

التاريخ: 2020/08/25

795/M2020/FE/LET/MAQ

السادة : هيئة الأوراق المالية المحترمين

السادة : بورصة عمان المحترمين

عمان- الأردن

الموضوع: البيانات المالية المرحلية للمرحلة المنتهية في تاريخ

30 حزيران 2020

تحية طيبة وبعد،،،

نرفق لكم طيه البيانات المالية المرحلية لشركة المتوسط والخليج للتأمين للمرحلة المنتهية في تاريخ 30 حزيران 2020 باللغة الانجليزية.

واقبلوا فائق الاحترام،،،

"محمد الأمين" أبو قورة

المدير العام

بورصة عمان  
البيانات المالية المرحلية والإدارية  
البيانات المالية

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**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**30 JUNE 2020**



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**REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN  
PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed financial statements of **THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN** (a public shareholding company) as at 30 June 2020, comprising of interim statement of financial position as of 30 June 2020 and the related interim statement of income, interim statement of comprehensive income, interim statement of changes in equity, and interim statement of cash flows for the six-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Emphasis of a Matter**

Without qualifying our conclusion, we draw attention to note (16) to the interim condensed financial statements, the Company's solvency ratio reached 97.8% as of 30 June 2020, which is less than the required ratio by the Insurance Administration, which is 150%.

Amman - Jordan

6 August 2020

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	<u>Notes</u>	30 June 2020	31 December 2019
		JD (Unaudited)	JD (Audited)
<b><u>Assets</u></b>			
<b>Investments -</b>			
Bank deposits	3	7,539,401	7,329,577
Investment properties		5,304,567	5,346,567
Financial assets at fair value through other comprehensive income	4	198,345	276,143
<b>Total Investments</b>		<u>13,042,313</u>	<u>12,952,287</u>
<b>Other Assets -</b>			
Cash on hand and at banks	9	46,948	962,777
Checks under collection		2,685,597	4,269,960
Accounts receivable, net	5	6,236,868	5,511,833
Reinsurance receivables	6	507,275	380,747
Property and equipment	7	2,654,483	2,655,893
Right of use assets		47,142	52,966
Intangible assets		13,999	22,161
Other assets		233,356	266,361
<b>Total Assets</b>		<u>25,467,981</u>	<u>27,074,985</u>
<b><u>Liabilities and Equity</u></b>			
<b>Liabilities</b>			
<b>Technical Reserves -</b>			
Unearned premium reserve, net		7,089,109	7,008,674
Premium deficiency reserve, net		122,000	50,000
Outstanding claims reserve, net		8,076,850	8,800,453
<b>Total Technical Reserves</b>		<u>15,287,959</u>	<u>15,859,127</u>
<b>Other liabilities -</b>			
Accounts payable	10	2,627,824	1,961,581
Accrued expenses		50,302	53,832
Reinsurance payables	11	1,967,275	2,926,947
Lease Obligation		49,544	47,595
Other liabilities		271,059	359,450
<b>Total Liabilities</b>		<u>20,253,963</u>	<u>21,208,532</u>
<b>Equity-</b>			
Paid in capital	1	10,000,000	10,000,000
Statutory reserve		185,899	185,899
Fair value reserve	13	(528,094)	(450,296)
Accumulated losses		(4,443,787)	(3,869,150)
<b>Total Shareholders' Equity</b>		<u>5,214,018</u>	<u>5,866,453</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>25,467,981</u>	<u>27,074,985</u>

