Ref : Acc / 231 / 2017

Date : 14 / 5 / 2017

اشارة رقم : م ح / 231 / 2017

التـــاريخ : 14 / 5 / 2017

To : Jordan Securities Commission

Amman Stock Exchange

السادة : هيئة الاوراق المالية

السادة بورصة عمان

Subject : Audited Financial Statements for the fiscal year ended 31/12/2016 in English Language

الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية بتاريخ 2016/12/31 باللغة الانجليزية

Attached the Audited Financial Statements for National Insurance Co. for the fiscal year ended 31/12/2016

مرفق طيه نسخة من البيانات المالية المدققة لشركة التامين الوطنية م.ع.م عن السنة المالية المنتهية في 2016/12/31

kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام ،،،

بورصة عمان
الدائـــرة الإدارية والمالية
الديـــوان
١٤ أيـــار ٢٠١٧
الرقم المتسلسل: 3061
رقم الملف: 21021
الجهة المختصة: [illegible]

General Manager

Manal Jarrar

المـديـر العـام

منـال جـرار

هاتف: 9000 568 6 962+ - 1979 568 6 962+ فاكس: 4900 568 6 962+ ص.ب 6156 عمان 11118 الأردن
www.natinsurance.com.jo info@natinsurance.jo :بريد إلكتروني

NATIONAL INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

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Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of National Insurance Company Public Shareholding Company
Amman- Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of National Insurance Company a public shareholding company (the Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects,) the financial position of the Group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016!. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Revenue recognition

Revenue is an important determinant of the Group's profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to revenue recognition at the cut- off date. Gross written premium amounted to JD 18,822,461 for the year ended 31 December 2016.

How key audit matter was addressed

Our audit procedures included evaluating the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of International Financial Reporting Standards (IFRSs). We tested the Group's controls over revenue recognition and key controls in the revenue cycle. We also selected a representative sample and tested premiums written at either side of the revenue cutoff date to, assess whether the revenue was recognized in the correct period. Analytical procedures were performed on income accounts by lines of business. We independently re-performed the revenue calculation of each line of business using data extracted from the Group's system. In order to rely on the data extracted, we tested a sample of transactions to their related policies to assess the accuracy of the data extracted. We also selected and tested a representative sample of journal entries at the cut off period.

Disclosures of accounting policies for revenue recognition are details in note (2) to the consolidated financial statements.

2. Estimates used in calculation and completeness of insurance liabilities

The Group has significant insurance liabilities of JD 10,670,255 representing 73% of the Group's total liabilities as of 31 December 2016. The measurement of insurance liabilities (the incurred but not recorded for insurance and unearned premium revenue and mathematical reserve) involves significant judgment over uncertain future outcomes including primarily the timing and ultimate full settlement of long term policyholders' liabilities.

How key audit matter was addressed

Our audit procedures included, amongst others, assessing the Group's methodology for calculating the insurance liabilities and their analysis of the movements in insurance liabilities during the year, including consideration of whether the movements are in line with the accounting policy adopted by the Group. We tested management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. We evaluated the competence, capabilities and objectivity of the management's specialist. Our audit procedures on the liability adequacy tests included assessing the reasonableness of the projected cash flows and reviewing the assumptions adopted in the context of both the Group and industry experience and specific product features. We also assessed the adequacy of the disclosures regarding these liabilities.

Disclosures of assumptions and accounting policies related to insurance contracts liabilities are details in note (2) to the consolidated financial statements.

3. Provision for doubtful accounts receivable

The determination as to whether accounts receivable are collectable involves high level of management judgment. The completeness of allowance for doubtful accounts receivable may have a significant impact on the Group's profit.

Management considers specific factors including the age of the balance, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall.

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How key audit matter was addressed

Our audit procedures included testing accounts receivable where no provision was recognized to check that there were no indicators of impairment. This included verifying if payments had been received since the year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates. Also, the accuracy of the receivables aging report was tested through agreeing a sample to the related supporting documents. We selected a sample of accounts receivable balances where a provision for impairment of accounts receivables was recognized and understood the rationale behind management's judgment. In order to evaluate the appropriateness of these judgments we verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also obtained corroborative evidence including correspondence supporting any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties where available.

Disclosures of provision for doubtful debts are details in note (8,9,10) to the consolidated financial statements.

Other information included in the Company's 2016 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records, which are in agreement with the consolidated financial statements.

Ernst & Young / Jordan

Ernst + Young

Mohammad Ibrahim Al-Karaki
Registration No. 882

Amman – Jordan
8 February 2017

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
Assets			
Investments-			
Deposits of banks	3	9,323,666	10,359,178
Financial assets at fair value through other comprehensive income	4	3,830,073	2,527,175
Financial assets at amortized cost	5	1,900,212	1,283,311
Investment properties	6	702,049	1,305,951
Total Investments		15,756,000	15,475,615
Other assets-			
Cash on hands and at banks	7	1,057,347	1,419,241
Checks under collection and notes receivables	8	1,246,493	913,366
Account receivables, net	9	4,612,892	4,631,274
Reinsurance receivables	10	378,060	433,006
Deferred tax assets	11	175,367	200,833
Property and equipment, net	12	645,629	690,802
Other assets	13	1,168,007	1,068,625
Total Assets		25,039,795	24,832,762
Liabilities and Equity			
Technical Reserves-			
Unearned premium reserve, net		5,314,664	5,258,410
Outstanding claims reserve, net		5,304,111	5,757,765
Mathematical reserve, net	14	51,480	54,969
Total Technical Reserves Liabilities		10,670,255	11,071,144
Other liabilities-			
Accounts payable	15	914,154	989,763
Accrued expenses		41,228	47,303
Reinsurance payables	16	1,342,138	1,416,014
Other provisions	17	64,097	138,414
Income tax provision	11	438,301	341,022
Other liabilities	18	1,269,981	1,231,144
Total Liabilities		14,740,154	15,234,804
Equity			
Paid in capital	19	8,000,000	8,000,000
Statutory reserve	20	1,155,802	975,643
Voluntary reserve	20	11,000	11,000
Fair value reserve	21	(279,525)	(116,090)
Retained earnings	22	1,412,364	727,405
Total Shareholders Equity		10,299,641	9,597,958
Total Liabilities and Shareholders Equity		25,039,795	24,832,762

The attached notes 1 to 43 form part of these financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
Revenues –			
Gross written premiums		18,822,461	19,554,518
Less: reinsurance share		7,046,669	7,553,511
Net written premiums		11,775,792	12,001,007
Net change in unearned premiums reserve		(56,254)	(220,925)
Net change in mathematical reserve		3,489	(16,930)
Net earned premiums		11,723,027	11,763,152
Commissions income		609,078	606,042
Insurance policies issuance fees		700,463	720,407
Interest income	24	437,764	543,661
Gain from financial assets	25	122,234	132,212
Gain from sale of investments properties	6	502,068	-
Other income related to written premiums		64,747	13,698
Other income	26	22,301	11,431
Total revenues		14,181,682	13,790,603
Claims losses and related expenses			
Paid claims		17,315,677	14,789,894
Less: Recoveries		2,933,116	2,494,282
Less: Reinsurance share		4,799,667	3,998,365
Paid claims, net		9,582,894	8,297,247
Net change in claims reserve		(453,654)	325,561
Policies acquisition costs		672,302	911,797
Excess of loss premium		449,884	430,752
Allocated employees' expenses	27	821,206	807,096
Allocated administrative and general expenses	28	399,239	506,590
Other expenses related to written premiums		507,102	457,206
Net Claims		11,987,973	11,736,249
Unallocated employees' expenses	27	107,529	91,884
Depreciation	6,12	79,410	67,258
Unallocated general and administrative expenses	28	99,809	126,648
Provision for doubtful debts	9,10	65,000	40,000
Provision for doubtful debts-reinsurance	10	-	35,842
Other expenses	29	49,375	31,709
Total expenses		401,123	393,341
Profit for the year before tax		1,801,586	1,661,013
Income tax expenses	11	(437,983)	(378,812)
Profit for the year		1,363,603	1,282,201
		JD/Fils	JD/Fils
Basic and diluted earnings per share	30	0/170	0/160

The attached notes 1 to 43 form part of these financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		JD	JD
Profit for the year		1,363,603	1,282,201
Add: Other comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Change in fair value of financial assets at fair value through other comprehensive income, net after tax	21	(101,920)	(62,267)
Total comprehensive income for the year		1,261,683	1,219,934

The attached notes 1 to 43 form part of these financial statements

National Insurance Company
Public Shareholding Company
Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2016

