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To: M/S. Amman Stock Exchange

السادة بورصة عمان

Subject: Annual Report for the fiscal Year Ended on
31/12/2016

الموضوع : التقرير السنوي للسنة المنتهية في 2016/12/31

Attached the Annual Report of Jerusalem
Insurance Company for the fiscal year ended on
31/12/2016

مرفق طيه نسخة من التقرير السنوي لشركة القدس
للتأمين المساهمة المحدودة عن السنة المالية المنتهية في
2016/12/31 باللغة الانجليزية

Kindly accept our high appreciation and
respect

وتفضلوا بقبول فائق الاحترام،،،

Jerusalem Insurance Company

شركة القدس للتأمين المساهمة المحدودة

General Manager

Imad Morrar

المدير العام

عماد مرار

شركة القدس للتأمين المساهمة المحدودة
الدفتر الإداري والمالي
الديوان
١٥ أيار ٢٠١٧
الرقم التسلسلي: ٩٠٩٢
رقم الملف: ٢١٠٠٠
الجهة المختصة: الإدارة العامة

Jerusalem Insurance Company
Public Shareholding Company

Consolidated Financial Statements as at 31 December 2016
Together With
Independent Auditor's Report

Arab Professionals
(Member Firm within Grant Thornton International Ltd.)

**Jerusalem Insurance Company
Public Shareholding Company**

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INDEPENDENT AUDITOR'S REPORT

**To The Shareholders of
Jerusalem Insurance Company PLC
Public Shareholding Company
Amman - Jordan**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jerusalem Insurance Company (PLC), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Receivables

Included in the accompanying consolidated financial statements at the end of the year 2016 accounts receivables and reinsurance receivables totaling JOD (4,406,379).

As the provision of the doubtful portion of these receivables is dependent on the management's estimates of the timing and value of the amounts expected to be collected, the adequacy of the doubtful accounts provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision of doubtful accounts and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

Deferred Tax Assets

Included in the accompanying consolidated financial statements at the end of the year 2016 deferred tax assets totaling JOD (978,801).

As the expected benefits of these assets is primarily dependent on the Company's ability to generate adequate future profits, and since forecasting future profits is based on the Company's assumptions and estimates, determining the future benefits of the deferred tax assets is considered a key audit matter. The audit procedures performed by us to address this key audit matter included discussing the recoverability of the deferred tax assets with the Company's tax advisors and testing of the Company's budgeting procedures upon which the forecasts are based. We have also considered the appropriateness of its calculation and disclosure in the consolidated financial statements.

Provision for Unearned Premiums and Outstanding Claims

Included in the accompanying consolidated financial statements at the end of the year 2016 provision for unearned premiums totaling JOD (10,456,857) and provision for outstanding claims totaling JOD (350,000). As the calculation of these provisions is dependent on several assumptions and estimates, the assessment of its adequacy is considered a key audit matter. The audit procedures performed by us to address this key audit matter included challenging the appropriateness of the estimates and assumptions used by management to determine these provisions. Our challenge was based on the assessment of the historical accuracy of the Company's estimates on previous periods, identification and analysis of changes in assumptions from prior periods and an assessment of the consistency of assumptions. We have also obtained formal confirmation from the Company's external Actuary regarding the adequacy of these provisions.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Director's report, and we recommend the general assembly to approve it.

18 February 2017
Amman - Jordan



Ibrahim Hammoudeh
(License No. 606)

Arab Professionals



Arab Professionals
Grant Thornton

Jerusalem Insurance Company
Public Shareholding Company
Consolidated Statement of Financial Position as at 31 December 2016

(In Jordanian Dinar)

	Notes	2016	2015
Assets			
Investments			
Bank deposits	3	23,850,360	24,470,453
Financial assets measured at fair value through profit or loss	4	971,108	674,245
Financial assets at amortized cost	5	1,042,320	187,320
Investment property	6	954,556	955,088
Loans for life insurance policies holders and others	7	99,941	79,102
Total Investments		<u>26,918,285</u>	<u>26,366,208</u>
 Cash on hand and at banks	8	152,457	393,614
Checks under collection	9	704,554	847,569
Accounts receivable - net	10	3,812,826	2,571,260
Reinsurers receivables	11	593,553	581,422
Deferred tax	12	978,801	867,921
Property and equipment	13	1,132,812	829,460
Other assets	14	381,722	403,187
Total Assets		<u>34,675,010</u>	<u>32,860,641</u>
 Liabilities and Equity			
Liabilities			
Unearned premium reserve - net		6,695,575	6,116,285
Outstanding claims reserve - net		10,456,857	9,492,538
Actuarial reserve - net	15	350,000	400,000
Total Technical Reserves		<u>17,502,432</u>	<u>16,008,823</u>
 Accounts payable	16	1,458,820	1,349,090
Accrued expenses		18,864	14,076
Reinsurers payables	17	1,726,271	1,139,223
Other provisions	18	236,568	211,568
Income tax provision	12	83,028	203,981
Other liabilities	19	202,810	148,523
Total Liabilities		<u>21,228,793</u>	<u>19,075,284</u>
 Equity			
Paid - in capital	20	8,000,000	8,000,000
Statutory reserve	21	2,089,651	2,089,651
Voluntary reserve	21	1,668,538	1,668,538
Retained earnings	22	1,686,115	2,025,284
Total Shareholders Equity		<u>13,444,304</u>	<u>13,783,473</u>
Non-controlling interest	23	1,913	1,884
Total Equity		<u>13,446,217</u>	<u>13,785,357</u>
Total Liabilities and Equity		<u>34,675,010</u>	<u>32,860,641</u>

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Consolidated Statement of Profit or Loss for the Year Ended 31 December 2016
(In Jordanian Dinar)

	Notes	2016	2015
Revenues			
Gross written premiums		16,783,937	16,093,290
Less: Reinsurers' share		2,602,596	2,286,883
Net written premiums		14,181,341	13,806,407
Net change in unearned premiums reserve		(579,290)	(250,875)
Net change in actuarial reserve		50,000	-
Net earned premiums		13,652,051	13,555,532
Commissions received		815,866	1,087,796
Insurance policies issuance fees		462,072	457,491
Interest income	25	1,032,560	1,204,674
Gain from financial assets and investments, net	26	145,818	67,284
Other revenues	27	76,695	64,371
Total Revenues		16,185,062	16,437,148
Claims, losses and expenses			
Paid claims		13,713,618	11,066,297
Liquidated insurance policies		-	12,907
Less : Recoveries		1,216,864	895,465
Less : Reinsurers' share		1,987,363	757,698
Net paid claims		10,509,391	9,426,041
Net change in claims reserves		964,319	1,301,400
Allocated employees' expenses	28	1,596,916	1,885,139
Allocated administrative expenses	29	654,503	667,942
Excess of loss premiums		403,995	296,041
Policies acquisition costs		931,915	1,021,117
Net Claims		15,061,039	14,597,680
Unallocated employees expenses	28	220,057	217,991
Depreciation	6-13	54,960	65,031
Unallocated administrative expenses	29	88,008	99,985
Provision for doubtful debts	10-11	87,000	50,000
Other expenses	30	70,000	45,000
Total Expenses		15,581,064	15,075,687
Profit for the year before tax		603,998	1,361,461
Income tax expense	12	(143,138)	(324,105)
Profit for the year		460,860	1,037,356
Attributable :			
Owners of the parent	22	460,831	1,037,308
Non-controlling interests	23	29	48
Basic and diluted earnings per share	31	0.058	0.130

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2016

(In Jordanian Dinar)

	2016	2015
Profit for the year	460,860	1,037,356
Total comprehensive income for the year	460,860	1,037,356
Attributable:		
Owners of the parent	460,831	1,037,308
Non-controlling interests	29	48
	460,860	1,037,356

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016
(In Jordanian Dinar)

	Paid - In Capital	Reserves		Retained *	Total Shareholders Equity	Non-Controlling Interest	Total Equity
		Statutory	Voluntary	Earnings			
Balance at 1 January 2016	8,000,000	2,089,651	1,668,538	2,025,284	13,783,473	1,884	13,785,357
Total comprehensive income for the year	-	-	-	460,831	460,831	29	460,860
Paid dividends	-	-	-	(800,000)	(800,000)	-	(800,000)
Balance at 31 December 2016	8,000,000	2,089,651	1,668,538	1,686,115	13,444,304	1,913	13,446,217
Balance at 1 January 2015	8,000,000	2,089,651	1,598,443	1,938,071	13,626,165	1,836	13,628,001
Total comprehensive income for the year	-	-	-	1,037,308	1,037,308	48	1,037,356
Transfer to reserves	-	-	70,095	(70,095)	-	-	-
Paid dividends	-	-	-	(880,000)	(880,000)	-	(880,000)
Balance at 31 December 2015	8,000,000	2,089,651	1,668,538	2,025,284	13,783,473	1,884	13,785,357

* The retained earnings as at 31 December 2016 include an amount of JOD (978,801) restricted against deferred tax assets.

