

التاريخ: 2018/7/31

عمان - الأردن

الموضوع: البيانات المالية النصف سنوية كما في 2018/6/30

تحية طيبة وبعد،،،


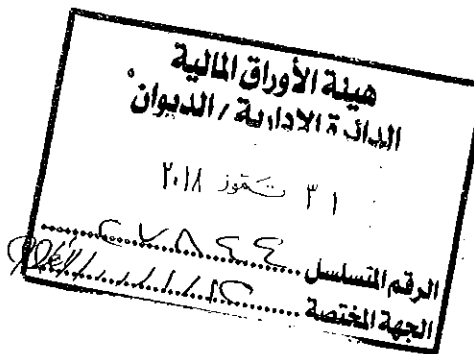
نرفق لكم طيه البيانات المالية النصف سنوية كما في 2018/6/30 لشركة المنارة للتأمين مصادق عليها من المدقق الخارجي حسب الأصول.

بالإضافة إلى الميزانية لنصف سنوية باللغة الإنجليزية كما هو الحال في ٢٠١٨/٦/٢٠
بالإضافة إلى تقريرين واقبلوا فائق الاحترام،

Abbas
نائب

المدير العام

م. أسامة جعينة



Al-Manara Insurance Company
Public Shareholding Company
Condensed Interim Consolidated Financial Statements
(Not Audited)
30 June 2018

Al-Manara Insurance Company
Public Shareholding Company

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Report on Review of the Condensed Interim Consolidated Financial Statements

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

Introduction

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

Scope of Review

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

Conclusion


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

Emphasis of a Matter

As disclosed in note (15) of the accompanying condensed interim consolidated financial statements, Company's solvency margin as at 30 June 2018 is below than the minimum margin determined by the Insurance Administration which amounts to (150%).

31 July 2018
Amman - Jordan




Arab Professionals
Ibrahim Hammoudeh
License No. (606)

Al-Manara Insurance Company
Public Shareholding Company
Interim consolidated statement of financial position as at 30 June 2018

(In Jordanian Dinar)

	Notes	30 June 2018	31 December 2017
Assets			
Investments			
Bank deposits	3	6,401,568	6,975,076
Financial assets at fair value through other comprehensive income	4	566,252	562,526
Financial assets at amortized cost	5	306,409	311,872
Investment property		1,231,586	1,231,586
Total Investments		8,505,815	9,081,060
Cash on hand and at banks		531,247	299,808
Checks under collection		1,044,852	641,548
Accounts receivable – net	6	1,780,933	1,833,716
Reinsurers receivables – net	7	133,646	172,325
Deferred tax assets	10	1,089,665	1,089,665
Property and equipment		1,963,265	2,001,384
Other assets		380,422	312,904
Total Assets		15,429,845	15,432,410
Liabilities and Equity			
Liabilities			
Unearned premiums reserve - net		3,806,729	3,463,846
Outstanding claims reserve - net		5,762,707	5,313,843
Total Technical Reserves		9,569,436	8,777,689
Accounts payable	8	406,908	549,592
Reinsurers payables	9	1,562,051	915,264
Other provisions		163,260	165,714
Other liabilities		787,881	1,006,655
Total Liabilities		12,489,536	11,414,914
Equity			
Paid – in capital		5,000,000	5,000,000
Statutory reserve		530,874	530,874
Voluntary reserve		17,684	17,684
Cumulative change in fair value		(464,704)	(541,292)
Accumulated losses		(2,143,545)	(989,770)
Net Equity		2,940,309	4,017,496
Total Liabilities and Equity		15,429,845	15,432,410

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

Al-Manara Insurance Company
Public Shareholding Company

Interim consolidated statement of profit or loss for the six months ended at 30 June 2018

(In Jordanian Dinar)

