The 18th Annual Report 2015

For The Year Ended December 31, 2015

Arab Orient Insurance Company

(A Public Limited Shareholding Company)
Amman-Jordan

His Majesty King Abdullah II

Crown Prince Hussein Bin Abdullah II

Sheikh Sabah Al-Ahmad Al-Jaber Al- Sabah
Prince of Kuwait

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Board of Directors

Chairman
H.E Eng. Naser Lozi

Vice Chairman
Mr. Khaled Al Hasan
Representative of Gulf Insurance Company

Member
Mr. Alaa Al Zoheiry
Representative of Gulf Insurance Company

Member
Mr. Bijan Khosrochahi
Representative of Gulf Insurance Company

Member
Mr. Ebrahim Al Rayes
Representative of Gulf Insurance Company

Member
Mr. Jamal Hazaa

Member
Mr. Samir Abdelhadi Hammoudeh
Representative of Hammoudeh Group for Trade and Investment

CEO – Starting 1/1/2016
Mr. Mustafa Melhem

Deputy CEO – Secretary of Board of Directors
Mr. Khalil Khmous

Auditors
Messrs. Ernst & Young

A Letter from the Chairman

Dear Shareholders,

On behalf of the board of directors' members and my own self, I am glad to present to you the 18th annual report on the results and achievements of our company's activities in addition to the financial statements for the year ended 31/12/2015.

Year 2015, from the very beginning and just as the year before, was by all means an exceptional year given the events that have devastated the Arab Region in general. The events were expected by all individuals and countries on the same footing. The above events have directly affected all the financial and economic sectors, particularly the local insurance companies as the case in the rest of the countries in the Arab World. Therefore, we had to take various measures to eliminate as much as possible the negative impacts of such events by developing a work plan that takes into account all data and consequences.

Among the above negative effects on the economic situation was the scarcity of liquidity and absence of investment opportunities. This in particular has affected people in terms of their purchase power and priorities of their life concerns in the light of the unforeseen events for the Jordanian market. Undoubtedly, we may describe this year as the most difficult one within the recent ten years. We had to think aloud in an attempt to come up with applicable, creative, real and practical plans. By virtue of such plans we managed to pass the year with the least possible loss for the compulsory motor insurance and with the best possible results for the remaining insurance branches at the Jordanian market level with distinction.

The aforesaid crisis was accompanied by old economic problems, effects of which have dramatically exacerbated in 2015. The massive losses of the insurance sector during the year have reached their fullest extent threatening the insurance sector. However, the company had achieved a substantial growth in the net profits in most of the insurance branches, despite the allocation of further provision for doubtful debts of JD 1.075 due to the financial difficulties faced by the broker Siam for Insurance.

Notwithstanding the events 2015 had witnessed in terms of substantial challenges, however, that year also witnessed achievements. It is worth mentioning that the company had in the same year received a distinct rating at the local and regional level by the international rating firm "A.M. Best" by affirming the financial strength rating of (B++) as well as the credit rating of (bbb+) with stable outlook for both ratings.

Dear Shareholders,

The global reinsurance markets are still tight in terms of treaty renewal for 2016, and the reinsurance companies' strategy continues to focus on specialization for the sake of securing profitability. As well, they focus on the necessity for the technical profits side by side with the improvements of loss ratios to contribute in the performance of these companies due to the drop of returns on investment in international markets.

Despite the above tightening, the parent company has, for the sixth consecutive year, decided to organize a unified collective reinsurance agreement (Master Treaty) which included all subsidiaries and whereby it has gained better merits in terms of capacity of such agreements that have several times multiplied and managed to maintain high commission rates by reinsurers in addition to benefits in the conditions and exceptions. Therefore, the group strategy continues to improve quality and profitability of the assigned business. In 2016 Hannover Re. has assumed leadership of the Master Treaty. Hannover Re. is an international reinsurance company. The Treaty has involved more than 23 reinsurance companies of excellent rating in accordance with the instructions of the insurance commission in order to guarantee durability of this agreement.

Dear Shareholders,

In continuation of what had been the case in the past year, year 2015 had witnessed a sharp price competition, because most insurance companies had focused on the investment segment of the business more than the technical side. Given the recession of the stock market performance, most companies turned to the price competition being the best way to obtain business and to maintain the market share. However, notwithstanding the competition, we have managed to maintain high renewal rates of 83%.

On the other hand, the company has doubled its efforts on purpose to attract medium and large size accounts through concentration of efforts towards providing advanced programs to the market at suitable and handy prices and presenting outstanding services rapidly and accurately and through focusing on the general insurance premiums to make advantage of the major project insurance opportunities. It is envisaged that Jordan insurance market will witness some growth in the major projects such as Phosphate, Potash, Electricity and New Airport, where we have been following up and providing insurance to such major projects under the tangible Jordanian economy growth at all levels. The company has managed to continue in service of the largest insurance portfolio of companies in the Kingdom with a clientele of more than 2,300 companies. Furthermore, in the medical insurance field, we provide service to more than 296 thousand subscribers with first class medical insurance services. They represent more than 863 companies and corporations from various economic sectors. An integrated team of doctors, pharmacists and nurses counting more than 80 staff members provide the medical services to the above companies around the clock. The medical team is strongly supported by account managers who make more than 860 service and sales visits a week in order to guarantee rapid provision of best personal services and at all times.

The company shall continue committed to its service criteria. Such criteria are based on fast payment of claims, transparency in dealing with the clients and highest level of credibility and moral and technical commitment. It will continue so during 2016 with the clear objectives and strategy in connection with its orientation towards focusing on the individual products and programs which day by day prove to be the most profitable business, most stable and less affected by external factors. The company will continue upgrading and developing its IT system for more speed, accuracy, efficiency and discipline.

The company now adopts the electronic process systems and deals with the reinsurers and control authorities with extreme transparency through internet communication system, according to which such authorities can monitor our performance and review our business around the clock. Furthermore, today and through adoption of an outstanding IT system, our company is able to directly obtain profit and loss results and around the clock. Therefore, it can get its final financial statements immediately with the end of the last hours of the fiscal year. The system grants the company an opportunity for permanent control over its operational transactions. In terms of IT systems, trends of the company during 2016 will be based on developing its control systems and protection of its information and data. The company will try to promote its rating with "AM Best" in 2016. In short, the company will make every possible effort to maintain its position as the leading insurance company in the Jordanian market at all levels of underwriting, profitability and, most significantly, the maximization of the return on shareholders' equity.

Dear Shareholders,

We still believe that the great threat facing the insurance companies is the negative results of the compulsory insurance due to the civil liability arising from using the vehicles, while the insurance companies are not allowed to decide prices or select the risks in line with its underwriting policy. The continuation of this situation shall mean more exhaustion to the insurance sector unless prices of this branch of insurance are floated in a manner to balance between premium and risk. Currently, in coordination with the insurance commission, we are working on the way to the goal of price floatation during 2016.

Out of our commitment to provide the best insurance services in more creative way than our competitors do, we have launched during the first quarter of 2015 the first Insurance Café in the world located in Al Abdali Boulevard, a huge project which was insured by our company during the year 2014. We chose the name “Café” in line with the general ambience of the Boulevard that simulates the civilized modern touch enabling customers to enter into a relaxed atmosphere, where insurance can be purchased through the use of the e-insurance menu, which shows the prices, terms and conditions of the insurance products and all other details in a smooth and simplified way. The Café also contains an easily accessible electronic and paper library rich of insurance and technical details, where the client can have a cup of coffee while reading an insurance book or buying insurance services. Our sales teams there are ready to provide any advice, help and service the client might need. We believe that this idea is innovative and it will contribute to change the concept of insurance and the way how it is bought and marketed, we are also working to register this name as a trademark and as a patent, though this idea mimic a previous idea from decades ago which upon it the greatest and the oldest international insurance and reinsurance company Lloyd’s Syndicate was established, and the idea upon which this group stands “This Is How It All Started”.

Dear Shareholders,

With the same consistency and perseverance, our company once again has overtaken the target figures in terms of premiums and profits. The growth rate of the underwriting premiums reached 8.13%, and reached the figure JD 102.7 million to remain the largest company in the Kingdom in terms of its market share which was in 2015 more than 18%. On the other hand, the company has maintained its profitability rates where total technical profits before tax and provisions reached JD 5.67 million while the company assets grew to become JD 103 million.

In the light of the foregoing excellent results, the board of directors suggests that the Ordinary General Assembly distributes 7.5% of the company’s capital as cash dividends amounting to JD 1,607,868.

Chairman of the Board of Directors
Naser Ahmad Lozi

Board of Directors Report:

Dear Shareholders,

The results of the company's activities during 2015 have been as follows:

Insurance Premiums

Total insurance premiums during the year 2015 were JD102, 671,190 compared to JD 94,949,636 in 2014, with total increase of 8.13%, distributed as follows:

- Marine Insurance: Total marine insurance premiums during the year 2015 were JD 2,739,031 compared to JD 2,588,437 in 2014, with total increase of 5.82%.
- Fire Insurance: Total fire insurance premiums during the year 2015 reached JD 8,931,794 compared to JD 8,979,740 in 2014, with total decrease of 0.53%.
- Liability, Aviation and Other Insurance Branches: Total premiums of liability, aviation and other insurance branches during the year 2015 were JD 7,043,218 compared to JD 8,160,667 in 2014, with total decrease of 13.69%.
- Motor Insurance: Total motor insurance premiums during the year 2015 were JD 24,795,084 compared to JD 23,424,785 in 2014, with total increase of 5.85%.
- Medical Insurance: Total medical insurance premiums during the year 2015 were JD 59,162,063 compared to JD 51,796,007 in 2014, with total increase of 14.22%.

Insurance Claims

Total paid claims during the year 2015 were JD 71,758,998 compared to JD 70,717,236 in 2014, with total increase of 1.47% distributed as follows:

- Marine Insurance: Total marine paid claims during the year 2015 were JD 576,538 compared to JD 151,201 in 2014, with total increase of 281.31%.
- Fire Insurance: Total fire paid claims during the year 2015 were JD 5,317,718 compared to JD 6,445,275 in 2014, with total decrease of 17.49%.
- Liability, Aviation and Other Insurance Branches: Total paid claims for liability, aviation and other insurance branches during the year 2015 were JD 1,905,347 compared to JD 4,242,523 in 2014, with total decrease of 55.09%.
- Motor Insurance: Total motor paid claims during the year 2015 were JD 19,107,193 compared to JD 17,961,108 in 2014, with total increase of 6.38%.
- Medical Insurance: Total medical paid claims during the year 2015 were JD 44,852,202 compared to JD 41,917,129 in 2014, with total increase of 7.00%.

Reserves

- The net unearned premiums reserve at the end of 2015 was JD 18,802,875 compared to JD 19,161,869 at the end of 2014, with total decrease of 1.87%.
- The net outstanding claims reserve at the end of 2015 was JD 18,800,756 compared to JD 15,036,399 at the end of 2014, with total increase of 25.03%.

Investments

- The company achieved in 2015 an income of JD 1,370,967 compared to JD 1,513,522 in 2014 as interest on its deposits at banks, with total decrease of 9.42%.
- Fair value of the held for trading securities as at 31/12/2015 was 6,509,404. Deposits at banks were JD 35,350,230 as at 31/12/2015, from which there is JD 225,000 as restricted deposit in the name of the general manager of the insurance commission as a legal requirement.

