المتحدة للتأمين | UNITED INSURANCE

عمان في 2020/06/15
الإشار م-0-20/272/0

السادة : بورصة عمان المحترمين

عمان - الأردن

Messrs : Securities Commission
Amman Stock Exchange
Amman - Jordan

تحية واحتراما ،،،

الموضوع : البيانات المالية السنوية باللغة الانجليزيه للسنة المنتهية في 2019/12/31 .

Subject: Subject: Audited Financial Statements in English for the fiscal year ended 31/12/2019 .

مرفق طيه نسخة من البيانات المالية باللغة الانجليزيه المدققة للشركة المتحدة للتأمين م.ع.م عن السنة المالية المنتهية في 2019/12/31 .

Attached the Audited Financial Statements of United Insurance Co. Ltd for the financial year ended at 31/12/2019 .

وتفضلوا بقبول فائق الاحترام،،،

Kindly accept our high appreciation and respect

الشركة المتحدة للتأمين م.ع.م

المديـر العـام
عمـاد الحجـه

The United Insurance co.Ltd

General Manager
Imad AL- Hajeh

بورصة عمان
الدائـرة الإدارية والمالية
الديـوان
١٦ حزيران ٢٠٢٠
الرقم المتسلسل: 1991
رقم الملف: 21008
الجهة المختصة:

188 Zahran Street
P.O.Box: 7521
Amman 11118 Jordan
Tel: +962 6 200 3333
Fax: +962 6 200 3334
uic@unitedjo.com
wwwunitedjo.com

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH
INDEPENDENT AUDITOR’S REPORT

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
DECEMBER 31, 2019

TABLE OF CONTENTS

Deloitte & Touche (ME) – Jordan
Jabal Amman, 5th Circle
190Zahran Street
Amman 11118, Jordan

Tel: +962 (6) 5502200
Fax: +962 (6) 5502210
www.deloitte.com

Independent Auditor's Report

AM/ 008607

To the Shareholders of
United Insurance Company
(Public Shareholding Limited Company)
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Insurance Company (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	**How our audit addressed the key audit matter**
Technical Provisions As at December 31, 2019, the Company had technical reserves of JD 18.3 million which includes outstanding claims and other technical reserves. The Company uses a range of actuarial methodologies to estimate these claims. This requires significant judgements to be applied and estimates to be made, for example inflation rates, claims development patterns and interpretations of regulatory requirements. The measurement of technical reserves is a key judgmental area for management given the level of subjectivity inherent in estimating the impact of claim events that have occurred for which the ultimate outcome remains uncertain. We have determined that this area is a key audit matter due to the significance of the amounts involved and of the level of significant judgements applied by management in the process for determination of gross claims. Refer to Note (2) in the financial statements for further details relating to this matter.	We evaluated the design and tested the implementation and operating effectiveness of key controls over management's processes for claims processing and payment, including controls over the completeness and accuracy of the claim estimates recorded. We performed substantive tests on the amounts recorded for a sample of claims notified and paid, including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claims and technical reserves. We reviewed the competence, skills, independence and objectivity of the Company actuary's expert and reviewed the terms of engagement between the expert and the company to determine if the scope of their work was sufficient for audit purposes. We assessed the completeness and accuracy of the data used in calculating technical provisions. We compared the actuary's current year report to the prior year to assess that there are no material differences in the estimates and assumptions adopted. We assessed any differences noted (if any) in the estimates and assumptions to determine if these differences were reasonable. We performed substantive and analytical procedures to verify the completeness and accuracy of calculating the technical provisions of the Company and the extent to which these provisions are consistent with the results reached by the actuary of the Company. We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.

Deloitte.

Other Matter

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

Other Information

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Deloitte.

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

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

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

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

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

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

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

Report on Legal and Other Regulatory Requirements

The Company maintains proper accounting records that are consistent, in all material respects, with the financial statements, and we recommend that the General Assembly of Shareholders approve the financial statements.

Amman – Jordan
March 1, 2020

Deloitte & Touche (M.E) - Jordan

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

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	December 31, 2019	December 31, 2018
		JD	JD
Investments:			
Deposits at banks	3	10,232,255	8,729,191
Financial assets at fair value through profit or loss	4	142,039	219,118
Financial assets at fair value through other comprehensive income	5	4,730,360	5,261,252
Financial assets at amortized cost	6	999,001	1,999,001
Investment property - net	7	4,946,390	5,032,276
		21,050,045	21,240,838
Cash on hand and at banks	8	1,060,044	352,801
Cheques under collection	9	3,134,502	2,466,775
Receivables - net	10	6,143,979	7,007,109
Re-insurance and local insurance companies' accounts receivables - net	11	1,515,588	664,320
Deferred tax assets	12	652,554	500,222
Property and equipment - net	13	5,163,754	5,342,101
Intangible assets - net	14	62,434	85,349
Other assets	15	673,348	653,346
		18,406,203	17,072,023
TOTAL ASSETS		39,456,248	38,312,861
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Unearned premiums provision - net		7,418,166	7,660,837
Claims provision - net		10,769,248	10,775,037
Mathematical provision	16	81,573	159,362
Total Insurance Contracts Liabilities		18,268,987	18,595,236
Payables	17	2,970,741	2,009,909
Re-insurance and local insurance companies' accounts payable	18	3,178,439	3,138,882
Accrued expenses and various provisions	19	242,251	83,806
Provision for income tax	12	296,344	240,223
Deferred tax liabilities	12	26,864	26,864
Other liabilities	20	282,767	351,637
TOTAL LIABILITIES		25,266,393	24,446,557
SHAREHOLDERS' EQUITY			
Authorized and paid-up capital	21	8,000,000	8,000,000
Issuance premium	21	41,507	41,507
Statutory reserve	22	2,000,000	2,000,000
Financial assets valuation reserve - net	23	(611,881)	(240,847)
Retained earnings	24	4,760,229	4,065,644
Total Shareholders' Equity		14,189,855	13,866,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		39,456,248	38,312,861

Chairman of the Board of Directors　　　　General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31, 2019	2018
		JD	JD
Revenue:			
Gross written premiums - general insurance		24,912,310	23,528,303
Gross written premiums - life		514,997	550,763
Less: Re-insurers' share - general insurance		7,510,087	6,991,904
Reinsurance share premiums - life		299,095	302,140
Net Written Premiums		17,618,125	16,785,022
Net change in unearned premiums reserve		242,671	(923,402)
Net change in mathematical reserve		77,789	74,456
Net Earned Written Premiums		17,938,585	15,936,076
Commissions' revenue		563,136	456,136
Insurance policies issuance fees		841,430	792,207
Interest revenue	25	673,893	624,295
Net gain from financial assets and investments	26	474,760	437,730
Other revenue - net	27	18,450	8,399
Total Revenue		20,510,254	18,254,843
Claims, Losses and Expenses:			
Paid claims - general insurance		26,100,591	20,143,366
Paid claims - life insurance		250,602	311,036
Less: Claims Recoveries		2,062,353	2,233,675
Re-insurers' share		8,953,080	4,378,836
Net paid claims		15,335,760	13,841,891
Net change in claims reserve		(5,789)	(829,478)
Allocated employees' expenses	28	1,207,441	1,158,004
Allocated general and administrative expenses	29	524,849	507,331
Excess of loss premiums		103,935	94,400
Policies acquisition cost - commissions paid		632,192	693,093
Other expenses related to underwriting		518,869	665,407
Net Claims Costs		18,317,257	16,130,648
Unallocated employees' expenses	28	166,488	157,187
Depreciation and amortization		378,161	380,888
Unallocated general and administrative expenses	29	131,212	126,833
Expected credit loss	30	489	5,655
Other expenses	31	37,500	30,000
Total Expenses		713,850	700,563
Profit for the year before Tax		1,479,147	1,423,632
Income tax expense	12	(375,174)	(301,460)
Profit For The Year		1,103,973	1,122,172
Earnings per Share for the Year	32	-/138	-/140

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Profit for the year	1,103,973	1,122,172
Items that will not be transferred to the statement of profit or loss in future:		
(Loss) sale of financial asset at fair value through statements of other comprehensive income	(9,388)	-
Change in the valuation reserve of financial assets at fair value through statement of other comprehensive income - net	(371,034)	(441,502)
Total Comprehensive Income	723,551	680,670

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Authorized & Paid - up Capital	Issuance Premium	Statutory Reserve	Financial Assets Valuation Reserve	Retained Earnings * Realized	Retained Earnings * Unrealized	Total
For the Year Ended December 31, 2019	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	8,000,000	41,507	2,000,000	(240,847)	4,022,983	42,661	13,866,304
Profit for the year	-	-	-	-	1,103,973	-	1,103,973
(Loss) from sale of financial assets through comprehensive income	-	-	-	-	(9,388)	-	(9,388)
Change in the valuation reserve of financial assets - net	-	-	-	(371,034)	-	-	(371,034)
Total Comprehensive Income	-	-	-	(371,034)	1,094,585	-	723,551
Dividends distributed to shareholders (Note 43) **	-	-	-	-	(400,000)	-	(400,000)
Balance - End of the Year	8,000,000	41,507	2,000,000	(611,881)	4,717,568	42,661	14,189,855
For the Year Ended December 31, 2018							
Balance - beginning of the year	8,000,000	41,507	2,000,000	200,655	3,300,811	359,928	13,902,901
Effect of applying the international financial reporting standard No.9	-	-	-	-	-	(317,267)	(317,267)
Adjusted Balance - Beginning of the year	8,000,000	41,507	2,000,000	200,655	3,300,811	42,661	13,585,634
Income for the year	-	-	-	-	1,122,172	-	1,122,172
Change in the valuation reserve of financial assets - net	-	-	-	(441,502)	-	-	(441,502)
Total Comprehensive Income	-	-	-	(441,502)	1,122,172	-	680,670
Dividends distributed to shareholders	-	-	-	-	(400,000)	-	(400,000)
Balance - End of the Year	8,000,000	41,507	2,000,000	(240,847)	4,022,983	42,661	13,866,304

* Retained earnings include JD 652,554 as of December 31, 2019 restricted against deferred tax assets (JD 500,222 as of December 31, 2018).

** According to the General Assembly meeting held on April 25, 2019 it was approved to distribute JD 400,000 representing 5% from the nominal value of the shares as cash dividends to the shareholders related to the year of 2018.

