Arab Orient Insurance

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GULF INSURANCE GROUP

From Origin to Excellence

The 17 th Annual Report 2014

The Annual Report

For the Year Ended December 31, 2014

Arab Orient Insurance Company

(A Public Limited Shareholding Company)
Amman - Jordan

His Majesty King Abdullah II

Crown Prince Hussein Bin Abdullah II

Sheikh Sabah Al-Ahmad Al-Jaber Al- Sabah
Prince of Kuwait

Table of Contents

Board of Directors

Chairman
H.E Eng. Naser Lozi

Vice Chairman
Mr. Khaled Al Hasan
Representative of Gulf Insurance Company

Member
Mr. Alaa Al Zoheiry
Representative of Gulf Insurance Company

Member
Mr. Bijan Khosrochahi
Representative of Gulf Insurance Company

Member
Mr. Ebrahim Al Rayes
Representative of Gulf Insurance Company

Member
Mr. Jamal Hazaa

Member
Mr. Samir Abdelhadi Hammoudeh
Representative of Hammoudeh Group for Trade and Investment

CEO - Secretary of Board of Directors
Mr. Isam Mohammad Abdelkhaliq

Auditors
Messrs. Ernst & Young

A Letter from the Chairman

Dear Shareholders,

On behalf of the board of directors' members and my own self, I am glad to present to you the 17th annual report on the results and achievements of our company activities in addition to the financial statements for the year ended 31/12/2014.

Year 2014 was, by all means, an exceptional year given the events that have devastated the Arab Region in general. The events surprised us all as individuals and countries on the same footing. The above events have directly affected all the financial and economic sectors, particularly the local insurance companies as the case in the rest countries in the Arab World. Therefore, we had to take various measures to eliminate as much as possible the negative impacts of such events by developing a work plan that takes into account all data and consequences.

Among the above negative effects on the economic situation was the scarcity of liquidity and absence of investment opportunities. This in particular has affected people in terms of their purchase power and priorities of their life concerns in the light of the unforeseen events for the Jordanian market. Undoubtedly, we may describe this year as the most difficult one within the recent ten years. We had to think aloud in an attempt to come up with applicable, creative, real and practical plans. By virtue of such plans we managed to pass the year with the least possible loss for the compulsory motor insurance and with the best possible results for the remaining insurance branches at the Jordanian market level with distinction.

The aforesaid crisis was accompanied by old economic problems, effects of which have dramatically exacerbated in 2014. The massive losses of the insurance sector during the year have reached their fullest extent threatening the insurance sector of full collapse and bankruptcy of many companies. Furthermore, the company had achieved a substantial growth in the net profits in most of the insurance branches, despite the increase in the IBNR for the motor line of business with an amount of JD 1.6 million to reach JD 3.2 million, which is considered a record in the Jordanian market and will affirm the adequacy of the company's reserves. In addition to that, the company allocated a further provision for doubtful debts of JD 550,000 for the bad debts due to the financial difficulties faced by so many companies, and we are confident that the total provision is sufficient enough to meet the default risk and the receivables impairment losses.

Notwithstanding the events 2014 had witnessed in terms of substantial challenges, however, that year also witnessed achievements. It is worth mentioning that the company had in the same year received a distinct rating at the local and regional level by the international rating firm "A.M. Best" by affirming the financial rating of (B++) as well as the credit rating of (bbb+) with stable outlook for both ratings.

Dear Shareholders,

The global reinsurance markets are still tight in terms of agreement renewal for 2015, and the reinsurance companies' strategy continues to focus on specialization for the sake of securing profitability. As well, they focus on the necessity for the technical profits side by side with the investment profits to contribute in the performance of these companies due to the drop of returns on investment during the past years.

Despite the above tightening, the parent company has, for the fifth year respectively, decided to organize a unified collective reinsurance agreement (Master Treaty) which included all subsidiaries and whereby it has gained better merits in terms of capacity of such agreements that have several times multiplied and managed to maintain high commission rates by reinsurers in addition to benefits in the conditions and exceptions. Therefore, the group strategy continues to improve quality and profitability of the assigned business. In 2015 Hannover Re. has assumed leadership of the Master Treaty. Hannover Re. is a reinsurance international company. The Treaty has involved more than 25 reinsurance companies of excellent rating in accordance with the instructions of the insurance commission in order to guarantee durability of this agreement.

The best proof of the importance of these agreements is the fire claim occurred at Nabil food factory on 23/01/2014, and resulted in the loss of approximately JD 10 million according to the initial loss report. The claim falls under the proportional treaty with total share of 82.5%. On the other hand, the excess of loss treaty that covers our share of the claim transfers most of the total loss to the reinsurers under the coverage of the excess of loss treaty, keeping our share of the net claim around JD 88 thousand; this risk is covered under the underwriting year 2014, we are still waiting for the final reports of the loss adjuster in order to pay the full claim, noting that an amount of JD 4.3 million has been paid until 31/12/2014.

Dear Shareholders,

In continuation of what had been the case in the past year, year 2014 had witnessed a sharp price competition, because most insurance companies had focused on the investment segment of the business more than the technical side. Given the recession of the stock market performance, most companies turned to the price competition being the best way to obtain business and to maintain the market share. However, notwithstanding the competition, we have managed to maintain high rates to renew policies up to 83% where in certain cases we reduced prices for certain major projects, in addition to expanding the insurance coverage in other cases. This had created pressure on the company profitability margins. Therefore, we were driven during the second half of the year to increase the target premium volume for 2014 to reach JD 94.9 million in order to achieve the desired increase in technical profits, which grew by 20% in comparison to year 2013.

On the other hand, the company has doubled its efforts on purpose to attract medium and large size accounts through concentration of efforts towards providing advanced programs to the market at suitable and handy prices and presentation of outstanding services rapidly and accurately and through focusing on the general insurance premiums to make advantage of the major project insurance opportunities. It is envisaged that Jordan insurance market will witness some growth in the major projects such as Phosphate, Potash, Electricity and New Airport, as we all the time followed up and provided insurance to such major projects under the tangible Jordanian economy growth at all levels. The company has managed to continue in service of the largest insurance portfolio for companies in the Kingdom with a clientele of more than 2,700 companies. In the medical insurance field, we provide service to more than 206 thousand subscribers with first class medical insurance services. They represent more than 844 companies and corporations from various economic sectors. An integrated team of doctors, pharmacists and nurses counting more than 80 staff members provide the medical services to the above companies around the clock. The medical team is strongly supported by account managers who make more than 860 service and sales visits a week in order to guarantee rapid provision of best personal services and at all times.

The company shall continue committed to its service criteria. Such criteria are based on fast payment of claims, transparency in dealing with the customers and highest level of credibility and moral and technical commitment. It will continue so during 2015 with the clear objectives and strategy in connection with its orientation towards focusing on the individual products and programs which day by day prove to be the most profitable business, most stable and less affected by external factors. The company will continue upgrading and developing its IT system for more speed, accuracy, efficiency and discipline.

The company now adopts the electronic process systems and deals with the reinsurers and control authorities with extreme transparency through internet communication system, according to which such authorities can monitor our performance and review our business around the clock. Furthermore, today and through adoption of an outstanding IT system, our company is able to directly obtain profit and loss results around the clock. Therefore, it can get its final financial statements immediately by the end of the last hours of the fiscal year. The system grants the company an opportunity for permanent control over its operational transactions. In terms of IT systems, trends of the company during 2015 will be based on developing its control systems and protection of its information and statements. The company will try to promote its rating with "AM Best" in 2015. In short, the company will make every possible effort to maintain its position as the leading insurance company in the Jordanian market at all levels of subscription and profitability, most significantly the maximization of the return on the shareholders' equity.

Dear Shareholders,

We still believe that the great threat facing the insurance companies is the negative results of the compulsory insurance due to the civil liability arising from using the vehicles, while the insurance companies are not allowed to decide prices or select the risks in line with its underwriting policy. The continuation of this situation shall mean more exhaustion to the insurance sector unless prices of these lines of business are floated in a manner to balance between premium and risk. Currently we, in coordination with the insurance commission, try to find the best solution to the situation and consider the possibility to apply the principle of ceasing cash compensation to the people affected by vehicle accidents as a preliminary step on the way to the goal of price floatation during 2015.

Out of our commitment to provide the best insurance services in more creative way than our competitors do, we have launched the first Insurance Café in the world located in Al Abdali Boulevard, a huge project which was insured by our company during the year 2014. We chose the name "Café" in line with the general ambience of the Boulevard that simulates the civilized modern touch enabling customers to enter to a relaxed atmosphere, where insurance can be purchased through the use of the e-insurance menu, which shows the prices, terms and condition of the insurance products and all other details. The Café also contains an easily accessible electronic and paper library rich of insurance and technical details, where the client can have a cup of coffee while reading an insurance book or buying insurance service. Our sales team there are ready to provide any advice, help and service the client might need. We believe that this idea is innovative and it will contribute to change the concept of insurance and the way how it is bought and marketed, we are also working to register this name as a trademark and as a patent, though this idea mimic a previous idea from decades which upon it the greatest and the oldest international reinsurance company Lloyd's Syndicate was established, and the idea upon which this group stands "This Is How It All Started".

Dear Shareholders,

With the same consistency and perseverance, our company once again has overtaken the target figures in terms of premiums and profits. The growth rate of the underwriting premiums reached 10%, and reached the figure JD 94.9 million to remain the largest company in the Kingdom in terms of its market share which was in 2014 more than 18%. On the other hand, the company has maintained its profitability rates where total technical profits before tax and provisions reached JD 6.37 million while the company assets grew to become JD 94 million.

In the light of the foregoing excellent results, the board of directors suggests to the Ordinary General Assembly to distribute 10% of the company capital as cash dividends amounting to JD 2,143,825.

Chairman of the Board of Directors
Naser Ahmad Lozi

Board of Directors Report:

Dear Shareholders,

The results of the company's activities during 2014 have been as follows:

Insurance Premiums

Total insurance premiums during the year 2014 were JD 94,949,636 compared to JD 86,019,536 in 2013, with total increase of 10.4%, distributed as follows:

- Marine Insurance: Total marine insurance premiums during the year 2014 were JD 2,588,437 compared to JD 2,261,088 in 2013, with total increase of 14.48%.
- Fire Insurance: Total fire insurance premiums during the year 2014 reached JD 8,979,740 compared to JD 7,726,976 in 2013, with total increase of 16.21%.
- Liability, Aviation and Other Insurance Branches: Total premiums of liability, aviation and other insurance branches during the year 2014 were JD 8,160,667 compared to JD 6,932,856 in 2013, with total increase of 17.71%.
- Motor Insurance: Total motor insurance premiums during the year 2014 were JD 23,424,785 compared to JD 20,908,429 in 2013, with total increase of 12.04%.
- Medical Insurance: Total medical insurance premiums during the year 2014 were JD 51,796,007 compared to JD 48,190,187 in 2013, with total increase of 7.48%.

Insurance Claims

Total paid claims during the year 2014 were JD 70,717,236 compared to JD 61,633,012 in 2013, with total increase of 14.74%, distributed as follows:

- Marine Insurance: Total marine paid claims during the year 2014 were JD 151,201 compared to JD 263,453 in 2013, with total decrease of 42.6%.
- Fire Insurance: Total fire paid claims during the year 2014 were JD 6,445,275 compared to JD 1,344,650 in 2013, with total increase of 379.33%.
- Liability, Aviation and Other Insurance Branches: Total paid claims for liability, aviation and other insurance branches during the year 2014 were JD 4,242,523 compared to JD 520,774 in 2013, with total increase of 714.66%.
- Motor Insurance: Total motor paid claims during the year 2014 were JD 17,961,108 compared to JD 13,732,766 in 2013, with total increase of 30.79%.
- Medical Insurance: Total medical paid claims during the year 2014 were JD 41,917,129 compared to JD 45,771,369 in 2013, with total decrease of 8.42%.

Reserves

- The net unearned premiums reserve at the end of 2014 was JD 19,161,869 compared to JD 21,240,338 at the end of 2013, with total decrease of 9.79%.
- The net outstanding claims reserve at the end of 2014 was JD 15,036,399 compared to JD 11,516,902 at the end of 2013, with total increase of 30.56%.

Investments

- The company achieved in 2014 an income of JD 1,513,522 compared to JD 1,581,198 in 2013 as an interest on its deposits at bank, with total decrease of 4.28%.
- The fair value for the available for sale securities as at 31/12/2014 was JD 5,167,676.
- Deposits at banks were JD 33,656,515 as at 31/12/2014, from which there is JD 225,000 as restricted deposit in the name of the general manager of the insurance commission as a legal requirement.

