,525	1,559,324
Disposals for the year (returned to income statement)	(390,987)	(661,799)
Balance ending of the year	506,538	897,525

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16- Income tax

A. Income tax provision

- Transaction of income tax provision during the period represents of :

	2017	2016
	JD	JD
Balance beginning of the year	-	-
Income tax for the year*	-	-
Paid tax during the year	-	-
Balance ending of the year	-	-

* No income tax provision has been taken on the company's results of operations for the year 2017 as the company's expenses exceeded its taxable revenues.

- Income tax for the mother company were setteled up to the year 2014 , the year 2015 was reviewed by tax department and issued its first dicision and the company filled its objection on it. The income tax return for the year 2016 has been filed with the Income Tax Department but the Department has not reviewed the company's records till the date of this financial statements.

- The income tax for subsidiary (The Dead Sea Co. For Vehicles Surveying & Paint) for the years 2014, 2015 have been accepted & The income tax return for the year 2016 have been filed with the Income Tax Department but the Department has not reviewed the company's

- The income tax return for subsidiary (Reyaza realestate Investments Co.) were setteled up to the year 2014. The income tax return for the years 2015 & 2016 has been filed with the Income Tax Department but the Department has not reviewed the company's records till the date of this financial statements.

- The The income tax return for subsidiary (The Dead Sea Co. For Vehicles' Parts Trading) for the year 2016 has been filed with the Income Tax Department but the Department has not reviewed the company's records till the date of this financial statements.

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16- Follow - Income tax

B. Deferred tax assets

This item consists of :

	2017				2016	
	Balance at beginning of the period	Amounts released	Amounts added	Balance at ending of the period	Deferred tax assets	Deferred tax assets
Included accounts	JD	JD	JD	JD	JD	JD
Provision for doubtful debts	2,593,174	-	-	2,593,174	648,294	648,294
Unrealized gain (loss) for financial assets at fair value through income	-	-	-	-	-	-
End of service indemnity provision	25,663	-	-	25,663	12,832	12,832
IBNER at end of the period	1,160,000	-	-	1,160,000	580,000	580,000
Accumulated loss to tax department till December 31, 2015	1,733,268	-	-	1,733,268	433,317	433,317
Total	5,512,105	-	-	5,512,105	1,674,443	1,674,443

Balance beginning of the period/year

Additions for the year

Disposals during the year

Balance ending of the year

	2017	2016
	JD	JD
Balance beginning of the period/year	1,674,443	1,674,443
Additions for the year	-	-
Disposals during the year	-	-
Balance ending of the year	1,674,443	1,674,443

- 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.

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17- Property, plant & equipments - net

A. This item consists of the following :

	Lands		Buildings		Tools machines ,furniture & decorations		Vehicles		Total
	JD		JD		JD		JD		JD
<u>Cost</u>									
Balance ending of the year	1,329,125		208,364		612,275		246,825		2,396,589
Additions for the year	-		125,919		41,689		135,782		303,390
Disposals for the year	-		-		-		(52,556)		(52,556)
Balance ending of the year	1,329,125		334,283		653,964		330,051		2,647,423
<u>Accumulated depreciations</u>									
Balance beginning of the year	-		142,005		301,598		34,181		477,784
Additions for the year	-		2,752		70,538		32,593		105,883
Disposals for the year	-		-		-		(18,177)		(18,177)
Balance ending of the year	-		144,757		372,136		48,597		565,490
Net book value as of December 31, 2017	1,329,125		189,526		281,828		281,454		2,081,933
Net book value as of December 31, 2016	1,329,125		66,359		310,677		212,644		1,918,805

B. Cost of depreciated property, plant & equipments JD 194,220 as of December 31, 2017 (JD 199,533 as of December 31, 2016) .