		For the three months ended		For the six months ended	
	Notes	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Revenues					
Gross written premiums		2,553,848	2,690,414	5,247,914	5,406,095
Less: Reinsurers' share		440,282	531,271	1,064,888	1,057,176
Net written premiums		2,113,566	2,159,143	4,183,026	4,348,919
Net change in unearned premiums reserve		(150,341)	(413,265)	(342,883)	(1,084,416)
Net earned premiums		1,963,225	1,745,878	3,840,143	3,264,503
Commissions revenues		28,262	55,104	119,937	132,527
Insurance policies issuance fees		96,762	132,987	233,564	262,755
Other underwriting revenues		53,909	45,427	110,267	93,540
Interest income		89,952	89,711	174,039	161,107
Gains from financial assets and investments, net	11	19,886	17,048	19,886	17,048
Other revenues (expenses)		-	(749)	-	2,371
Total Revenues		2,251,996	2,085,406	4,497,836	3,933,851
Claims, losses and expenses					
Paid claims		2,051,785	2,222,728	4,317,639	4,472,873
Less: Recoveries		160,800	111,826	313,234	250,831
Less: Reinsurers' share		144,979	470,930	233,870	798,851
Net paid claims		1,746,006	1,639,972	3,770,535	3,423,191
Net change in claims reserve		324,091	(272,104)	448,864	(655,296)
Allocated employees expenses		264,708	278,847	464,169	502,915
Allocated administrative expenses		95,672	90,204	198,036	191,082
Excess of loss premiums		35,621	82,933	87,462	130,225
Policies acquisition costs		129,377	110,440	289,345	250,721
Other underwriting expenses		40,173	56,166	93,373	102,931
Net Claims		2,635,648	1,986,458	5,351,784	3,945,769
Unallocated employees expenses		66,177	69,712	116,042	125,729
Depreciation		19,415	22,553	38,932	45,339
Unallocated administrative expenses		23,918	22,551	49,509	47,770
Provision for doubtful debts		(20,352)	162,213	25,106	329,213
Other revenues		-	580	12,730	13,344
Total Expenses		89,158	277,609	242,319	561,395
Loss for the period		(472,810)	(178,661)	(1,096,267)	(573,313)
Basic and diluted loss per share	12	(0.095)	(0.036)	(0.219)	(0.115)

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

Al-Manara Insurance Company
Public Shareholding Company
Interim consolidated statement of comprehensive income for the six months ended at 30 June 2018
(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Loss for the period	(472,810)	(178,661)	(1,096,267)	(573,313)
Other comprehensive income items:				
Changes in fair value of financial assets through other comprehensive income	(17,119)	(26,105)	19,080	(12,475)
Total comprehensive loss for the period	(489,929)	(204,766)	(1,077,187)	(585,788)

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

Al-Manara Insurance Company
Public Shareholding Company
Interim consolidated statement of changes in equity for the six months ended at 30 June 2018

(In Jordanian Dinar)

	<u>Paid - In Capital</u>	<u>Treasury Stocks</u>	<u>Statutory Reserve</u>	<u>Voluntary Reserve</u>	<u>Cumulative Changes in Fair Value</u>	<u>Accumulated Losses</u>	<u>Net Equity</u>
Balance at 1 January 2018	5,000,000	-	530,874	17,684	(541,292)	(989,770)	4,017,496
Total comprehensive loss for the period	-	-	-	-	19,080	(1,096,267)	(1,077,187)
Sale of financial assets at fair value through other comprehensive income	-	-	-	-	57,508	(57,508)	-
Balance at 30 June 2018	<u>5,000,000</u>	<u>-</u>	<u>530,874</u>	<u>17,684</u>	<u>(464,704)</u>	<u>(2,143,545)</u>	<u>2,940,309</u>
Balance at 1 January 2017	7,000,000	(1,172,559)	530,874	17,684	(530,727)	(827,441)	5,017,831
Call of treasury stocks	(220,964)	1,172,559	-	-	-	(951,595)	-
Loss extinguishment	(1,779,036)	-	-	-	-	1,779,036	-
Total comprehensive loss for the period	-	-	-	-	(12,475)	(573,313)	(585,788)
Balance at 30 June 2017	<u>5,000,000</u>	<u>-</u>	<u>530,874</u>	<u>17,684</u>	<u>(543,202)</u>	<u>(573,313)</u>	<u>4,432,043</u>

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

Al-Manara Insurance Company
Public Shareholding Company
Interim consolidated statement of cash flows for the six months ended at 30 June 2018

(In Jordanian Dinar)

