

البورصة
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الرقم: 2019/5٥٤
التاريخ: 2019/7/31

السادة/ هيئة الأوراق المالية المحترمين
عمان - الأردن

الموضوع: البيانات المالية باللغة الإنجليزية

تحية طيبة وبعد،،،

نرفق لكم طيه البيانات المالية الموحدة كما في 2019/6/30 لشركة المنارة للتأمين باللغة الإنجليزية ،
بالإضافة الى CD مرفق.

واقبلوا فائق الإحترام،،

المدير العام

م. اسامة جعينة



Al-Manara Insurance Company

Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Unaudited)

30 June 2019

Al-Manara Insurance Company
Public Shareholding Company

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Report on Review of the Condensed Interim Consolidated Financial Statements

To The Chairman and 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 2019 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 statements 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 number (16) of the accompanying condensed interim consolidated financial statements, Company's solvency margin as at 30 June 2019 is below than the minimum margin determined by the Insurance Administration which amounts to (150%).

29 July 2019
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 2019

(In Jordanian Dinar)

	Notes	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Assets			
Investments			
Bank deposits	3	4,952,626	4,811,388
Financial assets at fair value through other comprehensive income	4	530,384	547,670
Financial assets at amortized cost	5	234,179	234,179
Investment property		1,231,586	1,231,586
Total Investments		6,948,775	6,824,823
Cash on hand and at banks		520,292	526,130
Checks under collection		683,342	642,768
Accounts receivable	6	2,090,586	1,807,578
Reinsurers receivables	7	212,579	171,728
Deferred tax assets	10	1,240,293	1,240,293
Property and equipment		2,190,325	2,221,962
Other assets		354,184	327,475
Total Assets		14,240,376	13,762,757
Liabilities and Equity			
Liabilities			
Unearned premiums reserve - net		3,454,577	2,543,147
Outstanding claims reserve - net		4,361,538	5,108,404
Total Technical Reserves		7,816,115	7,651,551
Accounts payable	8	582,811	828,349
Reinsurers payables	9	1,613,599	1,179,311
Other provisions		102,133	122,434
Other liabilities		919,595	860,822
Total Liabilities		11,034,253	10,642,467
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		(500,573)	(483,286)
Accumulated losses		(1,841,862)	(1,944,982)
Net Equity		3,206,123	3,120,290
Total Liabilities and Equity		14,240,376	13,762,757

“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 2019 (Unaudited)

(In Jordanian Dinar)

	Notes	For the three months ended		For the six months ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
Revenues					
Gross written premiums		2,493,227	2,553,848	5,278,513	5,247,914
Less: Reinsurers' share		298,815	440,282	1,072,449	1,064,888
Net written premiums		2,194,412	2,113,566	4,206,064	4,183,026
Net change in unearned premiums reserve		(507,905)	(150,341)	(911,429)	(342,883)
Net earned premiums		1,686,507	1,963,225	3,294,635	3,840,143
Commissions revenues		26,946	28,262	91,858	119,937
Insurance policies issuance fees		79,390	96,762	199,598	233,564
Other underwriting revenues		79,714	53,909	126,967	110,267
Interest income		101,484	89,952	165,911	174,039
Gains from financial assets and investments, net	11	32,007	19,886	32,007	19,886
Other revenues		1	-	742	-
Total Revenues		2,006,049	2,251,996	3,911,718	4,497,836
Claims, losses and expenses					
Paid claims		2,152,404	2,051,785	4,176,854	4,317,639
Less: Recoveries		147,511	160,800	279,240	313,234
Less: Reinsurers' share		290,214	144,979	716,913	233,870
Net paid claims		1,714,679	1,746,006	3,180,701	3,770,535
Net change in claims reserve		(433,250)	324,091	(746,866)	448,864
Allocated employees expenses		240,825	264,708	440,144	464,169
Allocated administrative expenses		40,332	95,672	123,093	198,036
Excess of loss premiums		95,234	35,621	144,127	87,462
Policies acquisition costs		108,565	129,377	245,874	289,345
Other underwriting expenses		55,505	40,173	111,838	93,373
Net Claims		1,821,890	2,635,648	3,498,911	5,351,784
Unallocated employees expenses		60,206	66,177	110,036	116,042
Depreciation		19,762	19,415	39,117	38,932
Unallocated administrative expenses		10,083	23,918	30,773	49,509
Provision for expected credit loss in financial assets		29,487	(20,352)	103,630	25,106
Other expenses (revenues)		(165)	-	26,131	12,730
Total Expenses		119,373	89,158	309,687	242,319
Profit (loss) for the period		64,786	(472,810)	103,120	(1,096,267)
Basic and diluted profit (loss) per share for the period	12	0.013	(0.095)	0.021	(0.219)