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18- Intangible assets - Net

A. This item consists of the following :

	<u>2017</u>	<u>2016</u>
	JD	JD
<u>Computer software</u>		
<u>Cost</u>		
Balance beginning of the year	57,264	48,820
Additions for the year	20,484	8,444
Balance ending of the year	<u>77,748</u>	<u>57,264</u>
<u>Accumulated depreciations</u>		
Balance beginning of the year	41,827	37,456
Additions for the year	9,765	4,371
Balance ending of the year	<u>51,592</u>	<u>41,827</u>
Net book value	<u>26,156</u>	<u>15,437</u>

B. Cost of amortized intangible assets JD 36,455 as of December 31, 2017 (JD 30,455 as of December 31, 2016) .

19- Other debit balances

A. This item consists of :

	<u>2017</u>	<u>2016</u>
	JD	JD
Due to income tax - Interest revenues	42,107	37,931
Accrued revenues	18,492	15,000
Books & scientific references	4,418	4,418
Prepaid expenses	47,600	51,396
Bank refundable deposits against facilities and guarantees	11,000	11,000
Refundable deposits	689	689
Advanced payments against claims (19B)	49,255	49,255
Others	32,314	33,248
Total	<u>205,875</u>	<u>202,937</u>

B. This account represents of total amount of executive issues which paid through company's bank's account through certified cheques for the benefit of Director of the Court of Execution, its related to motor claims, a provision for outstanding claims is made in the Company's books.

Also, these payments have been recorded in this account untill closing the value to paid claims when knowing the basic issue number and name of the claimer and the number of the claim.

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20- Banks overdraft

This item consists of the following :

Bank	Limit of facilities	Interest rate	Maturity date	Guarantees	2017	2016
					JD	JD
Oudih Bank	500,000	6.250	April 30, 2018	Bank deposit	14,636	219,462
Capital Bank	500,000	5	November 30, 2018	mortgage	201,998	200,354
Total					216,634	419,816

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21- Accounts payable

This item consists of :

	<u>2017</u>	<u>2016</u>
	JD	JD
Accidents payable	17,975	2,418
Agents payable	32,206	77,847
Policies compaign payable	133,352	90,279
Garages payable	24,776	194
Employees payable	6,274	2,666
Total	<u>214,583</u>	<u>173,404</u>

22- Due to reinsurers

This item consists of :

	<u>2017</u>	<u>2016</u>
	JD	JD
Local insurance co. payable	417,136	172,689
Foreign reinsurers co. payable	191,907	170,550
Total	<u>609,043</u>	<u>343,239</u>

23- Varaiety provisions

A. This item consists of :

	<u>2017</u>	<u>2016</u>
	JD	JD
End of service idemnity	<u>46,983</u>	<u>40,905</u>

B. **The movement of varaiety provision during the year as follow :**

	<u>2017</u>	<u>2016</u>
	JD	JD
Balance beginning of the year	40,905	30,442
Additions for the year	6,078	10,463
Balance ending of the year	<u>46,983</u>	<u>40,905</u>

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24- Other credit balances

This item consists of :

	2017	2016
	JD	JD
Sales tax withholding	233,276	258,143
Due to others	77,064	99,322
Due to agents	34,593	44,061
Due to shareholders	7,173	7,173
Total	352,106	408,699

25- Owners' equity

- Capital

Declared & Paid capital amounted of JD 5,000,000 distributed on 5,000,000 shares, of Nominal value for each share of one JD .

General assembly in its extraordinary meeting held on **June 30, 2015** decided to increase capital from JD/Share 6,000,000 to JD/Share 8,000,000 , by increasing amount of JD/Share 2,000,000 and by issuance discount JD/Share 0.35 through private written to the shareholders , by a plan declared by board of directors to correct company's financial status in accordance with regulations and laws for the benefit of the company , legal procedures were completed on **August 2, 2015**. Securities commission approved to register increased shares on **October 6, 2015** , and some of the shares were recovered (607,729 shares. The board of directors decided to recover the unrecovered increased shares amounted of 1,392,271 shares by customize it to the chairman and deputy of chairman of board of directors , legal & official pcedures were completed on **February 8, 2016** .