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Consolidated Statement of Cash Flows for the Year Ended 31 December 2016
(In Jordanian Dinar)

	2016	2015
Operating activities		
Profit before tax	603,998	1,361,461
Depreciation	54,960	65,031
Net change in unearned premium reserves	579,290	250,875
Net change in claims reserves	964,319	1,301,400
Net change in actuarial reserve	(50,000)	-
Provision for doubtful debts	87,000	50,000
Lawsuit provision	25,000	-
Change in fair value	26,052	(720)
Loss (gain) from sale of properties	11,304	(14,843)
Changes In working capital		
Checks under collection	143,015	358,609
Accounts receivable	(1,328,566)	(225,745)
Reinsurers receivables	(12,131)	(71,016)
Other assets	21,465	292,367
Financial assets measured at fair value through profit or loss	(322,915)	(276,084)
Accounts payable	109,730	155,703
Reinsurers payables	587,048	(18,802)
Accrued expenses	4,788	(1,300)
Other provisions	-	(138,665)
Other liabilities	54,287	18,688
Paid income tax	(374,971)	(676,350)
Net cash flows from operating activities	<u>1,183,673</u>	<u>2,430,609</u>
Investing activities		
Bank deposits	534,645	(1,222,180)
Financial asset measured at amortized cost	(855,000)	(21,240)
Loans for life insurance policies holders and others	(20,839)	16,669
Property and equipment	(369,084)	(1,952)
Net cash flows used in investing activities	<u>(710,278)</u>	<u>(1,228,703)</u>
Net cash flows used in financing activities		
Paid dividends	(800,000)	(880,000)
Net change in cash and cash equivalents	(326,605)	321,906
Cash and cash equivalents, beginning of year	736,832	414,926
Cash and cash equivalents, end of year	<u>410,227</u>	<u>736,832</u>

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"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Statement of Underwriting Revenues for the Life Insurance for the Year Ended 31 December 2016
(In Jordanian Dinar)

	2016	2015
Written premiums		
Direct insurance	65,425	85,467
Reinsurance inward business	8,341	15,361
Total premiums	73,766	100,828
Less:		
Local reinsurance share	-	21,843
Foreign reinsurance share	35,966	33,918
Net premiums	37,800	45,067
Add:		
Balance at beginning of the year		
Unearned premiums reserve	14,259	15,361
Less : reinsurers' share	9,654	10,688
Net unearned premiums reserve at beginning of the year	4,605	4,673
Actuarial reserves, at beginning of the year	400,000	400,000
Less:		
Balance at ending of the year		
Unearned premiums reserve	16,140	14,259
Less: reinsurers' share	11,174	9,654
Net unearned premiums reserve at the end of the year	4,966	4,605
Actuarial reserves, at end of the year	350,000	400,000
Net earned revenues from written premiums	87,439	45,135

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Statement of Cost of Claims Cost for the Life Insurance for the Year Ended 31 December 2016
(In Jordanian Dinar)

	2016	2015
Paid claims	9,476	46,697
Liquidation of policies	-	12,907
Less:		
Local reinsurers' share	-	15,064
Net paid claims	9,476	44,540
Add:		
Outstanding claims reserve at end of the year		
Reported claims	309,258	313,125
Incurred but not reported claims	10,000	10,000
Less : reinsurers' share	90,641	90,641
Net outstanding claims reserve at end of the year	228,617	232,484
Less		
Outstanding claims reserve at beginning of the year		
Reported	313,125	373,908
Incurred but not reported claims	10,000	10,000
Less : reinsurers' share	90,641	125,083
Net outstanding claims reserve at beginning of the year	232,484	258,825
Net claims cost	5,609	18,199

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Statement of Underwriting Profits for the Life Insurance for the Year Ended 31 December 2016
(In Jordanian Dinar)

	<u>2016</u>	<u>2015</u>
Net earned revenues from written premiums	87,439	45,135
Less:		
Net claims cost	5,609	18,199
Add:		
Commissions received	388	4,382
Insurance policies issuance fees	<u>3,957</u>	<u>5,355</u>
Total revenues	<u>86,175</u>	<u>36,673</u>
Less:		
Policies acquisition costs	19	-
Allocated administrative expenses	<u>12,815</u>	<u>22,942</u>
Total expenses	<u>12,834</u>	<u>22,942</u>
Underwriting profit	<u>73,341</u>	<u>13,731</u>

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Statement of Underwriting Revenues for the General Insurance for the Year Ended 31 December 2016
(In Jordanian Dinar)

	Motors		Marine		Fire and other property damage		Liability		Medical		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Written Premiums:														
Direct insurance	11,961,672	11,890,215	1,125,203	1,270,333	1,199,365	846,500	157,073	54,256	1,619,532	1,528,337	76,593	45,774	16,139,438	15,635,415
Facultative inward reinsurance	365,007	35,539	-	-	204,737	320,451	989	1,057	-	-	-	-	570,733	357,047
Total Premiums	12,326,679	11,925,754	1,125,203	1,270,333	1,404,102	1,166,951	158,062	55,313	1,619,532	1,528,337	76,593	45,774	16,710,171	15,992,462
Less:														
Local reinsurance share	206,323	114,229	3,254	-	85,651	25,026	14,929	14,929	-	-	-	-	310,157	154,184
Foreign reinsurance share	-	-	872,113	963,698	1,257,079	1,082,793	96,415	7,076	-	-	30,866	23,371	2,256,473	2,076,938
Net written premiums	12,120,356	11,811,525	249,836	306,635	61,372	59,132	46,718	33,308	1,619,532	1,528,337	45,727	22,403	14,143,541	13,761,340
Add:														
Balance at beginning of the year														
Unearned premiums reserve	5,882,218	5,605,543	266,925	414,862	509,320	468,820	15,919	18,598	125,647	129,496	1,446	23,287	6,801,475	6,660,606
Less: reinsurers' share	-	-	200,418	331,962	481,258	441,606	6,847	8,583	-	-	1,272	17,718	689,795	799,869
Net unearned premiums reserve at the beginning of the year	5,882,218	5,605,543	66,507	82,900	28,062	27,214	9,072	10,015	125,647	129,496	174	5,569	6,111,680	5,860,737
Less:														
Balance at end of the year														
Unearned premiums reserve	6,363,152	5,882,218	259,600	266,925	674,470	509,320	70,062	15,919	220,228	125,647	16,276	1,446	7,603,788	6,801,475
Less: reinsurers' share	-	-	198,396	200,418	646,133	481,258	56,257	6,847	-	-	12,393	1,272	913,179	689,795
Net unearned premiums reserve at end of the year	6,363,152	5,882,218	61,204	66,507	28,337	28,062	13,805	9,072	220,228	125,647	3,883	174	6,690,609	6,111,680
Net earned revenues from written premiums	11,639,422	11,534,850	255,139	323,028	61,097	58,284	41,985	34,251	1,524,951	1,532,186	42,018	27,798	13,564,612	13,510,397

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Statement of Claims Cost for the General Insurance for the Year Ended 31 December 2016
(In Jordanian Dinar)