Profits

Total technical profits during the year 2015 were JD 9,738,898 compared to JD 7,268,476 in 2014 with total increase of 33.99%, distributed as follows:

- Marine Insurance: Total marine profits during the year 2015 were JD 356,361 compared to JD 636,025 in 2014, with total decrease of 43.97%.
- Fire Insurance: Total fire profits during the year 2015 were JD 27,955 compared to total losses of JD 54,273 in 2014, with total increase of 151.51%.
- Liability, Aviation and Other Insurance Branches: Total liability, aviation and other insurance branches profits during the year 2015 were JD 944,650 compared to JD 451,304 in 2014, with total increase of 109.32%.
- Motor Insurance: Total motor profits during the year 2015 were JD 2,982,053 compared to JD 2,727,040 in 2014, with total increase of 9.35%.
- Medical Insurance: Total medical profits during the year 2015 were JD 5,427,879 compared to JD 3,508,380 in 2014, with total increase of 54.71%.
- Total profits before tax and provisions for the year 2015 were JD 5,670,764 compared to JD 6,369,301 in 2014, with total decrease of 10.97%.
- Total net profits after tax and provisions for the year 2015 were JD 4,375,945 compared to JD 5,027,365 in 2014, with total decrease of 12.96%.
- The percentage of the net profits from the paid up capital for the year 2015 were 20.41% compared to 23.45% in 2014.

Future Plan

- Continue with diversifying the Company's portfolio as well as introducing new and innovative tailor-made products and services, which will provide the company with a wider base of small to medium profitable accounts.
- Pursue all opportunities to acquire a life insurance license.
- Improve our claims management and control procedures in order to maintain the technical quality standards.
- Continue to maintain the bancassurance project in collaboration with Jordan Kuwait Bank and other banks to ensure the achievement of the desired results of this project.
- Continue with staff training in order to upgrade their technical and sales skills.
- Maximize the utilization of our new IT system, which was adopted during the year 2015.
- Concentrate on cross selling as an effective and low cost tool to increase the Company's premium in the general insurance.
- Intensify sales efforts and focus on profitable accounts, with the aim of improving the overall technical results for the Company.
- Provide the highest and best level of customer service in the local market.

Board of Directors Recommendations

- Address the outcomes of the previous general assembly meeting which was held on 27/04/2015.
- Listening to the Auditors' report.
- Discuss and ratify the Board of Directors' report and the Company's future plan.
- Discuss the Company's accounts and the financial statements as of 31/12/2015 and approve it.
- To approve the proposal of the board of directors dated 23/03/2016 concerning the distribution of cash dividends to the shareholders of 7.5% of the company's capital and to retain the remaining profits.
- Grant release of responsibilities to the chairman and members of the Board of Directors for the year ended 31/12/2015.
- Elect the Auditors for the year 2016 and authorize the Board of Directors to determine their fees.
- Any other subjects addressed by the General Assembly according to law requirements.

In conclusion, I would like to express sincere thanks and gratitude to our esteemed clients for their support and confidence in our company and our services. I also would like to thank our esteemed shareholders for their confidence and support to the board of directors and executive management. Further, I do thank our parent company “Gulf Insurance Company” for its permanent support to us. Furthermore, I extend my thanks to all parties that worked with us within the framework of outstanding strategic partnerships, foremost of which is the Insurance department and Companies Control Department – Ministry of Industry and Trade, Jordan Insurance Federation and all their staff members. We also don’t forget to thank the reinsurers and the insurance and reinsurance agents and brokers whose contribution in the above achievements had been substantial. We look forward to having more success in 2016 in a way to meet your aspirations and increase the value of your contribution.

Finally, I wish more progress, advancement and security to our lovely Kingdom under the leadership of His Majesty King Abdullah II and his prudent government.

Chairman of the Board of Directors
Naser Ahmad Lozi

Executive Management

Mr. Mustafa Melhem

Job Title:	Deputy CEO/ Medical Insurance, Customer Care, Sales and Information Technology Departments - until 31/12/2015. CEO – starting 01/01/2016
Education:	BS
Years of Experience:	18 years

Mr. Khalil Khmous

Job Title:	Deputy CEO & Secretary of the Board of Directors
Education:	BS in Accounting & Business administration
Years of Experience:	40 years

Eng. Yazan Khasawneh

Job Title:	Senior Director/ HR, Branches, Bancassurance, Indirect Business and quality control
Education:	BS
Years of Experience:	14 years

Mr. Tareq Ammary

Job Title:	Director/ Reinsurance, Underwriting and Engineering Department
Education:	Master, Cert. CII/London
Years of Experience:	18 years

Mr. Rami Dababneh

Job Title:	Director/ Key Accounts, General Claims and Motor Claims Departments
Education:	BS, Cert. ACII
Years of Experience:	14 years

Mr. Saad Farah

Job Title:	Director/ Corporate Finance
Education:	BS, CMA, CFM
Years of Experience:	15 years

Mr. Mohammad Suboh

Job Title:	Deputy Director/ Branches, Bancassurance and Indirect Business
Education:	BS
Years of Experience:	19 years

Mr. Suleiman Dandis

Job Title:	Deputy Director/ Medical Insurance Department
Education:	BS
Years of Experience:	15 years

Mr. Khaled Ghanem

Job Title:	Deputy Director/ Marine, Aviation and Energy Insurance Department
Education:	BS
Years of Experience:	21 years

Mr. Wael Shehadeh
Job Title: Senior Manager/ Accounting Department
Education: BS
Years of Experience: 23 years

Mrs. Abeer Dawoud
Job Title: Senior Manager/ Underwriting and Engineering Department
Education: BS, Insurance Diploma - BIBF, Advanced Insurance Diploma - BIBF
Years of Experience: 13 years

Mr. Yazan Dawoud
Job Title: Senior Manager/ Medical Network Department
Education: BS
Years of Experience: 12 years

Mr. Ahmad Ghanem
Job Title: Senior Operation Manager Medical Department
Education: BS
Years of Experience: 20 years

Mr. Ibrahim Qadadeh
Job Title: Deputy Director/ Business Development Department
Education: BS
Years of Experience: 8 years

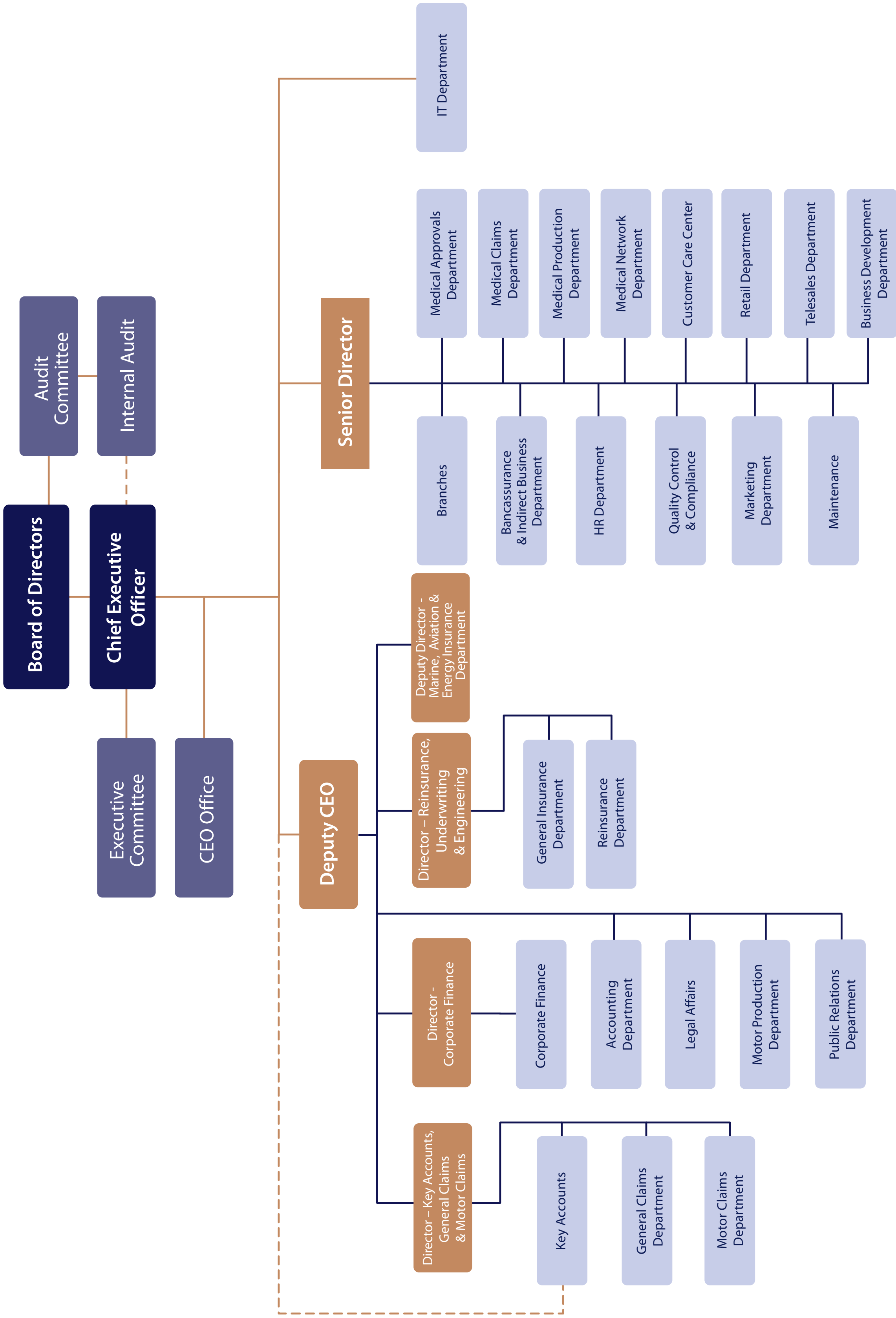
Mr. Mohammad Qudah
Job Title: Senior Manager Business development Department
Education: BS
Years of Experience: 8 years

Mr. Bisher Obeidat
Job Title: Deputy Director/ Customer Care, Telesales and Retail Departments
Education: BS, Cert. Cisco
Years of Experience: 9 years

Mr. Isam Abdelkhaliq – until 01/11/2015
Job Title: CEO & Secretary of the Board of Directors
Education: BS in Marketing & Political Science
Years of Experience: 28 years

Mr. Ahmad Abdo – until 16/04/2015
Job Title: Director/ Business Development, Public Relations and Marketing Departments
Education: BS in Business Administration
Years of Experience: 17 years

Organizational Structure



Independent Auditors' Report

To The Shareholders of Arab Orient Insurance Public Shareholding Company
Amman – Jordan

We have audited the accompanying financial statements of Arab Orient Insurance Public Shareholding Company, which comprise the statement of financial position as of December 31, 2015, and statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arab Orient Insurance Company as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on the legal Requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement with the financial data presented in the Board of Directors' report. We recommend approving these financial statements.