General assembly in its extraordinary meeting held on **September 22, 2016** decided to increase capital from JD/Share 8,000,000 to JD/Share 10,000,000 , by increasing amount of JD/Share 2,000,000 and by issuance discount JD/Share 0.35 through owning land no. 200 basin no. 20 South Om Othaina of Amman lands , its space of 1,009 square meters , this land owned by debuty chairman of board of directors and its evaluated by five realestate evaluators delegated for Ministry of Industry & Trade by average market value of JD 1,836,380 , the rest amount of JD 163,620 was recovered through private written of shareholders , legal pcedures were completed on **October 30, 2016**. Securities commission approved to register increased shares on **November 23, 2016**, and in depository center on **November 28, 2016** .

General assembly in its extraordinary meeting held on **December 22, 2016** decided to reduce capital from JD/Share 10,000,000 to JD/Share 5,000,000 , by amortizing amount of JD/Share 5,000,000 from accumulated loss to capital , legal procedures were completed to competent authorities on **April 13, 2017**.

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- Issuance discount

The issuance discount represents the difference between the par value of the share and the issue value of that share.

- Statutory reserve

This item represents the accumulated amounts appropriated at a rate of 10% of annual income and prior years, the appropriation will stop when the statutory reserve amount equals the capital, it is not available for distribution to the shareholders, provided that deductions for statutory reserve account do not exceed 25% of the paid up capital, and it can be used for amortization accumulated loss in accordance with the companies law.

- Voluntary reserve

This item represents the accumulated amounts appropriated at a rate of not exceed 20% of annual income and prior years, it applicable for distribution as a dividends to shareholders, It is also used for purposes that management deems appropriate.

- Fair value reserve

Fair value reserve represents of Decrease or increase of financial assets fair value as follows :

	2017	2016
	JD	JD
Balance beginning of the year	150,000	150,000
Net changes in fair value during the year	-	-
Balance ending of the year	<u>150,000</u>	<u>150,000</u>

- Accumulated (loss)

This item consists of :

	2017	2016
	JD	JD
Balance beginning of the year	(6,177,956)	(7,141,573)
Prior years' adjustments	-	(1,116)
Adjusted opening balances	(6,177,956)	(7,142,689)
Profit for the year	(169,693)	1,072,022
Transfer to statutory reserve	-	(105,786)
Transfer to subsidiaries' statutory reserve	-	(1,503)
Amortized some of accumulated loss to capital *	5,000,000	-
Balance ending of the year	<u>(1,347,649)</u>	<u>(6,177,956)</u>

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- Follow-Accumulated (loss)

* The general assembly in it's extraordinary meeting held on **December 22, 2016** decided to reduce capital from JD/Share **10,000,000** to JD/Share **5,000,000** , by amortizing amount of JD/Share **5,000,000** from accumulated loss to capital, legal procedures were completed to competent authorities on **April 13, 2017**.

26- Interests revenues

This item consists of :

	2017	2016
	JD	JD
Bank interest earned	87,008	61,452
Total	87,008	61,452
Amount transfer to income statement	87,008	61,452

27- Gains from financial assets & investments

This item consists of :

	2017	2016
	JD	JD
Unrealized gains (losses) from financial assets at fair value through income statement	46,124	6,095
Total	46,124	6,095
Amount transfer to income statement	46,124	6,095

28- Other revenues

This item consists of :

	2017	2016
	JD	JD
Capital (loss)	(3,779)	(7,855)
Others	789	3,688
Rent revenues	29,294	33,733
Total	26,304	29,566
Amount transfer to income statement	26,304	29,566

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28- Allocated employees expenses

This item consists of :

	2017	2016
	JD	JD
Salaries and rewards	1,025,801	920,043
Company's share of social security	102,305	90,440
End of service idemnity	6,078	10,463
Saving fund	32,284	25,659
Travel and transportations	1,664	779
Medical expenses	62,917	56,484
Training	6,663	7,034
Total	1,237,712	1,110,902
Allocated employees expenses to underwriting accounts	990,170	888,722
Unallocated employees expense to underwriting accounts	247,542	222,180