	Notes	30 June 2018	30 June 2017
Operating Activities			
Loss for the period before tax		(1,096,267)	(573,313)
Depreciation		38,932	45,339
Provision for doubtful debts		25,106	329,213
Net changes in unearned premiums reserve		342,883	1,084,416
Net changes in claims reserve		448,864	(655,296)
Changes in working capital			
Checks under collection		(403,304)	(217,390)
Accounts receivable		27,677	(664,103)
Reinsurers receivables		38,679	(91,489)
Other assets		(67,518)	(74,066)
Accounts payable		(142,684)	18,145
Reinsurers payables		646,787	(347,789)
Other provisions		(2,454)	(10,598)
Other liabilities		(218,774)	(51,300)
Net cash flows used in operating activities		<u>(362,073)</u>	<u>(1,208,231)</u>
Investing Activities			
Property and equipment		(813)	(26,553)
Financial assets at amortized cost		5,463	-
Financial assets at fair value through other comprehensive income		15,354	-
Deposits mature after three months		193,338	878,179
Net cash flows from investing activities		<u>213,342</u>	<u>851,626</u>
Net changes in cash and cash equivalents		(148,731)	(356,605)
Cash and cash equivalents, beginning of year		1,015,645	638,057
Cash and cash equivalents, end of period	13	<u><u>866,914</u></u>	<u><u>281,452</u></u>

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

Al-Manara Insurance Company
Public Shareholding Company
Interim statement of underwriting revenues for the general insurance for the six months ended at 30 June 2018
(In Jordanian Dinar)

	Motors		Marine		Aviation		Fire and other property damage		Liability		Medicine
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018
Written Premiums:											
Direct insurance	3,466,843	3,605,373	40,839	40,239	-	-	684,904	511,571	38,110	12,650	452,539
Facultative inward reinsurance	207,485	219,379	7,409	74,539	2,698	-	59,301	114,418	245,266	206,531	-
Total premiums	3,674,328	3,824,752	48,248	114,778	2,698	-	744,205	625,989	283,376	219,181	452,539
Less:											
Local reinsurance share	78,878	90,513	-	-	-	-	830	8,866	-	-	-
Foreign reinsurance share	-	-	40,318	106,634	-	-	670,178	581,958	251,979	206,935	-
Net written premiums	3,595,450	3,734,239	7,930	8,144	2,698	-	73,197	35,165	31,397	12,246	452,539
Add:											
Balance at beginning of the period											
Unearned premiums reserve	2,977,762	2,450,188	24,759	33,304	-	4,332	564,069	596,414	169,452	173,902	479,640
Less: Reinsurers' share	61,812	70,069	19,828	27,241	-	-	538,988	577,516	160,142	161,327	-
Net beginning unearned premiums	2,915,950	2,380,119	4,931	6,063	-	4,332	25,081	18,898	9,310	12,575	479,640
Less:											
Balance at end of the period											
Unearned premiums reserve	3,300,627	3,223,685	22,778	75,249	1,654	1,992	669,318	666,591	246,283	206,210	440,691
Less: Reinsurers' share	66,471	68,598	19,139	70,850	-	-	595,520	632,841	217,757	196,608	-
Net ending unearned premiums	3,234,156	3,155,087	3,639	4,399	1,654	1,992	73,798	33,750	28,526	9,602	440,691
Net earned revenues from written premiums	3,277,244	2,959,271	9,222	9,808	1,044	2,340	24,480	20,313	12,181	15,219	491,488

“The accompanying notes from (1) to (18) are an integral part of these condensed interim consolidated financial statements and ratios.”

Al-Manara Insurance Company
Public Shareholding Company
Interim statement of claims cost for the general insurance for the six months ended at 30 June 2018
(In Jordanian Dinar)