Ernst & Young

Bisher Ibrahim Bakir
License Number (592)

Amman – Jordan
9 February 2015

Statement of Financial Position as at 31 December 2015

	Notes	2015	2014
		JD	JD
Bank deposits	3	35,350,230	33,656,515
Financial assets at fair value through profit or loss	4	6,509,404	5,166,676
Financial assets at amortized cost	5	1,000	1,000
Total Investments		**41,860,634**	**38,824,191**
Cash in hands and at banks	6	3,413,632	7,346,463
Checks under collection	7	5,007,084	5,989,702
Accounts receivable, net	8	39,259,579	30,335,847
Reinsurance receivable	9	3,865,505	2,191,864
Deferred income tax assets	10	2,796,989	2,404,479
Property and equipment, net	11	5,297,893	5,384,874
Intangible assets	12	581,278	519,331
Other assets	13	1,074,944	1,039,467
Total Assets		**103,157,538**	**94,036,218**
Liabilities and Equity			
Liabilities –			
Technical Reserves			
Unearned premium reserve, net		18,802,875	19,161,869
Outstanding claims reserve, net		18,800,756	15,036,399
Total Technical Reserves		**37,603,631**	**34,198,268**
Other liabilities			
Accounts payable	14	9,813,842	6,356,743
Accrued expenses		270,930	234,482
Reinsurance payable	15	18,470,217	17,986,115
Other provisions	16	1,002,607	1,152,019
Income tax provision	10	1,357,805	1,478,860
Other liabilities	17	417,544	443,946
Deferred tax liabilities	10	6,883	203,826
Total Liabilities		**68,943,459**	**62,054,259**
Equity			
Paid in capital	18	21,438,252	21,438,252
Statutory reserve	19	4,538,423	3,971,347
Retained earnings	20	8,237,404	6,572,360
Total Shareholders Equity		**34,214,079**	**31,981,959**
Total Liabilities and Shareholders Equity		**103,157,538**	**94,036,218**

Chairman of the Board of Directors

Chief Executive Officer

The attached notes 1 to 37 form part of these Financial Statements

Statement of Income for the Year 31 December 2015

	Notes	2015 JD	2014 JD
Revenues –			
Gross written premiums		102,671,190	94,949,636
Less: reinsurance share		(56,598,851)	(51,520,068)
Net written premiums		46,072,339	43,429,568
Net change in unearned premiums reserve		358,994	2,078,469
Net earned premiums		46,431,333	45,508,037
Commissions income		8,152,770	7,398,448
Insurance policies issuance fees		4,241,292	4,532,277
Interest income	21	1,370,967	1,581,796
Loss from financial assets and investments	22	(453,018)	669,111
Total revenues		**59,743,344**	**59,689,669**
Claims and related expenses			
Paid claims		71,758,998	70,717,236
Less: Recoveries		(3,291,731)	(3,631,720)
Less: Reinsurance share		(37,072,333)	(32,159,204)
Paid claims, net		31,394,934	34,926,312
Net change in claims reserve		3,764,357	3,519,497
Allocated employees' expenses	23	6,547,824	4,949,854
Allocated administrative expenses	24	3,803,815	3,132,207
Excess of loss premiums		990,292	1,236,934
Policies acquisition costs		2,411,648	2,228,292
Other expenses		173,627	177,190
Net Claims		**49,086,497**	**50,170,286**
Unallocated employees' expenses	23	1,636,956	1,237,462
Depreciation and amortization	11,12	655,692	545,337
Unallocated general and administrative expenses	24	950,954	783,052
Allowance for doubtful debts	9,8	1,625,000	550,000
(Gain) loss from sale of property and equipment		13,121	(769)
Impairment of financial assets at amortized cost		69,360	-
Other expenses	25	35,000	35,000
Total expenses		**4,986,083**	**3,150,082**
Profit for the year before tax		**5,670,764**	**6,369,301**
Income tax expenses	10	(1,294,819)	(1,341,936)
Profit for the year		**4,375,945**	**5,027,365**
		JD/Fils	JD/Fils
Basic and diluted earnings per share	26	0.204	0.235

Chairman of the Board of Directors

Chief Executive Officer

The attached notes 1 to 37 form part of these Financial Statements

Statement of Comprehensive Income for the Year Ended 31 December 2015

	Notes	2015	2014
		JD	JD
Profit for the year		4,375,945	5,027,365
Add: other comprehensive income		-	-
Total comprehensive income for the year		**4,375,945**	**5,027,365**

Chairman of the Board of Directors

Chief Executive Officer

The attached notes 1 to 37 form part of these Financial Statements

Statement of Changes in Shareholders Equity for the Year Ended 31 December 2015

	Notes	Paid in capital	Statutory reserve	Retained earnings **		Total
				Unrealized	Realized	
2015 -		JD	JD	JD	JD	JD
Balance at 1 January 2015		21,438,252	3,971,347	849,278	5,723,082	31,981,959
Total comprehensive income		-	-	-	4,375,945	4,375,945
Dividends *		-	-	-	(2,143,825)	(2,143,825)
Transfer to reserve		-	567,076	-	(567,076)	-
Balance at 31 December 2015		**21,438,252**	**4,538,423**	**849,278**	**7,388,126**	**34,214,079**
2014 -						
Balance at 1 January 2014		20,035,750	3,330,917	349,252	4,641,177	28,357,096
Total comprehensive income		-	-	500,026	4,527,339	5,027,365
Cash capital increase	18	1,402,502	-		(1,402,502)	-
Dividends		-	-		(1,402,502)	(1,402,502)
Transfer to reserve		-	640,430		(640,430)	-
Balance at 31 December 2014		**21,438,252**	**3,971,347**	**849,278**	**5,723,082**	**31,981,959**

* On 27 April 2015, the General Assembly of Shareholders approved the board of directors' recommendation to distribute cash dividends of 10% of the paid capital as of 31 December 2014.

** Retained earnings include an amount of JD 2,796,989 as of December 31, 2015 (2014: JD 2,404,479), representing deferred tax assets that cannot be distributed according to the securities commission instructions.

Chairman of the Board of Directors

Chief Executive Officer

The attached notes 1 to 37 form part of these Financial Statements

Statement of Cash Flows for the Year Ended 31 December 2015

	Notes	2015	2014
		JD	JD
Cash Flows from Operating Activities			
Profit for the year before tax adjustments		5,670,764	6,369,301
Adjustment for non-cash items			
Depreciation and amortization		655,692	545,337
Allowance for doubtful debt		1,625,000	550,000
Net change in fair value of financial assets at fair value through profit or loss		820,597	(500,026)
Gain on sale of financial assets at fair value through profit or loss		-	(3,761)
Impairment losses on financial assets at amortized cost		69,360	-
loss (Gain) from sale of property and equipment		13,121	(769)
End of service indemnity provision		417,521	328,960
Net change in unearned premiums reserve		(358,994)	(2,078,469)
Net change in outstanding claims reserve		3,764,357	3,519,497
Cash flows from operating activities before changes in working capital		**12,677,418**	**8,730,070**
Checks under collection		982,618	(257,413)
Accounts receivable		(10,330,144)	(520,915)
Reinsurers' receivable		(1,961,589)	189,286
Other assets		(35,477)	(391,276)
Accounts payable		3,457,099	303,690
Accrued expenses		36,448	58,995
Reinsurers' payable		484,102	4,624,649
Payments from other provision		(566,933)	-
Other payables		(26,402)	(230,113)
Net cash flows from operating activities before tax		**4,717,140**	**12,506,973**
Income tax paid		(2,005,327)	(1,649,740)
Net cash flows from operating activities		**2,711,813**	**10,857,233**
Cash Flows from Investing Activities			
Deposits		(1,693,715)	(33,431,515)
(Purchase) of financial assets at fair value through profit or loss		(2,163,325)	(1,949,960)
(Purchase) of intangible assets		(117,732)	(57,752)
Proceeds from sale of financial assets at fair value through profit or loss		-	446,076
Proceeds from maturity of financial assets at amortized cost		-	1,270,000
(Purchase) of property and equipment		(541,876)	(193,045)
(Payment) on purchase of property and equipment's		-	(168,845)
(Payment) on purchase of Intangible assets		(16,265)	(38,500)
Proceeds from sale of property and equipment		32,094	3,996
Net cash flows used in investing activities		**(4,500,819)**	**(34,119,545)**
Cash Flows from Financing Activities			
Cash dividends		(2,143,825)	(1,402,502)
Net cash flow used in financing activities		**(2,143,825)**	**(1,402,502)**
Net increase in cash and cash equivalent		**(3,932,831)**	**(24,664,814)**
Cash and cash equivalents at beginning of the year		7,346,463	32,011,277
Cash and cash equivalents at the end of the year	**27**	**3,413,632**	**7,346,463**

Chairman of the Board of Directors

Chief Executive Officer

The attached notes 1 to 37 form part of these Financial Statements

Statement of Underwriting Revenues for the General Insurance for the Year Ended 31 December 2015

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums:																
Direct insurance	23,446,748	21,689,763	2,637,247	2,476,589	5,426	28,247	6,824,923	6,731,090	1,039,596	618,742	59,162,063	51,796,007	4,725,888	6,320,754	97,841,891	89,661,192
Reinsurance inward business	1,348,336	1,735,022	101,784	111,848	53,755	54,635	2,106,871	2,248,650	209,774	258,001	-	-	1,008,779	880,288	4,829,299	5,288,444
Total Premiums	**24,795,084**	**23,424,785**	**2,739,031**	**2,588,437**	**59,181**	**82,882**	**8,931,794**	**8,979,740**	**1,249,370**	**876,743**	**59,162,063**	**51,796,007**	**5,734,667**	**7,201,042**	**102,671,190**	**94,949,636**
Less:																
Local reinsurance share	1,671,248	1,857,984	102,758	117,910	53,755	54,635	1,477,403	469,790	207,633	250,692	-	-	1,066,790	1,096,454	4,579,587	3,847,465
Foreign reinsurance share	436,029	284,112	2,060,331	1,928,345	5,426	28,247	6,409,672	7,420,532	961,233	573,672	38,686,260	32,347,688	3,460,313	5,090,007	52,019,264	47,672,603
Net Written Premiums	**22,687,807**	**21,282,689**	**575,942**	**542,182**	**-**	**-**	**1,044,719**	**1,089,418**	**80,504**	**52,379**	**20,475,803**	**19,448,319**	**1,207,564**	**1,014,581**	**46,072,333**	**43,429,568**
Add:																
Balance at the beginning of the year																
Unearned premiums reserve	11,012,453	11,377,448	537,219	342,903	17,333	17,691	5,819,796	4,383,574	613,389	349,010	24,052,823	21,386,200	3,150,495	2,685,099	45,203,508	40,541,925
Less: Reinsurance share	628,760	682,895	420,715	248,326	17,333	17,691	5,339,847	3,846,943	528,724	264,095	16,380,839	11,900,844	2,725,421	2,340,793	26,041,639	19,301,587
Net Unearned Premiums Reserve	10,383,693	10,694,553	116,504	94,577	-	-	479,949	536,631	84,665	84,915	7,671,984	9,485,356	425,074	344,306	19,161,869	21,240,338
Less:																
Balance at year end																
Unearned premiums reserve	11,000,914	11,012,453	902,307	537,219	10,212	17,333	5,695,233	5,819,796	656,425	613,389	24,815,132	24,052,823	2,288,407	3,150,495	45,368,630	45,203,508
Less : Reinsurance share	716,399	628,760	762,945	420,715	10,212	17,333	5,235,337	5,339,847	570,795	528,724	17,333,756	16,380,839	1,936,311	2,725,421	26,565,755	26,041,639
Unearned Premiums Reserve- net	**10,284,515**	**10,383,693**	**139,362**	**116,504**	**-**	**-**	**459,896**	**479,949**	**85,630**	**84,665**	**7,481,376**	**7,671,984**	**352,096**	**425,074**	**18,802,875**	**19,161,869**
Earned revenue from written Premiums- net	**22,786,985**	**21,593,549**	**553,084**	**520,255**	**-**	**-**	**1,064,772**	**1,146,100**	**79,539**	**52,629**	**20,666,411**	**21,261,691**	**1,280,542**	**933,813**	**46,431,333**	**45,508,037**

Chairman of the Board of Directors

Chief Executive Officer

The attached notes 1 to 37 form part of these Financial Statements

Statement of Claims Cost for the General Insurance for the Year Ended 31 December 2015

