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الرقم : ACC/2017/05/

التاريخ: 2017/05/15

To: Jordan Securities Commission Amman Stock Exchange Date:-15/5/2017 **Subject: Audited Financial Statements for the fiscal year ended 31/12/2016**	السادة هيئة الاوراق المالية السادة بورصة عمان التاريخ:-2017/5/15 **الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في 2016/12/31**
Attached the Audited Financial Statements (English version) of Jordan international insurance co . for the fiscal year ended 31/12/2016	مرفق طيه نسخة من البيانات المالية المدققة باللغة الانجليزية لشركة الاردن الدولية للتأمين عن السنة المالية المنتهية في 2016/12/31
Kindly accept our high appreciation and respect Jordan international insurance co. Finance Manager's / Rami Ammari	وتفضلوا بقبول فائق الاحترام،،، شركة الاردن الدولية للتأمين المدير المالي / رامي عماري

الأردن الدولية للتأمين
Jordan International Insurance

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٥ أيار ٢٠١٧
الرقم المتسلسل: ٢١٦٥
رقم الملف: ٢٢١٠٢
الجهة المختصة: ملف الافصاح

Jordan International Insurance (JIIG)

Tel: 00962 6 5901150 | Fax: 00962 6 5928232
221 Zahran Street, POB 3253 Amman, Jordan

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING
LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2016
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2016

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Jordan International Insurance Company
Public Shareholding Limited Company
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan International Insurance Company "the Company" which comprise the consolidated statement of financial position as of December 31, 2016, and the consolidated statement of income and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant to our audit of the consolidated financial statements for the current year. 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 express a separate opinion on these matters.

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1. Technical Provisions

Technical provisions are considered a key audit matter for our audit. Moreover, technical provisions amounted to JD 4,710,797, representing 34% of total liabilities as at December 31, 2016. The Company estimates the technical provisions according to the International Financial Reporting Standards and regulatory authorities' requirements. These provisions are calculated based on the Company's accounting policies, estimates, and claims' historical information. The Company also recalculates reinsurers' share of the technical provisions based on the agreements signed with them. The executive management also hires an actuary and a loss adjustor to periodically review the adequacy of the technical provisions.

Scope of the Audit to Address the Risk

The audit procedures performed included understanding the nature of the technical provisions, testing the adopted system of internal control, assessing the reasonableness of the estimates and assumptions, and the adequacy of the provisions prepared by management. This is carried out through testing the technical provisions and reinsurers' share and its calculation, obtaining the support of the loss adjuster and the Company's lawyers, and comparing it with relevant booked provisions. In addition, the actuary reports, from an approved actuary, concerning the adequacy of the technical provision were reviewed. Moreover, we assessed the adequacy and appropriateness of disclosures on the technical provisions.

2. Evaluation of Unlisted Financial Assets or Listed in an Inactive Markets

Financial assets at fair value through other comprehensive income represent around 17% of the Company's total assets as of December 31, 2016. They represent investments not listed in financial markets, and financial investments listed in financial markets not traded actively. These financial assets should appear at fair value in line with the requirements of the International Financial Reporting Standards. The Company should determine the fair value of financial assets based on the latest available study to estimate discounted future cash flows.

Fair value determination of financial assets requires the Company's management to make several judgments and assessments and to rely on inputs from other than quoted prices. Consequently, management's fair value estimation of these assets was considered a key audit matter.

Scope of the Audit to Address the Risk

Audit procedures included evaluating internal procedures relating to the determination of the fair value of financial assets untraded (unlisted) in financial markets, and financial investments trade in in-active financial markets as well as testing their activity. In addition, audit procedures included evaluating the estimates and assumption adopted by the Company's management to determine the fair value of untraded (unlisted) financial assets. Moreover, these estimates have been compared to the requirements of International Financial Reporting Standards and discussed in light of available information.

The audit procedures also included obtaining expert's assistance to evaluate the adopted methodology, appropriateness of evaluation models, and input used to determine the fair value of these investments. They also included reviewing the reasonableness of the most significant input in the evaluation process through reviewing investee companies' financial statements and other input, as well as the adequacy of related disclosure.

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3. Evaluating Real Estate Investments

Real estate investments represent 21% of the Company's assets. The Company should reevaluate its properties when preparing the consolidated financial statements to determine their fair value, and reflect the impact of any impairment in value in the consolidated statement of income, in line with the requirements of the International Financial Reporting Standards. Accordingly, the Company relies on independent real estate experts to determine the fair value of those investments and reflect any impairments in their value in the consolidated statement of income for that period. Consequently, the estimation of the fair value of these assets was considered a key audit matter.

Scope of the Audit to Address the Risk

The audit procedures performed included understanding the procedures applied by the Company in evaluating real estate investments and testing the implemented internal control procedures, reviewing these evaluation which are based on the real estate experts assessments, calculating the average fair value of those evaluations, recording any impairment in value in the consolidated statement of income, if any, and reviewing the adequacy of the disclosures on the fair value of real estate investments.

4. Accounts Receivable Impairment

Accounts receivable are considered a key audit matter as it requires the Company's management to use assumptions to estimate their recoverability based on the customers' financial positon and related credit risks. Total accounts receivable amounted to JD 10,773,119, representing 27% of total assets as of December 31, 2016.

The nature and characteristics of the Company's accounts receivable are diverse and include amounts due from policiesholders, agencies, brokers, and others, which require setting basis and using estimates to calculate the provision for those receivables.

Scope of the Audit to Address the Risk

The audit procedures performed included understanding the nature of those accounts receivable and testing the adopted internal control system for following up on and monitoring credit risks. The procedures also included reviewing the internal control procedures relating to calculating the impairment provision for accounts receivable. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, as well as discussed those factors with executive management. We also selected a sample of those receivables after taking into consideration the risks related to payment and guarantees. In addition, we discussed with management some receivables with regard to the customers' expected cash inflows and the adequacy of guarantees. Furthermore, we recalculated the provisions to be taken and reviewed the aging of receivables, its transactions during the year and adequacy of related disclosures.

Other Matter

The accompanying consolidated financial statements are a translation of the statutory consolidated financial statements in the Arabic to which reference is made.

Other Information

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

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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 IFRS, and for such internal control as management determines 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 expressing an opinion on the effectiveness of internal control.

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

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

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

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

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

Report on Legal and Other Regulatory Requirements

The Company maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements and with the consolidated financial statements presented within the Board of Directors' report. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Deloitte & Touche (M.E.) – Jordan

Amman – Jordan
February 16, 2017

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2016	December 31, 2015
ASSETS		JD	JD
Deposits at banks	3	6,952,908	8,399,558
Financial assets at fair value through profit or loss	4	667,929	341,103
Financial assets at fair value through comprehensive income	5	6,592,814	6,948,579
Financial assets at amortized cost	6	667,683	365,000
Real estate investments	7	8,190,315	8,395,520
Total Investments		23,071,649	24,449,760
Cash on hand and at banks	8	282,770	632,416
Cheques under collection	9	260,742	425,638
Accounts receivable - net	10	10,773,119	4,709,345
Reinsurance receivables	11	823,960	769,090
Settlement guarantee fund contribution	12	25,000	25,000
Due from related parties	36	283,759	312,650
Deferred tax assets	13/b	616,357	588,365
Property and equipment - net	14	2,471,143	2,381,589
Intangible assets - net	15	200,000	200,000
Other assets	16	709,587	675,310
TOTAL ASSETS		39,518,086	35,169,163
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Unearned premiums reserve - net		2,728,447	1,765,988
Claims reserve - net		1,941,867	2,056,259
Mathematical reserve - net	17	40,483	42,116
Total Insurance Contracts Liabilities		4,710,797	3,864,363
Accounts payable	18	1,985,941	1,067,841
Reinsurance payables	19	2,759,040	1,195,060
Accrued expenses		38,322	56,254
Due to related parties	36	-	325,322
Other provisions	20	130,533	182,155
Provision for income tax	13/a	21,553	2,887
Deferred tax liabilities	13/b	477,807	562,946
Other liabilities	21	3,766,226	1,915,315
TOTAL LIABILITIES		13,890,219	9,172,143
SHAREHOLDERS' EQUITY			
Authorized and paid-up capital	22	18,150,000	18,150,000
Statutory reserve	23	2,684,654	2,584,294
Special reserve	24	2,225	2,225
Difference in purchasing non-controlling interest shares	25	338,613	325,804
Investments revaluation reserve	26	1,511,072	1,781,698
Retained earnings	27	2,065,256	2,241,752
Total Shareholders' Equity		24,751,820	25,085,773
Non-controlling interests	28	876,047	911,247
Total Shareholders' Equity		25,627,867	25,997,020
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		39,518,086	35,169,163

General Manager

Chairman of the Board of Directors

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

JORDAN INTERNATIONAL INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2016 JD	2015 JD
Revenue:			
Gross written premiums		20,412,184	12,833,528
(Less): Re - insurers' share		(13,808,360)	(8,125,564)
Net Written Premiums		6,603,824	4,707,964
Net change in unearned premiums reserve		(962,459)	(266,454)
Net change in mathematical provision		1,633	(15,036)
Net Written Premiums		5,642,998	4,426,474
Commissions revenue		1,354,004	874,570
Gains from financial assets and investments-net	30	1,136,458	1,494,848
Rent revenue		17,210	17,182
Policy issuance fees		690,569	377,884
Credit interest	29	217,772	285,438
Other revenue-Net	31	489,335	551,480
Total Revenue		9,548,346	8,027,876
Claims, Losses and Expenses:			
Paid claims		14,557,273	10,111,108
(Less): Recoveries		(447,918)	(591,588)
Re - insurers' share		(8,958,432)	(5,296,205)
Net Claims Paid		5,150,923	4,223,315
Net change in claims reserve		(114,392)	(714,880)
Allocated employees' expenses	32	1,459,847	1,247,571
Allocated general and administrative expenses	33	300,416	283,129
Excess of loss premiums		13,500	31,500
Cost of policies acquisition		115,815	53,484
Other expenses related to underwritings		212,914	208,403
Other expenses		131,642	47,222
Foreign currency exchange losses		170,000	-
Net Claims Paid Cost		7,440,665	5,379,744
Unallocated employees expenses	32	401,578	249,303
Unallocated general and administrative expenses	33	616,638	620,316
Depreciation and amortization		113,071	102,295
(Recovered from) impairment in accounts receivable provision - net	10	(27,206)	26,128
Other liabilities provisions		-	5,449
Total Expenses		8,544,746	6,383,235
Profit for the year Before Tax		1,003,600	1,644,641
Income tax expense		9,326	(41,621)
Net Profit for the Year	13/a	1,012,926	1,603,020
Attributable to:			
Company Shareholders		1,012,864	1,601,139
Non-controlling interests		62	1,881
		1,012,926	1,603,020
Earnings Per Share for the Year (Basic & Diluted)	34	0/056	0/088

Chairman of the Board of Directors

General Manager

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

JORDAN INTERNATIONAL INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2016	2015
		JD	JD
Profit for the Year		1,012,926	1,603,020
Net change in fair value - financial assets at fair value through comprehensive income after tax		(270,626)	(231)
Total Comprehensive Income		742,300	1,602,789
Attributable to:			
Company's shareholders		742,238	1,600,908
Non-controlling interests		62	1,881
		742,300	1,602,789

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

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Note	Paid - up Capital	Statutory Reserve	Special Reserve	Difference In Purchasing Non-Controlling Interest Shares*	Investment Revaluation Reserve	Retained Earnings Realized	Retained Earnings Unrealized	Total	Non-Controlling Interests	Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2016											
Balance - beginning of the year		18,150,000	2,584,294	2,225	325,804	1,781,698	1,653,387	588,365	25,085,773	911,247	25,997,020
Profit for the year		-	-	-	-	-	984,872	27,992	1,012,864	62	1,012,926
Net change in investment evaluation reserve - net of tax		-	-	-	-	(270,626)	-	-	(270,626)	-	(270,626)
Total Comprehensive Income		-	-	-	-	(270,626)	984,872	27,992	742,238	62	742,300
Dividends distributed to shareholders**		-	-	-	-	-	(1,089,000)	-	(1,089,000)	-	(1,089,000)
Other adjustments-purchasing of non-controlling interests during the year *		-	-	-	12,809	-	-	-	12,809	(35,262)	(22,453)
Transferred to statutory reserve		-	100,360	-	-	-	(100,360)	-	-	-	-
Balance - End of the Year		18,150,000	2,684,654	2,225	338,613	1,511,072	1,448,899	616,357	24,751,820	876,047	25,627,867
For the Year Ended December 31, 2015											
Balance - beginning of the year		18,150,000	2,419,770	2,225	320,354	1,781,929	(49,826)	854,963	23,479,415	923,971	24,403,386
Profit for the year		-	-	-	-	-	1,601,139	-	1,601,139	1,881	1,603,020
Net change in investment evaluation reserve - net of tax		-	-	-	-	(231)	-	-	(231)	-	(231)
Total Comprehensive Income		-	-	-	-	(231)	1,601,139	-	1,600,908	1,881	1,602,789
Other adjustments-purchasing of non-controlling interests during the year*		-	-	-	5,450	-	-	-	5,450	(14,605)	(9,155)
Transferred to statutory reserve		-	164,524	-	-	-	(164,524)	-	-	-	-
Changes during the year		-	-	-	-	-	266,598	(266,598)	-	-	-
Balance - End of the Year		18,150,000	2,584,294	2,225	325,804	1,781,698	1,653,387	588,365	25,085,773	911,247	25,997,020

* This item represents the difference between the cost of purchasing 36,164 of the shares of the subsidiary company (Jordan International Investment Company) and net book value of these shares as of December 31 2016 according to the requirements of the International Financial Reporting standards. Moreover, the Company's share in the capital of the subsidiary company has become 90.58%.

