AL-NISR AL-ARABI INSURANCE
PART OF ARAB BANK GROUP

Ref. : 6/1/6 005718
Date : 1 6 MAY 2017

١٦ أيار ٢٠١٧

M/S. Jordan Securitires Commission

السادة / هيئة الأوراق المالية

<u>Subject: Audited Financial Statements for the fiscal year ended 31/12/2016</u>

Attached the Audited Financial Statments of **Al-Nisr Al-Arabi Insurance Company** for the fiscal year ended at **31/12/2016**.

Kindly accept our high appreciation and respect.

Al-Nisr Al-Arabi Insurance Co.

<u>الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في 2016/12/31</u>

مرفق طيه نسخة من البيانات المالية المدققة **لشركة النسر العربي للتأمين** عن السنة المالية المنتهية في **2016/12/31** .

وتفضلوا بقبول فائق الاحترام،،،

شركة النسر العربي للتأمين

Shmeisani - Esam Ajlouni St. - Building no. 21.
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AL NISR AL ARABI INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

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

AL NISR AL ARABI INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
DECEMBER 31, 2016

TABLE OF CONTENTS

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Independent Auditor's Report

AM/ 81593

To the Shareholders of
Al Nisr Al Arabi Insurance Company
A Public Shareholding Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Nisr Al Arabi Insurance Company (A Public Shareholding Limited Company) and its subsidiary (the company), which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statement of income, consolidated statement of 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, 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 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.

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Key Audit Matters

Key audit matters, in our professional judgment, are the most significant matters in our audit of the consolidated financial statements of 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 provide a separate opinion on these matters.

Technical Provisions

Technical provisions are key audit matters. Moreover, technical provisions amounted to JD 47,095,273, representing 90.3% of liabilities as of December 31, 2016. In addition, the Company estimates the required technical provisions according to the requirements of International Financial Reporting Standards and the requirements of regulatory bodies. As such, technical provisions are calculated based on the adopted accounting policies, the Company's estimates, and historical data on claims. The reinsurers' share of the technical provisions is re-calculated according to the related signed agreement. Furthermore, Executive Management appoints a certified actuary and a loss adjuster to periodically review the adequacy of the technical provisions.

Scope of Audit to Address Risks

Our audit procedures included understanding the nature of the technical provisions, understanding the design and implementation of the adopted system of internal control, assessing the reasonableness of the estimates and assumption, and the adequacy of the provisions booked by management. This is carried out through studying a sample of the technical provisions and reinsurers' share and its methods of calculation, obtaining the reports of the loss adjuster and the Company's lawyer, and comparing them to the relevant provision. In addition, the actuary and his reports were relied on concerning the adequacy of the technical provisions, following a meeting with him to discuss the adopted assumptions. Moreover, we assessed the adequacy of disclosures on the technical provisions in the financial statements.

Provision for Impairment of Accounts Receivable

The provision for impairment of accounts receivable is a key audit matter. It requires the Company's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of accounts receivable amounted to JD 7,255,973, representing approximately 10% of the assets amount as of December 31, 2016.

The nature and characteristics of accounts receivable include policyholders. This requires establishing bases and using estimates to book the provision for impairment in those receivables.

Scope of Audit to Address Risks

Our audit procedures included understanding the nature of accounts receivable, understanding the design and implementation of the internal control system adopted in following up on accounts receivable, monitoring credit risks, and calculating the provision. 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 the payment method and guarantees. In addition, we discussed with management its viewpoint on some granted receivables with regard to the expected cash flows and adequacy of guarantees. Meanwhile, we recalculated the provisions to be booked and reviewed the aging of receivables, their movement during the year, and adequacy of related disclosure.

Deloitte

Other Information
Management is responsible for other information which comprises information in the annual report excluding the consolidated financial statements and the independent auditor's report thereon. Furthermore, we expect the annual report to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover 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 aforementioned other information when it becomes available to us. In doing so, we 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.

Responsibilities of Management and Those Charged with Governance for the preparation of 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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 the Company's internal control.

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

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

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

- Obtain sufficient and appropriate audit evidence regarding the consolidated financial statements 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 conform, in all material respects, with the consolidated financial statements, and we recommend their approval by the General Assembly.

Explanatory Paragraph
The accompanying consolidated financial statements are a translation of the statutory financial statements in the Arabic language to which reference should be made.

Amman – Jordan
March 7, 2017

Deloitte & Touche

Deloitte & Touche (M.E.) – Jordan

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

AL NISR AL ARABI INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Note	December 31 2016	December 31 2015
		JD	JD
Deposits at banks	4	10,917,740	8,045,150
Financial assets at fair value through statement of comprehensive income	5	5,203,201	10,148,165
Financial assets at amortized cost	6	34,898,127	29,411,880
Investment in associate	7	107,934	107,934
Real estate investments	8	940,001	940,001
Life policyholders' loans	9	4,504,987	3,569,298
Total Investments		56,571,990	52,222,428
Cash on hand and at banks	10	2,518,945	1,753,232
Checks under collection	11	963,416	965,151
Receivables- net	12	7,255,973	6,504,773
Companies and reinsurers receivable-debit	13	475,332	172,487
Deferred tax assets	14/c	224,149	231,758
Property and equipment-net	15	3,563,569	3,797,341
Intangible assets-net	16	67,441	67,410
Other assets	17	1,273,226	1,243,428
Total Assets		72,914,041	66,958,008
Liabilities and Shareholders' Equity			
Liabilities:			
Provision for unearned premiums-net		4,463,934	4,571,808
Claims provision-net		2,049,334	2,739,412
Mathematical provision-net	18	40,582,005	33,286,253
Total Insurance Contracts Liabilities		47,095,273	40,597,473
Payables	19	1,610,913	1,611,846
Accrued expenses		358,474	442,351
Companies and reinsurers payable-credit	20	1,819,004	1,561,313
Lawsuit provision	21	201,575	201,575
Income tax provision	a\14	322,172	514,756
Other liabilities	22	749,561	747,615
Total Liabilities		52,156,972	45,676,929
Equity			
Authorized and paid-in capital	23	10,000,000	10,000,000
Additional paid-in capital	23	3,750,000	3,750,000
Statutory reserve	24	2,565,868	2,546,138
Voluntary reserve	25	1,326,652	1,326,652
Investment valuation reserve	26	98,713	225,329
Retained earnings	27	3,015,836	3,432,960
Total Equity		20,757,069	21,281,079
Total Liabilities and Shareholders` Equity		72,914,041	66,958,008

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2016	2015
Revenues:		JD	JD
Total underwriting premiums		30,613,329	29,892,791
Less: Re-insurers' share		5,266,626	4,659,877
Net Underwriting Premiums		25,346,703	25,232,914
Net change in unearned premiums provision		107,874	(998,776)
Net change in mathematical reserve		(7,295,752)	(6,894,557)
Net earned premiums revenue		18,158,825	17,339,581
Commissions revenue		576,467	644,012
Policies issuance service fees		851,499	810,286
Revenues relating to underwriting accounts		1,754,238	1,509,606
Other revenues relating to underwriting accounts		263,749	287,473
Interest income	29	810,468	840,185
Net profit from financial assets and investments	30	65,758	101,841
Other revenues		9,868	14,447
Total Revenues		22,490,872	21,547,431
Claims, Losses and Expenses			
Paid claims		18,179,976	10,972,801
Add: Matured and settled policies		3,358,825	2,343,222
Less: Recoveries		(457,792)	(355,725)
Reinsurers' share		(7,856,327)	(2,147,902)
Net Paid Claims		13,224,682	10,812,396
Net change in claims provision		(690,078)	212,839
Distributed employee expenses	31	3,258,576	3,368,929
Distributed general and administrative expenses	32	1,162,257	1,270,132
Loss surplus premiums		140,654	71,652
Policy acquisition expenses		1,598,077	1,792,900
Other expenses related to premiums		187,703	193,251
Net claims burden		18,881,871	17,722,099
Undistributed employee expenses	31	39,473	65,097
Depreciation and amortization	16&15	298,967	342,518
General and administrative expenses	32	102,921	105,265
(Surplus) provision for impairment in receivables	13&12	(100,000)	-
Other expenses	33	244,003	153,169
Total Expenses		585,364	666,049
Profit before tax		3,023,637	3,159,283
Less: Income tax expense	14\b	494,978	720,553
Profit for the Year		2,528,659	2,438,730
Earnings per share for the year	34	0.253	0.244

Chairman of the Board of Directors　　General Manager

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AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMETNT OF COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2016	2015
		JD	JD
Profit for the year		2,528,659	2,438,730
Other Comprehensive Income Items:			
Items not transferrable to the consolidated statement of Income			
Net change in Investment valuation reserve	26	(126,616)	(479,821)
(Losses) profit from sale of financial assets at fair value through comprehensive Income	26	(726,053)	4,455
Total Comprehensive Income for the Year		1,675,990	1,963,364

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AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Authorized and Paid-up Capital	Additional Paid-in Capital	Statutory Reserve	Voluntary Reserve	Investment Valuation Reserve	Retained Earnings Realized	Retained Earnings Unrealized	Retained Earnings Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Year Ended December 31 2016									
Balance - beginning of the year	10,000,000	3,750,000	2,546,138	1,326,652	225,329	3,432,960	-	3,432,960	21,281,079
Profit for the year	-	-	-	-	-	2,528,659	-	2,528,659	2,528,659
Change in investment valuation reserve	-	-	-	-	(126,616)	-	-	-	(126,616)
(Losses) from sale of financial assets at fair value through comprehensive income	-	-	-	-	-	(726,053)	-	(726,053)	(726,053)
Total comprehensive income	-	-	-	-	(126,616)	1,802,606	-	1,802,606	1,675,990
Dividends*	-	-	-	-	-	(2,200,000)	-	(2,200,000)	(2,200,000)
Transfer to reserve **	-	-	19,730	-	-	(19,730)	-	(19,730)	-
Balance - End of the Year	10,000,000	3,750,000	2,565,868	1,326,652	98,713	3,015,836	-	3,015,836	20,757,069
For the Year Ended December 31 2015									
Balance - beginning of the year	10,000,000	3,750,000	2,511,180	1,326,652	705,150	2,724,733	-	2,724,733	21,017,715
Profit for the year	-	-	-	-	-	2,438,730	-	2,438,730	2,438,730
Change in investment valuation reserve	-	-	-	-	(479,821)	-	-	-	(479,821)
Profit from sale of financial assets at fair value through comprehensive income	-	-	-	-	-	4,455	-	4,455	4,455
Total comprehensive income	-	-	-	-	(479,821)	2,443,185	-	1,273,226	1,963,364
Dividends*	-	-	-	-	-	(1,700,000)	-	(1,700,000)	(1,700,000)
Transfer to reserve **	-	-	34,958	-	-	(34,958)	-	(34,958)	-
Balance - End of the Year	10,000,000	3,750,000	2,546,138	1,326,652	225,329	3,432,960	-	3,432,960	21,281,079

- Retained earnings include JD 224,149 as of December 31, 2016, representing deferred tax assets (JD 231,758 as of December 31 2015).

