Arabia INSURANCE JORDAN التأمين العربية الأردن

To: Jordan Securities Commission

Amman Stock Exchange

Date:- 17/5/2017

Subject: Annual Financial Report for the year ended December 31st, 2016

Attached please find the English version of the annual report of ARABIA Insurance Co. for the year ended December 31st, 2016.

Kindly accept our high appreciation and respect

Mazen A. Abduljalil
Assistant General Manager
Finance and Administration

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ:- ٢٠١٧/٥/١٧

الموضوع : البيانات المالية للسنة المنتهية في تاريخ ٣١ كانون الأول ٢٠١٦

نرفق لكم طيه البيانات المالية للسنة المنتهية بتاريخ ٣١ كانون الأول ٢٠١٦ لشركة التأمين العربية – الأردن باللغة الانجليزية.

وتفضلوا بقبول فائق الاحترام،،،

مازن عبد الجليل عبد الجليل
مساعد المدير العام
للشؤون المالية والإدارية

شركة التأمين العربية • ARABIA Insurance Co. - Jordan • 1975 • Financial Dept. • الدائرة المالية

١٨ أيار ٢٠١٧

ARABIA Insurance Co. - Jordan ltd. شركة التأمين العربية - الأردن م.ع.م.
هاتف: ٥٣٠ ٦٣٠ ٥ ٦ ٩٦٢+ • فاكس: ٣٠٣ ٦٢٢ ٥ ٦ ٩٦٢+ • صندوق بريد ٢٠٠٣١ عمان ١١١١٨ الأردن
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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

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

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

TABLE OF CONTENTS

Technical Provisions
Technical provisions are key audit matters. Moreover, technical provisions amounted to JD 13,243,306, representing around 76% of the amount of liabilities as of December 31, 2016. In addition, the Company assesses technical provisions according to 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 from the technical provision 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
The followed audit procedures include understanding the nature of the technical provisions, testing the adopted system of internal control, assessing the reasonableness of the estimates and assumptions, and the adequacy of the provisions prepared by management. This is carried out through studying a sample of the technical provisions and reinsurers' share and its calculation, obtaining the support of the loss adjuster and the Company's lawyer, and comparing the sample with the provisions taken. In addition, the actuary and his reports were relied on concerning the adequacy of the technical provisions. Moreover, we assessed the adequacy of disclosures about the technical provisions.

Provision for Accounts Receivable
The provision for 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 net accounts receivable amounted to JD 4,636,501, representing approximately 16.5% of the assets amount as of December 31, 2016.

The nature and characteristics of accounts receivable are varied. They include policyholders, agents, intermediaries, related parties, and other receivables. This requires making assumptions and using estimates to take the provision for the impairment in those receivables.

Scope of Audit to Address Risks
The followed audit procedures included understanding accounts receivable and testing the adopted internal control system in following up on and monitoring credit risks. The procedures also included reviewing the internal control procedures relating to calculating the impairment provision for accounts receivable. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, as well as discussed those factors with Executive Management. We also selected a sample of those receivables after taking into consideration the risks related to the payment method and guarantees. In addition, we discussed with management some receivables with regard to the customer's expected cash flows and the adequacy of guarantees. Meanwhile, we recalculated the provisions to be taken and reviewed the aging of and movement on receivables, and the adequacy of the related disclosure.

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Other Information
Management is responsible for other information which comprises information in the annual report excluding the 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 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 financial statements, our responsibility is to read the other information when it becomes available to us. In doing so, we consider whether the other information is materially inconsistent with the 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 Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial reporting process.

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

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

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

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

Deloitte.

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

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 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 Other Legal Regulatory Requirements
The Company maintains proper accounting records and entries that comply, in all material respects, with the accompanying finanial statements, and we recommend that they be approved by the General Assembly of shareholders.

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

Amman – Jordan
March 8, 2017

Deloitte & Touche
Deloitte & Touche (M.E.) – Jordan

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

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

		December 31,	
ASSETS	Note	2016	2015
		JD	JD
Deposits at banks	4	8,735,289	7,670,974
Financial assets at fair value through statement of income	5	1,172,327	1,058,950
Financial assets at fair value through comprehensive income	6	2,623,536	2,744,813
Financial assets at amortized cost	7	1,004,194	1,261,354
Investment property	8	2,283,255	2,345,123
Life insurance policyholders' loans	9	17,679	24,306
Total Investments		15,836,280	15,105,520
Cash on hand and at banks	10	1,431,785	1,884,352
Cheques under collection	11	1,685,055	948,293
Receivables - net	12	4,636,501	3,593,873
Re-insurance and local insurance companies' accounts receivable	13	588,924	677,093
Deferred tax assets	14/C	503,304	438,714
Property and equipment - net	15	2,736,419	2,833,383
Intangible assets - net	16	7,493	8,857
Other assets	17	677,690	734,608
TOTAL ASSETS		28,103,451	26,224,693
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Unearned premiums reserve - net		5,669,457	5,503,920
Claims reserve - net		7,004,966	6,990,861
Mathematical reserve - net	18	568,883	515,416
Total Insurance Contracts Liabilities		13,243,306	13,010,197
Payables	19	1,030,214	854,949
Accrued expenses		47,642	40,418
Re-insurance and local insurance companies' accounts payable - credit	20	2,512,313	1,794,935
End-of-services provision	21	108,677	36,643
Provision for income tax	14/A	54,066	-
Deferred tax liabilities	14/C	121,388	103,439
Other liabilities	22	228,329	150,361
TOTAL LIABILITIES		17,345,935	15,990,942
SHAREHOLDERS' EQUITY			
Authorized and paid-up capital	23	8,000,000	8,000,000
Statutory reserve	24	1,159,299	1,081,123
Voluntary reserve	24	174,717	174,717
Investments valuation reserve - net after tax	25	(30,727)	1,980
Retained earnings	26	1,454,227	975,931
Total Shareholders' Equity		10,757,516	10,233,751
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,103,451	26,224,693

Chairman of the Board of Directors

General Manager

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

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2016	2015
		JD	JD
Revenue:			
Gross written premiums		19,486,043	17,771,066
Less: Re-insurers' share		7,272,231	5,320,418
Net Written Premiums		12,213,812	12,450,648
Net change in unearned premiums reserve		(165,537)	(14,128)
Net change in mathematical reserve		(53,467)	23,501
Net Written Revenue Premiums		11,994,808	12,460,021
Commissions' revenue		852,333	634,255
Insurance policies issuance fees		776,618	617,931
Interest income	28	318,299	359,744
Net gain(Loss) from financial assets and investments	29	209,440	(49,978)
Other revenue	30	226,092	223,597
Total Revenue		14,377,590	14,245,570
Claims, Losses and Expenses:			
Paid claims		14,025,618	13,230,347
Add: Entitlement and qualifying policies		26,510	65,995
Less: Claims recoveries		1,548,762	2,341,316
Re-insurers' share		3,065,658	1,376,192
Net paid claims		9,437,708	9,578,834
Net change in claims reserve		(63,285)	698,296
Allocated employees' expenses	31	1,216,752	1,065,077
Allocated general and administrative expenses	32	547,218	535,165
Excess of loss premiums		198,329	338,758
Policies acquisition cost		1,545,197	1,359,624
Other expenses related to underwriting		118,900	36,000
Net Claims Costs		13,000,819	13,611,754
Unallocated employees' expenses	31	304,188	266,269
Depreciation and amortization	15,16	141,324	138,340
Unallocated general and administrative expenses	32	136,805	133,791
Provision for impairment in receivables and re-insurance and local insurance companies' accounts receivable	12,13	12,690	(3,325)
Total Expenses		595,007	535,075
Income for the Year before Tax		781,764	98,741
Income tax expense	14/B	(160,799)	21,175
Income for the Year		620,965	119,916
Earnings per Share for the Year	33	0.078	0.015

Chairman of the Board of Directors General Manager

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ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Income for the year	620,965	119,916
Other Comprehensive Income Items:		
Items not subsequently transferable to statement of income		
Net change in investments valuation reserve	(32,707)	(92,649)
(Loss) on the disposal of financial assets at fair value through statement of other comprehensive income	(64,493)	-
Total Comprehensive Income for the Year	523,765	27,267

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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid - up Capital	Statutory Reserve	Voluntary Reserve	Investment Valuation Reserve	Retained Earnings			Total
					Realized	Unrealized	Total	
For the Year Ended December 31, 2016	JD	JD	JD	JD	JD	JD	JD	
Balance - beginning of the year	8,000,000	1,081,123	174,717	1,980	370,477	605,454	975,931	10,233,751
Profit for the year	-	-	-	-	620,965	-	620,965	620,965
Change in investment valuation reserve	-	-	-	(32,707)	-	-	-	(32,707)
(Losses) from financial assets at fair value through comprehensive income	-	-	-	-	(64,493)	-	(64,493)	(64,493)
Total Comprehensive Income for the Year	-	-	-	(32,707)	556,472	-	556,472	523,765
Transferred to statutory reserve	-	78,176	-		(78,176)	-	(78,176)	-
Transferred during the year	-	-	-		(52,620)	52,620	-	-
Balance - End of the Year	8,000,000	1,159,299	174,717	(30,727)	796,153	658,074	1,454,227	10,757,516
For the Year Ended December 31, 2015								
Balance - beginning of the year	8,000,000	1,071,249	174,717	94,629	598,892	826,997	1,425,889	10,766,484
Profit for the year	-	-	-	-	119,916	-	119,916	119,916
Change in investment valuation reserve	-	-	-	(92,649)	-	-	-	(92,649)
Total Comprehensive Income for the Year	-	-	-	(92,649)	119,916	-	119,916	27,267
Transferred to statutory reserve	-	9,874	-	-	(9,874)		(9,874)	-
Dividends	-	-	-	-	(560,000)	-	(560,000)	(560,000)
Transferred during the year	-	-	-	-	221,543	(221,543)	-	-
Balance - End of the Year	8,000,000	1,081,123	174,717	1,980	370,477	605,454	975,931	10,233,751

- Retained earnings includes JD 154,770 as of December 31, 2016, representing the cumulative change in fair value transferred to retained earnings as a result of applying IFRS 9. This amount may not be used according to the Jordan Securities Commission's instructions.