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings Unrealized	Retained earnings Realized	Total
	JD	JD	JD	JD	JD	JD	JD
2016 -							
Balance at 1 January 2016	8,000,000	975,643	11,000	(116,090)	-	727,405	9,597,958
Profit for the year	-	-	-	-	-	1,363,603	1,363,603
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(101,920)	-	-	(101,920)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	(61,515)	-	61,515	-
Total comprehensive income	-	-	-	(163,435)	-	1,425,118	1,261,683
Transfer to reserves	-	180,189	-	-	-	(180,189)	-
Cash dividends (note 23)	-	-	-	-	-	(560,000)	(560,000)
Balance at 31 December 2016	8,000,000	1,155,802	11,000	(279,525)	-	1,412,346	10,299,641
2015 -							
Balance at 1 January 2015	8,000,000	809,542	11,000	(91,289)	-	(351,229)	8,378,024
Profit for the year	-	-	-	-	-	1,282,201	1,282,201
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(62,267)	-	-	(62,267)
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	37,466	-	(37,466)	-
Total comprehensive income	-	-	-	(24,801)	-	1,244,735	1,219,934
Transfer to reserves	-	166,101	-	-	-	(166,101)	-
Balance at 31 December 2015	8,000,000	975,643	11,000	(116,090)	-	727,405	9,597,958

The attached notes 1 to 43 form part of these financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
OPERATING ACTIVITIES			
Profit for the year before tax		1,801,586	1,661,013
Adjustment for non-cash items			
Depreciation	6&12	79,410	67,258
(Gain) from sale of property and equipment		(154)	(10,115)
(Gain) from sale of investment properties		(502,068)	-
Net change in unearned premiums reserve		56,254	220,925
Net change in outstanding claims reserve		(453,654)	325,561
Net change in mathematical reserve		(3,489)	16,930
Insurance commission fees provision	17	113,606	118,616
Group policies fees provision life	17	489	16,255
Board of directors remuneration provision	17	28,125	28,333
Employees bonus provision	17	22,528	-
Provision for doubtful debt	9	65,000	40,000
Provision for doubtful debt-reinsurance	10	-	35,842
Foreign exchange losses	26	2,203	1,037
Cash flows from operating activities before changes in working capital		1,209,836	2,521,655
Checks under collection and notes receivables		(333,127)	443,997
Account receivables		(46,618)	783,271
Reinsurance receivables		54,946	(102,031)
Other assets		(99,382)	(145,218)
Accounts payable		(75,609)	(162,737)
Accrued expenses		(6,075)	(712)
Reinsurance payables		(76,079)	(942,851)
Other provisions paid	17	(239,065)	(356,841)
Other payables		38,837	(114,928)
Net cash flows from operating activities before tax		427,664	1,923,605
Income tax paid		(315,238)	(424,017)
Net cash flows from operating activities		112,426	1,499,588
INVESTING ACTIVITIES			
Deposits mature after three months		78,521	(382,284)
Purchase of financial assets at fair value through other comprehensive income		(1,709,057)	(693,986)
Sale of financial assets at fair value through other comprehensive income		304,239	243,405
Purchase of financial assets at amortized cost		(616,901)	-
Proceeds from selling of investments properties		1,089,240	-
Investment properties		(9,440)	(297,002)
Purchase of property and equipment		(9,447)	(41,569)
Proceeds from sale of property and equipment		1,534	20,000
Net cash flows used in investing activities		(871,311)	(1,151,436)
FINANCING ACTIVITIES			
Cash dividends		(560,000)	-
Net cash flow used in financing activities		(560,000)	-
Net (decrease) increase in cash and cash equivalent		(1,318,885)	348,152
Cash and cash equivalents at beginning of the year		3,942,732	3,594,580
Cash and cash equivalents at the end of the year	31	2,623,847	3,942,732

The attached notes 1 to 43 form part of these financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2016

	Life	
	2016	2015
	JD	JD
Written Premiums –		
Direct insurance	347,660	340,496
Reinsurance inward business	11,053	55,777
Total written premiums	358,713	396,273
Less:		
Foreign reinsurance share	203,184	220,212
Net Premiums	155,529	176,061
Add:		
Balance at the beginning of the year		
Mathematical reserve	111,459	83,563
Less: Reinsurance share	56,490	45,524
Net mathematical reserve	54,969	38,039
Less:		
Balance at the end of the year		
Mathematical reserve	111,284	111,459
Less: Reinsurance share	59,804	56,490
Net mathematical reserve	51,480	54,969
Net earned revenue from written Premiums- net	159,018	159,131

The attached notes 1 to 43 form part of these financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2016

	Life	
	2016	2015
	JD	JD
Paid claims	246,745	173,169
Less:		
Foreign Reinsurance Share:	181,261	128,386
Net paid claims	65,484	44,783
Claims reserve at the end of the year		
Reported	67,627	58,361
Not reported	21,523	23,776
Less:		
Reinsurance share	57,455	51,190
Net claims reserve at the end of the year	31,695	30,947
Reported	22,363	20,374
Not reported	9,332	10,563
Less:		
Claims reserve beginning of the year		
Reported	58,361	41,603
Not reported	23,776	22,680
Less:		
Reinsurance share	51,190	42,519
Net claims reserve beginning of the year	30,947	21,764
Net claims cost	66,232	53,966

The attached notes 1 to 43 form part of these financial statements

STATEMENT OF UNDER WRITING PROFITS FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2016

	Life	
	2016	2015
	JD	JD
Net earned revenue from written premiums	159,018	159,131
Less:		
Net claims cost	66,232	53,966
Add:		
Commissions received	1,506	2,338
Insurance policies issuance fees	3,986	3,666
Other income related to written premiums	1,384	453
Total revenues	6,876	6,457
Less:		
Policy acquisition cost	7,148	8,074
Allocated general and administrative expenses	33,504	30,406
Allocated other expenses	479	16,255
Total expenses	41,131	54,734
Underwriting profit	58,531	56,887

The attached notes 1 to 43 form part of these financial statements

National Insurance Company
Public Shareholding Company
Statement of Under Writing Revenues for the General Insurance
For the Year Ended 31 December 2016

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums:												
Direct insurance	9,033,991	8,995,880	804,371	1,194,716	1,853,902	2,125,079	219,532	587,808	4,523,637	4,287,893	16,435,433	17,191,376
Reinsurance inward business	1,050,604	1,116,870	48,393	25,329	924,783	820,585	4,535	4,085	-	-	2,028,315	1,966,869
Total Premiums	10,084,595	10,112,750	852,764	1,220,045	2,778,685	2,945,664	224,067	591,893	4,523,637	4,287,893	18,463,748	19,158,245
Less:												
Local reinsurance share	328,891	373,658	541	-	587,310	908,270	3,362	3,702	-	-	920,104	1,285,630
Foreign reinsurance share	316,371	284,442	656,165	901,410	1,804,429	1,570,191	193,759	548,237	2,952,657	2,743,389	5,923,381	6,047,669
Net Written Premiums	9,439,333	9,454,650	196,058	318,635	386,946	467,203	26,946	39,954	1,570,980	1,544,504	11,620,263	11,824,964
Add: Balance at the beginning of the year												
Unearned premiums reserve	5,144,473	4,817,286	344,476	411,200	1,269,328	2,434,437	251,484	186,991	624,601	655,605	7,634,362	8,505,719
Less: Reinsurance share	311,835	243,398	250,227	319,396	1,139,862	2,315,054	236,808	131,322	437,220	459,064	2,375,952	3,468,234
Net Unearned Premiums Reserve	4,832,638	4,573,888	94,249	91,804	129,466	119,383	14,676	55,669	187,381	196,741	5,258,410	5,037,485
Less: Balance at the end of the year												
Unearned premiums reserve	5,239,964	5,144,473	188,847	344,476	1,314,284	1,269,328	155,366	251,484	661,516	624,601	7,559,977	7,634,362
Less : Reinsurance share	283,155	311,835	152,846	250,227	1,205,312	1,139,862	140938	236,808	463,062	437,220	2,245,313	2,375,952
Unearned Premiums Reserve- net	4,956,809	4,832,638	36,001	94,249	108,972	129,466	14,428	14,676	198,454	187,381	5,314,664	5,258,410
Earned revenue from written Premiums- net	9,315,162	9,195,900	254,306	316,190	407,440	457,120	27,194	80,947	1,559,907	1,553,864	11,564,009	11,604,021

The attached notes 1 to 43 form part of these financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2016