**The attached notes from 1 to 20 form part of these interim condensed financial statements**

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM STATEMENT OF INCOME**  
**FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020 JD	2019 JD	2020 JD	2019 JD
<b>Revenue –</b>					
Gross written premiums		3,142,543	4,387,996	8,902,736	9,725,106
Less: local reinsurance share		58,768	77,807	92,157	148,021
Less: foreign reinsurance share		243,533	338,813	818,645	840,861
<b>Net written premiums</b>		<b>2,840,242</b>	<b>3,971,376</b>	<b>7,991,934</b>	<b>8,736,224</b>
Net change in unearned premiums provision		838,577	90,948	(80,435)	(955,556)
Net change in premium deficiency reserve		(72,000)	102,000	(72,000)	102,000
<b>Net earned premiums</b>		<b>3,606,819</b>	<b>4,164,324</b>	<b>7,839,499</b>	<b>7,882,668</b>
Commissions income		50,644	90,961	185,035	239,262
Insurance policies issuance fees		142,882	254,114	415,016	650,591
Interest income		93,736	82,552	178,603	189,624
Other underwriting revenue		68,863	113,631	305,191	222,140
Other revenues		-	10	-	34
Dividends income from investments in financial assets through other comprehensive income		-	21,998	-	21,998
<b>Total revenues</b>		<b>3,962,944</b>	<b>4,727,590</b>	<b>8,923,344</b>	<b>9,206,317</b>
<b>Claims and related expenses</b>					
Paid claims		2,757,802	3,890,697	7,500,765	7,630,640
Less: Recoveries		196,659	96,421	504,134	572,383
Less: Reinsurance share		277,390	87,172	473,884	186,640
<b>Paid claims, net</b>		<b>2,283,753</b>	<b>3,707,104</b>	<b>6,522,747</b>	<b>6,871,617</b>
Net change in claims reserve		(271,188)	131,824	(723,603)	348,614
Allocated general and administrative expenses		184,095	213,830	368,871	439,150
Allocated employees' expenses		208,535	261,668	440,400	483,716
Excess of loss premium		90,667	95,093	181,333	163,327
Policies acquisition costs		80,329	153,158	231,931	358,866
Other expenses		35,406	87,841	291,077	249,526
<b>Net Claims</b>		<b>2,611,597</b>	<b>4,650,518</b>	<b>7,312,756</b>	<b>8,914,816</b>
Unallocated employees' expenses		28,146	29,642	60,582	57,048
Right of use assets depreciation		2,912	34,531	5,824	47,880
Depreciation and amortization		41,814	3,146	84,043	26,820
Unallocated general and administrative expenses		45,815	28,534	91,367	60,066
Provision for expected credit losses	5	1,898,409	45,000	1,943,409	90,000
<b>Total expenses</b>		<b>2,017,096</b>	<b>140,853</b>	<b>2,185,225</b>	<b>281,814</b>
<b>(Loss) Profit for the period before income tax</b>		<b>(665,749)</b>	<b>(63,781)</b>	<b>(574,637)</b>	<b>9,687</b>
Income tax expenses	8	-	-	-	-
<b>(Loss) Profit for the period</b>		<b>(665,749)</b>	<b>(63,781)</b>	<b>(574,637)</b>	<b>9,687</b>
		<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share for the period	14	(0/067)	(0/006)	(0/057)	0/001

The attached notes from 1 to 20 form part of these interim condensed financial statements

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN  
PUBLIC SHAREHOLDING COMPANY  
INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	JD	JD	JD	JD
<b>(Loss) Profit for the period</b>	(665,749)	(63,781)	(574,637)	9,687
<b>Add: other comprehensive income items that will not be reclassified to profit or loss in subsequent periods</b>				
Changes in fair value of financial assets at fair value through other comprehensive income	(27,853)	(1,440)	(77,798)	(10,564)
<b>Total comprehensive income for the period</b>	<b>(693,602)</b>	<b>(65,221)</b>	<b>(652,435)</b>	<b>(877)</b>

**The attached notes from 1 to 20 form part of these interim condensed financial statements**

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN  
PUBLIC SHAREHOLDING COMPANY  
INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Paid in capital	Statutory reserve	Fair value reserve	Accumulated Losses	Total
	JD	JD	JD	JD	JD
<b>30 June 2020 -</b>					
Balance at 1 January 2020	10,000,000	185,899	(450,296)	(3,869,150)	5,866,453
Total comprehensive income for the period	-	-	(77,798)	(574,637)	(652,435)
<b>Balance at 30 June 2020</b>	<b>10,000,000</b>	<b>185,899</b>	<b>(528,094)</b>	<b>(4,443,787)</b>	<b>5,214,018</b>
<b>30 June 2019 -</b>					
Balance at 1 January 2019	10,000,000	172,786	(428,206)	(3,987,171)	5,757,409
Total comprehensive income for the period	-	-	(10,564)	9,687	(877)
<b>Balance at 30 June 2019</b>	<b>10,000,000</b>	<b>172,786</b>	<b>(438,770)</b>	<b>(3,977,484)</b>	<b>5,756,532</b>

