للاطلاع
يرجى حفظ
السيدة سوزانا

المتحدة للتأمين | UNITED INSURANCE

عمـان في 2017/04/04
الإشـار م0-17/238/0

Messrs : Jordan Securities Commission
Amman - Jordan

السادة :هيئة الاوراق المالية المحترمين

عمـان - الأردن

تحيـة واحتـرامـا ،،،

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

الموضوع : البيانات المالية السنوية باللغة الانجليزية للسنة المنتهية في 2016/12/31 .

Attached the Audited Financial Statements of United Insurance Co. Ltd for the financial year ended at 31/12/2016.

مرفق طيه نسخة من البيانات المالية باللغة الانجليزية المدققة للشركة المتحدة للتأمين م.ع.م عن السنة المالية المنتهية في 2016/12/31

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام،،،

The United Insurance co.Ltd

General Manager
Imad AL- Hajeh

الشركة المتحدة للتأمين م.ع.م

المديـــر العـــام
عمـــاد الحجـــه

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٤ نيسان ٢٠١٧
الرقم المتسلسل ١٨٣٤٩
الجهة المختصة ....

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UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

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

UNITED INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
DECEMBER 31, 2016

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Independent Auditor's Report

AM/ 4324

To the Shareholders of
United Insurance Company
(Public Shareholding Limited Company)
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of United Insurance Company (A Public Shareholding Limited Company), which comprise the statement of financial position as at December 31, 2016, and the statement of income and other comprehensive income, statement of changes in shareholders equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter Paragraph

As stated in Notes (9 and 10) to the financial statements, the net balances due from related parties, aging more than 360 days, amounted to JD 823,155 as of December 31, 2016. This balance is stated at nominal value and was transferred to checks under collection. In the opinion of the Company's management, no additional provisions need to be booked for these accounts. Moreover, agreements and arrangements have been made to settle these accounts through check payments under collection with maturities extending to June 20, 2019, as we have been informed by management.

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Key Audit Matters

Key audit matters, in our professional judgment, are the most significant matters in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Technical Provisions

Technical provisions are considered a key audit matter for our audit. Moreover, technical provisions amounted to JD 18,156,745, representing 75% of the 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 agreements. 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 on the technical provisions.

Provision for Accounts Receivable

The provision for accounts receivable is considered a key audit matter for our audit. 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 6,045,073, representing approximately 16% of the assets 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 payment and guarantees. In addition, we discussed with management some receivables with regard to the customer's expected cash flows and the adequacy of guarantees. Furthermore, we recalculated the provisions to be taken and reviewed the aging of receivables and related disclosure.

Evaluating Investment Property	Scope of Audit to Address Risks
Investment property represents 11% of the Company's assets. Moreover, the Company should re-evaluate its properties when preparing the financial statements to determine their fair value, and reflect the impact of any impairment in value in the statement of income, in line with the requirements of the International Financial Reporting Standards. Accordingly, the Company relies on independent real estate experts to determine the fair value of those investments and reflect any impairments in their value in the statement of income for that period. Consequently, fair value estimation of these assets was significant to our audit.	The followed audit procedures included understanding the procedures applied by the Company in evaluating investment property, testing the implemented internal control procedures, evaluating the reasonableness of the judgments based on the evaluation of the real estate experts, calculating the average fair value of those evaluations, recording any impairment in value in the statement of income, if any, and reviewing the appropriateness of the disclosure on the fair value of investment property in note (7), and average fair value in Note (40).
Provision for Income Tax and Deferred Tax Assets	**Scope of Audit to Address Risks**
Calculation of the tax expense, tax provision, and deferred tax assets includes assessments of and judgments on material amounts in the financial statements as a whole. Moreover, the Company conducts broad-based operations within its regular activities, thus making judgements and assessments a key audit matter.	Audit procedures included understanding the nature of risks related to income tax, as well as testing the effectiveness of the Company's adopted control system in assessing and calculating accrued taxes. We also discussed with management the scope of work of the Company's tax consultant to verify his ability to calculate the required provisions. In addition, we discussed with management the accuracy and adequacy of the provisions taken, the reasonableness of the adopted accounting estimates, the Company's adoption of International Standard (12), and the impact of any tax differences with the tax authorities on the financial statements.

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.

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

Management is responsible for the preparation and fair presentation of the 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 ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Report on Legal and Other Regulatory Requirements
The Company maintains proper accounting records that are consist, in all material respects, with the financial statements, and we recommend that they be approved by the general Assembly of Shareholders.

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

Amman – Jordan
February 28, 2017

Deloitte & Touche (M.E.) – Jordan

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

Member of Deloitte Touche Tohmatsu Limited

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	December 31, 2016	2015
		JD	JD
Investments:			
Deposits at banks	3	10,580,976	10,163,469
Financial assets at fair value through profit or loss	4	395,750	389,009
Financial assets at fair value through other comprehensive income	5	5,189,554	5,086,386
Financial assets at amortized cost	6	1	1
Investment property - net	7	4,231,687	4,372,613
		20,397,968	20,011,478
Cash on hand and at banks	8	1,117,064	428,818
Cheques under collection	9	2,119,591	2,107,334
Receivables - net	10	6,045,073	5,460,960
Re-insurance and local insurance companies' accounts receivables - net	11	1,311,396	1,232,075
Deferred tax assets	12	313,847	202,541
Property and equipment - net	13	5,823,388	5,873,490
Intangible assets - net	14	18,378	11,675
Other assets	15	619,791	418,599
		17,368,528	15,735,492
TOTAL ASSETS		37,766,496	35,746,970
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Unearned premiums provision - net		7,548,092	6,874,915
Claims provision - net		10,551,115	10,215,603
Mathematical provision - net	16	57,538	246,440
Total Insurance Contracts Liabilities		18,156,745	17,336,958
Payables	17	2,592,185	1,877,650
Re-insurance and local insurance companies' accounts payable	18	2,381,642	2,105,162
Accrued expenses and various provisions	19	139,944	345,192
Provision for income tax	12	361,520	344,887
Deferred tax liabilities	12	159,643	143,123
Other liabilities	20	301,488	338,288
TOTAL LIABILITIES		24,093,167	22,491,260
SHAREHOLDERS' EQUITY (PAGE 9)			
Authorized and paid-up capital	21	8,000,000	8,000,000
Issuance premium	21	41,507	41,507
Statutory reserve	22	2,000,000	1,984,644
Voluntary reserve	22	164,472	164,472
Financial assets valuation reserve - net	23	415,619	363,313
Retained earnings	24	3,051,731	2,701,774
Total Shareholders' Equity		13,673,329	13,255,710
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		37,766,496	35,746,970

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 AUDITORS' REPORT.

UNITED INSURANCE COMPANYAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2016 JD	2015 JD
Revenue:			
Gross written premiums - general insurance		21,971,501	21,240,775
Gross written premiums - life		1,063,031	1,420,429
Less: Re-insurers' share - general insurance		6,030,388	5,854,628
Reinsurance share premiums - life		851,376	956,562
Net Written Premiums		16,152,768	15,850,014
Net change in unearned premiums reserve		(673,177)	(212,803)
Net change in mathematical reserve		188,902	150,842
Net Written Premiums accrued		15,668,493	15,788,053
Commissions' revenue		414,569	479,300
Insurance policies issuance fees		708,905	679,060
Interest revenue	25	360,241	406,288
Net gain from financial assets and investments	26	823,054	320,786
Other revenue - net	27	60,919	66,822
Total Revenue		18,036,181	17,740,309
Claims, Losses and Expenses:			
Paid claims - general insurance		14,330,493	13,663,161
Paid claims - life insurance		891,064	509,413
Less: Claims Recoveries		436,507	402,450
Re-insurers' share		3,359,606	3,122,892
Net paid claims		11,425,444	10,647,232
Net change in claims reserve		335,512	1,574,772
Allocated employees' expenses	28	1,018,447	958,358
Allocated general and administrative expenses	29	437,880	393,074
Excess of loss premiums		131,451	99,638
Policies acquisition cost - commissions paid		797,377	924,801
Other expenses related to underwriting		739,560	581,646
Net Claims Costs		14,885,671	15,179,521
Unallocated employees' expenses	28	140,655	133,961
Depreciation and amortization		341,673	231,107
Unallocated general and administrative expenses	29	109,470	98,268
Provision for impairment in receivables and re-insurance and local insurance companies accounts receivable	10&11	463,776	78,399
(Recovered from) expense of other liabilities provision	19	(215,770)	200,000
Other expenses	30	37,485	40,837
Total Expenses		877,289	782,572
Income for the Year before Tax		2,273,221	1,778,216
Income tax expense	12	(707,908)	(496,933)
Income for the Year		1,565,313	1,281,283
Earnings per Share for the Year	31	-/196	-/160

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 AUDITORS' REPORT.

UNITED INSURANCE COMPANY

(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	1,565,313	1,281,283
Items that will not be transferred to the statement of income in future:		
Change in the valuation reserve of financial assets at fair value through statement of other comprehensive income - net	52,306	(178,253)
(Loss) on the disposal of financial assets at fair value through statement of other comprehensive income	-	(594)
Total Comprehensive Income	1,617,619	1,102,436

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

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid - up Capital	Issuance Premium	Statutory Reserve	Voluntary Reserve	Financial Assets Valuation Reserve	Retained Earnings * Realized	Retained Earnings * Unrealized	Total
For the Year Ended December 31, 2016	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	8,000,000	41,507	1,984,644	164,472	363,313	2,343,739	358,035	13,255,710
Income for the year	-	-	-	-	-	1,558,572	6,741	1,565,313
Change in the valuation reserve of financial assets - net	-	-	-	-	52,306	-	-	52,306
Total Comprehensive Income	-	-	-	-	52,306	1,558,572	6,741	1,617,619
Dividends	-	-	-	-	-	(1,200,000)	-	(1,200,000)
Transferred to statutory reserve	-	-	15,356	-	-	(15,356)	-	-
Balance - End of the Year	8,000,000	41,507	2,000,000	164,472	415,619	2,686,955	364,776	13,673,329
For the Year Ended December 31, 2015								
Balance - beginning of the year	8,000,000	41,507	1,802,739	164,472	541,566	1,264,095	338,895	12,153,274
Income for the year	-	-	-	-	-	1,262,143	19,140	1,281,283
Loss on the disposal of financial assets through statement of other comprehensive income	-	-	-	-	-	(594)	-	(594)
Change in the valuation reserve of financial assets - net	-	-	-	-	(178,253)	-	-	(178,253)
Total Comprehensive Income	-	-	-	-	(178,253)	1,261,549	19,140	1,102,436
Transferred to statutory reserve	-	-	181,905	-	-	(181,905)	-	-
Balance - End of the Year	8,000,000	41,507	1,984,644	164,472	363,313	2,343,739	358,035	13,255,710

- Retained earnings include JD 313,847 as of December 31, 2016, restricted against deferred tax assets (JD 202,541 as of December 31, 2015).