- Retained earnings includes JD 503,304 as of December 31, 2016, restricted against tax assets (JD438,714 as of December 31, 2015).

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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
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		781,764	98,741
Adjustments:			
Depreciation and amortization	15,16	141,324	138,340
Investment property depreciation	29	53,280	53,280
End-of-service provision	21	103,949	13,019
Provision for (Recovered from) impairment in accounts receivable and re-insurance accounts	12,13	12,690	(3,325)
Loss on valuation of financial assets at fair value through income statement	29	26,304	223,304
Loss on the impairment provision of financial assets at amortized cost	29	31,545	-
(Gains) on the disposal of investment property	29	(21,000)	-
Losses (Gains) on sale of property and equipment	30	53	(40,998)
Net change in unearned premiums		165,537	14,128
Net change in claims provision		(63,285)	698,296
Net change in mathematical reserve		53,467	(23,501)
Cash Flows from Operating Activities before Changes in Assets and Liabilities		1,285,628	1,171,284
Increase (decrease) in Financial Assets:			
Financial assets at fair value through income statement		(139,681)	24,500
Checks under collection		(736,762)	(239,411)
Receivables - net		(1,031,868)	68,648
Re-insurance companies' accounts receivable		64,719	111,679
Other assets		3,261	16,908
Increase (Decrease) in Financial Liabilities:			
Payables		175,265	61,600
Accrued expenses		7,224	12,430
Re-insurance companies' accounts payable		717,378	276,840
Other liabilities		77,968	(17,718)
Net Cash Flows from Operating Activities before Tax and End-of-Service Indemnity Paid		423,132	1,486,760
Tax paid	14	(12,000)	(102,694)
End-of-Service Indemnity paid	21	(31,915)	(12,793)
Net Cash Flows from Operating Activities		379,217	1,371,273
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks (maturing within three months)		(2,522,740)	1,379,860
Financial assets at fair value through comprehensive income		13,750	-
Financial assets at amortized cost-Net		225,615	(252,160)
Decrease in life insurance policyholders' loans		6,627	11,061
(Purchase of) property and equipment	15	(41,849)	(58,706)
Proceeds from sale of property and equipment		1,400	41,000
(Additions) to intangible assets	16	(2,600)	(108)
(Additions) to investment property		-	(375)
Proceeds from disposal of investment property		29,588	-
Net Cash Flows (used in) Investment Activities		(2,290,209)	1,120,572
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends		-	(542,279)
Total Cash Flows (used in) Financing Activities		-	(542,279)
Net (Decrease) Increase in Cash and Cash Equivalents		(1,910,992)	1,949,566
Cash and cash equivalents - beginning of the year		9,012,295	7,062,729
Cash and Cash Equivalents - End of the Year	34	7,101,303	9,012,295

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ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Others		Credit		Medical		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	9,986,931	8,941,234	844,914	590,475	1,250,629	1,112,499	438,308	363,970	277,928	124,841	2,932,005	2,940,617	15,730,715	14,073,636
Re-insurers' inward business	1,070,228	1,119,617	4,678	6,688	563,980	404,728	17,008	9,363	-	-	-	-	1,655,894	1,540,396
Gross Earned Premiums	11,057,159	10,060,851	849,592	597,163	1,814,609	1,517,227	455,316	373,333	277,928	124,841	2,932,005	2,940,617	17,386,609	15,614,032
Less: Local re-insurers' share	992,152	1,063,291	18,852	13,914	626,443	465,923	68,810	60,475	-	-	51,493	392,561	1,757,750	1,996,164
Foreign re-insurers' share	-	-	709,601	467,585	1,024,778	902,911	282,528	253,607	264,032	118,599	1,694,247	141,525	3,975,186	1,884,227
Net Earned Premiums	10,065,007	8,997,560	121,139	115,664	163,388	148,393	103,978	59,251	13,896	6,242	1,186,265	2,406,531	11,653,673	11,733,641
Add: Unearned premiums reserve - beginning of the year	4,466,251	4,349,085	157,004	168,911	799,486	537,360	270,554	452,119	42,282	9,789	1,526,279	1,615,411	7,261,856	7,132,675
Less: Re-insurers' share - beginning of the year	311,300	301,765	129,032	112,436	748,619	448,914	200,233	384,652	40,168	9,300	328,584	385,816	1,757,936	1,642,883
Net Unearned Premiums Reserve - Beginning of the Year	4,154,951	4,047,320	27,972	56,475	50,867	88,446	70,321	67,467	2,114	489	1,197,695	1,229,595	5,503,920	5,489,792
Less: Unearned premiums reserve - end of the year	5,176,504	4,466,251	229,105	157,004	957,148	799,486	292,229	270,554	27,692	42,282	1,444,135	1,526,279	8,126,813	7,261,856
Re-insurers' share - end of the year	294,663	311,300	200,097	129,032	900,359	748,619	184,003	200,233	26,307	40,168	851,927	328,584	2,457,356	1,757,936
Net Unearned Premiums Reserve - End of the Year	4,881,841	4,154,951	29,008	27,972	56,789	50,867	108,226	70,321	1,385	2,114	592,208	1,197,695	5,669,457	5,503,920
Net Revenue from the Underwritten Premiums	9,338,117	8,889,929	120,103	144,167	157,466	185,972	66,073	56,397	14,625	4,617	1,791,752	2,438,431	11,488,136	11,719,513

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ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF COMPENSATIONS COST FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Others		Credit		Medical		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 Compensations	9,344,655	8,686,575	133,577	58,745	45,561	366,800	79,353	47,846	440,709	74,562	2,616,225	2,857,102	12,660,080	12,091,630
Less: Recoveries	1,389,494	1,482,468	1,939	6,797	1,748	643,988	8,190	5,092	-	-	147,391	202,971	1,548,762	2,341,316
Local re-insurers' share	518,557	443,312	99,232	-	693	(340,208)	5,856	(2,308)	-	-	320,211	362,264	944,549	463,060
Foreign re-insurers' share	-	-	-	24,427	30,679	(20,977)	60,154	25,229	418,673	70,834	540,278	1,771	1,049,784	101,284
Net Paid Compensations	7,436,604	6,760,795	32,406	27,521	12,441	83,997	5,153	19,833	22,036	3,728	1,608,345	2,290,096	9,116,985	9,185,970
Add: Compensations Provision - End of the Year														
Reported	6,031,600	6,354,587	62,048	67,566	1,637,389	1,731,255	817,057	1,173,100	109,100	440,710	278,230	85,672	8,935,424	9,852,890
Not reported	923,000	650,000	10,000	10,000	10,000	10,000	10,000	10,000	-	-	52,465	96,771	1,005,465	776,771
Less: Re-insurers' share - end of the year	535,781	670,679	46,895	46,985	1,595,544	1,680,395	650,422	917,649	103,645	418,675	185,526	11,410	3,117,813	3,745,793
Recoveries of claims	498,282	420,892	-	-	-	-	-	-	7,500	7,500	-	-	505,782	428,392
Net Compensations Provision - End of the Year	5,920,537	5,913,016	25,153	30,581	51,845	60,860	176,635	265,451	(2,045)	14,535	145,169	171,033	6,317,294	6,455,476
Reported	4,997,537	5,263,016	15,153	20,581	41,845	50,860	166,635	255,451	(2,045)	14,535	92,704	74,262	5,311,829	5,678,705
Not reported	923,000	650,000	10,000	10,000	10,000	10,000	10,000	10,000	-	-	52,465	96,771	1,005,465	776,771
Less: Compensations Provision - Beginning of the Year:														
Reported	6,354,587	5,179,407	67,566	70,190	1,731,255	1,821,023	1,173,100	1,184,327	440,710	-	85,672	68,790	9,852,890	8,323,737
Not reported	650,000	750,000	10,000	10,000	10,000	10,000	10,000	10,000	-	-	96,771	88,059	776,771	868,059
Less: Re-insurers' share - beginning of the year	670,679	422,929	46,985	50,915	1,680,395	1,756,253	917,649	909,454	418,675	-	11,410	10,670	3,745,793	3,150,221
Recoveries of claims	420,892	309,252	-	-	-	-	-	-	7,500	-	-	-	428,392	309,252
Net Compensations Provision - Beginning of the Year	5,913,016	5,197,226	30,581	29,275	60,860	74,770	265,451	284,873	14,535	-	171,033	146,179	6,455,476	5,732,323
Net Compensations Cost	7,444,125	7,476,585	26,978	28,827	3,426	70,087	(83,663)	411	5,456	18,263	1,582,481	2,314,950	8,978,803	9,909,123