The attached notes from 1 to 20 form part of these interim condensed financial statements

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Notes	30 June 2020 JD	30 June 2019 JD
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
(Loss) Profit for the period before income tax		(574,637)	9,687
<b>Adjustment for non-cash items:</b>			
Depreciation and amortization		84,043	26,820
Interest on lease obligation		1,949	20,478
Depreciation on right use assets		5,824	47,880
Net Change in unearned premium reserve		80,435	955,556
Net Change in Premium deficiency reserve		72,000	(102,000)
Net Change in Outstanding claims reserve		(723,603)	348,614
Interest income		(178,603)	(189,624)
Provision for expected credit losses	5	1,943,409	90,000
Dividends income from investments in financial assets through other comprehensive income		-	(21,998)
<b>Cash flows from operating activities before changes in working capital</b>		710,817	1,185,413
Checks under collection		1,584,363	903,125
Accounts receivable		(2,668,444)	(3,313,160)
Reinsurance receivables		(126,528)	(16,804)
Other assets		119,146	132,941
Accounts payable		666,243	(417,673)
Reinsurance payables		(959,672)	(7,073)
Other liabilities and accrued expenses		(91,921)	(17,197)
<b>Net cash flows used in operating activities</b>		(765,996)	(1,550,428)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest received		92,462	189,624
Deposits at banks maturing after three months		(3,998,230)	2,783,114
Purchase of property and equipment	7	(32,471)	-
Dividends received		-	21,998
<b>Net cash flows (used in) from investing activities</b>		(3,938,239)	2,994,736
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Lease obligations paid		-	(64,187)
<b>Net cash flows used in financing activities</b>		-	(64,187)
<b>Net (decrease) increase in cash and cash equivalents</b>		(4,704,235)	1,380,121
Cash and cash equivalents at beginning of the period		8,292,354	3,919,390
<b>Cash and cash equivalents at the end of the period</b>	9	3,588,119	5,299,511

The attached notes from 1 to 20 form part of these interim condensed financial statements