** Based on the Ordinary General Assembly's meeting on February 18, 2016, it was decided to distribute 6% of the Company's capital to the shareholders in cash - i.e. equivalent to JD 1,089,000.

- Retained earnings includes JD 616,357, representing restricted deferred tax assets as of December 31, 2016.

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

JORDAN INTERNATIONAL INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2016	2015
		JD	JD
Cash flows from Operating Activities:			
Profit before income tax		1,003,600	1,644,641
Adjustments for:			
Depreciation and amortization		113,071	102,295
Profit on sale of property and equipment		(26,498)	-
Net change in unearned premiums reserve		962,459	266,454
Net change in claims reserve		(114,392)	(714,880)
Net change in mathematical provision		(1,633)	15,036
Net change in financial assets at fair value through profit or loss	30	72,837	23,600
Net (profits) on sale of financial assets through profit of loss	30	(184,438)	(767)
Impairment in financial assets at amortized cost	30	50,000	-
(Recovered from) impairment in accounts receivable provision - net	10	(27,206)	26,128
(Released from) various provisions	20	27,446	79,846
(Gains) on sale of real state investments		(130,697)	(155,302)
Foreign currency differences		170,000	-
Net Operating Cash Flows before Changes in Assets and Liabilities		1,914,549	1,287,051
Decrease (increase) in cheques under collection		164,896	(98,679)
(Increase) in accounts receivable		(6,036,568)	(1,566,341)
(Increase) decrease in reinsurance companies accounts - debit		(54,870)	61,632
Change in financial assets through profit or loss		(215,225)	1,134,772
Decrease (increase) in due from related parties		28,891	(32,944)
(Increase) in other assets		(34,277)	(171,385)
Increase (decrease) in accounts payable		918,100	(311,228)
(Decrease) increase in due to related parties		(325,322)	313,435
(Decrease) in accrued expenses		(17,932)	(42,770)
Increase in reinsurance companies accounts - credit		1,563,980	414,253
Increase in other liabilities		1,850,911	178,596
Net Cash Flows (used in) from Operating Activities before Income Tax Paid and Other Provisions Paid		(242,867)	1,166,392
Income tax paid on credit interest		-	(6,031)
Paid and recovered from other provisions	20	(79,068)	-
Net Cash Flows (used in) from Operating Activities		(321,935)	1,160,361
Cash flows from Investing Activities:			
Purchase of real estate investments	7	(55,586)	(77,054)
Proceeds from sale of real estate	7	378,000	452,000
Change in financial assets at amortized cost		(352,683)	35,000
Proceeds from of financial assets through comprehensive income		-	5,000
(Increase) in deposits at banks		(9,252)	(10,392)
Foreign currency differences		(170,000)	-
(Acquisition) of property, equipment and intangible assets	14	(284,600)	(52,170)
Proceeds from sale of property and equipment		121,961	1,502
Net Cash Flows (used in) from Investing Activities		(372,160)	353,886
Cash flows from Financing Activities:			
Dividends to shareholders		(1,089,000)	-
Change in non-controlling interests		(22,453)	(9,155)
Net cash (used in) Financing Operations		(1,111,453)	(9,155)
Net (Decrease) Increase in Cash and Cash Equivalents		(1,805,548)	1,505,092
Cash and cash equivalents - beginning of the year		8,683,002	7,177,910
Cash and Cash Equivalents - End of the Year	35	6,877,454	8,683,002

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

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	Motor		Marine and Transportation		Aviation		Fire and Other	
	December 31,		December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:								
Direct business	-	-	1,156,315	906,724	84,076	93,521	2,627,625	2,771,620
Re - insurers' inward business	-	-	171,820	182,705	-	-	700,320	637,072
Gross premiums	-	-	1,328,135	1,089,429	84,076	93,521	3,327,945	3,408,692
(Less): Local re-insurers' share	-	-	171,820	184,754	-	-	714,240	684,767
Foreign re-insurers' share	-	-	973,776	735,959	83,588	92,944	2,604,772	2,580,092
Net written premiums	-	-	182,539	168,716	490	577	8,933	143,813
Add: Unearned premiums reserve - beginning of the year	-	-	392,733	336,037	27,867	438,493	1,667,812	312,235
Less: Re - insurers' share - beginning of the year	-	-	338,771	284,228	27,546	438,493	1,583,056	288,467
Net Unearned Premiums Reserve - Beginning of the Year	-	-	53,962	51,804	321	-	84,756	23,748
Less: Unearned premiums reserve - End of the Year	-	-	333,941	392,733	26,461	27,867	1,718,547	1,667,812
Re - insurers' share - End of the Year	-	-	290,172	338,771	26,156	27,546	1,737,318	1,583,056
Net Unearned Premiums Reserve - End of the Year	-	-	43,769	53,962	305	321	(18,771)	84,756
Change in unearned premiums reserve	-	-	(10,193)	2,158	(16)	321	(103,527)	61,008
Net Revenue from the Underwritten Premiums	-	-	192,732	166,558	506	256	112,460	82,805

	Public Liability		Personal Accidents		Medical		Total	
	December 31,		December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:								
Direct business	456,397	272,167	78,558	1,243	13,256,143	7,124,027	17,659,116	11,169,302
Re - insurers' inward business	-	-	-	-	875,000	-	1,747,140	819,777
Gross premiums	456,397	272,167	78,558	1,243	14,131,143	7,124,027	19,406,256	11,989,079
(Less): Local re-insurers' share	1,269	-	-	-	875,000	-	1,762,329	869,541
Foreign re-insurers' share	420,912	249,963	69,304	933	7,150,827	3,031,170	11,303,129	6,691,061
Net written premiums	34,216	22,204	9,254	310	6,105,316	4,092,857	6,340,748	4,428,477
Add: Unearned premiums reserve - beginning of the year	62,764	22,736	910	-	2,696,807	2,351,706	4,848,893	3,461,202
Less: Re - insurers' share - beginning of the year	56,652	20,354	683	-	1,076,197	930,106	3,082,906	1,961,668
Net Unearned Premiums Reserve - Beginning of the Year	6,112	2,382	227	-	1,620,610	1,421,600	1,765,988	1,499,534
Less: Unearned premiums reserve - End of the Year	167,426	62,764	958	910	8,626,202	2,696,807	8,873,536	4,848,893
Re - insurers' share - End of the Year	157,217	58,652	720	683	3,933,506	1,076,197	6,145,089	3,082,905
Net Unearned Premiums Reserve - End of the Year	10,209	6,112	239	227	2,692,696	1,620,610	2,728,447	1,765,988
Change in unearned premiums reserve	4,097	3,730	12	227	1,072,086	199,010	962,459	266,454
Net Revenue from the Underwritten Premiums	30,119	18,474	9,242	83	5,033,230	3,893,847	5,378,289	4,162,023

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

JORDAN INTERNATIONAL INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	Motor		Marine and Transportation		Aviation		Fire and Other		Public Liability		Personal Accidents		Medical		Total	
	December 31,		December 31,		December 31,		December 31,		December 31,		December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	275,053	685,269	491,679	1,458,292	-	-	4,002,316	1,416,806	107,203	16,119	26,200	-	6,723,910	6,171,073	13,626,561	9,747,559
(Less): Recoveries	49,013	107,937	2,504	25,443	-	-	22,726	84,421	-	-	-	-	372,610	372,593	446,853	590,394
Local re-insurers' share	-	-	-	-	-	-	4,226	158,288	-	-	-	-	-	-	4,226	158,288
Foreign re - insurers' share	23,638	4,483	452,824	1,347,675	-	-	3,905,481	1,034,682	19,321	8,600	23,400	-	3,736,903	2,461,594	8,161,567	4,857,034
Net Claims Paid	202,402	572,849	36,551	85,174	-	-	69,883	139,415	87,882	7,519	2,800	-	4,614,397	3,336,886	5,013,915	4,141,843
Add: Reported claims reserve - end of the year																
Reserve for reported claims	1,139,575	1,445,412	2,117,755	1,298,523	-	-	7,858,522	10,070,996	469,105	617,206	32,772	1,904	520,515	216,600	12,138,244	13,650,841
Reserve for not reported claims	25,000	60,000	30,000	30,000	-	-	30,000	30,000	25,000	25,000	-	-	663,478	386,417	723,478	521,417
Less: Re - insurers' share - end of the year	286,659	305,330	1,881,458	1,127,891	-	-	7,734,139	9,957,719	353,498	432,436	27,638	20	666,636	245,607	10,950,028	12,069,003
Recoveries	59,288	72,719	-	-	-	-	-	-	-	-	-	-	-	-	59,298	72,719
Net Claims Reserve - End of the Year	818,628	1,117,363	266,297	200,632	-	-	154,383	143,277	140,607	209,770	5,134	1,884	517,357	357,610	1,902,406	2,030,536
Net claims reserve - end of the year - reported	793,628	1,067,363	236,297	170,632	-	-	124,383	113,277	115,607	184,770	5,134	1,884	197,952	108,400	1,423,001	1,646,331
Net claims reserve - end of the year - reported	25,000	50,000	30,000	30,000	-	-	30,000	30,000	25,000	25,000	-	-	319,405	249,210	429,405	384,210
(Less): Reported claims reserve - beginning of the year																
Reserve for reported claims	1,445,412	2,149,451	1,298,523	921,571	-	-	10,070,996	16,551,861	617,206	506,964	1,904	1,970	216,800	169,653	13,650,841	20,301,490
Reserve for unreported claims	50,000	70,000	30,000	25,000	-	-	30,000	30,000	25,000	25,000	-	-	386,417	311,441	521,417	461,441
Re - insurers' share - beginning of the year	305,330	381,433	1,127,891	747,239	-	-	9,957,719	16,279,494	432,436	310,685	20	17	245,607	215,932	12,069,003	17,934,800
Recoveries	72,719	77,479	-	-	-	-	-	-	-	-	-	-	-	-	72,719	77,479
Net Claims Reserve - Beginning of the Year	1,117,363	1,760,539	200,632	199,332	-	-	143,277	302,387	209,770	221,279	1,884	1,953	357,610	265,162	2,030,536	2,750,652
Net claims reserve - beginning of the year reported	1,067,363	1,690,539	170,632	174,332	-	-	133,277	272,307	184,770	196,279	1,884	1,953	108,400	109,441	1,666,326	2,444,931
Net claims reserve - beginning of they are reported	50,000	70,000	30,000	25,000	-	-	30,000	30,000	25,000	25,000	-	-	249,210	155,721	384,210	305,721
Net Paid Claims Cost	(96,333)	(70,327)	102,216	86,474	-	-	80,989	(19,695)	18,719	(3,990)	6,050	(69)	4,774,144	3,429,334	4,885,785	3,421,727