"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 2019 (Unaudited)

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Profit (loss) for the period	64,786	(472,810)	103,120	(1,096,267)
Other comprehensive income items:				
Changes in fair value of financial assets through other comprehensive income	3,278	(17,119)	(17,287)	19,080
Total comprehensive Income (loss) for the period	68,064	(489,929)	85,833	(1,077,187)

“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 2019 (Unaudited)
(In Jordanian Dinar)

	<u>Paid - In Capital</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 2019	5,000,000	530,874	17,684	(483,286)	(1,944,982)	3,120,290
Total comprehensive income for the period	-	-	-	(17,287)	103,120	85,833
Balance at 30 June 2019	<u>5,000,000</u>	<u>530,874</u>	<u>17,684</u>	<u>(500,573)</u>	<u>(1,841,862)</u>	<u>3,206,123</u>
Balance at 1 January 2018	5,000,000	530,874	17,684	(541,292)	(989,770)	4,017,496
Impact of adopting IFRS (9)	-	-	-	-	47,561	47,561
Restated opening balance at 1 January 2018	5,000,000	530,874	17,684	(541,292)	(942,209)	4,065,057
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>530,874</u>	<u>17,684</u>	<u>(464,704)</u>	<u>(2,095,984)</u>	<u>2,987,870</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 2019 (Unaudited)

(In Jordanian Dinar)

	<u>Notes</u>	<u>30 June 2019</u>	<u>30 June 2018</u>
Operating Activities			
Profit (loss) for the period before tax		103,120	(1,096,267)
Depreciation		39,117	38,932
Provision for doubtful debts		103,630	25,106
Net changes in unearned premiums reserve		911,429	342,883
Net changes in claims reserve		(746,866)	448,864
Changes in working capital			
Checks under collection		(40,614)	(403,304)
Accounts receivable		(327,044)	27,677
Reinsurers receivables		(100,264)	38,679
Other assets		(26,709)	(67,518)
Accounts payable		(245,538)	(142,684)
Reinsurers payables		434,288	646,787
Other provisions		(20,301)	(2,454)
Other liabilities		58,773	(218,774)
Net cash flows from (used in) operating activities		143,021	(362,073)
Investing Activities			
Property and equipment		(7,480)	(813)
Financial assets at amortized cost		-	5,463
Financial assets at fair value through other comprehensive income		-	15,354
Deposits mature after three months		88,612	193,338
Net cash flows from investing activities		81,132	213,342
Net changes in cash and cash equivalents		224,153	(148,731)
Cash and cash equivalents, beginning of year		793,436	1,015,645
Cash and cash equivalents, end of period	13	1,017,589	866,914

“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 2019 (Unaudited)
(In Jordanian Dinar)