- Retained earnings include a restricted amount of JD 89,919, representing the effect of the early adoption of IFRS (9). The restriction is limited to realized amounts.

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

UNITED INSURANCE COMPANY
(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		2,273,221	1,778,216
Adjustments to non-monetary items:			
Depreciation and amortization		341,673	231,107
Impairment of investment properties		13,322	-
Impairment of receivables and re-insurance and local insurance companies' accounts receivable - net	11 & 10	463,776	83,392
Provision for other liabilities - net	19	52,799	435,325
Change in the fair value financial assets at fair value through profit or loss	26	(6,741)	(270)
Interest income		(360,241)	(406,288)
Unearned premium reserve - net		673,177	212,803
Mathematical reserve - net		(188,902)	(150,842)
Claims reserve - net		335,512	1,574,772
(Gain) on the disposal of investment properties	26	(359,982)	-
(Gain) on the disposal of property and equipment		(5,164)	(3,714)
Cash Flows from Operating Activities before Changes in Working Capital Items		3,232,450	3,754,501
(Increase) in checks under collection		(12,257)	(1,106,970)
(Increase) in receivables		(1,047,889)	(42,998)
(Increase) in re-insurance and local insurance companies' accounts receivable		(79,321)	(153,693)
(Increase) decrease in other assets		(32,924)	143,921
Increase in payables		714,535	323,853
(Decrease) in post-dated checks		-	(102,300)
Increase in re-insurance and local insurance companies' accounts payable		276,480	146,781
(Decrease) in other liabilities		(66,512)	(77,289)
Net Cash Flows from Operating Activities before Provisions and Tax Paid		2,984,562	2,885,806
Provisions paid	19	(258,047)	(226,240)
Income tax paid	12	(802,581)	(425,521)
Net Cash Flows from Operating Activities		1,923,934	2,234,045
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in deposits at banks		(156,369)	(4,857,956)
Financial assets at fair value through the profit or loss		-	26,662
Financial assets at fair value through statement of other comprehensive income		(34,342)	(8,627)
Proceeds from the disposal of property and equipment		16,574	326,171
(Purchase) of property and equipment		(215,198)	(261,046)
Payments for acquisition of intangible assets		(78,000)	(42,000)
Proceeds from sale of investment properties		429,790	-
(Increase) in investment properties		(23,842)	-
(Increase) in buildings under construction		-	(984,552)
(Purchase) of intangible assets	14	(12,848)	(2,000)
Interest income received		269,973	380,982
Net Cash Flows from (used in) Investment Activities		195,738	(5,422,366)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends distributed to shareholders		(1,170,288)	-
Net Cash Flows (used in) Financing Activities		(1,170,288)	-
Net Increase (Decrease) in Cash		949,384	3,188,321
Cash and cash equivalents - beginning of the year		375,183	3,563,504
Cash and Cash Equivalents - End of the Year	32	1,324,567	375,183

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

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

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

	Motor		Marine and Transportation		Fire and Damages Other for Properties		Liability		Medical		Aviation		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:																
Direct premium	10,905,116	11,009,466	375,231	365,355	981,264	1,094,308	157,171	139,494	6,491,521	5,356,199	118,151	126,520	100,658	210,255	19,129,112	18,301,597
Re-insurers' inward premium	1,135,937	1,470,712	2,587	211	1,026,469	1,154,490	1,675	1,965	675,000	310,000	-	-	721	1,800	2,842,389	2,939,178
Gross Earned Premiums	12,041,053	12,480,178	377,818	365,566	2,007,733	2,248,798	158,846	141,459	7,166,521	5,666,199	118,151	126,520	101,379	212,055	21,971,501	21,240,775
Less; Local re-insurers' share	892,158	1,104,155	15	435	811,702	1.013,092	-	-	951.657	347.929	-	-	-	-	2,655,532	2,465,611
Foreign re-insurers' share	33,941	21,663	312,129	320,922	1,102,653	1,082,155	60,358	82,365	1,725,936	1,704,746	107,618	121,840	32,221	55,326	3,374,856	3,389,017
Net Earned Premiums	11,114,954	11,354,360	65,674	44,209	93,378	153,551	98,488	59,094	4,488,928	3,613,524	10,533	4,680	69,158	156,729	15,941,113	15,386,147
Add; Unearned premiums reserve - beginning of the year	6,056,553	5,771,179	88.671	100,396	984,089	846,403	39.695	53,433	1,287,490	1.224.640	58,303	53,186	65,823	37,108	8,580.624	8,086,345
Less; Re-insurers share - beginning of the year	185,954	69,478	78,283	84,503	940,605	801,046	22,222	25,036	402,999	392,800	55,919	42,502	19,727	8,868	1,705,709	1,424,233
Net Unearned Premiums Reserve - Beginning of the Year	5,870,599	5,701,701	10,388	15,893	43,484	45,357	17,473	28,397	884,491	831,840	2,384	10,684	46,096	28,240	6,874,915	6,662,112
Less; Unearned premiums reserve - end of the year	5,757,755	6.056,553	85,398	88,671	818,751	984,089	75.726	39.695	2,440,360	1.287.490	49.891	58,303	34,836	65,823	9.262,717	8.580,624
Re-insurers' share - end of the year	113,704	185,954	75,117	78,283	765,807	940,605	30,789	22,222	663,891	402,999	47,501	55,919	17,816	19,727	1,714,625	1,705,709
Net Unearned Premiums Reserve - End of the Year	5,644,051	5,870,599	10,281	10,388	52,944	43,484	44,937	17,473	1,776,469	884,491	2,390	2,384	17,020	46,096	7,548,092	6,874,915
Net Change in Unearned Premiums	226,548	(168,898)	107	5,505	(9,460)	1,873	(27,464)	10,924	(891,978)	(52,651)	(6)	8,300	29,076	(17,856)	-673,177	(212,803)
Net Earned Revenue from the Underwritten Premiums	11,341,502	11,185,462	65,781	49,714	83,918	155,424	71,024	70,018	3,596,950	3,560,873	10,527	12,980	98,234	138,873	15,267,936	15,173,344

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

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

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

	Motor		Marine and Transportation		Fire and Damages Other for Properties		Liability	
	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	8,863,124	8,272,724	63,661	125,423	458,720	465,789	7,052	28,586
Less: Recoveries	436,507	402,450	-	-	-	-	-	-
Local re-insurers' share	309,024	341,531	-	175	80,348	77,273	-	-
Foreign re-insurers' share	82,053	53,186	53,384	114,180	396,663	370,225	2,049	19,167
Net Paid Claims	8,035,540	7,475,557	10,277	11,068	(18,291)	18,291	5,003	9,819
Add: Claims Reserve - End of the Year	10.204.939	10.383.719	631.701	663.716	1.243.037	1.333.846	48.481	75.816
Incured but not reported claims (IBNR)	1,100,000	1,100,000	12,634	13,274	12,430	13,339	485	758
Less: Re-insurers share - end of the year	780.793	962.583	579.901	609.291	1,086,968	1.174.171	41.872	57.480
Recoveries	743,474	895,451	-	-	-	-	-	-
Net Claims Reserve - End of the Year	9,780,672	9,625,685	64,434	67,699	168,499	173,014	7,094	19,094
Less: Claims Reserve - Beginning of the Year	10.383.719	8.658.676	663.716	741,010	1.333.846	1,321,649	75.816	86.353
Incured but not reported claims (IBNR)	1,100,000	1,100,000	13,274	14,820	13,339	13,216	758	864
Less: Re-insurers' share - beginning of the year	962,583	835.082	609.291	680.247	1.174.171	1,203,528	57.480	67,714
Recoveries	895,451	757,865	-	-	-	-	-	-
Net Claims Reserve - Beginning of the Year	9,625,685	8,165,729	67,699	75583	173,014	131,337	19,094	19,503
Net change in claims reserve	154,987	1,459,956	(3,265)	(7,884)	(4,515)	41,677	-	(409)
Net Paid Claims Cost	8,190,527	8,935,513	7,012	3,184	(22,806)	59,968	(6,997)	9,410

	Medical		Aviation		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	4,934,522	4,768,785	-	-	3,414	1,454	14,330,493	13,663,161
Less: Recoveries	-	-	-	-	-	-	436.507	402.450
Local re-insurers' share	69,470	-	-	-	-	-	458,842	418,979
Foreign re-insurers' share	1,617,942	1,781,231	-	-	-	448	2,152,091	2,338,437
Net Paid Claims	3,247,110	2,987,554	-	-	3,414	1,006	11,283,053	10,503,295
Add: Claims Reserve - End of the Year	217.390	105.475	-	-	1.972	2,552	12.347.520	12,565.124
Incured but not reported claims (IBNR)	459,544	339,051	-	-	20	26	1,585,113	1,466,448
Less: Re-insurers share - end of the year	235.662	163.624	-	-	1.400	1.545	2,726.596	2.968.694
Recoveries	-	-	-	-	-	-	743,474	895,451
Net Claims Reserve - End of the Year	441,272	280,902	-	-	592	1,033	10,462,563	10,167,427
Less: Claims Reserve - Beginning of the Year	105.475	119.231	-	-	2.552	2.350	12.565.124	10.929.269
Incured but not reported claims (IBNR)	339,051	132,077	-	-	26	23	1,466,448	1.261,000
Less: Re-insurers' share - beginning of the year	163.624	39.451	-	-	15.450	1.622	2.968.694	2.827.644
Recoveries	-	-	-	-	-	-	895,451	757,865
Net Claims Reserve - Beginning of the Year	280,902	211,857	-	-	1,033	751	10,167,427	8,604,760
Net change in claims reserve	-	69,045	-	-	-	282	295,136	1,562,667
Net Paid Claims Cost	3,407,480	3,056,599	-	-	2,973	1,288	11,578,189	12,065,962