* In its ordinary meeting held on April 25, 2016, the General Assembly approve the Board of Directors' recommendation to distribute JD 2,200,000 to the shareholders as cash dividends, equivalent to %22 of the authorized and paid-up capital (JD 1,700,000 for the previous year).

** The Company transfers 10 % of pretax income to the statutory reserve according to the results of operations of the parent Company and its subsidiary separately.

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY
(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:			
Income for the year before tax		3,023,637	3,159,283
Adjustments:			
Losses (gains) from sale of property and equipment	33	1,658	(2,918)
Depreciation and amortization	15&16	298,967	342,518
(Surplus) in provision for impairment of accounts receivable	12&13	(100,000)	-
Net change in provision for unearned premiums		(107,874)	998,776
Net change in claims provision		(690,078)	212,839
Net change in mathematical reserve		7,295,752	6,894,557
Cash Flows from Operating Activities before Change in Working Capital Items		9,722,062	11,605,055
Decrease (Increase) in current assets:			
Checks under collection		1,735	(322,893)
Receivables		(624,497)	(164,349)
Companies and reinsurers receivable - debit		(329,548)	407,532
Other assets		(29,798)	(236,582)
(Decrease) Increase in current liabilities:			
Payables		(933)	360,018
Accrued expenses		(83,877)	18,238
Reinsurers payable-credit		257,691	196,181
Other liabilities		(49,158)	(8,352)
Cash Flows from Operating Activities before Income Tax Paid		8,863,677	11,854,848
Income tax paid	a\14	(679,953)	(738,795)
Net Cash Flows from Operating Activities		8,183,724	11,116,053
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks (mature after three months)		(1,855,780)	1,985,711
Financial assets at fair value through comprehensive income		4,092,295	(1,427,253)
Financial assets at amortized cost-Net		(5,486,247)	(5,842,565)
Life policyholders loans		(935,689)	(785,652)
(Purchase) of property and equipment	15	(42,184)	(147,782)
Proceeds from sale of property and equipment		-	4,693
(Purchase) of intangible assets	16	(24,700)	(24,140)
Net Cash Flows (Used) in Investing Activities		(4,252,305)	(6,236,988)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends		(2,148,896)	(1,664,473)
Net Cash Flows (Used) in Financing Activities		(2,148,896)	(1,664,473)
Net Increase in Cash		1,782,523	3,214,592
Cash and cash equivalents - beginning of the year		9,473,382	6,258,790
Cash and Cash Equivalents - End of the Year	35	11,255,905	9,473,382

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

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(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE

	Motor		Marine and Transportation		Fire and Other Damages to Property		Liability		Medical		Personal Accidents		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	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
Written premiums														
Direct business			414,349	700,408	2,424,351	1,604,850	652,090	532,655	10,508,729	11,588,387	250,745	252,350	14,250,264	14,678,650
Re-insurers' inward business	-	-	-	-	97,781	58,364	3,435	3,754	-	-	-	-	101,216	62,118
Gross Earned Premiums			414,349	700,408	2,522,132	1,663,214	655,525	536,409	10,508,729	11,588,387	250,745	252,350	14,351,480	14,740,768
Less: Local re-insurers' share			59,644	46,010	633,081	319,404	249,801	96,785		-		-	942,526	462,199
Foreign re-insurers' share			271,118	454,843	1,729,650	1,194,424	270,264	296,792	-	-	154,195	189,439	2,425,227	2,135,498
Net Earned Premiums			83,587	199,555	159,401	149,386	135,460	142,832	10,508,729	11,588,387	96,550	62,911	10,983,727	12,143,071
Add: Unearned premiums reserve - beginning of the year			80,565	231,208	797,139	941,896	247,708	271,211	4,200,029	3,278,706	86,546	77,525	5,411,987	4,800,546
Less: Re-insurers share - beginning of the year	-	-	61,986	201,837	775,683	922,033	218,605	247,641	-	-	59,765	51,307	1,116,039	1,422,818
Net Unearned Premiums Reserve - Beginning of the Year	-	-	18,579	29,371	21,456	19,863	29,103	23,570	4,200,029	3,278,706	26,781	26,218	4,295,948	3,377,728
Less: Unearned premiums reserve - end of the year	-	-	124,597	80,565	1,117,059	797,139	328,262	247,708	4,048,862	4,200,029	90,849	86,546	5,709,629	5,411,987
Re-insurers' share - end of the year	-	-	62,663	61,986	1,098,394	775,683	305,579	218,605	-	-	61,369	59,765	1,528,005	1,116,039
Net Unearned Premiums Reserve - End of the Year	-		61,934	18,579	18,665	21,456	22,683	29,103	4,048,862	4,200,029	29,480	26,781	4,181,624	4,295,948
Net Revenue from the Underwritten Premiums		-	40,232	210,347	162,192	147,793	141,880	137,299	10,659,896	10,667,064	93,851	62,348	11,098,051	11,224,851

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT

[illegible]

[illegible] INSURANCE COMPANY

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Other Damages to Property		Liability		Medical		Personal Accidents		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	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
Paid claims	336,755	208,550	364,307	553,130	6,226,329	238,423	17,711	19,353	9,897,885	8,157,709	33,396	38,597	16,876,333	9,215,642
Less: Recoveries	35,509	33,721	97,282	6,846	5,962	10,257	-	-	317,650	303,781	1,399		457,792	355,225
Local re-insurers' share	-	-	-	112	915,655	10,957	-	-					915,655	11,069
Foreign re-insurers' share	60,697	15,138	150,543	306,150	5,250,902	207,421	13,534	14,707	(29,430)	159,051	23,444	29,257	5,469,605	730,716
Net Paid Claims	240,474	159,669	116,482	238,822	53,810	9,788	4,177	4,646	9,609,665	7,696,037	8,593	9,340	9,923,281	8,118,332
Add: Claims Reserve – End of the Year	302,362	590,487	602,318	820,374	1,291,431	1,049,421	1,009,074	144,716	983,442	960,410	72,209	15,976	4,340,836	3,589,386
Un-reported	150,000	200,000	71,000	71,000	25,000	25,000	30,000	30,000	500,000	850,000	45,000	45,000	821,000	1,221,000
Less: Re-insurers' share - end of the year	116,396	169,027	620,071	745,942	1,247,302	1,021,988	1,079,471	149,269	534	534	73,325	41,311	3,132,099	2,129,071
Recoveries	75,687	129,852	153,662	168,233	1,998	2,317	-	-	5,095	1,483		-	236,402	302,385
Net Claims Reserve - End of the Year	260,279	491,608	(100,415)	(23,301)	67,131	50,116	39,603	25,447	1,477,053	1,816,393	43,884	19,662	1,788,335	2,379,930
Reported	160,279	341,608	(115,415)	(38,301)	62,131	45,116	33,603	19,447	977,053	966,393	28,884	4,662	1,147,335	1,338,930
Unreported	100,000	150,000	15,000	15,000	5,000	5,000	6,000	6,000	500,000	850,000	15,000	15,000	641,000	1,041,000
Less: Claims Reserve - Beginning of the Year	590,487	771,243	820,374	428,782	1,049,421	922,225	144,716	84,761	968,410	780,266	15,979	62,903	3,589,387	3,050,180
Un-reported	200,000	200,000	71,000	71,000	25,000	25,000	30,000	30,000	850,000	700,000	45,000	45,000	1,221,000	1,071,000
Less: Re-insurers' share - beginning of the year	169,027	149,528	745,942	63,420	1,021,988	877,106	149,269	91,333	534	524	41,311	71,614	2,128,071	1,254,023
Recoveries	129,852	142,346	168,233	442,198	2,317	23,124	-	-	1,483	1,545	-	-	302,385	609,013
Net Claims Reserve - Beginning of the Year	491,608	629,169	(23,301)	(5,644)	50,116	46,915	25,447	23,428	1,816,393	1,478,187	19,668	36,289	2,379,931	2,258,144
Net Paid Claims Cost	9,145	(22,862)	39,368	221,365	70,825	12,989	18,333	6,665	8,471,125	8,034,243	32,809	(7,282)	8,641,605	8,240,119

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT

[illegible] INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and transportation		Fire and other damages to property		Liability		Medical		Personal accidents		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	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 written premiums	-	-	40,232	216,347	162,192	142,793	141,600	135,299	10,659,896	10,667,064	93,051	62,048	11,098,051	11,222,951
(Less): Net paid claims cost	9,145	(27,062)	39,368	221,365	20,025	12,909	18,333	6,665	8,471,175	8,034,243	32,809	(2,282)	8,641,605	8,240,116
	(9,145)	27,062	864	(11,018)	91,362	134,804	123,547	128,634	2,188,721	2,632,821	61,042	69,630	2,456,446	2,982,835
Add, Received commissions	-	-	99,880	161,196	365,430	362,204	59,909	61,284		-	13,690	24,934	538,909	609,618
Insurance policies issuance fees	-	-	26,508	33,643	130,870	103,946	35,450	33,239	404,574	426,086	153,188	106,013	750,590	767,927
Other revenue	3,394	-	45,811	26,624	99,194	77,345	-	-	28,292	23,789	7,745	1,682	104,356	129,440
Total Revenue	3,394	-	172,199	221,463	595,494	540,695	95,359	94,523	432,816	449,875	124,823	132,629	1,423,685	1,446,985
Less, Paid commissions	-	146	16,641	57,658	137,835	133,745	33,377	26,690	110,524	139,308	36,996	28,645	335,370	386,192
Excess of loss premiums	-	-	5,000	4,650	42,000	40,100	-	-	62,154	70,102	6,500	6,000	140,654	71,652
Employees and administrative expenses related to underwriting accounts	12,135	11,755	54,346	99,456	352,184	277,935	91,820	76,967	1,336,694	1,352,460	31,608	29,825	1,878,787	1,848,398
Other expenses	-	-	2,712	2,253	5,660	5,507	858	660	326	319	893	720	10,499	9,468
Total Expenses	12,135	11,901	78,699	164,017	537,679	457,287	126,055	104,326	1,534,745	1,512,189	75,997	65,990	2,365,310	2,315,710
Net Written Profit	(12,886)	15,961	94,364	46,428	149,182	226,012	92,051	110,831	1,086,842	1,570,582	150,668	136,269	1,565,021	2,114,088