Profits

Total Technical profits during the year 2014 were JD 7,268,476 compared to JD 6,280,275 in 2013 with total increase of 15.7%, distributed as follows:

- Marine Insurance: Total marine profits during the year 2014 were JD 636,025 compared to JD 678,014 in 2013, with total decrease of 6.2%.
- Fire Insurance: Total fire profits during the year 2014 were JD 54,273 compared to JD 856,242 in 2013, with total decrease of 106%.
- Liability, Aviation and Other Insurance Branches: Total liability, aviation and other insurance branches profits during the year 2014 were JD 451,304 compared to JD 1,051,614 in 2013, with total decrease of 57%.
- Motor Insurance: Total motor profits during the year 2014 were JD 2,727,040 compared to JD 1,989,759 in 2013, with total increase of 37%.
- Medical Insurance: Total medical profits during the year 2014 were JD 3,508,380 compared to JD 1,704,646 in 2013, with total increase of 105.8%.
- Total profits before tax and provisions for the year 2014 were JD 6,369,301 compared to JD 5,370,951 in 2013, with total increase of 18.59%.
- Total net profits after tax and provisions for the year 2014 were JD 5,027,365 compared to JD 4,083,399 in 2013, with total increase of 23.12%.
- The percentage of the net profits from the paid up capital for the year 2014 were 23.5% compared to 20.4% in 2013.

Future Plan

- Continue with diversifying the Company's portfolio by concentrating upon personal lines as well as introducing new and innovative tailor- made products and services, which will provide the company with a wide base of small to medium profitable accounts.
- Pursue all opportunities to acquire a life insurance license.
- Improve our claims management and control procedures.
- Focus on the bancassurance project in close cooperation with Jordan Kuwait Bank to ensure optimal standards.
- Continue with staff training in order to upgrade their technical and sales skills.
- Maximize the utilization of our IT system.
- Concentrate on cross selling as an effective tool to increase our premium income.
- Target profitable accounts in order to improve the technical results.
- Concentrate on reducing and controlling the expenses.
- Geographic spreading and opening new branches all over the Kingdom, noting that the company will open a new branch in the Boulevard project in February 2015.

Board of Directors Recommendations

- Address the outcomes of the previous general assembly meeting which was held on 30/3/2014.
- Listening to the Auditors' report.
- Discuss the Board of Directors report and the Company's future plan.
- Discuss the Company's accounts and the financial statements as of 31/12/2014 and approve it.
- To approve the proposal of the board of directors dated 27/1/2015 concerning the distribution of cash profits to the shareholders at 10% of the company's capital and to carry forward the remaining profits.
- Grant release to the chairman and members of the Board of Directors for the year ended 31/12/2014.
- Elect the Auditors for the 2015 financial year and authorize the Board of Directors to determine their fees.
- Any other subjects addressed by the General Assembly according to law requirements.

In conclusion, I would like to express sincere thanks and gratitude to our esteemed customers for their support and confidence in our company and our services. I also would like to thank our esteemed shareholders for their support to the board of directors and executive management. Further, I do thank our parent company "Gulf Insurance Company" for its permanent support to us. Furthermore, I thank all authorities that worked with us within the framework of outstanding strategic partnerships, foremost of which is the Insurance department - Ministry of Industry and Trade, Jordan Insurance Federation and all their staff members. We also don't forget to thank the reinsurers and the insurance and reinsurance agents and brokers whose contribution in the above achievements had been substantial. We look forward to having more success in 2015 in a way to meet your aspirations and increase your contribution.

Finally, I wish more progress, advancement and security to our lovely Kingdom under the leadership of His Majesty King Abdullah II and his prudent government.

Chairman of the Board of Directors
Naser Ahmad Lozi

Executive Management

Mr. Isam Abdelkhaliq
Job Title: CEO & Secretary of the Board of Directors
Education: BS in Marketing & Political Science
Years of Experience: 27 years

Mr. Khalil Khmous
Job Title: Deputy CEO
Education: BS in Accounting & Business administration
Years of Experience: 39 years

Mr. Mustafa Melhem
Job Title: Deputy CEO/ Medical Insurance, Customer Care and Information Technology Departments
Education: BS
Years of Experience: 17 years

Eng. Yazan Khasawneh
Job Title: Senior Director/ HR, Branches, Bancassurance and Indirect Business
Education: BS
Years of Experience: 13 years

Mr. Ahmad Abdo
Job Title: Director/ Business Development, Public Relations and Marketing Departments
Education: BS, Insurance Diploma - BIBF, Advanced Insurance Diploma - BIBF
Years of Experience: 16 years

Mr. Tareq Ammary
Job Title: Director/ Reinsurance, Underwriting and Engineering Department
Education: Master, Cert. CII/London
Years of Experience: 17 years

Mr. Rami Dababneh
Job Title: Director/ Key Accounts, General Claims and Motor Claims Departments
Education: BS, Cert. ACII
Years of Experience: 13 years

Mr. Saad Farah
Job Title: Director/ Corporate Finance
Education: BS, CMA, CFM
Years of Experience: 14 years

Mr. Mohammad Suboh
Job Title: Deputy Director/ Branches, Bancassurance and Indirect Business
Education: BS
Years of Experience: 18 years

Mr. Suleiman Dandis
Job Title: Deputy Director/ Medical Insurance Department
Education: BS
Years of Experience: 14 years

Mr. Khaled Ghanem
Job Title: Deputy Director/ Marine, Aviation and Energy Insurance Department
Education: BS
Years of Experience: 20 years

Mr. Bisher Obeidat
Job Title: Deputy Director/ Customer Care, Telesales and Retail Departments
Education: BS, Cert. Cisco
Years of Experience: 8 years

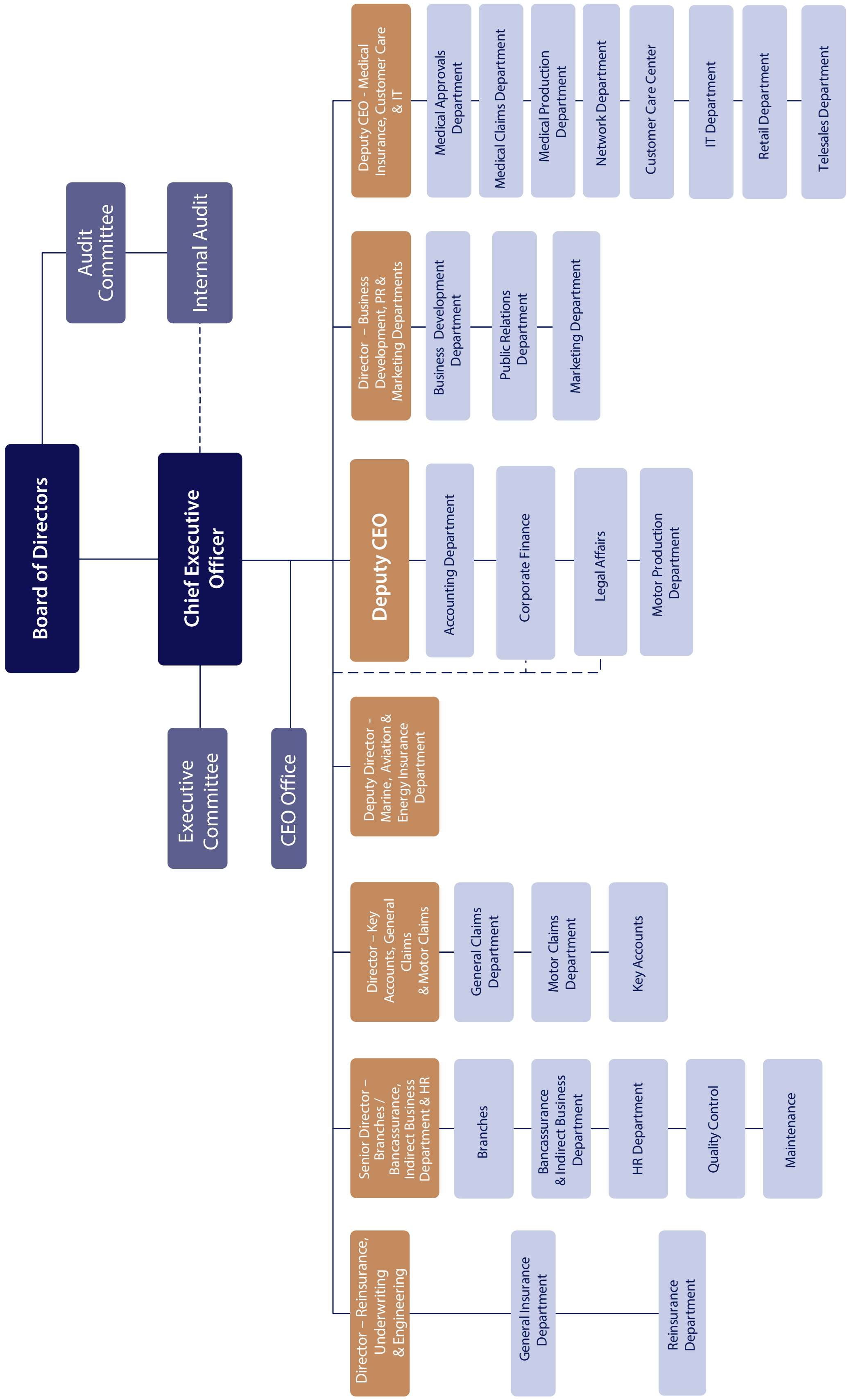
Mr. Wael Shehadeh
Job Title: Senior Manager/ Accounting Department
Education: BS
Years of Experience: 22 years

Mrs. Abeer Dawoud
Job Title: Senior Manager/ Underwriting and Engineering Department
Education: BS
Years of Experience: 12 years

Mr. Yazan Dawoud
Job Title: Senior Manager/ Medical Network Department
Education: BS
Years of Experience: 11 years

Mr. Ahmad Ghanem
Job Title: Senior Operation Manager - Medical Department
Education: BS
Years of Experience: 19 years

Organizational Structure



Independent Auditors' Report

To The Shareholders of Arab Orient Insurance Public Shareholding Company
Amman – Jordan

We have audited the accompanying financial statements of Arab Orient Insurance Public Shareholding Company, which comprise the statement of financial position as of December 31, 2014, and statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arab Orient Insurance Company as of December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on the legal Requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement with the financial data presented in the Board of Directors' report. We recommend approving these financial statements.

Ernst & Young

Bisher Ibrahim Bakir
License Number (592)

Amman – Jordan
27 January 2015

Statement of Financial Position as at 31 December 2014

	Notes	2014	2013
		JD	JD
Assets			
Bank deposits	3	33,656,515	27,517,513
Financial assets at fair value through profit or loss	4	5,166,676	3,159,005
Financial assets at amortized cost	5	1,000	1,271,000
Total Investments		**38,824,191**	**31,947,518**
Cash in hands and at banks	6	7,346,463	4,718,764
Checks under collection	7	5,989,702	5,732,289
Accounts receivable, net	8	30,335,847	30,210,531
Reinsurance receivable	9	2,191,864	2,535,551
Deferred income tax assets	10	2,404,479	1,826,716
Property and equipment, net	11	5,384,874	5,534,586
Intangible assets	12	519,331	460,041
Other assets	13	1,039,467	648,191
Total Assets		**94,036,218**	**83,614,187**
Liabilities and Equity			
Liabilities –			
Technical Reserves			
Unearned premium reserve, net		19,161,869	21,240,338
Outstanding claims reserve, net		15,036,399	11,516,902
Total Technical Reserves		**34,198,268**	**32,757,240**
Other liabilities			
Accounts payable	14	6,356,743	6,053,053
Accrued expenses		234,482	175,487
Reinsurance payable	15	17,986,115	13,361,466
Other provisions	16	1,152,019	823,059
Income tax provision	10	1,478,860	1,328,908
Other liabilities	17	443,946	674,058
Deferred tax liabilities	10	203,826	83,820
Total Liabilities		**62,054,259**	**55,257,091**
Equity			
Paid in capital	18	21,438,252	20,035,750
Statutory reserve	19	3,971,347	3,330,917
Retained earnings	20	6,572,360	4,990,429
Total Shareholders Equity		**31,981,959**	**28,357,096**
Total Liabilities and Shareholders Equity		**94,036,218**	**83,614,187**