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UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

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

	Motor		Marine and Transportation		Fire and Damages Other for Properties		Liability		Medical		Aviation		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD	JD	JD			JD	JD	JD	JD	JD	JD
Net earned revenue from the underwritten premiums	11,341,502	11,185,462	65,781	49,714	83,916	155,424	72,024	70,018	3,596,950	3,560,873	10,527	12,980	98,234	138,873	15,267,936	15,173,344
(Less): Net paid claims cost	8,190,527	8,935,513	7,012	3,184	(22,806)	59,968	(6,997)	9,410	3,407,480	3,056,599	-	-	2,973	1,288	11,578,189	12,065,962
	3,150,975	2,249,949	58,769	46,530	106,722	95,456	79,021	60,608	189,470	504,274	10,527	12,980	95,261	137,585	3,689,747	3,107,382
Add: Received commissions	(5,112)	7,374	119,743	165,276	258,647	263,570	7,153	6,977	19,631	-	1,187	24,983	7,042	2,440	407,710	470,620
Insurance policies issuance fees	446,718	426,644	14,726	14,384	47,031	52,360	6,797	6,664	179,266	154,920	1,187	1,266	1,403	756	697,128	656,994
Investment revenue related to the underwriting accounts	-	-	3,117	-	-	-	-	-	-	-	-	-	-	-	3,117	-
Total Revenue	441,606	434,018	137,586	179,660	305,678	315,930	13,950	13,641	198,897	154,920	1,793	26,249	8,445	3,196	1,107,955	1,127,614
Less: Paid commissions	588,590	647,583	8,588	8,373	77,735	77,440	13,416	4,309	74,687	81,538	-	9,915	34,251	95,643	797,267	924,801
Excess of loss premiums	100,451	70,138	-	-	31,000	29,500	-	-	-	314,610	-	-	-	-	131,451	99,638
Employees and administrative expenses related to underwriting accounts	783,594	743,375	62,917	61,798	124,315	133,253	6,900	5,799	416,580	214,610	5,132	5,186	4,403	8,693	1,403,641	1,272,714
Other expenses	544,562	352,850	13,060	3,640	21,436	10,580	114	90	154,738	171,225	-	-	-	20	734,110	539,405
Total Expenses	2,017,197	1,813,946	84,565	73,811	254,486	250,773	20,430	10,198	646,005	567,373	5,132	15,101	38,654	104,356	3,066,469	2,835,558
Net Written Profit (Loss)	1,575,384	870,021	111,790	152,379	157,916	160,613	71,541	64,051	(257,638)	91,821	7,188	24,128	65,052	36,425	1,731,233	1,399,438

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UNITED INSURANCE COMPANY

(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	582,728	1,043,835
Re-insurers' inward premium	480,303	376,594
Gross Written Premiums	1,063,031	1,420,429
Less: Foreign re-insurers' share	371,073	376,593
Less: Local re-insurers' share	480,303	579,969
Net Written Premiums	211,655	463,867
Add: Mathematical reserve - beginning of the year	313,004	470,426
Less: Re-insurers' share - beginning of the year	66,564	73,144
Net Mathematical Reserve - beginning of the year	246,440	397,282
Less: Mathematical reserve - end of the Year	138,275	313,004
Re-insurers' share - end of the year	80,737	66,564
Net mathematical reserve - end of the year	57,538	246,440
Net Change in Mathematical Reserve	188,902	150,842
Net Earned Revenue from Written Premiums	400,557	614,709

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UNITED INSURANCE COMPANY

(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 claims	891,064	509,413
Less: Foreign re-insurers' share	748,673	365,476
Net Paid Claims	142,391	143,937
Add: Reported claims reserve - end of the year	269,393	201,432
Unreported claims reserve - end of the year	10,000	14,000
Less: Re-insurers' share	190,841	167,256
Net Outstanding Claims Reserve - End of the Year	88,552	48,176
Less: Reported claims reserve - beginning of the year	201,432	160,707
Unreported claims reserve - beginning of the year	14,000	10,000
Less: Re-insurers' share	167,256	134,636
Net Claims Reserve - Beginning of the Year	48,176	36,071
Net Change in Claims Provision	40,376	12,105
Net Paid Claims Cost	182,767	156,042

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UNITED 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	400,557	614,709
Less: Net paid claims cost	182,767	156,042
	217,790	458,667
Add: Received commissions	6,859	8,680
Insurance policies insurance fees	11,777	22,066
Total Revenue	18,636	30,746
Less: Paid commissions	110	-
Administrative expenses related to underwriting accounts	52,686	78,718
Other expenses	5,450	43,241
Total Expenses	58,246	121,959
Net Underwriting Profit	178,180	367,454

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

UNITED INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE ACTIVITIES

	December 31, 2016	December 31, 2015
ASSETS	JD	JD
Deposits at banks	100,000	100,000
Total Investments	100,000	100,000
Accounts receivable	130,959	206,993
Re-insurance companies' accounts receivable	353,943	205,484
Property and equipment	79	163
TOTAL ASSETS	584,981	512,640
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES		
Accounts payable	418,598	74,419
Re-insurance companies' accounts payable	249,912	336,718
TECHNICAL RESERVES		
Claims reserve - net	88,552	48,178
Mathematical reserve - net	57,538	246,440
Total Technical Reserves	146,090	294,618
TOTAL LIABILITIES	814,600	705,755
HEAD OFFICE'S		
Head Office's current account	(407,799)	(560,569)
Income for the year - page 16	178,180	367,454
(Deficit) in Head Office's Equity	(229,619)	(193,115)
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	584,981	512,640

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

1. General

a. United Insurance Company was established in 1972 and registered as a Jordanian Public Shareholding Limited Company under Number (74) according to the Companies Law and its amendments. Moreover, United Insurance Company was merged with Egyptian Orient Insurance Company and New India Insurance Company in Jordan. The merger took effect from the beginning of 1988 and the Company resulting from the merger (United Insurance Company) has become the general success of the Company. In addition, more capital adjustments were made, the last of which was during the year 2008, so that authorized, paid-up capital became JD 8 million, divided into 8 million shares at a par value of JD 1 each.

The Company's address is P.O. Box 7521, Building No. (188), Zahran Street – 11118 Amman, Jordan.

The Company's objective is conducting all types of insurance, including life insurance.

b. The accompanying financial statements were approved by the Board of Directors in their meeting held on February 16, 2017, and they 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; interpretations issued by the International Financial Reporting Standards Committee; enacted local laws and regulations; as well as the forms prescribed by the Jordanian Insurance Commission.

- The financial statements have been prepared according to the historical cost convention except for the financial assets at fair value through profit or loss and financial assets at fair value through statement of other comprehensive income and financial liability, which are stated at fair value in 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 (41.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.

Financial Assets at Amortized Cost

Financial assets at amortized cost are financial assets the Company's management intends, according to its business models, to hold to collect their contractual cash flows comprising contractual cash flows that are solely payments of principal and interest on the principal outstanding.

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

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 may not be reclassified to / from this item except for the cases stated in International Financial Reporting Standards (and in the event of the disposal of any of these assets before its maturity date, the outcome of the sale is recorded in the income statement under a separate item and disclosed according to International Financial Reporting Standards).

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through the profit or loss 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 profit or loss are initially stated at fair value at acquisition 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 interests from these financial assets are recorded in the statement of income.

Financial Assets at Fair Value through Other Comprehensive Income

- Financial assets at fair value through other comprehensive income represent strategic investments in companies' shares to be held for the long-term but not for trading purposes.

- Financial assets at fair value through other comprehensive income are stated at fair value plus acquisition expenses at the date of acquisitions. Moreover, these assets are revalued at fair value. The change in fair value is taken in the statement of comprehensive income within shareholders' equity, including the exchange in fair value resulting from the exchange differences on non-monetary assets denominated in foreign currencies. In case these assets, or part thereof, is sold the gains / losses arising therefrom are taken to the statement of comprehensive income and within retained earnings. 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.

- Dividends are taken to the statement of income.

Date of Recognition of Financial Assets
Financial assets and financial liabilities are recognized on the trading date (date on which the Company commits itself to purchase or sell 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.

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.

Investment Property
Investments property (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%. 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.

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 bank overdraft and 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 contract, 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.

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:

	%
Office furniture and fixtures	10
Computers	20
Vehicles	15
Machinery and equipment	15
Electrical appliances	10
Buildings	2
Air-conditioning & cooling equipment	15
Fire alarm system	15
Elevators	15

Property and equipment under construction, for the Company's use, trading, or for purposes not determined yet, 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, are 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.

Mortgaged Financial Assets

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

Intangible Assets

Intangible assets represent computer systems recorded at cost under a separate item in the financial statements.

Intangible assets are classified according to their estimated lives: definite or indefinite. Intangible assets with a definite useful life are amortized at a rate of 20% during that life, 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 taken to the statement of income.

The value of intangible assets is tested for impairment at the date of the financial statements and reduced if there are indications that their value has been impaired in case the estimated recoverable amount of their cash-generating unit(s) is / are less than the recorded amount of the cash generating unit(s). The impairment in value is taken to the statement income.

The estimated life of those assets is reviewed, and any changes are made in the subsequent periods.

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 estimate 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 the related laws and regulations on the date of the financial statements.

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

3. Additional reserves for incurred but not reported 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.

Provision for Doubtful Debts

A provision for doubtful debts is taken when there is objective evidence that whole or part of these debts has become irrecoverable. The provision is calculated based on the difference between the book value and the recoverable value.

Income Tax

Income tax expenses represent accrued taxes and deferred 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 Jordan.

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.

Cost of Issuing or Purchasing of Own Shares

Costs arising from issuing or purchasing of own shares are taken to retained earnings (net after taking into account the tax effect of these costs, if any). If issuance or purchase is incomplete, these costs are recorded in the statement of income.