	Motors		Marine		Fire and other property damage		Liability		Medical		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Paid claims	10,335,317	9,185,456	167,443	545,368	1,910,909	153,422	55,156	4,112	1,230,829	1,126,975	4,488	4,267	13,704,142	11,019,600
Less:														
Recoveries	1,031,883	807,244	183,029	23,243	1,952	64,978	-	-	-	-	-	-	1,216,864	895,465
Local reinsurance share	15,313	153,540	-	-	163,425	-	-	-	-	-	-	-	178,738	153,540
Foreign reinsurance share	184,449	55,984	(36,510)	448,530	1,657,041	80,438	-	-	-	-	3,645	4,142	1,808,625	589,094
Net Paid Claims	9,103,672	8,168,688	20,924	73,595	88,491	8,006	55,156	4,112	1,230,829	1,126,975	843	125	10,499,915	9,381,501
Add:														
Outstanding claims reserve at end of the year														
Reported claims	7,742,281	6,858,313	108,943	133,268	1,022,190	1,453,704	15,565	60,265	255,143	358,223	29,776	29,776	9,173,898	8,893,549
Incurred but not reported claims	2,550,000	2,200,000	75,000	75,000	45,000	45,000	-	-	100,000	100,000	-	-	2,770,000	2,420,000
less: reinsurers' share	676,736	542,741	93,842	118,169	929,280	1,376,784	-	-	-	-	15,801	15,801	1,715,658	2,053,495
Net outstanding claims reserve at end of the year	9,615,545	8,515,572	90,101	90,099	137,910	121,920	15,565	60,265	355,143	458,223	13,976	13,975	10,228,240	9,260,054
Reported claims	7,065,545	6,315,572	15,101	15,099	92,910	76,920	15,565	60,265	255,143	358,223	13,976	13,975	7,458,240	6,840,054
Incurred but not reported claims	2,550,000	2,200,000	75,000	75,000	45,000	45,000	-	-	100,000	100,000	-	-	2,770,000	2,420,000
Less:														
Outstanding claims reserve at beginning of the year														
Reported claims	6,858,313	5,500,573	133,268	231,848	1,453,704	1,038,703	60,265	61,715	358,223	375,928	29,776	29,775	8,893,549	7,238,542
Incurred but not reported claims	2,200,000	2,050,000	75,000	75,000	45,000	45,000	-	-	100,000	100,000	-	-	2,420,000	2,270,000
Less: reinsurers' share	542,741	390,665	118,169	187,300	1,376,784	982,464	-	-	-	-	15,801	15,800	2,053,495	1,576,229
Net outstanding claims reserve at beginning of the year	8,515,572	7,159,908	90,099	119,548	121,920	101,239	60,265	61,715	458,223	475,928	13,975	13,975	9,260,054	7,932,313
Net claims cost	10,203,645	9,524,352	20,926	44,146	104,481	28,687	10,456	2,662	1,127,749	1,109,270	844	125	11,468,101	10,709,242

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Statement of Underwriting Profit (Loss) for the General Insurance for the Year Ended 31 December 2016
(In Jordanian Dinar)

	Motors		Marine		Fire and other property damage		Liability		Medical		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net earned revenues from written premiums	11,639,422	11,534,850	255,139	323,028	61,097	58,284	41,985	34,251	1,524,951	1,532,186	42,018	27,798	13,564,612	13,510,397
Less:														
Net claims cost	10,203,645	9,524,352	20,926	44,146	104,481	28,687	10,456	2,662	1,127,749	1,109,270	844	125	11,468,101	10,709,242
Add:														
Commissions received	13,716	9,921	414,669	619,956	356,819	448,743	28,471	2,937	-	-	1,803	1,857	815,478	1,083,414
Insurance policies issuance fees	303,212	313,254	21,305	26,377	27,022	19,175	6,942	1,192	97,172	91,824	2,462	314	458,115	452,136
Other revenues	18,874	15,697	63,628	22,773	-	5,261	-	-	5,497	5,797	-	-	87,999	49,528
Total revenue	1,771,579	2,349,370	733,815	947,988	340,457	502,776	66,942	35,718	499,871	520,537	45,439	29,844	3,458,103	4,386,233
Less:														
Policies acquisition costs	794,821	875,854	28,720	40,972	86,318	84,966	4,771	1,713	13,619	14,256	3,647	3,356	931,896	1,021,117
Excess of loss premiums	369,445	261,292	14,750	14,750	19,800	19,999	-	-	-	-	-	-	403,995	296,041
Allocated administrative expenses	1,515,267	1,556,373	194,963	301,274	200,447	274,766	31,998	38,257	282,579	349,031	13,350	10,438	2,238,604	2,530,139
Total expenses	2,679,533	2,693,519	238,433	356,996	306,565	379,731	36,769	39,970	296,198	363,287	16,997	13,794	3,574,495	3,847,297
Underwriting profit (loss)	(907,954)	(344,149)	495,382	590,992	33,892	123,045	30,173	(4,252)	203,673	157,250	28,442	16,050	(116,392)	538,936

"The attached notes from (1) to (42) are an integral part of these consolidated financial statements"

Jerusalem Insurance Company
Public Shareholding Company
Notes to the Consolidated Financial Statements
31 December 2016

(In Jordanian Dinar)

1. General

Jerusalem Insurance Company was established during 1975 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (93). The Company head office is in the Hashemite Kingdom of Jordan. The Company is engaged in insurance activity including accidents, fire, marine, transportation, motors, public liability and medical insurance.

The accompanying consolidated financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 18 February 2017 and it is subject to the General Assembly approval.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements have been prepared on a historical cost basis except for financial assets measured at fair value.

The financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year.

Principles of Consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiary where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiary are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiary are eliminated.

Subsidiary are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiary are consolidated in the statement of comprehensive income from the acquisition date which is the date on which control over subsidiary is transferred to the Company. The results of operation of the disposed subsidiary are consolidated in the comprehensive income to the disposal date which is the date on which the Company loses control over the subsidiary.

The following subsidiary has been consolidated:

Company	Capital	Ownership	Activity
Jerusalem for Vehicles Maintenance Company/ under liquidation	54,000	98.69%	No Activity

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2016. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

Standard No.	Title of Standards	Effective Date
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments)	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

Business Sector

The business sector represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which in measured based on the reports used by the top management of the Company.

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

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

- An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.
- A provision of doubtful debt is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- The financial year is charged with its related income tax in accordance with regulations.
- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the consolidated statement of comprehensive income.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to insurance commission regulation and filed actuarial studies.
- A provision on lawsuit against the Company is made based on the Company's lawyers' studies in which contingent risk is determined; review of such study is performed periodically.
- The management periodically reviews whether a financial asset or group of financial assets is impaired; if so this impairment is taken to the statement of profit or loss.

Recognition of financial assets

Financial assets and financial liabilities are recognized on the trading date which is the date that the entity commits itself to purchase or sell the financial assets.

Fair value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Financial Assets at Amortized Cost

They are the financial assets which the Company's management intends according to its business model to hold for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.

Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount are amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part therefore are deducted, and any impairment loss in its value is recorded in the statement of profit or loss.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

It is not allowed to reclassify any financial assets from / to this category except for certain cases specified in the International Financial Reporting Standards (in the case of selling any of these assets before its maturity date, the result should be recorded in a separate line item in the statement of profit or loss, disclosures should be made in accordance to the requirements of International Financial Reporting Standards).

Financial Assets at Fair Value through Statement of Profit or Loss

It is the financial assets held by the company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

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

Dividends and interests from these financial assets are recorded in the consolidated statement of profit or loss.

Impairments in Financial Assets Value

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the recoverable value is estimated in order to determine impairment loss.

Investment Properties

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use. Borrowing costs that are directly attributed to acquisition and construction of a property are included in the cost of that property.

Depreciation is charged on a straight-line basis at annual rate of (2%). The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the consolidated financial statement at cost. For the purposes of the consolidated statement of cash flow, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short - term highly liquid investments.

Reinsurers Accounts

Reinsurers shares of insurance premiums, paid claims, technical provisions, and all other rights and obligations resulting are calculated based on signed contracts between the Company and reinsurers are accounted for based on accrual basis.

Impairment in Reinsurance Assets

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contract, the Company has to reduce the present value of the contracts and record the impairment in the statement of income.

The impairment is recognized in the following cases only:

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

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

Pledged financial assets

Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, repledge). A periodic review is performed for those properties.