Chairman of the Board of Directors

Chief Executive Officer

The Attached notes 1 to 37 from part of these Financial Statement

Statement of Income for the Year 31 December 2014

	Notes	2014	2013
		JD	JD
Revenue –			
Gross written premiums		94,949,636	86,019,536
Less: reinsurance share		(51,520,068)	(44,029,614)
Net written premiums		43,429,568	41,989,922
Net change in unearned premiums reserve		2,078,469	(1,818,440)
Net earned premiums		45,508,037	40,171,482
Commissions income		7,398,448	8,005,650
Insurance policies issuance fees		4,532,277	4,739,872
Interest income	21	1,581,796	1,686,293
Loss from financial assets and investments	22	669,111	404,120
Total revenues		**59,689,669**	**55,007,417**
Claims and related expenses			
Paid claims		70,717,236	61,633,012
Less: Recoveries		(3,631,720)	(3,069,314)
Less: Reinsurance share		(32,159,204)	(23,625,022)
Paid claims, net		34,926,312	34,938,676
Net change in claims reserve		3,519,497	1,799,534
Allocated employees' expenses	23	4,949,854	4,475,095
Allocated administrative expenses	24	3,132,207	2,680,919
Excess of loss premiums		1,236,934	775,451
Policies acquisition costs		2,228,292	1,803,760
Other expenses		177,190	163,294
Net Claims		**50,170,286**	**46,636,729**
Unallocated employees' expenses	23	1,237,462	1,118,774
Depreciation and amortization	11,12	545,337	526,026
Unallocated general and administrative expenses	24	783,052	670,229
Allowance for doubtful debts	9,8	550,000	550,000
Impairment of financial assets at amortized cost	5	-	99,000
(Gain) loss from sale of property and equipment		(769)	708
Other expenses	25	35,000	35,000
Total expenses		**3,150,082**	**2,999,737**
Profit for the year before tax		**6,369,301**	**5,370,951**
Income tax expenses	10	(1,341,936)	(1,287,552)
Profit for the year		**5,027,365**	**4,083,399**
		JD/Fils	JD/Fils
Basic and diluted earnings per share	**26**	**0.235**	**0.190**

Chairman of the Board of Directors

Chief Executive Officer

The Attached notes 1 to 37 from part of these Financial Statement

Statement of Comprehensive Income for the Year Ended 31 December 2014

	Notes	2014 JD	2013 JD
Profit for the year		5,027,365	4,083,399
Add: other comprehensive income		-	-
Total comprehensive income for the year		**5,027,365**	**4,083,399**

Chairman of the Board of Directors

Chief Executive Officer

The Attached notes 1 to 37 from part of these Financial Statement

Statement of Changes in Shareholders Equity for the Year Ended 31 December 2014

	Notes	Paid in capital	Statutory reserve	Retained earnings ***		Total
				Unrealized	Realized	
2014 -		JD	JD		JD	JD
Balance at 1 January 2014		20,035,750	3,330,917	349,252	4,641,177	28,357,096
Total comprehensive income		-	-	500,026	4,527,339	5,027,365
Cash capital increase *	18	1,402,502	-	-	(1,402,502)	-
Dividends **		-	-	-	(1,402,502)	(1,402,502)
Transfer to reserve		-	640,430	-	(640,430)	-
Balance at 31 December 2014		**21,438,252**	**3,971,347**	**849,278**	**5,723,082**	**31,981,959**
2013 -						
Balance at 1 January 2013		18,725,000	2,790,322	-	4,069,125	25,584,447
Total comprehensive income		-	-	349,252	3,734,147	4,083,399
Cash capital increase *		1,310,750	-	-	(1,310,750)	-
Dividends **		-	-	-	(1,310,750)	(1,310,750)
Transfer to reserve		-	540,595	-	(540,595)	-
Balance at 31 December 2013		**20,035,750**	**3,330,917**	**349,252**	**4,641,177**	**28,357,096**

* According to the extra ordinary General Assembly of Shareholders' resolution on March 30, 2014 and the securities commission's decision on 14 May 2014 the increase of the Company's capital has been approved by JD 1,402,502 through the capitalization of retained earnings and the distribution of free stock dividend of 7% of paid in capital accordingly, the authorized and paid in capital became JD 21,438,252.

** On 30 March 2014, the General Assembly of Shareholders approved the board of directors recommendation to distribute cash dividends of 7% of the paid capital as of 31 December 2013.

*** Retained earnings include an amount of JD 2,404,479 as of December 31, 2014 (2013: JD 1,826,716), representing deferred tax assets that cannot be distributed according to the securities commission instructions. This item include unrealized profits from financial assets through profit or loss in accordance with the instructions of the Securities Commission amounted JD 849,278 as of 31 December 2014

Chairman of the Board of Directors

Chief Executive Officer

The Attached notes 1 to 37 from part of these Financial Statement

Statement of Cash Flows for the Year Ended 31 December 2014

	Note	2014	2013
		JD	JD
Cash Flows from Operating Activities			
Profit for the year before tax adjustments		6,369,301	5,370,951
Adjustment for non cash items			
Depreciation and amortization		545,337	526,026
Allowance for doubtful debt		550,000	550,000
Net change in fair value of financial assets at fair value through profit or loss		(500,026)	(349,252)
Gain on sale of financial assets at fair value through profit or loss		(3,761)	-
Impairment losses on financial assets at amortized cost		-	99,000
loss (Gain) from sale of property and equipment		(769)	708
Other provision		328,960	155,302
Net change in unearned premiums reserve		(2,078,469)	1,818,440
Net change in outstanding claims reserve		3,519,497	1,799,534
Cash flows from operating activities before changes in working capital		**8,730,070**	**9,970,709**
Checks under collection		(257,413)	(545,276)
Accounts receivable		(520,915)	(4,430,738)
Reinsurers' receivable		189,286	936,586
Other assets		(391,276)	(105,450)
Accounts payable		303,690	3,161,915
Accrued expenses		58,995	21,635
Reinsurers' payable		4,624,649	2,167,199
Other payables		(230,113)	410,879
Net cash flows from operating activities before tax		**12,506,973**	**11,587,459**
Income tax paid		(1,649,740)	(1,439,707)
Net cash flows from operating activities		**10,857,233**	**10,147,752**
Cash Flows from Investing Activities			
Deposits matured after three months		(33,431,515)	-
(Purchase) of financial assets at fair value through profit or loss		(1,949,960)	(2,533,180)
(Purchase) of intangible assets		(57,752)	(72,595)
Proceeds from sale of financial assets at fair value through profit or loss		446,076	-
Proceeds from maturity of financial assets at amortized cost		1,270,000	-
(Purchase) of property and equipment		(193,045)	(314,822)
(Payment) on purchase of property and equipment's		(168,845)	-
(Payment) on purchase of Intangible assets		(38,500)	(346,500)
Proceeds from sale of property and equipment		3,996	35,234
Net cash flows used in investing activities		**(34,119,545)**	**(3,231,863)**
Cash Flows from Financing Activities			
Cash dividends		(1,402,502)	(1,310,750)
Net cash flow used in financing activities		**(1,402,502)**	**(1,310,750)**
Net increase in cash and cash equivalent		**(24,664,814)**	**5,605,139**
Cash and cash equivalents at beginning of the year		32,011,277	26,406,138
Cash and cash equivalents at the end of the year	**27**	**7,346,463**	**32,011,277**

Chairman of the Board of Directors

Chief Executive Officer

The Attached notes 1 to 37 from part of these Financial Statement

Statement of Underwriting Revenues for the General Insurance for the Year Ended 31 December 2014

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums:																
Direct insurance	21,689,763	19,218,786	2,476,589	2,121,607	28,247	65,902	6,731,090	5,225,756	618,742	597,654	51,796,007	48,190,187	6,320,754	5,009,415	89,661,192	80,429,307
Reinsurance inward business	1,735,022	1,689,643	111,848	139,481	54,635	-	2,248,650	2,501,220	258,001	217,918	-	-	880,288	1,041,967	5,288,444	5,590,229
Total Premiums	**23,424,785**	**20,908,429**	**2,588,437**	**2,261,088**	**82,882**	**65,902**	**8,979,740**	**7,726,976**	**876,743**	**815,572**	**51,796,007**	**48,190,187**	**7,201,042**	**6,051,382**	**94,949,636**	**86,019,536**
Less:																
Local reinsurance share	1,857,984	1,900,805	117,910	145,696	54,635	-	469,790	492,174	250,692	222,569	-	-	1,096,454	990,942	3,847,465	3,752,186
Foreign reinsurance share	284,112	325,328	1,928,345	1,521,768	28,247	65,902	7,420,532	5,995,133	573,672	535,614	32,347,688	27,909,344	5,090,007	3,924,339	47,672,603	40,277,428
Net Written Premiums	**21,282,689**	**18,682,296**	**542,182**	**593,624**	**-**	**-**	**1,089,418**	**1,239,669**	**52,379**	**57,389**	**19,448,319**	**20,280,843**	**1,014,581**	**1,136,101**	**43,429,568**	**41,989,922**
Add:																
Balance at the beginning of the year																
Unearned premiums reserve	11,377,448	8,814,850	342,903	702,379	17,691	17,878	4,383,574	3,143,126	349,010	367,847	21,386,200	19,754,568	2,685,099	2,238,762	40,541,925	35,039,410
Less: Reinsurance share	682,895	737,374	248,326	539,518	17,691	17,878	3,846,943	2,693,421	264,095	283,321	11,900,844	9,437,907	2,340,793	1,908,093	19,301,587	15,617,512
Net Unearned Premiums Reserve	10,694,553	8,077,476	94,577	162,861	-	-	536,631	449,705	84,915	84,526	9,485,356	10,316,661	344,306	330,669	21,240,338	19,421,898
Less:																
Balance at year end																
Unearned premiums reserve	11,012,453	11,377,448	537,219	342,903	17,333	17,691	5,819,796	4,383,574	613,389	349,010	24,052,823	21,386,200	3,150,495	2,685,099	45,203,508	40,541,925
Less : Reinsurance share	682,760	682,895	420,715	248,326	17,333	17,691	5,339,847	3,846,943	528,724	264,095	16,380,839	11,900,844	2,725,421	2,340,793	26,041,639	19,301,587
Unearned Premiums Reserve- net	**10,383,693**	**10,694,553**	**116,504**	**94,577**	**-**	**-**	**479,949**	**536,631**	**84,665**	**84,915**	**7,671,984**	**9,485,356**	**425,074**	**344,306**	**19,161,869**	**21,240,338**
Earned revenue from written Premiums- net	**21,593,549**	**16,065,219**	**520,255**	**661,908**	**-**	**-**	**1,146,100**	**1,152,743**	**52,629**	**57,000**	**21,261,691**	**21,112,148**	**933,813**	**1,122,464**	**45,508,037**	**40,171,482**

Chairman of the Board of Directors

Chief Executive Officer

The Attached notes 1 to 37 from part of these Financial Statement

Statement of Claims Cost for the General Insurance for the Year Ended 31 December 2014

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	**17,961,108**	**13,732,766**	**151,201**	**263,453**	**-**	**-**	**6,445,275**	**1,344,650**	**23,522**	**15,014**	**41,917,129**	**45,771,369**	**4,219,001**	**505,760**	**70,717,236**	**61,633,012**
Less:																
Recoveries	3,508,047	2,983,112	-	-	-	-	120,828	85,256	530	500	-	-	2,315	446	3,631,720	3,069,314
Local reinsurance share	463,040	380,669	-	-	-	-	1,377,362	153,481	-	435	-	-	19,907	41,320	1,860,309	575,905
Foreign reinsurance share	43,504	19,570	105,319	138,889	-	-	4,204,874	664,872	-	-	22,250,185	21,975,271	3,695,013	250,515	30,298,895	23,049,117
Net Paid Claims	**13,946,517**	**10,349,415**	**45,882**	**124,564**	**-**		**742,211**	**441,041**	**22,992**	**14,079**	**19,666,944**	**23,796,098**	**501,766**	**213,479**	**34,926,312**	**34,938,676**
Add:																
Outstanding Claims Reserve at year end																
Reported	10,180,029	8,535,315	108,450	134,899	-	-	6,700,082	920,069	156,541	59.015	2,176,631	1,714,909	3,713,785	4,894,888	23,035,518	16,259,095
Unreported	3,200,000	1,600,000	20,000	10,000	-	-	200,000	203,000	30,000	30,000	3,662,689	2,778,380	170,000	156,000	7,282,689	4,777,380
less: Reinsurance share from reported claims	944,718	852,522	73,066	103,620	-	-	6,460,195	786,472	138,400	63,385	1,435,196	887,660	3,152,920	4,543,346	12,204,495	7,237,005
less: Reinsurance share from IBNR	-	120,000	-	-	-	-	-	-	-	-	2,415,051	1,438,127	-	-	2,415,051	1,558,127
Less: Recoveries	662,262	724,441	-	-	-	-	-	-	-	-	-	-	-	-	662,262	724,441
Net Outstanding Claims Reserve at year end	11,773,049	8,438,352	55,384	41,279	-	-	439,887	336,597	48,141	25,630	1,989,073	2,167,502	730,865	507,542	15,036,399	11,516,902
Less:																
Outstanding Claims Reserve at the beginning of the year																
Reported	8,535,315	6,433,583	134,899	127,246	-	-	920,069	656,499	59,015	70,220	1,714,909	5,303,756	4,894,888	1,930,567	16,259,095	14,521,871
Unreported	1,600,000	1,000,000	10,000	20,000	-	-	203,000	100,000	30,000	30,000	2,778,380	2,032,312	156,000	70,000	4,777,380	3,252,312
less: Reinsurance share from reported claims	852,522	710,331	103,620	94,669	-	-	786,472	508,400	63,385	47,890	887,660	2,974,556	4,543,346	1,731,940	7,237,005	6,067,786
less: Reinsurance share from IBNR	120,000	-	-	-	-	-	-	-	-	-	1,438,127	1,050,334	-	-	1,558,127	1,050,334
Less: Recoveries	724,441	938,695	-	-	-	-	-	-	-	-	-	-	-	-	724,441	938,695
Net Outstanding Claims Reserve at the beginning of the year	**8,438,352**	**5,784,557**	**41,279**	**52,577**	**-**	**-**	**336,597**	**248,099**	**25,630**	**52,330**	**2,167,502**	**3,311,178**	**507,542**	**268,627**	**11,516,902**	**9,717,368**
Net Claims Cost	**17,281,214**	**13,003,210**	**59,987**	**113,266**	**-**	**-**	**845,501**	**529,539**	**45,503**	**(12,621)**	**19,488,515**	**22,652,422**	**725,089**	**452,394**	**38,445,809**	**36,738,210**