Liability Adequacy Test

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 at the date of the statement of financial position.

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.

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

1- Insurance Contracts

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

2- 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, original principals, and earned interest rate.

3- Rental Income

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

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 Compensation

Insurance compensations represents claims paid and change in claims reserves.

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 Compensation

Estimates of salvage and subrogation compensations are considered 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

All distributable employees' expenses are allocated to the insurance branches separately. Moreover, 80% of employees' expenses have been allocated to the various insurance departments based on 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 gain 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.

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 conditions 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 is charged with its share from income tax according to the prevailing laws and regulations in Jordan.

- Management periodically re-evaluates 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 lawyers according to which probable future risks are determined. A review of such studies is performed periodically.

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

- Real estate investments are evaluated primarily on bases and assumptions related to market conditions and prices.

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

3. Deposits at Banks

This item consists of the following:

	December 31, 2016				December 31, 2015
	Deposits Maturing Within One Month	Deposits Maturing Within One Month to Three Months	Deposits Maturing after Three Months and up to One Year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan:					
Societe General Bank	-	-	-	-	2,673,790
Invest Bank	807,753	-	2,600,250	3,408,003	3,144,477
Bank Al Etihad	-	-	2,536,813	2,536,813	-
Ahli Bank	-	-	2,700,000	2,700,000	2,442,836
Arab Jordan Investment Bank	-	-	1,936,160	1,936,160	1,902,366
	807,753	-	9,773,223	10,580,976	10,163,469

- During the year 2016, interest rates on deposits in Jordanian Dinar ranged from 3% to 4.25%.

- Moreover, deposits collateralized to the order of the Director General of the Insurance Commission in addition to his position amounted to JD 300,250 as of December 31, 2016 at the Invest Bank.

- Restricted balances amounted to JD 300,000 as of December 31, 2016. These balances represent cash deposits against an overdraft facility granted to the Company, in addition to the deposits mortgaged to the order of the Director General of the Insurance Commission.

4. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31	
	2016	2015
	JD	JD
Inside Jordan:		
Quoted shares or listed	395,750	389,009
	395,750	389,009

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31	
	2016	2015
	JD	JD
Inside Jordan		
Quoted shares at Amman Stock Market	4,993,795	4,894,219
Unquoted shares at Amman Stock Market	7,175	13,717
	5,000,970	4,907,936
Outside Jordan		
Arab Reinsurance Company – Lebanon *	188,584	178,450
	5,189,554	5,086,386

* This investment has been evaluated according to the equity method used and the Company's last audited financial statements for the year 2015.

- Shares mortgaged to the Director General of the Insurance Commission out of financial assets at fair value through other comprehensive income amounted to JD 86,378 as of December 31, 2016.

- Restricted shares from financial assets at fair value through other comprehensive income amounted to JD 72,453 as of December 31, 2016.

6. Financial Assets at Amortized Cost

This item consists of the following:

	December 31	
	2016	2015
	JD	JD
Inside Jordan		
Arab Corp Company bonds *	50,000	50,000
Less: Provision for impairment in Arab Corp Company bonds	(49,999)	(49,999)
	1	1

* Arab Corp Company bonds matured on April 1, 2014. The bonds face value or interest thereon has not been paid to the Company during the years 2015 and 2016. Moreover, a provision has been taken for the full amount of these bonds, and recognition of interest was suspended during the previous years.

7. Investment Property - Net

This item consists of the following:

	December 31	
	2016	2015
	JD	JD
Lands	660,307	730,115
Less: Accumulated impairment	(13,322)	-
Lands	646,985	730,115
Buildings	4,039,917	4,016,075
Less: Accumulated depreciation	(455,215)	(373,577)
Buildings - net of accumulated depreciation	3,584,702	3,642,498
	4,231,687	4,372,613

- The movement on the buildings account was as follows:

	2016	2015
	JD	JD
Balance – beginning of the year	4,016,075	1,081,617
Additions during the year	23,842	-
Transferred from property and equipment *	-	124,030
Transferred from buildings under construction **	-	5,322,667
Sold during the year **	-	(2,512,239)
Balance at Year-End	4,039,917	4,016,075

- The movement on the accumulated depreciation account was as follows:

	2016	2015
	JD	JD
Balance – beginning of the year	373,577	274,255
Depreciation expense	81,638	57,142
Transferred from property and equipment	-	42,180
Balance at Year-End	455,215	373,577

* This item represents the amount transferred from property and equipment to investment property for the purpose of leasing, and it represents the carrying amount of the 2nd floor of the old building in Al-Salt Street.

** The Company sold one of the floors of the new building to a related party (General Investment Company). Moreover, the sale agreement was signed on February 19, 2013. Transfer of ownership little and registration procedures at the competent departments were completed on August 3, 2016. Accordingly, gains on the sale were recognized. Based on the signed agreement, the buildings costs were allocated according to the actual costs, and profits representing the difference between the carrying value of the building land and its market value was recognized in proportion to the sold area. The sale resulted in a profits of JD 359,982.

- Buildings are depreciated at an annual rate of 2% and are stated at the carrying amount.

- The fair value of investments property has been assessed by three real estate evaluators at JD 6,618,771 as of December 31, 2016.

8. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cash on hand	9,166	12,600
Current accounts at banks	1,107,898	416,218
	1,117,064	428,818

9. Cheques under Collection

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cheques under collection*	2,119,591	2,107,334
	2,119,591	2,107,334

* The maturities of cheques under collection are up to June 20, 2019. These checks include checks due from related parties totaling JD 889,305. They also include checks of JD 823,155 transferred from accounts receivable aging more than 360 days.

10. Receivables - Net

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Policyholders receivable	3,091,439	2,298,086
Agents receivable	1,315,627	1,096,440
Brokers receivable	1,087,941	925,719
Employees receivable	7,183	10,827
Legal cases receivable *	509,787	515,623
Related parties receivable	1,194,710	1,122,348
Others	43,061	251,934
	7,249,748	6,220,977
Less: Provision for doubtful debts **	(1,204,675)	(760,017)
Receivables – Net	6,045,073	5,460,960

* A provision for lawsuits of JD 509,787 has been taken within the provision for doubtful debts as of December 31, 2106.

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

	2016	2015
	JD	JD
Balance at the beginning of the year	760,017	678,694
Additions	452,445	107,289
Released balances	(7,787)	(25,966)
Balance – End of the Year	1,204,675	760,017

- An amount of JD 889,305 was transferred from receivables to checks under collection of related parties, and accounts receivable aging more than 360 days amounted to JD 823,155 as of December 31, 2016.

The aging of receivables is as follows:

	December 31,	
	2016	2015
	JD	JD
Less than 90 days	2,490,494	2,435,092
90 – 180 days	2,359,048	1,660,692
181 – 270 days	679,781	805,146
271 – 360 days	395,983	563,312
More than 360 days	1,324,442	756,735
	7,249,748	6,220,977

- A provision is taken for doubtful debts aging more than one year without payments after excluding public sector debts. In the opinion of the Company's management, no provisions are needed for these debts, as they are collectible.

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

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Local insurance companies	717,635	658,266
Foreign re-insurance companies	696,782	657,712
	1,414,417	1,315,978
Less: Provision for doubtful debts *	(103,021)	(83,903)
Re-insurance Companies' Accounts - Net	1,311,396	1,232,075

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

	2016	2015
	JD	JD
Balance at the beginning of the year	83,903	86,827
Additions	19,118	2,069
Written off	-	(4,993)
Balance at - End of Year	103,021	83,903

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

	December 31,	
	2016	2015
	JD	JD
Less than 90 days	1,022,899	1,028,901
90 - 180 days	93,511	119,304
181 - 270 days	144,532	60,539
271 - 360 days	43,557	23,331
More than 360 days	109,918	83,903
	1,414,417	1,315,978

- A provision is taken for reinsurers' doubtful debts aging more than one year with no repayments.

12. 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	344,887	254,606
Income tax paid	(802,581)	(425,522)
Income tax expense for the year*	573,943	515,803
Income tax expense for prior years	245,271	-
Balance at Year - End of the Year	361,520	344,887

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

	2016	2015
	JD	JD
Income tax for the year	560,250	496,824
Prior years' taxes **	245,271	-
Deferred tax assets	(111,306)	(18,870)
Tax paid on interest deposits	13,693	18,979
Rental income withholdings tax	-	-
	707,908	496,933

** On January 17, 2016, a decision by the Tax Court of First Instance was issued to oblige the Company to pay JD 245,271 to the Income and Sales Tax Department, representing claims on the year 2006.

b. Deferred Tax Assets / Liabilities

The details are as follows:

	December 31, 2016							December 31, 2015
Accounts Included	Balance at the Beginning of the Year	Amounts Released	Amounts Added	Balance at Year-End	Deferred Tax	Transferred to the Income Statement	Transferred to Valuation Reserve	Deferred Tax
	JD	JD	JD			JD	JD	JD
a. Deferred Tax Assets								
Provision for doubtful debts	843,920	(7,787)	471,563	1,307,696	313,847	(111,306)	-	202,541
	843,920	(7,787)	471,563	1,307,696	313,847	(111,306)	-	202,541
b. Deferred Tax Liabilities								
Effect of adopting standards (9)	118,315	-	-	118,315	28,396	-	-	28,396
Financial assets valuation reserve	478,030	-	68,826	546,856	131,247	-	16,520	114,727
	596,345	-	68,826	665,171	159,643	-	16,520	143,123

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

	December 31,			
	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	202,541	143,123	183,671	199,413
Additions	111,306	16,520	18,870	-
Released	-	-	-	(56,290)
Balance at Year – End for the Year	313,847	159,643	202,541	143,123

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

	2016	2015
	JD	JD
Declared accounting profit	2,273,221	1,778,216
Non-taxable item	(616,140)	(300,867)
Non-deductible expenses	734,349	673,348
Taxable Profit	2,391,430	2,150,697
Income Tax Rate	24%	24%

* On January 17, 2016, a decision by the Tax Court of First Instance was issued to oblige the Company to pay JD 245,271 to the Income and Sales Tax Department, representing claims on the year 2006.