29- Allocated administrative expenses

This item consists of :

	2017	2016
	JD	JD
Insurance Authority fees	147,326	106,742
Professional fees	79,344	72,912
Governmental fees & other	102,574	113,011
Board of directors remunerations	54,000	54,000
Entertainment	32,167	26,069
Water, Electricity and heating	27,413	28,904
Stationary and printing	31,359	25,795
Postage and telecommunications	14,921	12,673
Computer expenses	1,784	2,019
Rents	26,820	41,530
Bank's charge	11,103	5,277
Donations	43	15
Entertainment	8,252	7,119
Advertising	8,611	20,085
Cleaning	17,271	11,837
Securities sell & purchase expenses	138	458
Others	54,648	98,561
Total	617,774	627,007
Allocated employees expenses to underwriting accounts	494,220	501,606
Unallocated employees expense to underwriting accounts	123,554	125,401

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30- Basic and diluted earning per share

This item consists of :

	2017	2016
	JD	JD
(Loss) profit for the year after tax (JD)	(169,693)	1,072,022
Weighted average shares (share)	5,000,000	8,333,333
Basic and diluted earning per share	(0.034)	0.129

The diluted earning per share is equal to the basic earning per share .

31- Related parties transactions

Realated parties include key shareholders , key management personnel, key managers, associates and subcdiaries and controlled companies. The company's management has approved the pricing policies and terms of transactions with related parties.

- Details of due from related parties appear on financial position

	Type of relationship	Type of transaction	2017	2016
			JD	JD
The Dead Sea Co. For Vehicles' Parts Trading	Subsidiary	Finance	-	425
Total			-	425

- Wages , allowances and other benefits for senior excutive managements :

	2017	2016
	JD	JD
Wages & other benefits	446,470	422,857

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32- Risk Management

First: Descriptive Disclosures

The risk management policy considered one of the most important policies which the company had set for mitigating risk surrounded around its activities in order to safeguard the company's assets, shareholders equity and its financial position.

Risk management process

The risk management process and its policy are mainly concerned with risk control by reducing the frequency of its occurrence and reducing the expected losses on the other hand at the lowest possible cost. Therefore, the risk management responsibility is to discover the potential risks first and then analyze and classify these risks for the purpose of calculating the probability of the risks and the magnitude of the expected losses in the event of danger are examined in order to quantify the risks. Based on the above, the best and most effective means of coping with these risks were selected and their effects were reduced with a focus on the concept of reducing the costs associated with the risk.

The insurance risks concentrated in motor branch, the total premiums of this branch amounted to JD 9,737,360 of the Company's total premiums of JD 10,099,540 as of **December 31, 2017** representing **96.4%** of the total premiums. The Company is currently conducting a study to reduce the concentration of insurance risks In this branch and distribute the risks to the rest of the branches.

The Company is exposed to the following risks:

Market risk, liquidity risk, insurance risk, interest rate risk and currency risk.

Second: Quantitative Disclosures

A. Insurance Risk

1-Insurance risk

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

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

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2- Claims Development

The schedules below show the actual claims (based on management's estimates at yearend) compared to the expectations for the past four years based on the year in which the accident occurred, as follow:

Motors

The accident year	2013 & Before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	38,082,918	6,502,038	5,458,532	4,060,647	4,957,396	59,061,531
After one year	41,002,107	7,264,065	5,386,493	5,993,611	-	59,646,276
After two years	41,342,776	7,050,559	5,875,320	-	-	54,268,655
After three years	41,259,101	7,264,065	-	-	-	48,523,166
After four years	41,610,723	-	-	-	-	41,610,723
Present expectation for the accumulated claims	41,610,723	7,264,065	5,875,320	5,993,611	4,957,396	65,701,115
Accumulated payments	41,163,664	7,136,403	5,678,305	5,462,865	4,164,342	63,605,579
Liability as in the statement of financial position	447,059	127,662	197,015	530,746	793,054	2,095,536
Surplus (Deficit) in the preliminary estimate for reserve	(3,527,805)	(762,027)	(416,788)	(1,932,964)	-	(6,639,584)

* IBNYR for Motors as of December 31, 2017 amounted of JD 1,160,000 as estimated by the actuary.