Chairman of the Board of Directors

Chief Executive Officer

The Attached notes 1 to 37 from part of these Financial Statement

Statement of Underwriting Profits for the General Insurance for the Year Ended 31 December 2014

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	**21,593,549**	**16,065,219**	**520,255**	**661,908**	**-**	**-**	**1,146,100**	**1,152,743**	**52,629**	**57,000**	**21,261,691**	**21,112,148**	**933,813**	**1,122,464**	**45,508,037**	**40,171,482**
Less:																
Net claims cost	**17,281,214**	**13,003,210**	**59,987**	**113,266**	**-**	**-**	**845,501**	**529,539**	**45,503**	**(12,621)**	**19,488,515**	**22,652,422**	**725,089**	**452,394**	**38,445,809**	**36,738,210**
	4,312,335	3,062,009	460,268	548,642	-	-	300,599	623,204	7,126	69,621	1,773,176	(1,540,274)	208,724	670,070	7,062,228	3,433,272
Add:																
Commissions received	93,752	114,097	593,131	461,688	1,910	5,429	1,148,533	1,330,891	184,285	156,931	4,553,253	5,163,984	823,584	772,630	7,398,448	8,005,650
Insurance policies issuance fees	1,529,911	1,503,009	74,792	62,751	315	1,092	179,301	181,162	25,106	26,875	2,439,452	2,710,097	283,400	254,886	4,532,277	4,739,872
Total revenue	**5,935,998**	**4,679,115**	**1,128,191**	**1,073,081**	**2,225**	**6,521**	**1,628,433**	**2,135,257**	**216,517**	**253,427**	**8,765,881**	**6,333,807**	**1,315,708**	**1,697,586**	**18,992,953**	**16,178,794**
Less:																
Commissions paid	937,125	774,268	214,863	160,838	-	-	237,818	275,700	16,569	8,604	709,588	490,376	112,329	93,974	2,228,292	1,803,760
Excess of loss premiums	277,928	175,703	49,089	39,556	-	-	658,298	341,653	-	-	-	-	251,619	218,539	1,236,934	775,451
Allocated general and administrative expenses	1,993,905	1,739,385	220,326	188,101	7,055	5,482	764,351	642,812	74,628	67,848	4,408,848	4,008,969	612,948	503,417	8,082,061	7,156,014
Other expenses	-	-	7,888	6,572	-	-	22,239	18,850	-	-	139,065	129,816	7,998	8,056	177,190	163,294
Total Expenses	**3,208,958**	**2,689,356**	**492,166**	**395,067**	**7,055**	**5,482**	**1,682,706**	**1,279,015**	**91,197**	**76,452**	**5,257,501**	**4,629,161**	**984,894**	**823,986**	**11,724,477**	**9,898,519**
Underwriting profit (loss)	**2,727,040**	**1,989,759**	**636,025**	**678,014**	**(4,830)**	**1,039**	**(54,273)**	**856,242**	**125,320**	**176,975**	**3,508,380**	**1,704,646**	**330,814**	**873,600**	**7,268,476**	**6,280,275**

Chairman of the Board of Directors

Chief Executive Officer

The Attached notes 1 to 37 from part of these Financial Statement

(1) General

The Company was established in 1996 and registered as a public limited shareholding company under No. (309), with a paid up capital of JD 2,000,000 divided into 2,000,000 shares of JD 1 each during 2014 the company authorized and paid in capital increased to 21,438,252 divided into 21,438,252 shares.

The Company is engaged in insurance business against accidents and fire, marine, transportation, and vehicle insurance, and public liability, aviation and medical insurance through its main branch located at Jabal Amman 3rd circle in Amman, and other branches at Dier Gubar Abdoun, Tla'a Al Ali, Biader Wadi Elseer and Abdali in Amman, Aqaba branch in Aqaba, and Irbid branch in Irbid.

The Company is 90.19% owned by Gulf Insurance Company.

The number of the Company's employees was 278 as of December 31, 2014 (2013: 266).

The financial statements for the year 2014 were approved by the Board of Directors in its meeting No. (1) dated January 27, 2015.

(2) Accounting Policies

Basis of preparation

- The financial statements have been prepared in accordance with the Standards issued by the International Accounting Standards Board and in accordance with the forms prescribed by the Jordanian Insurance Commission.
- The financial statements have been prepared on historical cost basis, except for financial assets at fair value through profit or loss that have been measured at fair value.
- The Jordanian Dinar is the functional and reporting currency of the financial statements.

Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013 except for the following:

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods which started on or after 1 January 2014. The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The application of the new amendments did not have any impact on the Company's, financial position or performance.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Application of the new amendments did not have any impact on the Company's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

IFRIC 21 Levies

The interpretation clarifies that an entity recognized a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. Application of the interpretation did not have any impact on the Company's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period. Application of the new amendments did not have any impact on the Company's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

Accounting policies:

The following are significant accounting policies followed by the Company:

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.

Date of Recognition

Purchases and sales of financial assets are recognized on the trade date (that being the date at which the sale or purchase takes place).

Fair Value

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For financial instruments where there is no active market fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

The objective of the valuation method is to show a fair value that reflects market expectations.
Where the fair value of an investment cannot be reliably measured, it is stated at cost less any impairment in the value.

A. Financial assets at amortized cost

Financial assets at amortized cost must be measured if the following conditions are met:

- Financial assets are measured at amortized cost only if these assets are held within a business model whose objective is to hold the assets to collect their contractual cash flows.
- The cash flows according to contractual condition for these assets arise in specific dates and only represent payment for the asset amount and for the interest calculated on these assets.

- Assets at amortized cost is recorded at cost upon purchase plus acquisition expenses, the premium/ discount (if any) is amortized by using the effective interest rate method records on the interest or for its account. Any provisions resulted from impairment in its value is deducted and any impairment in its value is recorded in the statement of income.
- The amount of the impairment consists of the difference between the book value and present value of the expects future cash flows discounted at the original effective interest rate.
- The standard permits in cases to measure these assets at fair value through statement of income if that eliminates or reduces to a large extent the inconsistency in measurement (sometimes called accounting mismatch) that arise from measurement of assets or liabilities or profit and loss recognition resulted from them in different basis.

B. Financial assets at fair value through profit or loss

- The reaming financial assets that does not meet the financial assets at of amortized cost is measured as financial assets at fair value.
- Financial assets at fair value through the profit or loss, represents investment in equity instruments and debt instrument for the purpose of trading, and the purpose of holds it is to make gains fluctuation in the short term market prices or trading profit margin.
- Financial assets through profit or loss are recorded at fair value upon purchase (the acquisition cost is recorded in the statement of income upon purchase) and re-evaluated at the financial statements date at fair value, the subsequent changes in fair value is recorded in the statement of income during the same period that change occurs including changes in fair value resulted from non- cash translation differences in foreign currency.
- All realized profit and dividend recorded at statement of income.

Impairments in Financial Assets Value

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

Impairment amounts are determined by the following:

- Impairment in financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- Impairment in financial assets at fair value through profit or loss recorded at fair value represents the difference between book value and fair value.
- Impairment of financial assets recorded at cost represents the difference between the book value and the present value of cash flow discounted at the market rate for similar financial assets.
- The Impairment in value is recorded in the statement of income. Any surplus in the following period resulting from previous declines in the fair value of financial assets is taken to the statement of income.

Cash and Cash equivalents

For cash flow purpose cash and cash equivalents comprise cash balances with banks and financial institutions maturing within three months, less bank overdrafts and restricted funds.

Reinsurance Accounts

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

Reinsurance

The Company engages within its normal activities a variety of inward and outward reinsurance operations with other insurance and reinsurance firms which involves different level of risks. The reinsurance operations include Quota share, excess of loss, facultative reinsurance, and other types of reinsurance. These reinsurance contracts do not eliminate the Company's liability towards policy holders, where in the case the reinsurance fails to cover its portion of total liability, the Company bears the total loss. Therefore, the Company provides for the un-recovered amounts. The estimation of amounts that are likely to be recovered from reinsurers is done according to the Company's portion of total liability for each claim.

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 contract, the Company has to reduce the present value of the contracts and record the impairment in the statement of income,

The impairment is recognized in the following cases only:

- There is an objective evidence resulting from an event that took place after the recording of the reinsurance assets confirming the Company's inability to recover all the amounts under the contracts terms.
- The event has a reliably and clearly measurable effect on the amounts that the Company will recover from reinsures.

Insurance policies issuance cost

Insurance policies issuance cost represents commissions paid to intermediaries and other direct costs incurred in relation to the issuance and renewal of insurance contracts. These costs are recorded in the statement of income.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except lands) is depreciated when its ready for use. Depreciation is computed on a straight-line basis using the following depreciation rates, and the desperation expense is recorded in the statement of income.

	%
Building	2
Furniture	10
Vehicles	15
Computers	20
Tools and equipment	15
Decoration	15

Depreciation expense is calculated when property and equipment is put in use, property and equipment under construction is stated at cost less impairment loss.

Assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The impairment loss is recorded in the statement of income.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Any gain or loss arising on the disposal or retirement of an item of property and equipment which represents the difference between the sales proceeds and the carrying amount of the asset is recognized in the statement of income.

Any item of property and equipment derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Pledged financial assets

Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, repledge). A periodic review is performed for those properties.

Intangible assets

Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets with finite lives are amortized over the useful economic lives, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

Internally generated intangible assets are not capitalized and are expensed in the statement of income.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight line basis at 15% amortization rate.

Provisions

Provisions are recognized when the Company has an obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the preset obligation at the financial statements date, taking into account the risks and uncertainties surrounding the obligation where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flow.

When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

A. Technical Reserve

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

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

B. Receivables Impairment

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

C. End of service indemnity reserve

The end of service indemnity reserve for employees is calculated based on the Company's policy and in accordance with Jordanian labor law.
The paid amounts as end of service for resigned employees are debited to this account. The Company obligation for the end of serves is recorded in the statement of income.

Liability adequacy test

At each statement of financial position date the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the deficiency is immediately recognized in the statement of income.

Income Tax

Income tax represents current and deferred income tax.

A. Accrued Income Tax

The accrued income tax expense is calculated based on taxable income. The taxable income differs from the actual income in the statement of income because the accounting income contains expenditures and revenues that are not tax deductible in the current year but in the preceding years or the accepted accumulated losses or any other not deductibles for tax purposes.

The taxes are calculated based on enacted tax percentages which are stated by laws and regulation in the Hashemite Kingdom of Jordan.

B. Deferred Tax

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the financial statements and the value that is calculated on the basis of taxable profit.

Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to allow all or part of deferred tax asset to be utilized.

Offsetting

Financial assets and financial liabilities are only offsetted and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue recognition

A. Insurance policies

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

B. Dividend and interest revenue

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

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

Expenditures recognition

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

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

Insurance compensations payments during the year even for the current or prior years. Outstanding claims represent the highest estimated amount settle the claims resulting from events occurring before the date of financial statements but not settled yet.