**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Motor		Marine		Fire and property		Liability		Medical		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Written Premiums:</b>														
Direct insurance	4,358,114	5,593,804	163,593	226,306	777,178	765,999	58,684	65,423	3,529,949	3,054,793	15,218	18,781	8,902,736	9,725,106
Less:														
Local reinsurance share	56,645	129,085	-	-	32,986	13,314	538	-	-	-	1,988	5,622	92,157	148,021
Foreign reinsurance share	-	-	148,251	191,494	647,222	628,840	7,296	9,976	-	-	15,876	10,551	818,645	840,861
<b>Net Written Premiums</b>	<b>4,301,469</b>	<b>5,464,719</b>	<b>15,342</b>	<b>34,812</b>	<b>96,970</b>	<b>123,845</b>	<b>50,850</b>	<b>55,447</b>	<b>3,529,949</b>	<b>3,054,793</b>	<b>(2,646)</b>	<b>2,608</b>	<b>7,991,934</b>	<b>8,736,224</b>
<b>Add:</b>														
Balance at the beginning of the period														
Unearned premiums reserve	5,507,430	5,071,655	88,999	85,901	1,367,521	1,407,023	42,038	33,207	1,348,224	1,999,255	17,728	15,892	8,371,940	8,613,933
Less : reinsurance share	-	-	83,433	82,008	1,249,368	1,285,918	15,002	13,577	-	-	15,463	13,902	1,363,266	1,395,405
<b>Net Unearned premiums reserve</b>	<b>5,507,430</b>	<b>5,071,655</b>	<b>5,566</b>	<b>3,893</b>	<b>118,153</b>	<b>121,105</b>	<b>27,036</b>	<b>19,630</b>	<b>1,348,224</b>	<b>1,999,255</b>	<b>2,265</b>	<b>1,990</b>	<b>7,008,674</b>	<b>7,217,528</b>
<b>Add: premium deficiency reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>245,000</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>245,000</b>
<b>Less:</b>														
<b>Balance at the end of the period</b>														
Unearned premiums reserve	4,791,324	5,513,446	35,972	83,592	987,264	979,185	48,481	46,962	2,143,893	2,494,030	15,524	17,838	8,022,458	9,135,043
Less : reinsurance share	-	-	25,197	75,456	884,498	860,824	10,144	10,008	-	-	13,510	15,671	933,349	981,959
<b>Net Unearned premiums reserve</b>	<b>4,791,324</b>	<b>5,513,446</b>	<b>10,775</b>	<b>8,126</b>	<b>102,766</b>	<b>118,361</b>	<b>38,337</b>	<b>36,954</b>	<b>2,143,893</b>	<b>2,494,030</b>	<b>2,014</b>	<b>2,167</b>	<b>7,089,109</b>	<b>8,173,084</b>
Less: premium deficiency reserve	-	-	-	-	-	-	-	-	122,000	143,000	-	-	122,000	143,000
<b>Net earned revenue from written Premiums</b>	<b>5,017,575</b>	<b>5,022,928</b>	<b>10,133</b>	<b>30,579</b>	<b>112,357</b>	<b>126,589</b>	<b>39,549</b>	<b>38,123</b>	<b>2,662,280</b>	<b>2,662,018</b>	<b>(2,395)</b>	<b>2,431</b>	<b>7,839,499</b>	<b>7,882,668</b>

**The attached notes from 1 to 20 form part of these interim condensed financial statements**

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Motor		Marine		Fire and property		Liability		Medical		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Paid claims</b>	3,781,188	4,624,664	22,601	28,892	391,098	55,063	-	4,020	3,303,972	2,907,449	1,906	10,552	7,500,765	7,630,640
Less:														
Recoveries	469,226	531,118	-	8,853	11,142	-	-	-	26,055	30,123	-	-	504,134	572,383
Reinsurance share	120,125	120,725	20,541	23,842	331,694	33,631	-	-	-	-	1,524	8,442	473,884	186,640
<b>Net Paid Claims</b>	3,191,837	3,972,821	2,060	5,050	50,551	10,290	-	4,020	3,277,917	2,877,326	382	2,110	6,522,747	6,871,617
Add:														
Outstanding claims reserve at the end of the period														
Reported	6,622,224	5,919,046	310,675	272,482	672,951	1,252,134	56,087	49,937	627,537	666,137	682	2,715	8,288,156	8,172,451
Unreported	1,596,000	1,901,062	22,447	2,000	760	8,000	1,000	1,000	54,463	390,863	1,350	1,000	1,676,020	2,303,925
Less:														
Recoveries	888,771	826,003	-	-	-	-	-	-	-	-	-	-	888,771	826,003
Reinsurance share	151,294	313,717	291,885	267,921	540,393	1,101,869	14,405	12,230	-	-	578	2,207	998,555	1,697,944
<b>Net outstanding claims reserve at the end of the period</b>	7,176,159	6,680,388	41,237	6,561	133,318	168,265	42,682	38,707	682,000	1,057,000	1,454	1,508	8,076,850	7,952,429
Reported	5,580,159	4,779,336	18,790	4,561	132,558	160,265	41,682	37,707	627,537	666,137	104	508	6,400,830	5,648,504
Unreported	1,596,000	1,901,062	22,447	2,000	760	8,000	1,000	1,000	54,463	390,863	1,350	1,000	1,676,020	2,303,925
Less:														
Outstanding claims reserve at the beginning of the period														
Reported	6,622,552	5,948,135	283,435	272,640	831,893	959,849	48,147	42,463	848,795	582,981	1,224	359	8,636,046	7,806,417
Unreported	1,740,715	1,813,462	22,447	2,000	760	8,000	1,000	1,000	442,267	327,334	1,350	1,000	2,208,539	2,152,796
Less:														
Recoveries	876,578	920,631	-	-	-	-	-	-	-	-	-	-	876,578	920,631
Reinsurance share	214,558	348,496	277,537	264,996	662,819	815,545	11,630	5,410	-	-	1,010	320	1,167,554	1,434,767
<b>Net outstanding claims reserve at the beginning of the period</b>	7,272,131	6,492,470	28,345	9,644	169,834	152,304	37,517	38,043	1,291,062	910,315	1,564	1,039	8,800,453	7,603,815
<b>Net claims cost</b>	3,095,865	4,160,739	14,952	1,967	14,035	26,251	5,165	4,684	2,663,855	3,024,011	272	2,579	5,799,144	7,220,231