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	11,301,616	9,970,939	314,170	380,198	1,186,381	431,325	148,688	11,610	4,118,077	3,822,653	17,068,932	14,616,725
Less:												
Recoveries	2,697,580	2,272,978	20,000	413	111,190	118,264	39	-	104,307	102,627	2,933,116	2,494,282
Local reinsurance share	3,657	110,857	-	1,229	42,828	16,460	-	1,586	-	-	46,485	130,132
Foreign reinsurance share	381,633	578,765	286,505	300,612	963,276	261,358	145,153	9,334	2,795,354	2,589,778	4,571,921	3,739,847
Net Paid Claims	8,218,746	7,008,339	7,668	77,944	69,087	35,243	3,496	690	1,218,416	1,130,248	9,517,410	8,252,464
Add: Outstanding Claims Reserve at end of the year												
Reported	5,187,560	5,792,969	403,755	522,550	3,351,923	3,349,769	225,073	267,559	148,718	163,404	9,317,026	10,096,278
Not reported	504,230	505,638	8,527	12,200	72,787	74,457	2,241	5,919	389,333	350,822	977,119	949,036
Less:												
Reinsurance share	656,262	538,146	352,743	455,816	3,252,556	3,349,796	192,810	271,104	376,636	359,958	4,831,007	4,820,823
Recoveries	190,725	497,673	-	-	-	-	-	-	-	-	190,725	497,673
Net Outstanding Claims Reserve at end of the year	4,844,803	5,262,786	59,540	78,934	172,154	174,456	34,504	56,374	161,415	154,268	5,272,416	5,726,818
Reported	4,372,836	4,790,053	57,579	75,748	123,284	124,784	34,234	55,974	44,615	49,021	4,632,548	5,095,580
Not reported	471,967	4752,733	1,961	3,186	48,870	49,672	270	400	116,800	105,247	639,868	631,237
Less: Net outstanding claims reserve at beginning of the year												
Reported	5,792,969	5,306,003	522,550	435,408	3,349,796	3,096,187	267,559	114,695	163,404	91,762	10,096,278	9,044,055
Not reported	505,638	484,650	12,200	15,617	74,457	121,934	5,919	3,854	350,822	469,367	949,036	1,095,422
Less:												
Reinsurance share	537,148	398,686	455,816	360,496	3,249,797	3,055,075	217,104	63,700	359,958	392,797	4,820,823	4,270,754
Recoveries	497,673	458,283	-	-	-	-	-	-	-	-	497,673	458,283
Net Outstanding Claims Reserve at beginning of the year	5,262,786	4,933,684	78,934	90,529	174,456	163,046	56,374	54,849	154,268	168,332	5,726,818	5,410,440
Net Claims Cost	7,800,763	7,337,441	(11,729)	66,349	66,785	46,653	(18,374)	2,215	1,225,563	1,116,184	9,063,008	8,568,842

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS (LOSSES) FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2016

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	9,315,162	9,195,900	254,306	316,190	407,440	457,120	27,194	80,947	1,559,907	1,553,864	1,1564,009	11,604,021
Less:												
Net claims cost	7,800,763	7,337,441	(11,729)	66,349	66,785	46,653	(18,374)	2,215	1,225,563	1,116,184	9,063,008	8,568,842
Add:												
Commissions received	64,477	60,719	295,381	275,224	232,537	227,612	15,177	40,149	-	-	607,572	603,704
Insurance policies issuance fees	458,272	476,033	22,213	280,006	37,458	40,040	3,168	5,480	175,366	167,182	696,477	716,741
Other income related to underwriting	41,708	6,775	21,655	-	-	-	-	-	-	6,470	63,363	13,245
Total revenues	564,457	543,527	339,249	303,230	269,995	267,652	18,345	45,629	175,366	173,652	1,367,412	1,333,690
Less:												
Policies acquisition cost	490,173	740,448	27,595	27,730	94,480	81,597	2,413	2,662	50,493	51,286	665,154	903,723
Excess of loss premiums	350,884	330,152	16,000	13,000	83,000	87,600	-	-	-	-	449,684	430,752
Allocated general and administrative expenses	653,694	694,766	73,363	102,526	174,661	183,211	22,004	45,378	263,219	257,399	1,186,941	1,283,280
Allocated other expenses	141,591	75,261	886	2,005	3,174	3,508	-	-	360,972	360,177	508,623	440,951
Total Expenses	1,636,342	1,840,627	117,844	145,261	355,315	355,916	24,417	48,040	674,684	668,862	2,808,602	3,058,706
Underwriting profit (loss)	442,514	561,359	487,440	407,810	255,335	322,203	39,496	76,321	(164,974)	(57,530)	1,059,811	1,310,163

The attached notes 1 to 43 form part of these financial statements

(1) GENERAL

National Insurance Company ("Company") was established after the merger between Al-Watania Insurance company (established in 1965) and Al-Ahlia Insurance Company established in 1986 according to the companies law number 1964 for insurance practice. It was registered in the Companies Control Department in the ministry of industry and trade as a public shareholding company, under the registration number (199) on 9 December 2016. The Company had the life insurance license on the 6 August 1995. The Company's authorized and paid in capital is JD 8,000,000 divided into 8,000,000 shares with as par value of JD 1 each as of 31 December 2016.

The Company's name was modified to become National Insurance Company (public shareholding company), instead of National Ahlia Insurance Company (public shareholding company) based on the Company's General Assembly decision at its extraordinary meeting on 25 April 2007.

The Company is engaged in all kinds of insurance, such as motor, marine, transportation, fire and property risk, liability, medical, personal accident and life through its head quarter, located in Shmeisani - Qutb Street - next to the embassy of the Kingdom of Bahrain. PO Box 6156 - Amman 11118 - Tel: 5681979 - Fax: 5684900 and its agencies the Hashemite Kingdom of Jordan.

The consolidated financial statements were approved by the board of directors in its meeting No. (1/2017) on 5 February 2017 and it is subject to approval by the general assembly of the shareholders.

(2) SIGNIFICANT ACCOUNTING POLICIES

(2-1) Basis of preparation the consolidated financial statements

The consolidated 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 consolidated financial statements have been prepared on historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value.

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

(2-2) Basis of consolidation

The consolidated financial statements comprise the financial statements of National Insurance Company (the "Company"), and its subsidiary (referred to together as the "Group") as of the 31 December 2016:

Company's Name	Legal form	Country of Origin	Ownership Percentage	
			2016	2015
Nai for Real Estate Investments Co.*	Limited Liability Company	Jordan	100%	100%

* Nai Real Estate Investment Company Ltd. was established with a fully paid in capital of JD 60,000. The Company was registered with the Ministry of Industry and Trade on 16 December 2008 and it is wholly owned by the National Insurance Company. The company did not start operations to the date of these consolidated financial statements.

The subsidiary is consolidated from the date control achieved, and continue to be consolidated until the date when such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group transactions, balances, income, expenses between members of the Group are eliminated in full on consolidation.

The financial statements of the subsidiary are prepared for the same reporting year as for the Company and using consistent accounting policies.

Losses attributable to non-controlling interest are recognized even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and

(3-2) Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2015 except for the followings adopted amendments applied as of 1 January 2016:

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.

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

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.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation .

The implementation of the new amendments did not have impact on the Group's financial position or performance and became effective for annual periods which started from 1 January 2016.

(2.4) Summary of significant accounting policies

Following is a summary of the significant accounting policies:

Segment reporting

Business segments represent distinguishable components of the Group that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments, and are reported based on the reports that are used by the chief executive decision maker.

Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Financial assets date of recognition

Purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Fair value measurement

The Group measures financial instruments such as derivatives and non-financial assets at fair value at the financial statements date. The fair value of amortized cost financial assets disclosed in note (34).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In case of unavailable main market , The principal or the most advantageous market for assets or liabilities must be accessible to by the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of the fair value disclosure, the Group has determined classes of assets and liabilities based on nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy.

(A) Financial assets at amortized cost

- Financial assets that the Group's management aims, according to its business model to hold the assets to collect their contractual cash flows and that the contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and profit on the outstanding principal amounts.
- Debt instruments meeting these criteria are initially measured at amortized cost plus transaction costs. Subsequently they are amortized using the effective profit rate method less allowance for impairment. The losses arising from impairment are recognized in the income statement.
- The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.

B) Financial assets at fair value through profit or loss

Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the income statement at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. Where these assets or portion of these assets are sold, the gain or loss arising are recorded in the consolidated income statement.

Dividend and interest income are recorded in the consolidated income statement.

C) Financial assets at fair value through other comprehensive income

Equity investments that are not held for sale in the near future.

These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of these asset are reclassified from fair value reserve to retained earnings and not through consolidated income statement.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the consolidated income statement.

Impairments in Financial Assets Value

The Group assesses at each statement of financial position date whether there is an objective evidence that a financial asset or a group of financial assets are impaired. If such evidence exists, the recoverable amount is estimated in order to determine the amount of impairment loss.

Impairment is determined by the follows:

The amount of impairment loss on amortized cost asset is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows that is discounted at the financial assets original effective interest rate.

Impairment loss is recognized in the consolidated income statement. Any recoveries in the future resulting from previously recognized impairment is credited to the consolidated income statement.

Investment property

Investment property is stated at cost less accumulated depreciation (except land) and its depreciation over its useful life at a rate of 4%. Impairment loss is recorded in the consolidated income statement. Any profit or operating expense arising from these assets is recognized in the consolidated income statement.