	Motors		Transportation and Marine		Aviation		Fire and other property damage		Liability		Medical		Others		Total	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Written Premiums:																
Direct insurance	3,504,106	3,466,843	22,215	40,839	-	-	786,568	684,904	44,986	38,110	423,574	452,539	36,507	42,130	4,817,956	4,725,365
Facultative inward reinsurance	228,503	207,485	6,875	7,409	2,698	2,698	47,230	59,301	161,083	245,266	-	-	14,168	390	460,557	522,549
Total premiums	3,732,609	3,674,328	29,090	48,248	2,698	2,698	833,798	744,205	206,069	283,376	423,574	452,539	50,675	42,520	5,278,513	5,247,914
Less:																
Local reinsurance share	128,407	78,878	-	-	-	-	-	830	-	-	5,895	-	-	-	134,302	79,708
Foreign reinsurance share	2,509	-	24,576	40,318	-	-	719,937	670,178	162,580	251,979	-	-	28,545	22,705	938,147	985,180
Net written premiums	3,601,693	3,595,450	4,514	7,930	2,698	2,698	113,861	73,197	43,489	31,397	417,679	452,539	22,130	19,815	4,206,064	4,183,026
Add:																
Balance at beginning of the period																
Unearned premiums reserve	2,005,828	2,977,762	17,128	24,759	748	-	312,444	564,069	199,646	169,452	519,010	479,640	35,296	43,431	3,090,100	4,259,113
Less: Reinsurers' share	35,468	61,812	13,514	19,828	-	-	294,440	538,988	187,487	160,142	-	-	16,043	14,497	546,952	795,267
Net beginning unearned premiums	1,970,360	2,915,950	3,614	4,931	748	-	18,004	25,081	12,159	9,310	519,010	479,640	19,253	28,934	2,543,148	3,463,846
Less:																
Balance at end of the period																
Unearned premiums reserve	3,004,453	3,300,627	14,113	22,778	2,551	1,654	531,437	669,318	190,049	246,283	448,017	440,691	45,550	51,076	4,236,170	4,732,427
Less: Reinsurers' share	63,859	66,471	12,139	19,139	-	-	494,889	595,520	181,855	217,757	3,860	-	24,991	26,811	781,593	925,698
Net ending unearned premiums	2,940,594	3,234,156	1,974	3,639	2,551	1,654	36,548	73,798	8,194	28,526	444,157	440,691	20,559	24,265	3,454,577	3,806,729
Net earned revenues from written premiums	2,631,459	3,277,244	6,154	9,222	895	1,044	95,317	24,480	47,454	12,181	492,532	491,488	20,824	24,484	3,294,635	3,840,143

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

Al-Manara Insurance Company
Public Shareholding Company
Interim statement of claims cost for the general insurance for the six months ended at 30 June 2019 (Unaudited)
(In Jordanian Dinar)

	Motors		Transportation and Marine		Aviation		Fire and other property damage		Liability		Medical		Others		Total	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Paid claims	3,313,551	3,632,407	8,097	17,953	-	-	394,307	91,358	-	1,520	460,716	572,453	183	1,948	4,176,854	4,317,639
Less:																
Recoveries	239,448	280,928	-	-	-	-	-	-	-	200	39,792	32,030	-	76	279,240	313,234
Local reinsurers' share	281,096	139,571	-	-	-	-	290	3,141	-	-	-	-	-	-	281,386	142,712
Foreign reinsurers' share	16,670	-	6,275	12,655	-	-	389,485	77,324	-	-	22,969	-	128	1,179	435,527	91,158
Net Paid Claims	2,776,337	3,211,908	1,822	5,298	-	-	4,532	10,893	-	1,320	397,955	540,423	55	693	3,180,701	3,770,535
Add:																
Outstanding claims reserve at period end																
Reported claims	4,635,462	5,668,518	109,456	125,681	276,716	-	3,057,558	3,112,573	1,135,470	240,500	108,528	161,331	57,002	45,702	9,380,192	9,354,305
Incurred but not reported claims	1,017,573	1,107,000	5,600	7,000	-	-	60,000	38,000	4,500	2,000	28,607	9,609	4,833	13,000	1,121,113	1,176,609
Less: Reinsurers' share	641,037	1,053,233	103,254	119,405	276,716	-	2,960,354	2,993,802	1,125,470	220,500	-	-	24,173	24,898	5,131,004	4,411,838
Less: Recoveries	1,008,763	356,370	-	-	-	-	-	-	-	-	-	-	-	-	1,008,763	356,370
Net outstanding claims reserve at period end	4,003,235	5,365,915	11,802	13,276	-	-	157,204	156,771	14,500	22,000	137,135	170,940	37,662	33,804	4,361,538	5,762,706
Reported claims	2,985,662	4,258,915	6,202	6,276	-	-	97,204	118,771	10,000	20,000	108,528	161,331	32,829	20,804	3,240,425	4,586,097
Incurred but not reported claims	1,017,573	1,107,000	5,600	7,000	-	-	60,000	38,000	4,500	2,000	28,607	9,609	4,833	13,000	1,121,113	1,176,609
Less:																
Outstanding claims reserve at beginning of the period																
Reported claims	5,224,620	5,089,154	123,711	128,222	-	-	3,272,681	1,897,950	140,500	240,500	112,647	135,672	56,810	36,124	8,930,969	7,527,622
Incurred but not reported claims	1,017,573	1,107,000	5,600	6,500	-	-	52,700	10,000	4,500	2,000	23,270	11,242	4,833	13,000	1,108,476	1,149,742
Less: Reinsurers' share	714,605	835,604	116,399	121,255	-	-	3,159,194	1,812,586	130,500	220,500	-	-	25,306	26,077	4,146,004	3,016,022
Less: Recoveries	785,037	347,500	-	-	-	-	-	-	-	-	-	-	-	-	785,037	347,500
Net outstanding claims reserve at beginning of the period	4,742,551	5,013,050	12,912	13,467	-	-	166,187	95,364	14,500	22,000	135,917	146,914	36,337	23,047	5,108,404	5,313,842
Net claims cost	2,037,021	3,564,773	712	5,107	-	-	(4,451)	72,300	-	1,320	399,173	564,449	1,380	11,450	2,433,835	4,219,399