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

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Damages to Properties		Others		Credit		Medical		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
Net earned revenue from the underwritten premiums	9,338,117	8,889,929	120,103	144,167	157,466	185,972	66,073	56,397	14,625	4,617	1,791,752	2,438,431	11,488,136	11,719,513
(Less): Net paid claims cost -	7,444,125	7,476,585	26,978	28,827	3,426	70,087	(83,663)	411	5,456	18,263	1,582,481	2,314,950	8,978,803	9,909,123
	1,893,992	1,413,344	93,125	115,340	154,040	115,885	149,736	55,986	9,169	(13,646)	209,271	123,481	2,509,333	1,810,390
Add: Received commissions	6,573	11,000	259,118	162,429	329,608	266,810	54,933	44,583	52,798	23,568	110,674	110,401	813,704	618,791
Insurance policies issuance fees	516,772	430,646	53,267	37,451	67,890	44,874	23,917	12,853	7,715	3,152	82,483	64,517	752,044	593,493
Investment revenue related to the underwriting accounts	-	-	54,728	33,185	1,870	4,914	4,801	6,739	-	389	138,966	137,372	200,365	182,599
Total Revenues	523,345	441,646	367,113	233,065	399,368	316,598	83,651	64,175	60,513	27,109	332,123	312,290	1,766,113	1,394,883
Less: Paid commissions	725,972	660,117	219,434	167,515	139,261	97,964	37,085	30,764	21,058	9,549	360,371	342,785	1,503,181	1,308,694
Excess of loss premiums	110,165	196,516	20,762	57,012	67,402	85,230	-	-	-	-	-	-	198,329	338,758
Employees and administrative expenses related to underwriting accounts	1,000,948	905,955	76,909	53,773	164,267	136,623	41,217	33,618	25,159	11,242	265,419	264,795	1,573,919	1,406,006
Other expenses	118,900	36,000	-	-	-	-	-	-	-	-	-	-	118,900	36,000
Total Expenses	1,955,985	1,798,588	317,105	278,300	370,930	319,817	78,302	64,382	46,217	20,791	625,790	607,580	3,394,329	3,089,458
Net Written Profit (Loss)	461,352	56,402	143,133	70,105	182,478	112,666	155,085	55,779	23,465	(7,328)	(84,396)	(171,809)	881,117	115,815

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ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUES FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Written Premiums:		
Direct premium	1,403,901	1,409,680
Re-insurers' inward premium	695,533	747,354
Gross Written Premiums	2,099,434	2,157,034
Less: Local re-insurers' share	486,458	517,314
Less: Foreign re-insurers' share	1,052,837	922,713
Net Written Premiums	560,139	717,007
Add: Mathematical reserve - beginning of the year	553,178	582,072
Less: Re-insurers' share - beginning of the year	37,762	43,155
Net Mathematical Reserve - beginning of the year	515,416	538,917
Add: Mathematical reserve - end of the Year	642,438	553,178
Re-insurers' share - end of the year	73,555	37,762
Net mathematical reserve - end of the year	568,883	515,416
Net Earned Revenue from Written Premiums - page 16	506,672	740,508

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ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Paid compensation	1,365,538	1,138,717
Policy maturity and settlement	26,510	65,995
Less: Foreign re-insurers' share	1,071,325	811,848
Net Paid Compensation	320,723	392,864
Add: Reported claims reserve - end of the year	718,730	711,729
Unreported claims reserve - end of the year	-	-
Less: Re-insurers' share	536,840	604,736
Net Outstanding Claims Reserve - End of the Year	181,890	106,993
Reported	181,890	106,993
Unreported	-	-
Add: Reported claims provision - beginning of the year	711,729	395,478
Unreported claims provision - beginning of the year	-	-
Less: Re-insurers' share	604,736	263,628
Net Claims Reserve - Beginning of the Year	106,993	131,850
Net Compensation Cost - page 16	395,620	368,007

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ARABIA INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Net earned revenue from written premiums	506,672	740,508
Less: Net Compensation cost	395,620	368,007
	111,052	372,501
Add: Received commissions	38,629	15,464
Insurance policies insurance fees	24,574	24,438
Interest payable and investment income attributable to the written premiums	39,071	59,207
Other revenue	25,779	-
Total Revenue	128,053	99,109
Less: Paid commissions	42,016	50,930
Administrative expenses related to underwriting accounts	190,051	194,236
Total Expenses	232,067	245,166
Net Underwriting Profit	7,038	226,444

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

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE ACTIVITIES

	December 31,	
ASSETS	2016	2015
	JD	JD
Deposits at banks	1,000,000	698,538
Financial assets at fair value through the income statement	86,250	50,750
Financial assets at fair value through the comprehensive income	141,651	138,533
Life insurance policyholders' loans	17,679	24,306
Total Investments	1,245,580	912,127
Accounts receivable - net	163,299	139,677
Re-insurance companies' accounts - debit	89,163	57,138
TOTAL ASSETS	1,498,042	1,108,942
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES		
Accounts payable	15,068	23,694
Re-insurance companies' accounts - credit	112,480	229,815
TECHNICAL RESERVES		
Outstanding claims provision - net	181,890	106,993
Mathematical provision - net	568,883	515,416
TOTAL LIABILITIES	878,321	875,918
HEAD OFFICE'S EQUITY		
Head Office's current account	612,683	6,580
Income for the year	7,038	226,444
Total Head Office's Equity	619,721	233,024
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	1,498,042	1,108,942

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

1. General

a. Arabia Insurance Company was established in 1975 and registered as a Jordanian public shareholding limited company under Number (90) with headquarters in Amman-Jordan and an authorized capital of JD 2 million, divided over 2 million shares at a par value of JD 1 each. Moreover, the Company's capital was increased in several stages, the last of which was on February, 2008, so that it became JD 8 million, divided over 8 million shares.

The Company conducts all types of insurance and reinsurance which includes fire, accidents, marine, land, motor, medical, and life insurance.

b. The Company is 51% owned by a holding Company in Lebanon.

The Company's address is P.O. Box 20031, Abdel Hameed Sharaf Street, AlShmaisani, - 11118 Amman, Jordan.

c. The accompanying financial statements were approved by the Board of Directors on February 28, 2017, and are subject to the approval of the General Assembly of Shareholders.

2. Accounting Policies

Basis of Preparation

- The financial statements have been prepared according to the standards issued by the International Accounting Standards Board, applicable local laws, as well as the forms prescribed by the Jordan Insurance Commission.

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

- The Jordanian Dinar is the functional and reporting currency of the 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 (43.a).

The following are the significant accounting policies:

Sector Information

- The business sector represents a set of assets and operations that jointly provide products and services subject to risks and returns different from those of other business sectors.

- The geographic sector relates to the provision of products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

Date of Recognition of Financial Assets

Purchase and sale of financial assets are recognized on the trading date (the date on which the Company commits to sell or purchase the financial assets).

Fair Value

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

Financial Assets at Amortized Cost

- Financial assets at amortized cost are financial assets that the Company aims to hold within the context of its business model to collect contractual cash inflows from the debt principal plus interest on the outsdtanding debt balance.

- Financial assets at amortized cost are recorded at amortized 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 resulting from the decline in value of these investments leading to the recoverability of the assets, or part thereof, are deducted, and any impairment is taken to the 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.

Financial Assets at Fair Value through Income Statement

- 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 purchase date (purchase costs are recorded in the statement of income upon purchase). They are subsequently re-measured to fair value as of the date of the financial statements. Moreover, changes in fair value are recorded in the 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 statement of income.

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

Impairment in Financial Assets
The Company reviews the values of recorded financial assets at the date of the 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.

Financial Assets at Fair Value through the Statement of Comprehensive Income

- Financial assets at fair value through the statement of compressive income represent the strategic investments in the Company's shares held for long-term purposes and not for trading.

- Financial assets at fair value through the statement of comprehensive income are stated at fair value plus acquisition expenses at the date of acquisition. 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 change in fair value resulting from the exchange differences on 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 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 statement of income.

- These assets are not subject to impairment test.

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

Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand, and balances at banks and deposits at banks maturing within three months, less restricted balances.

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.

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 reinsured contracts, the Company has to reduce the present value of the contracts and record the impairment loss in the statement of income. The impairment is recognized in the following cases only:

1. There is 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.

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 statement of income.

Real Estate Investments
Real estate investments (excluding land) are stated at cost net of accumulated depreciation. Moreover, these investments are depreciated over their useful lives at an annual rate of 2% to 10%. In addition, impairment in their value is taken to the statement of income. The operating revenues or expenses of these investments are included in the statement of income.

Real estate investments are evaluated according to the decisions issued by the Insurance Commission, and their fair value is disclosed in the financial statements.

In case of an increase in the fair value of the real estate investments for which an impairment provision was taken in the previous periods, the previously booked impairment losses are recorded for no more than recorded cost or fair value, whichever is lower.

Property and Equipment
Property and equipment 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 statement of income:

	%
Buildings	2
Machinery and equipment	10
Vehicles	12
Computers	15
Furniture	6
Air Conditions	10
Decorations	15
Elevator	10
Safety System	12
Posters and placards	20
Transformers and generators	10

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

Property and equipment under construction, for the Company's use, are stated at cost net of accumulated impairment.

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

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

Intangible Assets
Intangible assets obtained through merger are stated at fair value on their acquisition date.

Intangible assets obtained through other than merger are stated at cost. They 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 statement of income. Intangible assets with indefinite lives are reviewed for impairment at the date of the financial statements, and the impairment is recorded in the statement of income.

Internally generated intangible assets are not capitalized by the Company but recorded in the income statement in the same year. Any indications to the impairment of these financial assets are reviewed as of the date of the financial statements. Moreover, the life estimate of those assets is reviewed, and any relate adjustments are made in the subsequent years.

Intangible assets include computer systems and programs. The Company's management estimates the useful lives of these assets which are amortized according to the straight-line method at 12% annually.

Provisions
Provisions are recognized when the Company has an obligation on the date of the statement of financial position as a result of past events, it is probable to settle the obligations, 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 the 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 reliably measured.

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 for general insurance activities is calculated according to the remaining days 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 financial statements.

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

3. Additional reserves for premiums and unreported claims are calculated based on the Company's experience and estimates.

4. The reserve for unearned premiums for 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.

Impairment of Receivables
Provision for receivables impairment is taken when there is objective evidence that whole or part of these debts has become irrecoverable. The provision is calculated as the difference between the book value and recoverable value according to the percentage approved by the Company's management based on the aging of receivables at the financial statements date.

End-of-Service Indemnity Provision
End-of-service indemnity provision is calculated based on the internal regulations prepared by the Company in accordance with the Jordanian Companies Law. Annual compensations paid to the employees who leave work are charged to the end-of-service indemnity provision when paid. Moreover, an allowance for the liabilities due from the Company in connection with end-of-services compensation is taken to the statement of income.