Investment property is revalued in accordance with Insurance Department related regulations, and its fair value is disclosed in the investment property note.

Cash and Cash equivalents

For cash flow purposes cash and cash equivalents comprise cash on hand, banks balances and deposits maturing within three months, less bank overdrafts and restricted funds.

Reinsurance Accounts

Reinsurers shares of insurance premiums, paid claims, technical provisions, and all other resulting rights and obligations are calculated based on the agreements signed between the Group and reinsurance companies and are accounted for using the accrual basis.

Reinsurance

The Group engages within its normal activities in a variety of inward and outward reinsurance operations with other insurance and reinsurance Companies which involves different level of risks. The reinsurance operations include quota share, excess of loss, facultative reinsurance, and other types of reinsurance. These reinsurance treaties does not eliminate the Group's liability towards policy holders, where in the case the reinsurance fails to cover its share of total liability, the Group bears the total loss, therefore the Group provides for the un-recovered amounts. The estimation of amounts that are likely to be recovered from reinsurers is done according to the Group's share 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 Group, which possesses the reinsured contract, the Group 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:

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

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 the consolidated income statement.

Property and equipment

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

	%
Building	2
Furniture	15
Tools and equipment	20-35
Vehicles	15
Decoration	15
Computers	50

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. If the expected useful life of the assets do not reflect the expected pattern of economic benefits from items of property and equipment, changes are recognized as changes in estimates for future period.

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 consolidated income statement.

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

Pledged financial assets

These are the financial assets that are pledged for other parties, and the other parties have the right to control the asset (sell or re-pledge). These financial assets continues to be valued using the same accounting policies and classification.

Intangible assets

Intangible assets are classified as finite or infinite. Intangible assets with finite lives are amortized over the useful economic life and the amortization expense is recognized in the consolidated income statement. 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. The impairment loss is recorded in the consolidated income statement.

Internally generated intangible assets are not capitalized and are expensed n the consolidated income statement.

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 subsequent periods.

Intangible assets include computer software. These intangible assets are amortized on a rate of 50%.

Provisions

Provisions are recognized when the Group 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 Reserves

Technical reserves are provided for in accordance to the Insurance Department 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 Group.

4. Provision for unearned premiums for life insurance is calculated based on the Group's experience and estimates.

5. The mathematical reserve of life insurance polices is calculated in accordance with the Insurance Department regulations.

6. Reports reviewed by the actuary.

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 Group policy is to record impairment losses for past due receivables over 365 days.

C) End of service indemnity provision

The end of service indemnity provision for employees is calculated based on the Group's policy and in accordance with Jordanian labor law.

The paid end of service for resigned employees are debited to this account. Obligation for the end of serves is recorded in the consolidated income statement.

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 consolidated income statement.

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 accounting income in the statement of income because the accounting income contains nondeductible expenditures and nontaxable income in the current year but are in the preceding years or the tax 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 all or part of the deferred tax assets will be utilized or settle a tax liability or when no longer needed.

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 Group 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 consolidated income statement based on the expected claim value to compensate the policyholder or to other affected parties.

B- Dividend and interest revenue

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

Interest revenues are recorded using the accrual basis based for the related period, principle amount and interest rate.

C- Rental income

Rental income from investment properties is accounted for using the straight- line basis over the lease terms.

Expenditures recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the consolidated income statement 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 include payments for the current or prior years. Outstanding claims represent the highest estimated amount to settle the claims resulting from events occurred 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

Estimated recoverable amounts from scraped value and waiver are considered when measuring the outstanding claim liability.

General and administrative expenses

The traceable general and administrative expenses are allocated to each insurance division separately. Moreover, 80% of the un-allocated general and administrative expenses are allocated to different insurance departments based on on earned premiums per 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.

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 Jordanian Dinar at rates of exchange prevailing at the statement of financial position date as issued by Central Bank of Jordan.

Non-monetary assets and liabilities in foreign currencies are translated into respective functional currencies at fair value at the respective date.

Gains and losses resulting from foreign currencies translation shall be recorded in the consolidated statement of income.

Translation differences on non-monetary items carried at fair value (such as stocks) are included as part of the changes in fair value.

(2.5) Estimation uncertainty

The preparation of the consolidated 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 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 regulations and filed actuarial studies.
- A provision on lawsuit against the Group is made based on the Group'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 at amortized cost for impairment, if impairment existed, it is charged to the consolidated income statement.

(3) DEPOSITS AT BANKS

This item consists of the following:

	2016				2015
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due from 3 months to 1 year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	-	1,566,500	7,757,166	9,323,666	10,359,178

Interest rates on bank deposit balances in Jordanian Dinar ranges from 3.75% to 4% during the year 2016.

The restricted deposits amounted to JD 325,000 as of 31 December 2016 is pledged on behalf of Ministry of Trade and Finance presented by its prime Ministry Secretary General.

(4) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item consists of the following:

	2016	2015
	JD	JD
Inside Jordan		
Quoted Shares	2,898,787	1,684,897
Outside of Jordan		
Quoted Shares	893,855	804,847
Unquoted shares	37,431	37,431
Total	3,830,073	2,527,175

The financial assets at fair value through other comprehensive income include unquoted financial assets of JD 37,431 as at 31 December 2016 are shown at fair value, which were estimated by the Directors as at the date of these consolidated financial statements.

The cost of unquoted financial assets at fair value through other comprehensive income outside Jordan as follows:

	2016	2015
	JD	JD
Outside of Jordan		
Arab Reinsurance Company/Lebanon	32,331	32,331
Arab Insurance Institute/Syria	5,100	5,100
Total	37,431	37,431

(5) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	2016	2015
	JD	JD
Inside Jordan		
Jordanian Treasury Bonds- Dollar*	1,050,771	-
Jordanian Treasury Bonds****	-	999,711
Capital Bank Bonds***	283,600	283,600
	1,334,371	1,283,311
Outside Jordan		
Al Hikma Pharmaceuticals Bonds**	279,604	-
Treasury bonds - Kingdom of Bahrain *****	286,237	-
	565,841	-
Total	1,900,212	1,283,311

* The Jordanian Treasury Bonds / Dollar matures on 29 January 2026 at fixed annual interest rate of 6.125% annually. Interest is paid every six months through two equal installments on 29 January and 29 July until maturity.

** Al Hikma Bonds matures on 10 April 2020 at fixed annual interest rate of 4.25% annually. Interest is paid every six months through two equal installments on 10 April and 10 October until maturity.

*** Capital Bank's bonds matures on 1 March 2020 at fixed annual interest rate of 6.85% annually. Interest is paid every six months through two equal installments on 1 March and 1 September until maturity.

**** The Jordanian Treasury Bonds matured on 31 March 2016 at fixed annual interest rate of 7.77% annually. Interest is paid every six months through two equal installments on 30 September and 31 March until maturity.

***** The Kingdom of Bahrain Bonds matures on 31 March 2020 at fixed annual interest rate of 5.5% annually. Interest is paid every six months through two equal installments on 31 March and 30 September until maturity.

(6) INVESTMENT PROPERTY

This item consists of the following:

2016 -	Jabal Amman Medical Clinics Building	Total
	JD	JD
Cost:		
Beginning Balance	1,305,951	1,305,951
Additions	9,440	9,440
Disposals	(587,172)	(587,172)
Ending Balance	728,219	728,219
Accumulated Depreciation		
Beginning Balance	-	-
Additions	26,170	26,170
Disposals	-	-
Ending balance	26,170	26,170
Net Book Value	702,049	702,049

2015 -	Jabal Amman Medical Clinics Building	Total
Cost:		
Beginning Balance	47,410	47,410
Additions	1,258,541	1,258,541
Disposals	-	-
Ending Balance	1,305,951	1,305,951
Accumulated Depreciation		
Beginning balance	-	-
Additions	-	-
Disposals	-	-
Ending Balance	-	-
Net Book Value	1,305,951	1,305,951

The Medical clinic building consists of 19 clinics. During the year 8 clinics were sold for total of JD 1,089,240 resulting in a profit of JD 502,068, the legal deed were transferred to the buyer in the Land and Survey Department during 2016.

The investments properties fair value amounted to JD 1,370,211as of 31 December 2016.

(7) CASH ON HAND AND AT BANKS

This item consists of the following:

	2016	2015
	JD	JD
Cash on hand	87,720	75,379
Current accounts at banks	969,627	1,343,862
	1,057,347	1,419,241

(8) CHEQUES UNDER COLLECTION AND NOTES RECEIVABLES

This item consists of the following:

	2016	2015
	JD	JD
Notes receivables	19,754	19,754
Cheques under collection*	1,246,493	913,366
	1,266,247	933,120
Less: Provision for notes receivables	(19,754)	(19,754)
	1,246,493	913,366

* Checks under collection maturity reach to the month of November 2017.