- The Income and Sales Tax Department accepted the tax returns for the years 2013 and 2014 according to the sampling system. Moreover, the tax returns for the years 2015 and 2016 have been submitted, and the related taxes paid. However, the returns have not been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company's management and tax consultant, the provisions taken are adequate, and no additional provisions are required.

13. Property and Equipment - Net

The details of this item are as follows:

	Office Furniture and Fixtures	Computers	Vehicles	Machinery and Equipment	Electrical Appliances	Building	Air-conditioning and Cooling Equipment	Fire Alarm Systems	Elevators	Spare Parts	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
December 31, 2016											
Cost:											
Balance at the beginning of the year	294,121	163,552	203,584	38,485	60,944	5,012,239	340,233	9,333	286,365	-	6,408,856
Additions	-	2,720	111,329	-	-	101,149	-	-	-	-	215,198
Disposals	(41,814)	-	(23,000)	-	(20,062)	-	-	-	-	-	(84,876)
Balance at End of Year	252,307	166,272	291,913	38,485	40,882	5,113,388	340,233	9,333	286,365	-	6,539,178
Accumulated Depreciation:											
Accumulated depreciation at the beginning of the year	110,448	148,974	81,341	38,483	33,145	58,774	29,925	9,332	24,944	-	535,366
Depreciation for the year	19,876	4,120	29,834	1	4,843	100,970	51,174	-	43,072	-	253,890
Disposal	(40,664)	-	(18,815)	-	(13,987)	-	-	-	-	-	(73,466)
Accumulated Depreciation at End of Year	89,660	153,094	92,360	38,484	24,001	159,744	81,099	9,332	68,016	-	715790
Net Book Value of Property and Equipment As of December 31, 2016	162,647	13,178	199,553	1	16,881	4,953,644	259,134	1	218,349	-	5,823,388
December 31, 2015											
Cost:											
Balance at the beginning of the year	100,148	149,738	194,784	38,485	56,526	124,030	147,666	9,333	40,854	6,742	868,306
Additions	15,739	14,014	8,800	-	4693	-	34,452	-	183,348	-	261,046
Disposal	(842)	(200)	-	-	(275)	(124,030)	(147,666)	-	(40,854)	(6,742)	(320,609)
Transferred	179,076	-	-	-	-	5,012,239	305,781	-	103,017	-	5,600,113
Balance at End of Year	294,121	163,552	203,584	38,485	60,944	5,012,239	340,233	9,333	286,365	-	6,408,856
Accumulated Depreciation:											
Accumulated depreciation at the beginning of the year	98,576	145,851	53,511	38,479	27,889	42,180	146,796	9,027	40,853	-	603,162
Depreciation for the year	12,198	3,322	27,830	4	5,530	58,774	30,110	305	24,944	-	163,017
Disposal	(326)	(199)	-	-	(274)	(42,180)	(146,981)	-	(40,853)	-	(230,813)
Accumulated Depreciation at End of Year	110,448	148,974	81,341	38,483	33,145	58,775	29,925	9,332	24,944	-	535,366
Net Book Value of Property and Equipment As of December 31, 2015	183,673	14,578	122,243	2	27,799	4,953,465	310,308	1	261,421	-	5,873,490
Depreciation Rate %	10	20	15	15	10	2	15	15	15		

- Fully depreciated assets amounted to JD 344,501 as of December 31, 2016 (JD 327,304 as of December 31, 2015).

14. Intangible Assets - Net

This item consists of the following:

December 31, 2016	Computer JD
Cost:	
Balance at the beginning of the year	142,832
Additions	12,848
Balance - End of Year	155,680
Accumulated Amortization:	
Balance at the beginning of the year	131,157
Amortization for the year	6,145
Balance at Year-End	137,302
Net Book Value of Intangible Assets	18,378

December 31, 2015	Computer JD
Cost:	
Balance at the beginning of the year	140,832
Additions	2,000
Balance - End of Year	142,832
Accumulated Amortization:	
Balance at the beginning of the year	119,737
Amortization for the year	11,420
Balance at Year-End	131,157
Net Book Value of Intangible Assets	11,675

15. Other Assets

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Accrued revenues	189,616	99,348
Prepaid expenses	4,269	7,215
Recovered claims paid – net *	222,020	206,882
Refundable deposits	75,869	54,837
Payments for purchases of intangible assets **	120,000	42,000
Other	8,017	8,317
	619,791	418,599

* During the year, the Company assessed other insurance companies recoveries and deducted the related amounts from the compensations paid.

** This item represents amounts paid for purchasing computer programs and their development to third parties.

16. Mathematical Reserve - Net

The movement on the mathematical reserve is as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Balance at the beginning of the year	246,440	397,282
Disposals during the year	(188,902)	(150,842)
Net Mathematical Reserve – End of the Year	57,538	246,440

17. Accounts Payable

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Agents payable	286,650	289,365
Employees' payable	2,380	55
Brokers payable	277,877	291,315
Others*	2,025,278	1,296,915
	2,592,185	1,877,650

* This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Policyholders (compensations)	28,494	57,873
Laboratories	3,702	-
Car workshops and spare parts	234,321	138,426
Third party administrative – medical insurance	1,203,752	424,473
Compensations payable	387,576	53,330
Trade payables	63,679	159,329
Payments on account – related parties **	-	200,000
Other	103,754	263,484
	2,025,278	1,296,915

** This item represents amounts received as payments on account of purchasing part of the Company's new building from related parties. Moreover, transfer of ownership title and registration procedures at the competent departments were completed on August 3, 2016. Consequently, gains resulting from the sale were recognized according to the signed agreement.

18. Re-insurance and Local Insurance Companies' Accounts Payable

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Foreign re-insurance companies	1,991,276	1,945,581
Local insurance companies	390,366	159,581
	2,381,642	2,105,162

19. Accrued Expenses and Various Provisions

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Provision for scientific research and vocational training	1,639	2,089
Provision for other liabilities *	-	215,770
Provision for the Insurance Commission's fees	8,305	8,879
Accrued bonuses	130,000	118,454
	139,944	345,192

* There was a lawsuit against the Income and Sales Tax Department for the year 2006. The lawsuit was settled at the beginning of 2016. Consequently, the Company paid JD 245,271 to the Income and Sales Department in final settlement for that year. As such, the Company recorded the provision and booked the payment within tax expenses for the current period.

The following table illustrates the movement on accrued expenses and the various provisions:

	Balance Beginning of the Year	Taken for the Year	Used During the Year	December 31, 2016
	JD	JD	JD	JD
Provision for scientific research and vocational training	2,089	-	(450)	1,639
Provision for other liabilities	215,770	-	(215,770)	-
Insurance management accrued expenses	8,879	137,151	(137,725)	8,305
Accrued bonuses	118,454	131,418	(119,872)	130,000
	345,192	268,569	(473817)	139,944

20. Other Liabilities

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Accrued expenses	31,250	32,650
Revenues received in advance	101,393	151,038
Board of Directors' bonuses	40,431	43,781
Other	128,414	110,819
	301,488	338,288

21. Authorized and Paid – up Capital

- Authorized and paid – up capital amounted to JD 8,000,000 million, distributed over 8,000,000 shares with a par value of JD 1 each.

- Issuance premiums amounted to JD 41,507.

22. Reserves

Statutory Reserve

The amounts in this account represent appropriations from annual income before tax at 10% according to the Companies Law. This reserve may not be distributed to shareholders. The total accumulated balance at the account shouldn't exceed 25% of the Company's paid up capital.

Voluntary Reserve

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

23. Financial Assets Valuation Reserve - Net

This item consists of the following:

	2016	2015
	JD	JD
Balance at the beginning of the year	363,313	541,566
Changes during the year	68,826	(234,543)
Released from deferred tax liabilities	-	56,290
Transferred from deferred tax liabilities	(16,520)	-
Net Change during the Year	52,306	(178,253)
Balance – End of Year	415,619	363,313

24. Retained Earnings

This item consists of the following:

	2016	2015
	JD	JD
Balance at the beginning of the year	2,701,774	1,602,990
Profit for the year	1,565,313	1,281,283
Dividends distributed to shareholders	(1,200,000)	-
Transferred to reserves	(15,356)	(181,905)
(Losses) on disposal of financial assets at fair value through other comprehensive income	-	(594)
Balance – End of Year	3,051,731	2,701,774

25. Interest Revenue

This item consists of the following:

	2016	2015
	JD	JD
Earned interest	360,241	406,288
	360,241	406,288

26. Net Gain from Financial Assets and Investments

This item consists of the following:

	2016	2015
	JD	JD
Net Change in fair value of financial assets fair value through profit or loss	6,741	270
Cash dividends (from financial assets at fair value through profit or loss)	22,273	19,754
Cash dividends' (from financial assets at fair value through other comprehensive income)	210,647	207,134
Gain on sale of real estate	359,982	-
Loss of impairment in the value of investment properties	(13,322)	-
Net rental income *	236,733	93,628
	823,054	320,786

* This item includes rental income from related parties of JD 174,416 for Abu Jaber Brothers Company and Jordan Projects for Tourism Development Company.

27. Other Revenue - Net

This item consists of the following:

	2016	2015
	JD	JD
Gain on sale of property and equipment	5,164	3,714
Refunds of car accidents sufferers' fund	40,292	-
Commissions of underwriting accounts	3,117	-
Other revenue	12,346	63,108
	60,919	66,822

28. Employees' Expenses

This item consists of the following:

	2016	2015
	JD	JD
Salaries and bonuses	864,387	837,196
Company's social security contributions	105,661	97,731
Medical expense	45,866	40,772
Provision for bonuses *	136,168	110,000
Travel and transportation	7,020	6,620
	1,159,102	1,092,319
Employees Expenses Related Directly to Underwriting Accounts	455,826	422,520
Employees' Administrative Expenses Allocated to underwriting Accounts	562,621	535,838
Total Employees' Expenses Allocated to Underwriting Accounts	1,018,447	958,358
Employees' Expenses Unallocated to Underwriting Accounts	140,655	133,961

* This item represents employees' bonuses allocated to entitled personnel according to the Board of Directors' decision at the time.