Liability Adequacy Test
At the date of the statement of financial position, the adequacy and suitability of the insurance liabilities are evaluated through the calculation of the present value of the future cash flows relating to the outstanding insurance policies.

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

Income Tax
Income tax expenses represent accrued taxes and deferred taxes.

Accrued Taxes
Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the 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 acceptable by the tax authorities, as well as unallowable and non-taxable items.

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

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 financial statements and the value of the taxable amount.

Deferred taxes are calculated according to the 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 and liabilities are reviewed at the statement of financial position date and reduced in case they are expected not to be utilized or are no longer needed, wholly or partially.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the 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.

Revenue Recognition

Insurance Contracts

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

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

Dividends and Interest

Dividends 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 method based on the maturities of the time periods, principals, and earned interest rate.

Expense Recognition

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

Insurance Reimbursement

Insurance compensations represent all amounts paid during the year 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 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 financial statements and include the provision for unreported claims.

Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are not considered as an allowance in the measurement of the insurance liability for claims.

General and Administrative Expenses

All distributable general and administrative expenses are allocated to the insurance branches separately. Moreover, 80% of the general and administrative expenses have been allocated to the various insurance departments based on the earned premiums of each department in proportion to total premiums.

Employees Expenses

80% of employees expenses are distributed to the various insurance departments on the basis of the earned premiums of each department in proportion to total premiums.

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 statement of financial position.

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

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

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

3. Use of Estimates

Preparation of the financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and changes in the fair value shown within comprehensive income and shareholders' equity. In particular, management is 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 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 management to evaluate the required provision as per International Financial Reporting Standards.

- The financial year and its related income tax expenses is charged according to the prevailing laws and regulations in the Kingdom.

- 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 statement of income.

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

- A provision for lawsuits against the Company is based on a legal study by the Company's lawyer 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 statement of income.

- Management evaluates the amounts expected to be recovered from insurance companies related to car accidents based on a study prepared by the Company's management and according to available information and documents.

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

4. Deposits at Banks

This item consists of the following:

	December 31, 2016				December 31, 2015
	Deposits Maturing Within One Month to Three Months	Deposits Maturing after Three Months and up to One Year	Deposits Maturing after one Year and up to Five Years	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	5,669,518	3,065,771	-	8,735,289	7,760,974

- During the year 2016, interest rates on deposits in Jordanian Dinar ranged from 2/90% to 4/00 %.

- 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 2015 at Jordan Ahli Bank, and mature after three months.

- There are no restricted balances except for deposits mortgaged to the order of the Director General of the Insurance Commission.

5. Financial Assets at Fair Value through Income Statement

This item consists of the following:

	December 31,	
	2016	2015
Inside Jordan:	JD	JD
Quoted shares on Amman Stock Market	1,172,327	1,058,950
	1,172,327	1,058,950

6. 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 Market	2,561,236	2,682,513
Unquoted shares on Amman Stock Market	62,300	62,300
	2,623,536	2,744,813

7. Financial Assets at Amortized Cost

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Inside Jordan		
Company's loan debentures and bonds	109,500	334,500
Provision for impairment in value	(21,900)	-
	87,600	334,500
Company's loan debentures and bonds	854,540	855,155
Foreign governmental loan debentures and bonds	71,699	71,699
Provision for impairment in value	(9,645)	-
	916,594	926,854
	1,004,194	1,261,354

This table below details financial assets at amortized cost before deducting the provision.

Bonds	Less than one year	more than one year	total	Maturity Date	Interest
	JD	JD	JD	JD	JD
Specialized Investment Compounds Company PLC *	-	109,500	109,500	6/6/2020	10%
MAN AHL Diversified Producer's debentures	-	70,900	70,900	N/A	changeable interest
Lebanon bonds	-	71,699	71,699	9/3/2020	6.375%
SBER Bank bonds	-	128,673	128,673	29/10/2022	5.125%
GAZPROM bonds	141,879	-	141,879	17/5/2017	5.625%
TELEMAR bonds	-	67,396	67,396	23/10/2020	5.500%
PETROBRAS bonds	-	71,266	71,266	20/1/2020	5.750%
AL BARAKA TURK bonds	-	157,957	157,957	30/6/2019	6.250%
BAHRAIN bonds	-	144,244	144,244	26/1/2021	5.875%
PEMEX bonds	-	72,225	72,225	4/2/2021	6.375%
	141,879	893,860	1,035,739		

- The Jordan Trade Facilities Company's bonds were paid on November 20, 2016.
- The Kuwait Project Company's bonds were paid on October 17, 2016.

* The maturity of the bonds has been extended for five years to June 6, 2020, and the interest rate was increased to 10% instead of 9.5%. Moreover, maturity has been extended for the second time from the first maturity on December 6, 2012.

Analysis of financial assets at amortized cost - Net

	December 31, 2016	December 31, 2015
	JD	JD
a. Fixed return	964,839	1,190,454
b. Changeable return	70,900	70,900
	1,004,194	1,261,354

8. Investment Property

This item consists of the following:

	December 31	
	2016	2015
Lands:	JD	JD
Balance at the beginning of the year	324,734	324,734
Disposals	(8,588)	-
Balance at Year - End	316,146	324,734
Buildings:		
Balance at the beginning of the year	2,020,389	2,072,669
Less: Depreciation for the year	(53,280)	(53,280)
Balance at Year - End	1,967,109	2,020,389
	2,283,255	2,345,123

- The details of investment property and information related to fair value as of December 31, 2016 are as follows:

	Level One	Level Two	Level Three	Fair Value as of December 31, 2016
	JD	JD	JD	JD
Investment Property	-	2,366,626	-	2,366,626

There was no transfer between level one and level two during 2016.

Fair value averaged JD 2,366,626 according to the latest evaluation of these investments on February 4, 2016 and February 6, 2016 by three real estate appraisers.

9. Life Insurance Policyholders' Loans

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Life insurance policyholders' loans not exceeding the policy liquidation value	17,679	24,306

The maturity of the policyholders' loan is as follows:

	More than one year	Total
Life insurance for policyholders' loans	17,679	17,679

10. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cash on hand	19,698	12,421
Current accounts at banks	1,412,087	1,871,931
	1,431,785	1,884,352

11. Cheques under Collection

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cheques under collection*	1,685,055	948,293
	1,685,055	948,293

* The maturities of cheques under collection are up to November 27, 2017, and about 44% is provided by an agent.

12. Receivables - Net

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Policyholders receivable	4,135,203	2,687,668
Agents receivable **	1,113,354	1,517,443
Brokers receivable	1,844	5,918
Employees receivable	7,223	15,518
Other receivables	76,239	75,448
	5,333,863	4,301,995
Less: Provision for impairment of doubtful debts *	(697,362)	(708,122)
Receivables – Net	4,636,501	3,593,873

- The aging of receivables is as follows:

	December 31,	
	2016	2015
	JD	JD
Less than 90 days	4,664,130	3,591,811
90 – 180 days	20,146	21,801
181 – 360 days	44,982	42,584
More than 360 days	604,605	645,799
	5,333,863	4,301,995

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

	2016	2015
	JD	JD
Balance at the beginning of the year	708,122	720,182
(Surplus) in provision during the year	(10,760)	(12,060)
Balance – End of the Year	697,362	708,122

** The Company deals with a major agent constituting most of the balance above.

13. Re-insurance and Local Insurance Companies' Accounts Receivable

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Local insurance companies	533,234	647,599
Foreign re-insurance companies	243,008	193,362
	776,242	840,961
Less: Provision for impairment of reinsurers' receivables *	(187,318)	(163,868)
Re-insurance Companies' Accounts - Net	588,924	677,093

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

	December 31,	
	2016	2015
	JD	JD
Less than 90 days	549,179	671,351
91 - 180 days	1,606	2,560
181 - 360 days	38,139	3,182
More than 360 days	187,318	163,868
	776,242	840,961

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

	2016	2015
	JD	JD
Balance at the beginning of the year	163,868	155,133
Provision during the year	23,450	8,735
Balance at the End of the Year	187,318	163,868

14. Income Tax

a. Income Tax Provision

- Movement on the income tax provision was as follows:

	2016	2015
	JD	JD
Balance at the beginning of the year	131,047	28,353
Income tax paid on bank interest	12,000	16,051
Income tax paid for the previous year*	-	86,643
Income tax expense for the year	(197,113)	-
Balance at the End of the Year - debit / credit (Note 17)	(54,066)	131,047

b. Income tax in the statement of income represents the following:

	2016	2015
	JD	JD
Income tax (expense)	(197,113)	-
Deferred tax assets-net	54,888	11,564
Deferred tax liabilities-net	(18,574)	9,611
(Expense) Surplus in Income Tax	(160,799)	21,175

- Summary of the reconciliation of accounting profit with taxable profit:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Accounting profit	781,764	98,741
Non-deductible expenses	(1,512,272)	(1,544,436)
Non-taxable earnings	1,632,266	1,365,245
Taxable Profit (Losses)	901,758	(80,450)
Income Tax Rate %	24%	24%

The Company's income tax was settled until the end of 2014, and the Company's income tax return for 2015 was submitted on time. A provision for income tax for the year ended December 31, 2016 was calculated in accordance with the requirements of the Jordanian Income Tax Law. In the opinion of Company's management and its tax advisor, the Company will not have any liabilities greater than the provision taken at December 31, 2016.

c. The movement on deferred tax assets and liabilities was as follows:

	For the Year Ended on December 31,			
	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	438,714	103,439	427,150	142,307
Additions	110,787	18,574	69,885	28,594
Disposals	(46,197)	(625)	(58,321)	(67,462)
Balance at the End of the Year	503,304	121,388	438,714	103,439

Deferred tax assets / liabilities

The details of this item are as follows:

Accounts Included	For the Year End December 31,2016				December 31,	
	Beginning Balance	Released Amounts	Addition Amounts	Ending Balance	Deferred Tax 2016	Deferred Tax 2015
	JD	JD	JD	JD	JD	JD
A-Deferred tax assets						
Provision for doubtful debts	871,990	-	12,691	884,681	212,323	209,278
IBNR provision	776,771	44,306	273,000	1,005,465	241,312	186,425
End-of-service provision	36,643	31,915	103,949	108,677	26,082	8,794
Tax losses carried forward	80,450	80,450	-	-	-	19,308
Evaluation reserve on financial assets through comprehensive income	-	-	40,430	40,430	9,703	-
Evaluation losses on financial assets through income statement	62,119	35,815	-	26,304	6,313	14,909
Impairment losses on debentures	-	-	31,545	31,545	7,571	-
	1,827,973	192,486	461,615	2,097,102	503,304	438,714
B-Deferred tax liabilities *						
Evaluation reserve on financial assets at fair value through comprehensive income	2,604	2,604	-	-	-	625
Claims recoveries	428,392	-	77,390	505,782	121,388	102,814
	430,996	2,604	77,390	505,782	121,388	103,439

* Deferred tax liabilities as of December 31, 2016 represent deferred taxes arising from claims expected to be recovered.