(9) ACCOUNT RECEIVABLES, NET

This item consists of the following:

	2016	2015
	JD	JD
Policy holders receivables	4,272,098	4,455,774
Agents receivables	608,733	614,289
Brokers receivables	639,578	405,276
Employee receivables	64,542	68,267
Other receivables	37,941	32,667
	5,622,892	5,576,274
Less: Provision for doubtful debts	(1,010,000)	(945,000)
	4,612,892	4,631,274

Below is the aging of unimpaired receivables:

		Due but not impaired				
	Not due	1-90 day	91-180 day	181-360 day	More than 360 day	Total
	JD	JD	JD	JD	JD	JD
2016	361,835	2,026,742	767,094	1,041,896	415,325	4,612,892
2015	346,002	2,308,239	571,827	1,019,950	385,256	4,631,274

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

	2016	2015
	JD	JD
Balance at the beginning of the year	945,000	905,000
Additions	65,000	40,000
Balance at the end of the year	1,010,000	945,000

(10) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	2016	2015
	JD	JD
Local insurance companies	368,957	329,936
Foreign reinsurance companies	133,445	227,412
Less: Provision for doubtful debt for reinsurance receivables *	(124,342)	(124,342)
Net reinsurance receivables	378,060	433,006

* Below is the ageing of the unimpaired reinsurance receivables:

	Due but not impaired				
	1-90 day	91-180 day	181-360 day	More than 360 day	Total
	JD	JD	JD	JD	JD
2016	144,107	61,307	100,785	71,861	378,060
2015	254,657	51,563	90,269	36,517	433,006

* Movement on the provision for doubtful debts is as follows:

	2016	2015
	JD	JD
Balance at the beginning of the year	124,342	88,500
Additions	-	35,842
Balance at the end of the year	124,342	124,342

(11) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	2016	2015
	JD	JD
Balance at beginning of the year	341,022	445,000
Income tax paid	(315,238)	(424,017)
Income tax expense for the year	412,517	320,039
Balance at end of the year	438,301	341,022

Income tax expense appearing in the consolidated income statement represents the following:

	2016	2015
	JD	JD
Income tax for the year	412,517	320,039
Deferred tax assets additions	(174,130)	(180,039)
Deferred tax assets reversals	199,596	239,340
	437,983	378,812

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

	2016	2015
	JD	JD
Accounting profit	1,801,586	1,661,013
Non taxable income	(969,092)	(1,121,749)
Non deductible expenses	886,327	794,229
Taxable profit	1,718,821	1,333,493
Income tax rate	24%	24%
Income tax for the year	412,517	320,039

Final settlement was reached with Income and Sales Tax Department up to 31 December 2014. The opinion of the Company's management and tax advisor that the income tax provision is sufficient to meet any tax liabilities.

Deferred tax assets

This item consists of the following:

	2016					2015
	Beginning Balance	Released	Additions	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provisions for outstanding claims	641,801	(641,801)	649,200	649,200	155,808	154,032
Provision for unearned premiums	65,974	(65,974)	25,201	25,201	6,048	15,834
Provision for end of service indemnity	57,549	(32,040)	-	25,509	6,122	13,812
Group insurance fees provision/ life	4,787	(2,615)	489	2,661	639	1,149
Provisions for sales tax differences	26,384	(26,384)	-	-	-	6,332
Provisions for employees bonus	11,974	(34,502)	22,528	-	-	2,874
Provisions board of directors remuneration	28,333	(28,333)	28,125	28,125	6,750	6,800
	836,802	(831,649)	725,543	730,696	175,367	200,833

The tax rate used to calculate the deferred tax is 24% and the management is certain that 100% will be recoverable in the future. The items that resulted in deferred tax assets are included in the income tax law and are included in the tax base when calculating Company income tax.

* Movement on deferred tax asset as follows:

	2016	2015
	JD	JD
Balance beginning of the year	200,833	259,606
Additions	174,130	180,567
Disposals	(199,596)	(239,340)
Balance end of the year	175,367	200,833

(12) PROPERTY AND EQUIPMENT

This item consists of the following:

	Land	Building	Equipment, tools and furniture	Decoration	Vehicles	Total
2016 -	JD	JD	JD	JD	JD	JD
Cost						
Balance at the beginning of the year	170,000	533,961	342,119	53,335	43,600	1,143,015
Additions	-	-	9,447	-	-	9,447
Disposals	-	-	(40,034)	-	-	(40,034)
Balance at the end of the year	170,000	533,961	311,532	53,335	43,600	1,112,428
Accumulated depreciation						
Balance at the beginning of the year	-	121,518	282,788	36,055	11,852	452,213
Additions	-	10,708	30,298	8,023	4,211	53,240
Disposals	-	-	(38,654)	-	-	(38,654)
Balance at the end of the year	-	132,226	274,432	44,078	16,063	466,799
Net book value at the end of the year	170,000	401,735	37,100	9,257	27,537	645,629
2015 -						
Cost						
Balance at the beginning of the year	170,000	533,961	328,550	53,335	52,100	1,137,946
Additions	-	-	13,569	-	28,000	41,569
Disposals	-	-	-	-	(36,500)	(36,500)
Balance at the end of the year	170,000	533,961	342,119	53,335	43,600	1,143,015
Accumulated depreciation						
Balance at the beginning of the year	-	110,839	240,042	28,055	32,634	411,570
Additions	-	10,679	42,746	8,000	5,833	67,258
Disposals	-	-	-	-	(26,615)	(26,615)
Balance at the end of the year	-	121,518	282,788	36,055	11,852	452,213
Net book value at the end of the year	170,000	412,443	59,331	17,280	31,748	690,802

Property and equipment include fully depreciated items of JD 211,270 as 31 December 2016 (2015: JD 120,350), that are still in use.

(13) OTHER ASSETS

This item consists of the following:

	2016	2015
	JD	JD
Paid claims recoveries, net*	458,607	374,473
Accrued revenues	215,124	221,627
Restricted gains	372,518	350,516
Prepaid expenses	10,473	12,571
Refundable deposits	64,919	68,058
Advances on the Income tax	46,366	41,380
	1,168,007	1,068,625

* The Company has estimated paid claims recoveries in 2015 and 2016 from other insurance companies which have been paid to the insured parties and deducted from the paid claims. The outstanding claims recoveries deducted from the outstanding claims reserve.

(14) MATHEMATICAL RESERVE

This item consists of the following:

	2016	2015
	JD	JD
Net mathematical reserve	51,480	54,969

(15) ACCOUNT PAYABLES

This item consists of the following:

	2016	2015
	JD	JD
Policy holder payables	199,105	101,494
Agents payables	133,676	167,533
Brokers payables	74,010	75,191
Employee payables	2,423	3,040
Garages and suppliers payables	291,150	143,700
Unpaid dividends to shareholders	77,647	74,825
Medical network payables	32,903	381,831
Received advances	55,000	-
Other payables	48,240	42,149
	914,154	989,763

(16) REINSURANCE PAYABLE

The item consists of the following:

	2016	2015
	JD	JD
Local insurance companies	275,278	265,742
Foreign reinsurance companies	1,066,860	1,150,272
	1,342,138	1,416,014

(17) OTHER PROVISIONS

This item consists of the following:

	2016	2015
	JD	JD
Provision for end of service indemnity	25,509	57,549
Provision for Insurance Department/Commission fees	7,802	9,387
Provision for employee bonuses	-	11,974
Provision for commission of group life policies	2,661	4,787
Provision for sales tax differences	-	26,384
Provision for board of directors remunerations	28,125	28,333
	64,097	138,414

The schedule represents the movement on provisions.

	Beginning balance	Additions	Reversals	Paid	Ending balance
	JD	JD	JD	JD	JD
Provision for end of service indemnity	57,549	-	-	(32,040)	25,509
Provision for Insurance Department/Commission fees	9,387	113,606	-	(115,191)	7,802
Provision for employee bonuses	11,974	22,528	-	(34,502)	-
Provision for commission of group life policies	4,787	489	-	(2,615)	2,661
Provision for sales tax differences	26,384	-	(19,884)	(6,500)	-
Provision for board of directors remunerations	29,333	28,125	-	(28,333)	28,125
	138,414	164,748	(19,884)	(239,065)	64,097

(18) OTHER LIABILITIES

This item consists of the following:

	2016	2015
	JD	JD
Reinsurance refunds withholdings	1,130,716	1,090,797
Sales tax withholdings	98,224	110,265
Stamps withholdings	6,825	11,067
Motor Accident Fund – refunds	13,537	12,098
Social security withholdings	12,884	-
Others	7,795	6,919
	1,269,981	1,231,144

(19) PAID IN CAPITAL

Subscribed and paid in capital amounted to JD 8,000,000 divided into 8,000,000 shares at par value of JD 1 for each as of 31 December 2016 and 2015.

(20) RESERVES

Statuary 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.