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	**19,107,193**	**17,961,108**	**576,538**	**151,201**	-	-	**5,317,718**	**6,445,275**	**90,608**	**23,522**	**44,852,202**	**41,917,129**	**1,814,739**	**4,219,001**	**71,758,998**	**70,717,236**
Less:																
Recoveries	3,134,091	3,508,047	-	-	-	-	95,434	120,828	2,725	530	-	-	59,481	2,315	3,291,731	3,631,720
Local reinsurance share	390,475	463,040	-	-	-	-	956,777	1,377,362	4,666	-	-	-	280,249	19,907	1,632,167	1,860,309
Foreign reinsurance share	57,358	43,504	327,020	105,319	-	-	3,875,309	4,204,874	21,516	-	30,086,234	22,250,185	1,072,729	3,695,013	35,440,166	30,298,895
Net Paid Claims	**15,525,269**	**13,946,517**	**249,518**	**45,882**	-	-	**390,198**	**742,211**	**61,701**	**22,992**	**14,765,968**	**19,666,944**	**402,280**	**501,766**	**31,394,934**	**34,926,312**
Add:																
Outstanding Claims Reserve at year end																
Reported	12,363,377	10,180,029	199,723	108,450	-	-	2,214,841	6,700,082	184,274	156,541	6,187,356	2,176,631	3,147,513	3,713,785	24,297,089	23,035,518
Unreported	3,200,000	3,200,000	20,000	20,000	-	-	200,000	200,000	30,000	30,000	4,271,098	3,662,689	170,000	170,000	7,891,098	7,282,689
less: Reinsurance share from reported claims	880,198	944,718	112,522	73,066	-	-	1,784,169	6,460,195	173,460	138,400	4,148,360	1,435,196	2,661,406	3,152,920	9,760,115	12,204,495
less: Reinsurance share from IBNR	-	-	-	-	-	-	-	-	-	-	2,863,591	2,415,051	-	-	2,863,591	2,415,051
Less: Recoveries	763,720	662,262	-	-	-	-	-	-	-	-	-	-	-	-	763,720	662,262
Net Outstanding Claims Reserve at year end	13,919,459	11,773,049	107,201	55,384	-	-	630,672	439,887	40,814	48,141	3,446,503	1,989,073	656,107	730,865	18,800,756	15,036,399
Less:																
Outstanding Claims Reserve at the beginning of the year																
Reported	10,180,029	8,535,315	108,450	134,899	-	-	6,700,082	920,069	156,541	59,015	2,176,631	1,714,909	3,713,785	4,894,888	23,035,518	16,259,095
Unreported	3,200,000	1,600,000	20,000	10,000	-	-	200,000	203,000	30,000	30,000	3,662,689	2,778,380	170,000	156,000	7,282,689	4,777,380
less: Reinsurance share from reported	944,718	852,522	73,066	103,620	-	-	6,460,195	786,472	138,400	63,385	1,435,196	887,660	3,152,920	4,543,346	12,204,495	7,237,005
less: Reinsurance share from IBNR	-	120,000	-	-	-	-	-	-	-	-	2,415,051	1,438,127	-	-	2,415,051	1,558,127
Less: Recoveries	662,262	724,441	-	-	-	-	-	-	-	-	-	-	-	-	662,262	724,441
Net Outstanding Claims Reserve at the beginning of the year	**11,773,049**	**8,438,352**	**55,384**	**41,279**	-	-	**439,887**	**336,597**	**48,141**	**25,630**	**1,989,073**	**2,167,502**	**730,865**	**507,542**	**15,036,399**	**11,516,902**
Net Claims Cost	**17,671,679**	**17,281,214**	**301,335**	**59,987**	-	-	**580,983**	**845,501**	**54,374**	**45,503**	**16,223,398**	**19,488,515**	**327,522**	**725,089**	**35,159,291**	**38,445,809**

Chairman of the Board of Directors

Chief Executive Officer

The attached notes 1 to 37 form part of these Financial Statements

Statement of Underwriting Profits for the General Insurance for the Year Ended 31 December 2015

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	**22,786,985**	**21,593,549**	**553,084**	**520,255**	**-**	**-**	**1,064,772**	**1,146,100**	**79,539**	**52,629**	**20,666,411**	**21,261,691**	**1,280,542**	**933,813**	**46,431,333**	**45,508,037**
Less:																
Net claims cost	**17,671,679**	**17,281,214**	**301,335**	**59,987**	**-**	**-**	**580,983**	**845,501**	**54,374**	**45,503**	**16,223,398**	**19,488,515**	**327,522**	**725,089**	**35,159,291**	**38,445,809**
	5,115,306	4,312,335	251,749	460,268	-	-	483,789	300,599	25,165	7,126	4,443,013	1,773,176	953,020	208,724	11,272,042	7,062,228
Add:																
Commissions received	119,461	93,752	560,512	593,131	649	1,910	965,144	1,148,533	170,847	184,285	5,671,770	4,553,253	664,387	823,584	8,152,770	7,398,448
Insurance policies issuance fees	1,443,982	1,529,911	63,634	74,792	666	315	212,154	179,301	32,345	25,106	2,291,925	2,439,452	196,586	283,400	4,241,292	4,532,277
Total revenue	**6,678,749**	**5,935,998**	**875,895**	**1,128,191**	**1,315**	**2,225**	**1,661,087**	**1,628,433**	**228,357**	**216,517**	**12,406,708**	**8,765,881**	**1,813,993**	**1,315,708**	**23,666,104**	**18,992,953**
Less:																
Commissions paid	953,012	937,125	195,477	214,863	-	-	160,184	237,818	16,463	16,569	856,680	709,588	229,832	112,329	2,411,648	2,228,292
Excess of loss premiums	243,764	277,928	44,495	49,089	-	-	564,251	658,298	-	-	-	-	137,782	251,619	990,292	1,236,934
Allocated general and administrative expenses	2,499,920	1,993,905	276,158	220,326	5,967	7,055	900,532	764,351	125,966	74,628	5,964,909	4,408,848	578,187	612,948	10,351,639	8,082,061
Other expenses	-	-	3,404	7,888	-	-	8,165	22,239	-	-	157,240	139,065	4,818	7,998	173,627	177,190
Total Expenses	**3,696,696**	**3,208,958**	**519,534**	**492,166**	**5,967**	**7,055**	**1,633,132**	**1,682,706**	**142,429**	**91,197**	**6,978,829**	**5,257,501**	**950,619**	**984,894**	**13,927,206**	**11,724,477**
Underwriting profit (loss)	**2,982,053**	**2,727,040**	**356,361**	**636,025**	**(4,652)**	**(4,830)**	**27,955**	**(54,273)**	**85,928**	**125,320**	**5,427,879**	**3,508,380**	**863,374**	**330,814**	**9,738,898**	**7,268,476**

Chairman of the Board of Directors

Chief Executive Officer

The attached notes 1 to 37 form part of these Financial Statements

(1) General

The Company was established in 1996 and registered as a public limited shareholding company under No. (309), with a paid up capital of JD 2,000,000 divided into 2,000,000 shares of JD 1 each during 2014. The company authorized and paid in capital increased to 21,438,252 divided into 21,438,252 shares.

The Company is engaged in insurance business against accidents and fire, marine, transportation, and vehicle insurance, and public liability, aviation and medical insurance through its main branch located at Jabal Amman 3rd circle in Amman, and other branches at Dier Gubar Abdoun, Tla'a Al Ali, Biader Wadi Elseer ,Abdali and Abdali- Boulevard in Amman , Aqaba branch in Aqaba, and Irbid branch in Irbid.

The Company is 90.38% owned by Gulf Insurance Company.

The number of the Company's employees was 310 as of December 31, 2015 (2014: 278).

The financial statements for the year 2015 were approved by the Board of Directors in its meeting No. (1) dated February 9, 2016.

(2) Accounting Policies

Basis of preparation

- The financial statements have been prepared in accordance with the Standards issued by the International Accounting Standards Board and in accordance with the forms prescribed by the Jordanian Insurance Commission.
- The financial statements have been prepared on historical cost basis, except for financial assets at fair value through profit or loss that have been measured at fair value.
- The Jordanian Dinar is the functional and reporting currency of the financial statements.

Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014 except for the following:

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.

Date of Recognition

Purchases and sales of financial assets are recognized on the trade date (that being the date at which the sale or purchase takes place).

Fair Value

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For financial instruments where there is no active market fair value is normally based on one of the following methods:
- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

The objective of the valuation method is to show a fair value that reflects market expectations.
Where the fair value of an investment cannot be reliably measured, it is stated at cost less any impairment in the value.

A. Financial assets at amortized cost

Financial assets at amortized cost must be measured if the following conditions are met:

- Financial assets are measured at amortized cost only if these assets are held within a business model whose objective is to hold the assets to collect their contractual cash flows.
- The cash flows according to contractual condition for these assets arise in specific dates and only represent payment for the asset amount and for the interest calculated on these assets.
- Assets at amortized cost is recorded at cost upon purchase plus acquisition expenses, the premium/ discount (if any) is amortized by using the effective interest rate method records on the interest or for its account. Any provisions resulted from impairment in its value is deducted and any impairment in its value is recorded in the statement of income.
- The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.
- The standard permits in cases to measure these assets at fair value through statement of income if that eliminates or reduces to a large extent the inconsistency in measurement (sometimes called accounting mismatch) that arise from measurement of assets or liabilities or profit and loss recognition resulted from them in different basis.

B. Financial assets at fair value through profit or loss

- The reaming financial asset that does not meet the financial assets at of amortized cost is measured as financial assets at fair value.
- Financial assets at fair value through the profit or loss, represents investment in equity instruments and debt instrument for the purpose of trading, and the purpose of holds it is to make gains fluctuation in the short term market prices or trading profit margin.
- Financial assets through profit or loss are recorded at fair value upon purchase (the acquisition cost is recorded in the statement of income upon purchase) and re-evaluated at the financial statements date at fair value, the subsequent changes in fair value is recorded in the statement of income during the same period that change occurs including changes in fair value resulted from non- cash translation differences in foreign currency.
- All realized profit and dividend recorded at statement of income.

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.

Impairment amounts are determined by the following:
- Impairment in financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- Impairment in financial assets at fair value through profit or loss recorded at fair value represents the difference between book value and fair value.
- Impairment of financial assets recorded at cost represents the difference between the book value and the present value of cash flow discounted at the market rate for similar financial assets.
- The Impairment in value is recorded in the statement of income. Any surplus in the following period resulting from previous declines in the fair value of financial assets is taken to the statement of income.

Cash and Cash equivalents

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

Reinsurance 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 reinsures are accounted for based on accrual basis.

Reinsurance

The Company engages within its normal activities a variety of inward and outward reinsurance operations with other insurance and reinsurance firms which involves different level of risks. The reinsurance operations include Quota share, excess of loss, facultative reinsurance, and other types of reinsurance. These reinsurance contracts do not eliminate the Company's liability towards policy holders, where in the case the reinsurance fails to cover its portion of total liability, the Company bears the total loss. Therefore, the Company provides for the un-recovered amounts. The estimation of amounts that are likely to be recovered from reinsurers is done according to the Company's portion of total liability for each claim.

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 an 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 reinsures.

Insurance policies issuance cost

Insurance policies issuance cost represents commissions paid to intermediaries and other direct costs incurred in relation to the issuance and renewal of insurance contracts. These costs are recorded in the statement of income.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except lands) is depreciated when its ready for use. Depreciation is computed on a straight-line basis using the following depreciation rates, and the desperation expense is recorded in the statement of income.

	%
Building	2
Furniture	10-15
Vehicles	15
Computers	20
Tools and equipment	15
Decoration	15-20

Depreciation expense is calculated when property and equipment is put in use, property and equipment under construction is stated at cost less impairment loss.

Assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The impairment loss is recorded in the statement of income.

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 and equipment.

Any gain or loss arising on the disposal or retirement of an item of property and equipment which represents the difference between the sales proceeds and the carrying amount of the asset is recognized in the statement of income.

Any item of property and equipment derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Pledged financial assets

Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, re pledge). 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 may be impaired.

Internally generated intangible assets are not capitalized and are expensed in the statement of income.

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.

Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight line basis at 15% amortization rate.

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 flow.

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.

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 serves is recorded in the statement of income.

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 income.

Income Tax

Income tax represents current 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 income 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 percentages 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 only offsetted and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

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 income based on the expected claim value to compensate other parties.

B. Dividend and interest revenue

The Dividends revenues are realized when the shareholder has the right to receive the payment once declared by the General Assembly of Shareholders.

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

Expenditures recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the statement of income 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 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

General and administrative expenses

General and 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.