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

JORDAN INTERNATIONAL INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	Motor		Marine and Transportation		Aviation		Fair and Other		Public Liability		Personal Accidents		Medical		Total	
	December 31,		December 31,		December 31,		December 31,		December 31,		December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD			JD	JD	JD	JD	JD	JD
Net revenue from the underwritten premiums	-	-	192,732	166,558	506	256	112,460	82,805	30,119	18,474	9,242	63	5,033,230	3,893,847	5,378,289	4,162,023
(Less): net paid claims cost	(96,333)	(70,327)	102,216	86,474	-	-	80,989	(19,695)	18,719	(3,990)	6,050	(69)	4,774,144	3,429,334	4,885,785	3,421,727
Add: received commissions	-	-	210,802	180,427	7,283	8,231	454,310	432,862	41,453	19,439	10,211	-	629,410	233,611	1,353,469	874,570
Policy issuance fees	-	-	22,693	19,477	1,761	1,678	66,647	48,519	13,508	11,940	2,632	52	555,888	275,677	663,129	357,543
Other revenues	7	57	213,620	279,148	-	-	32,503	39,979	-	-	-	-	44,057	21,003	290,387	340,187
Total Revenue	7	57	447,315	479,052	9,044	10109	553,460	521,360	54,961	31,379	12,843	52	1,229,355	530,291	2,306,985	1,572,300
Less: paid commissions	-	-	20,347	17,694	-	-	38,674	22,792	2,800	1,306	1,033	-	39,615	9,133	102,469	50,925
Excess of loss premiums	-	-	-	-	-	-	13,500	31,500	-	-	-	-	-	-	13,500	31,500
Underwriting administrative expenses	-	-	297,992	277,133	6,786	9960	401,499	324,879	35,100	28,190	9,048	-	807,873	690,898	1,558,298	1,331,060
Other expenses	-	-	7,481	6,300	504	-	16,234	53,652	2,577	-	472	-	165,325	106,658	192,593	166,610
Total Expenses	-	-	325,820	301,127	7,290	9960	469,907	432,823	40,477	29,496	10,553	-	1,012,813	806,689	1,866,860	1,580,095
Net Underwriting Income (Loss)	96,340	70,384	212,011	258,009	2,260	405	115,024	191,037	25,884	24,347	5,482	204	475,628	188,115	932,629	732,501

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JORDAN INTERNATIONAL INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES

	Life		Investment Related		Total	
	December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Written Premiums:						
Direct Insurance	1,005,928	844,449	-	-	1,005,928	844,449
Facultative reinsurance accepted	-	-	-	-	-	-
Gross Earned Premiums	1,005,928	844,449	-	-	1,005,928	844,449
Less: Foreign reinsurance share	742,852	564,962	-	-	742,852	564,962
Net Earned Premiums	263,076	279,487	-	-	263,076	279,487
Add: Mathematical provision-beginning of the year	85,521	50,488	-	-	85,521	50,488
Less: Reinsurance share	43,405	23,408	-	-	43,405	23,408
Net Mathematical Provision at Beginning of the Year	42,116	27,080	-	-	42,116	27,080
			-	-		
Deduct: Mathematical provision-at end of the year	97,843	85,521	-	-	97,843	85,521
Deduct: Reinsurance share	57,360	43,405	-	-	57,360	43,405
Net Mathematical Provision at End of the Year	40,483	42,116	-	-	40,483	42,116
Change in Mathematical reserve	(1,633)	15,036	-	-	(1,633)	15,036
Net Earned Premiums income from Written Premiums	264,709	264,451	-	-	264,709	264,451

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JORDAN INTERNATIONAL INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

	Life		Investment Related		Total	
	December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Claims paid	930,712	363,549	-	-	930,712	363,549
Less: Recoveries	1,065	1,194	-	-	1,065	1,194
Foreign reinsurance share	792,639	280,883	-	-	792,639	280,883
Net Claims Paid	137,008	81,472	-	-	137,008	81,472
Outstanding Claims Provision at End of the Year			-	-		
Reported	66,233	57,233	-	-	66,233	57,233
Not reported	32,500	25,000	-	-	32,500	25,000
Less: Reinsurance Share	59,272	56,510	-	-	59,272	56,510
Net Out standing Provision at End of the Year	39,461	25,723	-	-	39,461	25,723
Net Claims provision at the end of the year - reported	24,461	18,223	-	-	24,461	18,223
Net Claims provision at the end of the year not reported	15,000	7,500	-	-	15,000	7,500
Outstanding Claims Provision at Beginning of the year						
Reported	57,233	49,805	-	-	57,233	49,805
Not reported	25,000	15,000	-	-	25,000	15,000
Less: Reinsurance Share	56,510	44,318	-	-	56,510	44,318
Net Outstanding Provision at Beginning of the Year	25,723	20,487	-	-	25,723	20,487
Reported	10,723	8,937	-	-	10,723	8,937
Not reported	15,000	11,550	-	-	15,000	11,550
Net Cost of Claims Incurred	150,746	86,708	-	-	150,746	86,708

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

JORDAN INTERNATIONAL INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING LIFE INSVRANCE (LOSSES) FOR THE YEAR

ENDED DECEMBER 31, 2016 AND 2015

	Life		Investment Related		Total	
	December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Net Earned Premiums Income	264,709	264,451	-	-	264,709	264,451
Deduct:			-	-		
Cost of Claims Incurred	150,746	86,708	-	-	150,746	86,708
Add:			-	-		
Commissions received	535	-	-	-	535	-
Issueing fees	27,440	20,341	-	-	27,440	20,341
Other revenues	16,585	6,641	-	-	16,585	6,641
Total Revenues	158,523	204,725	-	-	158,523	204,725
			-	-		
Deduct: Commissions paid	13,346	2,559	-	-	13,346	2,559
Allocated administrative expenses	201,965	199,640	-	-	201,965	199,640
Other expenses	20,321	41,793	-	-	20,321	41,793
Total Expenses	235,632	243,992	-	-	235,632	243,992
Underwriting (Loss)	(77,109)	(39,267)	-	-	(77,109)	(39,267)

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

JORDAN INTERNATIONAL INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2016	2015
	JD	JD
ASSETS AND INVESTMENTS		
Deposits at banks	100,000	100,000
Total Investments	100,000	100,000
Accounts receivable	304,994	194,408
Reinsurance receivables	63,659	12,554
Other assets	356	34
Property and equipment - net	-	4
Total Assets and Investments	469,009	307,000
LIABILITIES and EQUITY		
Liabilities :		
Accounts payable	88,147	71,966
Reinsurance payables	108,550	100,312
Other liabilities	20,026	27,350
Technical Provisions:		
Outstanding claims provision - net	39,461	25,723
Mathematical provision - net	40,483	42,116
Total Technical Provisions - net	79,944	67,839
Total Liabilities	296,667	267,467
Equity :		
Head office current account	249,451	78,800
Net (loss) for the year	(77,109)	(39,267)
Total Equity	172,342	39,533
Total Liabilities and Equity	469,009	307,000

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

1. GENERAL

A. Jordan International Insurance Company was established in 1996 and registered as a Jordanian public limited shareholding Company under Number (301). Its main branch address is Amman - Jordan, P.O.BOX 3253 Amman 11181 Jordan. The Company's authorized capital is JD 18/150 million divided into 18/150 million shares of JD 1 each, representing paid-up capital as of December 31, 2016.

- Acquiring movable and immovable properties required to operate.
- Carrying out all insurance business activities.
- Investing the surplus fund as deemed by the Company.
- Borrowing needed funds from banks.

B. The accompanying consolidated financial statements were approved by the Board of Directors in its meeting dated January 26, 2017 and is subject to the approval of the Ministry of Industry and Trade / Insurance Department.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Consolidated Financial Statements

- The consolidated financial statements and its subsidiaries have been prepared according to the Standards issued by the International Accounting Standards Board and in accordance with the forms prescribed by the Jordanian Insurance Management.

- The consolidated financial statements have been prepared according to the historical cost convention except for the financial assets and liabilities shown at fair value as of the consolidated financial statements date.

- The reporting currency of the consolidated financial statements is the Jordanian dinar, which is the functional currency of the Company.

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2015, except for the effects shown in Note (44-A).

Basis of Consolidation of the Financial Statements:

The consolidated financial statements include the financial statements of Jordan International Insurance Company and its subsidiaries after eliminating intergroup transactions:

Company Name	Paid-in Capital	Ownership	Type of Business	Company's Location	Date of Ownership
Ibda' For Financial Investments	2,500,000	100%	Brokerage	Amman	2005
Jordan International Investment Company	10,000,000	90/58%	Real Estate Investments	Amman	2006
Telal Salem Real Estate Company	150,000	100%	Real Estate Investments	Amman	2012

Control is achieved when the Company has the ability to control the financial and operating policies of the subsidiaries to obtain benefits from their activities. Additionally, transactions, balances, revenues, and expenses between the Company and its subsidiaries are eliminated.

The results of the subsidiaries are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date actual control over the subsidiaries is assumed by the Company. Moreover, the operating results of the disposed of subsidiaries are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Company loses control over the subsidiaries.

The financial statements of the subsidiaries are prepared for the same financial year using the same accounting policies adopted by the insurance Company.

If the accounting policies adopted by the subsidiaries are different from those used by the insurance Company, the necessary adjustments to the financial statements of the subsidiaries are made to comply with the accounting policies followed by the insurance Company.

Non - controlling interests represent the portion of owners' equity not owned by the Company in the subsidiaries, and are shown in the subsidiaries' net assets in a separate item in the owners' equity statement.

The followings are the most significant accounting policies adopted during the year ended December 31, 2016:

Financial Assets at Amortized Cost

- Financial assets at amortized cost are financial assets when the below conditions are met:
  - The purpose of holding these assets within the context of the business model is to collect contractual cash inflows.
  - According to the contractual terms of these assets, the cash flows arise on defined dates and represent only principal and interest payments on these assets.

- Financial assets at amortized cost are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount is amortized, using the effective interest rate method, and recorded to interest or in its account. Any impairment provisions resulting from the decline in value of these investments leading to the recoverability of the assets, or part thereof, are deducted, and any impairment is taken to the consolidated statement of Income.

- Impairment in financial assets recorded at amortized cost is determined on the basis of the difference between the carrying amount and the present value of the expected cash flows discounted at the effective interest rate.

Reclassification

- Financial assets at amortized cost may be classified to financial assets at fair value through the income statement and vice versa. This can be carried out when the Company changes the business model on which it was established through classifying those assets as stated above, taking into consideration the following:

  - Previously recognized profits, losses, or interest may not be recovered.

  - When classifying financial assets whose fair value is to be measured, their fair value is determined on the reclassification date. Any gains or losses arising from the differences between the previously recorded amount and the fair value are recorded in the consolidated statement of income.

  - When classifying financial assets to be measured at amortized cost, they are recorded at fair value as of the reclassification date.

B. Financial Assets at Fair Value through Profit or Loss

Other financial assets not meeting the criteria of financial assets at amortized cost are measured at fair value.

Financial assets at fair value through profit or loss represent shares, bonds and debentures are held by the Company for trading and gains from short-term market price fluctuations.

Financial assets at fair value through profit or loss are initially stated at fair value at the acquisition date (purchase costs are recorded in the consolidated statement of income upon purchase). They are subsequently re-measured to fair value as of the date of the financial statements. Moreover, changes in fair value is recorded in the consolidated statement of income, including the change in fair value resulting from foreign currency exchange transactions of non-monetary assets. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of income.

Dividends or incurred interest is recorded in the consolidated statement of income.