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

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

General and administrative expenses
General and administrative expenses are distributed to each insurance division separately. Moreover, 80% of the undistributable general and administrative expenses is allocated to different insurance departments based on the ratio of earned premiums of the department to total premiums.

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

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

Foreign currencies
Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transactions dates. Monetary assets and liabilities in foreign currencies are translated into JD at rates of exchange prevailing at the statement of financial position date as issued by Central Bank of Jordan. Any gains or losses are taken to the statement of income.

Translation gains or losses on non-monetary items are recorded as part of change in fair value.

Estimation uncertainty
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. 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.

The details of significant estimates made by management as follows:
- A provision of doubtful debt is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- The financial year is charged with its related income tax in accordance with regulations.
- The management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit. The impairment loss (if any) appears on the statement of income.

- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to insurance commission regulation and filed actuarial studies.
- A provision on lawsuit 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 statement of income.

(3) Bank Deposits

This item represents the following:

	2014		2013
	Deposits matured between 6 months- 1 Year	Total	Total
	JD	JD	JD
Inside Jordan	33,656,515	33,656,515	27,517,513

The annual interest rate on the JOD deposits ranged between 3.25% to 5% during the year 2014 and between 5. 5% to 6.75% during the year 2013.

Deposits pledged to the favor of the General Manager of the Insurance Regulatory Commission deposited in Jordan Kuwait Bank amounted to JD 225,000 as of 31 December, 2014 and 31 December 2013.

Below is the distribution of the Company's deposits:

	2014	2013
	JD	JD
Jordan Kuwait Bank	7,135,898	4,183,930
Jordan Arab Investment Bank	2,933,617	887,782
Capital Bank	3,512,822	1,560,706
Audi Bank	1,242,432	1,160,594
Societe General Bank	2,723,124	1,580,581
Blom Bank	2,336,872	2,246,564
AlEtihad Bank	3,557,085	3,410,310
Bank of Jordan	-	1,839,025
Cario Amman Bank	679,926	3,451,671
Arab Banking Corporation Bank	5,389,502	3,215,406
Ahli Bank	2,240,840	2,162,521
Egyptian Arab Land bank	1,904,397	1,818,423
	33,656,515	27,517,513

(4) Financial Assets at Fair Value Through Profit or Loss

This item consists of the following:

	Number of share	2014	2013
		JD	JD
Inside Jordan			
Arab Bank	6000	-	46,980
Arab East Financial Investment Company	1757	-	1,230
Jordan Insurance Company	12000	-	25,920
Jordan Steel	70000	-	91,700
Rum Group for Transportation and Tourism Investment	145000	-	114,550
Cairo Amman Bank	384432	1,103,319	841,653
Amad investment and Real Estate Development	305930	400,767	489,488
Afaq- Energy	727597	1,993,615	1,547,484
Afaq for Investment & real Estate Development	1011500	1,668,975	-
Total financial assets at fair value through profit or loss inside Jordan		5,166,676	3,159,005

(5) Financial Assets at Amortized Cost

This item consists of the following:

	Number of bonds	2014	2013
		JD	JD
Unlisted Bonds:			
Aqaba Development Company *	127	-	1,270,000
Arab Real Estate Development Company **	120	1,200,000	1,200,000
Total financial assets at amortized cost – inside Jordan		1,200,000	2,470,000
Less: Impairment in financial assets at amortized cost		(1,199,000)	(1,199,000)
Financial assets amortized cost - net		1,000	1,271,000

The maturity date of the bonds is as follows:

	Less than one year	More than one year
	JD	JD
Bonds		
Aqaba Development Company *	-	-
Arab Real Estate Development Company **	1,200,000	-
	1,200,000	-

The movement on Impairment of financial assets at amortized cost is as follows:

%	2014	2013
	JD	JD
Balance at the beginning of the year	1,199,000	1,100,000
Additions	-	99,000
Balance at the end of the year	1,199,000	1,199,000

* The Company bought 127 bonds of Aqaba Development Company during October 2009. These bonds matured on October 1, 2014 and bear interest at a fixed annual rate of 7.75% for the first thirty months and variable interest rate every six month for the remaining thirty month, variable interest rate reached to 7.8% for the period from April 1, 2012 to October 1, 2012 and 7.89% for the period from October 1, 2012 to April 1, 2013. And 8.42% for the period from April 1, 2013 to October 1, 2013 and 8.36% for the period from October 1, 2013 to April 1, 2014 and 6.61% for the period from April 1, 2014 to October 1, 2014 interest on bonds was paid every six month on April and October 1 of each year. Moreover, Bonds are guaranteed by Aqaba Special Economic Zone Authority (Governmental).

Aqaba Development Company bonds are stated at cost of JD 1,270,000.

** These bonds matured on April 1, 2011 at fixed annual interest rate of 10%. Interest is paid every six months on October 1st and April 1st of each year, the first payment was on October 1st 2008. The Board of Directors approved in its meeting number (2) held on March 24, 2011 the published amended draft prospectus that was approved by the General Assembly of the bonds owners on March 28, 2011.

The prospectus includes extending the maturity date of these bonds to April 1, 2014 and amending the interest rate to become a fixed annual interest rate of 11%, to be paid semiannually on October 1st, and April 1st each year starting from October 1, 2011, noting that after the resolution of the General Assembly of the bonds owners in its meeting held on October 26, 2011 the Housing Bank for Trade and Finance, as the underwriter, has started the legal procedures against Arab Real Estate Development Company (Arab Corp) and filed a lawsuit under number (3460/2011) at the Court of First Insurance of Amman to demand the rights of the bonds owners.

Arab Real Estate Development Company bonds are stated at cost less impairment loss for an amount of JD 1,199,000 as of December 31, 2014.

(6)Cash at banks

This item consists of the following:

	2014	2013
	JD	JD
Cash on hand	668,189	9,734
Current accounts at banks	6,678,274	4,709,030
	7,346,463	4,718,764

(7) Cheques Under Collection

This item consists of the following:

	2014	2013
	JD	JD
Cheques under collection due within six month	4,220,256	4,468,546
Cheques under collection due within more than six months up to due year	1,769,446	1,263,743
	5,989,702	5,732,289

* Cheques under collection become due up to 31th December 2015.

(8) Accounts receivable, Net

This item consists of the following:

	2014	2013
	JD	JD
Policy holders *	32,520,484	32,028,746
Brokers receivables	98,005	75,786
Employee receivables	71,870	84,743
Other	196,367	176,536
	32,886,726	32,365,811
Less: Provision for doubtful debts**	(2,550,879)	(2,155,280)
	30,335,847	30,210,531

Below is the aging of unimpaired receivables table:

	Due but not impaired				
	Amount not due yet	1-90 day	91-180 day	181-360 day	Total
	JD	JD	JD	JD	JD
31 December 2014	20,172,956	5,012,779	3,015,678	2,134,434	30,335,847
31 December 2013	21,927,019	3,702,325	2,934,176	1,647,011	30,210,531

* Includes scheduled payment amounted to JD 20,172,956 as of December 31, 2014 (JD 21,927,019 as of December 31, 2013).

** Movement on the provision for doubtful debts consists of the following:

	2014	2013
	JD	JD
Balance at the beginning of the year	2,155,280	1,556,322
Additions	395,599	550,000
Transfer from reinsurance receivable	-	48,958
Balance at year end	2,550,879	2,155,280

(9) Reinsurance Receivables, Net

This item consists of the following:

	2014	2013
	JD	JD
Local insurance companies	1,393,404	1,364,357
Foreign reinsurance companies	1,047,581	1,265,914
	2,440,985	2,630,271
Less: Provision for doubtful debt for reinsurance receivables *	(249,121)	(94,720)
Net reinsurance receivables	2,191,864	2,535,551

* Below is the ageing of the unimpaired reinsurance receivables table:

	Due but not impaired			
	1-90 day	91-180 day	181-360 day	Total
	JD	JD	JD	JD
31 December 2014	1,052,899	875,838	263,127	2,191,864
31 December 2013	2,161,476	231,511	142,564	2,535,551

** Movement on the provision for doubtful debts consists of the following:

	2014	2013
	JD	JD
Balance at the beginning of the year	94,720	143,678
Additions	154,401	-
Transfer to reinsurance receivable	-	(48,958)
Balance at year end	249,121	94,720

(10) Income tax

A- Income tax provision

The movement on the income tax provision is as follows:

	2014	2013
	JD	JD
Balance at beginning of the year	1,328,908	1,098,905
Income tax paid	(1,581,622)	(1,363,799)
Income tax paid in advance	(68,118)	(75,908)
Income tax expense for the year	1,799,692	1,669,710
Balance at year end	**1,478,860**	**1,328,908**

The income tax expense appears in the statement of income represents the following:

	2014	2013
	JD	JD
Income tax for the year	1,799,692	1,669,710
Deferred tax assets	(577,762)	(465,978)
Deferred tax liabilities	120,006	83,820
	1,341,936	1,287,552

A summary of the reconciliation between accounting profit and taxable profit is as follows:

	2014	2013
	JD	JD
Accounting profit	6,369,301	5,370,951
Not deductible expenses	2,407,345	1,976,577
Non taxable income	(1,312,928)	(390,403)
Taxable profit	7,463,718	6,957,125
Effective income tax rate	24%	24%
Income tax rate	24%	24%

Final settlement between the Company and Income Tax Department was reached up to the end of 2012, and the sales taxes up to March 31, 2014.

In the opinion of management and the tax consultant the income tax provision is calculated in accordance with the most recent enacted income tax law and its adequate as of 31 December 2014.

According to the income tax law a tax rate of 24% used to calculate the income tax as of December 31, 2014.

Deferred tax assets/ liabilities

This item consists of the following:

	2014				2013
	Beginning Balance	Addition	Ending Balance	Deferred Tax	Deferred Tax
Deferred tax asset	JD	JD	JD	JD	JD
Provision for doubtful debt	2,250,000	550,000	2,800,000	672,000	540,000
Impairment loss financial asset	1,199,000	-	1,199,000	287,760	287,760
Provision for incurred but not reported claim, net	3,339,260	1,528,385	4,867,645	1,168,234	801,422
Provision for end of service indemnity	823,059	328,960	1,152,019	276,485	197,534
	7,611,319	2,407,345	10,018,664	2,404,479	1,826,716

Deferred tax liabilities					
Unrealized gain from financial assets at fair value through P&L	349,252	500,026	849,278	203,826	83,820
	349,252	500,026	849,278	203,826	83,820

* Movement on deferred tax asset consists of the follows:

	Liabilities		Assets	
	2014	2013	2014	2013
	JD	JD	JD	JD
Beginning balance	83,820	-	1,826,716	1,360,738
Additions	120,006	83,820	577,762	465,978
Ending balance	**203,826**	**83,820**	**2,404,479**	**1,826,716**

(11) Property and Equipment

This item consists of the following:

	Land	Building	Computers	Decoration	Equipment, tools and furniture	Vehicles	Total
31 December 2014	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Cost							
Balance at the beginning of the year	1,545,000	2,575,000	651,982	860,254	1,100,950	381,000	7,114,186
Additions	-	-	56,090	8,170	24,785	104,000	193,045
Disposals	-	-	(16,087)	-	(9,759)	-	(25,846)
Balance at the end of the year	1,545,000	2,575,000	691,985	868,424	1,115,976	485,000	7,281,385
Accumulated depreciation							
Balance at the beginning of the year	-	171,667	397,299	430,151	475,896	104,587	1,579,600
Additions	-	51,500	96,447	165,619	133,859	60,950	508,375
Disposals	-	-	(14,704)	-	(7,915)	-	(22,619)
Balance at the end of the year	-	223,167	479,042	595,770	601,840	165,537	2,065,356
(Payment) on purchase of assets	-	-	15,845	153,000	-	-	168,845
Net book value	**1,545,000**	**2,351,833**	**228,788**	**425,654**	**514,136**	**319,463**	**5,384,874**
31 December 2013							
Cost							
Balance at the beginning of the year	1,545,000	2,575,000	544,401	859,594	1,105,042	276,000	6,905,037
Additions	-	-	124,571	660	30,292	159,300	314,823
Disposals	-	-	(16,990)	-	(34,384)	(54,300)	(105,674)
Balance at the end of the year	1,545,000	2,575,000	651,982	860,254	1,100,950	381,000	7,114,186
Accumulated depreciation							
Balance at the beginning of the year	-	120,167	323,740	265,400	358,692	86,712	1,154,711
Additions	-	51,500	90,073	164,751	134,505	53,790	494,619
Disposals	-	-	(16,514)	-	(17,301)	(35,915)	(69,730)
Balance at the end of the year	-	171,667	397,299	430,151	475,896	104,587	1,579,600
Net book value	**1,545,000**	**2,403,333**	**254,683**	**430,103**	**625,054**	**276,413**	**5,534,586**

Property and equipment include fully depreciated items amounting to JD 655,638 as 31 December 2014 (JD 572,720 as 31 December 2013), which are still being used up to the date of the financial statements.