Intangible assets

Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets with finite lives are amortized over the useful economic lives, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset maybe impaired.

Internally generated intangible assets are not capitalized and are expensed in the statement of profit or loss.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of profit or loss.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Buildings	2%
Programs and Furniture	20-30%
Vehicles	15-30%
Others	24%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property plant and equipment.

Provisions

Provisions are recognized when the Company has an obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the preset obligation at the financial statements date, taking into account the risks and uncertainties surrounding the obligation where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

A. Technical Reserves

Technical reserves are provided for in accordance to the Insurance Commission's instructions, as follows:

1. Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws, regulations and instructions issued pursuant there to.
2. Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.
3. Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Company.
4. Provision for the unearned life insurance policies is measured and calculated based on the estimates and the experience of the company.
5. Actuarial reserves for life insurance premiums in accordance with laws regulations and Instructions.

B. Receivables Impairment

The receivables impairment is provided when there is objective evidence that the Company will not be able to collect all or part of the due amounts, and this allowance is calculated based on the difference between book value and recoverable amount. The allowance is measured after monitoring the receivables in details and all receivables aging one year and above is provided for provision.

C. End of service indemnity reserve

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

The paid amounts as end of service for resigned employees are debited to this account. The Company obligation for the end of service is recorded in the statement of profit or loss.

Liability adequacy test

At each statement of financial position date the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the deficiency is immediately recognized in the statement of profit or loss.

Income Tax

Income tax represents accrued and deferred income tax.

A. Accrued Income Tax

The accrued income tax expense is calculated based on taxable income. The taxable income differs from the actual income in the statement of profit or loss because the accounting income contains expenditures and revenues that are not tax deductible in the current year but in the preceding years or the accepted accumulated losses or any other not deductibles for tax purposes.

The taxes are calculated based on enacted tax rate which are stated by laws and regulation in the Hashemite Kingdom of Jordan.

B. Deferred Tax

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the financial statements and the value that is calculated on the basis of taxable profit.

Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to allow all or part of deferred tax asset to be utilized.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated financial statement when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Issuance or Purchase Insurance Company Shares

Any costs arise from issuance or purchase the insurance company share is recorded in the retained earnings account (Net of tax effect), if the purchase / issuance not completed and related expenses are charged to the statement of profit or loss.

Revenue Recognition

A. Insurance policies

Insurance premiums are recorded as revenues (earned premiums) based on the accrual periods and policy covering period. Unearned premiums are recorded according to insurance policy periods at the date of financial statements claims expenses are recognized in the statement of profit or loss based on the expected claim value to compensate other parties.

B. Dividend and interest revenue

The Dividends revenues are realized when the company has the right to receive the payment once declared by the general assembly of the company.

Interest revenues are recorded using the accrual basis based on the accrual periods, principle amount and interest rate.

C. Lease revenue

Lease revenue is recognized on a time proportion bases that reflects the effective yield on the lease agreement.

Expenditures recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the statement of profit or loss during the period it occurred in and all other expenditures are recognized using the accrual basis.

Insurance compensations

Insurance compensations represent paid claims during the year and change in outstanding claims reserve.

Insurance compensations payments during the year even for the current or prior years. Outstanding claims represent the highest estimated amount to settle the claims resulting from events occurring before the date of financial statements but not settled yet.

Outstanding claim reserve is recorded based on the best available information at the date of financial statements and includes the IBNR.

Recoverable scraped value

Recoverable scraped value is considered when recording the outstanding claim amount.

Administrative expenses

Administrative expenses are distributed to each insurance division separately. Moreover, 80% of the non distributable general and administrative expenses are allocated to different insurance departments based on the ratio of written premiums of the department to total premiums.

Employees' expenses

The traceable employees' expenses are allocated directly to insurance departments, and 80% of un-allocated employees expenses are allocated based on earned premiums per department to total premiums.

Insurance policy acquisition cost

Acquisition costs represent the cost incurred by the Company for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in statement of profit or loss.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the consolidated statement of comprehensive income.

3. Bank Deposits

	2016			2016	2015
	Deposits mature within (1) month	Deposits mature within (3) to (12) month	Deposits mature after (1) year	Total	Total
Inside Jordan	160,399	19,794,100	3,798,490	23,752,989	24,382,344
Outside Jordan	97,371	-	-	97,371	88,109
	<u>257,770</u>	<u>19,794,100</u>	<u>3,798,490</u>	<u>23,850,360</u>	<u>24,470,453</u>

- The annual interest rate on the deposits in Jordanian Dinar ranged between (1.75%) to (5.125%) and ranged between (1%) to (1.5%) for deposits in USD during the year 2016.
- Deposits pledged to the favor of the Secretary General of the Ministry of Trade and Industry at the Jordan Commercial Bank amounted to JOD (336,578) as at 31 December 2016 (2015: JOD 325,000).
- Restricted cash balances against bank guarantees amounted to JOD (15,252) as at 31 December 2016 (2015: JOD 15,153).

4. Financial Assets Measured at Fair Value through Profit or Loss

	2016	2015
<u>Inside Jordan:</u>		
Investments in quoted shares	579,582	281,094
Investments in unquoted shares	175,000	175,000
Total	<u>754,582</u>	<u>456,094</u>
	2016	2015
<u>Outside Jordan:</u>		
Investments in quoted shares	42,496	44,121
Investments in unquoted shares	174,030	174,030
Total	<u>216,526</u>	<u>218,151</u>
Grand total	<u>971,108</u>	<u>674,245</u>

5. Financial Assets Measured at Amortized Cost

	2016	2015
<u>Inside Jordan:</u>		
Governmental bonds	500,000	-
	2016	2015
<u>Outside Jordan:</u>		
Foreign companies bonds	542,320	187,320
Grand total	<u>1,042,320</u>	<u>187,320</u>

The annual interest rate on the bonds ranged between (3.3%) to (6.51%) with no maturity date.

6. Investment Properties

	2016	2015
Lands	940,911	940,911
Buildings	26,572	26,572
Accumulated depreciation	(12,927)	(12,395)
Net	<u>954,556</u>	<u>955,088</u>

The investment properties fair value was valued by real estate estimator at an amount of JOD (2,922,300) as at 31 December 2016 (2015: JOD 2,674,666)

7. Loans for Life Insurance Policies Holders and Others

	2016	2015
Loans to Companies and individuals without guarantees	<u>99,941</u>	<u>79,102</u>

Loans of Life Policy Holders mature as follows:

	Loans Maturity Date					Total
	From (1) to (3) month	From (3) to (6) month	From (6) to (9) month	From (9) to (12) month	More than a year	
Loans to companies and individuals without guarantees	<u>13,821</u>	<u>12,768</u>	<u>12,649</u>	<u>11,011</u>	<u>49,692</u>	<u>99,941</u>

8. Cash on Hand and at Banks

	2016	2015
Cash on hand	14,676	46,364
Current banks accounts	<u>137,781</u>	<u>347,250</u>
	<u>152,457</u>	<u>393,614</u>

9. Checks under Collection

	2016	2015
Checks under collection*	<u>704,554</u>	<u>847,569</u>

* Checks under collection maturity extended to 16 December 2017.