- Retained earnings include a restricted amount of JD 111,934 , representing the effect of the early adoption of IFRS (9). The restriction is limited to realized amounts.
- According to Jordan Securities Commission's instructions, the negative balance of the fair value reserve is restricted.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2019	2018
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before tax		1,479,147	1,423,632
Adjustments to non-monetary items:			
Depreciation and amortization		378,161	380,888
Expected credit loss - net	30	489	5,655
Provision for other liabilities - net	19	357,222	314,428
Change in the fair value of financial assets at fair value through profit or loss	26	172	43,806
Interest income		(673,893)	(624,295)
Unearned premium reserve - net		(242,671)	923,402
Mathematical reserve - net		(77,789)	(74,456)
Claims reserve - net		(5,789)	(829,478)
(Gain) from sale or disposal of property and equipment	27	(18,446)	(451)
Loss from sale of Financial Assets through profit or loss	26	4,877	-
Cash Flows from Operating Activities before Changes in Working Capital Items		1,201,480	1,563,131
(Increase) in checks under collection		(668,216)	(1,156,551)
Decrease (Increase) in receivables		863,130	(684,578)
(Decrease) Increase in re-insurance and local insurance companies' accounts receivable		(851,268)	261,402
(Increase) Decrease in other assets		(20,002)	35,738
Increase (Decrease) in payables		960,832	(77,381)
Increase in re-insurance and local insurance companies' accounts payable		39,557	298,000
(Decrease) Increase in other liabilities		(68,871)	11,845
Net Cash Flows from Operating Activities before Provisions and Tax Paid		1,456,642	251,606
Provisions paid	19	(198,777)	(359,730)
Income tax paid	12	(332,456)	(100,421)
Net Cash Flows (Used in) From Operating Activities		925,409	(208,545)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in deposits at banks		(2,503,064)	(2,329,326)
Maturity (Purchase) of financial assets at amortized cost		1,000,000	(1,000,000)
Proceeds (Purchase) of financial assets at fair value through other comprehensive income		11,542	(38,405)
Sale of financial assets at fair value through profit or loss		72,030	-
Proceeds from the sale of property and equipment		36,958	1,267
(Purchase) of property and equipment		(103,525)	(30,793)
(Increase) in investment properties		-	(86,874)
(Purchase) of intangible assets	14	(6,000)	(2,881)
Interest income received		673,893	624,295
Net Cash (Used in) Investing Activities		(818,166)	(2,862,717)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends distributed to shareholders		(400,000)	(400,000)
Net Cash (used in) Financing Activities		(400,000)	(400,000)
Net Increase in Cash		(292,757)	(3,471,262)
Cash and cash equivalents - beginning of the year		2,727,801	6,199,063
Cash and Cash Equivalents - End of the Year	33	2,435,044	2,727,801
Non-monetary transaction			
Investment property as recovery of account receivable from related parties	7	-	875,000

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

	Motor		Marine and Transportation		Fire and Other Damages for Properties		Liability		Medical		Aviation		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:																
Direct premium	9,978,130	10,076,085	315,695	388,525	1,791,962	1,322,985	468,681	252,012	10,429,901	9,275,849	84,731	2,130	106,621	116,304	23,175,721	21,433,890
Re-insurers' inward premium	1,037,056	963,784	-	(141)	697,766	1,128,263	1,196	2,216	-	-	-	-	571	291	1,736,589	2,094,413
Gross Earned Premiums	11,015,186	11,039,869	315,695	388,384	2,489,728	2,451,248	469,877	254,228	10,429,901	9,275,849	84,731	2,130	107,192	116,595	24,912,310	23,528,303
Less: Local re-insurance share	760,366	715,244	-	-	522,181	910,125	-	-	(1,963)	677,242	-	-	-	-	1,280,584	2,302,611
Foreign re-insurance share	110,418	126,916	272,596	334,933	1,766,413	1,310,093	362,498	146,879	3,615,969	2,719,452	80,878	2,130	20,731	48,890	6,229,503	4,689,293
Net Earned Premiums	10,144,402	10,197,709	43,099	53,451	201,134	231,030	107,379	107,349	6,815,895	5,879,155	3,853	-	86,461	67,705	17,402,223	16,536,399
Add: Unearned premiums reserve - beginning of the year	5.233.320	5.187.059	99.234	147.075	898.817	881.506	146.729	111.985	3.721.441	2.705.951	-	-	30.141	19.999	10.129.682	9.053.575
Less: Re-insurers share - beginning of the year	124.534	133.338	85.149	127.620	819.915	817.245	84.632	55.911	1.336.660	1.168.415	-	-	17.955	13.611	2.468.845	2.316.140
Net Unearned Premiums Reserve - Beginning of the Year	5,108,786	5,053,721	14,085	19,455	78,902	64,261	62,097	56,074	2,384,781	1,537,536	-	-	12,186	6,388	7,660,837	6,737,435
Less: Unearned premiums reserve - end of the year	5.352.992	5.233.320	72.983	99.234	762.428	898.817	173.079	146.729	2.866.119	3.721.441	77.555	-	27.643	30.141	9.332.799	10.129.682
Re-insurers' share - end of the year	113,263	124,534	63,129	85,149	678,887	819,915	133,013	84,632	834,689	1,336,660	74,027	-	17,625	17,955	1,914,633	2,468,845
Net Unearned Premiums Reserve - End of the Year	5,239,729	5,108,786	9,854	14,085	83,541	78,902	40,066	62,097	2,031,430	2,384,781	3,528	-	10,018	12,186	7,418,166	7,660,837
Net Change in Unearned Premiums	(130,943)	(55,065)	4,231	5,370	(4,639)	(14,641)	22,031	(6,023)	353,351	(847,245)	(3,528)	-	2,168	(5,798)	242,671	(923,402)
Net Earned Revenue from the Underwritten Premiums	10,013,459	10,142,644	47,330	58,821	196,495	216,389	129,410	101,326	7,169,246	5,031,910	325	-	88,629	61,907	17,644,894	15,612,997

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

	Motor		Marine and Transportation		Fire and Other Damages for Properties		Liability		Medical		Aviation		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	10,863,477	12,017,360	108,138	79,469	4,450,915	917,121	9,036	10,124	10,652,767	7,109,014	-	-	16,258	10,278	26,100,591	20,143,366
Less: Recoveries	2,009,485	2,183,475	30,598	2,837	22,270	47,363	-	-	-	-	-	-	-	-	2,062,353	2,233,675
Local re-insurers' share	83,602	202,132	-	-	-	-	424	1,254	541,185	748,939	-	-	-	-	625,211	952,325
Foreign re-insurers' share	-	-	89,622	58,167	4,431,482	874,027	7,475	5,224	3,609,215	2,258,537	-	-	10,315	-	8,148,109	3,195,955
Net Paid Claims	8,770,390	9,631,753	(12,082)	18,465	(2,837)	(4,269)	1,137	3,646	6,502,367	4,101,538	-	-	5,943	10,278	15,264,918	13,761,411
Add: Claims Reserve - End of the Year	10,509,613	10,775,950	143,797	159,278	23,364,165	2,087,367	78,558	77,308	333,860	248,925	-	-	1,262	1,262	34,431,255	13,350,090
Incurred but not reported claims (IBNR)	1,100,000	1,100,000	2,876	3,186	20,642	20,874	786	773	715,553	586,967	-	-	13	13	1,839,870	1,711,813
Less: Re-insurers share - end of the year	1,090,978	1,101,494	116,743	129,786	23,163,127	1,934,500	42,052	49,099	403,170	347,949	-	-	761	760	24,816,831	3,563,589
Recoveries	763,702	803,511	-	-	-	-	-	-	-	-	-	-	-	-	763,702	803,511
Net Claims Reserve - End of the Year	9,754,933	9,970,945	29,930	32,678	221,680	173,741	37,292	28,982	646,243	487,943	-	-	514	515	10,690,592	10,694,803
Less: Claims Reserve - Beginning of the Year	10,775,950	12,010,241	159,278	193,233	2,087,367	1,286,224	77,308	65,809	248,925	186,355	-	-	1,262	3,042	13,350,090	13,744,904
Incurred but not reported claims (IBNR)	1,100,000	1,100,000	3,186	3,865	20,874	12,862	773	658	586,967	398,090	-	-	13	30	1,711,813	1,515,505
Less: Re-insurers' share - beginning of the year	1,101,494	1,378,747	129,786	144,614	1,934,500	1,147,705	49,099	41,119	347,949	275,237	-	-	761	1,988	3,563,589	2,989,410
Recoveries	803,511	736,167	-	-	-	-	-	-	-	-	-	-	-	-	803,511	736,167
Net Claims Reserve - Beginning of the Year	9,970,945	10,995,327	32,678	52,484	173,741	151,381	28,982	25,348	487,943	309,208	-	-	514	1,084	10,694,803	11,534,832
Net change in claims reserve	(216,012)	(1,024,382)	(2,748)	(19,806)	47,939	22,360	8,310	3,634	158,300	178,735	-	-	-	(569)	(4,211)	(840,029)
Net Paid Claims Cost	8,554,378	8,607,371	(14,830)	(1,341)	45,102	18,091	9,447	7,280	6,660,667	4,280,273	-	-	5,943	9,708	15,260,707	12,921,382

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

	Motor		Marine and Transportation		Fire and Damages Other for Properties		Liability		Medical		Aviation		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD			JD	JD	JD	JD	JD	JD
Net earned revenue from the underwritten premiums	10,013,459	10,142,644	47,330	58,821	196,495	216,389	129,410	101,326	7,169,246	5,031,910	325	-	88,629	61,907	17,644,894	15,612,997
Less: Net paid claims cost	8,554,378	8,607,371	(14,830)	(1,341)	45,102	18,091	9,447	7,280	6,660,667	4,280,273	-	-	5,943	9,708	15,260,707	12,921,382
	1,459,081	1,535,273	62,160	60,162	151,393	198,298	119,963	94,046	508,579	751,637	325	-	82,686	52,199	2,384,187	2,691,615
															-	
Add: Received commissions	24,675	23,529	158,377	102,500	337,709	297,330	10,800	7,729	(56)	20,529	-	107	(2,640)	3,153	528,865	454,877
Insurance policies issuance fees	368,426	393,013	12,903	14,281	80,408	61,451	14,119	11,721	347,275	298,431	848	21	6,901	7,081	830,880	785,999
Total Revenue	393,101	416,542	171,280	116,781	418,117	358,781	24,919	19,450	347,219	318,960	848	128	4,261	10,234	1,359,745	1,240,876
Less: Polices acquisition cost - commissions paid	396,506	476,178	8,251	7,727	89,244	87,931	17,559	16,578	56,454	75,894	-	-	21,749	13,147	589,763	677,455
Excess of loss premiums	71,935	62,400	-	-	32,000	32,000	-	-	-	-	-	-	-	-	103,935	94,400
Employees and administrative expenses related to underwriting accounts	793,445	801,558	63,643	72,560	188,346	178,795	22,005	11,995	631,745	568,840	3,968	100	5,020	5,501	1,708,172	1,639,349
Other expenses related to underwriting accounts	289,352	320,263	2,552	2,442	12,548	14,416	158	174	200,025	290,044	-	-	867	396	505,502	627,735
Total Expenses	1,551,238	1,660,399	74,446	82,729	322,138	313,142	39,722	28,747	888,224	934,778	3,968	100	27,636	19,044	2,907,372	3,038,939
Net Written Profit (Loss)	300,944	291,416	158,994	94,214	247,372	243,937	105,160	84,749	(32,426)	135,819	(2,795)	28	59,311	43,389	836,560	893,552