** IBNER in RCR as of December 31, 2017 amounted of JD 835,296 according to the actuary estimates.

Marine

The accident year	2013 & Before	2014	2015	2016	2017	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	35,596	-	1,500	-	-	37,096
After one year	35,596	-	-	-	-	35,596
After two years	35,596	-	-	-	-	35,596
After three years	35,596	-	-	-	-	35,596
After four years	35,596	-	-	-	-	35,596
Present expectation for the accumulated claims	35,596	-	-	-	-	35,596
Accumulated payments	35,596	-	-	-	-	35,596
Liability as in the statement of financial position	-	-	-	-	-	-
Surplus (Deficit) in the preliminary estimate for reserve	-	-	1,500	-	-	1,500

* IBNYR for Motors as of December 31, 2017 amounted of JD 100 as estimated by the actuary.

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Fire & other damage to property

The accident year	2013 & Before					2016		2017		Total
	JD	2014	2015	2016	2017	JD	JD	JD	JD	JD
At the end of the year	12,904,172	80,419	90,219	109,361	50,838					13,235,009
After one year	12,870,531	82,365	61,832	155,418	-					13,170,146
After two years	12,769,890	74,346	54,372	-	-					12,898,608
After three years	12,786,918	72,902	-	-	-					12,859,820
After four years	12,877,964	-	-	-	-					12,877,964
Present expectation for the accumulated claims	12,877,964	72,902	54,372	155,418	50,838					13,211,494
Accumulated payments	11,601,470	50,902	36,772	82,118	8,895					11,780,157
Liability as in the statement of financial position	1,276,494	22,000	17,600	73,300	41,943					1,431,337
Surplus (Deficit) in the preliminary estimate for reserve	26,208	7,517	35,847	(46,057)	-					23,515

* IBNYR for Motors as of December 31, 2017 amounted of JD 5,000 as estimated by the actuary.

Liability

The accident year	2013 & Before					2016		2017		Total
	JD	2014	2015	2016	2017	JD	JD	JD	JD	JD
At the end of the year	324,342	16,021	9,229	5,847	1,600					357,039
After one year	327,664	1,084	7,131	6,447	-					342,326
After two years	363,715	1,084	7,511	-	-					372,310
After three years	361,091	584	-	-	-					361,675
After four years	350,221	-	-	-	-					350,221
Present expectation for the accumulated claims	350,221	584	7,511	6,447	1,600					366,363
Accumulated payments	336,246	59	4,731	1,097	-					342,133
Liability as in the statement of financial position	13,975	525	2,780	5,350	1,600					24,230
Surplus (Deficit) in the preliminary estimate for reserve	(25,879)	15,437	1,718	(600)	-					(9,324)

* IBNYR for Motors as of December 31, 2017 amounted of JD 100 as estimated by the actuary .

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3- Insurance Risk Concentrations

The company carries out insurance business on motor, general accidents and civil liability, all within Jordan and all these policies in Jordanian Dinars .

- Below are schedules demonstrate gross and net risk concentration based on insurance type:

	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>
	JD	JD	JD	JD
Motors	8,770,271	3,147,815	7,713,013	2,959,885
Marine	3,638	2,660	4,005	3,094
Fire & other damage to property	1,585,744	1,482,657	1,488,260	1,395,117
Liability	45,281	-	54,188	-
Total	10,404,934	4,633,132	9,259,466	4,358,096

- Below are schedules demonstrate the distribution of the insurance contracts assets and liabilities based on geographical area :

	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	JD	JD	JD	JD
Inside Jordan	4,633,132	10,404,934	4,358,096	9,259,466
Total	4,633,132	10,404,934	4,358,096	9,259,466

- Below are schedules demonstrate the distribution of the insurance contracts assets and liabilities based on sector:

	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	JD	JD	JD	JD
Public sector	-	-	-	-
Private sector	926,626	2,080,987	871,619	1,851,893
Companies and corporations	69,495	1,560,740	65,370	1,388,920
Individuals	3,637,010	6,763,207	3,421,107	6,018,653
Total	4,633,132	10,404,934	4,358,096	9,259,466

There are no items outside the financial position.