C. Financial Assets at Fair Value through Comprehensive Income

Financial assets at fair value through comprehensive income represent the strategic investment in companies' shares as long-term investments, not for trading purposes.

Financial assets at fair value through comprehensive income are initially recorded at fair value including acquisition costs. They are subsequently re-measured to fair value. The change in fair value appears in the consolidated statement of comprehensive income and in owners' equity, including change in fair value resulting from foreign currency exchange translation of non-monetary assets. Gains or losses from the sale of these financial assets are taken to the consolidated statement of comprehensive income and owners' equity. The fair value reserve balance relating to sold equity instruments is transferred directly to retained earnings and not through the consolidated statement of income.

Dividends are stated in the consolidated income statement unless these dividends clearly represent a partial recovery of the total investments.

D. Segmental Information

Business is a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, to the effect that it is measured according to the reports used by the Executive Director and the main decision maker at the Company.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

E. Date of Recognition of Financial Assets

Financial assets are recognized on the trading date (which is the date the Company and its subsidiaries commit themselves to purchase or sell the financial assets).

F. Fair Value

Closing market prices (acquiring assets / selling liabilities) in active markets at the date of the consolidated financial statements represent the fair value of traded financial derivatives. In case declared market prices do not exist, some financial derivatives are not actively trading, or the market is inactive, fair value is estimated by one of several methods including the following:

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

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

G. Impairment in the Value of Financial Assets

The Company and its subsidiaries review the financial assets recorded values in the books on the date of the consolidated statement of financial position in order to determine if there are any indications of impairment in their values individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated to determine the impairment loss.

Impairment is determined as follows:

- Impairment in financial assets recorded at amortized cost represents the difference between the amount recorded in the books and the present value of the expected cash flows discounted at the original interest rate.

- Impairment in financial assets at fair value through profit or loss and through comprehensive income which is presented at fair value represent the difference between book value and fair value.

- Impairment in financial assets recorded at cost is determined on the basis of the present value of the expected cash flows discounted at the prevailing market interest rate returned on similar instruments.

The Impairment in the value is recorded in the consolidated statement of income. Any surplus in subsequent periods resulting from previous declines in the financial assets is taken to the consolidated statement of income except for the impairment in companies shares at fair value through comprehensive income statement which is recovered through the investment revaluation reserve through the consolidated comprehensive income and consolidated owners' equity statement.

H. Cash and Cash Equivalents

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

I. Reinsurance Accounts

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

J. Impairment in Reinsurance Assets

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

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

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

K. Acquisition Costs of Insurance Policies

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

L. Real Estate Investments

The real estate investments (excluding land) are stated at cost after deducting accumulated depreciation. The real estate investments are depreciated at 2% over their useful lives. The impairment is recorded in the consolidated income statement. Moreover, the operating revenues and expenses for these investments are recorded in the consolidated statement of income.

In case the fair value of real estate investments for which an impairment provision has been taken in the previous years' increases, prior impairment losses are recovered for no more than the cost.

The real estate investments are evaluated in accordance to the decisions issued by the Insurance Commission, and fair value is disclosed in the real estate investments disclosure.

M. Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses. Moreover, fixed assets are depreciated when they are ready for use based on the straight-line method over their estimated useful lives using the following annual depreciation rates. The depreciation expense is recorded in the consolidated statement of income:

	%
Buildings	2
Equipment , furniture, and fixtures	10 - 25
Vehicles	15

Depreciation is calculated for readily usable property and equipment when they are being used for their intended use.

When the recoverable values of property and equipment is less than their carrying amounts, assets are written down to their recoverable values, and impairment losses are recorded in the consolidated statement of income.

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

Gains or losses on disposal of property and equipment, representing the difference between their sale proceeds and their carrying value, are recorded in the consolidated statement of income.

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

N. Intangible Assets

Intangible assets acquired through merger are recorded at fair value upon their acquisition. However, intangible assets acquired through other than merger are recorded at cost.

Moreover, intangible assets are classified according to their estimated definite or indefinite lives. Intangible assets with definite useful lives are amortized over the life of the asset, and the impairment is recorded in the consolidated statement of income. While intangible assets with indefinite lives are reviewed for impairment at the date of the financial statements, and the impairment is recorded in the consolidated statement of income.

Internally generated intangible assets are not capitalized by the Company and its subsidiaries. Instead, they are taken to the consolidated statement of income in the same year.

Indications of impairment in the value of intangible assets are reviewed at the date of the consolidated financial statements. Moreover, their useful lives are reassessed and adjustments are recorded in the subsequent periods.

O. Collateralized Financial Assets

Collateralized Financial Assets are those pledged assets to other parties with the right to use them (sell or re-mortgage). These assets are continuously evaluated according to the implemented accounting policies for each type according to their classification.

P. Computer Systems and Programs

Computer systems and programs are stated at cost upon acquisition and are amortized at an annual rate of 25%.

q. Provisions

Provisions are recognized when the Company and its subsidiaries have obligations on the date of the consolidated statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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

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

First: Technical Provisions

Technical provisions are taken and maintained according to the regulations of the Insurance Commission as follows:

1. The provision for unearned premiums for general insurance activities is calculated according to the remaining days up to the expiry date of the insurance policy after the consolidated financial statements date on the basis of a (365) day year except for marine and land transport insurance in which the provision for unearned premiums is calculated on the basis of written premiums of the valid policies on the date of the consolidated financial statements according to the laws, regulations and instructions issued for this purpose.

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

3. The incurred but not reported claims are calculated based on the Company's experience and estimates.

4. The unearned premiums provision for life insurance business is calculated based on the Company's experience and estimates.

5. The life insurance policies mathematical provision is calculated based on actuarial equations, revised periodically by an independent actuary expert.

6. The premium deficiency provision is calculated based on the Company's experience and estimates.

Second: Provision for Doubtful Debts
A provision for doubtful debts is taken when there is an objective evidence of the Company and its subsidiaries inability to recover the whole or part of the claimed debts. The provision is calculated as the difference between the book value and the recoverable value based on approved ratios by the Board of Directors according to the aging of the receivables as of the date of the consolidated financial statements.

Third: End-of-Service Indemnity Provision
End-of-service indemnity provision is calculated based on the internal regulations prepared by the Company and its subsidiaries, which is in line with the Jordanian Companies Law.

Annual compensations paid to terminated employees are charged to the end-of-service indemnity provision when paid. Moreover, an allowance for the Company's liabilities in connection with end-of-service compensations is taken, for the Company and its subsidiaries, in the consolidated statement of income.

R. Liability Adequacy Test

As of the date of the consolidated statement of financial position, the adequacy and suitability of the insurance liabilities are evaluated by calculating the present value of future cash flows of the outstanding insurance policies.

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

S. Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

1. Accrued Taxes

Income tax expenses are calculated on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated statement of income because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, as well as unallowable and non-deductible items.

Taxes are calculated on the basis of the tax rates prescribed by the prevailing laws, regulations, and instructions in the Hashemite Kingdom of Jordan.

2. Deferred Taxes

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Moreover, deferred taxes are calculated according to the consolidated statement of financial position liability method based on the tax rates expected to be applied at the tax settlement date or the realization of the deferred tax assets.

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

T. Offsetting

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

U. Revenue Recognition

1. Insurance Contracts

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

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

2. Dividends and Interest

Dividends from investments are recorded when the right of the shareholder to receive dividends arises upon the related resolution of the general assembly of shareholders.

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

3. Rent Revenue

Revenue from real estate investments with operating lease contracts are recognized based on the straight-line method over the contracts' periods, while the other expenses are recognized based on the accrual basis.

4. Commissions Revenue

Commissions on the purchase and sale of shares are recorded when earned.

V. Expense Recognition

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

W. Insurance Compensations

Insurance compensations represent the claims paid during the year and the change in the claims provision. The insurance compensations includes all the amounts paid during the year whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for the settlement of all claims resulting from events that took place prior to the consolidated statement of financial position date but still unsettled at that date. Moreover, outstanding claims are calculated on the basis of the best information available at the date of the consolidated financial statements and include the incurred but not reported claims provision.

X. Salvage and Subrogation Reimbursements

Estimated return of salvage and subrogation reimbursements are considered in the measurement of the insurance liability for claims.

Y. General and Administrative Expenses

All distributable general and administrative expenses are charged to each insurance type separately up to around 80% of the general and administrative expenses to the various insurance departments on the basis of the earned premiums of each department in proportion to total premiums.

Z. Employees Expenses

All distributable employees' expenses are allocated to each insurance type separately up to around 80% of the employees' un-distributable expenses have been allocated to the various insurance departments on the basis of the earned premiums of each department in proportion to total premiums.

A. Foreign Currency

Transactions in foreign currencies during the current year are recorded at the exchange rates prevailing at the transaction date.

Financial assets and financial liabilities balances denominated in foreign currencies are translated according to the prevailed average exchange rates issued by the Central Bank of Jordan at the date of the consolidated statement of financial position.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies are translated at fair value at the date of the determination of their fair value.

Exchange gains or losses resulting therefrom are taken to the consolidated statement of income.

Translation differences of non-monetary assets and liabilities denominated in foreign currencies are posted as part of the change in fair value.

When consolidating financial statements, all assets and liabilities of the Company and its subsidiaries are translated from the foreign currency (functional) to the reporting currency according to the average exchange rates published by the Central Bank of Jordan on the date of the financial statements. Revenues and expenses are translated using the average exchange rates during the year, and any differences are shown in a separate line item in the comprehensive income and consolidated owners' equity statements. When one of these subsidiaries or branches is sold, the related currency differences are taken as revenues or expenses in the consolidated statement of income.

Use of Estimates

Preparation of the consolidated financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and investments revaluation reserve. In particular, the Company's management and its subsidiaries' are required to issue significant judgments to assess expected future cash flows and their timing. The above -mentioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

Management believes that the estimates within the consolidated financial statements are reasonable. The details are as follows:

- A provision for accounts receivable is made according to the various assumptions and bases adopted by Company's board of directors and its subsidiaries to evaluate the required provision as per International Financial Reporting Standards.

- The financial year is charged with its part from income tax according to the prevailing regulations and the International Financial Reporting Standards.

- Real-estate investments are valued by two independent real estate experts, and its fair value is disclosed in the consolidated financial statements.

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

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

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

- Management reviews the financial assets, stated at amortized cost, to evaluate any impairment in their value. Such impairment is taken to the consolidated statement of income.

- Fair value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

3. Deposits at Banks

This item consists of the following:

	December 31, 2016			December 31, 2015
	Deposits Maturing Within Three Months	Deposits Maturing Over Three Months	Total	Total
	JD	JD	JD	JD
Inside Jordan	6,594,684	358,224	6,952,908	8,399,558
Total	6,594,684	358,224	6,952,908	8,399,558

- The interest rates on deposits at banks in Jordanian Dinar ranged from 3.25% to 6.5% and from 0.5% to 2% on USD deposits during the year 2016.

- Moreover, collateralized deposits issued to the order of the Director of the Insurance Commission in addition to his position amounted to JD 358,224 as of December 31, 2016 and JD 348,972 as of December 31, 2015.

4. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Shares listed in Amman Stock Exchange	229,242	220,810
Shares listed in foreign markets	438,687	120,293
Total	**667,929**	**341,103**

5. Financial Assets at Fair Value through Comprehensive Income

These items consist of the following:

	Number of Shares	December 31, 2016	December 31, 2015
Shares listed in Amman Stock Exchange		JD	JD
Shares of International Silica Industries Company *	425,440	902,170	1,157,935
Unlisted Shares in Amman Stock Exchange			
Shares of Royal Jordanian Air Academy *	622,913	5,690,644	5,790,644
Total		**6,592,814**	**6,948,579**

* These shares have been evaluated as per the last available evaluation study for the year 2016

6. Financial Assets at Amortized Cost

This Item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Debenture bonds of Specialized Investment Compounds*	315,000	365,000
Governmental bonds (Kingdom of Jordan) **	352,683	-
	667,683	**365,000**

* The maturity of these bonds has been extended for five years to mature on June 6, 2020. Moreover, an amount of JD 135,000 has been paid from the value of the bonds up to date, and interest rate has been changed from 9.5% to 10%. An amount of JD 50,000 has been recorded as an impairment against these bonds as of December 31, 2016. The details are as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	-	-
Added during the year	50,000	-
Balance - End of Year	**50,000**	**-**

** These bonds mature on December 31, 2027 and bear interest at a rate of 5.8%.

7. Real Estate Investments

a. This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Land	7,637,832	7,848,005
Buildings	467,119	467,119
Apartments	120,697	120,697
Wadi Saqra Office	88,433	88,433
	8,314,081	**8,524,254**
Less: Accumulated depreciation	(117,640)	(103,900)
Impairment in real estate investments*	(6,126)	(24,834)
	8,190,315	**8,395,520**

* Movement on the provision for impairment in real estate investments was as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	24,834	24,834
Recovered during the year	(18,708)	-
Balance - End of Year	**6,126**	**24,834**

b. The fair value of real estate investments has been revaluated by two certified evaluators, and the average market value amounted to JD 10,757,579 as per the last evaluation on June 30, 2016 and December 31, 2015 for the lands in Al-Qastal. Moreover, the fair value of real estate has been determined by comparing them with the market value of similar real estate investments.

- During the year 2016, some plots of land costing JD 247,321 have been sold in Telal Salem Zone for JD 378,000. This resulted in a gain representing the amount recovered from real estate impairment of JD 18,708 and JD 111,971 as gain on the sale of real estate investments recorded in the consolidated income statement (JD 155,302 for 2015).

- During the year 2016, a plot of land in Al-Halabat was purchased for JD 55,586.

8. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cash on hand	2,946	465,862
Current accounts	278,830	164,629
Current accounts-facilities	994	1,925
	282,770	**632,416**

9. Checks under Collection

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Checks under collection*	260,742	425,638
	260,742	**425,638**

* The maturities of checks under collection extends up to May 30, 2017.

10. Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Policyholders	10,662,164	4,534,588
Brokerage customers *	674,732	707,875
Agents	27,963	65,140
Brokers	188,075	66,150
Employees	30,520	39,133
Commercials	105,153	73,712
Other	237,911	403,352
	11,926,518	**5,889,950**
Less: Provision for doubtful debts **	(1,153,399)	(1,180,605)
Accounts Receivable - Net	**10,773,119**	**4,709,345**

* This item includes accounts receivable amounting to JD 654,364 net of interest in suspense in an amount of JD 15,310 as of December 31, 2016. This resulted from financing the purchase of shares from brokerage customers. The purchased shares were suspended from trading as a result of a merger (JD 15,130 as of December 31, 2015). This receivable is guaranteed against collateralized shares financed by the subsidiary company and by postdated checks. Moreover, the subsidiary company has taken full provision against this receivable, noting that an amount of JD 57,206 was recovered from this receivable as of December 31, 2016.

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

	December 31,	
	2016	2015
	JD	JD
Balance - beginning of the year	1,180,605	1,154,477
Additions	30,000	26,128
Recoveries from provision	(57,206)	-
Balance - End of Year	**1,153,399**	**1,180,605**

Ageing of receivables is as follows:

	December 31,	
	2016	2015
	JD	JD
Not matured yet	7,474,322	1,774,945
Less than 60 days	903,689	1,348,773
61 - 90 days	375,671	450,007
91 - 180 days	877,646	280,207
181 - 360 days	926,204	560,859
More than 360 days	1,368,986	1,475,159
	11,926,518	**5,889,950**

11. Reinsurance Receivables

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Local insurance companies	270,336	188,609
Foreign reinsurance companies	615,086	641,943
	885,422	830,552
Less: Provision for doubtful debts of insurance companies*	(61,462)	(61,462)
	823,960	**769,090**

The ageing of local reinsurance companies' accounts is as follows:

	December 31,	
	2016	2015
	JD	JD
Less than 60 days	83,307	7,766
61 - 90 days	30,848	58,567
91 - 180 days	1,126	-
181 - 360 days	7,223	2,615
More than 360 days	147,832	119,661
	270,336	**188,609**

The ageing of foreign reinsurance companies' accounts is as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Less than 60 days	444,632	306,043
61 - 90 days	152,323	111,699
91 - 180 days	-	110,348
181 - 360 days	7,046	81,400
More than 360 days	11,085	32,453
	615,086	**641,943**

* The movement on the provision for doubtful debts for insurance companies was as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	61,462	61,462
Additions	-	-
Balance - End of Year	**61,462**	**61,462**

12. Brokerage Guarantee Fund Deposits

The item represents Ibda' for Investments Company (subsidiary company) balance in the Brokerage Guarantee Fund Deposit in accordance with Article No.(90) of the Securities Law No.(76) for the year 2002 and the internal regulations of the Brokerage Guarantee Fund Deposits for the year 2004.

13. Income Tax

a. Income Tax Provision

Movement on the income tax provision was as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	2,887	-
Income tax paid on credit interest	-	(6,031)
Income tax during the year	18,666	8,918
	21,553	**2,887**

Income tax in the consolidated statement of income represents the following:

	2016	2015
	JD	JD
Deferred tax assets	207,777	26,720
Amortized deferred tax assets	(179,785)	(115,793)
Amortized deferred tax liability	-	56,370
Income tax provision for the year	(18,666)	(8,918)
	9,326	(41,621)

- Summary of the accounting profit with taxable income:

	2016	2015
	JD	JD
Dividend	1,022,760	1,644,641
Non-deductible tax expense	1,745,931	886,934
Nontaxable income	(1,037,950)	(2,076,655)
Taxable Income	1,730,741	454,920

- A final tax settlement has been reached with the Income and Sales Tax Department up to the year 2014 for the parent company (Jordan International Insurance Company). The Company filed its income tax return for the year 2015, however, no final settlement has been reached with the Income and Sales Tax Department yet.

- A final settlement has been reached with the Income and Sales Tax Department up to year 2014 for Jordan International Investment Company (subsidiary company). Moreover, the Company filed its income tax return for the years 2015, however, no final settlement has been reached with the Income and Sales Tax Department yet.

- A final settlement with the Income and Sales Tax Department has been reached up to the year 2014, except the year 2013, of Ibda'a for Financial Investment Company (subsidiary company). Moreover, the Company filed its income tax return for the year 2015, however, no final settlement has been reached with the Income and Sales Tax Department yet.

- A final settlement has been reached with the Income and Sales Tax Department up to the end of the year of 2014, except for the years 2008 and 2009 for Tilal Salem Company (subsidiary of Jordan International Investment Company). Moreover, the income tax return was filed for the years 2008, 2009 and 2015, however, no final tax settlement has been reached yet.

- In the opinion of the Company's management and its tax consultant, all the provisions taken in the financial statements are sufficient for all tax liabilities.

b. Deferred tax assets/liabilities:

This item consists of the following:

	For the year Ended December 31, 2016				December 31,	
					2016	2015
Accounts included:	Balance at Beginning of the year	Amounts Released	Additions	Balance at Year - End	Deferred Tax	Deferred Tax
Deferred Tax Assets	JD	JD	JD	JD	JD	JD
Provision for doubtful debts	1,242,067	57,206	30,000	1,214,861	289,617	296,146
Provision for end of service indemnity	40,384	22,830	7,446	25,000	6,000	8,877
Impairment in financial assets through profit or loss	29,500	-	72,837	102,337	24,324	6,843
Impairment losses of financial assets at amortized cost	-	-	50,000	50,000	12,000	-
Provision for employees' lawsuits	17,095	5,510	-	11,585	2,782	4,104
Impairment in real estate investments	24,834	18,708	-	6,126	1,225	4,967
Goodwill impairment losses	333,196	111,066	-	222,130	53,311	79,967
Provision for administration bonuses	40,448	35,000	20,000	25,448	5,890	9,490
Contingent liabilities provision	68,500	-	-	68,500	13,700	13,700
Unreported claims provision	355,711	-	88,695	444,406	106,259	84,972
Unused Tax Credits	330,401	570,050	661,508	421,859	101,249	79,299
	2,482,136	820,370	930,486	2,592,252	616,357	588,365
Deferred Tax Liabilities:						
Gain of financial assets valuation through comprehensive income	2,344,644	355,765	-	1,988,879	477,807	562,946
	2,344,644	355,765	-	1,988,879	477,807	562,946

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

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	588,365	562,946	677,438	619,085
Additions	207,777	-	26,720	59,040
Disposal	(179,785)	(85,139)	(115,793)	(115,179)
Balance - End of Year	**616,357**	**477,807**	**588,365**	**562,946**

Deferred tax assets have been calculated according to the applicable rates for Jordan International Insurance Company and Ibdaa for Financial Investments Company of 24%. Moreover, deferred tax benefits of Jordan International Investment Company (subsidiary company) have been taxed at 20% as of December 31, 2014 instead of 14% as of December 31, 2013 according to the Income Tax Law No. (34) for the year 2014, which came into effect on January 1, 2015.

14. Property and Equipment

The details of this item are as follows:

December 31, 2016	Land	Building	Furniture and Equipment	Vehicles	Projects Under Process	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	363,068	2,164,069	734,731	224,722	95,715	3,582,305
Additions	-	-	284,600	-	-	284,600
Disposals		-	-	(138,928)	(95,715)	(234,643)
Balance - End of Year	363,068	2,164,069	1,019,331	85,794	-	3,632,262
Accumulated depreciation						
Balance at the beginning of the year	-	338,609	647,898	214,209	-	1,200,716
Depreciation during the year	-	43,449	54,627	1,255	-	99,331
Disposals	-	-	-	(138,928)	-	(138,928)
Balance - End of Year	-	382,058	702,525	76,536	-	1,161,119
Net Book Value - End of Year	**363,068**	**1,782,011**	**316,806**	**9,258**	**-**	**2,471,143**

December 31, 2015	Land	Building	Furniture and Equipment	Vehicles	Projects Under Process	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	363,068	2,164,069	688,561	235,222	-	3,450,920
Additions	-	-	46,170	6,000	95,715	147,885
Disposals	-	-	-	(16,500)	-	(16,500)
Balance - End of Year	363,068	2,164,069	734,731	224,722	95,715	3,582,305
Accumulated depreciation						
Balance at the beginning of the year	-	295,852	608,751	222,292	-	1,126,895
Depreciation during the year	-	42,757	39,147	6,819	-	88,732
Disposals	-	-	-	(14,902)	-	(14,902)
Balance - End of Year	-	338,609	647,898	214,209	-	1,200,716
Net Book Value - End of Year	**363,068**	**1,825,460**	**86,833**	**10,513**	**95,715**	**2,381,589**
Depreciation rate %	**-**	**2**	**10 - 25**	**15**	**-**	

* Fully depreciated properties and equipment amounted to JD 634,851 as at December 31, 2016 (JD 766,997 as at 31 December, 2015).

15. Intangible Assets - Net

This item represents the brokerage license fees of the subsidiary company (Ibda' Brokerage Financial Company).

16. Other Assets

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Refundable deposits	304,328	254,606
Prepaid expenses	52,590	28,173
Medications and medical supplies for claims	-	254
Accrued revenues not received	40,245	35,298
Prepaid income tax deposits	62,539	41,441
New system*	227,451	227,301
Trading settlement	11,734	78,006
Others	10,700	10,231
	709,587	**675,310**

* This figure represents payments for the new system expected to be completed during the first quarter of the year 2017, and will be capitalized as an intangible asset.