Voluntary reserve
This amount represents appropriations at 20% of net income before income tax during this year and prior years. Voluntary reserve used for the objectives determined by the board of the directors. The general assembly of the company has the right to distribute part or all of this amount as dividends to the shareholders.

(21) FAIR VALUE RESERVE

This item consists of the following:

	2016	2015
	JD	JD
Balance beginning of the year	(116,090)	(91,289)
Net change during the year	(101,920)	(62,267)
(Gains) losses from selling of financial assets through other comprehensive income	(61,515)	37,466
Balance ending of the year	(279,525)	(116,090)

(22) RETAINED EARNINGS (ACCUMULATED LOSSES)

The item consists of the following:

	2016	2015
	JD	JD
Balance at the beginning of the year	727,405	(351,229)
Profit for the year	1,363,603	1,282,201
Gains (losses) from selling of financial assets through other comprehensive income	61,515	(37,466)
Cash dividends	(560,000)	-
Transfer to statuary reserve	(180,159)	(166,101)
Balance at the end of the year	1,412,364	727,405

(23) PROPOSED DIVIDENDS

Purposed dividends to shareholders amounting to JD 800,000 equivalent to 10% for 2016 (2015: JD 560,000 equivalent to 7%).

(24) INTEREST INCOME

	2016	2015
	JD	JD
Bank interests	331,819	447,507
Interest on financial assets at amortized cost	105,945	96,154
	437,764	543,661

(25) GAINS ON FINANCIAL ASSETS

This item consists of the following:

	2016	2015
	JD	JD
Dividends income	122,234	132,212

(26) OTHER INCOME

This item consists of the following:

	2016	2015
	JD	JD
Provision reversals (Sales tax differences)	19,884	-
Foreign exchange differences	2,203	1,037
Gain on selling of property and equipment	154	10,115
Others	60	279
	22,301	11,431

(27) EMPLOYEES EXPENSES

This item consists of the following:

	2016	2015
	JD	JD
Salaries and bonuses	755,374	733,664
Social Security contribution	117,516	96,476
Employees' insurance expenses	44,780	47,428
Employees' training	8,895	4,702
End of service indemnity	1,734	16,134
Paid annual vacations	436	576
Total	928,735	898,980
Allocated employee expenses to the underwriting account	821,206	807,096
Unallocated employee expense to the underwriting account	107,529	91,884

(28) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2016	2015
	JD	JD
Rent expense	9,475	7,226
Stationery and printing	23,090	27,659
Advertisements	13,038	93,370
Bank commission	21,510	20,673
Water, electricity and heating	29,170	37,692
Maintenance expense	37,026	35,899
Postage and telecommunications	13,542	13,713
Hospitality	13,238	11,165
Legal fees and expenses	18,000	32,400
Subscriptions	21,990	23,490
Tenders expenses	13,977	15,252
Insurance Department/Commission fees	113,606	118,616
Government fees and other fees	10,330	6,930
Transportation and travel	35,125	22,123
Professional fees	38,700	79,641
Board members transportation fees	29,200	16,800
Non refundable sales tax	11,259	16,363
Others	46,772	54,226
Total	499,048	633,238
Allocated general and administrative expenses to the underwriting accounts	399,239	506,590
Unallocated general and administrative expense to the underwriting accounts	99,809	126,648

(29) OTHER EXPENSES

This item consists of the following:

	2016	2015
	JD	JD
Board of directors remunerations	28,125	28,333
Investment property expenses	21,250	3,376
Total	49,375	31,709

(30) BASIC AND DILUTED EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit for one year over the weighted average number of shares for the year as follows:

	2016	2015
	JD	JD
Profit for the year (JD)	1,363,603	1,282,201
Weighted average number of shares (Share)	8,000,000	8,000,000
	Fils/ JD	Fils/ JD
Basic and diluted earnings per share	0/170	0/160

The diluted earnings per share equals the basic earnings per share.

(31) CASH AND CASH EQUIVALENTS

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

	2016	2015
	JD	JD
Cash in hands and at banks	1,057,347	1,419,241
Add: deposits at banks	9,323,666	10,359,178
Less: deposits at banks matured within three month	(7,757,166)	(7,835,687)
Net Cash and cash equivalent	2,623,847	3,942,732

(32) RELATED PARTY TRANSACTIONS

During the year, the Company has entered into transactions with major shareholders, board members and the higher management in the normal course of business. All insurance receivables granted to related parties are considered to be performing and no provision is required for them.

The pricing policies and terms with related parties are approved by the Company's management.

Below is a summary of related parties transactions during the year:

	2016	2015
	JD	JD
Statement of financial position:		
Account Receivables	597,135	627,347
Account Payables	10,157	7,843
Income statement:		
Written premium	1,727,994	2,155,481

Compensations of key management personal of the Company (salaries, bonuses, and other benefits) are as follows:

	2016	2015
	JD	JD
Salaries and bonuses	332,899	344,708
Paid annual vacations	-	132
Total	332,899	344,837

(33) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the following order of valuation methods and alternatives in determining and presenting the fair value of financial instruments:

Level 1: Market prices published in active markets for the same assets and liabilities.

Level 2: Other techniques where all the inputs that have a significant impact on the fair value can be observed directly or indirectly from the market information.

Level 3: other techniques which use inputs have a significant effect on the fair value but it is not based on information from the market can be observed.

The following table provides an analysis of financial instruments recorded at fair value, according to the hierarchy of the above:

	Level 1	Level 2	Level 3	Total
2016-	JD	JD	JD	JD
Financial assets				
Financial assets at fair value through other comprehensive income	3,792,642	37,431	-	3,830,073
2015-				
Financial assets				
Financial assets at fair value through other comprehensive income	2,489,744	37,431	-	2,527,175

As indicated in note (4), financial assets at fair value through other comprehensive income includes unquoted shares carried at cost with an amount of JD 37,431 as at 31 December 2016 and 2015.

(34) FAIR VALUE OF FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

These financial instruments include cash balances and deposits at banks, accounts receivables, financial investments, account payables and other financial assets and due to banks and loans and other financial liabilities.

As indicates in Note (4), financial assets at fair value through other comprehensive income includes unquoted shares carried at cost amounting to JD 37,431 as of 31 December 2016 as of 31 December 2015.

The table below shows the fair value of financial assets not measured at fair value:

	2016		2015	
	Book value	Fair value	Book value	Fair value
	JD	JD	JD	JD
Financial assets at amortized cost	1,900,212	1,900,212	1,283,311	1,283,311

(35) RISK MANAGEMENT

The Company is exposed to different kinds of risks such as the insurance contract, insurance type , compensation for risk and disasters, political and economic factors, regulations, legislation and laws imposed on the insurance companies in Jordan.

The Company manages risk through its strategy as follows:

Focusing on the quality in selecting the risk and ensure that insurance risk is consistent with the risk type and value.

The Company monitors through its technical management the claims and their develops on quarterly basis in order to reduce the risks surrounding them to reflect the actual information for the company in its quarterly financial statements and to mitigate risks that may result from unexpected developments.

The Investment Committee of the Board of Directors monitor the investments to keep diversification in the investment portfolio through the buying of preferred shares a real estate investments. The Committee also review hedging, risk reduction and controls in accordance with the instructions of the Insurance Authorities.

The management of the Company holds reinsurance agreements with major reinsurers in the world to protect the Company in case of these risks.

Maintaining effective internal control system through the department heads and the internal audit and Company's management.

The Company has a special insurance policy so that it does not insure any car that has a date of manufacturing prior to 2000. Also, it avoids insurances that may result in a large number of claims such as insurance of rental cars. The Company's policy is to pay the claims within a month after the claim and obtain a final reconciliations.

The Company mitigates risks by diversifying its insurance policies and selecting the type of risks consistence with the reinsurance agreements.

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 mitigates the above risks by diversifying its insurance policies, as well as the improvement of risk changes by carefully selecting and implementing insurance strategies and guidelines, and using reinsurance agreements.

Duplicate Claims

Claims can be duplicated and their amounts can be affected due to different factors. The Company's main insurance business is fire, general accident, motor and marine risk insurance. These insurance policies are considered short term and are usually paid within one year from the date of the accident. This helps to reduce the risk of insurance.