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4- Reinsurance Risk

As with other insurance Companies, and for the purpose of reducing the exposure to financial risks that may arise from major insurance claims, the Company, within the normal course of its operations, enters into reinsurance contracts with other parties.

In order to reduce its exposure to major losses arising from the insolvency of reinsurance companies, the Company evaluates the financial position of the reinsurance companies it deals with while monitoring credit concentrations coming from geographic areas and activities or economic components similar to those companies. Moreover, the reinsurance policies issued do not exempt the Company from its obligations towards policy holders. As a result, the Company remains committed to the reinsured claims balance in case the reinsurers are unable to meet their obligations according to the reinsurance contracts.

5- Insurance Risk Sensitivity

The table below shows the possible reasonable effect of the change at the rate of 10% in earned revenues on written premiums and on the profit or loss before tax and net equity keeping all other affecting variables fixed:

Insurance type	Change %	Effects on the earned revenues from written premiums	Effects on the current year underwriting profit before tax	Effects on net equity
		JD	JD	JD
<u>written premiums</u>				
Motors	10	973,736	960,104	960,104
Marine	10	758	887	887
Fire & other damage to property	10	31,030	15,515	15,515
Liability	10	4,429	4,660	4,660
Total		1,009,954	981,165	981,165

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5- Follow- Insurance Risk Sensitivity

The table below shows the possible reasonable effect of the change at the rate of 10% in claims on paid claims and on the profit or loss before tax and net equity keeping all other affecting variables fixed:

Insurance type	Change	Effects on		Effects on		Effects on	
		paid claims		the current year underwriting profit before tax		net equity	
	%	JD	JD	JD	JD	JD	JD
Claims paid							
Motors	10	828,880	653,157	653,157	653,157		
Marine	10	-	-	-	-		
Fire & other damage to property	10	5,750	1,277	1,277	1,277		
Liability	10	54	27	27	27		
Total		834,685	654,461	654,461	654,461		

B. Financial Risks

1. Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices such as interest rates, currency prices and stock prices. Market risks arise as a result of having opened positions in interest rates, currencies and investment in stocks. These risks are monitored according to specific policies and procedures and through specialized committees and business units.

The company follows the hedging policy for both financial assets and liabilities whenever required, which is a hedge against future risks.

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- Stock risk

The table below shows the possible reasonable effect of the change at the rate of 10% in changes in fair value through profit and loss statement on the financial assets at fair value through profit and loss statement and on the profit or loss before tax and net equity keeping all other affecting variables fixed:

Insurance type	Change %	Effects on change in fair value through profit and loss JD	Effects on the current year underwriting profit before tax JD	Effects on net equity JD
Change in fair value through profit and loss statement	10	4,612	4,612	4,612
Total		<u>4,612</u>	<u>4,612</u>	<u>4,612</u>

- Interest prices risks

The table below shows the possible reasonable effect of the change at the rate of 10% in interests income on interests income and on the profit or loss before tax and net equity keeping all other affecting variables fixed:

Insurance type	Change %	Effects on interests income JD	Effects on the current year underwriting profit before tax JD	Effects on net equity JD
Interests income	10	8,700	8,700	8,700
Total		<u>8,700</u>	<u>8,700</u>	<u>8,700</u>

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- Foreign currencies risk

The foreign currencies risk is the risk relating to the change in the value of the financial instruments due to the change in the foreign currencies exchange rates. The Jordanian Dinar is considered the Company's functional currency. The Board of Directors sets the limits for the financial position of each currency at the Company. Additionally, the foreign currencies positions are monitored daily. Strategies are adopted to ensure that the positions of foreign currencies are maintained within the approved limits.