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT

AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Written Premiums:		
Direct business	16,261,849	14,952,023
Re-insurers' inward business	-	-
Gross Written Premiums	16,261,849	14,952,023
Less: Local re-insurers' share	-	-
Less: Foreign re-insurers' share	1,898,873	1,860,180
Net Written Premiums	14,362,976	13,091,843
Add: provision for unearned premiums-beginning of the year	612,837	435,727
Less: re-insurance share	336,977	240,423
Net provision for unearned premiums-beginning of the year	275,860	195,304
Add: mathematical reserve-beginning of the year	33,286,253	26,391,696
Less: re-insurance share	-	-
Net mathematical reserve -beginning of the year	33,286,253	26,391,696
Add: provision for unearned premiums-end of year	610,491	612,837
Less: re-insurance share	328,181	336,977
Net provision for unearned premiums-end of year	282,310	275,860
Add: mathematical reserve-end of year	40,582,005	33,286,253
Less: re-insurance share	-	-
Net Mathematical Reserve-End of Year	40,582,005	33,286,253
Net Realized Revenues from Underwriting Premiums	7,060,774	6,116,730

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIM COST FOR LIFE INSURANCES

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Claims paid	2,103,643	1,756,959
Policies settlements and maturities	3,358,825	2,343,222
Less: Local re-insurers' share	13	-
Foreign re-insurers' share	1,470,974	1,406,117
Net Paid Claims	3,991,481	2,694,064
Add: Reported claims reserve - end of the year	1,218,529	887,013
Unreported claims reserve - end of the year	350,000	300,000
Less: Re-insurers' share	1,307,529	827,531
Net Claims Reserve - End of the Year	261,000	359,482
Reported	201,000	309,482
Unreported	60,000	50,000
Add: Reported claims reserve - beginning of the year	887,013	903,278
Unreported claims reserve - beginning of the year	300,000	300,000
Less: Re-insurers' share	827,531	934,849
Net Claims Reserve - Beginning of the Year	359,482	268,429
Net Claims Paid Cost	3,892,999	2,785,117

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AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Net revenue from the written premiums	7,060,774	6,116,730
Less: Net claims paid cost	(3,892,999)	(2,785,117)
	3,167,775	3,331,613
Add: Received commissions	37,558	34,394
Insurance policies issuance fees	100,909	102,359
Interest revenue from investment related to underwriting accounts	1,754,238	1,509,606
Other revenue	79,363	158,033
Total Revenue	1,972,068	1,804,392
Less: Paid commission	1,262,707	1,406,708
Excess of loss premiums	-	-
Administrative expenses for underwriting accounts	2,542,046	2,790,663
Other expenses	177,204	183,783
Total Expenses	3,981,957	4,381,154
Net Underwriting Profit before Tax	1,157,886	754,851

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

AL NISR AL ARABI INSURANCE COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE BRANCH

	December 31	
ASSETS	2016	2015
	JD	JD
Deposits at banks	7,009,876	4,754,684
Financial assets at fair value through the statement of comprehensive income	3,340,455	5,997,566
Financial assets at amortized cost	22,404,598	17,382,421
Real estate Investments	599,720	555,541
Investment in an associate	68,862	63,789
Life policyholders loans	4,504,987	3,569,298
Total Investments	37,928,498	32,323,299
Cash on hand and at banks	1,615,952	1,036,160
Checks under collection	618,513	570,404
Accounts receivable-Net	1,708,839	1,427,992
Re-insurance companies' accounts receivable	125,509	43,122
Deferred tax assets	55,987	57,939
Property and equipment	890,892	949,335
Intangible assets	16,860	16,853
Other assets	893,932	882,834
Total Assets	43,854,982	37,307,938
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES:		
Unrealized premiums provision-Net	282,310	275,860
Outstanding claims provision - net	261,000	359,481
Mathematical reserve - net	40,582,005	33,286,253
Total Insurance Contracts Liabilities	41,125,315	33,921,594
Accounts payable	402,728	402,963
Insurance companies' accounts payable	454,751	390,329
Accrued expenses	178,237	221,176
Income tax provision	275,981	360,329
Miscellaneous provisions	201,575	201,575
Other liabilities	183,857	186,905
Total Liabilities	42,822,444	35,684,871
Head Office's equity:		
Head Office's current account	(125,348)	868,216
Income for the year	1,157,886	754,851
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	43,854,982	37,307,938

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

1. General

a. Al Nisr Al Arabi Insurance Company was established on September 28, 1989 and registered under Number (207) to conduct insurance business after the merger between Al Nisr Al Arabi Insurance Company and RIFCO Life Insurance Company according to the Economic Security Commission's resolution on July 11, 1985 and in compliance with the Insurance Business Control Law.

b. The Company conducts all types of life and general insurance (motor, marine transport, fire and other property damages, liability, medical and personal accidents, and aviation).

c. Based on the minutes of the Company's Board of Directors' meeting number (9146) on October 27, 2011, it was decided not to renew the license for the Marine Branch effective from the year 2012.

d. The accompanying consolidated financial statements were approved by the Board of Directors on February 13, 2017.

2. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared according to the standards issued by the International Accounting Standards Board and the forms prescribed by the Jordan Insurance Commission.

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

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

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2015, except for what is mentioned in Note (44.a).

Basis of Consolidating the Consolidated Financial Statements

The consolidated financial statements include the financial statements of the parent Company and those of the subsidiary after eliminating intercompany balances and transactions:

Company's Name	Paid Capital	Ownership Percentage	Nature of Work	Place of Business	Date of Acquisition
Al Ameen Al Arabi Real Estate Company	458,841	100%	Real Estate Development	Amman	2012

The following is a summary of the data of the subsidiary:

	December 31,	
	2016	2015
	JD	JD
Assets	2,991,098	3,040,788
Liabilities	2,313,680	2,256,337
Net partner's equity	677,418	784,451

	For the year Ended December 31,	
	2016	2015
	JD	JD
Revenue	275,000	275,000
Expenses	(103,032)	(106,687)
Profit for the year	171,968	168,313

Control is achieved when the Company obtains control over the financial and operating policies of the subsidiary to gain benefits from its activities. Furthermore, the intercompany balances, revenues, and expenses are totally eliminated.

The results of operations of the subsidiary are consolidated in the consolidated statement of income from the date of acquisition, the date on which the Company actually gains control over the subsidiary. Moreover, the results of operations of the subsidiaries disposed of are consolidated in the consolidated statement of income until the disposal date, the date on which the Company actually losses control over the subsidiary.

The financial statements of the subsidiary are prepared for the same period of the parent company, using the same accounting policies adopted by the parent company. In case the subsidiary uses accounting policies different from those used by the parent company, the required adjustments to the subsidiary's financial statements are made to match the accounting policies adopted by the parent company.

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

a. Financial Assets at Amortized Cost

- The purpose of holding these assets within the context of the business model is to collect contractual cash inflows, representing payments of debt principal and interest on the outstanding balance of debts.

- 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 provisions for the decline in the value of these investments resulting in no recovery 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 the basis of which those assets were classified 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 classification date.

b. Financial Assets at Fair Value through Income Statement

- The remaining financial assets that do not meet the criteria for financial assets at amortized cost are recorded as financial assets at fair value.

- Financial assets at fair value through the income statement represent shares and bonds held by the Company for trading and achieving gains from short-term fluctuations in market prices or gains from margin trading.

- Financial assets at fair value through the income statement are initially stated at fair value on the acquisition date (purchase costs are recorded in the consolidated statement of income upon purchase). They are subsequently re-measured to fair value. Moreover, changes in fair value are recorded in the consolidated statement of income, including the fair value change resulting from the translation of non- monetary assets denominated in foreign currencies. Gains or losses resulting from the sale of these financial assets, or part thereof, are taken to the consolidated statement of income.

- Dividends and interest from these financial assets are recorded in the consolidated statement of income.

c. Financial Assets at Fair Value through Statement of Comprehensive Income

- Upon initial recognition of investments in owners' equity not held for trading, an irrevocable option may be adopted to present all the changes in the fair value of these investments on an individual basis (each share separately) within the other comprehensive items. Not in any case at a subsequent date may the amounts of these changes, recognized within the consolidated comprehensive income statement, be reclassified to profit or loss.

- Financial assets at fair value through the statement of comprehensive income are stated at fair value plus acquisition expenses at the date of acquisitions. Moreover, these assets are revalued at fair value. The change in fair value is stated in the statement of comprehensive income and within shareholders' equity, including the change in fair value resulting from the exchange differences arising from non-monetary assets denominated in foreign currencies. In case these assets, or part thereof, are sold, the gains / losses arising therefrom are taken to the consolidated statement of comprehensive income and within shareholders' equity. Furthermore, the financial assets revaluation reserve balance relating to equity instruments is directly taken to retained earnings / accumulated losses but not through the consolidated statement of income.

- Dividends are taken to the consolidated income statement unless these dividends clearly represent partial recovery of all the investments.

d. Sector Information

- Business sector represents a group of assets and transactions that jointly provide products or services which are subject to risks and returns different from those relating to other business sectors.

- Geographic sector relates to the delivery of products or services in a specific economic environment that is subject to risks and returns different from those relating to sectors functioning in other economic environment .

e. Date of Recognition of Financial Assets

Financial assets and financial liabilities are recognized on the trading date (date on which the Company or its subsidiary commits itself to purchase or sell the financial assets).

f. Fair Value

Fair value represents the closing market price (acquisition of assets/ sale of liabilities) on the date of the consolidated financial statements in active markets for financial assets and financial derivatives with a market value.

In case declared market prices do not exist, active trading of some financial assets is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.

- Analysis of the present value of expected future cash flows for similar instruments.

- Adoption of the option pricing models.

The evaluation methods aim at providing a fair value reflecting the expectations of the market, expected risks, and expected benefits. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

g. Impairment in Financial Assets

The Company and its subsidiary review the values of recorded financial assets at the date of the consolidated statement of financial position to determine if there are any indications to the impairment in their value individually or as a portfolio.

In case such indications exist, the recoverable amount is estimated to determine the amount of impairment loss.

The impairment amount is determined as follows:

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

- Impairment in the value of financial assets at fair value through the statement of income and comprehensive income: represents the difference between the book value and the fair value.

- Impairment in the value of financial assets at cost: represents the difference between the book value and the present value of the expected future cash flows discounted at the prevailing market rate for the return on similar financial assets.