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUES FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Written Premiums:		
Direct premium	514,997	425,821
Re-insurance inward premium	-	124,942
Gross Written Premiums	514,997	550,763
Less: Foreign re-insurance premiums	299,095	124,942
Less: Local re-insurance premiums	-	177,198
Net Written Premiums	215,902	248,623
Add: Mathematical reserve - beginning of the year	223,292	309,176
Less: Re-insurers' share - beginning of the year	63,930	75,358
Net Mathematical Reserve - beginning of the year	159,362	233,818
Less: Mathematical reserve - end of the Year	123,475	223,292
Re-insurers' share - end of the year	41,902	63,930
Net mathematical reserve - end of the year	81,573	159,362
Net Change in Mathematical Reserve	77,789	74,456
Net Earned Revenue from Written Premiums	293,691	323,079

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Paid claims	250,602	311,036
Less: Foreign re-insurers' share	179,760	230,556
Net Paid Claims	70,842	80,480
Add: Reported claims reserve - end of the year	369,442	321,976
Unreported claims reserve - end of the year	10,000	10,000
Less: Re-insurers' share	300,787	251,743
Net Outstanding Claims Reserve - End of the Year	78,655	80,233
Less: Reported claims reserve - beginning of the year	10,000	10,000
Unreported claims reserve - beginning of the year	321,976	333,829
Less: Re-insurers' share	251,743	274,147
Net Claims Reserve - Beginning of the Year	80,233	69,682
Net Change in Claims Provision	(1,578)	10,551
Net Paid Claims Cost	69,264	91,031

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Net earned revenue from written premiums	293,691	323,079
Less: Net paid claims cost	69,264	91,031
	224,427	232,048
Add: Received commissions	34,271	1,259
Insurance policies insurance fees	10,550	6,208
Total Revenue	44,821	7,467
Less: Polices acquisition cost - commission paid	42,429	15,638
Administrative expenses related to underwriting accounts	-	25,986
Other expenses related to underwriting accounts	24,118	-
Other expenses related to underwriting	13,367	37,672
Total Expenses	79,914	79,296
	189,334	160,219

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE ACTIVITIES

	December 31,	
ASSETS	2019	2018
	JD	JD
Deposits at banks	100,000	100,000
Total Investments	100,000	100,000
Accounts receivable	94,389	112,206
Re-insurance companies' accounts receivable	26,082	164,795
Property and equipment	43	55
TOTAL ASSETS	220,514	377,056
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES		
Accounts payable	9,237	9,576
TECHNICAL RESERVES		
Claims reserve - net	78,654	80,234
Mathematical reserve - net	81,572	159,362
Total Technical Reserves	160,226	239,596
TOTAL LIABILITIES	169,463	249,172
HEAD OFFICE'S		
Head Office's current account	(138,286)	(32,335)
Net Written Profit	189,337	160,219
Surplus in Head Office's Equity	51,051	127,884
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	220,514	377,056

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITORS' REPORT.

1. General

a. United Insurance Company was established in 1972 and registered as a Jordanian Public Shareholding Limited Company under Number (74) according to the Companies Law and its amendments. Moreover, United Insurance Company was merged with Egyptian Orient Insurance Company and New India Insurance Company in Jordan. The merger took effect from the beginning of 1988 and the Company resulting from the merger (United Insurance Company) has become the general success of the Company. In addition, more capital adjustments were made, the last of which was during the year 2008, so that authorized, paid-up capital became JD 8 million, divided into 8 million shares at a par value of JD 1 each.

The Company's address is Zahran Street, Building No. (188), P.O. Box 7521 – 11118 Amman, Jordan.

The Company's objective is conducting all types of insurance, including life insurance.

b. The accompanying financial statements were approved by the Company's General Manager on March 1, 2020 under the delegation of the Board of Directors in their meeting held on January 19, 2020 and they are subject to the approval of the General Assembly of Shareholders.

2. Accounting Policies

Basis of Preparation

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

- The financial statements have been prepared according to the historical cost convention except for the financial assets at fair value through profit or loss and financial assets at fair value through statement of other comprehensive income and financial liability, which are stated at fair value in the financial statements.

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

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2018, except for what is mentioned in Note (42).

- The following are the significant accounting policies:

Sector Information

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

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

Financial Instruments

Initial recognition and measurement:

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

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

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

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

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

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

Financial Assets

Initial recognition

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

Subsequent measurement

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

Specifically:

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

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

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

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

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

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

<u>Debt Instruments at Amortized Cost or at Fair Value through Comprehensive Income</u>

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

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

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

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

<u>Evaluating the Business Model</u>

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

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

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

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

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

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

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

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

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

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

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

<u>Impairment</u>
The Company recognizes the expected credit loss provisions on the following financial instruments that are not measured at fair value through Profit or Loss statement:

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

No impairment loss is recognized in equity instruments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Write-off</u>
The Company derecognizes the financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. When the debtor has been placed under liquidation, has entered bankruptcy proceedings, or where trade receivables age exceeds two years, whichever is earlier. The Company may continue to subject financial assets written off to collection procedures, taking into account legal advice, where appropriate. Meanwhile, any recoveries are recognized in the statement of profit or loss.

<u>Financial Liabilities and Equity Instruments Issued by the Company</u>
<u>Classification as debt or equity instruments</u>
Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements, the definitions of financial liabilities, and the equity instrument.

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

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

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

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

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

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

- For financial assets measured at amortized cost that are not part of a specific hedging relationship, the currency exchange differences are recognized in the statement of profit or loss; and

- For debt instruments measured at fair value through comprehensive income that are not part of a specific hedging relationship, the exchange differences on the amortized cost of the debt instrument are recognized in Profit or Loss statement. Other exchange differences in comprehensive income are recognized in the revaluation reserve; and

- if financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or

- if a derivative is included in the basic financial or non-financial contract, and the derivative is not closely related to the basic contract.

Fair Value
Closing market prices (acquiring assets /selling liabilities) in active markets at the date of the financial statements represent the fair value of traded financial derivatives.

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

- Comparison with the market value of another financial asset with similar terms and conditions.
- Analysis of future cash flows and expected discounted cash flow based on a rate used for similar instruments.
- Adoption of option pricing models.

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

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

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances with banks and financial institutions maturing within three months, less restricted balances.

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

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

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

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

2. The event has a reliably and clearly measurable effect on the amounts the Company will recover from reinsurers.

Acquisition Costs of Insurance Policies

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

Property and Equipment

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

	%
Office furniture and fixtures	10
Computers	20
Vehicles	15
Machinery and equipment	15
Electrical appliances	10
Buildings	2
Air-conditioning & cooling equipment	15
Fire alarm system	15
Elevators	15

Property and equipment under construction, for the Company's use, trading, or for purposes not determined yet, are stated at cost net of accumulated impairment.

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

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

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

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

Mortgaged Financial Assets

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

Intangible Assets

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

Intangible assets represent computer systems recorded at cost under a separate item in the financial statements.

Intangible assets are classified according to their estimated lives: definite or indefinite. Intangible assets with a definite useful life are amortized at a rate of 20% during that life, and amortization is recorded in the statement of profit or loss.

Intangible assets with indefinite lives are reviewed for impairment at the date of the financial statements, and the impairment is taken to the statement of profit or loss. The value of intangible assets is tested for impairment at the date of the financial statements and reduced if there are indications that their value has been impaired in case the estimated recoverable amount of their cash-generating unit(s) is / are less than the recorded amount of the cash generating unit(s). The impairment in value is taken to the statement of profit or loss.

Internally generated intangible assets are not capitalized by the Company but recorded in the profit or loss statement in the same year.

The estimated life of those assets is reviewed, and any changes are made in the subsequent periods.

Any indications to the impairment of these financial assets are reviewed as of the date of the financial statements.

<u>Provisions</u>
Provisions are recognized when the Company has an obligation on the date of the statement of financial position as a result of past events, it is probable to settle the obligations, and a reliable estimate of the obligation amount can be made.

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

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

<u>Technical Reserves</u>
Technical reserves are taken and maintained according to the regulations of the Insurance Regulatory Commission as follows:

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

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

3. Additional reserves for incurred but not reported claims are calculated based on the Company's experience and estimates and with the corporation with the actuary expert.

4. The relatively large claims are studied separately, and the related provision is booked based on the accredited loss adjustor report and based on the Company and actuary expert's experience and estimates.

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

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

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

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

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

A. Accrued Taxes
Accrued tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the statement of profit or loss since the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, as well as unallowable and non-taxable items.

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

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

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

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

Cost of Issuing or Purchasing of Own Shares
Costs arising from issuing or purchasing of own shares are taken to retained earnings (net after taking into account the tax effect of these costs, if any). If issuance or purchase is incomplete, these costs are recorded in the statement of profit or loss.

Liability Adequacy Test
The adequacy and suitability of the insurance liabilities are evaluated through the calculation of the present value of the future cash flows relating to the general insurance and its adequacy and creditability to the insurance liabilities.

If the evaluation shows that the present value of the insurance liabilities (various purchase expenses less suitable and related intangible assets) is inadequate compared to the expected future cash flows, the full impairment is recorded in the statement of profit or loss.

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

Revenue Recognition

1. Insurance Contracts

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

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

2. Dividends and Interest

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

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

3. Rental Income

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

Expense Recognition

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

Insurance Compensation

Insurance compensations represents claims paid and change in claims reserves.

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

Salvage and Subrogation Compensation

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

General and Administrative Expenses

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

Employees Expenses

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

Significant Accounting Judgments and Key Sources of Uncertainty

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

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

We believe that the estimates in the financial statements are reasonable. Details are as follows:

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

- The financial year is charged with its share from income tax according to the prevailing laws and regulations in Jordan.

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

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

- A provision for lawsuits against the Company is based on a legal study by the Company's lawyers according to which probable future risks are determined. A review of such studies is performed periodically.