The following is the net concentration of major foreign currencies:

Currency type	2017	2016	2017	2016
	Foreign currency	Jordanian Dinar Equivalent	Foreign currency	Jordanian Dinar Equivalent
US Dollar	1,067,921	544,541	757,156	385,835

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2. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. To limit this risk, management has arranged diversified funding sources, manages assets and liabilities, and monitors liquidity on a daily basis and maintains sufficient amount of cash and cash equivalents and quoted securities.

The Company applies a suitable system to manage its short and long term funding risk and maintains sufficient reserves through monitoring the expected cash flows and comparing the maturities of assets with to the maturities of liabilities and technical obligations.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

December 31, 2017	Less than month	month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	More than 3 years	Without maturity	Total
Liabilities	JD	JD	JD	JD	JD	JD	JD	JD
Unearned premium provision	423,783	847,566	1,695,132	1,271,349	-	-	-	4,237,830
Outstanding claims provision	-	230,096	306,794	383,493	613,589	-	-	1,533,972
Banks overdrafts	-	216,634	-	-	-	-	-	216,634
Accounts payable	-	214,583	-	-	-	-	-	214,583
Due to reinsurers	-	-	-	609,043	-	-	-	609,043
Varaity provisions	-	46,983	-	-	-	-	-	46,983
Other liabilities	-	352,106	-	-	-	-	-	352,106
Total	423,783	1,907,968	2,001,926	2,263,885	613,589	-	-	7,211,151
Total assets	94,195	659,368	6,311,090	1,978,103	94,195	-	282,586	9,419,538

December 31, 2016	Less than month	month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	More than 3 years	Without maturity	Total
Liabilities	JD	JD	JD	JD	JD	JD	JD	JD
Unearned premium provision	337,494	674,989	1,349,978	1,012,483	-	-	-	3,374,944
Outstanding claims provision	-	228,964	305,285	381,607	610,570	-	-	1,526,426
Banks overdrafts	-	419,816	-	-	-	-	-	419,816
Accounts payable	-	173,404	-	-	-	-	-	173,404
Due to reinsurers	-	-	-	343,239	-	-	-	343,239
Varaity provisions	-	40,905	-	-	-	-	-	40,905
Other liabilities	-	408,699	-	-	-	-	-	408,699
Total	337,494	1,946,777	1,655,263	1,737,329	610,570	-	-	6,287,433
Total assets	86,655	606,586	5,805,894	1,819,758	86,655	-	259,965	8,665,513

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3. Liquidity Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

34- Analysis of Main Sectors

A. 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.

B. The Company mainly conducts its operations in Jordan.

	Inside Jordan		Outside Jordan		Total	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Total revenues	9,599,763	6,999,251	-	-	9,599,763	6,999,251
Total assets	9,419,538	8,665,513	-	-	9,419,538	8,665,513
Capital expenditures	323,874	218,839	-	-	323,874	218,839

35- Capital Management

The capital of the company consists of the paid up capital, statutory reserve, voluntary reserve, issuance discount and accumulated losses. This is called the basic capital, and the additional capital is added to the value of investment in real estate and buildings. The management of capital through investments and bank deposits to obtain interest and return on investment. The company distributes risks and investments to seek capital increase. The Board of Directors seeks to increase and improve regulatory capital, which will benefit the Company and improve the margin of solvency. The following table summarizes the following:

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35- Follow- Capital Management

	2017	2016
	JD	JD
Basic capital items		
Paid up capital	5,000,000	10,000,000
Statutory reserve	745,254	745,254
Voluntary reserve	22,561	22,561
Issuance discount	(2,061,779)	(2,061,779)
Accumulated (loss)	(1,347,649)	(6,177,956)
Total	2,358,387	2,528,080
Added capital		
Increase in real estates value	662,887	662,887
Fair value reserve	(150,000)	(150,000)
Total regulatory capital (A)	2,871,274	3,040,967
Required capital (B)	4,384,107	4,091,825
Solvency margin (A) / (B)	%65.49	%74.32