(12) Intangible Assets

	2014	2013
	JD	JD
Balance at the beginning of the year	460,041	72,353
Additions	57,752	72,595
Disposals	(36,962)	(31,407)
Payments on the purchase of intangible assets	38,500	346,500
Balance at the end of the year	**519,331**	**460,041**

(13) Other Assets

This item consists of the following:

	2014	2013
	JD	JD
Unearned accrued revenues	383,236	259,405
Prepaid expenses	230,622	80,799
Refundable deposits	368,781	272,944
Medical tools for claims	56,828	35,043
	1,039,467	**648,191**

(14) Accounts Payable

This item consists of the following:

	2014	2013
	JD	JD
Agents payables	674,291	520,510
Employee payables	10,950	12,972
Garages payable	332,905	543,445
Medical network	864,470	3,197,968
Trade and companies payable	4,429,415	1,734,058
Other payables	44,712	44,100
	6,356,743	**6,053,053**

(15) Reinsurers Payable

The item consists of the following:

	2014	2013
	JD	JD
Local insurance companies	107,743	164,900
Foreign reinsurance companies	17,878,372	13,196,566
	17,986,115	**13,361,466**

(16) Other Provisions

This item consists of the following:

	2014	2013
	JD	JD
Provision for end of service indemnity	1,152,019	823,059
	1,152,019	**823,059**

The schedule represents the movement on provisions.

	Beginning balance	Used during the year	Ending balance
	JD	JD	JD
Provision for end of service indemnity	823,059	328,960	1,152,019
	823,059	**328,960**	**1,152,019**

(17) Other Liabilities

This item consists of the following:

	2014	2013
	JD	JD
Board of Directors remuneration	35,000	35,000
Due to shareholders – subscription refunds	24,902	24,211
Stamps withholdings	149,975	125,678
Sales tax withholdings	193,185	455,750
Others	40,884	33,419
	443,946	**674,058**

(18) Paid In Capital

Subscribed and paid in capital amounted to JD 21,438,252 divided into 21,438,252 shares the par value of each is JD 1 as of December 31, 2014 (JD 20,035,750 shares of JD 1 each as of December 31, 2013).

According to the General Assembly's resolution in its extraordinary meeting held on March 30, 2014 and the resolution of the Securities Commission's decision made on 14 May 2014, it was decided to increase the Company's capital by JD 1,402,502 from retained earnings through distributing free shares with a percentage of 7% from capital, so that paid up capital would become 21,438,252 share / JD.

Proposed dividends to Share Holders
The board directors recommended in their meeting held on 27 January 2015 to general assembly for Share Holders to approve the distribution of 10% at the Company's capital as a dividend to Share Holder which is equivalent to JD 2,143,825.

(19) Legal Reserve

Statutory Reserve
This amount represents appropriations at 10% of net income before income tax during this year and prior years. This reserve is not available for distribution to shareholders.

(20) retained earnings

The item consists of the following:

	2014	2013
	JD	JD
Beginning balance	4,990,429	4,069,125
Dividends	(1,402,502)	(1,310,750)
Profit for the year	5,027,365	4,083,399
Distribution of bonus shares		
Less:		
Transfer to reserves	1,402,502	1,310,750
Deducted reserves	640,430	540,595
Ending balance of the year	**6,572,360**	**4,990,429**

(21) Interest Income

The item consists of the following:

	2014	2013
	JD	JD
Bank interest	1,513,522	1,581,198
Interest from financial assets at amortized cost	68,274	105,095
	1,581,796	1,686,293
Transferred to statement of income		
Transferred to underwrite accounts	-	-
	1,581,796	**1,686,293**

(22) Loss from financial Assets and Investments

This item consists of the following:

	2014	2013
	JD	JD
Cash dividends received (financial assets at fair value through profit or loss)	165,324	54,868
Gain on sale of financial assets at fair value through profit or loss	3,761	-
Net change in fair value of financial assets at fair value through profit or loss	500,026	349,252
Transferred to statement of income	669,111	404,120
Transferred to underwrite accounts	-	-
	669,111	**404,120**

(23) Employee Expenses

This item consists of the following:

	2014	2013
	JD	JD
Salaries and bonuses	5,077,540	4,615,385
End of service indemnity	328,960	155,302
Social security contribution	482,332	423,808
Medical expenses	35,713	231,508
Travel and transportation	254,362	152,442
Training	8,409	15,424
Total	**6,187,316**	**5,593,869**
Allocated employee expenses to the underwriting account	4,949,854	4,475,095
Unallocated employee expense to the underwriting account	1,237,462	1,118,774

(24) General and Administrative Expenses

This item consists of the following:

	2014	2013
	JD	JD
Rent expense	220,041	171,368
Stationery and printing	656,686	556,892
Advertisements	477,560	396,810
Bank interest and commission expenses	79,083	64,353
Water, electricity and heating	112,745	102,719
Maintenance expense	122,201	127,917
Postage and telecommunications	276,946	268,524
Building management fees	55,682	65,846
Hospitality	125,631	81,795
Legal fees and expenses	130,409	126,511
Subscriptions	27,233	25,546
Insurance commission fees	721,390	645,374
Government fees and other fees	49,229	74,557
Donations	7,980	5,950
Office insurance expenses	32,655	34,568
Cleaning expense	47,713	35,966
Professional fees	20,000	21,200
Board members transportation fees	108,200	42,000
Board members committee fees	6,400	4,600
Tenders expenses	148,332	135,101
Vehicles expenses	57,352	49,244
Collection expense	85,637	84,409
Technical consulting fees	112,117	59,001
Orange card fees	1,750	2,750
Others	232,287	168,147
Total	**3,915,259**	**3,351,148**
Allocated general & administrative expenses to the underwriting accounts	3,132,207	2,680,919
Unallocated general and administrative expense to the underwriting account	783,052	670,229

(25) Other Expenses

This item consists of the following:

	2014	2013
	JD	JD
Board of director remunerations	35,000	35,000

(26) Basic and Diluted Earnings Per Share

The profit per share is calculated by dividing the profit for the year by the weighted average number of shares during the year.

	2014	2013
	JD	JD
Profit for the year	5,027,365	4,083,399
Weighted average number of shares	21,438,252	21,438,252
Basic and diluted earnings per share from the year's income	Fils/ JD	Fils/ JD
	0.235	0.190

The weighted average number of shares for the year 2013 has been adjusted with the stock dividends in accordance with the International Financial Reporting Standards.

(27) Cash and Cash Equivalents

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

	2014	2013
	JD	JD
Cash at hands and at banks	7,346,463	4,718,764
Add: deposits at banks	33,656,515	27,517,513
Less: Deposits at bank matured after three month	(33,431,515)	-
Less: restricted deposits to the insurance commission (Note 3)	(225,000)	(225,000)
Net Cash and cash equivalent	**40,777,978**	**32,011,277**

(28) Related Party Transactions

During the year, the Company entered into transactions with major shareholders, board members and directors in the Company within the normal activities of the company using insurance prices and commercial commission. All debts provided to related parties are considered performing and no provision has been taken for them as of 31, December 2014.

Below is a summary of related parties transactions, which represents transactions during the year as the follows:

	December 31, 2014				December 31, 2013
	Jordan Kuwait Bank (Board member until 18 April 2013)	Eskadenia company	Top Executive Management	Total	Total
Statement of Financial Position Items:	JD	JD	JD	JD	JD
Time deposits	7,135,898	-	-	7,135,898	4,183,930
Overdraft account (ceiling of JD100,000)/ credit balance	3,647,783	-	-	3,647,783	2,374,100
Demand deposits	2,845,324	-	-	2,845,324	2,242,331
Deposits on letters of guarantee	352,483	-	-	352,483	256,646
Accounts receivable	15,301	6,904	17,653	39,858	39,211
Payment on the purchase of intangible asset	-	385,000	-	385,000	346,500
Off-statement of Financial Position Items:					
Letters of guarantee	3,524,830	-	-	3,524,830	2,566,460
Statement of Income Items :					
Bank interest income	239,591	-	-	239,591	241,402
Insurance	1,337,052	54,932	12,188	1,404,172	1,270,046
Bank expenses and commissions	90,524	-	-	90,524	83,142
Maintenance system	-	31,149	-	31,149	-
Salaries	-	-	967,558	967,558	838,342
Bonuses	-	-	424,001	424,001	290,059
Travel expenses for members of the Board of Directors	-	-	58,200	58,200	42,000
Bonus expenses for members of the Board of Directors	-	-	85,000	85,000	35,000
Board members committee fees	-	-	6,400	6,400	4,600

During 2011 the agreement with Gulf Insurance Company (Major Shareholder) and member of the Board of Directors that are settled all reinsurance account through the Gulf Company, where to company's debit balance amounting to JD 311,168 as of 31 December 2014.

Top Executive management (salaries, bonuses, and other benefits) are as follows:

	2014	2013
	JD	JD
Salaries and bonuses	1,391,559	1,128,401
	1,391,559	1,128,401

(29) Fair value of financial instruments

There are no significant differences between the book value and fair value of the financial assets and financial liabilities at the end of the year 2014 and 2013.

(30) Risk Management

First: Explanatory Disclosures:

Risk management is the evaluation of the risk process of measurement and development of strategies to manage it. These strategies include the transfer of risks to another party, avoiding and mitigating their adverse effect on the Company, in addition to accepting the related consequences partially or wholly. Risk management can be divided into four sections:

First: **Material risks such as natural catastrophes, fires, accidents, and other external risks not relating to the Company's operations.**

Second: **Legal risks resulting from legal claims or any risks arising from the laws and regulations issued by the Insurance Commission and the related non-compliance.**

Third: **Risks arising from financial matters such as interest rate, insurance risk, foreign currencies risks, and market risk.**

Fourth: **Intangible risks that are difficult to identify such as knowledge risk that occurs upon the application of inadequate knowledge by employees. Moreover, relationships risks occur when there is inefficient cooperation with clients. All of these risks reduce the employee's productivity in knowledge and lessen the effectiveness of expenditures, profit, service, quality, reputation, and the quality of gains.**

Management of risks adopted by the Company relies on prioritizing so that risks with huge losses and high probability are treated first while risks with lower losses and lesser probability are treated later on.

Risk Management Policy

First: Planning and Preparation
The work scope plan and criteria for adopting and evaluating risks at the Company have been set through creating the Institutional Development and Quality Department that monitors this performance.

Second: Identification of Risks
Risks represent events that create problems upon their occurrence. Therefore, these problems should be identified at their origin. When the problem or its origin is identified, the related accident may lead to new risks that can be treated prior to their occurrence. There are many ways to identify risks such as identification based on objectives as each of the Company's sections has certain objectives it endeavors to achieve. Any event that threatens the achievement of these objectives is considered a risk. Based on this, risks are studied and pursued. Moreover, there is a type of risk identification based on a comprehensive classification of all probable sources of risk. Still another type of risk identification is common risks especially for similar companies.

Third: Risk Treatment Method
The Company deals with probable risks by means of the following methods:

- Transfer: This represents the process of transferring the risk to another party through contracts or financial protection.
- Avoidance: This is an active process to ward off risk through avoiding works that lead to risks. Avoidance is the best preventive method against risk. This may deprive the Company from conducting certain activities profitable for the Company.
- Reduction: This is the process of decreasing the loss arising from the occurrence of risk.
- Acceptance: There should be a policy to accept unavoidable risks as acceptance of small risks is an effective strategy.

Fourth: Plan
An easy and clear plan has been set to deal with risks through a pricing policy that relies on historical statistics to avoid the occurrence of risks from any insurance branch so that the premium covers the probable cumulative risks.

Fifth: Execution
The Company's technical departments execute the plan so that the risk effects are mitigated. Moreover, all avoidable risks are avoided.

Sixth: Plan Review and Evaluation
The Risks Department follows up on the Company's development and constantly and continuously develops and upgrades the plan in effect.

Risk Management Arrangements

Determinants
Top priority is given to the Risks Department. This affects the Company's productivity and profitability. Moreover, the Risks Department distinguishes between actual risk and doubt. Priorities are given to risks with huge losses and high probability so as to avoid them.