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 accident has occurred as follows:

Total - Motor Insurance:

The accident year	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	13,146,396	3,637,393	3,979,140	3,280,795	3,025,921	
After one year	13,269,513	3,266,283	4,294,967	3,321,481	-	
After two years	13,709,600	3,498,594	3,879,202	-	-	
After three years	13,547,544	3,680,164	-	-	-	
After four years	13,743,385	-	-	-	-	
Present expectation for the accumulated claims	13,743,385	3,680,164	3,879,202	3,321,481	3,025,921	27,650,153
Accumulated claims	13,298,552	3,369,532	3,249,754	2,040,525	-	21,958,363
Liability as in the statement of financial position						
Reported	444,833	310,632	629,448	1,280,956	2,521,691	5,187,560
Unreported	-	-	-	-	504,230	504,230
Surplus (deficit) in the preliminary estimate for reserve	(596,989)	(42,771)	99,938	(40,686)	-	(580,508)

Total – Marine and transportation:

The accident year	2012 and before JD	2013 JD	2014 JD	2015 JD	2016 JD	Total JD
At the end of the year	969,459	249,325	3,979,140	3,280,795	166,911	
After one year	917,858	126,858	4,297,967	3,321,481	-	
After two years	928,522	155,856	3,879,202	-	-	
After three years	924,390	82,641	-	-	-	
After four years	975,424	-	-	-	-	
Present expectation for the accumulated claims	975,424	82,641	3,879,202	3,321,481	166,911	1,767,301
Accumulated payments	892,684	44,531	3,249,754	2,040,525	-	1,355,018
Liability as in the statement of financial position:						
Reported	82,740	38,110	57,507	67,015	158,383	403,755
Unreported	-	-	-	-	8,528	8,528
Surplus (deficit) in the preliminary estimate for reserve	(5,965)	166,684	(150,506)	(5,535)	-	4,678

Total - Fire and properties:

The accident year	2012 and before JD	2013 JD	2014 JD	2015 JD	2016 JD	Total JD
At the end of the year						
After one year	5,748,899	679,384	188,680	581,600	259,110	
After two years	5,714,401	857,782	282,046	1,437,718	-	
After three years	5,765,608	510,338	289,639	-	-	
After four years	5,732,217	542,887	-	-	-	
Present expectation for the accumulated claims	5,677,034	-	-	-	-	
Accumulated payments	5,677,034	542,887	289,639	1,437,718	259,110	8,206,388
Liability as in the statement of financial position	3,204,761	465,317	49,226	1,062,374	-	4,781,678
Reported	2,472,273	77,570	240,413	375,344	186,323	3,351,923
Unreported	-	-	-	-	72,787	72,787
Surplus (deficit) in the preliminary estimate for reserve	71,865	136,497	(100,959)	(856,118)	-	(748,715)

Total – Liability:

The accident year	2012 and before JD	2013 JD	2014 JD	2015 JD	2016 JD	Total JD
At the ended of the year	109,384	37,544	24,554	158,529	11,181	
After one year	117,423	31,100	23,111	267,932	-	
After two years	123,902	31,350	38,487	-	-	
After three years	123,456	30,600	-	-	-	
After four years	85,877	-	-	-	-	
Present expectation for the accumulated claims	85,877	30,600	38,487	267,932	11,181	434,077
Accumulated payments	63,552	-	15,837	127,374	-	206,763
Liability as in the statement of financial position						
Reported	22,325	30,600	22,650	140,558	8,940	225,073
Unreported	-	-	-	-	2,241	2,241
Surplus (deficit) in the preliminary estimate for reserve	23,507	6,944	(13,933)	(109,403)	-	(92,885)

Total – Medical:

The accident year	2012 and before JD	2013 JD	2014 JD	2015 JD	2016 JD	Total JD
At the ended of the year	326,107	467,084	561,129	514,226	538,051	
After one year	326,107	467,084	561,129	514,226	-	
After two years	326,107	467,084	561,129	-	-	
After three years	326,107	467,084	-	-	-	
After four years	326,107	-	-	-	-	
Present expectation for the accumulated claims	326,107	467,084	561,129	514,226	538,051	2,406,597
Accumulated payments	326,107	467,084	561,129	514,226	-	1,868,546
Liability as in the statement of financial position						
Reported	-	-	-	-	148,718	148,718
Unreported	-	-	-	-	389,333	389,333
Surplus (deficit) in the preliminary estimate for reserve	-	-	-	-	-	-

Total – Life:

The accident year	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	170,647	29,266	32,304	31,118		
After one year	167,802	65,105	21,424			
After two years	168,383	65,105	-	-		
After three years	177,283	65,105	-	-		
After four years	174,764	-	-	-		
Present expectation for the accumulated claims	174,764	65,105	21,424	31,118		316,389
Accumulated payments	154,252	55,105	9,234	-		227,239
Liability as in the statement of financial position						
Reported	20,512	10,000	12,190	9,595		67,627
Unreported	-	-	-	21,523		21,523
Surplus (deficit) in the preliminary estimate for reserve	(4,117)	(35,839)	10,880	-		(17,305)

3. INSURANCE RISK CONCENTRATIONS

Below schedules presenting risk concentration based on insurance type and the geographical distribution:

	2016		2015	
	Net	Gross	Net	Gross
	JD	JD	JD	JD
Insurance types				
Motor	9,801,615	10,741,029	10,095,424	10,945,407
Marine and transportation	95,541	601,130	173,183	879,226
Fire and properties	281,126	4,738,994	303,922	4,693,581
Labilities	48,932	382,680	71,050	524,962
Medical	359,869	1,199,567	341,649	1,138,827
Life	83,175	200,434	85,916	193,596
Total	10,670,255	17,863,834	11,071,144	18,375,599

All assets and liabilities of insurance polices are within Jordan.

The table below represents the distribution of assets and liabilities by sector:

	2016			2015		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
According to Sector:						
Public	1,884,285	4,668,953	-	1,913,327	4,802,710	562,487
Private :						
Corporate	4,420,217	10,563,871	-	4,488,347	10,866,506	-
Individuals	889,077	2,631,010	-	902,781	2,706,383	-
Total	7,193,579	17,863,834	-	7,304,455	18,375,599	562,487

4. RISK OF REINSURANCE

As with other insurance companies, and in order to reduce exposure to financial losses that may result from large insurance claims, the company enters into reinsurance agreements in the ordinary course of business with third parties.

In order to reduce the exposure to large losses as a result of the reinsurance companies' insolvency, the company evaluates the financial condition of its reinsurers and monitors the credit risk arising from geographical regions and similar economic activities or components. Reinsurance policies do not exempt the company from its obligations towards the policyholders, and as a result, the company remains committed to the balance of reinsured claims if reinsurers are unable to meet their obligations under reinsurance policies.

5. INSURANCE RISK SENSITIVITY

The table below shows the effect of the possible reasonable change in underwriting premium rates 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
Motor	10	1,008,460	931,516	707,952
Marine and transportation	10	85,276	25,431	19,327
Fire and property	10	277,869	40,744	30,966
Liabilities	10	22,407	2,719	2,067
Medical	10	452,364	155,991	118,553
Life	10	35,871	15,902	12,085
Total		1,882,247	1,172,303	890,950

* Net after deducting income tax effect.

If there is a 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 cost of claims	Effects on the current year pre-Tax profit	Effects on The equity*
	%	JD	JD	JD
Motors	10	1,130,162	780,076	592,858
Marine and transportation	10	31,417	(1,173)	(891)
Fire and property	10	118,638	6,679	5,076
Liabilities	10	14,869	(1,837)	(1,396)
Medical	10	411,808	122,556	96,143
Others	10	24,675	6,623	5,034
Total		1,731,569	912,924	693,824

* Net after deducting income tax effect.

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

(B) FINANCIAL RISKS

The Company applies financial policies to manage several risks within a predetermined 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 rates, currency prices and stock 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.

- **Interest Rate Risk**

The Company is exposed to interest rate risk on its assets and liabilities which holds interest such as deposits with banks, credit banks and loans.

Interest rates on bank deposits balances in Jordanian Dinars range from 3.75% to 4.25% in 2016.

The following table shows the sensitivity of the income statement to reasonably possible changes on interest rates as at 31 December, with all other variables held constant.

The sensitivity of the statement of income is the effect of the assumed changes with interest rates on the company's profit for one year and is calculated on financial assets and which holds a variable interest rate price as at 31 December.

	Increase in interest rate	Effect on the current year pre-tax profit
2016-	Percentage	JD
Currency		
Jordanian Dinar	1%	93,237

	Increase in interest rate	Effect on the current year pre-tax profit
2015-	Percentage	JD
Jordanian Dinar	1%	103,592

If there was a negative change, the effect is equal to the above change with an opposite sign

Share price risk

The table below shows the sensitivity of the accumulated change in the fair value as a result of the reasonable changes of stock prices, with all other variables fixed:

	Increase indicator	Effect on equity after tax
2016-	Percentage	JD
Currency		
Amman Stock Exchange	5%	144,939

	Increase in interest rate	Effect on equity after tax
2015-	Percentage	JD
Amman Stock Exchange	5%	84,245

If there is a negative change, the effect is equal to the above change with an opposite sign

Foreign Currencies Risks

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Jordanian Dinar is the base currency of the company. The Board of Directors sets limits on the financial position of each currency in the company. The Forex Center is monitored on a daily basis and strategies are adopted to ensure that the FX position is maintained within the approved limits.