Employee's expenses

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

Insurance policy acquisition cost

Acquisition cost represent the cost incurred by the company for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in statement of income.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transactions dates. Monetary assets and liabilities in foreign currencies are translated into JD at rates of exchange prevailing at the statement of financial position date as issued by Central Bank of Jordan. Any gains or losses are taken to the statement of income.

Translation gains or losses on non-monetary items are recorded as part of change in fair value.

Estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. 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.

The details of significant estimates made by management as follows:

- 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.
- The management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit. The impairment loss (if any) appears on the statement of 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 income.

(3) Bank Deposits

This item represents the following:

	2015		2014
	Deposits matured between 6 months- 1 Year	Total	Total
	JD	JD	JD
Inside Jordan	35,350,230	35,350,230	33,656,515
	35,350,230	35,350,230	33,656,515

The annual interest rate on the deposits in Jordanian Dinar ranged between 3% to 4% during the year 2015 and between 3.25% to 5% during the year 2014.

Deposits pledged to the favor of the General Manager of the Insurance Regulatory Commission deposited in Jordan Kuwait Bank amounted to JD 225,000 as of 31 December, 2015 and 31 December 2014.

Below is the distribution of the Company's deposits:

	2015	2014
	JD	JD
Jordan Kuwait Bank	7,346,062	7,135,898
Jordan Arab Investment Bank	3,049,333	2,933,617
Capital Bank	3,662,677	3,512,822
Audi Bank	1,998,980	1,242,432
Societe General Bank	2,817,951	2,723,124
Blom Bank	2,433,777	2,336,872
AlEtihad Bank	3,729,373	3,557,085
Cario Amman Bank	-	679,926
Arab Banking Corporation Bank	5,997,111	5,389,502
Ahli Bank	2,321,333	2,240,840
Egyptian Arab Land bank	1,993,633	1,904,397
Total	**35,350,230**	**33,656,515**

(4) Financial Assets at Fair Value Through Profit or Loss

This item consists of the following:

	Number of shares	2015	2014
		JD	JD
Inside Jordan			
Cairo Amman Bank	492,072	1,254,783	1,103,319
Amad investment and Real Estate Development	305,930	354,878	400,767
Afaq Energy	1,140,147	2,633,739	1,993,615
Afaq for Investment & Real Estate Development	1,541,500	2,266,004	1,668,975
Total financial assets at fair value through profit or loss inside Jordan		**6,509,404**	**5,166,676**

(5) Financial Assets at Amortized Cost

This item consists of the following:

	Number of shares	2015	2014
		JD	JD
Unlisted Bonds:			
Arab Real Estate Development Company **	120	1,200,000	1,200,000
Total financial assets at amortized cost – inside Jordan		1,200,000	1,200,000
Less: Impairment in financial assets at amortized cost		(1,199,000)	(1,199,000)
Financial assets amortized cost - net		1,000	1,000

The maturity date of the bonds is as follows:

	Less than one year	More than one year
	JD	JD
Arab Real Estate Development Company **	1,000	-
	1,000	-

** These bonds matured on April 1, 2011 at fixed annual interest rate of 10%. Interest is paid every six months on October 1st and April 1st of each year, the first payment was on October 1st 2008. The Board of Directors approved in its meeting number (2) held on March 24, 2011 the published amended draft prospectus that was approved by the General Assembly of the bonds owners on March 28, 2011.

The prospectus includes extending the maturity date of these bonds to April 1, 2014 and amending the interest rate to become a fixed annual interest rate of 11%, to be paid semiannually on October 1st, and April 1st each year starting from October 1, 2011, noting that after the resolution of the General Assembly of the bonds owners in its meeting held on October 26, 2011 the Housing Bank for Trade and Finance, as the underwriter, has started the legal procedures against Arab Real Estate Development Company (Arab Corp) and filed a lawsuit under number (3460/2011) at the Court of First Insurance of Amman to demand the rights of the bonds owners.

Arab Real Estate Development Company bonds are stated at cost less impairment loss for an amount of JD 1,199,000 as of December 31, 2015.

(6) Cash at banks

This item consists of the following:

	2015	2014
	JD	JD
Cash on hand	22,510	668,189
Current accounts at banks	3,391,122	6,678,274
Total	**3,413,632**	**7,346,463**

(7) Cheques Under Collection

This item consists of the following:

	2015	2014
	JD	JD
Cheques under collection due within six month	3,846,646	4,220,256
Cheques under collection due within more than six months up to one year	1,160,438	1,769,446
Total	**5,007,084**	**5,989,702**

* Cheques under collection become due up to 31 December 2015.

(8) Accounts receivable, Net

This item consists of the following:

	2015	2014
	JD	JD
Policy holders *	41,139,121	32,520,484
Brokers receivables	1,223,626	98,005
Employee receivables	97,550	71,870
Others	756,573	196,367
	43,216,870	**32,886,726**
Less: Provision for doubtful debts**	(3,887,931)	(2,550,879)
Written off	(69,360)	-
Net Accounts Receivable	**39,259,579**	**30,335,847**

Below is the aging of unimpaired receivables table:

	Due but not impaired				
	Amount not due yet	1-90 day	91-180 day	181-360 day	Total
	JD	JD	JD	JD	JD
31 December 2015	24,221,634	10,768,669	2,611,510	1,657,766	39,259,579
31 December 2014	20,172,956	5,012,779	3,015,678	2,134,434	30,335,847

* Includes scheduled payment amounted to 24,221,634 as of December 31, 2015 (20,172,956 JD as of December 31, 2014).
** Movement on the provision for doubtful debts consists of the following:

	2015	2014
	JD	JD
Balance at the beginning of the year	2,550,879	2,155,280
Additions	1,337,052	395,599
Balance at year end	**3,887,931**	**2,550,879**

(9) Reinsurance Receivables, Net

This item consists of the following:

	2015	2014
	JD	JD
Local insurance companies	1,624,705	1,393,404
Foreign reinsurance companies	2,777,869	1,047,581
	4,402,574	**2,440,985**
Less: Provision for doubtful debt for reinsurance receivables *	(537,069)	(249,121)
Net reinsurance receivables	**3,865,505**	**2,191,864**

Below is the ageing of the unimpaired reinsurance receivables table:

	Due but not impaired			
	1-90 day	91-180 day	181-360 day	Total
	JD	JD	JD	JD
31 December 2015	3,484,568	30,656	350,281	3,865,505
31 December 2014	1,052,899	875,838	263,127	2,191,864

*Movement on the provision for doubtful debts consists of the following:

	2015	2014
	JD	JD
Balance at the beginning of the year	249,121	94,720
Additions	287,948	154,401
Balance at year end	**537,069**	**249,121**

(10) Income tax

A- Income tax provision

The movement on the income tax provision is as follows:

	2015	2014
	JD	JD
Balance at beginning of the year	1,478,860	1,328,908
Income tax paid	(1,935,348)	(1,581,622)
Income tax paid in advance	(69,979)	(68,118)
Income tax expense for the year	1,884,272	1,799,692
Balance at year end	**1,357,805**	**1,478,860**

The income tax expense appears in the statement of income represents the following:

	2015	2014
	JD	JD
Income tax for the year	1,884,272	1,799,692
Deferred tax assets	(392,510)	(577,762)
Deferred tax liabilities	(196,943)	120,006
	1,294,819	**1,341,936**

A summary of the reconciliation between accounting profit and taxable profit is as follows:

	2015	2014
	JD	JD
Accounting profit	5,670,764	6,369,301
Not deductible expenses	2,202,390	2,407,345
Non taxable income	(22,020)	(1,312,928)
Taxable profit	7,851,134	7,463,718
Effective income tax rate	24%	24%
Income tax rate	24%	24%

Final settlement between the Company and Income and Sales Tax Department was reached up to 31 December 2012.

Income tax return was submitted for the years 2013 and it is still not reviewed by Income and Sales Tax Department until the date of financial statements.

Final settlement between the company and Income and Sales tax Department was reached up to 31 December 2014 for the Sales Tax.

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 its adequate as of 31 December 2015.

According to the income tax law a tax rate of 24% used to calculate the income tax as of December 31, 2015.

Deferred tax assets/ liabilities

This item consists of the following:

Deferred tax asset	2015					2014
	Beginning Balance	Addition	Amount	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provision for doubtful debt	2,800,000	1,625,000	-	4,425,000	1,062,000	672,000
Impairment loss financial asset	1,199,000	-	-	1,199,000	287,760	287,760
Provision for incurred but not reported claim, net	4,867,638	159,869	-	5,027,507	1,206,603	1,168,234
Provision for end of service indemnity	1,152,019	417,521	(566,933)	1,002,607	240,626	276,485
	10,018,657	**2,202,390**	**(566,933)**	**11,654,114**	**2,796,989**	**2,404,479**
Deferred tax liabilities						
Unrealized gain from financial assets at fair value through P&L	849,278	(820,597)	-	28,681	6,883	203,826
	849,278	**(820,597)**	**-**	**28,681**	**6,883**	**203,826**

* Movement on deferred tax asset consists of the follows:

	Liabilities		Assets	
	2015	2014	2015	2014
	JD	JD	JD	JD
Beginning balance	203,826	83,820	2,404,479	1,826,716
Additions	(196,943)	120,006	392,510	577,762
Ending balance	**6,883**	**203,826**	**2,796,989**	**2,404,479**

(11) Property and Equipment

This item consists of the following:

	Land	Building	Computers	Decoration	Equipment, tools and furniture	Vehicles	Total
31 December 2015	JD	JD	JD	JD	JD	JD	JD
Cost							
Balance at the beginning of the year	1,545,000	2,575,000	691,985	868,424	1,115,976	485,000	7,281,385
Additions	-	-	156,795	161,956	199,325	23,800	541,876
Disposals	-	-	(8,514)	-	-	(71,500)	(80,014)
Transfers from payment on purchase of assets	-	-	15,845	153,000	-	-	168,845
Balance at the end of the year	1,545,000	2,575,000	856,111	1,183,380	1,315,301	437,300	7,912,092
Accumulated depreciation:							
Balance at the beginning of the year	-	223,167	479,042	595,770	601,840	165,537	2,065,356
Additions	-	51,500	113,554	196,654	149,904	72,030	583,642
Disposals	-	-	(8,461)	-	-	(26,338)	(34,799)
Balance at the end of the year	-	274,667	584,135	792,424	751,744	211,229	2,614,199
Net book value	**1,545,000**	**2,300,333**	**271,976**	**390,956**	**563,557**	**226,071**	**5,297,893**
31 December 2014							
Cost							
Balance at the beginning of the year	1,545,000	2,575,000	651,982	860,254	1,100,950	381,000	7,114,186
Additions	-	-	56,090	8,170	24,785	104,000	193,045
Disposals	-	-	(16,087)	-	(9,759)	-	(25,846)
Balance at the end of the year	1,545,000	2,575,000	691,985	868,424	1,115,976	485,000	7,281,385
Accumulated depreciation:							
Balance at the beginning of the year	-	171,667	397,299	430,151	475,896	104,587	1,579,600
Additions	-	51,500	96,447	165,619	133,859	60,950	508,375
Disposals	-	-	(14,704)	-	(7,915)	-	(22,619)
Balance at the end of the year	-	223,167	479,042	595,770	601,840	165,537	2,065,356
Payment on purchase of assets	-	-	15,845	153,000	-	-	168,845
Net book value	**1,545,000**	**2,351,833**	**228,788**	**425,654**	**514,136**	**319,463**	**5,384,874**

Property and equipment include fully depreciated items amounting to 788,237 JD as 31 December 2015 (655,638 as 31 December 2014), which are still being used up to the date of the financial statements.