	Motors		Marine		Aviation		Fire and other property damage		Liability		Medical		Others		Total	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Paid claims	3,632,407	3,765,042	17,953	77,033	-	-	91,358	335,378	1,520	200	572,453	289,937	1,948	5,283	4,317,639	4,472,873
Less:																
Recoveries	280,928	242,623	-	-	-	-	-	2,178	200	-	32,030	5,901	76	129	313,234	250,831
Local reinsurers' share	139,571	298,556	-	-	-	-	3,141	-	-	-	-	-	-	-	142,712	298,556
Foreign reinsurers' share	-	25,869	12,655	64,573	-	-	77,324	309,682	-	-	-	96,547	1,179	3,624	91,158	500,295
Net Paid Claims	3,211,908	3,197,994	5,298	12,460	-	-	10,893	23,518	1,320	200	540,423	187,489	693	1,530	3,770,535	3,423,191
Add:																
Outstanding claims reserve at period end																
Reported claims	5,668,518	4,951,799	125,681	127,511	-	-	3,112,573	1,650,792	240,500	844,400	161,331	67,498	45,702	94,869	9,354,305	7,736,869
Incurred but not reported claims	1,107,000	1,100,000	7,000	6,600	-	-	38,000	10,000	2,000	2,000	9,609	16,175	13,000	13,000	1,176,609	1,147,775
Less: Reinsurers' share	1,053,233	782,068	119,405	120,746	-	-	2,993,802	1,577,447	220,500	790,500	-	20,006	24,898	79,612	4,411,838	3,370,379
Less: Recoveries	356,370	19,000	-	-	-	-	-	-	-	-	-	-	-	-	356,370	19,000
Net outstanding claims reserve at period end	5,365,915	5,250,731	13,276	13,365	-	-	156,771	83,345	22,000	55,900	170,940	63,667	33,804	28,257	5,762,706	5,495,265
Reported claims	4,258,915	4,150,731	6,276	6,765	-	-	118,771	73,345	20,000	53,900	161,331	57,407	20,804	15,257	4,586,097	4,357,405
Incurred but not reported claims	1,107,000	1,100,000	7,000	6,600	-	-	38,000	10,000	2,000	2,000	9,609	6,260	13,000	13,000	1,176,609	1,137,860
Less:																
Outstanding claims reserve at beginning of the period																
Reported claims	5,089,154	5,635,441	128,222	129,085	-	-	1,897,950	1,986,441	240,500	843,600	135,672	34,787	36,124	64,802	7,527,622	8,694,156
Incurred but not reported claims	1,107,000	1,100,000	6,500	6,500	-	-	10,000	10,000	2,000	2,000	11,242	43,059	13,000	13,000	1,149,742	1,174,559
Less: Reinsurers' share	835,604	832,148	121,255	121,794	-	-	1,812,586	1,896,965	220,500	790,500	-	40,848	26,077	22,699	3,016,022	3,704,954
Less: Recoveries	347,500	13,200	-	-	-	-	-	-	-	-	-	-	-	-	347,500	13,200
Net outstanding claims reserve at beginning of the period	5,013,050	5,890,093	13,467	13,791	-	-	95,364	99,476	22,000	55,100	146,914	36,998	23,047	55,103	5,313,842	6,150,561
Net claims cost	3,564,773	2,558,632	5,107	12,034	-	-	72,300	7,387	1,320	1,000	564,449	214,158	11,450	(25,316)	4,219,399	2,767,895

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

Al-Manara Insurance Company
Public Shareholding Company
Interim statement of underwriting profit (loss) for the general insurance for the six months ended at 30 June 2018
(In Jordanian Dinar)

	Motors		Marine		Aviation		Fire and other property damage		Liability		Medical		Others		Total	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Net earned revenues from written premiums	3,277,244	2,959,271	9,222	9,808	1,044	2,340	24,480	20,313	12,181	15,219	491,488	236,102	24,484	21,450	3,840,143	3,264,503
Less:																
Net claims cost	3,564,773	2,558,632	5,107	12,034	-	-	72,300	7,387	1,320	1,000	564,449	214,158	11,450	(25,316)	4,219,399	2,767,895
Add:	(287,529)	400,639	4,115	(2,226)	1,044	2,340	(47,820)	12,926	10,861	14,219	(72,961)	21,944	13,034	46,766	(379,256)	496,608
Commissions revenues	-	551	11,429	17,068	-	-	87,015	91,577	19,484	20,388	-	-	2,009	2,943	119,937	132,527
Insurance policies issuance fees	155,617	184,040	2,942	3,549	568	-	36,373	41,315	10,603	12,734	25,601	18,857	1,860	2,260	233,564	262,755
Other revenues	110,267	93,540	-	-	-	-	-	-	-	-	-	-	-	-	110,267	93,540
Total revenues	(21,645)	678,770	18,486	18,391	1,612	2,340	75,568	145,818	40,948	47,341	(47,360)	40,801	16,903	51,969	84,512	985,430
Less:																
Policies acquisition costs	198,169	189,937	4,385	5,630	-	-	54,583	38,300	5,137	1,416	24,717	13,867	2,354	1,571	289,345	250,721
Excess of loss premiums	61,390	110,433	-	-	-	-	12,867	12,292	-	-	13,205	7,500	-	-	87,462	130,225
Allocated administrative expenses	463,643	490,995	6,088	14,734	340	-	93,907	80,360	35,758	28,137	57,103	75,231	5,365	4,539	662,204	693,996
Other expenses	51,500	64,170	635	787	4	-	7,111	6,820	313	165	33,387	30,586	423	403	93,373	102,931
Total expenses	774,702	855,535	11,108	21,151	344	-	168,468	137,772	41,208	29,718	128,412	127,184	8,142	6,513	1,132,384	1,177,873
Underwriting profit (loss)	(796,347)	(176,765)	7,378	(2,760)	1,268	2,340	(92,900)	8,046	(260)	17,623	(175,772)	(86,383)	8,761	45,456	(1,047,872)	(192,443)

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

Al-Manara Insurance Company
Public Shareholding Company
Notes to the condensed interim consolidated financial statements (Not Audited)
30 June 2018
(In Jordanian Dinar)

1 . General

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

Company's shares are listed in Amman Stock Exchange.