- Expenses were allocated as follows:

	2016			2015
	Direct Expenses	Allocated Administrative Expenses	Total Allocated Expense	Total Allocated Expenses
	JD	JD	JD	JD
Life	6,513	25,965	32,478	54,080
Motor	260,593	294,104	554,697	526,898
Marine and transportation	46,507	9,228	55,735	55,457
Fire and other damages	36,910	49,039	85,949	94,246
Liability	-	3,880	3,880	3,345
Medical	105,303	175,043	280,346	216,326
Aviation	-	2,886	2,886	2,991
Others	-	2,476	2.476	5,015
	455,826	562,621	1,018,447	958,358

29. General and Administrative Expenses

This item consists of the following:

	2016	2015
	JD	JD
Legal expenses and fees	129,407	121,115
Insurance Commission fees	137,144	125,323
Rent	7,292	7,292
Printing and stationery	17,712	16,546
Advertising and marketing	6,297	7,888
Bank charges	21,920	15,546
Bank interest	2,781	389
Travel and transportation	23,742	22,373
Maintenance	37,839	16,725
Post and telephone	12,340	21,851
Collection commissions - shift	150	2,870
Hospitality	8,316	5,731
Companies controller's fees	600	600
Donations	2,655	3,405
Subscriptions	8,184	8,998
Government fees	11,502	6,516
Professional fees	17,250	17,250
Assets insurance	13,302	9,373
Cars expenses	20,132	23,570
Computer expenses	10,385	10,063
Actuary's fees	8,000	6,080
Other expenses	50,400	41,838
	547,350	491,342
Total General and Administrative Expenses Allocated to Underwriting Accounts *	437,880	393,074
Total General and Administrative Expenses Unallocated to Underwriting Accounts	109,470	98,268

* Expenses were allocated as follows:

	2016	2015
	JD	JD
Life	20,208	24,638
Motor	228,897	216,477
Marine and transportation	7,182	6,341
Fire and other damages	38,166	39,007
Liabilities	3,020	2,454
Medical	136,234	98,284
Aviation	2,246	2,195
Others	1,927	3,678
	437,880	393,074

30. Other Expenses

This item consists of the following:

	2016	20115
	JD	JD
Board of Directors' bonuses	37,485	40,837
	37,485	40,837

31. Earnings per Share for the Year

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

	2016	2015
	JD	JD
Income for the year	1,565,313	1,281,283
	Share	Share
Outstanding shares	8,000,000	8,000,000
	JD / Share	JD / Share
Earnings per Share for the Year	-/196	-/160

32. Cash and Cash Equivalent

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Cash on hand	9,166	12,600
Deposits at banks maturing within three months	807,753	546,615
Current accounts at banks	1,107,898	416,218
Less: Restricted deposits	(600,250)	(600,250)
	1,324,567	375,183

33. Risk Management

The Company manages risks by various methods, using a comprehensive strategy to restrict and mitigate risks. Moreover, the Company sets up appropriated controls and monitors their effectiveness in a manner that achieves the optimal risk-return balance. Management of risks included constantly identifying, measuring, managing, and monitoring the financial and non-financial risks that may negatively affect the Company's performance and reputation. In addition, the Company guarantees the allocation of capital to achieve the optimal average return on risks. The Company is also exposed to the following risks: insurance risks and, financial risks, representing: market risks, liquidly risks, interest rate risks, and commission rate risks.

a. Insurance Risk

1. **Insurance Risks**

Insurance risks are the risks of uncertainty as to the occurrence, timing, and amount of insurance claims. Moreover, insurance risks can be managed through following up on the size and all types of new insurance, soundness of pricing, and actual claims against the expected claims.

Risk according to the insurance policy is the probability of occurrence of an accident to the insured and the consequential claims of uncertain amounts due to the nature of the insurance policy. The occurrence of the risk is sudden, and therefore, cannot be expected.

The key risk that the insurance companies face according to the insurance policies arises from actual claims and benefits payments exceeding the amount stated under insurance liabilities. In addition, there is the probability of improper pricing of risks and underwriting in bad, uninsurable risks. Consequently, the inflow of claims, benefits, and their severity exceed the assessed incurable amounts of insurance claims. Moreover, the actual amounts, claims amounts, and benefits differ, from year to year, from the expected assessments.

The more diversified the insurance portfolio, the less susceptible it becomes to the impact of the changes to any of its components. Moreover, the Company has developed the strategy of underwriting through insurance policies to diversify the insurance risks it accepts. Such diversification included every category to broaden the risks base and reduce the percentage of change in the expected result.

The Company signed insurance policies with other companies to mitigate the risks arising from large claims.

The re-insurance policies do not resolve the Company's liabilities toward others. Instead, the Company remains liable to others concerning the reinsured share even if the re-insured Company does not fulfill its liabilities.

The Company manages these risks through a sound underwriting strategy, excellent category of re-insurance treaties, and dealing effectively with accidents. Moreover, the Company sets the underwriting bases that make available the criteria for risk selection.

The risk analysis below is determined based on the exposure to risks related to unearned premiums as of the financial statements date. Moreover, the analysis has been prepared, assuming that the amount of unearned premiums as of the date of the financial statements was outstanding for the whole year. An increase or decrease of (5%) is used, representing management's evaluation of the probable and acceptable extent of accuracy of the provision for unearned premiums calculation.

	+5%		-5%	
	December 31,		December 31,	
	2016	2015	2016	2015
	JD	JD	JD	JD
Statement of income	377,405	343,746	(377,405)	(343,746)
Change of equity	377,405	343,746	(377,405)	(343,746)

2. Claims Development

The schedules below show the actual claims (based on management's estimates at year-end) compared to the expectations for the past four years based on the year in which the vehicles insurance claims were reported as follows:

Gross - Motor Insurance:

Year of Accident	2012 and before	2013	2014	2015	December 31, 2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	7,624,910	3,014,212	3,897,946	4,245,767	3,894,671	22,677,506
After one year	7,624,910	3,014,212	3,897,946	4,245,767	-	18,782,835
After two years	7,624,910	3,014,212	3,897,946	-	-	14,537,068
After three years	7,624,910	3,014,212	-	-	-	10,639,122
After four years	7,624,910	-	-	-	-	7,624,910
Current expectations of cumulative claims	7,624,910	3,014,212	3,897,946	4,245,767	3,894,671	22,677,506
Cumulative payments	7,624,910	1,459,672	2,354,133	1,939,776	-	12,472,567
Liabilities as stated in the statement of financial position	905,924	1,554,540	1,543,813	2,305,991	3,894,671	10,204,939
Unreported claims	-	-	-	-	1,100,000	1,100,000
(Deficit) from the preliminary assessment of the provision	-	-	-	-	-	-

Gross - Medical Insurance:

Year of Accident	2012 and before	2013	2014	2015	December 31, 2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	388,213	232,083	244,978	432,047	217,040	1,514,361
After one year	-	232,083	244,978	432,047	-	909,108
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	388,213	232,083	244,978	432,047	217,040	1,514,361
Cumulative payments	388,213	232,083	244,978	431,697	-	1,296,971
Liabilities as stated in the statement of financial position	-	-	-	350	217,040	217,390
Unreported claims	-	-	-	-	459,544	459,544
(Deficit) from the preliminary assessment of the provision	-	-	-	-	-	-

Gross - Fire and Other Damages to Properties Insurance:

	December 31,					
Year of Accident	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	2,929,854	144,789	522,380	375,377	361,267	4,333,667
After one year	2,929,854	144,789	522,380	375,377	-	3,972,400
After two years	2,929,854	144,789	522,380	-	-	3,597,023
After three years	2,929,854	144,789	-	-	-	3,074,643
After four years	2,929,854	-	-	-	-	2,929,854
Current expectations of cumulative claims	2,929,854	144,789	522,380	375,377	361,267	4,333,667
Cumulative payments	2,166,816	125,579	499,839	298,396	-	3,090,630
Liabilities as stated in the statement of financial position	763,038	19,210	22,541	76,981	361,267	1,243,037
Unreported claims	-	-	-	-	12,430	12,430
(Deficit) Excess in the preliminary estimate of the provision	-	-	-	-	-	-

Gross - Marine and Transportations Insurance:

	December 31,					
Year of Accident	2012 and before	2013	2014	2015	2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	688,107	75,321	106,334	23,399	22,266	915,427
After one year	688,107	75,321	106,334	23,399	-	893,161
After two years	715,784	75,321	106,334	-	-	897,439
After three years	715,784	75,321	-	-	-	791,105
After four years	715,784	-	-	-	-	715,784
Current expectations of cumulative claims	715,784	75,321	106,334	23,399	22,266	943,104
Cumulative payments	158,480	43,040	99,334	10,549	-	311,403
Liabilities as stated in the statement of financial position:	557,300	32,281	7,000	12,850	22,266	631,701
Unreported claims	-	-	-	-	12,634	12,634
Excess (Deficit) in the preliminary estimate of the provision	27,677	-	-	-	-	27,677

Gross - Liability Insurance:

Year of Accident	2012 and before	2013	2014	2015	December 31, 2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	114,616	11,975	5,710	4,000	183	136,484
After one year	114,616	11,975	5,710	4,000	-	136,301
After two years	114,616	11,975	5,710	-	-	132,301
After three years	114,616	11,975	-	-	-	126,591
After four years	114,616	-	-	-	-	114,616
Current expectations of cumulative claims	114,616	11,975	5,710	4,000	183	136,484
Cumulative payments	72,868	11,475	210	3,450	-	88,003
Liabilities as stated in the statement of financial position	41,748	500	5,500	550	183	48,481
Reported claims	-	-	-	-	485	485
(Deficit) excess in the preliminary estimate of the provision	-	-	-	-	-	-

Gross - Personnel Insurance:

Year of Accident	2012 and before	2013	2014	2015	December 31, 2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	1,457	1,012	1,524	1,263	722	5,978
After one year	4,784	1,012	1,524	1,263	-	8,583
After two years	4,784	1,012	1,524	-	-	7,320
After three years	4,784	1,012	-	-	-	5,796
After four years	4,784	-	-	-	-	4,784
Current expectations of cumulative claims	4784	1,012	1,524	1,263	722	9,305
Cumulative payments	4,784	1,012	274	1,263	-	7,333
Liabilities as stated in the statement of financial position:	-	-	1,250	-	722	1,972
Unreported claims	-	-	-	-	20	20
Excess (deficit) in the preliminary estimate of the provision	3,327	-	-	-	-	3,327