(12) Intangible Assets

	2015	2014
	JD	JD
Balance at the beginning of the year	519,331	460,041
Additions	117,732	57,752
Amortization	(72,050)	(36,962)
Payments on the purchase of intangible assets	16,265	38,500
Balance at the end of the year	**581,278**	**519,331**

(13) Other Assets

This item consists of the following:

	2015	2014
	JD	JD
Unearned accrued revenues	354,615	383,236
Prepaid expenses	162,398	230,622
Refundable deposits	496,588	368,781
Medical tools for claims	61,343	56,828
Total	**1,074,944**	**1,039,467**

(14) Accounts Payable

This item consists of the following:

	2015	2014
	JD	JD
Agents payables	845,534	674,291
Employee payables	10,023	10,950
Garages payables	845,835	332,905
Medical network	4,419,243	864,470
Trade and companies payables	3,693,207	4,429,415
Other payables	-	44,712
Total	**9,813,842**	**6,356,743**

(15) Reinsurers Payable

The item consists of the following:

	2015	2014
	JD	JD
Local insurance companies	46,884	107,743
Foreign reinsurance companies	18,423,333	17,878,372
Total	**18,470,217**	**17,986,115**

(16) Other Provisions

This item consists of the following:

	2015	2014
	JD	JD
Provision for end of service indemnity	1,002,607	1,152,019
Total	**1,002,607**	**1,152,019**

The schedule represents the movement on provisions.

	Beginning balance	Additions	Amounts paid During the year	Ending balance
	JD	JD	JD	JD
Provision for end of service indemnity	1,152,019	417,521	(566,933)	1,002,607
Total	**1,152,019**	**417,521**	**(566,933)**	**1,002,607**

(17) Other Liabilities

This item consists of the following:

	2015	2014
	JD	JD
Board of Directors remuneration	35,000	35,000
Due to shareholders – subscription refunds	24,902	24,902
Stamps withholdings	110,864	149,975
Sales tax withholdings	145,960	193,185
Income tax withholdings	100,818	40,884
Total	**417,544**	**443,946**

(18) Paid In Capital

Subscribed and paid in capital amounted to JD 21,438,252 divided into 21,438,252 shares the par value of each is JD 1 as of December 31, 2015 (JD 21,438,252 shares of JD 1 each as of December 31, 2014).

According to the General Assembly's resolution in its extraordinary meeting held on March 30, 2014 and the resolution of the Securities Commission's decision number 195/2014 made on 14 May 2014, it was decided to increase the Company's capital by JD 1,402,502 from retained earnings through distributing free shares with a percentage of 7% from capital, so that paid up capital would become 21,438,252 share / JD.

Proposed divided to Share Holders
The board directors recommended in their meeting held on 23 March 2016 to general assembly for Share Holders to approve the distribution of 7.5% at the Company's capital as a dividend to Share Holder which is equivalent to JD 1,607,868.

(19) Legal Reserve

Statuary reserve
This amount represents appropriations at 10% of net income before income tax during this year and prior years. This reserve is not available for distribution to shareholders.

(20) retained earnings

The item consists of the following:

	2015	2014
	JD	JD
Beginning balance	6,572,360	4,990,429
Capitalized gain (note 18)	-	(1,402,502)
Profit for the year	4,375,945	5,027,365
Less:		
Distribution of cash dividends	2,143,825	1,402,502
Deducted reserves	567,076	640,430
Ending balance of the year	**8,237,404**	**6,572,360**

(21) Interest Income

The item consists of the following:

	2015	2014
	JD	JD
Bank interest	1,370,967	1,513,522
Interest from financial assets at amortized cost	-	68,274
Total	**1,370,967**	**1,581,796**
Amount Transferred to underwriting accounts	-	-
Amount Transferred to statement of income	**1,370,967**	**1,581,796**

(22) Loss from financial Assets and Investments

This item consists of the following:

	2015	2014
	JD	JD
Cash dividends received (financial assets at fair value through profit or loss)	367,579	165,324
Gain on sale of financial assets at fair value through profit or loss	-	3,761
Net change in fair value of financial assets at fair value through profit or loss	(820,597)	500,026
Total	**(453,018)**	**669,111**
Transferred to underwriting accounts	-	-
Transferred to statement of income	**(453,018)**	**669,111**

(23) Employee Expenses

This item consists of the following:

	2015	2014
	JD	JD
Salaries and bonuses	6,953,047	5,077,540
End of service indemnity	417,521	328,960
Social security contribution	531,736	482,332
Medical expenses	44,973	35,713
Travel and transportation	223,015	254,362
Training	14,488	8,409
Total	**8,184,780**	**6,187,316**
Allocated employee expenses to the underwriting accounts	6,547,824	4,949,854
Unallocated employee expense to the underwriting accounts	1,636,956	1,237,462

(24) General and Administrative Expenses

This item consists of the following:

	2015	2014
	JD	JD
Rent expense	258,991	220,041
Stationery and printing	1,060,007	656,686
Advertisements	653,257	477,560
Bank interest and commission expenses	75,928	79,083
Water, electricity and heating	142,201	112,745
Maintenance expense	114,448	122,201
Postage and telecommunications	301,699	276,946
Building management fees	66,644	55,682
Hospitality	125,367	125,631
Legal fees and expenses	122,171	130,409
Subscriptions	33,223	27,233
Tenders expenses	178,434	148,332
Insurance commission fees	775,988	721,390
Government fees and other fees	83,534	49,229
Donations	11,130	7,980
Office insurance expenses	47,485	32,655
Cleaning expense	47,393	47,713
Professional fees	23,000	20,000
Board members transportation fees	100,400	108,200
Orange card fees	2,910	1,750
Board members committee fees	-	6,400
Vehicles expenses	39,132	57,352
Collection expense	100,529	85,637
Technical consulting fees	82,675	112,117
Others	308,223	232,287
Total	**4,754,769**	**3,915,259**
Allocated general & administrative expenses to the underwriting accounts	3,803,815	3,132,207
Unallocated general and administrative expense to the underwriting accounts	950,954	783,052

(25) Other Expenses

This item consists of the following:

	2015	2014
	JD	JD
Board of director remunerations	35,000	35,000

(26) Basic and Diluted Earnings Per Share

The profit per share is calculated by dividing the profit for the year by the weighted average number of shares during the year.

	2015	2014
	JD	JD
Profit for the year	4,375,945	5,027,365
Weighted average number of shares	21,438,252	21,438,252
	Fils/ JD	Fils/ JD
Basic and diluted earnings per share from the year's income	0.204	0.235

(27) Cash and Cash Equivalents

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

	2015	2014
	JD	JD
Cash at hands and at banks	3,413,632	7,346,463
Add: deposits at banks	35,350,230	33,656,515
Less: deposits at banks matured within three months	(35,125,230)	(33,431,515)
Less: restricted deposits to the insurance commission (Note 3)	(225,000)	(225,000)
Net Cash and cash equivalent	3,413,632	7,346,463

(28) Related Party Transactions

During the year, the Company entered into transactions with major shareholders, board members and directors in the Company within the normal activities of the company using insurance prices and commercial commission. All debts provided to related parties are considered performing and no provision has been taken for them as of 31, December 2015.

Below is a summary of related parties transactions, which represents transactions during the year as the follows:

	December 31, 2015				December 31, 2014
	Jordan Kuwait Bank (Board member until 18 April 2014)	Askadenia company	Top Executive Management	Total	Total
Statement of Financial Position Items:	JD	JD	JD	JD	JD
Time deposits	7,346,062	-	-	7,346,062	7,135,898
Overdraft account (ceiling of JD100,000)/ credit balance	2,714,778	-	-	2,714,778	3,647,783
Current Account	576,356	-	-	576,356	2,845,324
Deposits on letters of guarantee	480,289	-	-	480,289	352,483
Accounts receivable	-	20,627	12,802	33,429	39,858
Payment on the purchase of intangible asset	-	-	-	-	385,000
Off-statement of Financial Position Items:					
Letters of guarantee	4,802,890	-	-	4,802,890	3,524,830
Statement of Income Items:					
Bank interest income	277,856	-	-	277,856	239,591
Insurance	1,603,175	73,382	11,456	1,688,013	1,404,172
Bank expenses and commissions	114,105	-	-	114,105	90,524
Maintenance system	-	8,116	-	8,116	31,149
Salaries	-	-	1,207,635	1,207,635	967,558
Bonuses	-	-	1,820,106	1,820,106	424,001
Travel expenses for members of the Board of Directors	-	-	50,400	50,400	58,200
Committees expenses for members of the Board of Directors	-	-	85,000	85,000	85,000
Bonus expenses for members of the Board of Directors	-	-	4,800	4,800	6,400

During 2011 the agreement with Gulf Insurance Company (Major Shareholder) and member of the Board of Directors that are settled all reinsurance account through the Gulf Company, where to company's debit balance amounting to JD 85,815 as of 31 December 2015.

Top Executive management (salaries, bonuses, and other benefits) are as follows:

	2015	2014
	JD	JD
Salaries and bonuses	3,027,741	1,391,559
	3,027,741	**1,391,559**

(29) Fair value of financial instruments

There are no significant differences between the book value and fair value of the financial assets and financial liabilities at the end of the year 2015 and 2014.

(30) Risk Management

First: Explanatory Disclosures:

Risk management is the evaluation of the risk process of measurement and development of strategies to manage it. These strategies include the transfer of risks to another party, avoiding and mitigating their adverse effect on the Company, in addition to accepting the related consequences partially or wholly. Risk management can be divided into four sections:

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

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

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

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

Management of risks adopted by the Company relies on prioritizing so that risks with huge losses and high probability are treated first while risks with lower losses and lesser probability are treated later on.

Risk Management Policy

First: Planning and Preparation
The work scope plan and criteria for adopting and evaluating risks at the Company have been set through creating the Institutional Development and Quality Department that monitors this performance.

Second: Identification of Risks
Risks represent events that create problems upon their occurrence. Therefore, these problems should be identified at their origin. When the problem or its origin is identified, the related accident may lead to new risks that can be treated prior to their occurrence. There are many ways to identify risks such as identification based on objectives as each of the Company's sections has certain objectives it endeavors to achieve. Any event that threatens the achievement of these objectives is considered a risk. Based on this, risks are studied and pursued. Moreover, there is a type of risk identification based on a comprehensive classification of all probable sources of risk. Still another type of risk identification is common risks especially for similar companies.

Third: Risk Treatment Method
The Company deals with probable risks by means of the following methods:

- Transfer: This represents the process of transferring the risk to another party through contracts or financial protection.
- Avoidance: This is an active process to ward off risk through avoiding works that lead to risks. Avoidance is the best preventive method against risk. This may deprive the Company from conducting certain activities profitable for the Company.
- Reduction: This is the process of decreasing the loss arising from the occurrence of risk.
- Acceptance: There should be a policy to accept unavoidable risks as acceptance of small risks is an effective strategy.

Fourth: Plan
An easy and clear plan has been set to deal with risks through a pricing policy that relies on historical statistics to avoid the occurrence of risks from any insurance branch so that the premium covers the probable cumulative risks.

Fifth: Execution
The Company's technical departments execute the plan so that the risk effects are mitigated. Moreover, all avoidable risks are avoided.

Sixth: Plan Review and Evaluation
The Risks Department follows up on the Company's development and constantly and continuously develops and upgrades the plan in effect.

Risk Management Arrangements

Determinants
Top priority is given to the Risks Department. This affects the Company's productivity and profitability. Moreover, the Risks Department distinguishes between actual risk and doubt. Priorities are given to risks with huge losses and high probability so as to avoid them.

Risks Management Responsibilities
- Upgrading the risk data base constantly and continuously.
- Predicting any probable risk.
- Cooperating with executive management to treat risks and mitigate riskiness.
- Preparing plans and risk reports continuously in order to avoid the probable risk or reduce the probability of its occurrence.

Risk Treatment Strategy
- Determining the Company's objectives.
- Clarifying strategies for the Company's objectives.
- Distinguishing risk.
- Assessing risk.
- Identifying methods to avoid and treat risk.

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 practices all types of insurance except for life insurance through its main branch located in Jabal Amman, 3rd circle in Amman and its branches in Swefieh, Tla'a Al Ali and Al Abdali branch Abdali and Abdali- Boulevard In Amman, and Aqaba branch in Aqaba and Irbid Branch in Irbid.