17. Mathematical Provision - Net

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Net mathematical provision	42,116	27,080
Life reserve	(1,633)	15,036
	40,483	42,116

18. Accounts Payable

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Medical accounts - credit	1,349,361	481,619
Policyholders'	399,937	243,659
Brokerage customers	99,168	162,724
Services companies	64,178	48,130
Garages and car spare part shops payable	7,652	7,652
Agents payable	3,628	2,765
Brokerage payables	18,715	14,016
Employees payable	5,019	2,544
Other payables	38,283	104,732
	1,985,941	**1,067,841**

19. Reinsurance Payable

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Local insurance companies	139,793	145,049
Foreign reinsurance companies	2,619,247	1,050,011
	2,759,040	**1,195,060**

20. Other Provisions

This item consists of the following:

	Balance at the Beginning of the Year	Booked during the Year	Paid during the Year	Recovered during the Year	Balance End of the Year
For the Year 2016	JD	JD	JD	JD	JD
Provision for end of service indemnity	40,384	7,446	22,830	-	25,000
Provision for employees' lawsuits	17,095	-	5,510	-	11,585
Provision for management remunerations	40,448	20,000	35,000	-	25,448
Provision for contingent liabilities*	68,500	-	-	-	68,500
Profit sharing of life contracts	15,728	-	15,728	-	-
	182,155	**27,446**	**79,068**	**-**	**130,533**

December 31, 2015	Balance at the Beginning of the Year	Taken during the Year	Paid during the Year	Recovered during the Year	Balance End of the Year
	JD	JD	JD	JD	JD
Provision for end-of-service indemnity	16,714	23,670	-	-	40,384
Provision for employees' lawsuits	17,095	-	-	-	17,095
Provision for management remunerations	-	40,448	-	-	40,448
Provision for contingent liabilities*	68,500	-	-	-	68,500
Profit sharing of life contracts	-	15,728	-	-	15,728
	102,309	**79,846**	**-**	**-**	**182,155**

* This item represents financial claims by the Free Zones Corporation of JD 68,500, representing services fees, operational costs and fines related to buildings owned by the subsidiary company (Jordan International Investments Company) in Al-Halabat industrial area. In rejection of the claim, the subsidiary company filed a lawsuit with Amman Court of First Instance, which is still in the stage of exchanging statements.

21. Other Liabilities

This item consists of the following:

	December 31,	
	2016	2016
	JD	JD
Reinsurers deposits	3,155,212	1,444,201
Claims under suspense accounts	55,047	189,822
Other deposits	529,075	266,609
Unearned revenues	-	4,584
Others	26,892	10,099
	3,766,226	**1,915,315**

22. Authorized and Paid up-Capital

Authorized and paid up-capital amounted to JD 18.15 million distributed over 18.15 million shares, the par value of each is JD 1, as of December 31, 2016.

23. Statutory Reserve

The amounts in this account represent appropriations from the annual income before tax at 10% according to the Companies Law. This reserve may not be distributed to shareholders.

24. Special Reserve

This reserve represents the increase in the assets value of merged companies comprising the capital of the subsidiary company (Jordan International Investment Company) after the merger in accordance with the report of the Merger Committee formed by the Companies Controller.

25. Difference In Purchasing of Non-Controlling Interest Shares

The Company purchased part of the non-controlling interest shares in the Company so that the Company's share in the subsidiary became 90/58 % as of the date of the consolidated financial statements. The difference of JD 338,613 has been booked in the owners' equity as of December 31, 2016, representing the difference between amounts paid and the shares' portion of net assets purchased for the years 2011, 2012, 2013, 2014, 2015 & 2016 as per the International Standard No. (3) (amended in the year 2008) related to business mergers.

26. Investments Evaluation Reserve

This item represents the net change in the financial assets at fair value through comprehensive income as follows:

	2016	2016
	JD	JD
Balance - beginning of the year	1,781,698	1,781,929
Change during the year	(355,782)	-
Changes in deferred tax liability	85,156	(231)
Net Change	-	(231)
Balance - End of Year	**1,511,072**	**1,781,698**

27. Retained Earnings

a - This item consists of the following:

	2016	2015
	JD	JD
Balance - beginning of the year	2,241,752	805,137
Add: Gain for the year	1,012,864	1,601,139
Less: Transferred to statutory reserve	(100,360)	(164,524)
Less: Cash dividends *	(1,089,000)	-
Balance - End of Year	**2,065,256**	**2,241,752**

* In the General Assembly's meeting dated February 18, 2016, it was decided to distribute 6% of the Company's capital in cash to shareholders-i.e. equivalent to JD 1,089,000.

b - The Board of Directors has recommended the distribution of cash dividends of JD 1,089,000 to shareholders (equivalent to 6% of authorized capital) to be paid from distributable retained earnings subject to the approval of the General Assembly of Shareholders.

28. Non-Controlling Interests

This item represents the non-controlling interests of Jordan International Investment Company in net owners' equity:

Year	Ownership %	Paid - in Capital	Statuary Reserve	Special Reserve	Accumulated (Losses)	Profit the Year	Controlling Interests	Non-Controlling Interests	Non-Controlling Share from Profit for the Year
	-	JD	JD	JD	JD	JD	JD	JD	JD
2016	90/58%	10,000,000	29,806	2,225	(672,653)	658	9,350,126	876,047	62
2015	90/22%	10,000,000	28,958	2,225	(672,463)	19,232	9,354,094	911,247	1,881

29. Credit Interest

This item consists of the following:

	2016	2015
	JD	JD
Interest earned on deposits at banks	196,120	245,425
Financial assets at amortized cost interest	21,652	40,013
Total	**217,772**	**285,438**

30. Net Gains from Financial Assets

This item consists of the following:

	2016	2015
	JD	JD
Cash dividend returns for financial assets through the profit or loss	10,925	20,226
Cash dividend returns for financial assets through comprehensive income	1,063,932	1,497,455
Gain from financial assets at fair value through profit or loss	184,438	767
Impairment in value of financial assets at amortized cost	(50,000)	-
Cumulative change in fair value of financial assets through profit or loss	(72,837)	(23,600)
	1,136,458	**1,494,848**

31. Other Revenues - Net

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Other underwriting revenues *	306,972	346,828
Gain from sale of real estate investments	111,989	155,302
Financial brokerage commissions	26,712	39,949
Other	43,662	9,401
Total	**489,335**	**551,480**

* This item includes marine treaties profits of JD 147,685 from AWRIS.

32. Employees Expenses

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Salaries and bonuses	1,525,250	1,168,119
Company's share of social security contributions	170,235	129,350
Employees training & development	13,310	19,493
Travel and transportation	47,557	67,244
Medical expenses	81,970	70,194
Security and protection	7,916	18,625
End of service indemnity	13,913	23,669
Employees clothes	1,274	180
	1,861,425	**1,496,874**
Employees Expenses Allocated to Underwriting Accounts	1,459,847	1,247,571
Employees Expenses Unallocated to Underwriting Accounts	401,578	249,303

33. General and Administrative Expenses

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Technical consultation and fees	193,451	198,736
Stationery and printing	117,928	61,420
Governmental and other fees	69,552	50,004
Rent	9,640	12,937
Advertisements	28,233	44,811
Computer expenses	66,655	65,564
Communication and stamps	39,200	52,276
Hospitality	25,869	22,644
Electricity, water and heating	32,699	50,213
Non-discountable sales tax	26,443	24,346
Board of Directors' travel expenses	61,807	39,600
Bank charges	97,429	54,334
Donations	750	670
Subscriptions	22,389	77,254
Maintenance	25,845	35,017
Cleaning expenses	26,125	25,474
Vehicles expenses	12,293	16,607
Office insurance	5,740	5,612
Tenders expenses	7,254	8,299
End of service indemnity	20,000	35,000
Brokerage commissions	254	1,069
Other expenses	27,498	21,558
Total	**917,054**	**903,445**
Allocated general and administrative expenses to the underwriting	300,416	283,129
Unallocated general and administrative expense to the underwriting account	616,638	620,316

34. Earnings per Share for the Year

Profit per share have been computed by dividing net profit for the year by the average number of shares during the year. The details are as follows:

	2016	2015
	JD	JD
Net income for the year	1,012,864	1,601,139
	Share	**Share**
Weighted average number of shares	18,150,000	18,150,000
	JD/share	**JD/share**
Earnings per Share (Basic and Diluted)	**0/056**	**0/088**

35. Cash and Cash Equivalents

This item consists of the following:

	December 31,	
	2016	2015
Cash on hand and at banks	282,770	632,416
Add: Deposits at banks	6,952,908	8,399,558
(Less): Restricted deposits	(358,224)	(348,972)
	6,877,454	**8,683,002**

36. Transactions with Related Parties

The consolidated financial statements include the financial statements of the Company and subsidiary companies as follows:

		Paid - Up Capital	
	Ownership	2016	2015
	JD	JD	JD
Jordan International Investment Company	90.58%	10,000,000	10,000,000
Ibda' for Financial Investments Company	100%	2,500,000	2,500,000
Telal Salem Real Estate Company	100%	150,000	150,000

As part of the Company's operations, the Company and its subsidiaries carry out transactions with their Board of Directors' members and their related parties (companies and individuals) based on the terms governing such transactions and approved by the Board of Directors. The following is the summary of the transactions with the related parties:

	Related Party		Total
	Board of Directors members and their related parties (companies and individuals)	2016	2015
	JD	JD	JD
On- Consolidated Statement of Financial Position Items			
Accounts receivable	283,759	283,759	312,650
Accounts payable	-	-	325,322
On- Consolidated Statement of Income and Comprehensive Income			
Insurance premiums	206,556	206,556	598,097

Top Executive Management Salaries and Bonuses
The salaries and bonuses of the executive management of the Company and its subsidiaries totaled JD 633,107 for the year ended December 31, 2016 (JD 533,523 for the year ended December 31, 2015).

37. Risk Management

First: Explanatory Disclosures:
The Company manages its risks in various ways through a comprehensive strategy to mitigate risks, minimize it and establish the right control in order to ensure continuity of its effectiveness along with a risk control system to achieve the optimum risk-return balance. The process of risk management includes continuous identification, measurement and control of financial and non-financial risks that might negatively affect the Company's performance and reputation, in addition to ensuring effective distribution of the Company's capital to achieve the optimum risk-return balance. The Company is exposed to the following risks: market risks, liquidity risks, insurance risks, exchange rate risks, and interest rate and commission risks.

Second: Quantitative Disclosures:

a. Insurance Risk

1. Insurance Risk

Risks of any insurance policy represents 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.

The Company performs all type of life, marine, travel, fire, property, liability, medical, and aviation insurance through it headquarter located at the 6th circle in Amman.

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.

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

Risk management is the process of measuring and evaluating risks and developing strategies to manage them. These strategies include transferring the risks to another party, avoiding and mitigating their negative effects on the Company and its subsidiaries, in addition to accepting some or all of their consequences. Risk management is divided into four sections:

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

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

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

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

Risk management adopted by the Company and its subsidiaries relies on prioritizing, so that risks with huge losses and high probability are treated first while risks with lesser losses and lower probability are treated later on.