- Management reviews the financial assets, shown at cost, to evaluate any impairment in their value. Such impairment is taken to the statement of profit or loss.

- Real estate investments are evaluated by independent real estate experts according to decision issued by the Jordanian Insurance Commission to evaluate any impairment in their value in the financial statements.

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

- Business model evaluation
  The classification and measurement of financial liability are based on the results of repayment the principle and the associated interest as well the business model test. The company determines the business model at a level that reflects the way in which the company manage financial assets together in order to achieve a specific business objective. This evaluation includes a judgment that reflects all relevant evidence, including how to assess the performance of assets, measure their performance, the risks that affect the performance of assets, how it managed, and how assets managers are compensate. The Company monitors the financial assets that measured at amortized cost and derecognized before its maturities to understand the reason for derecognized and whether the reasons are consistent with the objective of the business that has been retained. The balance is part of the company’s continuous evaluation of whether the business model in which the financial assets were retained remains appropriate and if it is not appropriate whether there is a change in the business model and consequently a future change to the classification of those assets. No such those changes were required during the periods shown.

- Significant increase in credit risks
  Expected credit loss measured, as it was discussed in note 2, as provision equal expected credit loss for 12 month for the assets from the first stage, or equal to expected credit loss over lifetime of the assets from the second or third stage. The asset is transferred to the second stage if the credit risk has seen a significant increase since the initial recognition. International financial reporting standard (9) does not specify what represents a significant increase in credit risk. The company takes into consideration when assessing whether the credit risk of the asset has increased substantially, quantitative and qualitative information that can be obtained.

  <u>Calculation of provision for expected credit losses</u>
  The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

  The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

- Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario.

  When measuring the expected credit loss, the company uses reasonable and supporting future information based on assumptions about the future movement of significant economic variables and how those variables affect the calculation of the expected credit loss.

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

- Loss given default
  Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account cash flows from collaterals and credit adjustments.

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

3. Deposits at Banks

This item consists of the following:

	December 31, 2019			December 31, 2018
	Deposits Maturing Within One Month to Three Months	Deposits Maturing after Three Months and up to One Year	Total	Total
	JD	JD	JD	JD
Inside Jordan:				
Societe General Bank	-	2,783,779	2,783,779	2,313,285
Invest Bank	2,000,000	625,000	2,625,000	2,625,000
Bank Al Etihad	-	-	-	1,000,000
Arab Jordan Investment Bank	-	1,833,558	1,833,558	800,000
Bank Audi	-	-	-	2,000,000
Commercial Bank	-	3,000,000	3,000,000	-
Balance	2,000,000	8,242,337	10,242,337	8,738,285
Expected credit loss *	-	(10,082)	(10,082)	(9,094)
Adjusted Balance	2,000,000	8,232,255	10,232,255	8,729,191

* Movement on the expected credit loss for the deposits at Banks:

	2019	2018
	JD	JD
Balance - beginning of the year	9,094	-
Effect of applying the international financial reporting standard no. (9)	-	9,094
Adjusted Balance	9,094	9,094
Provision booked during the year	988	-
Balance - End of the Year	10,082	9,094

- During the year 2019, interest rates on deposits in Jordanian Dinar ranged from 5.5% to 6.5%.

- Moreover, deposits collateralized to the order of the General Director of the Insurance Commission in addition to his position amounted to JD 325,000 as of December 31, 2019 at the Invest Bank.

- Restricted balances amounted to JD 300,000 as of December 31, 2019. These balances represent cash deposits against an overdraft facility granted to the Company, in addition to the deposits mortgaged to the order of the General Director of the Insurance Commission.

4. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31	
	2019	2018
Inside Jordan:	JD	JD
Quoted shares or listed	142,039	219,118
	142,039	219,118

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31	
	2019	2018
Inside Jordan	JD	JD
Quoted shares at Amman Stock Market	4,519,854	5,054,375
Unquoted shares at Amman Stock Market	8,923	8,589
	4,528,777	5,062,964
Outside Jordan		
Arab Reinsurance Company – Lebanon *	201,583	198,288
	4,730,360	5,261,252

* This investment fair value has been evaluated according to the Companys' last audited financial statements, we believe that there is no impairment in the value of this investment.

6. Financial Assets at Amortized Cost

This item consists of the following:

	December 31	
	2019	2018
Inside Jordan	JD	JD
Arab Corp Company bonds *	50,000	50,000
Ahli Bank bonds **	1,000,000	1,000,000
Commercial Tas-helat Bonds ***	-	1,000,000
Less: Provision for impairment in Arab Corp Company bonds	(49,999)	(49,999)
Balance	1,000,001	2,000,001
Expected credit loss	1,000	1,000
Adjusted Balance	999,001	1,999,001

* Arab Corp Company bonds matured on April 1, 2014. The bonds face value or interest thereon has not been paid to the Company during the years 2016 and 2017. Moreover, a provision has been taken for the full amount of these bonds, and recognition of interest was suspended during the previous years.

** On October 12, 2017 , the Company invested in (10) bonds with a nominal value of JD 100,000/ bond, and with a total of one million Jordanian Dinar from Ahli Bank with a contribution percentage of 4% for each bond. The maturity date for these bonds is November 12, 2023, with an issuance interest rate of 6.75% for the first six months, and with a variable interest rate where the interest rate will be recalculated every six months during the life of the bond where the effective interest rate at the beginning of each period equals the discounted interest rate as per the Central Bank of Jordan in addition to a margin of 2%.

*** On the first of February 2018 the Company invested in two bonds issued by Commercial Tashelat through Invest Bank, which has a par value of JD 500,000 / Bonds with total amount of one million. The maturity date for these bonds is February 2, 2019 with a fixed annual interest rate of 6.75%, calculated based on active days divided by 360 days.

Movement on the Expected Credit Loss for Financial Assets at Amortized Cost:

	2019	2018
	JD	JD
Balance - beginning of the year	1,000	-
Effect of applying the international financial reporting standard no. (9)	-	1,000
Balance - End of the Year	1,000	1,000

7. <u>Investment Property - Net</u>

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Lands	646,985	646,985
Buildings	5,007,455	5,007,455
<u>Less:</u> Accumulated depreciation	(708,050)	(622,164)
Buildings - net of accumulated depreciation	4,299,405	4,385,291
	4,946,390	5,032,276

- The movement on the buildings account was as follows:

	2019	2018
	JD	JD
Balance – beginning of the year	5,007,455	4,045,581
Additions during the year	-	961,874
Balance at Year-End	5,007,455	5,007,455

- During 2018, the company has acquired a villa in Aqaba City, as recovery of account receivables from a Related Party a value of JD 875,000.

- The movement on the accumulated depreciation account was as follows:

	2019	2018
	JD	JD
Balance – beginning of the year	622,164	536,318
Depreciation expense	85,886	85,846
Balance at Year-End	708,050	622,164

- Buildings are depreciated at an annual rate of 2% and are stated at the carrying amount.

- The fair value of investments property has been assessed by three real estate evaluators at JD 7,488,355 as of December 31, 2018.

- Management believes that the market value as of December 31, 2019 approximately equals its market value as of December 31, 2018, as the company conducted a study of the impairment in market value and there were no indicators for impairment in the market value based on internal study done by the management.

8. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Cash on hand	2,886	8,024
Current accounts at banks	1,057,158	344,777
	1,060,044	352,801

9. Cheques under Collection

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Balance	3,141,460	2,474,232
Expected credit losses	(6,958)	(7,457)
Balance	3,134,502	2,466,775

* Movement on the expected credit loss for the cheques under collection:

	2019	2018
	JD	JD
Balance - beginning of the year	7,457	-
Effect of applying the international financial reporting standard no. (9)	-	7,457
Adjusted Balance	7,457	7,457
Provision released during the year	(499)	-
Balance - End of the Year	6,958	7,457

* The maturities of cheques under collection extends during the year 2020. These cheques include cheques due from related parties totaling JD 473,642.

10. Receivables - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Policyholders receivables	3,803,798	4,624,778
Agents receivables	926,421	1,072,504
Brokers receivables	1,477,317	1,343,547
Employees receivables	20,487	15,622
Legal cases receivables	436,926	495,000
Related parties receivables (Note 40)	933,409	1,031,012
Other receivables	76,956	58,441
	7,675,314	8,640,904
Less: Expected Credit Losses *	(1,531,335)	(1,633,795)
Receivables – Net	6,143.,979	7,007,109

* The movement on the expected credit losses as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	1,633,795	1,257,856
Effect of applying the international financial reporting standard no. (9)	-	370,284
Adjusted Balance	1,633,795	1,628,140
Additions during the year	-	5,655
Written off during the year	(102,460)	-
Balance – End of the Year	1,531,335	1,633,795

The aging of receivables is as follows:

	December 31,	
	2019	2018
	JD	JD
Less than 90 days	3,152,914	2,859,844
90 – 180 days	2,248,047	3,375,299
181 – 270 days	503,238	535,970
271 – 360 days	467,393	487,357
More than 360 days**	1,303,722	1,382,434
	7,675,314	8,640,904

** There are receivables due from related parties amounted to JD 933,409 of which an amount of JD 387,627 aging more than 365 days for which a full provision has been taken as of December 31, 2019.

- In the opinion of the Company's management, there is no need to record any additional provisions.

11. Re-insurance and Local Insurance Companies' Accounts Receivable

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Local insurance companies	580,256	467,394
Foreign re-insurance companies	970,539	274,271
	1,550,795	741,665
Less: Expected credit loss for re-insurance accounts *	(35,207)	(77,345)
Re-insurance Companies' Accounts - Net	1,515,588	664,320

* The movement on the expected credit losses - re-insurers' receivable is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	77,345	47,724
Effect of applying the international financial reporting Standard no. (9)	-	29,621
Balance/ Adjusted Balance	77,345	77,345
Written off during the year	(42,138)	-
Balance - End of Year	35,207	77,345

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

	December 31, 2019	December 31, 2018
	JD	JD
Less than 90 days	870,583	495,953
90 – 180 days	663,397	119,934
181 – 270 days	719	56,715
271 – 360 days	16,096	26,941
More than 360 days	-	42,122
	1,550,795	741,665

- A provision is taken for reinsurers' doubtful debts aging more than one year with no repayments.