The condensed interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 31 July 2018.

2 . Summary of Significant Accounting Policies

Basis of Preparation

The condensed interim consolidated financial statements of the company have been prepared in accordance with IAS number 34 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

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

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

The accounting policies are consistent with those used in the previous period.

Principles of Consolidation

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

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

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

The following subsidiaries have been consolidated:

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

Business Sector

The business sector represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which in measured based on the reports used by the top management of the Company.

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

Use of Estimates

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

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

- A provision of doubtful debts is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- The financial period is charged with its related income tax in accordance with Jordanian laws and regulations.
- Management reviews periodically the tangible assets in order to assess the depreciation for the period based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of profit or loss.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to insurance administrations regulation and filed actuarial studies.
- A provision on lawsuits against the Company is made based on the Company's lawyers' studies in which contingent risk is determined; review of such study is performed periodically.
- The management periodically reviews whether a financial asset or group of financial assets is impaired, if so this impairment is taken to the interim consolidated statement of profit or loss.

3 . Bank Deposits

	30 June 2018				31 December 2017
	Deposits mature within one month	Deposits mature after one month till three months	Deposits mature after three months till one year	Total	Total
<u>Inside Jordan</u>	<u>110,667</u>	<u>225,000</u>	<u>6,065,901</u>	<u>6,401,568</u>	<u>6,975,076</u>

- Deposits pledged to the favor of the General Secretary of the Ministry of Industry, Trade and Supply amounted to JOD (225,000) as at 30 June 2018 and 2017.

4 . Financial Assets at Fair Value Through Other Comprehensive Income

	30 June 2018	31 December 2017
<u>Inside Jordan:</u>		
Investments in listed shares	233,836	230,110
Investments in unlisted shares	128,366	128,366
Total	362,202	358,476
<u>Outside Jordan:</u>		
Investments in unlisted shares	204,050	204,050
Total	566,252	562,526

5 . Financial Assets at Amortized Cost

	30 June 2018	31 December 2017
<u>Inside Jordan:</u>		
Arab Real Estate Development Company bonds – net *	-	-
	30 June 2018	31 December 2017
<u>Outside Jordan:</u>		
NCH.NAC (-previously-Global Kuwait bonds)**	306,409	311,872
AL Dar Investment bonds / Kuwait - net ***	-	-
Total	306,409	311,872

* Arab Real Estate Development Company bonds matured during the year 2011 but not yet collected, an impairment provision has been recorded for the full value of the bonds which amounted to JOD (500,000).

** This item represents investment in bonds issued by Global Investment House - Kuwait (the main shareholder) with an amount of JOD (1) million with an annual interest rate of 7%, these bonds matured on 24 November 2013, the general assembly of bonds holders has resolved in its meeting held on 22 November 2012 to reschedule these bonds and they became to the favor of NAC company with an amount of JOD (750,000) and JOD (250,000) to the favor of NCH company, an impairment provision amounted to JOD (550,000) has been recorded against these bonds, NAC company has redeemed JOD (131,798) during the year 2015 and JOD (6,330) during the year 2016 and JOD (5,463) during the year 2018.

	<u>Bond's value</u>	<u>Redemption</u>	<u>Impairment provision</u>	<u>Total</u>
30 June 2018				
NAC	750,000	(143,591)	(412,500)	193,909
NCH	250,000	-	(137,500)	112,500
	<u>1,000,000</u>	<u>(143,591)</u>	<u>(550,000)</u>	<u>306,409</u>
31 December 2017				
NAC	750,000	(138,128)	(412,500)	199,372
NCH	250,000	-	(137,500)	112,500
	<u>1,000,000</u>	<u>(138,128)</u>	<u>(550,000)</u>	<u>311,872</u>

*** This item represents investment in bonds issued by AL Dar Investment Company - Kuwait with an amount of KWD (500,000) which represents an amount of JOD (1,333,250) with murabaha rate of 7.5% annually, these bonds matured during the year 2009 and haven't been redeemed, as a result a full impairment provision has been recorded. During the year 2013 the bonds have been rescheduled and JOD (72,717) was received and the related impairment provision has been reversed.