Risks Management Responsibilities
- Upgrading the risk data base constantly and continuously.
- Predicting any probable risk.
- Cooperating with executive management to treat risks and mitigate riskiness.
- Preparing plans and risk reports continuously in order to avoid the probable risk or reduce the probability of its occurrence.

Risk Treatment Strategy
- Determining the Company's objectives.
- Clarifying strategies for the Company's objectives.
- Distinguishing risk.
- Assessing risk.
- Identifying methods to avoid and treat risk.

Second: Quantitative Disclosures:

A. Insurance Risk

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

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

The Company practices all types of insurance except for life insurance through its main branch located in Jabal Amman, 3rd circle in Amman and its branches in Swefieh, Tla'a Al Ali and Al Abdali branch in Amman and Aqaba branch in Aqaba and Irbid Branch in Irbid.

Through its personnel consisting of professionals and administrative staff, the Company provides the best service to its clients. Moreover, a plan has been set to protect it against probable risks whether natural or unnatural. This requires that the necessary provisions as well as the necessary technical equipment be made available to maintain the Company's continuity and viability. Hence, the necessity to set the risk management strategy.

Steps in Determining Assumptions

These steps rely on the internal data derived from the quarterly claims reports and the sorting of the executed insurance policies as of the statement of financial position date to identify the outstanding insurance policies. The effective results for the year's accidents are selected for each type of insurance based on the evaluation of the most appropriate mechanism for observing the historical development.

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 and on the year in which underwriting of the other general insurance types was executed as follows:

Total - Motors Insurance:

The accident year	2010 and before	2011	2012	2013	2014	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	12,214,659	15,689,773	13,016,125	13,668,963	19,738,431	
After one year	13,516,000	17,501,399	14,265,593	15,682,385	-	
After two years	13,688,951	18,011,594	14,573,932	-	-	
After three years	13,627,436	18,229,840	-	-	-	
After four years	14,398,308	-	-	-	-	
Present expectation for the accumulated claims	14,398,308	18,229,840	14,573,932	15,682,385	19,738,431	82,622,895
Accumulated claims	13,347,154	17,512,943	13,317,490	13,280,119	11,785,160	69,242,866
Liability as in the statement of financial position Outstanding claims	1,051,154	716,897	1,256,442	2,402,266	7,953,271	13,380,029
Reported	1,051,154	716,897	1,256,442	2,402,266	4,753,271	10,180,029
Unreported	-	-	-	-	3,200,000	3,200,000
Surplus (deficit) in the preliminary estimate for reserve	**(2,183,649)**	**(2,540,067)**	**(1,557,807)**	**(2,013,421)**	**-**	**(8,294,944)**

Total – Marine

The accident year	2010 and before JD	2011 JD	2012 JD	2013 JD	2014 JD	Total JD
At the end of the year	97,504	45,257	141,890	86,330	79,845	
After one year	253,038	127,575	339,162	155,526	-	
After two years	250,526	135,978	345,198	-	-	
After three years	250,526	147,978	-	-	-	
After four years	275,180	-	-	-	-	
Present expectation for the accumulated claims	275,180	147,978	345,198	155,526	79,845	1,003,728
Accumulated payments	202,009	129,728	338,086	152,226	53,228	875,278
Liability as in the statement of financial position	73,171	18,250	7,112	3,300	26,618	128,450
Reported	73,171	18,250	7,112	3,300	6,618	108,450
Unreported	-	-	-	-	20,000	20,000
Surplus (deficit) in the preliminary estimate for reserve	**(177,675)**	**(102,721)**	**(203,308)**	**(69,197)**	**-**	**(552,901)**

Total - fire and property:

The accident year	2010 and before JD	2011 JD	2012 JD	2013 JD	2014 JD	Total JD
At the end of the year	925,205	357,200	635,596	687,357	10,844,136	
After one year	1,110,753	1,041,803	1,778,767	2,043,914	-	
After two years	1,098,003	992,079	1,834,420	-	-	
After three years	1,083,751	964,841	-	-	-	
After Four years	1,344,909	-	-	-	-	
Present expectation for the accumulated claims	1,344,909	964,841	1,834,420	2,043,914	10,844,136	17,032,221
Accumulated payments	1,029,484	851,373	1,778,675	1,800,983	4,671,623	10,132,139
Liability as in the statement of financial position Outstanding claims	315,425	113,468	55,745	242,930	6,172,513	6,900,082
Reported	315,425	113,468	55,745	242,930	5,972,513	6,700,082
Unreported	-	-	-	-	200,000	200,000
Surplus (deficit) in the preliminary estimate for reserve	**(419,704)**	**(607,641)**	**(1,198,824)**	**(1,356,557)**	**-**	**(3,582,726)**

Total – Engineering and Liability

	2010 and before	2011	2012	2013	2014	Total
The accident year	JD	JD	JD	JD	JD	JD
Year at the end of the	120,590	114,291	122,561	132,269	754,956	
After one year	573,714	997,637	386,130	450,583	-	
After two years	599,937	3,915,814	573,240	-	-	
After three years	616,698	3,113,079	-	-	-	
After four years	2,137,270	-	-	-	-	
Present expectation for the accumulated claims	2,137,270	3,113,079	573,240	450,583	754,956	7,029,127
Accumulated payments	258,598	2,398,847	423,628	183,005	293,728	3,557,807
Liability as in the statement of financial position	1,878,672	714,231	149,612	267,577	461,228	3,471,320
Reported	1,878,672	714,231	149,612	267,577	281,228	3,291,320
Unreported	-	-	-	-	180,000	180,000
Surplus (deficit) in the preliminary estimate for reserve	**(2,016,680)**	**(2,998,788)**	**(450,679)**	**(318,314)**	**-**	**(5,784,461)**

Total – Others

	2010 and before	2011	2012	2013	2014	Total
The accident year	JD	JD	JD	JD	JD	JD
Year at the end of the	133,958	464,133	74,237	121,612	129,590	
After one year	297,109	640,830	175,587	1,276,609	-	
After two years	321,461	668,137	377,495	-	-	
After three years	317,127	671,884	-	-	-	
After four years	446,403	-	-	-	-	
Present expectation for the accumulated claims	446,403	671,884	377,495	1,276,609	129,590	2,901,980
Accumulated payments	292,047	482,873	354,293	1,115,849	57,912	2,302,975
Liability as in the statement of financial position	154,356	189,011	23,201	160,759	71,677	599,005
Reported	154,356	189,011	23,201	160,759	51,677	579,005
Unreported	-	-	-	-	20,000	20,000
Surplus (deficit) in the preliminary estimate for reserve	**(312,445)**	**(207,752)**	**(303,258)**	**(1,154,997)**	**-**	**(1,978,452)**

Total – Medical

The accident year	2010 and before	2011	2012	2013	2014	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	-	-	-	-	5,839,320	
After one year	-	-	-	-	-	
After two years	-	-	-	-	-	
After three years	-	-	-	-	-	
After four years	-	-	-	-	-	
Present expectation for the accumulated claims	-	-	-	-	5,839,320	5,839,320
Accumulated payments	-	-	-	-	-	-
Liability as in the statement of financial position	-	-	-	-	5,839,320	5,839,320
Reported	-	-	-	-	2,176,631	2,176,631
Unreported	-	-	-	-	3,662,689	3,662,689
Surplus (deficit) in the preliminary estimate for reserve	-	-	-	-	-	-

3. Insurance Risk Concentrations

Below is a schedule presenting risk concentration based on insurance type and the geographical distributions

	2014		2013	
	Net	Gross	Net	Gross
	JD	JD	JD	JD
Insurance types				
Motors	22,156,742	24,392,482	19,132,905	21,512,763
Marine	171,888	665,669	135,856	487,802
Aviation	-	17,333	-	17,691
Fire and properties	919,836	12,719,878	873,228	5,506,643
Medical	9,661,057	29,892,143	11,652,858	25,879,489
Other	1,288,745	7,834,210	962,393	8,174,012
Total	**34,198,268**	**75,521,715**	**32,757,240**	**61,578,400**

The Company covers all its activities by reinsurance agreements and excess of loss agreements, in addition to agreements that cover the Company’s retention under the name of reinsurance risk agreements. .

The geographical distribution is as follows:

	2014			2013		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
a. According to geographical area:						
Inside Jordan	92,988,638	47,011,410	3,524,830	82,348,273	42,752,439	2,566,460
Other Middle East Countries	747,879	2,935,166	-	148,314	1,723,196	-
Europe	13,946	9,558,353	-	1,106,142	9,401,835	-
Asia *	254,058	2,548,647	-	11,458	1,317,242	-
Africa *	31,697	683	-	-	62,379	-
Total	**94,036,218**	**62,054,259**	**3,524,830**	**83,614,187**	**55,257,091**	**2,566,460**

* Excluding Middle East countries.

	2014			2013		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
b. According to Sector:						
Public sector	6,750,865	4,992,304	3,524,830	5,113,496	4,356,346	2,566,460
Private Sector:						
Companies and corporations	83,921,173	55,167,180	-	75,509,362	49,213,605	-
Individuals	3,364,180	1,894,775	-	2,991,329	1,687,140	-
Total	**94,036,218**	**62,054,259**	**3,524,830**	**83,614,187**	**55,257,091**	**2,566,460**

Concentration of the off-statement of financial position assets and liabilities related to reinsurers according to the geographical and sector distribution is as follows:

	2014			2013		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
a. According to geographical area:						
Inside Jordan	-	75,521,715	-	-	61,578,400	-
Other Middle East Countries	-	-	-	-	-	-
Europe	22,442,787	-	-	22,454,968	-	-
Asia *	11,755,481	-	-	10,302,272	-	-
Africa *	-	-	-	-	-	-
Total	**34,198,268**	**75,521,715**	**-**	**32,757,240**	**61,578,400**	**-**

* Excluding Middle East countries.

Insurance Risk Sensitivity

The table below shows the possible reasonable effect of the premiums price on the statement of income and equity keeping all other affecting variables fixed.

Insurance activities	Change	Effects on the underwriting premiums	Effects on the current year pre- Tax profit	Effects on The equity*
	%	JD	JD	JD
Motors	10	2,342,479	2,159,355	1,641,110
Marine	10	258,844	52,025	39,539
Aviation	10	8,288	-	-
Fire	10	897,974	114,610	87,104
Liabilities	10	87,674	5,263	4,000
Medical	10	5,179,600	2,126,169	1,615,888
Others	10	720,104	93,381	70,970
Total		**9,494,963**	**4,550,803**	**3,458,611**

* Net after deducting income tax effect.

If there is negative change the effect equals the change above with changing the sign.

The table below shows the possible reasonable effects of the claims cost on the statement of income and equity keeping all other affecting valuables fixed.

Insurance activities	Change	Effects on the underwriting claims	Effects on the current year pre- Tax profit	Effects on The equity*
	%	JD	JD	JD
Motors	10	1,796,110	1,728,121	1,313,372
Marine	10	15,120	5,999	4,559
Aviation	10	-	-	-
Fire	10	644,528	84,550	64,258
Liabilities	10	2,352	4,550	3,458
Medical	10	4,191,713	1,948,852	1,481,127
Others	10	421,900	72,509	55,107
Total		**7,071,723**	**3,844,581**	**2,921,881**

* Net after deducting income tax effect.

If there is negative change the effect equals the change above with changing the singe.

(B) Financial Risks

The Company follows financial policies to manage several risks within a specified strategy. The Company's management observes and controls the risk and determines the most suitable strategic risk distribution procedures for each of the financial assets and liabilities. This risk includes interest rate risk, credit risk, foreign currency risk and market risk.

The Company follows a hedging policy for each of its assets and liabilities when required, the hedging policy is related to future expected risks.

1- Market Risks
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices such as interest and currency prices. These risks are monitored according to specific policies and procedures and through specialized committees and business units.

Market risk and its related controls are measured through sensitivity analysis.

2- Interest Rate Risk
Interest rate risks relate to long term bond deposits, development bonds, and other deposits. Moreover, the Company always aims to mitigate these risks through monitoring the changes in interest rates in the market. Interest rate risks relate to fixed deposits at banks and overdraft accounts, as of December 31, 2014. The interest rate on bank deposits ranged from 3.25% to %5 annually on Jordanian Dinar deposits. The interest rate on overdraft accounts ranged from 5% annually.

The following table illustrates the sensitivity of exposure to interest rate at the date of the financial statements. Moreover, the analysis below has been prepared assuming that the amount of deposits outstanding at the statement of financial position date was outstanding for the whole financial year. An increase / decrease of 0.5% is used representing the Company's assessment of the probable and acceptable change of interest rates.