"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 2019 (Unaudited)
(In Jordanian Dinar)

	Motors		Transportation and Marine		Aviation		Fire and other property damage		Liability		Medical		Others		Total	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Net earned revenues from written premiums	2,631,459	3,277,244	6,154	9,222	895	1,044	95,317	24,480	47,454	12,181	492,532	491,488	20,824	24,484	3,294,635	3,840,143
Less:																
Net claims cost	2,037,021	3,564,773	712	5,107	-	-	(4,451)	72,300	-	1,320	399,173	564,449	1,380	11,450	2,433,835	4,219,399
Add:	594,438	(287,529)	5,442	4,115	895	1,044	99,768	(47,820)	47,454	10,861	93,359	(72,961)	19,444	13,034	860,800	(379,256)
Commissions revenues	-	-	6,075	11,429	-	-	67,567	87,015	16,725	19,484	-	-	1,491	2,009	91,858	119,937
Insurance policies issuance fees	135,128	155,617	2,086	2,942	568	568	31,354	36,373	7,409	10,603	20,757	25,601	2,296	1,860	199,598	233,564
Other revenues	126,967	110,267	-	-	-	-	-	-	-	-	-	-	-	-	126,967	110,267
Total revenues (losses)	856,533	(21,645)	13,603	18,486	1,463	1,612	198,689	75,568	71,588	40,948	114,116	(47,360)	23,231	16,903	1,279,223	84,512
Less:																
Policies acquisition costs	169,321	198,169	1,962	4,385	-	-	54,682	54,583	6,499	5,137	12,374	24,717	1,036	2,354	245,874	289,345
Excess of loss premiums	68,850	61,390	-	-	-	-	12,435	12,867	-	-	62,842	13,205	-	-	144,127	87,462
Allocated administrative expenses	398,282	463,643	3,105	6,088	288	340	88,970	93,907	21,989	35,758	45,196	57,103	5,407	5,365	563,237	662,204
Other expenses	67,699	51,500	493	635	-	4	7,702	7,111	343	313	35,242	33,387	359	423	111,838	93,373
Total expenses	704,152	774,702	5,560	11,108	288	344	163,789	168,468	28,831	41,208	155,654	128,412	6,802	8,142	1,065,076	1,132,384
Underwriting profit (loss)	152,381	(796,347)	8,043	7,378	1,175	1,268	34,900	(92,900)	42,757	(260)	(41,538)	(175,772)	16,429	8,761	214,147	(1,047,872)

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

Al-Manara Insurance Company
Public Shareholding Company
Notes to the condensed interim consolidated financial statements (Unaudited)
30 June 2019
(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. 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 29 July 2019.