The impairment in value is stated in the consolidated statement of income. Moreover, any surplus in the subsequent period due to previous impairment in financial instruments is stated in the consolidated income statement while such a surplus in equity instruments at fair value through the statement of comprehensive income is recovered by using the investment valuation reserve and through the consolidated statement of comprehensive income and consolidated shareholders` equity.

h. Cash and Cash Equivalents

It represents cash and cash balances that mature within three months and include: cash and balances at banks and financial institutions, less restricted balances.

i. Re-insurers' Accounts

Re-insurers' shares of insurance premiums, claims paid, technical provisions, and all other rights and obligations resulting from re-insurance based on contracts concluded between the Company and re-insurers are accounted for on the accrual basis.

j. Impairment in Re- Insurance Assets

In case there is any indication as to the impairment of the re-insurance assets of the Company, which possesses the re-insured contracts, the Company has to reduce the present value of the contracts and record the impairment loss in the consolidated statement of income. The impairment is recognized in the following cases only:

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

2. The event has a reliably and clearly measurable effect on the amounts that the Company will recover from the re-insurer.

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

- Real Estate Investments (except for land) are stated at cost less accumulated depreciation, and these investments are depreciated over their useful lives at a rate of 2%. Any impairment amount is recorded at the consolidated statement of income. Moreover, operating revenues and expenses arising from those investments are taken to the consolidated statement of income.

- In case the fair value of previously impaired real estate investments increases, the previously recorded impairment loss is recovered for no more than the cost.

- Real estate investments are valued according to the resolutions of the Jordan Insurance Commission, and their fair values are reported in the real estate investments note.

m. Property and Equipment

Property and equipment (except for land) are stated at cost net of accumulated depreciation and any accumulated impairment. Moreover, property and equipment (except for land) are depreciated, when ready for their intended use, according to the straight-line method over their estimated useful lives using the following annual rates. In addition, the depreciation expense is recorded in the consolidated statement of income:

	%
Buildings	2
Equipment, Devices, and Furniture	10-20
Elevators	10
Vehicles	15
Decorations	10-15
Lease improvements	10
Computer devices	20

Property and equipment are depreciated when ready for their intended use.

When the carrying amounts of property and equipment exceed their recoverable values, assets are written down, 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 what was determined before, the change in estimate is recorded in the following years, being a change in estimate.

The gain or loss resulting from the disposal or derecognition of property and equipment, representing the difference between the property and equipment sale proceeds and their book value, are recorded in the consolidated statement of income.

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

n. Intangible Assets

- Intangible assets obtained through merger are stated at fair value on their acquisition date, while intangible assets obtained other than through merger are stated at cost.

- Intangible assets are classified according to their estimated lives: definite or indefinite. Intangible assets with a definite useful life are amortized over their useful life or for an indefinite period, and amortization is recorded in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment at the date of the consolidated financial statements, and the impairment is recorded in the consolidated statement of income.

- Internally generated intangible assets are not capitalized by the Company or its subsidiary but recorded in the consolidated income statement in the same year.

- Any indications to the impairment of intangible assets are reviewed as of the date of the consolidated financial statements. Moreover, the life estimate of these assets is reviewed and any relate adjustments are made in the subsequent years.

o. Mortgaged Financial Assets

These are the financial assets mortgaged to other parties while the other party has the right of disposal thereof (sale or re-mortgage). Evaluation of these assets continues to be performed according to the accounting policies adopted for the evaluation of each according to the asset's original classification.

p. Computer Systems and Software

Computer systems and software are stated at acquisition cost and amortized at 20% annually.

q. Provisions

Provisions are recognized when the Company and its associate have an obligation 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 obligation amount can be made.

Amounts recognized as provisions represent the best evaluation of the amounts required to settle the obligation as of thé consolidated financial statements date, 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 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 value can be measured reliably.

First: Technical Reserves

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

1. The reserve for unearned premiums of the general insurance activities is calculated according to the remaining days from the consolidated financial statements date up to the expiry date of the insurance policy on the basis of a 365-day per year, except for marine and land transport insurance for which the provision is calculated on the basis of written premiums of the effective policies and in accordance with related laws and regulations on the date of the consolidated financial statements.

2. The reserve for reported claims is calculated through determining the maximum total expected costs for each claim on an individual basis.

3. The reserve for unreported claims is calculated based on the Company's experience and estimates.

4. The reserve for unearned premiums of life insurance activities is calculated based on the Company's experience and estimates.

5. The mathematical reserve for life insurance policies is calculated based on the actuarial equations which are reviewed periodically by an independent actuary.

6. The provision for premium deficit is calculated based on the Company`s experience and estimates.

Second: Provision for Impairment in Accounts Receivable

A provision for impairment is taken when there is an objective evidence that whole or part of these receivables has become irrecoverable. The provision is calculated based on the difference between the carrying amount and the recoverable value. Moreover, the provision is calculated using percentages agreed upon by the Board of Directors and according to the aging of those receivables as of the consolidated financial statements date.

r. Liability Adequacy Test

At the date of the consolidated financial position statement, the adequacy and appropriateness of the insurance liabilities are evaluated by calculating the current value of the expected future cash flows relating to the outstanding insurance contracts.

If the evaluation indicates that the present value of the insurance liabilities (different purchase expenditures less adequate, and intangible assets less relevant) is insufficient compared to the expected future cash flows, the whole deficit amount is stated in the consolidated statement of income.

s. Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

1- Accrued expenses

Accrued taxes are calculated on the basis of taxable profits. Moreover, taxable profits differ from the profits declared in the consolidated statement of income since the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses accepted by the tax authorities, or unallowable and non-taxable items.

Taxes are calculated on the basis of the tax rates prescribed by the laws, regulations, and instructions in force 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.

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 or liabilities.

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, or the tax obligation is paid 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 revenues for the year (earned insurance premiums) on the basis of the maturity periods and in accordance with the insurance coverage periods. Unearned insurance premiums from insurance contracts at the date of the consolidated financial statements 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 revenues

Dividends revenues from investments are recorded when the right of the shareholders to receive dividends arises upon the related resolution of the General Assembly of Shareholders.

Interest income is calculated according to the accrual basis based on the maturity periods, principals, and earned interest rate.

3. Rental Income

Rental income from real estate investments of operating lease contracts is recognized based on the straight-line method over the contract term. Moreover, other expenses are recognized on the accrual basis.

4. Commissions Revenue

Shares purchase and sale commissions are recorded to the revenues upon their realization.

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 Reimbursement

Insurance compensations represent all amounts paid during the year and changes in claims provision, whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for settlement of all claims resulting from events prior to the consolidated financial statements 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 provision for unreported claims.

x. Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are considered when calculating the insurance for claims.

y. General and Administrative Expenses

All distributable general and administrative expenses are allocated to the insurance branches separately according to the actual administrative expenses of each branch separately and in compliance with specific cost centers for various insurance departments. The remaining expenses are stated as unallocated expenses in the consolidated statement of income.

z. Employees expenses

All distributable employee expenses are allocated to the insurance branches separately according to the expenditures of each branch in compliance with specific cost centers for various insurance departments. Moreover, the related employee expenses of the Company`s subsidiary are stated as unallocated employee expenses.

a.a. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates of the Jordanian dinar prevailing at the transaction date.

Financial assets and financial liabilities denominated in foreign currencies are translated to Jordanian dinar according to the 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 determination of their fair value date.

Gains and losses resulting from the exchange of foreign currencies are recorded in the consolidated statement of income.

The resulting differences from non-monetary assets and non-monetary liabilities are recorded as part of the change in fair value.

b.b Investment in Associate

Associated company is an investee whereby the Company exercises significant influence on its financial and operational decisions, but does not control it. Moreover, the Company owns from 20% to 50% of the voting rights in the associate. The investment in the associate is recognized in the consolidated financial statements according to the equity method.

3. 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 any contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and the investments valuation reserve. In particular, the management of the Company and its subsidiary are required to issue significant judgments to assess future cash flows and their timing. The aforementioned 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 the changes resulting from the circumstances and situations of those estimates in the future.

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

- A provision for accounts receivable is taken according to the various assumptions and bases adopted by the Board of Directors of the Company and its subsidiary to evaluate the required provision as per International Financial Reporting Standards.

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

- Real estate investments are evaluated by independent and certified real estate appraisers according to the resolutions issued by Jordan Insurance Commission. Moreover, their 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 estimates of their expected productive lives in the future. Any impairment loss is taken to the consolidated statement of income.

- The claims provision and technical provisions are evaluated based on technical studies, instructions of the Insurance Commission, and actuarial studies.

- A provision for lawsuits against the Company and its subsidiary is created based on a legal study by the lawyer of the Company and its subsidiary according to which probable future risks are determined. Such studies are reviewed periodically.

- Management periodically reviews the financial assets shown at 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 categorised 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 judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. Moreover, when the company measures the fair value, it uses independent and qualified parties to make the measurement studies.

4. Deposits at Banks

This item consists of the following:

	December 31,				
	2016				2015
	Deposits Maturing Within One Month	Deposits Maturing Within Three Months	Deposits Maturing after Three Months and up to One Year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	3,325,000	2,943,761	1,855,780	8,124,541	7,239,090
Outside Jordan	2,793,199	-	-	2,793,199	806,060
Total	6,118,199	2,943,761	1,855,780	10,917,740	8,045,150

- During the year 2016, interest rates on deposits in Jordanian dinar ranged from 3% to 4%. For deposits in US dollars, interest rates ranged from 0.19 % to 1.26 %.

- Moreover, deposits collateralized to the order of the Director General of the Insurance Commission in addition to his position amounted to JD 325,000 as of December 31, 2016 and December 31, 2015 at Arab Jordan Investment Bank and mature within a period of less than three months.

- There were no restricted balances as of December 31, 2016 and December 31, 2015.

5. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31	
	2016	2015
Inside Jordan:	JD	JD
Quoted shares on Amman Stock Exchange	48,970	48,970
Outside Jordan:		
Quoted shares	1,548,592	1,838,807
*Listed investment funds	1,638,015	6,385,271
Quoted bonds	1,967,624	1,875,117
	5,203,201	10,148,165

* This item represents investment in listed investment funds with unguaranteed capital and at fair value as of the consolidated financial statements date.

- Interest rates on bonds outside Jordan ranged from 6.25% to 8.375% during the year 2016.

- Bonds maturity extend to the following dates:

	3-6 months	6-9 months	9 months-1 year	More than one year	Total
Outside Jordan	JD	JD	JD	JD	JD
Bonds quoted on Stock Exchanges	-	-	-	1,967,624	1,967,624
	-	-	-	1,967,624	1,967,624

- The aforementioned bonds are of a fixed return.