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

Steps in Determining Assumptions
These steps rely on the internal data derived from the quarterly claims reports and the sorting of the executed insurance policies as of the statement of financial position date to identify the outstanding insurance policies. The effective results for the year's accidents are selected for each type of insurance based on the evaluation of the most appropriate mechanism for observing the historical development.

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 and on the year in which underwriting of the other general insurance types was executed as follows:

Total - Motor Insurance:

The accident year	2011 and before	2012	2013	2014	2015	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	81,375,424	12,954,513	14,844,052	19,528,397	17,705,329	
After one year	83,047,827	14,189,980	15,654,029	21,710,980	-	
After two years	83,195,698	14,513,198	16,197,442	-	-	
After three years	83,585,588	14,654,365	-	-	-	
After four years	83,807,760	-	-	-	-	
Present expectation for the accumulated claims	83,807,760	14,654,365	16,197,442	21,710,980	17,705,329	154,075,876
Accumulated claims	82,341,453	13,942,616	14,642,207	16,261,107	12,088,836	139,276,219
Liability as in the statement of financial position Outstanding claims	1,466,307	711,749	1,555,235	5,449,873	5,616,493	14,799,657
Reported	1,466,307	711,749	1,555,235	5,449,873	2,416,493	11,599,657
Unreported	-	-	-	-	3,200,000	3,200,000
Surplus (deficit) in the preliminary estimate for reserve	**(2,432,336)**	**2,012**	**(1,353,390)**	**(2,182,583)**	**-**	**(5,966,297)**

Total – Marine

The accident year	2011 and before	2012	2013	2014	2015	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	2,000,486	141,890	86,330	70,096	183,755	
After one year	2,096,841	339,162	175,526	498,060	-	
After two years	2,085,245	339,198	223,567	-	-	
After three years	2,046,670	345,198	-	-	-	
After four years	2,056,035	-	-	-	-	
Present expectation for the accumulated claims	2,056,035	345,198	223,567	498,060	183,755	3,306,615
Accumulated payments	1,981,996	338,086	201,817	439,835	125,158	3,086,892
Liability as in the statement of financial position	74,039	7,112	21,750	58,225	58,597	219,723
Reported	74,039	7,112	21,750	58,225	38,597	199,723
Unreported	-	-	-	-	20,000	20,000
Surplus (deficit) in the preliminary estimate for reserve	**(55,549)**	**(203,308)**	**(137,237)**	**(427,964)**	**-**	**(824,058)**

Total - fire and property:

The accident year	2011 and before	2012	2013	2014	2015	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	7,125,601	635,596	687,357	10,640,217	1,131,955	
After one year	7,953,845	1,778,767	2,243,914	10,275,215	-	
After two years	7,754,358	1,834,420	2,249,919	-	-	
After three years	7,834,679	1,900,496	-	-	-	
After Four years	7,829,732	-	-	-	-	
Present expectation for the accumulated claims	7,829,732	1,900,496	2,249,919	10,275,215	1,131,955	23,387,317
Accumulated payments	7,539,138	1,794,751	1,860,869	9,308,844	468,873	20,972,475
Liability as in the statement of financial position Outstanding claims	290,594	105,745	389,050	966,371	663,082	2,414,842
Reported	290,594	105,745	389,050	966,371	463,082	2,214,842
Unreported	-	-	-	-	200,000	200,000
Surplus (deficit) in the preliminary estimate for reserve	**(704,131)**	**(1,264,900)**	**(1,562,562)**	**365,002**	**-**	**(3,166,591)**

Total – Liability

The accident year	2011 and before	2012	2013	2014	2015	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	319,595	14,872	69,804	15,815	50,158	
After one year	399,464	24,513	131,822	73,598	-	
After two years	375,960	27,284	101,071	-	-	
After three years	418,165	29,826	-	-	-	
After four years	387,025	-	-	-	-	
Present expectation for the accumulated claims	387,025	29,826	101,071	73,598	50,158	641,678
Accumulated payments	335,179	22,426	15,417	44,924	9,458	427,404
Liability as in the statement of financial position	51,846	7,400	85,654	28,674	40,700	214,274
Reported	51,846	7,400	85,654	28,674	10,700	184,274
Unreported	-	-	-	-	30,000	30,000
Surplus (deficit) in the preliminary estimate for reserve	**(67,430)**	**(14,954)**	**(31,267)**	**(57,783)**	**-**	**(171,434)**

Total – Others

The accident year	2011 and before	2012	2013	2014	2015	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	4,986,955	181,926	184,076	714,850	256,330	
After one year	6,192,580	537,204	1,595,370	1,330,007	-	
After two years	9,083,696	923,450	1,699,680	-	-	
After three years	9,645,864	1,255,126	-	-	-	
After four years	9,698,728	-	-	-	-	
Present expectation for the accumulated claims	9,698,728	1,255,126	1,699,680	1,330,007	256,330	14,239,871
Accumulated payments	7,151,836	1,132,210	1,444,665	1,193,648	-	10,922,359
Liability as in the statement of financial position	2,546,892	122,916	255,015	136,359	256,330	3,317,512
Reported	2,546,892	122,916	255,015	136,359	86,330	3,147,512
Unreported	-	-	-	-	170,000	170,000
Surplus (deficit) in the preliminary estimate for reserve	**(4,711,773)**	**(1,073,200)**	**(1,515,604)**	**(615,157)**	**-**	**(7,915,734)**

Total – Medical

The accident year	2011 and before	2012	2013	2014	2015	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	-	-	-	-	10,458,454	
After one year	-	-	-	-	-	
After two years	-	-	-	-	-	
After three years	-	-	-	-	-	
After four years	-	-	-	-	-	
Present expectation for the accumulated claims	-	-	-	-	10,458,454	10,458,454
Accumulated payments	-	-	-	-	-	-
Liability as in the statement of financial position	-	-	-	-	10,458,454	10,458,454
Reported	-	-	-	-	6,187,356	6,187,356
Unreported	-	-	-	-	4,271,098	4,271,098
Surplus (deficit) in the preliminary estimate for reserve	**-**	**-**	**-**	**-**	**-**	**-**

3. Insurance Risk Concentrations

Below are schedules presenting risk concentration based on insurance type and the geographical distribution

	2015		2014	
	Net	Gross	Net	Gross
	JD	JD	JD	JD
Insurance types				
Motor	24,203,974	25,800,571	22,156,742	24,392,482
Marine	246,563	1,122,030	171,888	665,669
Aviation	-	10,212	-	17,333
Fire and properties	1,090,568	8,110,074	919,836	12,719,878
Medical	10,927,879	35,273,586	9,661,057	29,892,143
Other	1,134,647	6,476,619	1,288,745	7,834,210
Total	**37,603,631**	**76,793,092**	**34,198,268**	**75,521,715**

The Company covers all its activities by proportional and non-proportional reinsurance treaties and excess of loss treaties, in addition to treaties that cover the Company's retention under the name of catastrophy risk treaties.

The geographical distribution is as follows:

	2015			2014		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
a. According to geographical area:						
Inside Jordan	101,581,979	48,132,752	4,802,890	92,988,638	47,011,410	3,524,830
Other Middle East Countries	1,001,569	3,987,689	-	747,879	2,935,166	-
Europe	24,858	12,312,612	-	13,946	9,558,353	-
Asia *	479,703	4,508,901	-	254,058	2,548,647	-
Africa *	69,429	1,505	-	31,697	683	-
Total	**103,157,538**	**68,943,459**	**4,802,890**	**94,036,218**	**62,054,259**	**3,524,830**

* Excluding Middle East countries.

	2015			2014		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
b. According to Sector:						
Public sector	11,015,912	6,380,027	4,802,890	6,750,865	4,992,304	3,524,830
Private Sector:						
Companies and corporations	88,200,961	60,226,985	-	83,921,173	55,167,180	-
Individuals	3,940,665	2,336,447	-	3,364,180	1,894,775	-
Total	**103,157,538**	**68,943,459**	**4,802,890**	**94,036,218**	**62,054,259**	**3,524,830**

The concentration of the off-statement of financial position items, assets and liabilities related to reinsurers according to the geographical distribution is as follows:

	2015			2014		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
a. According to geographical area:						
Inside Jordan	-	76,793,092	-	-	75,521,715	-
Other Middle East Countries	-	-	-	-	-	-
Europe	24,653,453	-	-	22,442,787	-	-
Asia *	12,950,178	-	-	11,755,481	-	-
Africa *	-	-	-	-	-	-
Total	**37,603,631**	**76,793,092**	**-**	**34,198,268**	**75,521,715**	**-**

* Excluding Middle East countries.

Insurance Risk Sensitivity

The table below shows the possible reasonable effect of the premiums price on the statement of income and equity keeping all other affecting variables fixed.

Insurance activities	Change	Effects on the underwriting premiums	Effects on the current year pre-Tax profit	Effects on The equity*
	%	JD	JD	JD
Motor	10	2,479,508	2,278,698	1,731,810
Marine	10	273,903	55,308	42,034
Aviation	10	5,918	-	-
Fire	10	893,179	106,477	80,923
Liabilities	10	124,937	7,954	6,045
Medical	10	5,916,207	2,066,642	1,570,648
Others	10	573,467	128,054	97,321
Total		**10,267,119**	**4,643,133**	**3,528,781**

* Net after deducting income tax effect.

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

The table below shows the possible reasonable effects of the claims cost on the statement of income and equity keeping all other affecting valuables fixed.

Insurance activities	Change	Effects on the underwriting claims	Effects on the current year pre-Tax profit	Effects on The equity*
	%	JD	JD	JD
Motor	10	1,910,719	1,767,168	1,343,048
Marine	10	57,654	30,133	22,901
Aviation	10	-	-	-
Fire	10	531,772	58,098	44,154
Liabilities	10	9,061	5,437	4,132
Medical	10	4,485,220	1,622,341	1,232,979
Others	10	181,474	32,752	24,892
Total		**7,175,900**	**3,515,929**	**2,672,106**

* Net after deducting income tax effect.

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

B. Financial Risks

The risks that the company faces revolve around the possibility of insufficient return on investments to fund the obligations arising from insurance contracts and investments.

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. These risks are monitored according to specific policies and procedures and through specialized committees and business units.

Market risk and its related controls are measured through sensitivity analysis.

2- Interest Rate Risk
Interest rate risks relate to long term bank deposits, development bonds, and other deposits. Moreover, the Company always aims to mitigate these risks through monitoring the changes in interest rates in the market. Interest rate risks relate to fixed deposits at banks and overdraft accounts, as of December 31, 2015. The interest rate on bank deposits ranged from 3% to 4% annually on Jordanian Dinar deposits. The interest rate on overdraft accounts ranged from 5% annually. The company did not use overdraft facilities which amount up to one hundred thousand dinars during the past three years and plans to not use it during the coming period foreseen.

The following table illustrates the sensitivity of exposure to interest rate at the date of the financial statements. Moreover, the analysis below has been prepared assuming that the amount of deposits outstanding at the statement of financial position date was outstanding for the whole financial year. An increase / decrease of 0.5% is used representing the Company's assessment of the probable and acceptable change of interest rates.

	+ 0.5%		- 0.5%	
	For the Year Ended December 31,			
	2015	2014	2015	2014
	JD	JD	JD	JD
Increase (decrease) in profit for the year	176,751	168,283	(176,751)	(168,283)
Shareholders' equity	**176,751**	**168,283**	**(176,751)**	**(168,283)**

The table below shows the sensitivity of exposure to interest rates on the bonds of Aqaba development company. Moreover, the analysis below has been prepared assuming that the amount of bonds outstanding at the statement of financial position date was outstanding for the whole financial year. An increase / decrease of 0.5% is used representing the Company's assessment of the probable and acceptable change of interest rates.