36- Maturity Analysis of Assets and Liabilities:

	2017	
	Until 1 year	More than 1 year
	JD	JD
Assets		
Deposits at banks	3,077,507	-
Financial assets at fair value through income state.	508,324	-
Financial assets at fair value through comprehensive income	0	60,000
Real estate investments - net	0	176,725
Cash on hand & at banks	132,182	-
Notes receivable & cheques under collection - net	91,091	-
Accounts receivable - net	710,457	-
Due from reinsurers - net	674,845	-
Deferred tax assets	1,674,443	-
Property , plant & equipments - net	2,081,933	-
Intangible assets - Net	26,156	-
Other assets	205,875	-
Total assets	9,182,813	236,725
Liabilities		
Unearned premium provision - net	4,237,830	-
Outstanding claims provision - net	1,533,972	-
Banks overdraft	216,634	-
Accounts payable	214,583	-
Due to reinsurers	609,043	-
Varaiety provisions	46,983	-
Other liabilities	352,106	-
Total liabilities	7,211,151	-
Net	1,971,662	236,725

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36- Follow-Maturity Analysis of Assets and Liabilities:

	2016		
	More than 1		Total
	Until 1 year	year	
	JD	JD	JD
Assets			
Deposits at banks	2,168,867	-	2,168,867
Financial assets at fair value through income state.	437,370	-	437,370
Financial assets at fair value through comprehensive income	-	60,000	60,000
Real estate investments - net	-	176,725	176,725
Investments in subsidiary	-	15,000	15,000
Cash on hand & at banks	980,489	-	980,489
Notes receivable & cheques under collection - net	85,020	-	85,020
Accounts receivable - net	319,108	-	319,108
Due from related parties	425	-	425
Due from reinsurers - net	610,887	-	610,887
Deferred tax assets	1,674,443	-	1,674,443
Property , plant & equipments - net	91,879	1,826,926	1,918,805
Intangible assets - Net	4,371	11,066	15,437
Other assets	202,937	-	202,937
Total assets	6,575,796	2,089,717	8,665,513
Liabilities			
Unearned premium provision - net	3,374,944	-	3,374,944
Outstanding claims provision - net	915,856	610,570	1,526,426
Banks overdraft	419,816	-	419,816
Accounts payable	173,404	-	173,404
Due to reinsurers	343,239	-	343,239
Variety provisions	40,905	-	40,905
Other liabilities	408,699	-	408,699
Total liabilities	5,676,863	610,570	6,287,433
Net	898,933	1,479,147	2,378,080

37- Legal situation

There are issues facing company from others subject of accidents amounted of JD 654,020, they appear in outstanding claims provision , upon Legal consultant opinion the outstanding claims balance is enough, also there are issues facing others amounted of JD 628,915 subject of recoveries, its appear within recoveries, upon legal consultant opinion the amounts allocated in records for outstanding recoveries which issues arise of it is enough within legal and technical standards and there is a chance to recover thats amounts.

38- Contingent liabilities

There are no contingent liabilities as of financial position date .

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39- Subsequent events

There are no subsequent events may have material affects to financial position .

40- Future plan

- The possibility of increasing capital in order to improve the solvency margin of the company.
- Collection the bulk of the outstanding recoveries suspended by all the necessary legal methods.
- Take all necessary measures to improve the collection of receivables.
- Continue the policy of reservation in accepting the various insurance risks.

41- Comparative figures

Certain comparative figures were reclassified to conform with the presentation of the current period , according to the instructions of Insurance Authority no. (2) for the year 2003 and to the decesion of Insurance Authority no. (8) for the year 2007 and the decesion no. (1) for the year 2011 , the reclassification didn't result any effect on company's business results and its owners' equity for the year 2016 .