10. Accounts Receivable

	2016	2015
Policies holders	4,586,070	3,002,822
Agents receivable	118	24,159
Brokers receivable	5,748	587
Employee receivable	30,880	29,260
Others*	157,169	555,725
Total	4,779,985	3,612,553
Less: Provision for doubtful debts**	(967,159)	(1,041,293)
Net Accounts Receivable	3,812,826	2,571,260

* This item includes:

	2016	2015
Receivables against salvage cars not yet sold	136,300	218,200
Other receivables	20,869	337,525
	157,169	555,725

** Movements on provision for doubtful debts are as follows:

	2016	2015
Balance at beginning of the year	1,041,293	999,831
Additions	87,000	41,462
Write off	(160,000)	-
Transfers	(1,134)	-
Balance at end of the year	967,159	1,041,293

11. Reinsurers Receivables

	2016	2015
Local insurance companies	653,614	642,240
Foreign reinsurance companies	34,780	32,889
Provision for doubtful debts*	(94,841)	(93,707)
Net reinsurers receivables	593,553	581,422

* Movements on provision for doubtful debts are as follows:

	2016	2015
Balance at beginning of the year	93,707	85,169
Additions	-	8,538
Transfers	1,134	-
Balance at end of the year	94,841	93,707

12. Income Tax

A- Income tax provision

	2016	2015
Balance at beginning of the year	203,981	541,505
Paid income tax	(374,971)	(676,350)
Income tax expense for the year	254,018	338,826
Balance at end of the year	<u>83,028</u>	<u>203,981</u>

The income tax expense which appears in the statement of profit or loss represents the following:

	2016	2015
Income tax for the year	254,018	338,826
Deferred tax assets	(110,880)	(14,721)
	<u>143,138</u>	<u>324,105</u>

The following is the reconciliation between declared profit and taxable profit:

	2016	2015
Declared profit	603,998	1,361,461
Non taxable income	(33,642)	(149,686)
Non deductible expenses	488,052	200,000
Taxable profit	<u>1,058,408</u>	<u>1,411,775</u>
Effective tax rate	<u>42.1%</u>	<u>24.9%</u>
Statutory tax rate	<u>24%</u>	<u>24%</u>

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2015.
- The income tax provision for the year 2016 was calculated in accordance with the Income Tax Law.
- In the opinion of management and the tax consultant the income tax provision is calculated in accordance with the most recent enacted income tax law and it's adequate as at 31 December 2016.

B - Deferred tax assets

This item consists of the following:

	2016			2015	
	Beginning Balance	Disposals	Additions	Ending Balance	Deferred Tax
Deferred tax assets					
Provision for incurred but not reported claims	2,430,000	-	350,000	2,780,000	667,200
Provision for doubtful debts	975,000	-	87,000	1,062,000	254,880
Provision for end of service indemnity	211,336	-	-	211,336	50,721
Provision for lawsuits	-	-	25,000	25,000	6,000
	<u>3,616,336</u>	<u>-</u>	<u>462,000</u>	<u>4,078,336</u>	<u>978,801</u>

* Movements on deferred tax assets are as follows:

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
Deferred tax assets				
Beginning balance	867,921	-	853,200	-
Additions	110,880	-	14,721	-
Ending balance	<u>978,801</u>	<u>-</u>	<u>867,921</u>	<u>-</u>

The Deferred tax assets is calculated using (24%) tax rate according to the tax law, the company's management assure the collectability of these differed taxes assets in future.

13. Property and Equipment

	Lands	Buildings	Programs & Furniture	Vehicles	Others	Total
Cost						
Balance at 1/1/2016	505,836	706,396	187,044	91,502	8,476	1,499,254
Additions	-	-	358,174	55,000	-	413,174
Disposals	-	-	(1,381)	(74,500)	-	(75,881)
Balance at 31/12/2016	505,836	706,396	543,837	72,002	8,476	1,836,547
Accumulated depreciation						
Balance at 1/1/2016	-	506,731	132,685	30,378	-	669,794
Depreciation	-	16,797	27,457	10,174	-	54,428
Disposals	-	-	(1,187)	(19,300)	-	(20,487)
Balance at 31/12/2016	-	523,528	158,955	21,252	-	703,735
Net book value at 31/12/2016	505,836	182,868	384,882	50,750	8,476	1,132,812
Cost						
Balance at 1/1/2015	478,060	680,760	176,774	162,002	8,476	1,506,072
Additions	27,776	25,636	11,390	-	-	64,802
Disposals	-	-	(1,120)	(70,500)	-	(71,620)
Balance at 31/12/2015	505,836	706,396	187,044	91,502	8,476	1,499,254
Accumulated depreciation						
Balance at 1/1/2015	-	491,836	106,396	30,675	-	628,907
Depreciation	-	14,895	26,848	22,757	-	64,500
Disposals	-	-	(559)	(23,054)	-	(23,613)
Balance at 31/12/2015	-	506,731	132,685	30,378	-	669,794
Net book value at 31/12/2015	505,836	199,665	54,359	61,124	8,476	829,460

Property and equipment account include fully depreciated items amounting to JOD (28,101) as at 31 December 2016 (JOD 22,584 as at 31 December 2015).

14. Other Assets

	2016	2015
Accrued revenues	346,090	358,001
Prepaid expenses	6,262	9,447
Refundable deposits	6,046	6,046
Outstanding claims	-	6,026
Stationary and advertising materials	23,324	23,667
	381,722	403,187

15. Actuarial Reserve

	2016	2015
Actuarial Reserve	350,000	400,000

16. Accounts Payable

	2016	2015
Agents payables	185,885	179,956
Brokers payables	6,102	9,702
Employees payables	904	123
Other payables*	1,265,929	1,159,309
	<u>1,458,820</u>	<u>1,349,090</u>

* This item includes:

	2016	2015
Social security withholdings	23,006	20,289
Ministry of Finance withholdings	10,388	9,958
Sales tax withholdings	122,790	152,135
Undelivered compensation checks	606,236	619,908
Ministry of Industry and Trade withholdings	19,459	17,731
Unpaid compensations	483,289	338,527
Income tax withholdings	761	761
	<u>1,265,929</u>	<u>1,159,309</u>

17. Reinsurers Payables

	2016	2015
Local insurance companies	455,793	39,093
Foreign reinsurance companies	1,270,478	1,100,130
	<u>1,726,271</u>	<u>1,139,223</u>

18. Other Provisions

	2016	2015
Provision for employees' vacations	111,766	111,766
Provision for end of service indemnity	99,569	99,569
Lawsuits provision	25,000	-
Other	233	233
	<u>236,568</u>	<u>211,568</u>

The schedule below shows the movements on provisions:

	Beginning Balance	Additions	Disposals	Ending Balance
Provision for employees' vacations	111,766	-	-	111,766
Provision for end of service indemnity	99,569	-	-	99,569
Lawsuits provision	-	25,000	-	25,000
Other	233	-	-	233
	<u>211,568</u>	<u>25,000</u>	<u>-</u>	<u>236,568</u>

19. Other Liabilities

	2016	2015
Shareholders' withholdings	84,497	78,824
Outstanding claims	52,812	-
Board of Directors remuneration	45,000	45,000
Unearned revenues	17,750	17,700
Agents' withholdings	2,000	2,000
Other	751	4,999
	<u>202,810</u>	<u>148,523</u>

20. Paid- in Capital

The Company's authorized and paid- in capital is JOD (8) Million divided equally into (8) Million shares with par value of JOD (1) each as at 31 December 2016 and 2015.

21. Reserves

Statutory reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

22. Retained Earnings

	2016	2015
Balance at beginning of the year	2,025,284	1,938,071
Profit for the year	460,831	1,037,308
Cash dividends	(800,000)	(880,000)
Deducted reserves	-	(70,095)
Balance at end of the year	<u>1,686,115</u>	<u>2,025,284</u>

23. Non-Controlling Interest

Company	Ownership	Capital	Statutory reserve	Retained earnings	Profit for the year	Total equity	Non-Controlling Interests		Share of (NCI) from profit	
							2016	2015	2016	2015
Jerusalem for Vehicle Maintenance	98.69%	54,000	54,000	35,604	2,249	145,853	1,913	1,884	29	48

24. Proposed Dividends to Shareholders

The General Assembly has resolved in its meeting held during 2016 to distribute (8%) of the Company's capital as cash dividends to the shareholders.

The Board of Director will propose to the General Assembly in its meeting which will be held during 2017 to distribute 8% of the Company's capital as cash dividends to shareholders.