2. Claims Development

The schedules below shows 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 took place for all insurance types as follows:

Motors Insurance:

The Year in Which the Accident Occurred	2012	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	4,858,063	3,657,581	2,149,451	1,445,412	1,139,575	13,250,082
After one year	2,569,652	2,091,242	1,464,192	1,170,359	-	7,295,445
After two years	2,569,652	2,091,242	1,464,192	-	-	6,125,086
After three years	2,569,652	2,091,242	-	-	-	4,660,894
After four years	2,569,652	-	-	-	-	2,569,652
Current expectations of cumulative claims	2,569,652	2,091,242	1,464,192	1,170,359	1,139,575	8,435,020
Cumulative payments	2,480,373	2,288,411	1,566,339	685,269	275,053	7,295,445
Liabilities as stated in the statement of financial position	89,279	(197,169)	(102,147)	485,090	864,522	1,139,575
Surplus (Deficit)	**2,288,411**	**1,566,339**	**685,259**	**275,053**	-	**5,954,637**

Marine Insurance:

The Year in Which the Accident Occurred	2012	2013	2014	2015	2016	Total
December 31, 2016	JD	JD	JD	JD	JD	JD
At the end of the year	495,374	1,092,468	921,571	1,298,523	2,117,755	5,925,691
After one year	173,964	572,549	2,379,863	806,644	-	3,933,020
After two years	173,964	572,549	2,379,863	-	-	3,126,376
After three years	173,964	572,549	-	-	-	746,513
After four years	173,964	-	-	-	-	173,964
Current expectations of cumulative claims	173,964	572,549	2,379,863	806,644	2,117,755	6,050,775
Cumulative payments	1,141,520	321,410	519,919	1,458,292	491,879	3,933,020
Liabilities as stated in the statement of financial position	(967,556)	251,139	1,859,944	(651,648)	1,625,876	2,117,755
Surplus (Deficit)	**321,410**	**519,919**	**(1,458,292)**	**491,879**	**-**	**1,992,671**

Fire and Other Insurance:

The Year in Which the Accident Occurred	2012	2013	2014	2015	2016	Total
December 31, 2016	JD	JD	JD	JD	JD	JD
At the end of the year	7,470,023	16,,717,946	16,551,881	10,070,996	7,858,522	58,669,368
After one year	6,999,859	16,326,377	15,135,075	2,212,474	-	40,673,785
After two years	6,999,859	10,070,996	3,270,075	-	-	20,340,930
After three years	2,669,332	4,068,680	-	-	-	6,738,012
After four years	2,669,332	-	-	-	-	2,669,332
Current expectations of cumulative claims	2,669,332	4,068,680	3,270,075	2,212,474	7,858,522	20,079,083
Cumulative payments	5,393,706	470,164	391,569	1,416,806	4,002,316	12,220,561
Liabilities as stated in the statement of financial position	(3,270,374)	3,598,516	2,878,506	795,668	3,856,206	7,858,522
Surplus (Deficit)	**470,164**	**391,569**	**1,416,806**	**7,858,522**	**-**	**17,995,583**

Aviation Insurance:

The Year in Which the Accident Occurred	2012	2013	2014	2015	2016	Total
December 31, 2016	JD	JD	JD	JD	JD	JD
At the end of the year	-	-	-	-	-	-
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	-	-	-	-	-	-
Cumulative payments	-	-	-	-	-	-
Liabilities as stated in the statement	-	-	-	-	-	-
of financial position	-	-	-	-	-	-
Surplus (Deficit)	-	-	-	-	-	-

Liability Insurance:

The Year in Which the Accident Occurred	2012	2013	2014	2015	2016	Total
December 31, 2016	JD	JD	JD	JD	JD	
At the end of the year	391,917	506,964	483,814	617,206	469,105	2,469,006
After one year	125,000	40	94,589	24,056	-	243,685
After two years	125,000	40	94,589	-	-	219,629
After three years	125,000	40	-	-	-	125,040
After four years	125,000	-	-	-	-	125,000
Current expectations of cumulative claims	125,000	40	94,589	24,056	469,105	712,790
Cumulative payments	61,101	54,044	5,218	107,203	16,119	243,685
Liabilities as stated in the statement of financial position	266,917	506,924	389,225	593,150	469,105	469,105
Surplus (Deficit)	**63,899**	**(54,004)**	**89,371**	**(83,147)**	**-**	**469,105**

Personal Accidents Insurance:

The Year in Which the Accident Occurred	2012	2013	2014	2015	2016	Total
December 31, 2016	JD	JD	JD	JD	JD	
At the end of the year	2,050	2,100	1,970	1,904	32,772	40,796
After one year	2,050	2,100	1,970	22,972	-	29,092
After two years	2,050	2,100	1,970	-	-	6,120
After three years	2,050	2,100	-	-	-	4,150
After four years	2,050	-	-	-	-	2,050
Current expectations of cumulative claims	2,050	2,100	1,970	22,972	32,772	61,864
Cumulative payments	107	232	2,553	-	26,200	29,092
Liabilities as stated in the statement of financial position	-	-	-	(21,068)	32,772	32,772
Surplus (Deficit)	**1,943**	**1,868**	**(583)**	**22,972**	**6,572**	**32,772**

Medical Insurance:

The Year in Which the Accident Occurred	2012	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	
December 31, 2016						
At the end of the year	353,494	96,480	169,653	216,800	520,515	1,356,942
After one year	353,494	96,480	169,653	216,800	-	836,427
After two years	353,494	96,480	169,653	-	-	619,627
After three years	353,494	96,480	-	-	-	449,974
After four years	353,494	-	-	-	-	353,494
Current expectations of cumulative claims	353,494	96,480	169,653	216,800	520,515	1,356,942
Cumulative payments	353,494	96,480	169,653	216,800	-	836,427
Liabilities as stated in the statement of financial position	-	-	-	-	520,515	520,515
Surplus (Deficit)	-	-	-	-	-	**520,515**

3. **Concentration of Insurance Risk**

Concentration of assets and liabilities according to insurance type is as follows:

	2016		2015	
Insurance Type	**Net**	**Gross**	**Net**	**Gross**
Motor	818,628	1,164,575	1,117,363	1,495,412
Marine	310,066	2,481,696	254,594	1,721,256
Fire and other	135,612	9,607,069	228,033	11,768,808
Third party liability	150,816	661,531	215,882	704,970
Aviation	305	26,461	321	27,867
Personal accident	5,373	33,731	2,111	2,814
Medical	3,210,053	7,810,195	1,978,220	3,300,024
Life	79,944	196,576	67,839	167,754
Total	**4,710,797**	**21,981,834**	**3,864,363**	**19,188,905**

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

According to geographical area:

	December 31, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Inside the Kingdom	6,132,945	4,710,797	5,441,745	3,864,363
Other Middle East Countries	2,934,349	-	2,603,640	-
Europe	6,993,043	-	6,204,907	-
Asia *	1,210,700	-	1,074,250	-
Total	**17,271,037**	**4,710,797**	**15,324,542**	**3,864,363**

* This item includes all Asian countries except Hashemite Kingdom of Jordan & Middle East countries.

The concentration in assets and liabilities related to accounts receivable & payable according to sectors is as follows:

	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to Sector:				
Private Sector				
Companies and Corporations	11,459,352	4,719,552	5,355,182	2,246,019
Individuals	137,727	25,429	123,253	16,882
Total	**11,597,079**	**4,744,981**	**5,478,435**	**2,262,901**

4. **Reinsurance Risk**

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

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

In order to reduce exposure to the financial risks that may arise from the major insurance claims, the Company enters into reinsurance agreements with other parties.

5. **Sensitivity of Insurance Risks**

	December 31, 2016		December 31, 2015	
	Consolidated Income	Owners' Equities	Consolidated Income	Owners' Equities
	JD	JD	JD	JD
Consolidated Income	1,010,526	25,625,467	1,603,020	25,997,020
Owners' equity				
Decrease of gross premiums by 5% while holding all other variables constant	(1,020,609)	(1,020,609)	(641,676)	(641,676)
Total	(10,083)	24,604,858	961,344	25,355,344

Consolidated income	1,010,526	25,625,467	1,603,020	25,997,020
Owners' equity				
Increase of gross claims by 5% while holding all other variables constant	(727,864)	(727,864)	(505,555)	(505,555)
Total	282,662	24,897,603	1,097,465	25,491,465

b. Financial Risk

The Company and its subsidiaries follow financial policies to manage the various risks within a predefined strategy. Moreover, the Company's management and its subsidiary monitor and control the risks and perform the optimal strategic allocation of both financial assets and financial liabilities. Risks include interest rate risks, credit risks, foreign currencies risks, and market risks.

Moreover, the Company follows the financial hedge policy for both financial assets and financial liabilities whenever the need arises. This hedge relates to the expected future risks.

1. Market Risks

Market risks is the potential losses that may arise from volatility of the fair value or cash flows from financial instruments according to the changes in the market prices. Market risks arise as a result of the existence of open positions in interest rates, foreign currency exchange rates, and stocks investments prices. These risks are monitored according to specific policies and procedures through specialized committees and responsible workshops. Market risks also includes interest rate risks, exchange rate risks, and equity instrument risks.

The following table illustrates the effect of a 5% increase (decrease) in Amman Stock Exchange index on fair value through the income statement reflected in the consolidated statement of equity as of the consolidated statement of financial position date. The sensitivity analysis was prepared on the assumption that share prices move at the same rate of market index change:

	+ 5%		(5) %	
	For the Year Ended December 31,			
	2016	2015	2016	2015
	JD	JD	JD	JD
Consolidated income statement	33,396	17,055	(33,396)	(17,055)

	+ 5%		(5) %	
	For the Year Ended December 31,			
	2016	2015	2016	2015
	JD	JD	JD	JD
Consolidated owners' equity	33,396	17,055	(33,396)	(17,055)

The Company and its subsidiaries are not exposed to exchange rate risks, as the financial reconciliations with clients or reinsurers are in local currency. The Company's management believes that the foreign currency risk related to the USD is immaterial since the Jordanian Dinar (the functional currency) is pegged to the USD.

2. **Interest Rate Risks**
Interest rate risk represents the risks resulting from changes in the financial management as a result of the change in average interest rates prevailing in the market. Moreover, the Company and its subsidiaries continually manage their exposure to interest risk, and all varied considerations such as financing and renewal of the current positions are revalued continually.

Sensitivity analysis below is determined according to the exposure to interest rates related to banking sensitivity as of the date of the consolidated statement of financial position. Furthermore, the analysis was prepared on the assumption that the outstanding amount as of the date of the consolidated statement of financial position was outstanding during the whole year. An increase or decrease of 0/5%, which represents the Company's and its subsidiaries management's assessment of the likely and acceptable change in rates of interest, is used.

	For the Year Ended December 31,			
	2016		2015	
	+ 5%	- (5)%	+ 5%	- (5)%
	JD	JD	JD	JD
Profit (loss) for the year	36,178	(36,178)	45,160	(45,160)
Consolidated owner's equity	36,178	(36,178)	45,160	(45,160)

3. **Liquidity Risk**
Liquidity risk is the inability of the Company and its subsidiaries to provide the funding necessary to perform its obligations on the due dates. The risk management process includes the following:

- Maintaining highly marketable assets that can be easily liquidated in protection against any unforeseen shortage in liquidity.
- Monitoring liquidity indicators in accordance with the internal requirements and the requirements of regulatory authorities.
- Managing the concentrations and maturity dates of debts.

	Less than One Month	More Than 1 Month to 3 Months	More Than 3 Month to 6 Months	More Than 6 Month to 1 year	More Than 1 year to 3 years	More Than 3 years	Without Maturity	Total
December 31, 2016	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Accounts payable	-	1,985,941	-	-	-	-	-	1,985,941
Reinsures payables	-	2,759,040	-	-	-	-	-	2,759,040
Accrued expenses	-	38,322	-	-	-	-	-	38,322
Other provisions	-	130,533	-	-	-	-	-	130,533
Income tax provision	-	21,553	-	-				21,553
Due to related parties	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	477,807	-	-	477,807
Other liabilities	-	10,099	4,584	541,503	3,210,040	-	-	3,766,226
Total Liabilities	-	**4,945,488**	**4,584**	**541,503**	**3,687,847**	-	-	**9,179,422**
Total Assets	**7,545,383**	**826,360**	**1,018,346**	**9,880,462**	**9,027,853**	**11,019,682**	**200,000**	**39,518,086**
December 31, 2015								
Liabilities:								
Accounts payable	-	1,067,841	-	-	-	-	-	1,067,841
Reinsures payables	-	1,195,060	-	-	-	-	-	1,195,060
Accrued expenses	-	56,254	-	-	-	-	-	56,254
Other provisions	-	182,155	-	-	-	-	-	182,155
Income tax provision	-	2,887	-	-	-	-	-	2,887
Due to related parties	-	325,322	-	-	-	-	-	325,322
Deferred tax liabilities	-	-	-	-	562,946	-	-	562,946
Other liabilities	-	10,099	4,584	226,609	1,634,023	-	-	1,915,315
Total Liabilities	-	**2,839,618**	**4,584**	**266,609**	**2,196,969**	-	-	**5,307,780**
Total Assets	**9,024,105**	**769,090**	**1,012,960**	**3,954,378**	**9,082,549**	**11,126,081**	**200,000**	**35,169,163**

4. **Foreign Currency Risks**
The Company's main operations are in Jordanian Dinar. Moreover, the foreign currency risk arises from the fluctuations in the exchange rates related to foreign currency payments. As for transactions denominated in USD, the Company's management believes that the foreign currency risk related to the USD is immaterial, as the Jordanian Dinar (the Company's functional Currency) is pegged to the US Dollar.