12. Income Tax

a. Income tax provision

- Movement on the income tax provision was as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	240,223	28,549
Income tax paid	(291,227)	(73,802)
Income tax expense for the year*	357,088	305,803
Tax paid on interest deposits	(41,229)	(26,619)
Income tax expense for prior years	-	6,292
National contribution fees **	31,489	-
Balance – End of the Year	296,344	240,223

* Income tax in the statement of profit or loss represents the following:

	2019	2018
	JD	JD
Income tax for the year	357,088	305,803
National contribution fees	31,489	-
Prior years' taxes	-	6,292
Deferred tax assets	(13,403)	(10,635)
	375,174	301,460

** During 2019, government imposed a national contribution fees on publicly listed companies by 2% percentage of gross taxable income.

b. Deferred Tax Assets / Liabilities

The details are as follows:

	December 31, 2019							December 31, 2018
Accounts Included	Balance at the Beginning of the Year	Amounts Released	Amounts Added	Balance at Year –End	Deferred Tax	Transferred to the Statement of Profit or Loss	Transferred to Valuation Reserve	Deferred Tax
a. Deferred Tax Assets	JD	JD	JD	JD	JD	JD	JD	JD
Expected credit losses provision	1,728,691	145,094	988	1,584,585	411,992	2,895	-	414,886
Reserve of financial assets valuation – net	316,908	838,451	1,348,413	826,870	214,986	-	(138,928)	76,058
End of service provision	38,660	-	59,710	98,370	25,576	(16,298)	-	9,278
	2,084,259	983,545	1,409,111	2,509,825	652,554	(13,403)	(138,928)	500,222
b. Deferred Tax Liabilities								
Effect of adopting standards (9)	111,934	-	-	111,934	26,864	-	-	26,864
	111,934	-	-	111,934	26,864	-	-	26,864

- The movement on deferred tax assets and liabilities as follows:

	December 31,			
	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	500,222	26,864	313,339	90,226
Effect of applying the financial reporting Standard No. (9)	-	-	100,189	-
Adjusted Balance	500,222	26,864	413,528	90,226
Added	152,332	-	86,694	-
Released	-	-	-	(63,362)
Balance at Year – End for the Year	652,554	26,864	500,222	26,864

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

	2019	2018
	JD	JD
Declared accounting profit	1,479,141	1,423,632
Non-taxable item	(1,704,844)	(1,954,972)
Non-deductible expenses	1,792,553	1,787,423
Taxable Profit	1,566,850	1,256,083
Income Tax Rate	24%	24%

- The company's tax status has been finalized and settled until the end of 2016, knowing that self-assessment statements have been submitted for the years 2017 and 2018 and have not yet been reviewed by the Income and Sales Tax Department.

13. Property and Equipment - Net

The details of this item are as follows:

	Office Furniture and Fixtures	Computers	Vehicles	Machinery and Equipment	Electrical Appliances	Building	Air-conditioning and Cooling Equipment	Fire Alarm Systems	Elevators	Total
December 31, 2019	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:										
Balance at the beginning of the year	252,546	180,147	237,054	9,734	51,970	5,113,388	347,443	29,601	286,365	6,508,248
Additions	230	4,600	98,695	-	-	-	-	-	-	103,525
Transfers	-	-	68	-	(68)	-	-	-	-	-
Disposals	(160)	-	(107,784)	-	-	-	-	-	-	(107,944)
Balance at End of the Year	252,616	184,747	228,033	9,734	51,902	5,113,388	347,443	29,601	286,365	6,503,829
Accumulated Depreciation:										
Balance at the beginning of the year	128,472	163,439	125,145	1,813	32,149	365,154	184,703	11,346	153,926	1,166,147.00
Depreciation for the year	19660	6,718	30,037	1,460	4,244	103130	52,117	3040	42,954	263360
Disposals	(13)	-	(89,419)	-	-	-	-	-	-	(89,432)
Balance at End of the Year	148,119	170,157	65,763	3,273	36,393	468,284	236,820	14,386	196,880	1,340,075
Net Book Value of Property and Equipment at End of the Year	104,497	14,590	162,270	6,461	15,509	4,645,104	110,623	15,215	89,485	5,163,754
December 31, 2018										
Cost:										
Balance at the beginning of the year	252,307	174,552	237,054	48,218	47,460	5,113,388	347,443	10,333	286,365	6,517,120
Additions	1,420	5,595	-	-	4,510	-	-	19,268	-	30,793
Disposals	(1,181)	-	-	(38,484)	-	-	-	-	-	(39,665)
Balance at End of the Year	252,546	180,147	237,054	9,734	51,970	5,113,388	347,443	29,601	286,365	6,508,248
Accumulated Depreciation:										
Balance at the beginning of the year	109,247	157,641	89,587	38,837	28,035	262,024	132,587	9,422	110,971	938,351
Depreciation for the year	19,590	5,798	35,558	1,460	4,114	103,130	52,116	1,924	42,955	266,645
Disposal	(365)	-	-	(38,484)	-	-	-	-	-	(38,849)
Balance at End of the Year	128,472	163,439	125,145	1,813	32,149	365,154	184,703	11,346	153,926	1,166,147
Net Book Value of Property and Equipment at End of the Year	124,074	16,708	111,909	7,921	19,821	4,748,234	162,740	18,255	132,439	5,342,101
Annual Depreciation Rate %	10	20	15	15	10	2	15	15	15	

- Fully depreciated assets amounted to JD 223,687 as of December 31, 2019 (JD 223,506 as of December 31, 2018).

14. Intangible Assets - Net

This item consists of the following:

December 31, 2019	Computer Programs JD
Cost:	
Balance at the beginning of the year	280,061
Additions	6,000
Balance - End of Year	286,061
Accumulated Amortization:	
Balance at the beginning of the year	194,712
Amortization for the year	28,915
Balance at Year-End	223,627
Net Book Value of Intangible Assets	62,434

December 31, 2018	Computer Programs JD
Cost:	
Balance at the beginning of the year	277,180
Additions	2,881
Balance - End of Year	280,061
Accumulated Amortization:	
Balance at the beginning of the year	166,315
Amortization for the year	28,397
Balance at Year-End	194,712
Net Book Value of Intangible Assets	85,349

15. Other Assets

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Accrued revenues not received	184,858	209,774
Prepaid expenses	33,649	18,893
Recovered claims paid – net *	206,495	215,864
Refundable deposits	3,426	3,426
Arab War Risks Insurance Syndicate	236,903	197372
Other	8,017	8,017
	673,348	653,346

* During the year, the Company assessed other insurance companies' recoveries and deducted the related amounts from the compensations paid.

16. Mathematical Reserve

The movement on the mathematical reserve is as follows:

	December 31, 2019	December 31, 2018
	JD	JD
Balance at the beginning of the year	159,362	233,818
Released during the year	(77,789)	(74,456)
Net Mathematical Reserve – End of the Year	81,573	159,362

17. Accounts Payable

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Agents payable	287,262	300,314
Employees' payable	313	76,792
Brokers payable	303,158	296,882
Others*	2,380,008	1,335,921
	2,970,741	2,009,909

* This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Policyholders (compensations)	201,753	137,742
Car workshops and spare parts	127,051	165,338
Third party administrative – medical insurance	1,776,527	761,682
Other	274,677	271,159
	2,380,008	1,335,921

18. Re-insurance and Local Insurance Companies' Accounts Payable

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Foreign re-insurance companies	2,918,817	2,435,594
Local insurance companies	259,622	703,288
	3,178,439	3,138,882

19. Accrued Expenses and Various Provisions

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Provision for the Insurance Commission's fees	8,111	8,146
End of service provision	98,370	38,660
Accrued bonuses	135,770	37,000
	242,251	83,806

The following table illustrates the movement on accrued expenses and the various provisions:

	Balance Beginning of the Year	Taken for the Year	Used During the Year	December 31, 2019
	JD	JD	JD	JD
Provision for the Insurance Commission's fees	8,146	167,512	167,547	8,111
End of service provision	38,660	59,710	-	98,370
Accrued bonuses	37,000	130,000	31,230	135,770
	83,806	357,222	198,777	242,251

20. Other Liabilities

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Revenues received in advance	62,666	174,682
Board of Directors' bonuses	39,625	34,612
Other	180,476	142,343
	282,767	351,637

21. Authorized and Paid – up Capital and Issuance Premiums

- Authorized and paid–up capital amounted to JD 8,000,000 million, distributed over 8,000,000 shares with a par value of JD 1 each.

- Issuance premiums amounted to JD 41,507.

22. Reserves

Statutory Reserve

The amounts in this account represent appropriations from annual Profit before tax at 10% according to the Companies Law. This reserve may not be distributed to shareholders. The total accumulated balance at the account shouldn't exceed 25% of the Company's paid up capital. The statutory reserve reached 25% of the company's paid up capital and there is no need to take any additional statutory reserves.

Voluntary Reserve

The amounts accumulated in this account represent appropriations from annual profit before tax at a rate not exceeding 20%. The voluntary reserve is used for the purposes decided by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to fully or partially distribute this amount as profits to shareholders.

23. Financial Assets Valuation Reserve - Net

This item consists of the following:

	2019	2018
	JD	JD
Balance at the beginning of the year	(240,847)	200,655
(Loss) on sale of financial assets through other comprehensive income	(9,388)	-
	(250,235)	200,655
Change during the year	500,574	580,923
Released from deferred tax liabilities	-	63,362
Released from deferred tax assets	138,928	76,059
Net Change during the Year	(361,646)	(441,502)
Balance – End of Year	(611,881)	(240,847)

24. Retained Earnings

The movement on this item as the following:

	2019	2018
	JD	JD
Balance at the beginning of the year	4,065,644	3,660,739
Effect of applying the international financial reporting standard No.9	-	(317,267)
Balance / Adjusted Balance	4,065,644	3,343,472
Profit for the year	1,103,973	1,122,172
(Loss) on disposal of financial assets at fair value through other comprehensive income	(9,388)	-
Dividends distributed to shareholders	(400,000)	(400,000)
Balance – End of Year	4,760,229	4,065,644

25. Interest Revenue

This item consists of the following:

	2019	2018
	JD	JD
Earned interest	673,893	624,295
	673,893	624,295

26. Net Gain from Financial Assets and Investments

This item consists of the following:

	2019	2018
	JD	JD
Net Change in fair value of financial assets fair value through profit or loss	(172)	(43,806)
Cash dividends (from financial assets at fair value through profit or loss)	1,885	4,114
Cash dividends (from financial assets at fair value through other comprehensive income)	305,934	278,140
(Loss) on sale of financial assets through Statement of profit or loss	(4,877)	-
Net rental income	171,990	199,282
	474,760	437,730

27. Other Revenue - Net

This item consists of the following:

	2019	2018
	JD	JD
Gain on sale of property and equipment	18,446	451
Arab War Risks Insurance Syndicate Revenues *	-	7,069
Other revenue	4	879
	18,450	8,399

* This item represents revenue not previously recognized, which is a result of reinsurer's account receivable adjustment related to prior years.