6. Financial Assets at Amortized Cost

This item consists of the following:

	December 31	
	2016	2015
Inside Jordan	JD	JD
Government bonds	34,431,123	29,299,949
	34,431,123	29,299,949
Outside Jordan		
Corporate bonds	572,695	217,622
Provision for impairment	(105,691)	(105,691)
	467,004	111,931
	34,898,127	29,411,880

- The maturities of bonds extend to the following dates:

	1-3 months	3-6 months	6-9 months	9 months 1 year	More than 1 year	Total
Inside Jordan	JD	JD	JD	JD	JD	JD
Government bonds	-	1,999,766	-	-	32,431,357	34,431,123
Corporate bonds	-	-	-	-	-	-
			-			
Outside Jordan	-					
Corporate bonds	-	-	-	-	467,004	467,004
	-	1,999,766	-	-	32,898,361	34,898,127

- Interest rates on bonds denominated in Jordanian Dinar range from 4.689% to 7.786 %. Moreover, interest rates on bonds denominated in foreign currency ranged from 3.898% to 6.5 % during the year ended December 31, 2016.

- The above-mentioned bonds are of a fixed return.

7. Investment in Affiliate

This item represents the Company's investment in Al Nisr Al Arabi For Real Estate Company (under liquidation) with 50 % of its capital amounting to JD 200 thousand as of December 31,2016, and this investment in the affiliate is stated in the Consolidated Financial Statements based on the equity method.

8. Real Estate Investments

a. This item consists of the following:

	December 31	
	2016	2015
	JD	JD
Land	940,001	940,001
	940,001	940,001

- The details of real estate investments and information on the fair value hierarchy as of December 31, 2016 are as follows:

	Level 1	Level 2	Level 3	Fair Value as of December 31, 2016*
	JD	JD	JD	JD
Investment land	-	1,038,967	-	1,038,967

- There were no transfers between Level 1 and Level 2 during the year 2016.

* The average fair value amounted to JD 1,038,967 according to the last appraisal of the land as of December 31, 2015 and January 13, 2016 conducted by three certified real estate appraisers.

9. Life Insurance Policyholders' Loans

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Loans for life insurance policyholders' not exceeding the policy liquidation value	4,504,987	3,569,298

The maturities of life insurance policyholders' loans extend to the following dates:

	More than 1 year	Total
	JD	JD
Life insurance policyholders' loans	4,504,987	4,504,987

10. Cash on Hand and at Banks

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Cash on hand	2,091	2,124
Current accounts at banks	2,516,854	1,751,108
	2,518,945	1,753,232

11. Checks under Collection

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Checks under collection within 6 months	784,277	770,189
Checks under collection after 6 months	179,139	194,962
	963,416	965,151

- The maturities of checks under collection extend to November 30, 2018.

12. Accounts Receivable - Net

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Policyholders	7,743,608	7,177,847
Other receivables	5,902	5,902
	7,749,510	7,183,749
Less: Provision for impairment of receivables *	(493,537)	(678,976)
Accounts receivable - Net	7,255,973	6,504,773

The ageing of receivables is as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Less than 90 days	6,768,563	6,437,522
From 91 - 180 days	693,291	563,000
From 181 - 360 days	144,314	106,307
More than 361 days	143,342	76,920
	7,749,510	7,183,749

* Movement on the provision for the impairment of receivables is as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Balance - beginning of the year	678,976	715,664
(Recovered) during the year	(100,000)	-
Transferred to re-insurers receivable during the year	(26,703)	(30,556)
Less: Written-off debts	(58,736)	(6,132)
Balance- end of the year	493,537	678,976

13. Re-insurance Companies Accounts - Debit

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Local insurance companies	496,017	175,333
Foreign re-insurance companies	91,126	82,262
	587,143	257,595
Less: Provision for impairment of receivables *	(111,811)	(85,108)
Re-insurance Companies' Accounts - Net	475,332	172,487

The aging of re-insurance companies' accounts - debit is as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Less than 90 days	98,864	83,580
91 - 180 days	374,802	21,902
181 - 360 days	1,666	67,005
More than 361 days	111,811	85,108
	587,143	257,595

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

	2016	2015
	JD	JD
Balance - beginning of the year	85,108	54,552
Transferred from accounts receivable during the year	26,703	30,556
Balance - End of the Year	111,811	85,108

14. Income Tax

a. Income Tax Provision

- Movement on the income tax provision is as follows:

	For the year ended December 31, 2016	For the year ended December 31, 2015
	JD	JD
Balance - beginning of the year	514,756	534,798
Income tax paid	(679,953)	(738,795)
Income tax for the year	487,369	718,753
Balance at Year - End	322,172	514,756

b. The income tax stated in the consolidated statement of income represents the following:

	2016	2015
	JD	JD
Income tax on the year's profit	487,369	718,753
The impact of deferred tax assets- Net	7,609	1,800
	494,978	720,553

A final income tax settlement had been reached up to the end of the year 2014. Moreover, the Company has submitted the tax return for the year 2015 on time. The income tax provision for the year ended December 31, 2016 has been calculated and booked. In the opinion of the Company's management and its tax consultant, the Company will not incur any additional liabilities exceeding the provisions taken as of December 31, 2016.

A final settlement of the subsidiary`s income tax has been reached up to the end of the years 2011 and 2015. Moreover, the tax returns for the years 2012, 2013, 2014 were submitted on time. However, the tax returns have not been reviewed as of the consolidated financial statements date. The income tax provision for the subsidiary for the year ended December 31, 2016 has been calculated and booked. In the opinion of the Company's management and its tax consultant, the subsidiary will not incur any additional liabilities exceeding the provisions taken as of December 31, 2016

c. Deferred Tax Assets

The details of this item are as follows:

	For the year ended December 31, 2016					For the year ended December 31, 2015
Accounts Included	Balance at the Beginning of the Year	Amounts Released	Amounts Added	Balance at End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provision for doubtful debts	764,084	(185,439)	26,703	605,348	145,284	183,380
Provisions for tax deductible losses from foreign investments	-	-	304,870	304,870	30,487	-
Lawsuits provision	201,575	-	-	201,575	48,378	48,378
	965,659	(185,439)	331,573	1,111,793	224,149	231,758

- The movement on deferred tax assets is as follows:

	For the year ended December 31,	
	2016	2015
	JD	JD
Balance at the beginning of the year	231,758	233,558
Additions	36,896	7,333
Released	(44,505)	(9,133)
Balance at Year – End	224,149	231,758

According to the management's opinion, deferred tax assets will be used in the near future.

d. The following is a summary of the reconciliation between accounting profit and tax return:

	2016	2015
	JD	JD
Accounting profit	3,023,637	3,159,283
(Loss) profit from sale of financial assets at fair value through comprehensive income	(726,053)	4,455
Non-taxable profit	(1,529,738)	(1,187,221)
Non-deductible expenses	1,372,284	1,146,461
Taxable income	2,140,130	3,122,978
Income tax due	487,369	718,753

- The prevailing tax rate in Jordan is 24% for the parent Company and 20% for the subsidiary.

15. Property and Equipment

The details of this item are as follows:

	Lands	Buildings	Lease Improvements	Elevators	Equipment, Devices and Furniture	Transportation Vehicles	Decorations	Computer Software and Devices	Total
Year 2016	JD	JD	JD	JD	JD	JD	JD	JD	JD
cost:									
Balance- beginning of the year	777,480	1,786,131	24,850	57,000	724,047	70,625	937,574	286,340	4,664,047
Additions	-	-	2,000	-	13,494	-	5,125	21,565	42,184
Disposals	-	-	-	-	(10,908)	-	(2,671)	(34,721)	(48,300)
Transfers during the year	-	-	-	-	(84,301)	-	-	84,301	-
Balance- end of the year	777,480	1,786,131	26,850	57,000	642,332	70,625	940,028	357,485	4,657,931
Accumulated Depreciation:									
Balance- beginning of the year	-	54,248	1,625	11,400	274,276	46,765	249,400	228,992	866,706
Depreciation for the year	-	27,124	6,214	5,700	95,220	9,042	91,580	39,418	274,298
Disposals	-	-	-	-	(9,641)	-	(2,281)	(34,720)	(46,642)
Transfers during the year	-	-	-	-	1,725	-	-	(1,725)	-
Balance- end of the year	-	81,372	7,839	17,100	361,580	55,807	338,699	231,965	1,094,362
Net Book Value- end of the year	777,480	1,704,759	19,011	39,900	280,752	14,818	601,329	125,520	3,563,569
Year 2015									
cost:									
Balance- beginning of the year	777,480	1,786,131	-	57,000	636,591	71,996	927,325	291,906	4,548,429
Additions	-	-	24,850	-	88,447	10,277	10,249	13,959	147,782
Disposals	-	-	-	-	(991)	(11,648)	-	(19,525)	(32,164)
Balance- end of the year	777,480	1,786,131	24,850	57,000	724,047	70,625	937,574	286,340	4,664,047
Accumulated Depreciation:									
Balance- beginning of the year	-	27,124	-	5,700	168,469	46,510	121,219	213,330	582,352
Depreciation for the year	-	27,124	1,625	5,700	106,669	11,902	128,181	33,542	314,743
Disposals	-	-	-	-	(862)	(11,647)	-	(17,880)	(30,389)
Balance- end of the year	-	54,248	1,625	11,400	274,276	46,765	249,400	228,992	866,706
Net Book Value- end of the year	777,480	1,731,883	23,225	45,600	449,771	23,860	688,174	57,348	3,797,341
Depreciation percentage %	-	2	10	10	10-20	15	10--15	20	

- Fully depreciated property and equipment amounted to JD 180,933 as of December 31, 2016 (JD 166,017 as of December 31, 2015).

16. Intangible Assets

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Balance at the beginning of the year	67,410	71,045
Additions	24,700	24,140
Amortizations	(24,669)	(27,775)
Balance at Year-End	67,441	67,410

17. Other Assets

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Accrued revenues	578,864	524,620
Various Accrued Accounts	459,609	473,695
Prepaid expenses	205,597	230,090
Other	25,345	11,212
Refundable Deposits	3,811	3,811
	1,273,226	1,243,428

18. Mathematical Reserve - Net

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Net Mathematical Reserve	40,582,005	33,286,253

19. Accounts Payable

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Policyholders payable	1,390,096	1,349,305
Brokers payable	162,174	193,035
Others	58,643	69,506
	1,610,913	1,611,846

20. Re-insurance Companies' Accounts - Credit

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Local insurance companies	20,941	59,590
Foreign re-insurance companies	1,289,632	876,866
Refundable deposits	508,431	624,857
	1,819,004	1,561,313

21. Lawsuits provision

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Lawsuits provision	201,575	201,575

- The following table illustrates the movement on the various provisions:

	December 31,	
	2016	2015
	JD	JD
Balance- Beginning of the year	201,575	201,575
Additions	-	-
Charges	-	-
Balance- End of the year	201,575	201,575

22. Other Liabilities

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Accrued compensations	-	141,519
Various deposits	277,656	261,329
Shareholders` deposits	282,290	236,938
Refundable amounts for cancelled contracts\Life	151,710	66,663
Board of Directors' bonuses	35,000	35,000
Unearned revenues	2,905	6,166
	749,561	747,615

23. Capital and Additional Paid-in Capital

- Authorized, subscribed, and paid-in capital amounted to JD 10 million, distributed over 10 million shares at a par value of JD 1 each as of December 31, 2016 and 2015.