5. **Credit Risks**
Credit risk is the risk of failure of the other party to fulfil its contractual obligations, causing losses to the Company and its subsidiaries. Moreover, the Company and its subsidiaries follow the policy of dealing with only creditworthy parties, so as to reduce the risk of financial losses resulting from failure to meet commitments. Furthermore, the Company and its subsidiaries do not take any guarantees for collecting trade receivables. Therefore, trade receivables are not guaranteed.

The Company's and its subsidiaries' financial assets consist mainly of policyholders, financial assets at fair value through profit or loss, financial assets at fair value through the statement of comprehensive income, cash and cash equivalents, and other debit balances. Moreover, policyholders' receivables consist of debts due from the locally insured, some governmental parties, large projects, and foreign clients.

In the opinion of the Company's management, the percentage of uncollected receivables or part thereof is very low. These receivables represent important concentrations of credit risks in the clients' geographical areas. Moreover, a strict credit policy is maintained, whereby every client account is monitored separately. Client's concentration per geographical area is as follows:

Geographical Area	Indebtedness
Inside Jordan	10,773,119
Outside Jordan	-
Total	**10,773,119**

38. Main Segments Analysis

a. Information on the Company's Operating Segments

For managerial purposes, the Company and its subsidiaries have been organized to include the following segments: life insurance segment; the general insurance segment, which includes marine insurance, transportation insurance, fire and damages insurance, liability insurance, and medical insurance and other types of insurance; investments segments, which includes real estate investments, financial investments at fair value through profit or loss, financial assets at fair value through the comprehensive income, and financial brokerage segment. Moreover, transactions among the sectors are based on the estimated market prices at the same terms given to others.

b. Information on Geographical Distribution

This note represents the geographical distribution of the Company's and its subsidiaries operations. Moreover, the Company and its subsidiaries conduct its operations mainly in the Hashemite Kingdom of Jordan, representing local operations. The Company and its subsidiaries conduct international activities as well.

The following is the distribution of the Company's and its subsidiaries revenues, assets, and capital expenditures according to geographical sector:

	Inside Jordan		Outside Jordan		Total	
	December 31		December 31		December 31	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total revenues	8,194,342	7,064,127	1,354,004	963,749	9,548,346	8,027,876
Total assets	38,464,313	34,282,251	1,053,773	886,912	39,518,086	35,169,163

39. Management of Capital

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

The Company's management and its subsidiaries aim to achieve capital management objectives through developing the Company's and its subsidiaries business, achieving surplus in operating revenues and other revenues, and optimally utilizing available fund resources, to achieve the targeted growth in owners' equity.

The Company and its subsidiaries take into account the appropriateness between capital size and the nature of risks that the Company and its subsidiaries are exposed to, provided that this does not contradict with the prevailing laws and regulations. Which is reflected in the Company's and its subsidiaries strategic plans and its estimated budget. The effects of participating in investments on capital adequacy ratio are taken into consideration, and capital and its adequacy are monitored continuously. In the opinion of the Board of Directors, the regulatory capital is adequate to achieve the objectives of the Company and its subsidiaries.

Solvency ratio as of December 31, 2016 and 2015 is as follows:

	December 31	
	2016	2015
	JD	JD
First: Available capital *	28,195,131	28,627,658
Second: Capital required		
Capital required against assets risk	7,067,932	5,984,840
Capital required against underwriting liability	598,822	560,286
Capital required against life insurance risk	512,594	381,296
Total Capital Required	**8,179,348**	**6,926,422**
Third: Solvency ratio (Available capital / required capital)	344/71%	413/31%

* The following table shows the available capital:

	December 31	
	2016	2015
	JD	JD
Primary Capital:		
Paid - up Capital	18,150,000	18,150,000
Statutory reserve	2,684,654	2,584,294
Special reserve	2,225	2,225
Non-controlling interests	876,047	911,247
Difference of non-controlling interest shares	338,613	325,804
Retained earnings	2,065,256	2,241,752
Less: Investment not compatible with investment regulations:		
Increase in real estate investments	2,567,264	2,630,638
Investments revaluation reserve	1,511,072	1,781,698
Total Available Capital	**28,195,131**	**28,627,658**

40. The Maturities of Assets and Liabilities

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

	Within One Year	More than One Year	Total
	JD	JD	JD
December 31, 2016			
Assets:			
Deposits at banks	6,594,684	358,224	6,952,908
Financial assets at fair value through profit or loss	667,929	-	667,929
Financial assets at fair value through the comprehensive income	-	6,592,814	6,592,814
Financial assets at amortized cost	-	667,683	667,683
Real estate investment	-	8,190,315	8,190,315
Cash on hand and at banks	282,770	-	282,770
Checks under collection	260,742	-	260,742
Accounts receivable - net	9,619,720	1,153,399	10,773,119
Reinsurance receivables	823,960	-	823,960
Deposit settlement guarantee Fund	25,000	-	25,000
Due from related arties	283,759	-	283,759
Deferred tax assets	-	616,357	616,357
Property and equipment - net	-	2,471,143	2,471,143
Intangible assets	-	200,000	200,000
Other assets	709,587	-	709,587
Total Assets	**19,268,151**	**20,249,935**	**39,518,086**
Liabilities			
Unearned premiums provision - net	2,728,447	-	2,728,447
Claims provision - net	1,941,867	-	1,941,867
Mathematical provision	40,483	-	40,483
Accounts payable	1,985,941	-	1,985,941
Accrued expenses	2,759,040	-	2,759,040
Reinsurance payables	38,322	-	38,322
Other revisions	130,533	-	130,533
Income tax provision	21,553	-	21,553
Due to related parties	-	-	-
Deferred tax liabilities	-	477,807	477,807
Other liabilities	556,186	3,210,040	3,766,226
Total liabilities	**10,202,372**	**3,687,847**	**13,890,219**
Net	**9,065,779**	**16,562,088**	**25,627,867**

December 31, 2015	Within One Year	More than One Year	Total
	JD	JD	JD
Assets:			
Deposits at banks	8,050,586	348,972	8,399,558
Financial assets at fair value through profit or loss	341,103	-	341,103
Financial assets at fair value through the comprehensive income	-	6,948,579	6,948,579
Financial assets at amortized cost	-	365,000	365.000
Cash on hand and at banks	-	8,395,520	8,395,520
Real estate investments	632,416	-	632,416
Checks under collection	425,638	-	425,638
Accounts receivable - net	3,528,740	1,180,605	4,709,345
Reinsurance receivables	769,090	-	769,090
Due from related parties	25,000	-	25,000
Deposit settlement guarantee Fund	312,650	-	312,650
Deferred tax assets	-	588,365	588,365
Property and equipment - net	-	2,381,589	2,381,589
Intangible assets	-	200,000	200,000
Other assets	675,310	-	675,310
Total Assets	**14,760,533**	**20,408,630**	**35,169,163**
Liabilities			
Unearned premiums provision - net	1,765,988	-	1,765,988
Claims provision - net	2,056,259	-	2,056,259
Mathematical provision	42,116	-	42,116
Accounts payable	1,067,841	-	1,067,841
Accrued expenses	1,195,060	-	1,195,060
Reinsurance payables	56,254	-	56,254
Other provisions	182,155	-	182,155
Income tax provision	2,887	-	2,887
Due to related parties	325,322	-	325,322
Deferred tax liabilities	-	562,946	562,946
Other liabilities	281,292	1,634,023	1,915,315
Total Liabilities	6,975,174	2,196,969	9,172,143
Net	**7,785,359**	**18,211,661**	**25,997,020**

41. Lawsuits against the Company

a - There are lawsuits against the Company at courts claiming compensation for a total amount of JD 3,712,647 as of December 31, 2016. In the opinion of the Company's management and its lawyer, no obligations shall arise therefrom exceeding the allocated amounts within the net claims reserve (JD 4,017,692 as of December 31, 2015).

b - During the year 2011, a policyholder notified the Company about business interruption damages. In this regard, a lawsuit was raised against the Company during 2014 for JD 9 million estimated for fees purposes. Based on the assessment of the Company's management, its lawyer, and the loss adjuster, the value of the claim is JD 3.5 million and the Company's share of this claim amount does not exceed JD 2.826 from that claim.

The technical committee formed by the policyholders recommended approval of the settlement of this claim according to the loss adjustor's report.

During the period, the claim was settled with the client for JD 3,533,477. Moreover, the Company's share from the paid claim amounted to JD 2,853. A settlement was obtained from the client and the lawsuit against the Company was dropped.

c - During the year 2013, a policyholder notified the Company about damages caused by an accident. According to management's estimate, the value of the claim is approximately JD 8.7 million. During the year 2016, the claim was revalued at JD 2.4 million according to the loss adjustor. During the year 2016, a court warning was sent to the Company ordering payment of JD 2.826 million. However, the Company's share form the claim will not exceed JD 766 and no liabilities in excess of the amounts taken within the net claims reserve shall arise.

42. Contingent Liabilities

A - The Company was contingently liable for bank guarantees of JD 4,132,064 as of December 31, 2016.

B - There is a financial claim by the Free Zones Corporation for JD 68,500 for operational services, costs and fines related to buildings owned by the subsidiary (Jordan International Investment Company) in Al-Halabat industrial area. The subsidiary filed a lawsuit with Amman Court of First Insurance to prevent a claim, and the case is still in the stage of exchanging statements. In the opinion of the management and the legal adviser, the Company will not incur any amounts in excess of the allocated amounts as of December 31, 2016.

43. Fair Value Hierarchy

a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

Some of the financial assets and financial liabilities of the Company are estimated at fair value at the end of each financial period. The following table provides information about the manner in which financial assets and financial liabilities are determined (Evaluation methods and input used):

Financial assets / liabilities	Fair Value at December 31, 2016	Fair Value at December 31, 2015	Fair Value Level	Evaluation Method and Used Entries	Significant Intangible Entries	Relation between Significant Intangible Entries and Fair Value
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Shares in Corporations	667,929	341,103	First Level	Prices listed in Financial Markets	N/A	N/A
Total	667,929	341,103				
Financial assets at fair value through comprehensive income						
Shares with quoted prices	902,170	1,157,935	Second Level	Discounted cash flow	N/A	N/A
Shares without quoted prices	5,690,644	5,790,644	Second Level	Discounted cash flow	N/A	N/A
Total	6,592,814	6,948,579				
Total Financial Assets at Fair Value	7,260,743	7,289,682				

b. Fair Value of Financial Assets and Financial Liabilities Continuously Undetermined at Fair Value

Except for what is stated in the schedule below, we believe that the carrying amount of the financial assets and financial liabilities stated in the Company's financial statements approximates their fair value. Moreover, the Company's management believes that the book value of the items below approximates their fair value due to either their short-term maturity or the re-pricing of interest rates during the year.

	December 31, 2016		December 31, 2015		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Layer
Financial Assets not Evaluated at fair value	JD	JD	JD	JD	JD
Deposits at banks	6,952,908	6,994,487	8,399,558	8,416,253	Second Level
Real estate investments	8,190,315	10,757,579	8,395,520	11,026,158	Second Level
Total	15,143,223	17,752,066	16,795,078	19,442,411	

For the items shown above the fair value of assets and liabilities for the first and second level were determined according to agreed upon pricing models that reflects credit risks related to the parties that are being dealt with.

44. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

44. a. New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure Initiative
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

44. b. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018; the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017

Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealized losses	January 1, 2017
Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration denominated or priced in a foreign currency; • the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	January 1, 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions	January 1, 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018
Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied

IFRS 16 *Leases*

January 1, 2019

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Effective date deferred indefinitely

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)

January 1, 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. However, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018
IFRS 15 *Revenue from Contracts with Customers*	January 1, 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable; and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the consolidated financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's consolidated financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's consolidated financial statements for the annual period beginning 1 January 2019.

The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's consolidated financial statements in respect of revenue from contracts with customers; and the Company's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's consolidated financial statements in respect of its leases.

However, it is not practicable to submit a reasonable assessment of the consequences of adopting these standards until the Company prepares a review in this regard.