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 which is the functional currency of the company.

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the 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 expected credit losses 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 regulations.
- Management reviews periodically the tangible assets in order to assess the depreciation for the year 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.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

3 . Bank Deposits

	30 June 2019			31 December 2018	
	Deposits mature within (1) month	Deposits mature after (1) month till (3) months	Deposits mature after (3) months till (1) year	Total	Total
<u>Inside Jordan</u>	272,794	225,000	4,459,773	4,957,567	4,816,188
Less: provision for expected credit losses / Deposits*	(272)	(225)	(4,444)	(4,941)	(4,800)
Total	272,522	224,775	4,455,329	4,952,626	4,811,388

* The movement on the provision for expected credit losses / Deposits is as follow:

	30 June 2019	31 December 2018
Balance at beginning of the year	-	-
Impact of adopting IFRS (9)	4,800	8,760
Restated balance	4,800	8,760
Unneeded provision for expected credit losses	-	(3,960)
Provision for the period	141	-
Balance at end of the period	4,941	4,800

- The annual interest rates on the deposits ranged between (%1.2) to (%6.25) during the six months ended at as 30 June 2019, (1.2% to 6%: 2018).
- 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 2019 and 2018.

4 . Financial Assets at Fair Value Through Other Comprehensive Income

	30 June 2019	31 December 2018
<u>Inside Jordan:</u>		
Investments in listed shares	197,968	215,254
Investments in unlisted shares	128,366	128,366
	326,334	343,620
<u>Outside Jordan:</u>		
Investments in unlisted shares	204,050	204,050
Total	530,384	547,670

5 . Financial Assets at Amortized Cost

	30 June 2019	31 December 2018
Inside Jordan:		
Arab Real Estate Development Company bonds – net *	-	-
	<u> </u>	<u> </u>
	30 June 2019	31 December 2018
	<u> </u>	<u> </u>
Outside Jordan:		
NCH.NAC (-previously-Global Kuwait bonds)**	234,179	234,179
AL Dar Investment bonds / Kuwait - net ***	-	-
	<u> </u>	<u> </u>
Total	234,179	234,179
	<u> </u>	<u> </u>
Grand total	234,179	234,179
	<u> </u>	<u> </u>

* 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, 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, JOD (6,330) during the year 2016, and JOD (9,230) during the year 2018, also NCH Company has redeemed JOD (68,463) during the year 2018.

	<u>Bond's value</u>	<u>Redemption</u>	<u>Impairment provision</u>	<u>Total</u>
30 June 2019				
NAC	750,000	(147,358)	(412,500)	190,142
NCH	250,000	(68,463)	(137,500)	44,037
	<u>1,000,000</u>	<u>(215,821)</u>	<u>(550,000)</u>	<u>234,179</u>
31 December 2018				
NAC	750,000	(147,358)	(412,500)	190,142
NCH	250,000	(68,463)	(137,500)	44,037
	<u>1,000,000</u>	<u>(215,821)</u>	<u>(550,000)</u>	<u>234,179</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

	30 June 2019	31 December 2018
Policy holders	3,072,593	2,773,674
Agents receivable	245,706	229,998
Brokers receivable	152,491	129,283
Employees receivable	56,122	66,829
Others	24,190	24,440
Total	3,551,102	3,224,224
Less: provision for expected credit losses/ accounts receivable*	(1,460,516)	(1,416,646)
Net Accounts Receivable	2,090,586	1,807,578

* Movements on provision for expected credit losses / accounts receivable is as follows:

	30 June 2019	31 December 2018
Balance at beginning of the year	1,416,646	1,269,148
Impact of adopting IFRS (9)	-	17,807
Restated balance	1,416,646	1,286,955
Provision for the period	44,036	133,078
Write off	(166)	(3,387)
Balance at end of the period	1,460,516	1,416,646