28. Employees' Expenses

This item consists of the following:

	2019	2018
	JD	JD
Salaries and bonuses	982,583	956,143
Company's social security contributions	122,251	116,749
Medical expense	71,205	66,811
Provision for bonuses *	189,710	167,208
Travel and transportation	8,180	8,280
	1,373,929	1,315,191
Employees Expenses Related Directly to Underwriting Accounts	665,946	529,256
Employees' Administrative Expenses Allocated to underwriting Accounts	541,495	628,748
Total Employees' Expenses Allocated to Underwriting Accounts	1,207,441	1,158,004
Employees' Expenses Unallocated to Underwriting Accounts	166,488	157,187

* This item represents employees' bonuses allocated to entitled personnel according to the Board of Directors' decision at the time.

29. General and Administrative Expenses

This item consists of the following:

	2019	2018
	JD	JD
Legal expenses and fees	178,199	133,109
Insurance Commission fees	159,459	147,221
Rent	6,935	8,124
Printing and stationery	16,059	23,491
Advertising and marketing	3,926	2,215
Bank charges	15,741	26,927
Bank interest	289	108
Travel and transportation	7,124	5,976
Maintenance	45,439	73,309
Post and telephone	16,475	29,439
Hospitality	5,184	5,714
Companies controller's fees	600	600
Donations	1,380	3,880
Subscriptions	11,095	10,641
Government fees	9,360	7,536
Professional fees	24,874	4,541
Assets insurance	3,366	3,366
Cars expenses	19,264	20,209
Computer expenses	24,328	16,303
Actuary's fees	11,965	7,250
Other expenses	94,999	104,205
	656,061	634,164
Total General and Administrative Expenses Allocated to Underwriting Accounts *	524,849	507,331
Total General and Administrative Expenses Unallocated to Underwriting Accounts	131,212	126,833

* Expenses were allocated as follows:

	2019	2018
	JD	JD
Life	10,630	11,605
Motor	227,366	232,604
Marine and transportation	6,516	8,183
Fire and other damages	51,391	51,646
Liability	9,699	5,357
Medical	215,285	195,436
Aviation	1,749	44
Others	2,213	2,456
	524,849	507,331

30. Expected credit losses

This item consists of the following:

	2019	2018
	JD	JD
Deposit at banks	988	-
Cheques under collection	(499)	-
Account receivables	-	5,655
	489	5,655

31. Other Expenses

This item consists of the following:

	2019	2018
	JD	JD
Board of Directors' bonuses	37,500	30,000
	37,500	30,000

32. Earnings per Share

Earnings per share have been computed by dividing profit for the year by the outstanding shares during the year and as follows:

	2019	2018
	JD	JD
Profit for the year	1,103,973	1,122,172
	Share	Share
Outstanding shares	8,000,000	8,000,000
	JD / Share	JD / Share
Earnings per Share for the Year	-/138	-/140

33. Cash and Cash Equivalent

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Cash on hand	2,886	8,024
Deposits at banks maturing within three months	2,000,000	3,000,000
Current accounts at banks	1,057,157	344,777
Less: Restricted deposits	(625,000)	(625,000)
	2,435,044	2,727,801

34. Risk Management

The Company manages risks by various methods, using a comprehensive strategy to restrict and mitigate risks. Moreover, the Company sets up appropriated controls and monitors their effectiveness in a manner that achieves the optimal risk-return balance. Management of risks included constantly identifying, measuring, managing, and monitoring the financial and non-financial risks that may negatively affect the Company's performance and reputation. In addition, the Company guarantees the allocation of capital to achieve the optimal average return on risks. The Company is also exposed to the following risks: insurance risks and, financial risks, representing: market risks, liquidly risks, interest rate risks, and commission rate risks.

a. <u>Insurance Risk</u>

1. Insurance Risks

Insurance risks are the risks of uncertainty as to the occurrence, timing, and amount of insurance claims. Moreover, insurance risks can be managed through following up on the size and all types of new insurance, soundness of pricing, and actual claims against the expected claims.

Risk according to the insurance policy is the probability of occurrence of an accident to the insured and the consequential claims of uncertain amounts due to the nature of the insurance policy. The occurrence of the risk is sudden, and therefore, cannot be expected.

The key risk that the insurance companies face according to the insurance policies arises from actual claims and benefits payments exceeding the amount stated under insurance liabilities. In addition, there is the probability of improper pricing of risks and underwriting in bad, uninsurable risks. Consequently, the inflow of claims, benefits, and their severity exceed the assessed incurable amounts of insurance claims. Moreover, the actual amounts, claims amounts, and benefits differ, from year to year, from the expected assessments.

The more diversified the insurance portfolio, the less susceptible it becomes to the impact of the changes to any of its components. Moreover, the Company has developed the strategy of underwriting through insurance policies to diversify the insurance risks it accepts. Such diversification included every category to broaden the risks base and reduce the percentage of change in the expected result.

The Company signed insurance policies with other companies to mitigate the risks arising from large claims.

The re-insurance policies do not resolve the Company’s liabilities toward others. Instead, the Company remains liable to others concerning the reinsured share even if the re-insured Company does not fulfill its liabilities.

The Company manages these risks through a sound underwriting strategy, excellent category of re-insurance treaties, and dealing effectively with accidents. Moreover, the Company sets the underwriting bases that make available the criteria for risk selection.

The risk analysis below is determined based on the exposure to risks related to unearned premiums as of the financial statements date. Moreover, the analysis has been prepared, assuming that the amount of unearned premiums as of the date of the financial statements was outstanding for the whole year. An increase or decrease of (5%) is used, representing management’s evaluation of the probable and acceptable extent of accuracy of the provision for unearned premiums calculation.

	+5%		-5%	
	December 31,		December 31,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Statement of profit or loss	370,908	383,042	(370,908)	(383,042)
Change of equity	370,908	383,042	(370,908)	(383,02)

2- Claims Development

The schedules below show the actual claims (based on management's estimates at year-end) compared to the expectations for the past four years based on the year in which the vehicles insurance claims were reported as follows:

Gross - Motor Insurance:

Year of Accident	2015 and prior years	2016	2017	2018	December 31, 2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	18,782,835	3,894,671	4,082,324	3,403,958	3,382,100	33,545,888
After one year	18,782,835	3,894,671	4,082,324	3,424,833	-	30,184,663
After two years	18,782,835	3,894,671	4,091,033	-	-	26,768,539
After three years	18,782,835	3,878,617	-	-	-	22,661,452
After four years	18,782,835	-	-	-	-	18,782,835
Current expectations of cumulative claims	18,782,835	3,878,617	4,091,033	3,424,833	3,382,100	33,559,418
Cumulative payments	16,692,509	1,064,112	3,095,038	2,198,146	-	23,049,805
Liabilities as stated in the statement of financial position	2,090,326	2,814,505	995,995	1,226,687	3,382,100	10,509,613
Unreported claims	-	-	-	-	1,100,000	1,100,000
(Deficit) from the preliminary assessment of the provision	-	16,054	(8,709)	(20,875)	-	(13,530)

Gross - Medical Insurance:

Year of Accident	2015 and prior years	2016	2017	2018	December 31, 2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	677,025	217,040	186,355	248,925	333,860	1,663,205
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	677,025	217,040	186,355	248,925	333,860	1,663,205
Cumulative payments	677,025	217,040	186,355	-	-	1,080,420
Liabilities as stated in the statement of financial position	-	-	-	248,925	333,860	582,785
Unreported claims	-	-	-	586,967	715,553	1,302,520
Surplus (deficit) from the preliminary assessment of the provision	-	-	-	-	-	-

Gross - Fire and Other Damages to Properties Insurance:

Year of Accident	2015 and prior years	2016	2017	2018	December 31, 2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	3,972,400	361,267	175,979	947,281	21,884,209	27,341,136
After one year	3,972,400	361,267	175,979	947,281	-	5,456,927
After two years	3,972,400	361,267	175,979	-	-	4,509,646
After three years	3,972,400	361,267	-	-	-	4,333,667
After four years	3,972,400	-	-	-	-	3,972,400
Current expectations of cumulative claims	3,972,400	361,267	175,979	947,281	21,884,209	27,341,136
Cumulative payments	2,748,477	348,279	145,077	735,138	-	3,976,971
Liabilities as stated in the statement of financial position	1,223,923	12,988	30,902	212,143	21,884,209	23,364,165
Unreported claims	-	-	-	-	20,642	20,642
Surplus (deficit) in the preliminary estimate of the provision	-	-	-	-	-	-

Gross - Marine and Transportations Insurance:

Year of Accident	2015 and prior years	2016	2017	2018	December 31, 2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	893,161	22,266	72,856	47,554	22,502	1,058,339
After one year	893,161	22,266	72,856	38,160	-	1,026,443
After two years	893,161	22,266	72,856	-	-	988,283
After three years	893,161	22,266	-	-	-	915,427
After four years	893,161	-	-	-	-	893,161
Current expectations of cumulative claims	893,161	22,266	72,856	38,160	22,502	1,048,945
Cumulative payments	791,005	18,605	71,165	24,373	-	905,148
Liabilities as stated in the statement of financial position:	102,156	3,661	1,691	13,787	22,502	143,797
Unreported claims	-	-	-	-	2,876	2,876
Surplus (deficit) in the preliminary estimate of the provision	-	-	-	9,394	-	9,394

Gross - Liability Insurance:

	2015 and prior years	2016	2017	2018	December 31, 2019	Total
Year of Accident	JD	JD	JD	JD	JD	JD
As of year-end	136,301	183	2,848	21,623	13,317	174,272
After one year	136,301	183	2,848	21,623	-	160,955
After two years	136,301	183	2,848	-	-	139,332
After three years	136,301	183	-	-	-	136,484
After four years	136,301	-	-	-	-	136,301
Current expectations of cumulative claims	136,301	183	2,848	21,623	13,317	174,272
Cumulative payments	83,647	-	1,980	10,087	-	95,714
Liabilities as stated in the statement of financial position	52,654	183	868	11,536	13,317	78,558
Reported claims	-	-	-	-	786	786
Surplus (Deficit) in the preliminary estimate of the provision	-	-	-	-	-	-

Gross - Personnel Insurance:

	2015 and prior years	2016	2017	2018	December 31, 2019	Total
Year of Accident	JD	JD	JD	JD		JD
As of year-end	8,583	722	1,070	360	630	11,365
After one year	8,583	722	1,070	360	-	10,735
After two years	8,583	1,263	1,070	-	-	10,916
After three years	8,583	1,263	-	-	-	9,846
After four years	8,583	-	-	-	-	8,583
Current expectations of cumulative claims	8,583	1,263	1,070	360	630	11,906
Cumulative payments	8,311	1,263	1,070	-	-	10,644
Liabilities as stated in the statement of financial position:	272	-	-	360	630	1,262
Unreported claims	-	-	-	-	13	13
(Deficit) in the preliminary estimate of the provision	-	(541)	-	-	-	(541)

Gross - Life Insurance:

	2015 and prior years	2016	2017	2018	December 31, 2019	Total
Year of Accident	JD	JD	JD	JD	JD	JD
As of year-end	318,899	109,992	161,429	166,981	87,495	844,796
After one year	318,899	109,992	161,429	166,981	-	757,301
After two years	318,899	109,992	161,429	-	-	590,320
After three years	318,899	109,992	-	-	-	428,891
After four years	318,899	-	-	-	-	318,899
Current expectations of cumulative claims	318,899	109,992	161,429	166,981	87,495	844,796
Cumulative payments	182,122	109,992	161,037	22,203	-	475,354
Liabilities as stated in the statement of financial position:	136,777	-	392	144,778	87,495	369,442
Unreported claims	-	-	-	-	10,000	10,000
Surplus (Deficit) in the preliminary estimate of the provision	-	-	-	-	-	-

3. Concentration of Insurance Risks

Concentration of assets and liabilities and off-statement of financial position items related to unearned premiums provision, claims provision, and mathematical provision is as follows:

	For the Year Ended December 31,			
	2019		2018	
	Risks Type			
Type of Insurance	Gross	Net	Gross	Net
	JD	JD	JD	JD
Motor	16,962,605	14,994,662	17,203,800	15,079,731
Marine and transportation	219,656	39,784	261,698	46,763
Fire and other damages to properties insurance	24,147,235	305,221	3,007,058	252,643
Liability	252,423	77,358	224,810	91,079
Medical	3,915,532	2,677,673	4,557,333	2,872,724
Other insurance	28,918	10,532	31,416	12,700
Aviation	77,555	3,529	-	-
Life insurance	502,917	160,229	555,268	239,596
	46,106,841	18,268,987	25,841,383	18,595,236

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

	December 31, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to Geographical Area:				
Inside Jordan	38,284,126	24,143,090	37,571,196	22,011,008
Europe	17,042	464,923	80,050	194,761
Other Middle East countries	1,155,080	658,380	661,615	2,240,788
	39,456,248	25,266,393	38,312,861	24,446,557

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

	December 31, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to Sector:				
Private Sector	6,143,979	2,970,741	7,007,109	2,009,909
Total	6,143,979	2,970,741	7,007,109	2,009,909

4. Re-insurance Risks

The Company signed re-insurance contracts with other companies to mitigate the risks arising from large claims.

The Company evaluated the financial position of the contracted re-insurance company. Its concern hinges on credit risks resulting from the geographical distribution and nature of work and activities of the re-insurance companies.

The Company entered into re-insurance contracts that enable it to face risks with competitive pricing and to maintain the optimal level of risks, taking into consideration financial resources such as reserves, volume of securities portfolio, and ready assets.

The size of retained risks is in line with scientific criteria and the general comparison index. More important for the Company is keeping a high liquidity ratio.

The re-insurance premiums do not replace the Company's liabilities toward others. Instead, the Company remains liable to others in terms of the reinsured share even if the Company does not fulfill its insurance obligations.

b. Financial Risks

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

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

1. Market Risk

Market risks are the risks arising from the fluctuation in fair value or cash flows of financial instruments as a result of the change in market prices. Moreover, market risks arise from open positions relating to interest rates, currencies, and investments in shares. These risks are monitored according to certain policies and procedures through competent committees and the concerned work centers. Additionally, market risks include interest rates, exchange rates risks, and equity instrument risks.

2. Liquidity Risk

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

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

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

- Managing concentrations and debts maturity dates.

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

December 31, 2019	Less than One Month	From 1 Month to 3 Months	From 3 Months to 6 Months	From 6 Months to 1 Year	From 1 Year to 3 Years	More than 3 Years	Total
	JD	JD	JD	JD	JD	JD	JD
Financial Liabilities:							
Re-insurance companies'	400,394	175,690	578,392	1,787,361	236,602	-	3,178,439
Account Payables	2,109,149	164,523	151,497	239,960	305,612	-	2,970,741
Other liabilities	180,475	102,292	-	-	-	-	282,767
Total	2,690,018	442,505	729,889	2,027,321	542,214	-	6,431,947
Total Assets (according to their expected maturities)	4,017,676	2,000,000	11,576,341	4,634,390	1,672,349	15,555,492	39,456,248

December 31, 2018	Less than One Month	From 1 Month to 3 Months	From 3 Months to 6 Months	From 6 Months to 1 Year	From 1 Year to 3 Years	More than 3 Years	Total
Financial Liabilities:	JD	JD	JD	JD	JD	JD	JD
Re-insurance companies'	423,865	213,382	983,409	1,210,397	307,829	-	3,138,882
Account Payables	1,130,006	174,909	187,393	228,209	289,392	-	2,009,909
Other liabilities	142,342	209,294	-	-	-	-	351,636
Total	1,696,213	597,585	1,170,802	1,438,606	597,221	-	5,500,427
Total Assets (according to their expected maturities)	4,971,730	5,222,084	6,709,995	1,317,388	999,000	19,092,664	38,312,861

3. Currency Risks

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

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

	Foreign Currency		Jordanian Dinar	
	December 31,			
Type of Currency:	2019	2018	2019	2018
	JD	JD	JD	JD
US Dollar	69,658	23,381	49,318	16,601

Management believes that the Company's foreign currency risks and their impact on the financial statements are immaterial.

4. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Moreover, the Company manages interest rate risks through applying the sensitivity analysis of interest rate instruments in a manner that does not negatively affect net interest income.

The Company also manages its interest rate risk regularly by evaluating the different alternatives such as funding and renewing current positions and alternative funding.

The sensitivity analysis below has been determined based on the exposure to interest rates of deposits at the financial statements date. The analysis is prepared assuming that the amount of deposits at the statement of financial position date was outstanding for the whole year. A (0.5%) increase or decrease is used which represents management's assessment of the reasonable probable net change in market interest rates.

	+0/5%		(0/5%)	
	December 31,		December 31,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Statement of profit or loss	51,161	43,646	(51,161)	(43,646)
Shareholders' equity	51,161	43,646	(51,161)	(43,646)

5. Sensitivity of Insurance Risks

	December 31, 2019		December 31, 2018	
	Statement of profit or loss	Changes in Equity	Statement of profit or loss	Changes in Equity
	JD	JD	JD	JD
Profit or loss / shareholders' equity	1,103,973	14,189,855	1,122,172	13,866,304
Impact of decreasing gross compensations by 5% while holding other factors constant	(1,271,365)	(1,271,365)	(1,203,953)	(1,203,953)
	(167,392)	12,918,490	(81,781)	12,662,351
Profit or loss / shareholders' equity	1,103,973	14,189,855	1,122,172	13,866,304
Impact of increasing gross compensations by 5% while holding other factors constant	(1,317,560)	(1,317,560)	(1,022,720)	(1,022,720)
	(213,587)	12,872,295	99,452	12,843,584

6. Share Price Risks

These risks represent the decrease in equity investments due to the changes in the indicators level of subscribed shares in the Company's portfolio.

The following is the impact of a +5% or -5% change in the index of the stock exchange in which the shares are traded:

	Change in Index	Impact on Profit for the year 2019	Impact on shareholders' Equity 2019	Impact on Profit for the year 2018	Impact on Shareholders' Equity 2018
	JD	JD	JD	JD	JD
Stock Exchanges	%5 increase	7,102	225,993	10,956	252,719
Stock Exchanges	%5 decrease	(7,102)	(225,993)	(10,956)	(252,719)

7. Credit Risk

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

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

	Assets	
	2019	2018
Geographical Area	JD	JD
Inside Jordan	22,572,048	22,199,824
Outside Jordan	475,854	1,178,827
	23,047,902	23,378,651

35. Main Segments Analysis

a. Information on the Company's Operating Segments

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

b. Information on Geographical Distribution

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

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

	Inside Jordan		Outside Jordan		Total	
	For the Year Ended December 31,					
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenue	20,510,257	18,254,843	-	-	20,510,257	18,254,843
Capital expenditures	366,896	441,502	-	-	366,896	441,502

	December 31,					
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total assets	38,284,126	37,571,196	1,172,122	741,665	39,456,248	38,312,861

36. Capital Management

- Achieving Capital Management Objectives:

The Company aims to achieve capital management objectives through growing the Company’s operations; achieving surplus in operating profits and revenues; and optimal employment of available resources. This is to achieve the targeted growth in shareholders’ equity through growing the statutory reserve at 10% of the realized profits and the voluntary reserve at no more than 20% (if necessary), and retained earnings.

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

- The solvency margin as of December 31, 2019 and 2018 is as follows:

	December 31,	
	2019	2018
	JD	JD
First: Available capital *	16,331,820	15,922,383
Second: Required capital		
Capital required against assets risks	5,758,612	5,360,015
Capital required against underwriting liabilities	2,824,416	2,782,666
Capital required against life insurance	147,700	190,786
Capital required against reinsurance risk	37,308	-
Total Required Capital	8,768,036	8,333,467
Third: Solvency margin ratio (available capital / required capital)	186%	191%

* Available capital consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Primary Capital:		
Paid-up capital	8,000,000	8,000,000
Statutory reserve	2,000,000	2,000,000
Insurance premium	41,507	41,507
Retained earnings	4,760,229	4,065,644
Less: Proposed dividends	400,000	400,000
	14,401,736	13,707,151
Plus: Supplementary Capital:		
Financial assets cumulative change in fair value	(611,881)	(240,847)
Increase in investment properties fair value	2,541,965	2,456,079
Total Supplementary Capital	1,930,084	2,215,232
	16,331,820	15,922,383