- Additional paid-in capital amounts to JD 3.75 million.

24. Statutory Reserve

The accumulated amounts in this account represent appropriations from annual income before tax for the Company and the subsidiary at 10% during this year and previous years according to the Companies Law. This reserve may not be distributed to shareholders.

25. Voluntary Reserve

The accumulated amounts in this account represent the transfers from income before tax during the past years at a rate of 20% of paid-up capital. Voluntary reserve is used for the purposes determined by the Board of Directors. Moreover, the General Assembly has the right to distribute all or part of the voluntary reserve as dividends to shareholders.

26. Investment Re-valuation Reserve

This item represents the net change in the fair value of financial assets at fair value through comprehensive income. The details are as follow:

	2016	2015
	JD	JD
Balance at the beginning of the year	225,329	705,150
Realized losses (profits) transferred to retained earnings	726,053	(4,455)
Change during the year	(852,669)	(475,366)
Net change during the year	(126,616)	(479,821)
Balance - End of Year	98,713	225,329

27. Retained Earnings

This item consists of the following:

	2016	2015
	JD	JD
Balance at the beginning of the year	3,432,960	2,724,733
Profit for the year	2,528,659	2,438,730
(Losses) gains on the disposal of financial assets at fair value through comprehensive income	(726,053)	4,455
Transferred to reserves	(19,730)	(34,958)
Dividends	(2,200,000)	(1,700,000)
Balance - End of Year	3,015,836	3,432,960

28. Proposed dividends

The Board of Directors recommended the distribution of 22%, of the current year`s profits, equivalent to JD 2.2 million, subject to the approval of the General Assembly, as dividends to shareholders for the current year. In the previous year, dividends equal to 22% of capital, equivalent to JD 2.2 million, were distributed.

29. Interest Revenue

This item consists of the following:

	2016	2015
	JD	JD
Interest from investments in financial assets at amortized cost	1,877,088	1,793,138
Earned bank interest	257,118	259,606
Loans interest	185,242	150,070
Total	2,319,448	2,202,814
Amount transferred to underwriting accounts	1,508,980	1,362,629
Amount transferred to consolidated income statement	810,468	840,185

30. Net Gain from Financial Assets and Investments

This item consists of the following:

	2016	2015
	JD	JD
Gains on the disposal of financial assets at fair value through income statement	-	7,505
Dividends from financial assets at fair value through comprehensive income	311,016	241,313
	311,016	248,818
Amount transferred to underwriting account	245,258	146,977
Amount transferred to consolidated financial statement	65,758	101,841

31. Employees Expenses

This item consists of the following:

	2016	2015
	JD	JD
Salaries and bonuses	2,783,640	2,991,042
Company's social security contributions	455,457	375,434
Travel and transportation	33,548	27,115
Training	25,404	40,435
Total	3,298,049	3,434,026
Amount transferred to underwriting account	3,258,576	3,368,929
Amount transferred to consolidated financial statement	39,473	65,097

32. General and Administrative Expenses

This item consists of the following:

	2016	2015
	JD	JD
Advertising and marketing	137,846	206,445
Insurance Federation fees	202,015	200,064
Rent	31,526	17,123
Printing and supplies	126,582	125,264
Professional fees	83,872	129,762
Fees and commissions	79,244	61,541
Computer expenses	110,252	107,206
Post and telephone	70,799	71,608
Marketing expenses	22,343	33,268
Water, electricity and heating	69,694	67,772
Board of Directors' transportation	24,900	25,200
Donations	26,607	21,686
Subscriptions	12,678	26,493
Maintenance	50,613	30,130
Hospitality	24,528	41,345
Company`s vehicles expenses	8,436	8,832
Government and other fees	49,166	46,247
Cleaning	9,744	8,815
Insurance	124,327	144,984
Miscellaneous	6	1,612
Total	1,265,178	1,375,397
Amount transferred to underwriting account	1,162,257	1,270,132
Amount transferred to consolidated financial statement	102,921	105,265

33. Other Expenses- Net

This item consists of the following:

	2016	2015
	JD	JD
Losses (Gains) from disposal of property and equipment	1,658	(2,918)
Sales tax differences	91,317	96,465
Board of Directors' remunerations	35,000	35,000
Currency differences	116,028	24,622
	244,003	153,169

34. Earnings per Share for the Year

Earnings per share has been calculated by dividing profit for the year by the outstanding shares. The details are as follows:

	For the year ended December 31	
	2016	2015
	JD	JD
Income for the year	2,528,659	2,438,730
Number of shares	10,000,000	10,000,000
Earnings per Share for the Year	253\-	244\-

35. Cash and Cash Equivalents

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Cash on hand and at banks	2,518,945	1,753,232
Add: Deposits at banks maturing within three months	9,061,960	8,045,150
Less: Mortgaged deposits	(325,000)	(325,000)
Net Cash and Cash Equivalents	11,255,905	9,473,382

36. Related Parties Balances and Transactions

The Company and its subsidiary have entered into transactions with major shareholders, members of the Board of Directors, and executive management in the ordinary course of business. Moreover, all insurance receivables are operating, and no provisions have been taken for those receivables.

The pricing policy and terms related to these transactions have been adopted by the Company's management.

The following summarizes the transactions with the related parties during the year:

	December 31, 2016			Total	
	Members of the Board of Directors	Executive Management	Parent Company	2016	2015
Consolidated Financial Position Items:	JD	JD	JD	JD	JD
Deposits at Arab Bank	-	-	2,594,771	2,594,771	1,806,060
Current accounts at Arab Bank	-	-	1,019,730	1,019,730	759,990
Accrued interest	-	-	6,786	6,786	3,511
Accounts receivable	-	-	26,532	26,532	1,700
Consolidated Income Statement Items:					
Underwriting premiums	-	-	307,609	307,609	54,039
Outstanding claims	-	-	-	-	1,137
Paid claims	-	-	51,984	51,984	42,876
Paid commissions	-	-	321,612	321,612	264,424
Interest revenue	-	-	7,905	7,905	2,015
Technical consultations expenses	-	-	-	-	25,625

The following is a summary of the remunerations (salaries, bonuses, and fringe benefits) of the Company's Executive Management:

	2016	2015
	JD	JD
Salaries, bonuses, and other benefits	397,807	333,503
Board of Directors` transportation	24,900	25,200
	422,707	358,703

37. Risk Management

First: Descriptive Disclosures:

The Company manages risks, using various methods, through a comprehensive strategy to limit and mitigate risks, installs proper controls, and monitors their effectiveness in a manner compatible with the risk monitoring system in order to achieve the optimal risk-return balance. Moreover, managing risks includes identifying, measuring, managing, and constantly supervising financial and non-financial risks that negatively affect the Company`s performance and reputation, as well as ensuring a return commensurate with the said risks margin.

The Company is exposed to the following risks: Market risks, liquidity risks, insurance risks, interest rate risks, and currency risks.

Second: Quantitative Disclosures:

a. Insurance Risks

1. Insurance risk

The risk of any insurance contract is the probability of occurrence of the insured event and the uncertainty of the amount of the claim related to that event. This is due to the nature of the insurance contract where the risks are volatile and unpredictable for the insurance contracts related to the insurance category. Moreover, the probabilities theory of pricing and reserve can be applied, and the Company's main risks are that the claims incurred and related payments may exceed the carrying amount of the insurance liabilities. This may occur if the probability and severity of the claims are greater than expected. As the insurance events are not constant and vary from year to year, the estimates may differ from the related statistics.

Studies have shown that the more similar insurance contracts are, the more expectations approximate the actual loss rate. Furthermore, diversification in covered insurance risks leads to lower probability of total loss of insurance.

The Company and its subsidiary, through their staff, provide the best service to their customers. Accordingly, a plan has been prepared to protect them against potential risks, natural or unnatural. This requires taking the necessary provisions and making available the technical staff necessary to ensure continuity of the Company and its subsidiary, hence the need for a risk management strategy.

Risk management is the process of measuring and assessing risks and developing strategies to manage them. This strategy includes transferring the risks to another party, avoiding them and mitigating their adverse effects on the Company and its subsidiary, as well as accepting all or some of their effects. Risk management is divided into four sections:

a. Material risks, which are natural disasters, fires, accidents and other external risks not related to the work of the Company or its subsidiary.

b. Legal risks arising from judicial claims or other risks arising from laws and legislations issued by the Insurance Commission and non-compliance therewith.

c. Financial risks, representing interest rate risk, credit risk, foreign currency risk and market risk.

d. Unpredictable, intangible risks, representing the knowledge risks of the Company's key personnel. These risks arise from inadequate knowledge and relations risks, as well as deficient cooperation with customers. All these risks directly reduce the knowledge employee's productivity and efficiency, downgrade service quality, and detracts from reputation, thus affecting the Company's expenditures and profits.

The Company and its subsidiary prioritize risks, so that risks with large losses and high probability of occurrence are dealt with first, while risks with smaller losses and lower probability of occurrence are dealt with later.