25. Interest Income

	2016	2015
Interest on time deposits	1,001,763	1,190,243
Interest from financial assets measured at amortized cost	25,845	8,501
Interest on loans	4,952	5,930
	<u>1,032,560</u>	<u>1,204,674</u>

26. Gain from Financial Assets and Investments

	2016	2015
Cash dividends (financial assets at fair value through profit or loss)	49,456	1,420
Gain from sale of financial assets	51,614	12,715
Net change in fair value of financial assets measured at fair value	(26,052)	720
Rent revenues	70,800	52,429
	<u>145,818</u>	<u>67,284</u>

27. Other Revenues

	2016	2015
Recoveries fees	87,999	49,528
(Loss) gain from sale of property and equipment	(11,304)	14,843
	<u>76,695</u>	<u>64,371</u>
Amounts transferred to the underwriting accounts	87,999	49,528
Amounts transferred to the statement of profit or loss	(11,304)	14,843

28. Employees Expenses

	2016	2015
Salaries and bonuses	1,540,752	1,827,578
End of service indemnity	8,039	-
Company's share in social security	145,995	144,113
Medical expenses	75,295	78,617
Training	7,542	3,473
Travel and transportation	18,138	28,407
Employees' insurance	21,212	20,942
	<u>1,816,973</u>	<u>2,103,130</u>
Allocated employees expenses to underwriting accounts	1,596,916	1,885,139
Unallocated employees expenses to underwriting accounts	220,057	217,991
	<u>1,816,973</u>	<u>2,103,130</u>

- Employee expenses which related to technical departments are allocated over the revenues and expenses of each department.
- 80% of the Management and other departments' expenses are allocated over the technical department premiums.

29. Administrative Expenses

	2016	2015
Insurance Commission fees	142,816	179,295
Governmental fees	90,397	78,061
Stationery and printing	60,551	52,069
Sales tax expense	52,008	12,447
Water, electricity and heating	51,950	48,965
Production and inspection	43,225	18,082
Advertisements	39,562	28,415
Others	29,771	27,369
Maintenance	27,394	12,030
Board of Directors transportation fees	27,000	36,000
Cleaning	26,195	26,074
Consultancy fees	24,025	22,810
Postage and telecommunications	23,267	20,504
Bank charges	18,735	10,488
Hospitality	17,131	40,190
Audit fees	13,750	13,350
Security	9,763	9,297
Rent	7,226	7,794
Tuition grants	6,593	-
Donations	6,055	2,7030
Legal fees and expenses	5,750	68,035
Vehicles expense	5,300	5,568
Insurance	3,382	7,353
BOD secretary fees	3,000	3,000
Subscriptions	2,759	4,559
Tenders expenses	2,471	1,419
Cards fees	1,500	3,000
Newspapers	100	267
Medical tests	816	650
Bank interest	19	223
Prior years expenses	-	3,583
	<u>742,511</u>	<u>767,927</u>
Allocated administrative expenses to the underwriting accounts	654,503	667,942
Unallocated administrative expense to the underwriting accounts	88,008	99,985
	<u>742,511</u>	<u>767,927</u>

30. Other Expenses

	2016	2015
Board of Directors' remunerations	45,000	45,000
Lawsuits provision	25,000	-
	<u>70,000</u>	<u>45,000</u>

31. Basic and Diluted Earnings Per Share

	2016	2015
Profit for the year	460,831	1,037,308
Weighted average number of shares	8,000,000	8,000,000
	<u>0.058</u>	<u>0.130</u>

32. Cash and Cash Equivalents

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

	2016	2015
Cash on hands and at banks (Note 8)	152,457	393,614
Deposits at banks (Note 3)	257,770	343,218
	<u>410,227</u>	<u>736,832</u>

33. Related Party Transactions

- During the year, the Company engaged into transactions with major shareholders, board members and directors in the Company within the normal activities of business using insurance prices and commercial commission.
- All debts given to related parties are considered performing and no provision has been taken for them as at 31 December 2016.

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

	2016	2015
<u>Statement of Financial Position Items:</u>		
Accounts receivable	855,219	378,265
<u>Statement of Profit or Loss Items:</u>		
Written premiums	1,256,974	1,187,866
Paid claims	358,337	282,409

- The remunerations of key management (salaries, bonuses, and other benefits) are as follows:

	2016	2015
Salaries and bonuses	577,439	825,665
Travel expenses	2,090	3,130
	<u>579,529</u>	<u>828,795</u>

34. Fair Value of Financial Instruments not presented at Fair Value

There are no significant differences between the book value and fair value of the financial assets and financial liabilities not presented at fair value.

35. Risk Management

1. First: Descriptive Disclosures

The risk management policy considers one of the most important policies in which the Company had set for mitigating risk surrounded around it's activities in order to safeguard the Company's assets, shareholders equity and it's financial position.

Risk management process

The risk management process and its policy are mainly concerned with risk control by reducing the frequency of occurrence and reducing the expected losses on the other hand at the lowest possible cost. Therefore, the risk management responsibility is to discover the potential risks first and then analyze and classify these risks for the purpose of calculating the probability the risk and magnitude of the expected losses in the event of danger are examined in order to quantify the risk. Based on the above, the best and most effective means of coping with these risks were selected and their effects were reduced with a focus on the concept of reducing the costs associated with the risk.

2. Second: Quantitative Disclosures

A. Insurance Risk

1- Insurance Risk

Risks of any insurance policy represent the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve, the primary risks facing the Company are that incurred claims and the related payments may exceed the book value of the insurance obligations. This may happen if the probability and risk of claims are greater than expected. As insurance accidents are unstable and vary from one year to another, estimates may differ from the related statistics.

Studies have shown that the more similar the insurance policies are, the nearer the expectations are to the actual loss. Moreover, diversifying the types of insurance risks covered decreases the probability of the overall insurance loss.

The Company has developed its insurance placement plan to ensure that insurance risks are diversified and distributed to different types of insurance, thus reducing the losses that may result from insurance claims if a particular insurance category is focused.

The Company manages risk through an insurance subscription plan, adequate reinsurance coverage and efficient handling of claims. The IPO plan aims to diversify in terms of the quality of the insurance coverage, the expected loss, the type of activity, and the geographical location. The IPO plan also depends on the existence of certain limits when accepting the insurance in accordance with the appropriate choices of the Company.

2 - Claims Development

The schedules below show the actual claims (based on management's estimates at year - end) compared to the expectations for the past four years based on the year in which the accident occurred:

Motor The accident year	2012 JOD	2013 JOD	2014 JOD	2015 JOD	2016 JOD	Total JOD
At the end of the year	9,727,785	6,398,375	7,606,190	8,909,912	9,650,183	42,292,445
After one year	4,325,364	3,355,677	4,063,886	4,519,684	-	16,264,611
After two years	2,605,305	1,243,575	2,122,840	-	-	5,971,720
After three years	1,827,396	765,213	-	-	-	2,592,609
After four years	995,402	-	-	-	-	995,402
Present expectation for the accumulated claims	995,402	465,213	2,122,840	4,519,684	9,650,183	17,753,322
Accumulated payments	350,313	304,313	831,853	2,911,101	5,937,736	10,335,316
Liability as in the statement of financial position	669,364	460,900	1,290,987	1,608,583	3,712,447	7,742,281
Surplus in the preliminary estimate for reserve	8,732,383	5,933,162	5,483,350	4,390,228	-	24,539,123

Marine The accident year	2012 JOD	2013 JOD	2014 JOD	2015 JOD	2016 JOD	Total JOD
At the end of the year	6,096,511	579,617	468,738	483,867	109,929	7,738,662
After one year	6,220,436	695,879	502,528	515,270	-	7,934,113
After two years	6,222,484	620,360	504,259	-	-	7,347,103
After three years	6,227,134	620,415	-	-	-	6,847,549
After four years	6,227,134	-	-	-	-	6,227,134
Present expectation for the accumulated claims	6,227,134	620,415	504,259	515,270	109,929	7,977,007
Accumulated payments	6,178,543	620,322	467,389	506,986	94,824	7,868,064
Liability as in the statement of financial position	48,591	93	36,870	8,284	15,105	108,943
Deficit in the preliminary estimate for reserve	(130,623)	(40,798)	(35,521)	(31,403)	-	(238,345)

Fire and other property damage The accident year	2012 JOD	2013 JOD	2014 JOD	2015 JOD	2016 JOD	Total JOD
At the end of the year	5,700,682	579,968	101,891	692,572	1,393,760	8,468,873
After one year	5,988,238	636,103	130,132	551,334	-	7,305,807
After two years	5,999,071	617,631	132,469	-	-	6,749,171
After three years	5,892,267	597,363	-	-	-	6,489,630
After four years	6,139,897	-	-	-	-	6,139,897
Present expectation for the accumulated claims	6,139,897	597,363	132,469	551,334	1,393,760	8,814,823
Accumulated payments	5,541,161	591,648	112,334	545,839	1,001,651	7,792,633
Liability as in the statement of financial position	598,736	5,715	20,135	5,495	392,109	1,022,190
(Deficit) surplus in the preliminary estimate for reserve	(439,215)	(17,395)	(30,578)	141,238	-	(345,950)