	+ 0.5%		- 0.5%	
	For the Year Ended December 31,			
	2014	2013	2014	2013
	JD	JD	JD	JD
Increase (decrease) in profit for the year	168,283	137,587	(168,283)	(137,587)
Shareholders' equity	**168,283**	**137,587**	**(168,283)**	**(137,587)**

The table below shows the sensitivity of exposure to interest rates on the bonds of Aqapa development company. Since the bond below that amount based on the financial statements was based along the financial period. And is used to increase or decrease by 0.5%, which represents the company's management assessment of the potential change and acceptable interest rates.

	+ 0.5%		- 0.5%	
	For the Year Ended December 31,			
	2014	2013	2014	2013
	JD	JD	JD	JD
Increase (decrease) in profit for the year	-	6,350	-	(6,350)
Shareholders' equity	-	6,350	-	(6,350)

3- Foreign Currencies Risks

Foreign currencies risks are the risks resulting from the fluctuations in the value of the financial instruments due to the changes in the exchange rates of foreign currencies. Most of the Company's assets and liabilities are funded in Jordanian Dinar or US Dollar. The exchange rate of the US Dollar to Jordanian Dinar is fixed at 0.709 and the probability of this risk is very minimal. Consequently, the Company does not hedge for the foreign currencies risk due to the following reasons:

- The US Dollar exchange rate is fixed within a range from 0.708 to 0.710 selling and buying by the Central Bank of Jordan.
- All of the Company's accounts with the various parties including reinsurers are in Jordanian Dinar.
- There are no other foreign currencies denominated accounts. However, the Company monitors the fluctuation in the foreign currency exchange rate continuously.

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

The following is the net position of the Company's major foreign currencies:

	Foreign Currency		Equivalent in Jordanian Dinar	
Currency Type	2014	2013	2014	2013
US Dollar	3,973,565	3,074,990	2,817,258	2,180,168

The Company's management believes that the foreign currencies risks and their impact on the financial statements are immaterial.

4- Liquidity Risk

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

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

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

	Less than month	1 month to 3 months	3-6 months	6 month to 1 year	1-3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD
2014 -							
Liabilities:							
Accounts payables	2,650,000	2,000,000	1,100,000	421,000	185,743	-	6,356,743
Accrued expenses	234,482	-	-	-	-	-	234,482
Reinsurance payables	3,000,000	3,500,000	4,500,000	6,104,815	881,300	-	17,986,115
Other provisions	-	-	-	-	-	1,152,019	1,152,019
Income tax provision	674,885	-	803,975	-	-	-	1,478,860
Other payables	225,859	193,185	-	-	-	24,902	443,946
Deferred tax liabilities	-	-	-	-	-	203,826	203,826
Total liabilities	6,785,226	5,693,185	6,403,975	6,525,815	1,067,043	1,380,747	27,855,991
Total Assets	20,172,956	14,451,608	8,111,772	37,823 ,522	7,170,676	6,305,684	94,036,218
2013 -							
Liabilities:							
Accounts payables	3,000,000	1,500,000	1,000,000	400,000	153,053	-	6,053,053
Accrued expenses	175,487	-	-	-	-	-	175,487
Reinsurance payables	2,000,000	2,500,000	3,500,000	4,800,000	561,466	-	13,361,466
Other provisions	-	-	-	-	-	823,059	823,059
Income tax provision	617,501	-	711,407	-	-	-	1,328,908
Other payables	194,097	455,750	-	-	-	24,211	674,058
Deferred tax liabilities	-	-	-	-	-	83,820	83,820
Total liabilities	5,987,085	4,455,750	5,211,407	5,200,000	714,519	931,090	22,499,851
Total Assets	10,610,956	27,541,259	21,654,418	16,017,171	6,820,587	969,796	83,614,187

5. Share Price Risk

This represents the decrease in the value of shares as a result of the changes in the level of indices of shares subscribed to in the investment portfolio at the Company.

The change in the stock exchange index as of the financial statements date was +5% or - 5%. The following is the impact of the change on the Company's shareholders:

	Change in Index	Impact on Shareholders' Gain/(Loss)
2014		JD
Stock Exchange	+5%	258,334
Stock Exchange	-5%	(258,334)
2013		JD
Stock Exchange	+5%	157,950
Stock Exchange	-5%	(157,950)

6. Insurance Risk

This risk arises from the other parties' inability to meet their obligations. These risks arise from the following:
- Reinsurers.
- Policyholders.
- Insurance agents.

To mitigate insurance risks, the Company performs the following:
- Sets credit limits for agents and intermediaries.
- Controls accounts receivable.
- Sets reinsurance policies at other high net worth parties.
- Maintains the Company's cash balances at local and international banks.

7. Reinsurance Risk

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

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

- In order to reduce exposure to the financial risks that may arise from the major insurance claims, the Company enters into reinsurance agreements with other parties.
- The Company applies the contractual and optional insurance agreements terms upon underwriting for all types of insurance regardless of size.
- The Company completes the reinsurance coverage for each risk assigned to it before the issuance of the insurance policy in case of insurance policies exceeding the relative agreements limits.
- As regards major contracts exceeding the proportional agreements limits, the Company, if it decides, assigns what exceeds 30% of any insurance contract to cover the optional reinsurance at a rate of not less than 60% of the assignment to a reinsurance company classified as 1st and 2nd class according to the solvency margin instructions.
- The Company optionally returns 100% of risks excluded from contracts to the reinsurance company (companies) classified as 1st or 2nd class according to the solvency margin instructions.
- The Company follows up on the contractual and optional reinsurances monthly to ensure that the classification is not down graded below 1st and 2nd class.

8. Operating Risks

Operating risks relate to systems downtime or may result from any intentional or unintentional human error. These risks may affect the Company's reputation as they may lead to financial losses. These risks may be avoided through segregating duties, setting the necessary procedures to obtain any information from the Company's systems, and making aware and training the Company's personnel.

9. Legal Risks

These risks relate to the lawsuits against the Company. In order to avoid these risks, the Company setup an independent legal department to follow up on the Company's operations in a manner that complies with the Insurance Law and the Insurance Commission's Regulations.

(31) Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

2014 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Bank deposits	33,656,515	-	33,656,515
Financial assets at fair value through profit or loss	5,166,676	-	5,166,676
Financial assets at amortized cost	1,000	-	1,000
Cash at hands and at bank	7,346,463	-	7,346,463
Cheques under collection	5,989,702	-	5,989,702
Account receivable net	30,335,847	-	30,335,847
Reinsurance receivable net	2,191,864	-	2,191,864
Deferred tax assets	2,404,479	-	2,404,479
Property and equipment	-	5,384,874	5,384,874
Intangible equipment	-	519,331	519,331
Other assets	1,039,467	-	1,039,467
Total Assets	**88,132,013**	**5,904,205**	**94,036,218**
Liabilities			
Unearned premiums revenue, net	19,161,869	-	19,161,869
Outstanding claims reserve, net	10,751,026	4,285,373	15,036,399
Accounts payable	6,171,000	185,743	6,356,743
Accrued expenses	234,482	-	234,482
Reinsurance payable	17,104,815	881,300	17,986,115
Other provisions	-	1,152,019	1,152,019
Income tax provision	1,478,860	-	1,478,860
Other liabilities	419,044	24,902	443,946
Deferred tax liabilities	203,826	-	203,826
Total Liabilities	**55,524,922**	**6,529,337**	**62,054,259**
Net Assets	**32,607,091**	**(625,132)**	**31,981,959**

2013 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Bank deposits	27,517,513	-	27,517,513
Financial assets at fair value through profit or loss	3,159,005	-	3,159,005
Financial assets at amortized cost	1,271,000	-	1,271,000
Cash at hands and at bank	4,718,764	-	4,718,764
Cheques under collection	5,732,289	-	5,732,289
Account receivable net	30,210,531	-	30,210,531
Reinsurance receivable net	2,535,551	-	2,535,551
Deferred tax assets	1,826,716	-	1,826,716
Property and equipment	-	5,534,586	5,534,586
Intangible equipment	-	460,041	460,041
Other assets	648,191	-	648,191
Total Assets	**77,619,560**	**5,994,627**	**83,614,187**
Liabilities			
Unearned premiums revenue, net	21,240,338	-	21,240,338
Outstanding claims reserve, net	8,227,832	3,289,070	11,516,902
Accounts payable	5,900,000	153,053	6,053,053
Accrued expenses	175,487	-	175,487
Reinsurance payable	12,800,000	561,466	13,361,466
Other provisions	-	823,059	823,059
Income tax provision	1,328,908	-	1,328,908
Other liabilities	649,847	24,211	674,058
Deferred tax liabilities	83,820	-	83,820
Total Liabilities	**50,406,232**	**4,850,859**	**55,257,091**
Net Assets	**27,213,328**	**1,143,768**	**28,357,096**

(32) Analysis Of Main Sectors

A- Background for the company business sectors

General insurance sector includes insurance on Motor, Marine, Fire and Property, Liability, medical and others, The sectors above also include investments and cash management for the company account. The activities between the business sectors are performed based on commercial basis.

B-Geographic concentration of risk

The Company mainly operates in Jordan, which represents domestic operations. The following tables depict the distribution of gross income and capital expenditure based on the geographical location of the customers and assets.

	Inside Kingdom		Outside Kingdom		Total	
	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD
Total assets	92,988,637	83,614,187	1,047,581	-	94,036,218	83,614,187
Total revenues	94,618,328	85,846,650	331,308	172,886	94,949,636	86,019,536
Capital expenditure	458,142	733,917	-	-	458,142	733,917

(33) Management of Capital

The Company's objectives as to the management of capital are as follows:

a. To adhere to the Company's minimum capital issued by the Insurance Law. Moreover, the Company's minimum capital prior to the enforcement of the law according to which it was licensed to practice general insurance in all of its branches, jointly and severally, is JD 4 million.

b. To secure the continuity of the Company, and consequently, the Company's ability to provide the shareholders with good returns on capital.

c. To make available the proper return to shareholders through pricing insurance policies in a manner compatible with the risks associated with those polices.

d. To comply with the Insurance Commission Instructions associated with the solvency margin.

e. The following table shows the summary of the Company's capital and the minimum required capital:

	2014	2013
	JD	JD
Total paid in Capital	21,438,252	20,035,750
Minimum Capital According to the Insurance Law	4,000,000	4,000,000

f. The following table shows the amount contributed to capital by the Company and the net solvency as of December 31, 2014 and 2013:

	2014	2013
	JD	JD
Core Capital		
Paid in Capital	21,438,252	20,035,750
Statutory reserve	3,971,347	3,330,917
Profit for the year net of appropriations	4,386,935	3,542,804
Retained earnings	2,185,425	1,447,625
Total Primary Capital	31,981,959	28,357,096
Supplementary capital:		
Cumulative change in fair value	-	-
Total Supplementary Capital	-	-
Total regulatory capital (a)	31,981,959	28,357,096
Total required capital (b)	19,074,664	17,186,355
Solvency margin (a) / (b)	167,7%	165%

In the opinion of the Company's management, the regulatory capital is compatible with and adequate to the size of capital and nature of risks to which the Company is exposed.

(34) Lawsuits Against the Company

There are lawsuits filed against the Company claiming compensation for a total amount of JD 2,369,562 as of December 31, 2014. 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.

(35) Contingent Liabilities

The Company is has bank guarantees of JD 3,524,830 as of December 31, 2014 against cash margins of JD 352,483.

(36) Fair Value Hierarchy

The following table analyzes the financial instruments recorded at fair value based on the valuation method which is defined at different levels as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2: Information not included in level (1) quoted prices monitored for the asset or liability, either directly (e.g. prices) or indirectly (i.e. derived from prices);
- Level 3: information on the asset or liability not based on those observed from the market (unobservable inputs).

	Level (1)	Level (2)	Level (3)	Total
December 31, 2013	JD	JD	JD	JD
Financial assets at fair value through profit or loss	5,166,676	-	-	5,166,676
Total financial assets	**5,166,676**	**-**	**-**	**5,166,676**
	Level (1)	Level (2)	Level (3)	Total
December 31, 2013	JD	JD	JD	JD
Financial assets at fair value through the profit of loss	3,159,005	-	-	3,159,005
Total financial assets	**3,159,005**	**-**	**-**	**3,159,005**

(37) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2017, and early adoption is permitted.

IFRS 9 Financial Instruments
During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Company has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

Amendments issued but not yet effective

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)
In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments are effective for annual periods beginning on or after 1 January 2016, must be applied retrospectively and earlier adoption is permitted.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to :
- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

These amendments are not expected to impact the Company's financial position or performance. The application of the amendments are not expected to have a significant impact on the Company's disclosures.

The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Investment entities (Amendments to IFRS 10 and IAS 28)
The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.