2. Claims Development

The tables below show the actual claims (based on management's estimates at the end of the year) compared to the expectations for the past four years based on the year in which the accident occurred for each branch of insurance, as follows:

Motor Insurance:

year of accident	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	30,010,615	34,653	-	-	150,000	30,195,268
After one year	30,287,943	59,168	-	-	-	30,347,111
After two year	30,345,091	64,656	-	-	-	30,409,747
After three year	30,383,250	65,039	-	-	-	30,448,289
After four year	30,406,305	-	-	-	-	30,406,305
Current expectations for cumulative claims	30,406,305	65,039	-	-	150,000	30,621,344
Cumulative payments	30,262,464	65,039	-	-	-	30,327,503
Liabilities as stated in the consolidated financial position	143,841	-	-	-	150,000	293,841
(Deficit)	(395,690)	(30,386)	-	-	-	(426,076)

* The liability as stated in the balance sheet amounted to JD 376,675 . The difference represents the amount of outstanding claims for the borders' branches of JD 75,334 and Orange Card of JD 7,500 as received from the Jordanian Union of Insurance Companies

Marine Insurance

Year of Accident	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	1,602,927	309,395	127,207	466,684	98,398	2,604,611
After one year	1,680,123	317,247	135,388	467,406	-	2,600,164
After two year	1,691,237	321,118	141,510	-	-	2,153,865
After three year	2,141,727	629,834	-	-	-	2,771,561
After four year	2,142,099	-	-	-	-	2,142,099
Current expectations for cumulative claims	2,142,099	629,834	141,510	467,406	98,398	3,479,247
Cumulative payments	1,655,375	505,675	181,818	517,419	99,304	2,959,591
Liabilities as stated in the consolidated financial position	486,724	124,159	(40,308)	(50,013)	(906)	519,656
(Deficit)	(539,171)	(320,439)	(14,303)	(722)	-	(874,635)

Fire and other:

Year of Accident	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	3,883,591	110,121	231,829	276,360	278,348	4,780,249
After one year	3,897,448	212,364	324,525	6,481,169	-	10,915,506
After two years	3,834,487	197,926	338,774	-	-	4,371,187
After three year	3,826,012	199,293	-	-	-	4,025,305
After four years	3,832,917	-	-	-	-	3,832,917
Current expectations for cumulative claims	3,832,917	199,293	338,774	6,481,169	278,348	11,130,501
Cumulative payments	3,078,649	186,512	320,589	6,177,742	52,576	9,816,068
Liabilities as stated in the consolidated financial position	754,268	12,781	18,185	303,427	225,772	1,314,433
(Deficit) Surplus	50,674	(89,173)	(106,946)	(6,204,809)	-	(6,350,254)

Life:

Year of Accident	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	9,849,627	1,498,040	1,776,643	995,586	2,073,786	16,193,682
After one year	10,580,115	2,325,880	2,444,618	1,766,415	-	17,117,028
After two years	10,427,640	2,317,110	2,479,868	-	-	15,224,618
After three years	10,434,756	2,332,295	-	-	-	12,767,051
After four years	10,420,841	-	-	-	-	10,420,841
Current expectations for cumulative claims	10,420,841	2,332,295	2,479,868	1,766,415	2,073,786	19,073,205
Cumulative payments	10,400,642	2,254,898	2,368,977	1,522,188	957,971	17,504,676
Liabilities as stated in the consolidated financial position	20,199	77,397	110,891	244,227	1,115,815	1,568,529
(Deficit)	(571,214)	(834,255)	(703,225)	(770,829)	-	(2,879,523)

Liability Insurance:

Year of Accident	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	289,276	14,299	26,256	11,458	46,202	387,491
After one year	452,432	18,249	32,748	1,025,318	-	1,528,747
After two year	451,607	18,190	46,403	-	-	516,200
After three years	512,935	21,748	-	-	-	534,683
After four years	427,935	-	-	-	-	427,935
Current expectations for cumulative claims	427,935	21,748	46,403	1,025,318	46,202	1,567,606
Cumulative payments	382,533	19,746	25,459	16,031	4,763	448,532
Liabilities as stated in the consolidated financial position	45,402	2,002	20,944	1,009,287	41,439	1,119,074
(Deficit)	(138,658)	(7,450)	(20,147)	(1,013,860)	-	(1,180,115)

Personal Accidents Insurance:

Year of Accident	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	492,360	2,282	18,184	11,991	124,573	649,390
After one year	486,783	13,565	25,181	26,284	-	551,813
After two years	486,911	17,696	24,928	-	-	529,535
After three years	455,439	17,696	-	-	-	473,135
After four years	451,402	-	-	-	-	451,402
Current expectations for cumulative claims	451,402	17,696	24,928	26,284	124,573	644,883
Cumulative payments	451,402	17,529	23,982	16,950	17,811	527,674
Liabilities as stated in the consolidated financial position	-	167	946	9,334	106,762	117,209
Surplus (Deficit)	40,957	(15,414)	(6,744)	(14,293)	-	4,506

Medical Insurance:

Year Of Accident	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	30,144,392	3,688,155	4,658,468	5,238,435	5,510,186	49,239,636
After one year	32,448,879	6,180,890	7,562,729	9,036,315	-	55,228,813
After two years	32,466,225	6,209,582	7,640,552	-	-	46,316,359
After three years	32,467,846	6,224,964	-	-	-	38,692,810
After four year	32,468,732	-	-	-	-	32,468,732
Current expectations for cumulative claims	32,468,732	6,224,964	7,640,552	9,036,315	5,510,186	60,880,749
Cumulative payments	32,467,559	6,224,962	7,640,584	8,990,076	4,079,181	59,402,362
Liabilities as stated in the consolidated financial position	1,173	2	(32)	46,239	1,431,005	1,478,387
(Deficit)	(2,324,340)	(2,536,809)	(2,982,084)	(3,797,880)	-	(11,641,113)

-The amount of recoveries has been subtracted from the total amount of claims mentioned above .

3. Concentration of Insurance Risks

Concentration of assets and liabilities based on insurance type is as follows:

For the Year Ended December 31, 2016:

	Motor	Marine	Fire and Other Damages to Properties Insurance	Liability	Personal Accidents	Medical	Life Insurance	Total
	JD	JD	JD	JD		JD	JD	JD
Gross	376,675	644,253	2,431,492	1,447,336	208,058	5,527,249	42,761,025	53,396,088
Net	260,279	(38,481)	85,796	62,286	73,364	5,526,715	41,125,315	47,095,274

For the Year Ending December 31, 2015:

	Motor	Marine	Fire and Other Damages to Properties Insurance	Liability	Personal Accidents	Medical	Life Insurance	Total
	JD	JD	JD	JD		JD	JD	JD
Gross	660,635	803,206	1,869,243	422,424	147,524	6,016,956	35,086,103	45,006,091
Net	491,608	(4,722)	71,572	54,550	46,448	6,016,422	33,921,595	40,597,473

Concentration of the assets and liabilities according to the geographical distribution for the total insurance contracts claims is as follows:

	December 31, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to geographical area:				
Inside Jordan	63,448,375	50,358,909	55,743,206	44,175,205
Other Middle East countries	-	-	-	-
Europe	9,045,106	1,798,063	5,988,233	1,501,724
Asia *	274,528	-	3,245,777	-
USA	146,032	-	1,980,792	-
Total	72,914,041	52,156,972	66,958,008	45,676,929

* Excluding Jordan and Middle East Countries.

Concentration of assets and liabilities related to accounts receivable and accounts payable according to sector is as follows:

	December 31, 2016		December 31, 2015	
	*Assets	*Liabilities	*Assets	*Liabilities
	JD	JD	JD	JD
According to Sector:				
Public sector	-	-	-	-
Private Sector:				
Companies and institutions	6,152,097	1,599,269	6,146,883	1,147,351
Individuals	1,103,876	11,644	357,890	464,495
	7,255,973	1,610,913	6,504,773	1,611,846

* The above-mentioned assets represent net receivables. Moreover, the above-mentioned liabilities represent net payables.

- The Company did not segregate technical provisions from re-insurers` share according to sector because the law does not permit such segregation.

4. Re-insurance Risk

To reduce exposure to risks of financial losses arising from large claims, the Company, within its regular activities, enters into re-insurance contracts with other parties. Moreover, re-insurance risks are the risks arising from re-insurance companies' failure to meet their commitments related to the signed re-insurance arrangements.

In this regard, the Company's management selects highly solvent re-insurance companies with high credit rankings. It also evaluates the financial position of re-insurance companies it deals with, as well as monitors credit risk concentrations stemming from those companies' geographical areas and activities, or similar economic components. The issued insurance policies do not exempt the Company from its obligations toward the policyholders. Consequently, the Company remains liable in terms of the re-insured claims balance should re-insurers default on their obligations as per re-insurance contracts.

In order to mitigate the risk of financial loss resulting from large insurance claims, the Company enters into re-insurance arrangements with other parties.

5. Insurance Risks Sensitivity:

	December 31, 2016		December 31, 2015	
	Consolidated Income	Consolidated Equity	Consolidated Income	Consolidated Equity
	JD	JD	JD	JD
Consolidated income (loss)\ Consolidated equity	2,528,659	20,757,069	2,438,730	21,281,079
Effect of 5 % reduction in total premiums while other factors remain the same	1,530,666	1,530,666	1,494,637	1,494,637
Total	997,993	1,530,666	944,093	19,786,442
Consolidated income (loss)\ Consolidated equity	2,528,659	20,757,069	2,438,730	21,281,079
Effect of 5 % increase in total premiums while other factors remain the same	1,076,940	1,076,940	665,801	665,801
Total	1,451,719	19,680,129	1,772,929	20,615,278

b. Financial Risks

The Company and its subsidiary adopt financial policies for managing the different risks within a specified strategy. Moreover, management of the Company and its subsidiary monitors and controls risks and performs the optimal strategic distribution for both financial assets and financial liabilities. Risks include interest rate risks, credit risks, foreign currency risks, and market risks.

The Company and its subsidiary adopt a financial hedging policy for financial assets and financial liabilities, when necessary. This hedging relates to the expected future risks.

1. Market Risk:

Market risks are the risks arising from the fluctuations of the fair value or cash flows of financial instruments due to the changes in market prices. Market risks arise from open positions in interest rates, foreign currency exchange rates, and investments in shares. These risks are monitored according to specific policies and procedures through specialized committees and responsible workshops. Market risks also include interest rate risks, exchange rate risks, and equity instrument risks.

The Company and its subsidiary 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.

Investments in Bonds:

The following table illustrates bonds ratings according to Moody`s Credit Rating:

	December 31,	
	2016	2015
Rating Degree:	JD	JD
Aaa	476,004	111,931
Other *	34,431,123	29,299,949
	34,898,127	29,411,880

* This item represents bonds of the Jordanian Government and has no available credit rating according to Moody`s.

2. Interest rate risks

Interest rate risk represents risks arising from changes in the financial instrument due to the change in market interest rates. Moreover, the Company and its subsidiary continually manage their exposure to interest risk, and all other considerations such as financing and renewal of the current positions are re-assessed continually.

The 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%, representing the Company's and its subsidiary`s management's assessment of the likely and acceptable change in interest rates, is used.

	2016		2015	
	+ 5%	- (5)%	+ 5%	- (5)%
	JD	JD	JD	JD
Profit (Loss) for the year	67,183	(67,183)	48,992	(48,992)
Consolidated equity	67,183	(67,183)	48,992	(48,992)

3. Liquidity Risk

Liquidity risk is the inability of the Company and its subsidiary 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.