6 . Accounts Receivable - Net

	<u>30 June 2018</u>	<u>31 December 2017</u>
Policy holders	2,733,549	2,794,538
Agents receivable	137,722	122,507
Brokers receivable	115,616	103,291
Employees receivable	61,945	57,641
Others	24,552	24,887
Total	3,073,384	3,102,864
Less: Provision for doubtful debts*	<u>(1,292,451)</u>	<u>(1,269,148)</u>
Net Accounts Receivable	<u>1,780,933</u>	<u>1,833,716</u>

* Movements on provision for doubtful debts were as follows:

	<u>30 June 2018</u>	<u>31 December 2017</u>
Balance at beginning of the period	1,269,148	1,203,710
Provision for the period	25,106	68,483
Write off	<u>(1,803)</u>	<u>(3,045)</u>
Balance at end of the period	<u>1,292,451</u>	<u>1,269,148</u>

7 . Reinsurers Receivables

	30 June 2018	31 December 2017
Local insurance companies	392,433	426,794
Foreign reinsurance companies	499,828	504,146
Provision for doubtful debts*	(758,615)	(758,615)
Net reinsurers receivables	133,646	172,325

* Movements on provision for doubtful debts were as follows:

	30 June 2018	31 December 2017
Balance at beginning of the period	758,615	423,739
Provision for the period	-	334,876
Balance at end of the period	758,615	758,615

8 . Accounts Payable

	30 June 2018	31 December 2017
Policy holders	75,365	85,320
Agents payable	99,128	87,163
Brokers payable	152,644	102,661
Employees payables	19,154	22,818
Other	60,617	251,630
	406,908	549,592

9 . Reinsurers Payables

	30 June 2018	31 December 2017
Local insurance companies	517,297	350,650
Foreign reinsurance companies	1,044,754	564,614
	1,562,051	915,264

10 . Income Tax

A - Income tax status

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

B - Deferred tax assets

This item consists of the following:

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

* Movements on deferred tax asset were as follows:

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

11 . Gains From Financial Assets and Investments - net

	30 June 2018	30 June 2017
Cash dividends received	<u>19,886</u>	<u>17,048</u>

12 . Basic and Diluted Loss Per Share

	30 June 2018	30 June 2017
Loss for the period	(1,096,267)	(573,313)
Weighted average number of shares outstanding	5,000,000	5,000,000
Basic and diluted loss per share	<u>(0.219)</u>	<u>(0.115)</u>

13 . Cash and Cash Equivalents

The cash and cash equivalents that appear in the interim consolidated statement of cash flows represent the following:

	30 June 2018	30 June 2017
Cash on hand and at banks	531,247	-
Deposits at banks mature within three months	335,667	281,452
	866,914	281,452

14 . Related Party Transactions

- The Company has engaged into transactions with major shareholders, sister companies, board members and directors in the Company within the normal activities of the Company using insurance prices and commercial commissions.
- Below is a summary of related parties' transactions during the period:

	30 June 2018	31 December 2017
<u>Items of consolidated statement of financial position:</u>		
Financial assets at amortized cost	306,409	311,872

- The remunerations of members of key management (salaries, bonuses, and other benefits) are as follows:

	30 June 2018	30 June 2017
Salaries and bonuses of key management	243,180	285,180
Board of directors' remunerations and transportations	64,973	70,752
	308,153	355,932

15 . Analysis of Main Sectors

Background information on the Company's business segments

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

16 . Capital Management

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

	30 June 2018	31 December 2017
Available capital (A)	3,989,270	5,066,457
Capital requirements to meet		
Assets risks	2,748,862	2,551,506
Underwriting liabilities	1,447,164	1,368,529
Reinsurers' credit risk	309,723	198,364
Total capital requirements (B)	4,505,749	4,118,399
Solvency margin (A) / (B)	89%	123%

17 . Lawsuits Against the Company

There are lawsuits filed against the Company amounting to JOD (5,290,773) as at 30 June 2018, (2017: JOD 4,553,423).

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

18 . Contingent Liabilities

The Company has bank guarantees of JOD (37,848) as at 30 June 2018.