Liability insurance The accident year	2012 JOD	2013 JOD	2014 JOD	2015 JOD	2016 JOD	Total JOD
At the end of the year	236,068	4,615	5,158	1,690	3,097	250,628
After one year	238,396	4,293	5,158	2,528	-	250,375
After two years	298,995	4,293	5,158	-	-	308,446
After three years	299,967	4,293	-	-	-	304,260
After four years	306,487	-	-	-	-	306,487
Present expectation for the accumulated claims	306,487	4,293	5,158	2,528	3,097	321,563
Accumulated payments	291,422	4,293	5,158	2,528	2,597	305,998
Liability as in the statement of financial position	15,065	-	-	-	500	15,565
(Deficit) surplus in the preliminary estimate for reserve	(70,419)	322	-	(838)	-	(70,935)

Personal insurance The accident year	2012 JOD	2013 JOD	2014 JOD	2015 JOD	2016 JOD	Total JOD
At the end of the year	902,980	33,318	27,042	10,037	7,250	980,627
After one year	1,359,720	-	-	-	-	1,359,720
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Present expectation for the accumulated claims	1,359,720	33,318	27,042	10,037	7,250	1,437,367
Accumulated payments	1,359,720	33,318	4,267	3,037	250	1,400,592
Liability as in the statement of financial position	-	-	-	22,776	7,000	29,776
Deficit in the preliminary estimate for reserve	(456,740)	-	-	-	-	(456,740)

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Life insurance	2012	2013	2014	2015	2016	Total
The accident year	JOD	JOD	JOD	JOD	JOD	JOD
At the end of the year	282,078	245,742	218,706	173,984	-	920,510
After one year	562,189	-	-	-	-	562,189
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Present expectation for the accumulated claims	562,189	245,742	218,706	173,984	-	1,200,621
Accumulated payments	368,383	67,772	52,792	800	-	489,747
Liability as in the statement of financial position	-	-	192,950	173,184	136,074	502,208
Deficit in the preliminary estimate for reserve	(280,111)	-	-	-	-	(280,111)

Medical	2012	2013	2014	2015	2016	Total
The accident year	JOD	JOD	JOD	JOD	JOD	JOD
At the end of the year	902,980	723,439	497,790	530,602	955,370	3,610,181
After one year	1,359,720	1,297,715	-	-	-	2,657,435
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Present expectation for the accumulated claims	1,359,720	1,297,715	497,790	530,602	955,370	4,641,197
Accumulated payments	1,359,720	1,297,715	497,790	492,332	738,497	4,386,054
Liability as in the statement of financial position	-	-	-	38,270	216,873	255,143
Deficit in the preliminary estimate for reserve	(456,740)	(574,276)	-	-	-	(1,031,016)

3- Insurance Risk Concentrations

Below are schedules demonstrate risk concentration based on insurance type:

At year ended 31 December 2016								
Insurance types	Motor In thousand dinar	Marine In thousand dinar	Fire In thousand dinar	Liability In thousand dinar	Medical In thousand dinar	Others In thousand dinar	Life In thousand dinar	Total
Gross	16,655	444	1,742	86	575	46	685	20,233
Net	15,979	151	166	29	575	18	584	17,502

At year ended 31 December 2015								
Insurance types	Motor In thousand dinar	Marine In thousand dinar	Fire In thousand dinar	Liability In thousand dinar	Medical In thousand dinar	Others In thousand dinar	Life In thousand dinar	Total
Gross	14,941	475	2,008	76	584	31	737	18,852
Net	14,398	157	150	69	584	14	637	16,009

Below are schedules demonstrate the distribution of the insurance contracts assets and liabilities based on risk concentration based on geographical area and sector:

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
A- According to geographical area:				
Inside Jordan	34,423,704	20,454,498	31,785,639	18,196,608
Other Middle East Countries	237,264	108,157	1,067,665	603,638
Europe	14,042	666,138	7,337	275,038
	34,675,010	21,228,793	32,860,641	19,075,284

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
B- According to sector:				
Public sector	1,478,801	70,446	872,247	266,539
Companies and corporations	32,503,086	20,735,581	31,318,053	18,560,729
Individuals	693,123	422,766	670,341	248,016
	34,675,010	21,228,793	32,860,641	19,075,284

4 - Reinsurance Risk

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

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

5 - Insurance Risk Sensitivity

The analysis of the insurance risk sensitivity was under the assumption of:

The table below shows the possible reasonable effect of the change in earned revenues from written premiums on the statement of profit or loss and equity keeping all other affecting variables fixed:

Insurance type	Change	Effects on the earned revenues from written premiums	Effects on the current year profit before tax	Effects on the equity*
Motor	10%	1,163,942	255,988	194,551
Marine	10%	25,514	520,896	395,881
Fire and other property damage	10%	6,110	40,002	30,401
Liabilities	10%	4,199	34,372	26,122
Medical	10%	152,495	356,168	270,688
Personal	10%	4,202	32,644	24,809
Life	10%	8,744	82,085	62,385

* Net after deducting income tax effect.

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

The table below shows the possible reasonable effects of the change in claims cost on the statement of profit or loss and equity keeping all other affecting variables fixed:

Insurance type	Change	Effects on the claims cost	Effects on the current year profit before tax	Effects on the equity*
Motor	10%	1,020,365	(1,928,319)	(1,465,522)
Marine	10%	2,093	493,289	374,900
Fire and other property damage	10%	10,448	23,444	17,817
Liabilities	10%	1,046	29,127	22,137
Medical	10%	112,775	90,898	69,083
Personal	10%	84	28,358	21,552
Life	10%	561	72,780	55,313

* Net after deducting income tax effect.

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

B- Financial Risks

The Company follows financial policies to manage several risks within a specified strategy. The Company's management observes and controls the risk and determines the most suitable strategic risk distribution procedures for each of the financial assets and liabilities. This risk includes interest rate risk, credit risk, foreign currency risk and market risk.

The Company follows a hedging policy for each of its assets and liabilities when required; the hedging policy is related to future expected risks.

1. Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices such as interest rates, currency prices and stock prices.

Interest Rate Risk

Interest rate risks relate to bank deposits. Moreover, the Company always aims to mitigate these risks through monitoring the changes in interest rates in the market, suitability of maturities between assets and liabilities and interest rate re-pricing gap. The interest rate on bank deposits ranged from (1.75%) to (5.125%) annually on Jordanian Dinar deposits, if interest rates had increased or decreased by 0.5% annually the net result for the year would have been reduced / increased by JOD (118,534) during 2016 (2015: JOD 121,665).

Foreign Currencies Risk

The foreign currencies risks are the risks relating to the change in the value of the financial instruments due to the change in the foreign currencies exchange rates. Moreover, the Jordanian Dinar is considered the Company's functional currency. The Board of Directors sets the limits for the financial position of each currency at the Company. Additionally, the foreign currencies positions are monitored daily. Strategies are adopted to ensure that the positions of foreign currencies are maintained within the approved limits.

Most of the Company's assets and liabilities are funded in Jordanian Dinar or US Dollar. The exchange rate of the US Dollar to Jordanian Dinar is fixed at (0.709) and the probability of this risk is very minimal.

The following is the net position of the Company's major foreign currencies:

Currency type	Foreign Currency		Equivalent in Jordanian dinar	
	2016	2015	2016	2015
US Dollar	137,142	124,097	97,371	88,109

Equity Price Risk

The equity price risk result from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year would be increased / reduced by JOD (62,208) during 2016 (2015: JOD 32,522).

2- Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The balance of the largest client amounted to JOD (378,778) for the year ended 2016 against JOD (230,246) for the year ended 2015.

3- Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated as they fall due. To limit this risk, management has arranged diversified funding sources, manages assets and liabilities, and monitors liquidity on a daily basis and maintains sufficient amount of cash and cash equivalents and quoted securities.