Gross - Life Insurance:

Year of Accident	2012 and before	2013	2014	2015	December 31, 2016	Total
	JD	JD	JD	JD	JD	JD
As of year-end	89,702	90,283	37,738	54,392	109,992	382,107
After one year	89,702	90,283	84,522	54,392	-	318,899
After two years	89,702	92,283	84,522	-	-	266,537
After three years	89,702	92,283	-	-	-	181,985
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	89,702	92,283	84,522	54,392	109,992	430,921
Cumulative payments	89,702	31,765	10,420	29,641	-	161,528
Liabilities as stated in the statement of financial position:	-	60,518	74,132	24,751	109,992	269,393
Unreported claims	-	-	-	10,000	10,000	10,000
Excess (deficit) in the preliminary estimate of the provision	-	-	46,814	-	-	46,814

3. Concentration of Insurance Risks

Concentration of assets and liabilities and off-statement of financial position items related to unearned premiums provision, claims provision, and mathematical provision is as follows:

Type of Insurance	2016 Gross	2016 Net	2015 Gross	2015 Net
	JD	JD	JD	JD
Motor	17,062,694	15,424,723	17,540,272	15,496,284
Marine and transportation	729,733	74,715	765,661	78,087
Fire and other damages to properties insurance	2,074,218	221,443	2,331,274	216,498
Liability	124,692	52,031	116,269	36,567
Medical	3,117,294	2,217,741	1,732,016	1,165,393
Aviation	49,891	2,390	58,303	2,384
Other insurance	36,828	17,612	68,401	47,129
Life insurance	417,668	146,090	528,436	294,616
	23,613,018	18,156,745	23,140,632	17,336,958

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

	December 31, 2016 Assets	December 31, 2016 Liabilities	December 31, 2015 Assets	December 31, 2015 Liabilities
	JD	JD	JD	JD
<u>According to Geographical Area:</u>				
Inside Jordan	36,883,094	22,008,908	34,910,808	20,545,579
Europe	694,870	2,084,259	657,712	1,945,681
Other Middle East countries	188,532	-	178,450	-
	37,766,496	24,093,167	35,746,970	22,491,260

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

	December 31, 2016 Assets	December 31, 2016 Liabilities	December 31, 2015 Assets	December 31, 2015 Liabilities
	JD	JD	JD	JD
<u>According to Sector:</u>				
Private Sector	6,045,073	2,592,185	7,414,972	1,877,650
Public Sector	-	-	121,983	-
Total	6,045,073	2,592,185	7,536,955	1,877,650

4. Re-insurers Risk

The Company signed re-insurance contracts with other companies to mitigate the risks arising from large claims. Moreover, the Company evaluated the financial position of the contracted re-insurance company. Its concern hinges on credit risks resulting from the geographical distribution and nature of work and activities of the re-insurance companies. In addition, the Company entered into re-insurance contracts that enable it to face risks with competitive pricing and to maintain the optimal level of risks, taking into consideration financial resources such as reserves, volume of securities portfolio, and ready assets.

The size of retained risks is in line with scientific criteria and the general comparison index. More important for the Company is keeping a high liquidity ratio.

The re-insurance premiums do not replace the Company's liabilities toward others. Instead, the Company remains liable to others in terms of the reinsured share even if the Company does not fulfill its insurance obligations.

b. Financial Risks

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

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

1. **Market Risk**

Market risks are the risks arising from the fluctuation in fair value or cash flows of financial instruments as a result of the change in market prices. Moreover, market risks arise from open positions relating to interest rates, currencies, and investments in shares. These risks are monitored according to certain policies and procedures through competent committees and the concerned work centers. Additionally, market risks include interest rates, exchange rates risks, and equity instrument risks.

2. **Liquidity Risk**

Liquidity risks relate to the Company's inability to make available the necessary financing to meet its obligations on their maturity dates. Furthermore, management of risks include the following:

- Keeping highly marketable assets that can be easily liquidated as a safeguard against unforeseeable shortfall in liquidity.
- Monitoring liquidity indicators according to the internal requirements and regulatory authorities' requirements.
- Managing concentrations and debts maturity dates.
- The following table summarizes the maturities of financial liabilities (on the basis of the remaining period of the maturity from the date of the financial statements):

	Less than One Month	From 1 Month to 3 Months	From 3 Months to 6 Months	From 6 Months to 1 Year	From 1 Year to 3 Years	More than 3 Years	Total
December 31, 2016	JD	JD	JD	JD	JD	JD	JD
Liabilities:							
Re-insurance companies' Accounts	169,928	318,947	478,417	1,414,350	-	-	2,381,642
Payables	172,814	345,623	518,437	1,555,311	-	-	2,592,185
Other liabilities	87,911	4,178	16,164	193,235	-	-	301,488
Total	430,653	668,748	1,013,018	3,162,896	-	-	5,275,315
Total Assets (according to their expected maturities)	1,173,124	5,077,663	3,019,172	9,188,949	828,746	18,478,842	37,766,496
December 31, 2015							
Liabilities:							
Re-insurance companies' Accounts	150,201	281,921	422,879	1,250,161	-	-	2,105,162
Payables	125,178	250,352	375,530	1,126,590	-	-	1,877,650
Other liabilities	98,642	4,688	18,137	216,821	-	-	338,288
Total	374,021	536,961	816,546	2,593,572	-	-	4,321,100
Total Assets (according to their expected maturities)	1,110,392	4,806,140	2,857,725	8,697,579	784,430	17,490,704	35,746,970

3. **Currency Risks**

The Company's main operations are in Jordanian Dinar. Moreover, currency risk relates to the risk of changes in currency rates that relate to payments denominated in foreign currencies. As for transactions in US Dollars, management believes that the foreign currency risk relating to the US Dollar is immaterial as the Jordanian Dinar (the functional currency) is pegged to the US Dollar.

The following illustrates the Company's major foreign currency risks:

	Foreign Currency		Jordanian Dinar	
	December 31,			
	2016	2015	2016	2015
Type of Currency:	JD	JD	JD	JD
US Dollar	402,404	164,601	285,304	116,702
Euro	78,130	103,541	57,972	79,727

Management believes that the Company's foreign currency risks and their impact on the financial statements are immaterial. The following table summarizes the effect of change in the exchange rate of Euro by 5% as of the date of the statement of financial position:

	Assets			
	December 31,			
	2016	2015	2016	2015
Type of Currency:	(+2%)	(-2%)	(+2%)	(-2%)
Euro	1,563	(1,563)	2,071	(2,071)

4. **Interest Rate Risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Moreover, the Company manages interest rate risks through applying the sensitivity analysis of interest rate instruments in a manner that does not negatively affect net interest income.

The Company also manages its interest rate risk regularly by evaluating the different alternatives such as funding and renewing current positions and alternative funding.

The sensitivity analysis below has been determined based on the exposure to interest rates of deposits at the financial statements date. The analysis is prepared assuming that the amount of deposits at the statement of financial position date was outstanding for the whole year. A (0.5%) increase or decrease is used which represents management's assessment of the reasonable probable net change in market interest rates.

	+0/5%		(0/5%)	
	December 31,		December 31,	
	2016	2015	2016	2015
	JD	JD	JD	JD
Statement of income	52,904	50,817	(52,904)	(50,817)
Shareholders' equity	52,904	50,817	(52,904)	(50,817)

5. Sensitivity of Insurance Risks

	December 31, 2016		December 31, 2015	
	Statement of Income	Changes in Equity	Statement of Income	Changes in Equity
	JD	JD	JD	JD
Income / shareholders' equity	1,565,313	13,673,329	1,281,283	13,255,710
Impact of increasing gross compensations by 5% while holding other factors constant	(1,151,727)	(1,151,727)	(1,133,060)	(1,133,060)
	413,586	12,521,602	148,223	12,122,650
Income / shareholders' equity	1,565,313	13,673,329	1,281,283	13,255,710
Impact of increasing gross compensations by 5% while holding other factors constant	(761,078)	(761,078)	(708,629)	(708,629)
	804,235	12,912,251	572,654	12,547,081

6. Share Price Risks

These risks represent the decrease in equity investments due to the changes in the indicators level of subscribed shares in the Company's portfolio.

The following is the impact of a +5% or -5% change in the index of the stock exchange in which the shares are traded:

	Change in Index	Impact on Profit for the year 2016	Impact on shareholders' Equity 2016	Impact on the Year's Profit 2015	Impact on Shareholders' Equity 2015
	JD	JD	JD	JD	JD
Stock Exchanges	5% Increase	19,788	259,478	19,450	264,161
Stock Exchanges	5% Decrease	(19,788)	(259,478)	(19,450)	(264,161)

7. Credit Risk

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

The Company's financial assets consist primarily of holders of documents and financial investments at fair value through the statement of income, financial investment at fair value through the statement of comprehensive income, property investments, cash and cash equivalents, and other debit accounts. Moreover, holders of documents represent debts due from the locally insured parties, governmental bodies, large projects, and external customers. Moreover, the Company's management believes that the ratio of the debts owed to the Company is high. However, the probability of no collection of all or part of these debts is very low. Moreover, these debts represent significant concentration of risk in the customers' geographical areas. In addition, stringent credit risks control is maintained, as each customer's account is monitored separately and constantly. Customers concentration according to their geographical areas is as follows:

	Assets	
Geographical Area	2016	2015
	JD	JD
Inside Jordan	7,967,383	6,879,243
Outside Jordan	696,782	657,712
	8,664,165	7,536,955

34. Main Segments Analysis

a. Information on the Company's Operating Segments

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

1. The General Insurance Sector which includes motor, marine transportation, fire and other damages on properties, liability, and medical; and

2. The Life Insurance Sector.

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

b. Information on Geographical Distribution

This note represents the geographical distribution of the Company's operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations.