Most of the Company's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinars exchange rate is pegged against the US Dollar (US$ 1/41 for 1 JD). Accordingly, the Company not exposed to significant currency risk.

2) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to provide the necessary funding to meet its obligations at maturity. To prevent these risks, management diversifies its sources of finance, manages and adjusts assets and liabilities and maintains sufficient cash and cash equivalents and trading securities.

The Company monitors its liquidity requirements on a monthly basis and the management ensures that sufficient funds are available to meet any liabilities as they arise. Significant amounts of the company's funds are invested in local shares traded.

The table below summarizes the maturity profile of the Company's financial liabilities (based on the remaining year's maturity from the date of the financial statements):

	Less than month	1 month to 3 months	3-6 months	6 month to 1 year	1-3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2016 -								
Liabilities:								
Unearned premium revenue, net	442,889	885,777	1,328,666	2,657,332	-	-	-	5,314,664
Outstanding claims net	442,009	884,019	1,326,082	2,652,056	-	-	-	5,304,111
Mathematical reserve net	4,290	8,580	12,870	25,740	-	-	-	51,480
Accounts payable	-	914,154	-	-	-	-	-	914,154
Accrued expenses	41,228	-	-	-	-	-	-	41,227
Reinsurance payables	-	335,535	1,006,604	-		-		1,342,138
Other provisions	7,802	30,786	25,509	-	-	-	-	64,097
Income tax provision	-	-	438,301	-	-	-	-	438,301
Other payables	98,224	355,959	281,614	534,184	-	-	-	1,269,981
Total liabilities	1,036,442	3,414,810	4,419,592	5,869,312	-	-	-	14,740,154
Total Assets	5,164,497	2,297,014	7,816,869	6,836,296	1,049,262	1,857,857	-	25,039,795
2015 -								
Liabilities:								
Unearned premium revenue, net	438,201	876,402	1,314,602	2,629,205	-	-	-	5,258,410
Outstanding claims net	479,814	959,628	1,439,441	2,878,882	-	-	-	5,757,765
Mathematical reserve net	4,581	9,162	13,742	27,464	-	-	-	54,969
Accounts payable	-	989,763	-	-	-	-	-	989,763
Accrued expenses	47,303	-	-	-	-	-	-	47,303
Reinsurance payables	-	526,963	889,051	-	-	-	-	1,416,014
Other provisions	9,387	40,307	4,787	-	83,933	-	-	138,414
Income tax provision	-	-	341,022	-	-	-	-	341,022
Other payables	110,265	294,094	294,536	532,249	-	-	-	1,231,144
Total liabilities	1,089,551	3,696,319	4,297,181	6,067,820	83,933	-	-	15,234,804
Total Assets	4,165,568	3,918,062	9,896,299	4,224,164	1,788,667	-	-	24,832,762

3) Credit Risk

Credit risk is the risk that may arise from the default or inability of debtors and other parties to meet their obligations to the Company.

The Company sees that it is not exposed to credit risk significantly as it establishes a credit ceiling for customers and monitors outstanding receivables on a continuous basis. The Company also maintains balances and deposits with reputable financial institutions.

(36) ANALYSIS OF MAJOR SEGMENTS

A- Business segments

For administrative purposes, the Company has been organized into two segments of business, the general insurance segment which include (fire and property, medical, marine, transportation, vehicle, accident, liability), and life which includes (life insurance and investment). These two key segments that are used by the company to show information related to segment reporting. The above two segments also include investments and cash management for the Company's own account. Transactions between business segments are carried out on the basis of estimated market prices and on the same terms as those with which they are dealing with.

B-Geographical segment

This note represents the geographical distribution of the Company's business. The Company mainly conduct operations in Jordan.

the Company's revenues, assets and capital expenditures distributed by geographical segment as follows:

	Inside Jordan		Outside Jordan		Total	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total revenues	14,134,262	13,787,227	-	-	14,134,262	13,787,227
Total assets	23,726,888	23,536,898	1,312,907	1,295,864	25,039,795	24,832,762
Capital expenditure	18,887	338,571	-	-	18,887	338,571

(37) MANAGEMENT OF CAPITAL

The capital requirements are regulated by the insurance authority. These requirements have been established to ensure an appropriate margin. Additional objectives were set by the company to maintain strong credit ratings and high capital ratios in order to support its business and maximumize shareholders' equity.

The Company manages the capital structure and makes the necessary adjustments in light of changes in working conditions. The company has made no changes to the objectives, policies and procedures relating to capital structure during the current year and the previous year.

In the opinion of the management, regulatory capital is sufficient to meet future risks or liabilities.

	2016	2015
	JD	JD
Total available capital	11,086,323	10,148,965
Capital requirements:		
Capital requirement against asset risks	3,530,116	3,230,069
Capital requirement against underwriting liabilities	1,512,941	1,600,249
Capital requirement against the reinsurance risk	23,059	65,769
Capital requirement for life insurance risk	165,572	154,165
Total required capital	5,231,688	5,050,252
Solvency margin ratio	212%	201%

(38) 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:

2016 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Deposits at bank	9,323,666	-	9,323,666
Financial assets at fair value through other comprehensive income	3,830,073	-	3,830,073
Financial assets at amortized cost	-	1,900,212	1,900,212
Investment property	702,049	-	702,049
Cash on hand and at banks	997,347	-	997,347
Cheques under collection and notes receivables	1,246,493	-	1,246,493
Accounts receivables, net	4,612,892	-	4,612,892
Reinsurance receivables, net	378,060	-	378,060
Deferred tax assets	175,367	-	175,367
Property and equipment	53,240	592,389	645,629
Other assets	795,489	372,518	1,168,007
Total Assets	22,114,676	2,865,119	24,979,795
Liabilities			
Unearned premiums reserve, net	5,314,664	-	5,314,664
Outstanding claims reserve, net	5,304,111	-	5,304,111
Mathematical reserve, net	51,480	-	51,480
Account payables	914,154	-	914,154
Accrued expenses	41,228	-	41,228
Reinsurance payables	1,342,138	-	1,342,138
Other provisions	640,97	-	640,97
Income tax provision	438,301	-	438,301
Other liabilities	1,269,981	-	1,269,981
Total Liabilities	14,740,154	-	14,740,154
Net Assets	7,374,522	2,925,119	10,299,641

2015 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Deposits at bank	10,359,178	-	10,359,178
Financial assets at fair value through other comprehensive income	2,527,175	-	2,527,175
Financial assets at amortized cost	999,711	283,600	1,283,311
Investment property	-	1,305,951	1,305,951
Cash on hand and at banks	1,359,241	-	1,359,241
Cheques under collection and notes receivables	908,366	5,000	913,366
Accounts receivables, net	4,631,274	-	4,,631,274
Reinsurance receivables, net	433,006	-	433,006
Deferred tax assets	200,833	-	200,833
Property and equipment	67,200	623,602	690,802
Other assets	718,109	350,516	1,068,625
Total Assets	22,204,093	2,568,669	24,772,762
Liabilities			
Unearned premiums reserve, net	5,258,410	-	5,258,410
Outstanding claims reserve, net	5,757,765	-	5,757,765
Mathematical reserve, net	54,969	-	54,969
Account payables	989,763	-	989,763
Accrued expenses	47,303		47,303
Reinsurance payables	1,416,014	-	1,416,014
Other provisions	54,481	83,933	138,414
Income tax provision	341,022	-	341,022
Other liabilities	1,231,144	-	1,231,144
Total Liabilities	15,150,871	83,933	15,234,804
Net Assets	7,053,222	2,544,736	9,597,958

(39) LAWSUITS AGAINST THE COMPANY

The Company is defendant in a number of lawsuits, for which it took an adequate provisions for. And the opinion of the company's lawyers provision taken amounted to JD 1,992,150 as at 31 December 2016 (2015: JD 1,780,345) is sufficient to meet the obligation that may arise from these lawsuits.

(40) CONTINGENT LIABILITIES

As at 31 December 2016, the Company has bank guarantees amounting to JD 619,852 and JD 652,487 as at 31 December 2015.

(41) STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards and amendments issue but not effective until 31 December 2016 are as follows:

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 Comapny 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.

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 Programmes, 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 2018, and early adoption is permitted.

IFRS 16 Leases
During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

(42) SUBSEQUENT EVENTS

There are no subsequent events that have a material impact on the Company's results or its business continuity.

(43) STATEMENT OF FINANCIAL POSITION FOR LIFE ASSURANCE BUSINESS

	2016	2015
	JD	JD
Assets		
Accounts receivable	52,309	48,870
Total Assets	52,309	48,870
Liabilities and Equity		
Outstanding claims reserve, net	31,695	30,947
Mathematical reserve, net	51,480	54,969
Total Technical Reserves	83,175	85,916
Accounts payable	5,917	28,721
Head Office current account	(36,783)	(65,767)
Total Liabilities	52,309	48,780