37. Assets and Liabilities Maturities

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

December 31, 2019	Within One Year	More than One Year	Total
	JD	JD	JD
Assets			
Deposits at banks	10,232,255	-	10,232,255
Financial assets at fair value through profit or loss	142,039	-	142,039
Financial assets at fair value through other comprehensive income	-	4,730,360	4,730,360
Financial assets at amortized cost	-	999,001	999,001
Investment property	-	4,946,390	4,946,390
Cash on hand and at banks	1,060,044	-	1,060,044
Cheques under collection	3,134,502	-	3,134,502
Receivable – net	6,143,979	-	6,143,979
Re-insurance and local insurance companies' accounts receivables	1,515,588	-	1,515,588
Deferred tax assets	-	652,554	652,554
Property and equipment – net	-	5,163,754	5,163,754
Intangible assets - net	-	62,434	62,434
Other assets	-	673,348	673,348
Total Assets	22,228,407	17,227,841	39,456,248
Liabilities			
Unearned premiums provision – net	7,418,166	-	7,418,166
Claims provision – net	10,769,248	-	10,769,248
Mathematical provision – net	81,573	-	81,573
Payables	2,970,741	-	2,970,741
Re-insurance and local insurance companies' accounts payables	3,178,439	-	3,178,439
Various provisions	242,251	-	242,251
Income tax provision	296,344	-	296,344
Deferred tax liabilities	-	26,864	26,864
Other liabilities	282,767	-	282,767
Total Liabilities	25,239,529	26,864	25,266,393
Net	(3,011,122)	17,200,977	14,189,855

December 31, 2018	Within One Year JD	More than One Year JD	Total JD
Assets			
Deposits at banks	8,729,191	-	8,729,191
Financial assets at fair value through profit or loss	219,118	-	219,118
Financial assets at fair value through other comprehensive income	-	5,261,252	5,261,252
Financial assets at amortized cost	1,999,001	-	1,999,001
Investment property	-	5,032,276	5,032,276
Cash on hand and at banks	352,801	-	352,801
Cheques under collection	2,466,775	-	2,466,775
Receivable – net	-	7,007,109	7,007,109
Re-insurance and local insurance companies' accounts receivables	-	664,320	664,320
Deferred tax assets	-	500,222	500,222
Property and equipment – net	-	5,342,101	5,342,101
Intangible assets - net	-	85,349	85,349
Other assets	-	653,346	653,346
Total Assets	13,766,886	24,545,975	38,312,861
Liabilities			
Unearned premiums provision – net	7,660,837	-	7,660,837
Claims provision – net	10,775,037	-	10,775,037
Mathematical provision – net	159,362	-	159,362
Payables	2,009,909	-	2,009,909
Re-insurance and local insurance companies' accounts payables	3,138,882	-	3,138,882
Various provisions	83,806	-	83,806
Income tax provision	240,223	-	240,223
Deferred tax liabilities	-	26,864	26,864
Other liabilities	351,637	-	351,637
Total Liabilities	24,419,693	26,864	24,446,557
Net	(10,652,807)	24,519,111	13,866,304

38. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 4,040,244 as of December 31, 2019 (JD 3,956,047 as of December 31, 2018). In the opinion of the Company's management and its lawyer, no obligations exceeding the provisions booked within the claims provision will arise.

There are lawsuits claimed by the company against others and the totaled valuated lawsuits amounted to approximately JD 1,528,583 as of December 31, 2019

39. Contingent Liabilities

As of the date of the statement of financial position, the Company was contingently liable for the following:

- Bank guarantees of JD 642,552.
- Bank credits of JD 24,800.

40. Transactions with Related Parties

- The Company entered into transactions with major shareholders, members of the Board of Directors, and executive management within its regular activities. All insurance credit granted to related parties are considered operating.

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

	December 31,	
	2019	2018
Statement of Financial Position Items:	JD	JD
Accounts receivable:		
Jordan Projects for Tourism Development *	495	125,730
Jordan Paper and Cardboard Company * / **	387,627	387,627
Orient Insurance Agency *	-	22,500
Modern Arab Distribution Company Ltd *	185,666	211,569
Yousef Nader & Sons Company *	77,402	81,311
Specialized Logistics Services Company	74,973	77,337
General Investment Company *	18,937	30,562
Abu Jaber Brothers Company *	87,592	16,200
Board of Directors and Shareholders Receivables	9,299	7,683
Communication Development Company *	7,233	7,233
Sad Abu Jaber and Sons Company	12,599	23,705
Al Awael Distribution and General Trading Company	2,718	569
Arabian Italian Trading Company	7,333	9,851
Specialized Distributors for consumer goods Company	39,836	27,743
Bidfood Service Middle East- Jordan Company	10,688	864
Jordan Distribution Company and Agencies	-	528
Al-Yadouda Trading Company *	1,856	-
Aqaba Packaging company-Aqaba Special Economic Zone	9,155	-
	933,409	1,031,012
Checks under Collection:		
Jordan Projects for Tourism Development Company *	380,839	18,613
Orient Insurance Company *	92,803	100,303
Abu Jaber Brothers Company	-	610,114
	473,642	729,030

- Checks under collection mainly represent the amount of rent related to the current year.

Accounts Payable:		
Jordan Spectrum Information Technology Company	-	14,657
Marina Plaza Hotel	169	169
Modern Arab Distribution Company	7	-
Board of directors and shareholders payables	10,850	10,560
	11,026	25,386

	For the Year Ended December 31,	
	2019	2018
Profit or Loss Statement Items:	JD	JD
Revenues and commissions on underwritten installments	1,170,459	1,346,622
Compensation paid	644,542	782,969
Rental income	238,959	229,929

- The following is a summary of the benefits (salaries, bonuses, and other benefits) for executive management:

	For the Year Ended December 31,	
	2019	2018
Description	JD	JD
Salaries and other benefits	517,281	671,372

* The Company is partially owned by a member of the Board of Directors.

*** There are receivables due from related parties amounted to JD 933,409 of which an amount of JD 387,627 aging more than 365 days with provision amounted to JD 387,627 as of December 31, 2019.

41.Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets / Financial Liabilities	Fair Value December 31, 2019	Fair Value December 31, 2018	The Level of Fair Value	Valuation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
Financial Assets at Fair Value Through Profit or Loss Statement	JD	JD				
Shares without market prices *	-	-	Level Two	Owners' equity	Not Applicable	Not Applicable
Shares with available market prices	142,039	219,118	Level One	Stated Rates in financial markets	Not Applicable	Not Applicable
	142,039	219,118				
Financial Assets at Fair Value through statement of Comprehensive Income						
Shares without market prices *	210,506	206,877	Level Two	Owners' equity	Not Applicable	Not Applicable
Shares with available market prices	4,519,854	5,054,375	Level One	Stated Rates in financial markets	Not Applicable	Not Applicable
	4,730,360	5,261,252				

B -The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the Company's financial statements approximate their fair value.

The carrying value of the below items is equivalent to their fair value. This is due to either their short-term maturity or repricing of their interest rates during the year.

	December 31, 2019		December 31, 2018		The Level of
	Book value	Fair Value	Book value	Fair Value	Fair Value
Financial Assets of non-specified Fair Value	JD	JD	JD	JD	
Deposits at Banks	10,232,255	10,417,113	8,729,191	8,938,966	Level Two
Investments Properties	4,946,390	7,488,355	5,032,276	7,488,355	Level Two
Total Financial Assets of non-specified Fair Value	15,178,645	17,905,468	13,761,467	16,427,321	

The fair value for the financial assets for the level 2 and level 3 were determined in accordance to agreed pricing models, which reflect the credit risk of the parties dealt with.

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

a. Amendments with no material effect on the Financial Statements of the Company:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2019 or thereafter in the preparation of the Company's financial statements that did not materially affect the amounts and disclosures in the financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and Revised IFRS Standards	Amendments to New and Revised IFRS Standards
Annual Improvements to IFRS Standards 2015–2017 Cycle	The Company has adopted the amendments included in the Annual Improvements to IFRS (3) Business Combinations, IFRS (11) Joint Arrangements, IAS (12) Income Taxes and IAS (23) Borrowing Costs : IAS 12 Income Taxes The amendments clarify that the Company should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. IAS 23 Borrowing Costs The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. IFRS 3 Business Combinations The amendments clarify that when the Company obtains control of a business that is a joint operation, the Company applies the requirements for a business combination achieved in stages, including premeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be premeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation. IFRS 11 Joint Arrangements The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not premeasure its PHI in the joint operation.
IFRIC 23 Uncertainty over Income Tax Treatments	- The interpretation clarifies the determination of taxable profit, tax loss, tax bases, unused tax losses, unused tax benefits, and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and it specifically addresses.

New and Revised IFRS Standards	Amendments to New and Revised IFRS Standards
	- Whether tax treatment should be considered in aggregate; - assumptions related to the examining procedures for tax authorities - Determining taxable profit, tax loss, tax basis, unused tax losses, unused tax exemptions, and tax rates. - the effect of changes in facts and circumstances
Amendments to IFRS (9) : Financial instruments	These amendments relate to the advantages of prepayment with negative compensation, as the current requirements of IFRS (9) have been modified in relation to termination rights to allow measurement of the amortized cost (or based on the business model, at fair value through other comprehensive income) even in case of negative compensation payments.
Amendments to IAS (28) Investment in Associates and Joint Ventures	These amendments related to long-term shares in associate facilities and joint ventures and clarify that the facility applies the IFRS (9) Financial instruments for long-term shares in an associate facility or joint venture that form part of the net investment in the associate facility or joint Venture in case the Equity method has not been applied in this regard.
Amendments to IAS (19) Employee Benefits Plan Amendment, Curtailment or Settlement	The amendments Pertain to the Amendments on the plans, curtailments or settlements.

IFRS (16) Leases:

The Company adopted IFRS 16 'Leases' the standard replaces the existing guidance on leases, including IAS 17 "Leases Contracts". IFRIC 4 "Determining whether an Arrangement contains a Lease". SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

As of December 31, 2019, the company did not have any lease contracts within the scope of the standard, as all lease contracts that show the company as a lessee are worth less than the minimum standard, and accordingly the application of the standard has not resulted in any material impact on the financial statements.

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

At the date of authorization of these consolidation financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Amendments to new and revised IFRS
Definition of Material - Amendments to IAS 1 *Presentation of Consolidation Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* *(Effective from* January 1, 2020)	The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose consolidation financial statements make on the basis of those consolidation financial statements, which provide financial information about a specific reporting entity.'
Amendment to IFRS 3 *"Business Combinations"* (Effective form on January 1, 2020)	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 8, 34, 37 and 38) and IFRIC 12, 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.
IFRS 17 *Insurance Contracts* *(Effective from* January 1, 2022)	It provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value
Amendments to IFRS 10 *Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) (Effective date deferred indefinitely Adoption is still permitted)	Relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

43. Dividend distributed to shareholders

The General Assembly has approved, on April 25, 2019, the distribution of 5% of the nominal value of the shares – i.e. equivalent to JD 400,000 as profits to the shareholder for the year 2018.

In its meeting held on January 19, 2020, the company's board of directors recommended distributing 400 thousand Jordanian dinars, representing 5% of the nominal value of the profits related to 2019.