The following table illustrates the maturities of financial obligations (on the basis of remaining period to maturity as of the consolidated financial statements date):

	Less than One Month	More Than 1 Month to 3 Months	More Than 3 Months to 6 Months	More Than 6 Months 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:								
Provision for unearned premiums	73,206	388,345	1,371,041	2,631,342	-	-	-	4,463,934
Claims provision	2,049,334	-	-	-	-	-	-	2,049,334
Mathematical reserve	-	-	-	-	-	-	40,582,005	40,582,005
Accounts payable	1,610,913	-	-	-	-	-	-	1,610,913
Accrued expenses	-	385,474	-	-	-	-	-	358,474
Companies` and reinsurers` payables-Credit	-	1,819,004	-	-	-	-	-	1,819,004
Lawsuits provision	201,575	-	-	-	-	-	-	201,575
Income tax provision	322,172	-	-	-	-	-	-	322,172
Other liabilities	749,561	-	-	-	-	-	-	749,561
Total Liabilities	5,006,761	2,565,823	1,371,041	2,631,342	-	-	40,582,005	52,156,972
Total Assets	16,185,396	3,042,625	5,707,916	692,610	14,672,475	21,461,463	11,151,556	72,914,041
December 31, 2015								
Liabilities:								
Provision for unearned premiums	74,975	318,729	1,310,146	2,867,958	-	-	-	4,571,808
Claims provision	2,739,412	-	-	-	-	-	-	2,739,412
Mathematical reserve	-	-	-	-	-	-	33,286,253	33,286,253
Accounts payable	1,611,846	-	-	-	-	-	-	1,611,846
Accrued expenses	-	442,351	-	-	-	-	-	442,351
Companies` and reinsurers` payables	-	1,561,313	-	-	-	-	-	1,561,313
Lawsuits provision	201,575	-	-	-	-	-	-	201,575
Income tax provision	514,756	-	-	-	-	-	-	514,756
Other liabilities	747,615	-	-	-	-	-	-	747,615
Total Liabilities	5,890,179	2,322,393	1,310,146	2,867,958	-	-	33,286,253	45,676,929
Total Assets	11,807,495	7,036,735	770,188	3,979,057	7,218,075	19,391,427	16,755,031	66,958,008

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 Risk

Credit risk relates to the other party's inability to meet its contractual obligations, leading to the incurrence of losses by the Company and its subsidiary. Moreover, the Company and its subsidiary adopt a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Company's default on its liabilities. The Company and its subsidiary do not follow a policy of taking guarantees against trade receivables. Consequently, trade receivables are not guaranteed.

The Company's and its subsidiary's financial assets consist mainly of policy holders, financial assets at fair value through the statement of comprehensive income, financial assets at amortized cost, 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's account is monitored separately and continuously. Client's concentration per geographical area is as follows:

Geographical Area	Indebtedness
	JD
Inside Jordan	7,255,973
Outside Jordan	-
Total	7,255,973

37. Main Segments Analysis

a. Information on the Company's Operating Segments

For managerial purposes, the Company was organized into two sectors:

1. The General Insurance Sector which includes general, motor, transport, fire and other damages on properties, and liability.

2. The Life Insurance Sector.

These two sectors represent the main sectors that the Company uses to demonstrate the information related to the main sectors. The above-mentioned sectors also include investments and management of cash for the Company's own account. Moreover, transactions among business sectors are based on estimated market prices on the same terms used for others.

b. Information on Geographical Distribution

This note represents the geographical distribution of the Company's and subsidiary`s revenues, assets, and capital expenditures:

	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	22,068,688	21,153,071	422,184	394,360	22,490,872	21,547,431
Total Assets	63,448,375	55,743,205	9,465,666	11,214,803	72,914,041	66,958,008
Capital Expenditures	66,884	171,922	-	-	66,884	171,922

39. Capital Management

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

The Company's management and its subsidiary aim to achieve capital management objectives through developing the Company's and its subsidiary`s 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 subsidiary take into account the appropriateness between capital size and the nature of risks that the Company and its subsidiary are exposed to, provided that this does not contradict the prevailing laws and regulations. This is reflected in the Company's and its subsidiary`s strategic plans and their estimated budgets. 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 subsidiary.

- The solvency margin as of December 31, 2106 and 2015 is as follows:

	December 31,	
	2016	2015
	JD	JD
First: Available capital *	20,856,035	21,380,045
Second: Required capital :		
Capital required against assets risks	4,222,870	4,145,543
Capital required against underwriting liabilities	801,742	959,236
Capital required against reinsurers' risks	27,446	19,111
Capital required against life insurance risks	2,233,638	1,953,459
Total Required Capital	7,285,696	7,077,349
Third: Solvency margin ratio (available capital / required capital)	286%	302%

* Available capital consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Primary Capital:		
Paid-up Capital	10,000,000	10,000,000
Statutory reserve	2,565,868	2,546,138
Special reserve	1,326,652	1,326,652
Additional paid-in capital	3,750,000	3,750,000
Retained earnings	3,015,836	3,432,960
Add: Investments not in compliance with investment directives:		
Increase in investment properties value	98,966	98,966
Investments evaluation reserve	98,713	225,329
Total Available Capital	20,856,035	21,380,045

40.Assets and Liabilities Maturities

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

	Within One Year	More than One Year	Total
December 31, 2016	JD	JD	JD
Assets			
Deposits at banks	10,917,740	-	10,917,740
Financial assets at fair value through comprehensive income	-	5,203,201	5,203,201
Financial assets at amortized cost	1,999,766	32,898,361	34,898,127
Investment in affiliate	-	107,934	107,934
Real estate investment	-	940,001	940,001
Life policyholders' loans	-	4,504,987	4,504,987
Cash on hand and at banks	2,518,945	-	2,518,945
Checks under collection	963,416	-	963,416
Accounts receivable – net	7,255,973	-	7,255,973
Re-insurance companies' accounts – debit	475,332	-	475,332
Deferred tax assets	-	224,149	224,149
Property and equipment – net	-	3,563,569	3,563,569
Intangible assets - net	-	67,441	67,441
Other assets	1,273,226	-	1,273,226
Total Assets	25,404,398	47,509,643	72,914,041
Liabilities			
Unearned premiums provision – net	4,463,934	-	4,463,934
Claims provision – net	2,049,334	-	2,049,334
Mathematical provision – net	-	40,582,005	40,582,005
Accounts payable	1,610,913	-	1,610,913
Accrued expenses	358,474	-	358,474
Re-insurance companies' accounts - credit	1,819,004	-	1,819,004
Lawsuits provision	201,575	-	201,575
Income tax provision	322,172	-	322,172
Other liabilities	749,561	-	749,561
Total Liabilities	11,574,967	40,582,005	52,126,810
Net	13,829,431	6,927,638	20,757,069

December 31, 2015	Within One Year	More than One Year	Total
	JD	JD	JD
Assets			
Deposits at banks	8,045,150	-	8,045,150
Financial assets at fair value through comprehensive income	-	10,148,165	10,148,165
Financial assets at amortized cost	4,566,736	24,845,144	29,411,880
Investment in affiliate	-	107,934	107,934
Real estate investment	-	940,001	940,001
Life policyholders' loans	-	3,569,298	3,569,298
Cash on hand and at banks	1,753,232	-	1,753,232
Checks under collection	965,151	-	965,151
Accounts receivable – net	6,504,773	-	6,504,773
Re-insurance companies' accounts – debit	172,487	-	172,487
Deferred tax assets	-	231,758	231,758
Property and equipment – net	314,743	3,482,598	3,797,341
Intangible assets - net	27,775	39,635	67,410
Other assets	1,243,428	-	1,243,428
Total Assets	23,593,475	43,364,533	66,958,008
Liabilities			
Unearned premiums provision – net	4,571,808	-	4,571,808
Claims provision – net	2,739,412	-	2,739,412
Mathematical provision – net	-	33,286,253	33,286,253
Accounts payable	1,611,846	-	1,611,846
Accrued expenses	442,351	-	442,351
Re-insurance companies' accounts - credit	1,561,313	-	1,561,313
Lawsuits provision	201,575	-	201,575
Income tax provision	514,756	-	514,756
Other liabilities	747,615	-	747,615
Total Liabilities	12,390,676	33,286,253	45,676,929
Net	11,202,799	10,078,280	21,281,079

41. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 704,610 as of December 31, 2016 (JD 886,234 as of December 31, 2015), and the Company took the necessary provisions to face any liabilities that may arise from these lawsuits. In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the net claims provision shall arise.

42. Contingent Liabilities

There are commitments by the Company against bank guarantees of JD 76,846 as of December 31, 2016 (JD 81,829 as of December 31, 2015).

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 Inputs Used	Significant Intangible Inputs	Relation between Significant Intangible Inputs and Fair Value
	JD	JD	JD	JD	JD	JD
Financial assets at fair value						
Financial assets at fair value through comprehensive income:						
Shares with quoted prices	1,597,562	1,887,777	First Level	Prices listed In Financial Markets	N\A	N\A
Investment funds with quoted prices	1,638,015	6,385,271	First Level	Prices listed In Financial Markets	N\A	N\A
Investment Bonds with quoted prices	1,967,624	1,875,117	First Level	Prices listed In Financial Markets	N\A	N\A
Total	**5,203,201**	**10,148,165**				
Total Financial Assets at Fair Value	**5,203,201**	**10,148,165**				

There were no transfers between Level 1 and Level 2 during the years 2015 and 2016.

a. 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 value of the financial assets and financial liabilities stated in the Company's Consolidated financial statements approximates their fair value. Moreover, the Company's management believes that the carrying 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		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Fair Value Layer
Financial Assets not Evaluated at Fair Value	JD	JD	JD	JD	JD
Deposits at banks	10,917,740	10,942,822	8,045,150	8,065,633	Second Level
Financial assets at amortized cost	34,898,127	35,428,415	29,411,880	29,891,758	Second Level
Real estate investments	940,001	1,038,967	940,001	1,038,967	Second Level
Total Financial Assets not Evaluated at Fair Value	46,755,868	47,410,204	38,397,031	38,996,358	

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 reflect credit risks related to the parties dealt with.

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

a. New and revised IFRSs applied with no material effect on the Consolidated 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 and disclosures 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 amortisation
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27 Separate Financial Statements relating to accounting for 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

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 recognises 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 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) 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.	January 1, 2018

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**: The 2014 version 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.

IFRS 15 *Revenue from Contracts with Customers* 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.	January 1, 2018
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 16 *Leases* 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.	January 1, 2019
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

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's consolidated 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.