	+ 0.5%		- 0.5%	
	For the Year Ended December 31,			
	2015	2014	2015	2014
	JD	JD	JD	JD
Increase (decrease) in profit for the year	-	6,350	-	6,350
Shareholders' equity	-	6,350	-	6,350

3- Foreign Currencies Risks

Foreign currencies risks are the risks resulting from the fluctuations in the value of the financial instruments due to the changes in the exchange rates of foreign currencies. 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. Consequently, the Company does not hedge for the foreign currencies risk due to the following reasons:

- The US Dollar exchange rate is fixed within a range from 0.708 to 0.710 selling and buying by the Central Bank of Jordan.
- All of the Company's accounts with the various parties including reinsurers are in Jordanian Dinar.
- There are no other foreign currencies denominated accounts. However, the Company monitors the fluctuation in the foreign currency exchange rate continuously.

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.

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

Currency Type	Foreign Currency		Equivalent in Jordanian Dinar	
	2015	2014	2015	2014
US Dollar	679,924	3,973,565	482,066	2,817,258

The Company's management believes that the foreign currencies risks and their impact on the financial statements are immaterial.

4- Liquidity Risk

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 matures of assets with to the matures of liabilities and technical obligations.

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.

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

2015 -	Less than month	1 month to 3 months	3-6 months	6 month to 1 year	1-3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD
Liabilities:							
Accounts payables	3,500,000	2,650,000	2,500,000	1,000,000	163,842	-	9,813,842
Accrued expenses	270,930	-	-	-	-	-	270,930
Reinsurance payables	3,500,000	3,000,000	5,300,000	5,800,000	870,217	-	18,470,217
Other provisions	-	-	-	-	-	1,002,607	1,002,607
Income tax provision	753,708	-	604,097	-	-	-	1,357,805
Other payables	246,682	145,960	-	-	-	24,902	417,544
Deferred tax liabilities	-	-	-	-	-	6,883	6,883
Total liabilities	**8,271,320**	**5,975,960**	**8,404,097**	**6,800,000**	**1,034,059**	**1,034,392**	**31,339,828**
Total Assets	**18,532,302**	**13,385,541**	**9,837,950**	**40,200,560**	**8,812,610**	**12,388,575**	**103,157,538**
2014 -							
Liabilities:							
Accounts payables	2,650,000	2,000,000	1,100,000	421,000	185,743	-	6,356,743
Accrued expenses	234,482	-	-	-	-	-	234,482
Reinsurance payables	3,000,000	3,500,000	4,500,000	6,104,815	881,300	-	17,986,115
Other provisions	-	-	-	-	-	1,152,019	1,152,019
Income tax provision	674,885	-	803,975	-	-	-	1,478,860
Other payables	225,859	193,185	-	-	-	24,902	443,946
Deferred tax liabilities	-	-	-	-	-	203,826	203,826
Total liabilities	**6,785,226**	**5,693,185**	**6,403,975**	**6,525,815**	**1,067,043**	**1,380,747**	**27,855,991**
Total Assets	**20,172,956**	**14,451,608**	**8,111,772**	**37,823,522**	**7,170,676**	**6,305,684**	**94,036,218**

5- Share Price Risk

This represents the decrease in the value of shares as a result of the changes in the level of indices of shares subscribed to in the investment portfolio at the Company.

The change in the stock exchange index as of the financial statements date was +5% or - 5%. The following is the impact of the change on the Company's shareholders:

2015	Change in Index	Impact on Shareholders' Gain/(Loss)
	%	JD
Stock Exchange	+5%	325,470
Stock Exchange	-5%	(325,470)
2014		
Stock Exchange	+5%	258,334
Stock Exchange	-5%	(258,334)

6- Insurance Risk

This risk arises from the other parties' inability to meet their obligations. These risks arise from the following:
- Reinsurers.
- Policyholders.
- Insurance agents.

To mitigate insurance risks, the Company performs the following:
- Sets credit limits for agents and intermediaries.
- Controls accounts receivable.
- Sets reinsurance policies at other high net worth parties.
- Maintains the Company's cash balances at local and international banks.

7- 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 policyholders. As a result, the Company remains committed to the reinsured claims balance in case the reinsurers are unable to meet their obligations according to the reinsurance contracts.

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

- The Company applies the contractual and optional insurance agreements terms upon underwriting for all types of insurance regardless of size.
- The Company completes the reinsurance coverage for each risk assigned to it before the issuance of the insurance policy in case of insurance policies exceeding the relative agreements limits.
- As regards major contracts exceeding the proportional agreements limits, the Company, if it decides, assigns what exceeds 30% of any insurance contract to cover the optional reinsurance at a rate of not less than 60% of the assignment to a reinsurance company classified as 1st and 2nd class according to the solvency margin instructions.
- The Company optionally returns 100% of risks excluded from contracts to the reinsurance company (companies) classified as 1st or 2nd class according to the solvency margin instructions.
- The Company follows up on the contractual and optional reinsurances monthly to ensure that the classification is not downgraded below 1st and 2nd class.

8- Operating Risks

Operating risks relate to systems downtime or may result from any intentional or unintentional human error. These risks may affect the Company's reputation as they may lead to financial losses. These risks may be avoided through segregating duties, setting the necessary procedures to obtain any information from the Company's systems, and making aware and training the Company's personnel.

9- Legal Risks

These risks relate to the lawsuits against the Company. In order to avoid these risks, the Company setup an independent legal department to follow up on the Company's operations in a manner that complies with the Insurance Law and the Insurance Commission's Regulations.

(31) Maturity Analysis of Assets and Liabilities

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

2015 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Bank deposits	35,350,230	-	35,350,230
Financial assets at fair value through profit or loss	6,509,404	-	6,509,404
Financial assets at amortized cost	1,000	-	1,000
Cash at hands and at bank	3,413,632	-	3,413,632
Cheques under collection	5,007,084	-	5,007,084
Account receivable net	39,259,579	-	39,259,579
Reinsurance receivable net	3,865,505	-	3,865,505
Deferred tax assets	2,796,989	-	2,796,989
Property and equipment	-	5,297,893	5,297,893
Intangible equipment	-	581,278	581,278
Other assets	1,074,944	-	1,074,944
Total Assets	**97,278,368**	**5,879,171**	**103,157,538**
Liabilities			
Unearned premiums revenue, net	18,802,875	-	18,802,875
Outstanding claims reserve, net	15,440,540	3,360,216	18,800,756
Accounts payable	9,650,000	163,892	9,813,842
Accrued expenses	270,930	-	270,930
Reinsurance payable	17,600,000	870,217	18,470,217
Other provisions	-	1,002,607	1,002,607
Income tax provision	1,357,805	-	1,357,805
Other liabilities	392,642	24,902	417,544
Deferred tax liabilities	-	6,883	6,883
Total Liabilities	**63,514,792**	**5,428,667**	**68,943,459**
Net Assets	**33,763,575**	**450,504**	**34,214,079**

2014 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Bank deposits	33,656,515	-	33,656,515
Financial assets at fair value through profit or loss	5,166,676	-	5,166,676
Financial assets at amortized cost	1,000	-	1,000
Cash at hands and at bank	7,346,463	-	7,346,463
Cheques under collection	5,989,702	-	5,989,702
Account receivable net	30,335,847	-	30,335,847
Reinsurance receivable net	2,191,864	-	2,191,864
Deferred tax assets	2,404,479	-	2,404,479
Property and equipment	-	5,384,874	5,384,874
Intangible equipment	-	519,331	519,331
Other assets	1,039,467	-	1,039,467
Total Assets	**88,132,013**	**5,904,205**	**94,036,218**
Liabilities			
Unearned premiums revenue, net	19,161,869	-	19,161,869
Outstanding claims reserve, net	10,751,026	4,285,373	15,036,399
Accounts payable	6,171,000	185,743	6,356,743
Accrued expenses	234,482	-	234,482
Reinsurance payable	17,104,815	881,300	17,986,115
Other provisions	-	1,152,019	1,152,019
Income tax provision	1,478,860	-	1,478,860
Other liabilities	419,044	24,902	443,946
Deferred tax liabilities	203,826	-	203,826
Total Liabilities	**55,524,922**	**6,529,337**	**62,054,259**
Net Assets	**32,607,091**	**(625,132)**	**31,981,959**

(32) Analysis Of Main Sectors

A- Background for the company business sectors

General insurance sector includes insurance on Motor, Marine, Fire and Property, Liability, medical and others, the sectors above also include investments and cash management for the company account. The activities between the business sectors are performed based on commercial basis.

B-Geographic concentration of risk

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 Near East, which represent international business.

	Inside Kingdom		Outside Kingdom		Total	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Total assets	101,581,979	92,988,637	1,575,559	1,047,581	103,157,538	94,036,218
Total revenues	102,163,177	94,618,328	508,013	331,308	102,671,190	94,949,636
Capital expenditure	675,873	458,142	-	-	675,873	458,142

(33) Management of Capital

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

a. 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.
b. To secure the continuity of the Company, and consequently, the Company's ability to provide the shareholders with good returns on capital.
c. To make available the proper return to shareholders through pricing insurance policies in a manner compatible with the risks associated with those polices.
d. To comply with the Insurance Commission Instructions associated with the solvency margin.
e. The following table shows the summary of the Company's capital and the minimum required capital:

	2015	2014
	JD	JD
Total paid in Capital	21,438,252	21,438,252
Minimum Capital According to the Insurance Law	4,000,000	4,000,000

f. The following table shows the amount contributed to capital by the Company and the net solvency as of December 31, 2015 and 2014:

	2015	2014
	JD	JD
Core Capital		
Paid in Capital	21,438,252	21,438,252
Statutory reserve	4,538,423	3,971,347
Profit for the year net of appropriations	3,808,868	4,386,935
Retained earnings	4,428,536	2,185,425
Total Primary Capital	34,214,079	31,981,959
Supplementary capital:		
Cumulative change in fair value	-	-
Total Supplementary Capital	-	-
Total regulatory capital (a)	34,214,079	31,981,959
Total required capital (b)	21,677,724	19,074,664
Solvency margin (a) / (b)	157,8%	167,7%

In the opinion of the Company's management, the regulatory capital is compatible with and adequate to the size of capital and nature of risks to which the Company is exposed.

(34) Lawsuits Against the Company

There are lawsuits filed against the Company claiming compensation for a total amount of JD 1,993,165 as of December 31, 2015. 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.

(35) Contingent Liabilities

The Company is has bank guarantees of JD 4,802,890 as of December 31, 2015 against cash margins of JD 480,289.

(36) Fair Value Hierarchy

The following table analyzes the financial instruments recorded at fair value based on the valuation method which is defined at different levels as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2: Information not included in level (1) quoted prices monitored for the asset or liability, either directly (e.g. prices) or indirectly (i.e. derived from prices);
- Level 3: Information on the asset or liability not based on those observed from the market (unobservable inputs).

December 31, 2015	Level (1)	Level (2)	Level (3)	Total
	JD	JD	JD	JD
Financial assets at fair value through profit or loss	6,509,404	-	-	6,509,404
Total financial assets	**6,509,404**	**-**	**-**	**6,509,404**
December 31, 2014				
Financial assets at fair value through profit or loss	5,166,676	-	-	5,166,676
Total financial assets	**5,166,676**	**-**	**-**	**5,166,676**

(37) Standards issued but not yet effective

New and revised financial standards have been issued until 31 December 2015, but it is not binding yet and has not been applied by the company:

IFRS 15 Revenue from Contracts with Customers
IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IFRS 9 Financial Instruments
During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Company has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)
In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments are effective for annual periods beginning on or after 1 January 2016, must be applied retrospectively and earlier adoption is permitted.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to:
- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

These amendments are not expected to impact the Company's financial position or performance. The application of the amendments are not expected to have a significant impact on the Company's disclosures.

The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Investment entities (Amendments to IFRS 10 and IAS 28)
The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:
- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company's financial statements.

IFRS 16 Leases
During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.