The following is the distribution of the Company's revenue and capital expenditures according to geographical sector:

	Inside Jordan		Outside Jordan		Total	
	For the Year Ended December 31,					
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total revenue	18,036,181	17,740,307	-	-	18,036,181	17,740,307
Capital expenditures	12,848	986,552	-	-	12,848	986,552

	December 31,					
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total assets	36,883,095	34,910,808	883,401	836,162	37,766,496	35,746,970

35. Capital Management

- Achieving Capital Management Objectives:

  The Company aims to achieve capital management objectives through growing the Company's operations; achieving surplus in operating profits and revenues; and optimal employment of available resources. This is to achieve the targeted growth in shareholders' equity through growing the statutory reserve at 10% of realized profits and the voluntary reserve at no more than 20% (if necessary). The Company takes into consideration that the size of capital should be compatible with the size and nature of risks that the Company is exposed to. This is carried out in a manner that does not contradict the regulations and instructions in force, and is reflected in the Company's strategies and budgets. Moreover, the effect on capital adequacy ratio is considered upon acquiring investments. Additionally, capital and its adequacy are monitored periodically.

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

	December 31,	
	2016	2015
	JD	JD
First: Available capital *	15,260,413	15,989,135
Second: Required capital		
Capital required against assets risks	5,467,146	6,119,281
Capital required against underwriting liabilities	2,714,615	2,641,240
Capital required against reinsurers' risks	-	-
Capital required against life insurance	495,170	357,380
Total Required Capital	8,676,931	9,117,901
Third: Solvency margin ratio (available capital / required capital)	176%	172%

* Available capital consists of the following:

	December 31,	
	2016	2015
	JD	JD
Primary Capital:		
Paid-up capital	8,000,000	8,000,000
Statutory reserve	2,000,000	1,984,644
Voluntary reserve	164,472	164,472
Insurance premium	41,507	41,507
Retained earnings	3,051,731	2,701,774
Less: Proposed dividends	800,000	1,200,000
	12,457,710	11,692,397
Plus: Supplementary Capital:		
Financial assets cumulative change in fair value	415,619	363,313
Increase in investment properties fair value	2,387,084	3,933,425
Total Supplementary Capital	2,802,703	4,296,738
	15,260,413	15,989,135

36. 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	10,580,976	-	10,580,976
Financial assets at fair value through profit or loss	395,750	-	395,750
Financial assets at fair value through other comprehensive income	-	5,189,554	5,189,554
Financial assets at amortized cost	-	1	1
Investment property	-	4,231,687	4,231,687
Cash on hand and at banks	1,117,064	-	1,117,064
Cheques under collection	2,119,591	-	2,119,591
Receivable – net	-	6,045,073	6,045,073
Re-insurance and local insurance companies' accounts receivables	-	1,311,396	1,311,396
Deferred tax assets	-	313,847	313,847
Property and equipment – net	-	5,823,388	5,823,388
Buildings under construction	-	-	-
Intangible assets - net	-	18,378	18,378
Other assets	-	619,791	619,791
Total Assets	14,213,381	23,553,115	37,766,496
Liabilities			
Unearned premiums provision – net	7,548,092	-	7,548,092
Claims provision – net	10,551,115	-	10,551,115
Mathematical provision – net	57,538	-	57,538
Payables	2,592,185	-	2,592,185
Re-insurance and local insurance companies' accounts payables	2,381,642	-	2,381,642
Various provisions	139,944	-	139,944
Income tax provision	361,520	-	361,520
Deferred tax liabilities	-	159,643	159,643
Other liabilities	301,488	-	301,488
Total Liabilities	23,933,524	159,643	24,093,167
Net	(9,720,143)	23,393,472	13,673,329

December 31, 2015	Within One Year	More than One Year	Total
	JD	JD	JD
Assets			
Deposits at banks	10,163,469	-	10,163,469
Financial assets at fair value through profit or loss	389,009	-	389,009
Financial assets at fair value through statement of other comprehensive income	-	5,086,386	5,086,386
Financial assets at amortized cost	-	1	1
Investment property	1,020,616	3,351,997	4,372,613
Cash on hand and at banks	428,818	-	428,818
Cheques under collection	2,107,334	-	2,107,334
Accounts receivable – net	-	5,460,960	5,460,960
Re-insurance and local insurance companies' accounts receivables	1,220,270	11,805	1,232,075
Deferred tax assets	-	202,541	202,541
Property and equipment – net	2,747,164	3,126,326	5,873,490
Buildings under construction	-	-	-
Intangible assets - net	11,675	-	11,675
Other assets	301,720	116,879	418,599
Total Assets	18,390,075	17,356,895	35,746,970
Liabilities			
Unearned premiums provision – net	6,874,915	-	6,874,915
Claims provision - net	6,759,271	3,456,332	10,215,603
Mathematical provision – net	246,440	-	246,440
Payables	1,877,650	-	1,877,650
Re-insurance and local insurance companies' accounts payables	2,105,162	-	2,105,162
Various provisions	334,224	10,968	345,192
Income tax provision	344,887	-	344,887
Deferred tax liabilities	-	143,123	143,123
Other liabilities	338,288	-	338,288
Total Liabilities	18,880,837	3,610,423	22,491,260
Net	(490,762)	13,746,472	13,255,710

37. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 2,814,500 as of December 31, 2016 (JD 2,980,099 as of December 31, 2015). In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the claims provision shall arise.

38. Contingent Liabilities

As of the date of the statement of financial position, the Company was contingently liable for the following:

- Bank guarantees of JD 511,349 with cash collaterals of JD 51,135.
- Bank guarantees of JD 18,402 with cash collaterals of JD 18,402.

39. 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.

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

	December 31,	
	2016	2015
	JD	JD
Statement of Financial Position Items:		
Accounts receivable:		
Jordan Projects for Tourism Development *	110,178	200,082
Jordan Paper and Cardboard Company *	388,131	312,908
Orient Insurance Agency *	-	310,343
Modern Arab Distribution Company Ltd *	164,719	-
Yousef Nader & Sons Company *	71,256	-
Specialized Logistics Services Company	67,509	-
General Investment Company *	45,243	78,393
Abu Jaber Brothers Company *	293,830	174,444
Board of Directors and Shareholders Receivables	30,909	32,791
Communication Development Company *	9,864	13,387
Al Taem AL Fakher for Trading Company *	10,857	-
Al-Yadouda Trading Company *	2,214	-
	1,194,710	1,122,348
Checks under Collection:		
Jordan Projects for Tourism Development Company *	600,000	750,000
General Investments Company *	60,150	-
Jordan Paper and Cardboard Company *	-	40,000
Orient Insurance Company *	223,155	307,989
Communication Development Company *	6,000	8,000
	889,305	1,105,989
Other Assets:		
Trans Jordan for Information Technology and Development Company – Down payment of purchasing intangible assets	120,000	42,000
Accounts Payable:		
Abu Jaber Brothers Company *	-	200,000
Orient Insurance Agency	10,080	-
Jordan Projects for Tourism Development	9,792	-
	19,872	200,000

* The Company is partially owned by a member of the Board of Directors. During the subsequent period, a letter was received from Abu Jaber Brothers Company to transfer the credit balance of JD 200 thousand as of the year-end 2015 for payment of part of the amount due to Orient Insurance Agency.

	For the Year Ended December 31,	
	2016	2015
Income Statement Items:	JD	JD
Revenues and commissions on underwritten installments	1,181,237	822,021
Compensation paid	506,649	288,454
Rental income (Note 26)	174,416	78,236
Proceeds on the disposal of investments property*	359,982	-

* The Company sold one of the new building floors to a related party (General Investments Company) on February 19, 2013. Transfer of ownership title procedures were completed at the competent department on August 3, 2016. Consequently, gains on the sale transaction were recognized according to the signed agreement. Moreover, the cost of the building was allocated based on the actual cost, and gains, representing the difference between the land carrying amount and its market value, were recognized in proportion to the sold area. The sale resulted in gains of JD 359,982.

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

	For the Year Ended December 31,	
	2016	2015
Description	JD	JD
Salaries and other benefits	523,825	502,530

40.Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets / Financial Liabilities	Fair Value December 31, 2016	Fair Value December 31, 2015	The Level of Fair Value	Valuation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
	JD	JD				
Financial Assets at Fair Value Through Income Statement						
Shares without market prices *	-	-	Level Two	Owners' equity	Not Applicable	Not Applicable
Shares with available market prices	395,750	389,009	Level One	Stated Rates in financial markets	Not Applicable	Not Applicable
	395,750	389,009				
Financial Assets at Fair Value through statement of Comprehensive Income						
Shares without market prices *	195,759	1,039,349	Level Two	Owners' equity	Not Applicable	Not Applicable
Shares with available market prices	4,993,795	4,047,037	Level One	Stated Rates in financial markets	Not Applicable	Not Applicable
	5,189,554	5,086,386				

* The investment in Arab Re-insurance Company - Lebanon has been reclassified within financial assets at fair value through other comprehensive income.

B -The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the Company's financial statements approximate their fair value. The carrying value of the below items is equivalent to their fair value. This is due to either their short-term maturity or repricing of their interest rates during the year.

	December 31, 2016		December 31, 2015		The Level of Fair Value
	Book value	Fair Value	Book value	Fair Value	
Financial Assets of non-specified Fair Value	JD	JD	JD	JD	
Deposits at Banks	10,580,876	10,770,492	10,163,469	10,262,817	Level Two
Investments Properties	4,231,687	6,618,771	4,732,613	5,315,940	Level Two
Total Financial Assets of non-specified Fair Value	14,812,563	17,389,263	14,536,082	15,578,757	

The fair value for the financial assets for the level 2 and level 3 were determined in accordance to agreed pricing models, which reflect the credit risk of the parties dealt with.

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

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

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

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

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

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

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. 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.	January 1, 2018
Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018
IFRS 15 *Revenue from Contracts with Customers* In May 2015, 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.	January 1, 2018

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.

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 and investor to its associate or joint venture.	Effective date deferred indefinitely

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

42. Distributed Profits and Proposed Dividends

- In its ordinary meeting held on April 21, 2016, the General Assembly decided to approve the Board of Directors' recommendation to distribute 15% of the nominal value of the shares – i.e. equivalent to JD 1,200,000 as profits to shareholders for the year 2015.

- The Board of Directors recommended the General Assembly, on February 16, 2017, the distribution of 10% of the nominal value of the shares – i.e. equivalent to JD 800,000 as profits to the shareholders for the year 2016.