- The deferred taxes were calculated according to the applicable tax rate of 24%. In the management's opinion, the deferred tax assets will be utilized in the near future.

15. Property & Equipment- Net

This table consists of the following:

	Land	Buildings	Office Equipment	Computer	Motors	Furniture and Interior Fittings	Air Conditioners	Decoration	Signage	Elevators	Security Systems	Electrical Transformers and Generators	Totals
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:													
Balance at the beginning of the year	316,146	2,007,393	70,488	193,789	49,294	163,770	82,445	308,591	12,587	45,000	37,805	10,613	3,297,921
Additions	-	4,435	6,655	16,562	-	6,207	2,550	5,155	-	-	285	-	41,849
Disposals	-	-	(495)	(1,034)	-	-	-	-	-	-	-	-	(1,529)
Balance at the End of the Year	316,146	2,011,828	76,648	209,317	49,294	169,977	84,995	313,746	12,587	45,000	38,090	10,613	3,338,241
Accumulated Depreciation:													
Balance at the beginning of the year	-	86,766	53,353	146,784	8,290	26,002	17,563	99,108	5,448	9,740	9,188	2,296	464,538
Depreciation for the year	-	40,226	2,909	9,927	6,661	10,047	8,287	46,690	2,518	4,500	4,533	1,062	137,360
Disposals	-	-	(7)	(69)	-	-	-	-	-	-	-	-	(76)
Accumulated Depreciation at the End of the Year	-	126,992	56,255	156,642	14,951	36,049	25,850	145,798	7,966	14,240	13,721	3,358	601,822
Net Carrying Value as of December 31, 2016	316,146	1,884,836	20,393	52,675	34,343	133,928	59,145	167,948	4,621	30,760	24,369	7,255	2,736,419
Cost:													
Balance at the beginning of the year	316,146	2,006,798	69,473	182,481	95,294	157,682	82,445	308,591	12,587	45,000	37,105	10,613	3,324,215
Additions	-	595	1,015	11,308	39,000	6,088	-	-	-	-	700	-	58,706
Disposals	-	-	-	-	(85,000)	-	-	-	-	-	-	-	(85,000)
Balance at the end of the year	316,146	2,007,393	70,488	193,789	49,294	163,770	82,445	308,591	12,587	45,000	37,805	10,613	3,297,921
Accumulated Depreciation:													
Balance at the beginning of the year	-	46,621	50,718	136,771	89,611	16,443	9,319	52,819	2,931	5,240	4,712	1,235	416,420
Depreciation for the year	-	40,145	2,635	10,013	3,677	9,559	8,244	46,289	2,517	4,500	4,476	1,061	133,116
Disposals	-	-	-	-	(84,998)	-	-	-	-	-	-	-	(84,998)
Accumulated Depreciation at the End of the Year	-	86,766	53,353	146,784	8,290	26,002	17,563	99,108	5,448	9,740	9,188	2,296	464,538
Net Carrying Value as of December 31, 2015	316,146	1,920,627	17,135	47,005	41,004	137,768	64,882	209,483	7,139	35,260	28,617	8,317	2,833,383
Depreciation annual rate		2	10	12	15	6	10	15	20	10	12	10	

Fully depreciated property and equipment amounted to JD 302,745 as of December 31, 2016 (JD 266,088 as of December 31, 2015)

16. Intangible Assets - Net

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Computer Software Programs		
Balance at the beginning of the year	8,857	13,973
Additions	2,600	108
Amortization	(3,964)	(5,224)
Balance - End of Year	7,493	8,857
Annual Amortization	12%	12%

17. Other Assets

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Prepaid expenses	75,727	88,162
Refundable deposits	13,136	14,128
Stamp deposits	2,313	1,310
Accrued revenues	80,732	71,569
Recovered claims	505,782	428,392
Income tax deposits - Note (14 a)	-	131,047
	677,690	734,608

18. Mathematical Reserve - Net

This item consist of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Balance at the beginning of the year	515,416	538,917
Additions	127,022	14,261
	642,438	553,178
Less: Reinsurance share	(73,555)	(37,762)
Net Mathematical Reserve	568,883	515,416

19. Accounts Payable

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Agents payable	51,303	69,880
Employees payable	2,932	13,163
Brokers payable	365,432	232,480
Client payable	400,950	317,455
Medical payables	55,868	55,105
Others*	153,729	166,866
	1,030,214	854,949

* This item includes approximately JD 113,000 as car repair shops and spare parts payables as of December 31, 2016.

20. Re-insurance Companies' Accounts - Credit

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Local insurance companies	479,402	496,438
Foreign re-insurance companies	1,142,234	938,764
Reinsurers' deposits	890,677	359,733
	2,512,313	1,794,935

21. Provision for Staff End-of-Service Indemnity

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Provision for staff end-of-service indemnity	108,677	36,643
	108,677	36,643

The following table illustrates the movement on the end-of-service indemnity provision:

	December 31, 2016			December 31,	
	Balance Beginning of the Year	Taken for the Year	Paid During the Year	2016	2015
	JD	JD	JD	JD	JD
Provision for end-of-service indemnity	36,643	103,949	31,915	108,677	36,643
	36,643	103,949	31,915	108,677	36,643

22. Other Liabilities

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Sales tax deposits	114,173	57,672
Shareholders' deposits	72,774	84,162
Stamps deposits	10,518	8,527
Unearned income	30,865	-
	228,329	150,361

23. Authorized and Paid Capital

Authorized, subscribed, and paid capital amounted to JD 8,000,000, distributed over 8,000,000 shares with a par value of JD 1 as of December 31, 2016 and 2015.

24. Reserves

Statutory Reserve

The amounts accumulated in this account represent appropriations from annual income before tax at 10% as of December 31, 2016. This reserve may not be distributed to shareholders.

Voluntary Reserve

The amounts accumulated in this account represent appropriations from annual income before tax during the past year at a rate not exceeding 20% of the paid capital. The voluntary reserve is used for the purposes decided by the Board of Directors. Moreover, the General Assembly has the right to fully or partially distribute this amount as profits to shareholders.

25. Investment Valuation Reserve – Net of Tax

This amount represents the change in fair value of financial assets at fair value through comprehensive income after tax. The details are as follows:

	2016	2015
	JD	JD
Balance at the beginning of the year	1,980	94,629
Changes in investment revaluation reserve - Net	(32,707)	(92,649)
Balance – End of Year	(30,727)	1,980

26. Retained Earnings

This item consists of the following:

	2016	2015
	JD	JD
Balance at the beginning of the year	975,931	1,425,889
Profit for the year	620,965	119,916
Dividends distributed to shareholders	-	(560,000)
(Losses) on the disposal of financial assets at fair value through comprehensive income	(64,493)	-
Balance transferred to reserves	(78,176)	(9,874)
Balance – End of Year	1,454,227	975,931

27. Proposed Dividends

The Board of Directors recommended the distribution of 7.5% of the current year's profits, equivalent to JD 600,000, as dividends subject to the approval of the General Assembly of Shareholders.

28. Credit Interest

This item consists of the following:

	2016	2015
	JD	JD
Earned bank interest	249,362	292,722
Interest on investments in financial assets at amortized cost	68,431	64,915
Loans interest	506	2,107
Total	318,299	359,744
Amount transferred to underwriting accounts	30,470	48,023
Amount not transferred to underwriting accounts	287,829	311,721
	318,299	359,744

29. Net Profit (losses) from Financial Assets and Investments

This item consists of the following:

	2016	2015
	JD	JD
Cash dividends of financial assets at fair value through income statement	56,256	60,965
Cash dividends of financial assets at fair value through comprehensive income	167,087	161,795
Real estate investments amortization	(53,280)	(53,280)
Net change in fair value of financial assets at fair value through income statement	(26,304)	(223,304)
Profits on sale of assets at fair value through income statement	39,751	3,846
Returns on real estate investments rent	36,475	-
Profits on sale of real estate investments	21,000	-
Provision for impairment of financial assets at amortized cost	(31,545)	-
	209,440	(49,978)
Amount transferred to underwriting accounts	8,601	11,184
Amount not transferred to underwriting accounts	200,839	(61,162)
	209,440	(49,978)

30. Other Revenue - Net

This item consists of the following:

	2016	2015
	JD	JD
Profits on contracts	87,179	45,227
Medical entities' deductions	138,966	137,372
Losses (profits) on sale of properties and equipment	(53)	40,998
	226,092	223,597
Amounts transferred to underwriting accounts	226,092	223,597
Amounts not transferred to underwriting accounts	-	-

31. Employees Expenses

This item consists of the following:

	2016	2015
	JD	JD
Salaries and bonuses	1,185,936	1,113,311
End-of-service indemnity	72,033	226
Company's social security contributions	133,207	106,536
Medical expenses and life insurance	127,598	104,833
Employees development and training	2,166	6,440
	1,520,940	1,331,346
Employees' Expenses Allocated to Underwriting Accounts *	1,216,752	1,065,077
Employees' Expenses Unallocated to Underwriting Accounts	304,188	266,269
	1,520,940	1,331,346

* The above-mentioned expenses were allocated as follows:

	2016	2015
	JD	JD
Motor	690,434	602,979
Marine and transportation	53,050	35,790
Fire and other property damages	113,308	90,932
Other insurance	28,431	22,375
Liabilities	17,354	7,482
Medical	183,081	176,241
Life	131,094	129,278
Total	1,216,752	1,065,077

32. General and Administrative Expenses

This item consists of the following:

	2016	2015
	JD	JD
Rent	19,967	20,007
Printing and stationery	46,200	50,267
Advertising and marketing	21,503	22,359
Bank charges	16,931	16,246
Water, electricity and heating	55,584	45,342
Maintenance	22,717	16,745
Post and telephone	20,963	24,086
Stamps	1,467	611
Hospitality	16,224	8,406
Lawyers' expenses and fees	16,079	21,239
Subscriptions	20,672	20,673
Tender fees	7,251	6,064
Sales tax	82,718	87,112
Insurance Commission fees	115,395	103,430
Donations	6,000	3,500
Cars expenses	5,184	7,842
Professional fees	67,662	79,745
Travel and transportation of Board members	10,106	10,468
Property tax	25,050	30,536
Credit rating	23,353	23,356
Other expenses	82,997	70,972
Total	684,023	668,956
Total General and Administrative Expenses Allocated to Underwriting Accounts *	547,218	535,165
Total General and Administrative Expenses Unallocated to Underwriting Accounts	136,805	133,791
	684,023	668,956

* The above-mentioned expenses were allocated as follows:

	2016	2015
	JD	JD
Motor	310,514	302,976
Marine and transportation	23,858	17,983
Fire and other damages	50,959	45,690
Other insurance	12,786	11,243
Credit	7,805	3,760
Medical	82,338	88,555
Life	58,958	64,958
	547,218	535,165

33. Earnings per Share for the Year

Earnings per share is calculated by dividing profit for the year by the number of shares. The details are as follows:

	2016	2015
	JD	JD
Income for the year	620,965	119,916
Number of shares	8,000,000	8,000,000
Earnings per Share for the Year	0/078	0/015

34. Cash and Cash Equivalents

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Cash on hand and at banks	1,431,785	1,884,352
Add: Deposits at banks maturing within three months	5,669,518	7,127,943
	7,101,303	9,012,295

35. Transactions with Related Parties

The Company entered into transactions with major shareholders, members of the Board of Directors, and executive management within its regular activities. All insurance credit granted to related parties are considered operating, and no related provisions have been taken.

The pricing policy and terms related to these transactions are approved by the Company's management.

The following is a summary of the transactions with related parties during the year:

	December 31, 2016			Total December 31,	
	Major Shareholders	Board Members	Top Executive Management	2016	2015
	JD	JD	JD	JD	JD
Statement of Financial Position Items:					
Accounts receivable	1,187	313,966	-	315,153	190,528
Accounts payable	-	69,242	-	69,242	104,422
Income Statement Items:					
Premiums	63,459	1,899,510	556	1,963,525	2,925,705
Compensation	17,555	1,671,072	703	1,689,330	2,019,560
Salaries and rewards	-	-	290,776	290,776	384,543
Travel and transportation allowance	-	10,319	10,639	20,958	17,058

The following is a summary of the benefits (salaries, bonuses, and other benefits for executive management:

	December 31,	
	2016	2015
Description	JD	JD
Salaries, rewards and other benefits	301,415	391,333
Rewards, transportation, and accommodation allowances for Board members	10,319	10,268
	311,734	401,601

36. Risk Management

The Company manages risks by various methods, using a comprehensive strategy to identify and mitigate risks through the risk management committee's unit, headed by a risk manager, with the support of an official from each department, the investment committee, and the internal audit committee ensuing from the Board of Directors.

Risks are reviewed and the necessary measures are taken to face and mitigate them. Moreover, all duty stations are responsible for identifying the risks related to their activity, setting the proper supervisory controls, and monitoring the sustainability of their efficiency. The risks the Company is exposed to are numerous, diverse, and include the Company's various types of business, such as:

a. Insurance Risk

Includes insurance contract, pricing, risk analysis, measurement, categorization, compensation, disasters as well as exposure to catastrophes.

b. Credit risk and concentration of assets

The Company's insurance business exposes it to many risks, including credit risk arising from the debtors' default or inability to settle their obligations owed to the Company, thus causing losses to the Company. Therefore, one of the most important duties of the financial department in the Company is to ensure that these risks do not go beyond the general framework set in advance in the policy of the Company, which endeavors to balance risk, return, and liquidity.

The Company's management evaluates the creditworthiness of the customers periodically according to the customer evaluation system. The assets concentration risk is addressed through distributing the Company's portfolio to the world's first-class reinsurers to ensure distribution of risks to a minimum degree.

c. Liquidity Risk

In its management of liquidity risks, the Company diversifies its sources of funds within the various types of insurance. It also analyses the maturities of assets and liabilities to ensure that they match, monitors liquidity and gaps risks, and maintains an adequate cash balance as well as balances that can be readily liquidated to face risks.

d. Market Risk

Since the Company invests in securities, it is necessary to analyze the performance of the stock market, as the Jordanian financial market is an emerging stock exchange. Therefore, dealings in this market are exposed to liquidity risk.

Risk Management:
The Board of Directors, along with other parties, are responsible for identifying and monitoring risks.

Risk Committee:
The Risk Management Committee is fully responsible for developing the risk strategy and applying the general principles and pre-determined limits.

Risk measurement and reporting system:
Monitoring and controlling risks is performed through monitoring the allowed limits for each type of risk, and these limits reflect the Company's business strategy and pertinent market factors.

The Risk Management Committee gathers and analyzes information from the Company's various departments, to identify the expected related risks. This information is presented and explained to the Board of Directors and the committees emanating from it.

1. Insurance Risks

a. Insurance Risk

The risks of any insurance contract represent probability of occurrence of the insured incident and uncertainty of the claim amount related to that incident. This is due to the nature of insurance policies, whereby risks are volatile and unpredictable. Moreover, the probability theory for pricing and reserve can be applied because insurance events are not stable and vary from year to year. Consequently, estimates might differ from their respective statistics.

Studies showed that the more similar insurance contracts are, the closer the expectations to actual loss are. Moreover, diversifying insurance risks decreases the insurance loss.

Frequency and Amount of Claims
The frequency and amounts of claims can be affected by several factors. The main insurance business for the Company is insurance against fire, general accidents, liabilities, motor, marine, aviation, medical and life.

Property and Liability Insurance:
Property and liability insurance is designed to compensate policyholders for the damages to their properties, owing to several key risks, as well as other additional risks such as loss of profits and foregone income.

These insurance contracts are underwritten based on the market or replacement values of the insured property and its content.

The volume of claims from realizing these risks is addressed through entering into reinsurance agreements with international reinsurers.

Motor:
The purpose of motor insurance is to compensate the policyholders for the damage or loss that might happen to their motors or the legal liability towards others emerging from accidents.

As for motor insurance, the main risks represent compensations for death, physical injuries, replacing or repairing cars, or the legal liability towards others.

The Company's losses exceeding JD 53,571 during the year 2016 and JD 35,460 during the year 2015 were covered by reinsurers. The Company also transfers some of these risks to other local insurance companies.

Marine and Transportation:
Marine insurance is designed to compensate policyholders or related beneficiaries for loss, deterioration, or damage to marine, land, or air freight, as well as related partial or total loss.

The underwriting strategy for the marine and transport sector is to ensure that polices are well-diversified in terms of insured vessels and shipping routes.

The volume of claims from the realizing of these risks is addressed through reinsurance agreements with international reinsurers.

Medical Insurance:
Medical insurance includes compensation to the insured when damage is caused by illness or injury, resulting in the provision of fixed financial benefits or benefits in the form of compensation or a combination of both.

The Company resorts to external reinsurers to mitigate this risk.

Development of claims:

The tables below show actual claims (based on management's estimates at the end of the year) in comparison with the expectations for the past four years based on the year in which the motor insurance claims were reported, as well as the year in which general insurance and life insurance were underwritten. The details are as follows:

Motor Insurance:

The year incident occurred	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the year - end	24,533,140	6,514,594	7,999,025	8,485,475	8,449,250	
After one year	24,344,920	6,436,306	8,040,582	8,443,807	-	
After two years	23,891,865	6,341,152	7,738,240	-	-	
After three years	23,627,623	6,112,667	-	-	-	
After four years	23,578,549	-	-	-	-	
Current estimates of accumulated claims	23,578,549	6,112,667	7,738,240	8,443,807	8,449,250	54,322,512
Cumulative payments	23,064,787	5,667,333	6,877,915	6,900,535	5,355,624	47,866,194
Commitments as in the statement of financial position	513,762	445,334	860,325	1,543,272	3,093,626	6,456,318
Surplus in the provision estimate	-	401,927	260,785	41,668	-	

Marine Insurance:

The year incident occurred	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the year end	1,866,846	26,124	19,579	29,205	129,843	
After one year	1,391,283	26,319	19,194	29,691	-	
After two years	926,464	24,514	19,194	-	-	
After three years	948,774	24,514	-	-	-	
After four years	944,565	-	-	-	-	
Current estimates of accumulated claims	944,565	24,514	19,194	29,691	129,843	1,147,807
Cumulative payments	889,045	24,514	19,194	24,742	118,263	1,075,759
Commitments as in the statement of financial position	55,520	-	-	4,949	11,579	72,084
(Deficit)Surplus in the provision estimate	-	1,610	385	(487)	-	

Fire and other Insurance:

The year incident occurred	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the year end	7,895,287	1,070,702	202,965	320,333	66,418	
After one year	7,844,298	1,012,461	191,801	313,566	-	
After two years	7,816,095	1,011,375	185,905	-	-	
After three years	7,141,056	994,157	-	-	-	
After four years	7,054,466	-	-	-	-	
Current estimates of accumulated claims	7,054,466	994,157	185,905	313,566	66,418	8,614,512
Cumulative payments	5,471,413	992,964	173,133	293,660	35,953	6,967,123
Commitments as in the statement of financial position	1,583,053	1,192	12,773	19,906	30,465	1,647,389
(Deficit)Surplus in the provision estimate	-	76,545	17,060	6,768	-	

Credit Insurance:

The year incident occurred	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the year end	-	-	-	515,271	109,100	
After one year	-	-	-	-	-	
After two years	-	-	-	-	-	
After three years	-	-	-			
After four years	-	-	-	-	-	
Current estimates of accumulated claims	-	-	-	515,271	109,100	624,371
Cumulative payments	-	-	-	515,271	-	515,271
Commitments as in the statement of financial position	-	-	-	-	109,100	109,100
(Deficit)Surplus in the provision estimate	-	-	-	-	-	

General Insurance:

The year incident occurred	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the year end	3,207,795	32,570	24,299	116,257	24,903	
After one year	3,140,435	32,554	24,261	40,531	-	
After two years	3,212,488	32,554	21,700	-	-	
After three years	3,116,773	32,353	-	-	-	
After four years	2,835,318	-	-	-	-	
Current estimates of accumulated claims	2,835,318	32,353	21,700	40,531	24,903	2,954,805
Cumulative payments	2,024,841	31,999	20,961	34,458	15,489	2,127,748
Commitments as in the statement of financial position	810,477	354	739	6,073	9,414	827,057
(Deficit)Surplus in the provision estimate	-	217	2,596	75,726	-	

Medical Insurance:

The year incident occurred	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the year - end	2,295,288	1,943,464	2,428,559	2,857,102	2,616,225	
Current estimates of accumulated claims	2,295,288	1,943,464	2,428,559	2,857,102	2,616,225	12,406,638
Cumulative payments	2,295,288	1,943,464	2,428,559	2,857,102	2,285,530	11,809,943
Commitments as in the statement of financial position	-	-	-	-	330,695	330,695
(Deficit)Surplus in the provision estimate	-	-	-	-	-	

Life Insurance:

The year incident occurred	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
At the year end	231,036	1,058,827	395,478	711,729	718,730	
Current estimates of accumulated claims	231,036	1,058,827	395,478	711,729	718,730	3,115,800
Cumulative payments	231,036	1,058,827	395,478	711,729	-	2,397,070
Commitments as in the statement of financial position	-	-	-	-	718,730	718,730
(Deficit)Surplus in the provision estimate	-	-	-	-	-	

C. Concentration of Insurance Risk

The Company distributes the Concentration of Insurance Risk according to insurance type, including the insurance amounts covered by this type.

Concentration of Liabilities according to the insurance type is as follows:

	2016		2015	
	Total	Net	Total	Net
Insurance Type	JD	JD	JD	JD
Motor	12,131,104	10,802,378	11,470,838	10,067,968
Marine	301,153	54,161	234,570	58,553
Fire and Others	2,604,537	108,634	2,540,741	111,727
General Accidents	1,119,286	284,861	1,453,654	335,772
Credit	136,792	(660)	482,992	16,649
Medical	1,774,831	737,378	1,708,722	1,368,728
Life	1,361,168	721,970	1,264,907	622,409
	19,428,871	12,708,722	19,156,424	12,581,806

Concentration of the assets, liabilities and items off the financial position according to the geographical and sectorial distribution is as follows:

	2016			2015		
	Assets	Liabilities	Items off the Statement of Financial Position	Assets	Liabilities	Items Outside the Financial Position
	JD	JD	JD	JD	JD	JD
According to geographical area:						
Inside Jordan	27,002,848	16,277,520	242,740	25,485,899	15,086,280	262,691
Other Middle East countries	308,394	609,665	-	292,035	536,315	-
Europe	792,209	458,745	-	446,759	368,347	-
	28,103,451	17,345,930	242,740	26,224,693	15,990,942	262,691

Concentration of accounts receivable (before impairment provision) and accounts payable according to sector is as follows:

	2016			2015		
	Assets	Liabilities	Items off the Statement of Financial Position	Assets	Liabilities	Items Outside the Financial Position
	JD	JD	JD	JD	JD	JD
According to the sector:						
Public	2,336	1,633	-	6	1,072	-
Private:						
Firms and Corporations	5,320,451	3,244,786	242,740	4,512,372	2,348,792	262,691
Individuals	787,318	296,108	-	630,578	300,020	-
	6,110,105	3,542,527	242,740	5,142,956	2,649,884	262,691

Re-insurance Risk:

In common with other insurance companies, to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

To minimize its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance companies. Ceded reinsurance contracts do not absolve the Company from its obligations to policyholders. Consequently, the Company remains liable for the portion of outstanding reinsured claims to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Sensitivity of Insurance Risks

The following table shows the effect of a reasonably possible change in the premium rates on the statement of income and shareholders' equity, with all other variables held constant:

Insurance Type	Percentage	Effect on Premiums	Effect on Profit before Tax	Effect on Shareholder's Equity *
	%	JD	JD	JD
Life	5	104,972	25,334	19,254
Motor	5	552,858	466,906	354,849
Marine and Transportation	5	42,480	6,005	4,564
Fire and Others	5	90,730	7,873	5,984
Others	5	22,766	3,304	2,511
Credit	5	13,896	731	556
Medical	5	146,600	89,587	68,086
		974,302	599,740	455,804

* Net after deducting tax income.

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

The following table shows the effect of a reasonably possible change in the cost of compensation (net of recoveries) on the statement of income and shareholders' equity, with all other variables held constant:

Insurance Type	Percentage	Effect on Premiums	Effect on Profit before Tax	Effect on Shareholder's Equity *
	%	JD	JD	JD
Life	5	19,781	(24,400)	(18,544)
Motor	5	372,206	(372,582)	(283,162)
Marine and Transportation	5	1,349	(1,123)	(853)
Fire and Others	5	171	(47)	(36)
Others	5	(4,183)	67,914	51,615
Credit	5	273	(67)	(51)
Medical	5	79,124	(77,851)	(59,167)
		468,721	(408,156)	(310,198)

* Net after deducting tax income

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

2. Financial Risks:

The risks to which the Company is exposed arise from insufficient returns on investments to finance liabilities resulting from insurance contracts and investments.

Moreover, the Company adopts financial policies for managing the various risks within a specific strategy. The Company's management also monitors and controls risks and optimizes the strategic allocation of both financial assets and financial liabilities. These risks include interest rate risks, credit risks, foreign currency rates risks, and market risks.

The Company follows the hedging policy for both financial assets and financial liabilities, as needed, that is hedging against expected future risks.

A- Market Risks:

Market risks are irregular risks and risks that vary by industry. These risks include price risks, business potential, and competition. This type of risks can be minimized by diversifying the Company's investment portfolio.

The risk can be estimated by standard deviation if the expected return on investment is equal, and if it is not equal, the difference coefficient is calculated for each investment, by dividing the standard deviation by the expected return for each investment. The lower the standard deviation, the lower the risk level.

B- Interest Rate:

Interest rate risks relate to long-term bank deposits, bonds, and other deposits. Moreover, the Company always seeks to reduce this risk through monitoring changes in market interest rates.

Interest rate risk relates to interest rate on fixed deposits with banks and overdrafts. As of December 31, 2014, the interest rate on bank deposits ranged from 3% to 6.25% annually on the JD deposits.

The table below shows the sensitivity to exposure to interest rates on deposits at the balance sheet date. The analysis below has been prepared on the assumption that the amount of deposits outstanding at the balance sheet date was valid for the entire financial period. As increase or decrease of 1% is used, which represents the management's assessment of the likely and acceptable change in interest rates.

	+ 1%		- 1%	
	For the year ending December 31,		For the year ending December 31,	
	2016	2015	2016	2015
	JD	JD	JD	JD
Profit for the year	87,353	76,710	(87,353)	(76,710)
Shareholders' Equity	87,353	76,710	(87,353)	(76,710)

C- Foreign Currency Risks:

The Company's main operations are in Jordanian Dinar. Moreover, currency risk relates to the changes in currency rates that apply to foreign currency-denominated payments. As for US Dollar transactions, the Company's management believes that the foreign currency risk associated with the US Dollar is immaterial because the Jordanian Dinar (functional currency of the Company) is pegged to the US Dollar.

D- Liquidity Risk:

Management follows an appropriate risk management system for short-and long-term financing through maintaining appropriate reserves, actual monitoring of the expected cash flows, and matching the maturities of financial assets and financial liabilities on the one hand, and technical liabilities, on the other.

Liquidity risk is the risk that the Company will not be able to provide the necessary funding to meet its obligations on their due dates. In order to ward off these risks, the management diversifies sources of funds, manages assets and liabilities, matches their maturities and maintains sufficient cash and cash equivalents and tradeable securities.