The Company applies a suitable system to manage its short and long term funding risk and maintains sufficient reserves through monitoring the expected cash flows and comparing the maturities of assets with to the maturities of liabilities and technical obligations.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

At year ended 31 December 2016								
	Less than month	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	More than 3 years	Without maturity	Total
Accounts payable	291,897	583,128	218,923	218,923	145,949	-	-	1,458,820
Reinsurers payables	-	517,881	345,254	496,183	366,953	-	-	1,726,271
Other payables	45,000	18,501	68,655	27,462	27,462	13,730	2,000	202,810
Total	336,897	1,119,510	632,832	742,568	540,364	13,730	2,000	3,387,901
Total Assets (According to it's expected maturity)	2,855,613	1,957,771	1,613,934	20,846,891	6,501,943	892,812	6,046	34,675,010

At year ended 31 December 2015								
	Less than month	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	More than 3 years	Without maturity	Total
Accounts payable	271,574	534,372	203,679	203,679	135,786	-	-	1,349,090
Reinsurers payables	-	341,767	-	712,014	85,442	-	-	1,139,223
Other payables	-	22,699	45,000	15,765	23,647	39,412	2,000	148,523
Total	271,574	898,838	248,679	931,458	244,875	39,412	2,000	2,636,836
Total Assets (According to it's expected maturity)	1,868,785	7,254,883	1,315,398	14,097,752	7,708,316	609,460	6,047	32,860,641

36. Analysis of Main Sectors

A- Background information on the Company business segments

For management purposes the Company measures its insurance segments to include general insurance sector which comprise of insurance on motor, marine, fire and property, Liability, medical and others and life insurance sector, the mentioned sectors also include investments and cash management for the Company account. The activities between the business sectors are performed based on commercial basis.

	2016	2015
Net revenues generated from general insurance activities	(116,392)	538,936
Net revenues generated from life insurance activities	73,341	13,731
Net revenues generated from investment	1,178,378	1,264,773
Other revenues	(11,304)	14,843
	<u>1,124,023</u>	<u>1,832,283</u>

B - Geographical distribution

The Company mainly operates in Jordan, which represents domestic operations. Also, the Company exercises international activities through its allies in the Middle East, Europe, Asia, America and the Far East, which represents international business.

The table below illustrates the distribution of revenues, assets and capital expenditure according to the geographical sectors.

	Inside Kingdom		Outside Kingdom		Total	
	2016	2015	2016	2015	2016	2015
Total revenues	16,091,821	16,362,856	16,546	9,921	16,108,367	16,372,777
Total assets	34,423,704	32,416,474	251,306	444,167	34,675,010	32,860,641
Capital expenditure	413,174	64,802	-	-	413,174	64,802

37. Management of Capital

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

- To adhere to the Company's minimum capital issued by the Insurance Law. Moreover, the Company's minimum capital prior to the enforcement of the law according to which it was licensed to practice general insurance in all of its branches, jointly and severally, is JD 4 million.
- To secure the continuity of the Company, and consequently, the Company's ability to provide the shareholders with good returns on capital.
- To make available the proper return to shareholders through pricing insurance policies in a manner compatible with the risks associated with those policies.
- To comply with the Insurance Commission Instructions associated with the solvency margin.
- The following table shows the summary of the Company's capital and the minimum required capital:

	2016	2015
Core capital		
Paid in Capital	8,000,000	8,000,000
Statutory reserve	2,089,651	2,089,651
Voluntary reserve	1,668,538	1,668,538
Retained earnings	1,686,115	2,025,284
Supplementary capital	1,967,744	1,719,578
Non-controlling interest	1,913	1,884
Total regulatory capital (A)	<u>15,413,961</u>	<u>15,504,935</u>
Total required capital (B)	<u>6,477,991</u>	<u>5,292,557</u>
Solvency margin (A) / (B)	<u>238%</u>	<u>293%</u>

38. Maturity Analysis of Assets and Liabilities:

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

2016	Up to one year	More than one year	Total
Assets			
Bank deposits	20,051,870	3,798,490	23,850,360
Financial assets at fair value through profit or loss	971,108	-	971,108
Financial assets measured at amortized cost	1,042,320	-	1,042,320
Investment properties	-	954,556	954,556
Loans for life insurance policies holders and others	50,249	49,692	99,941
Cash on hand and at banks	152,457	-	152,457
Checks under collection	704,554	-	704,554
Accounts receivable - net	3,509,843	302,983	3,812,826
Reinsurers receivables	356,132	237,421	593,553
Deferred tax	-	978,801	978,801
Property and equipment	60,000	1,072,812	1,132,812
Other assets	375,676	6,046	381,722
Total Assets	27,274,209	7,400,801	34,675,010
Liabilities			
Unearned premiums reserve - net	6,695,575	-	6,695,575
Outstanding claims reserve - net	10,456,857	-	10,456,857
Actuarial reserve - net	350,000	-	350,000
Accounts payable	1,312,871	145,949	1,458,820
Accrued expenses	18,864	-	18,864
Reinsurers payables	1,359,318	366,953	1,726,271
Other provisions	-	236,568	236,568
Income tax provision	83,028	-	83,028
Other liabilities	159,618	43,192	202,810
Total Liabilities	20,436,131	792,662	21,228,793
Net Assets	6,838,078	6,608,139	13,446,217

2015	Up to one year	More than one year	Total
Assets			
Bank deposits	19,280,883	5,189,570	24,470,453
Financial assets at fair value through profit or loss	674,245	-	674,245
Financial assets measured at amortized cost	187,320	-	187,320
Investment properties	-	955,088	955,088
Loans for life insurance policies holders and others	38,054	41,048	79,102
Cash on hand and at banks	393,614	-	393,614
Checks under collection	847,569	-	847,569
Accounts receivable - net	2,314,139	257,121	2,571,260
Reinsurers receivables	348,853	232,569	581,422
Deferred tax	-	867,921	867,921
Property and equipment	55,000	774,460	829,460
Other assets	397,141	6,046	403,187
Total Assets	24,536,818	8,323,823	32,860,641
Liabilities			
Unearned premiums reserve - net	6,116,285	-	6,116,285
Outstanding claims reserve - net	9,492,538	-	9,492,538
Actuarial reserve - net	400,000	-	400,000
Accounts payable	1,213,304	135,786	1,349,090
Accrued expenses	14,076	-	14,076
Reinsurers payables	1,053,781	85,442	1,139,223
Other provisions	-	211,568	211,568
Income tax provision	203,981	-	203,981
Other liabilities	107,111	41,412	148,523
Total Liabilities	18,601,076	474,208	19,075,284
Net Assets	5,935,742	7,849,615	13,785,357

39. Lawsuits against the Company

There are lawsuits filed against the Company amounting to JOD (1,606,047) pertaining motor accidents for which a full reserve has been taken against in the outstanding claims reserve, and other lawsuits filed against the Company amounting to JOD (500,564).

In the opinion of the Company's management and its lawyer, no obligations shall arise that exceeds the allocated amounts within the net claims reserve.

40. Contingent Liabilities

The Company has bank guarantees of JOD (65,108) as at 31 December 2016.

41. Subsequent events

No subsequent events have a material impact on the financial statement as at 31 December 2016.

42. Life Insurance Statement of Financial Position

	2016	2015
Assets		
Bank deposits	779,853	747,050
Total Investments	<u>779,853</u>	<u>747,050</u>
Cash at hands and at banks	14,622	22,890
Account receivable	799,802	508,156
Reinsurers receivable	19,103	18,672
Other assets	7,939	7,555
Property and equipment - net	806	841
Total Assets	<u>1,622,125</u>	<u>1,305,164</u>
Liabilities and Shareholders' Equity		
Technical reserves		
Unearned premium reserve	4,966	4,605
Outstanding claims reserve	228,617	232,484
Actuarial reserve	350,000	400,000
Total Technical Reserves	<u>583,583</u>	<u>637,089</u>
Accounts payable	1,993	18,199
Reinsurers payables	6,764	5,749
Headquarter current account	1,029,785	644,127
Total Liabilities	<u>1,622,125</u>	<u>1,305,164</u>