7 . Reinsurers Receivables

	30 June 2019	31 December 2018
Local insurance companies	540,747	478,219
Foreign reinsurance companies	559,605	521,869
Provision for expected credit losses / reinsurers receivables *	(887,773)	(828,360)
Net reinsurers receivables	212,579	171,728

* Movements on provision for doubtful debts were as follows / reinsures receivables:

	30 June 2019	31 December 2018
Balance at beginning of the year	828,360	758,615
Impact of adopting IFRS (9)	-	(74,770)
Restated balance	828,360	683,845
Provision for the period	59,413	144,515
Balance at end of the period	887,773	828,360

8 . Accounts Payable

	30 June 2019	31 December 2018
Policy holders	81,058	447,456
Agents payable	90,455	90,159
Brokers payable	125,775	108,633
Employees payables	5,450	7,148
Others	280,073	174,953
	582,811	828,349

9 . Reinsurers Payables

	30 June 2019	31 December 2018
Local insurance companies	422,850	611,087
Foreign reinsurance companies	1,190,749	568,224
	1,613,599	1,179,311

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 , 2017 and 2018 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 2019 as the Company has tax accepted accumulated losses.
- 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 2019	31 December 2018
Tax accepted accumulated losses	(5,167,887)	(5,167,887)
Statutory tax rate	24%	24%
Deferred tax assets at period end	1,240,293	1,240,293

* Movements on deferred tax asset were as follows:

	30 June 2019	31 December 2018
Beginning balance	1,240,293	1,089,665
Utilized deferred tax asset	-	150,628
Ending balance	1,240,293	1,240,293

11 . Gains From Financial Assets and Investments - net

	30 June 2019	30 June 2018
Cash dividends received	<u>32,007</u>	<u>19,886</u>

12 . Basic and Diluted Profit (loss) Per Share

	30 June 2019	30 June 2018
Profit (loss) for the period	103,120	(1,096,267)
Weighted average number of shares outstanding	<u>5,000,000</u>	<u>5,000,000</u>
Basic and diluted Profit (loss) per share	<u>0.021</u>	<u>(0.219)</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 2019	30 June 2018
Cash on hand and at banks	520,292	531,247
Deposits at banks mature within three months	<u>497,297</u>	<u>335,667</u>
	<u>1,017,589</u>	<u>866,914</u>

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 2019	31 December 2018
<u>Items of consolidated statement of financial position:</u>		
Financial assets at amortized cost	<u>234,179</u>	<u>234,179</u>
<u>Items of consolidated statement of comprehensive income:</u>		
Income from financial assets at amortized cost	<u>-</u>	<u>52,821</u>

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

	30 June 2019	30 June 2018
Salaries and bonuses of key management	191,502	243,180
Board of directors' remunerations and transportations	<u>28,150</u>	<u>64,973</u>
	<u>219,652</u>	<u>308,153</u>

15 . Analysis of Main Sectors

Background information on the Company's business segments

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

16 . Capital Management

- The Company manages its capital in line with the regulations of the Ministry of Industry, Trade and Supply-Insurance Administration. These requirements were designed to ensure a suitable margin. Additional targets have been assigned by the Company to maintain strong credit rating and high capital margin in order to support its business and maximize shareholders value.
- The Company manages its capital structure and makes necessary adjustments in light of changes in business conditions. No changes were made in the objectives, policy or processes during the current and previous years.
- The Company's solvency margin as at 30 June 2019 is below than the minimum margin determined by Insurance Administration which amounts to (150%).

	30 June 2019	31 December 2018
Available capital (A)	4,229,911	4,144,078
Capital requirements to meet		
Assets risks	2,725,362	2,775,381
Underwriting liabilities	1,141,746	1,271,383
Reinsurers' credit risk	350,856	275,764
Total capital requirements (B)	4,217,964	4,322,528
Solvency margin (A) / (B)	100%	96%

17 . Lawsuits Against the Company

There are lawsuits filed against the Company amounting to JOD (4,526,382) as at 30 June 2019, (2018: JOD 4,579,953).

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 (22,636) as at 30 June 2019.