- The following table illustrates the maturities of financial liabilities (on the basis of the remaining period to maturity since the financial statements date):

December 31, 2016	Less than One Month	Month - 3 Months	3 Months - 6 Months	6 Months - 1 Year	1 Year - 3 Years	More than 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Account payable	-	1,030,214	-	-	-	-	-	1,030,214
Accrued expenses	47,642	-	-	-	-	-	-	47,642
Re-insurance payables	-	2,512,313	-	-	-	-	-	2,512,313
Income tax provision	-	-	-	54,066	-	-	-	54,066
End-of-service compensation provision	-	-	-	-	-	-	108,677	108,677
Deferred tax liabilities	-	-	-	-	-	-	121,388	121,388
Other liabilities	228,329	-	-	-	-	-	-	228,329
Total	275,971	3,542,527	-	54,066	-	-	230,065	4,102,629
Total Assets	6,136,013	2,549,425	195,549	9,368,894	-	845,315	9,008,255	28,103,451
December 31, 2015								
Liabilities:								
Account payable	-	854,949	-	-	-	-	-	854,949
Accrued expenses	40,418	-	-	-	-	-	-	40,418
Re-insurance payables	-	1,794,935	-	-	-	-	-	1,794,935
End-of-service compensation provision	-	-	-	-	-	-	36,643	36,643
Deferred tax liabilities	-	-	-	-	-	-	103,439	103,439
Other liabilities	150,361	-	-	-	-	-	-	150,361
Total	190,779	2,649,884	-	-	-	-	140,082	2,980,745
Total Assets	9,342,693	894,717	141,361	5,606,409	-	1,063,115	9,176,398	26,224,693

E- Credit Risks:

These risks arise from the other parties' inability to fulfil their liabilities. These risks relate to the following:

1- Reinsurers.
2- Policyholders.
3- Insurance brokers.

To reduce credit risks, the Company performs the following:
1- Sets credit limits for brokers and agents.
2- Controls receivables.
3- Sets up reinsurance policies with other solvent parties.
4- Keeps the Company's cash balances with local and international banks.

37. key sector analysis

A. Business segment information

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

- The General Insurance Sector: includes motor, fire and other damages to property, and liability.
- Life Insurance Sector.
- These two sectors represent the basis on which the Company presents the information on the key sectors. The two sectors above also include investments and cash management for the Company's account. Transactions among the business segments are based on the same terms used for others.

B. Geographical Distribution Information

This represents the geographical distribution of the Company's business. The Company carries out its activities in the kingdom, which represent the local business.

	Inside Jordan		Outside Jordan		Total	
	December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total Assets	27,002,848	25,485,899	1,100,603	738,794	28,103,451	26,224,693
Total Revenue	13,468,027	13,703,263	909,563	542,307	14,377,590	14,245,570
Capital Expenditures	44,449	58,814	-	-	44,449	58,814

38. Capital Management:

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

A. Abiding with the Insurance Company's minimum capital prescribed by the Jordanian Insurance Law, which states the existing Company's capital prior o the coming into force of the law. According to the provisions of this law, the Company has been licensed to conduct all types of General Insurance, jointly and severally, for JD 4 million.

B. Ensuring the continuity of the Company and its ability to provide shareholders with profitable returns on capital.

C. Providing the appropriate return to shareholders through the pricing of insurance contracts commensurate with the risks related to such contracts.

D. Complying with the instructions of the Insurance Commission relating to the solvency margin.

The table below summarizes the Company's capital and the minimum capital required:

	December 31,	
	2016	2015
	JD	JD
Total capital maintained and minimum capital required under the Jordanian Insurance Law	8,000,000	8,000,000

The following table shows the Company's capital and solvency margin ratio as of December 31, 2016 and 2015:

	For the Year Ended December 31,	
	2016	2015
Primary Capital:	JD	JD
Paid-up capital	8,000,000	8,000,000
Statutory reserve	1,159,299	1,081,123
Voluntary reserve	174,717	174,717
Retained earnings	1,454,227	975,931
	10,788,243	10,231,771
Supplementary Capital:		
Financial assets cumulative change in fair value	(30,727)	1,980
Increase in investment properties fair value	-	21,503
Additional capital	(30,727)	23,483
Total Regulatory Capital (a)	10,757,516	10,255,254
Total Capital Required (b)	5,715,343	5,868,085
Margin of Solvency (a) / (b)	188/22%	174/76%

39. Assets and Liabilities Maturities

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

December 31, 2016	Within One Year	More than One Year	Total
	JD	JD	JD
Assets			
Deposits at banks	8,735,289	-	8,735,289
Financial assets at fair value through profit or loss	1,172,327	-	1,172,327
Financial assets at fair value through other comprehensive income	-	2,623,536	2,623,536
Financial Assets at amortized cost	-	1,004,194	1,004,194
Investment property	-	2,283,255	2,283,255
Life policyholders' loans	-	17,679	17,679
Cash on hand and at banks	1,431,785	-	1,431,785
Checks under collection and notes receivable	1,685,055	-	1,685,055
Accounts receivable – net	4,636,501	-	4,636,501
Re-insurance companies' accounts – debit	588,924	-	588,924
Deferred tax assets	-	503,304	503,304
Property and equipment – net	-	2,736,419	2,736,419
Intangible assets - net	-	7,493	7,493
Other assets	-	677,690	677,690
Total Assets	18,249,881	9,853,570	28,103,451
Liabilities			
Unearned premiums provision – net	5,669,457	-	5,669,457
Claims provision – net	3,502,483	3,502,483	7,004,966
Mathematical provision – net	-	568,883	568,883
Accounts payable	1,030,214	-	1,030,214
Accrued expenses	47,642	-	47,642
Re-insurance companies' accounts - credit	2,512,313	-	2,512,313
End-of-service provision	-	108,677	108,677
Income tax provision	54,066	-	54,066
Deferred tax liabilities	-	121,388	121,388
Other liabilities	228,329	-	228,329
Total Liabilities	13,044,504	4,301,431	17,345,935
Net	5,205,377	5,552,139	10,757,516

December 31, 2015	Within One Year	More than One Year	Total
	JD	JD	JD
Assets			
Deposits at banks	7,670,974	-	7,670,974
Financial assets at fair value through profit or loss	1,058,950	-	1,058,950
Financial assets at fair value through other comprehensive income	-	2,744,813	2,744,813
Financial assets at amortized cost	127,339	1,134,015	1,261,354
Investment property	-	2,345,123	2,345,123
Life policyholders' loans	24,306	-	24,306
Cash on hand and at banks	1,884,352	-	1,884,352
Checks under collection and notes receivable	948,293	-	948,293
Accounts receivable – net	3,593,873	-	3,593,873
Re-insurance companies' accounts – debit	677,093	-	677,093
Deferred tax assets	-	438,714	438,714
Property and equipment – net	-	2,833,383	2,833,383
Intangible assets - net	-	8,857	8,857
Other assets	-	734,608	734,608
Total Assets	15,985,180	10,239,513	26,224,693
Liabilities			
Unearned premiums provision – net	5,503,920	-	5,503,920
Claims provision – net	3,495,431	3,495,430	6,990,861
Mathematical provision – net	515,416	-	515,416
Accounts payable	854,949	-	854,949
Accrued expenses	40,418	-	40,418
Re-insurance companies' accounts - credit	1,794,935	-	1,794,935
End-of-Service provision	-	36,643	36,743
Deferred tax liabilities	-	103,439	103,439
Other liabilities	150,361	-	150,361
Total Liabilities	12,355,430	3,635,512	15,990,942
Net	3,629,750	6,604,001	10,233,751

40. Lawsuits against the Company:

These lawsuits include a lawsuit for JD 12,639,041. In this lawsuit, the other party claims damages resulting from a fire accident. In this regard, the Company's share does not exceed 25% of the claim amount should any liability from this claim arise. In the opinion of the Company's management and its lawyer, these damages are not covered by the Company's insurance policy. Consequently, the other party has absolutely no right to the said damages. In this respect, the Company has taken adequate provisions against any liabilities that might arise therefrom.

41. Contingent Liabilities

The Company had contingent liabilities against bank guarantees of JD 242,740 as of December 31, 2016 with cash deposits of JD 1,000.

42. Fair Value Levels

A) Fair value financial assets measured at fair value on a recurring basis:

Some of the financial assets are measured at fair value at the end of the financial period. The following table shows how the fair value of these financial assets is determined. (evaluation techniques and key inputs).

Financial Assets	Fair Value December, 31 2016 JD	Fair Value December, 31 2015 JD	Fair Value Level	Methods of Evaluation and Inputs Used	Significant Intangible Inputs	Relationship between Significant Intangible Inputs and Fair Value
Financial assets at fair value:						
Financial assets at fair value through profit and loss:						
Quoted shares	1,172,327	1,058,950	Level 1	As Stock Market	Not Applied	Not Applied
Financial assets at fair value through comprehensive income:						
Quoted shares	2,561,236	2,682,513	Level 1	As Stock Market	Not Applied	Not Applied
Unquoted shares	62,300	62,300	Level 2	At Cost	Not Applied	Not Applied
Total of Financial Assets at Fair Value	3,795,863	3,803,763				

There were not any transfers between Level 1 and Level 2 during the year 2015.

B) Financial Assets and Financial Liabilities not Measured at Fair Value on a Recurring Basis:

Except as shown in the table below, we believe that the carrying amount of the financial assets and financial liabilities at fair value in the Company's financial statements approximates their fair value because of their short-term maturity or repricing of interest during the year.

	December 31, 2016		December 31, 2015		
	Book value	Fair value	Book value	Fair value	Fair value level
	JD	JD	JD	JD	
Financial assets not determined at fair value					
Deposits at banks	8,735,289	8,804,857	7,670,974	7,731,743	Level 2
Financial assets at amortized cost	1,004,194	1,015,358	1,261,354	1,272,152	Level 2
Property investment	2,283,256	2,366,626	2,345,123	2,366,626	Level 2
Total	12,022,739	12,186,841	11,277,451	11,370,521	

For the items listed above, fair value of Level 2 financial assets at fair value has been determined according to the agreed pricing models, which reflect the insurance risk of the dealt with parties.

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

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

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

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure Initiative
- Amendments to IFRS 11 Joint Arrangements relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and 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 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

43. 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 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise 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 an investor to its associate or joint venture.	Effective date deferred indefinitely
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)	January 1, 2018

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

A finalised 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 recognised

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

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

Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018
IFRS 15 *Revenue from Contracts with Customers* 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: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises 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

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable; and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 , may have no material impact on the 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 financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's 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 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 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.