**The attached notes from 1 to 20 form part of these interim condensed financial statements**

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDERWRITING PROFIT FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Motor		Marine		Fire and property		Liability		Medical		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Net earned revenue from written premiums</b>	5,017,575	5,022,928	10,133	30,579	112,357	126,589	38,123	39,549	2,662,280	2,662,018	(2,395)	2,431	7,839,499	7,862,668
Less:														
<b>Net claims cost</b>	3,095,865	4,160,739	14,952	1,967	14,035	26,251	5,165	4,684	2,668,855	3,024,011	272	2,579	5,799,144	7,220,231
Add:														
Commissions income	-	-	30,587	65,751	147,856	168,385	1,805	1,696	-	-	4,896	3,321	185,035	239,262
Insurance policies issuance fees	183,302	254,639	44,018	59,410	91,274	97,393	2,701	2,908	88,234	229,113	5,487	7,128	415,016	650,591
Other underwriting revenues	61,671	70,161	20,897	18,127	69,442	-	-	-	153,181	133,852	-	-	305,191	222,140
<b>Total revenue</b>	2,166,683	1,186,969	90,683	171,900	406,894	366,116	38,781	38,152	234,840	972	7,716	10,301	2,945,597	1,774,430
Less:														
Policies acquisition cost	127,470	219,566	6,818	2,120	27,305	24,399	2,083	3,254	66,146	107,166	2,109	2,361	231,931	358,866
Excess of loss premium	122,271	101,098	4,058	6,087	55,004	56,142	-	-	-	-	-	-	181,333	163,327
Allocated general and administrative expenses	400,350	523,976	23,649	30,313	104,295	112,505	4,007	4,440	275,931	250,358	1,039	1,274	809,271	922,866
Other expenses	552	3,470	48	1,282	14,035	3,001	-	-	277,850	241,613	(1,408)	160	291,077	249,526
<b>Total Expenses</b>	650,643	848,110	34,573	39,802	200,639	196,047	6,090	7,694	619,927	599,137	1,740	3,795	1,513,612	1,694,585
<b>Underwriting Profit</b>	1,516,040	338,879	56,110	132,098	206,255	170,069	30,458	32,691	(385,087)	(598,165)	5,976	6,506	1,431,985	79,845

The attached notes from 1 to 20 form part of these interim condensed financial statements

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**(1) GENERAL**

The Mediterranean and Gulf Insurance Company - Jordan was incorporated on 21 November 2006 as a Public Shareholding Company with an authorized paid in capital amounting to JD 10,000,000 divided into 10,000,000 shares at par value of JD 1 each.

The Company is engaged in insurance business against fire, general accidents, marine, medical, motor and liability.

The interim financial statements were approved by the Board of Directors on 6 August 2020.

**(2) Basis of preparation**

The interim condensed financial statements as of 30 June 2020 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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

The financial statements have been prepared on historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual report as at 31 December 2019. In addition, the results for the six months ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

**Changes in accounting policies**

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 except for the adoption of new amendments effective as of 1 January 2020 shown below:

**Amendments to IFRS 3: Definition of a Business**

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Company did not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

These amendments do not have any impact on the Company's interim condensed financial statements.

**Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7**

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments was for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

These amendments do not have any impact on the Company's interim condensed financial statements.

**(3) BANK DEPOSITS**

This item represents the following:

	30 June 2020				31 December 2019
	Deposits mature within a month	Deposits mature during a period from 1 to 3 months*	Deposits mature from 3 months to 1 year**	Total	
	JD	JD	JD	JD (Unaudited)	JD (Audited)
Inside Jordan	-	3,541,171	3,998,230	7,539,401	7,329,577

\* This item represents deposits in Jordanian Dinar in Jordanian banks as of 30 June 2020 with an average interest rate of 4.75% and mature within three months (31 December 2019: Deposits in Jordanian Dinar in Jordanian banks with an average interest rate ranges between 4.5% and 4.75% and mature within three months).

\*\* This item represents deposits in Jordanian Dinar in Jordanian banks as of 30 June 2020 at an average interest rate ranges between 4.5% and 5.9% and is due within eight months (31 December 2019: Nil).

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**(4) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

This item consists of the following:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Quoted shares in Amman Stock Exchange	198,345	276,143

**(5) ACCOUNTS RECEIVABLE, NET**

This item consists of the following:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Policy holders*	9,647,673	6,979,009
Due from sister companies (Note 12)	6,918	6,918
Employees' receivables	6,449	6,669
Other	1,585	1,585
	<u>9,662,625</u>	<u>6,994,181</u>
Less: Provision for expected credit losses**	3,425,757	1,482,348
	<u>6,236,868</u>	<u>5,511,833</u>

\* This item includes written premiums receivables from a primary shareholder by JD 4,877,800 as of 30 June 2020 (31 December 2019: 1,890,017) (Note 12)

\*\* Movement on the provision for expected credit losses is as follows:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	1,482,348	1,256,668
Additions for the period/ year	1,943,409	230,000
Reversal of provision	-	(4,320)
Balance at the end of the period/ year	<u>3,425,757</u>	<u>1,482,348</u>

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**(6) REINSURANCE RECEIVABLES**

This item consists of the following:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	332,838	342,159
Foreign reinsurance companies	214,437	78,588
	<u>547,275</u>	<u>420,747</u>
Less: Provision for doubtful debts	40,000	40,000
	<u><u>507,275</u></u>	<u><u>380,747</u></u>

**(7) PROPERTIES AND EQUIPMENT**

During the six months period ended on 30 June 2020, the company purchased property and equipment for the new building in Al-Abdali for an amount of JD 32,471 (30 June 2019: Nil).

**(8) INCOME TAX**

No provision for income tax was calculated for the period ended 30 June 2020 and 2019 due to the excess of expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

**Income Tax**

Final settlement was reached with the Income and Sales Tax Department up to 2016.

The Company filed its tax declaration for the years 2019,2018 and 2017 which have not been reviewed by the Income and Sales Tax Department and no final decision was made.

In the opinion of the Company's management and the tax consultant, the tax provision is considered adequate to meet any tax obligations.

**Sales Tax**

Final settlement was reached with the Income and Sales Tax Department up to 31 January 2017.

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**(9) CASH AND CASH EQUIVALENTS**

This item consists of the following:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Cash on hand	650	650
Cash at Banks	46,298	962,127
	<u>46,948</u>	<u>962,777</u>

For the purposes of the interim condensed statement of cash flows, the details of cash and cash equivalents are as follows:

	30 June 2020	30 June 2019
	JD (Unaudited)	JD (Unaudited)
Cash on hand and bank balances	46,948	210,994
Plus: Deposits at banks that mature within six months (Note 3)	3,541,171	5,088,517
<b>Cash and cash equivalents</b>	<u>3,588,119</u>	<u>5,299,511</u>

**(10) ACCOUNTS PAYABLE**

This item consists of the following:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Due to sister companies (Note 12)	46,508	66,713
Policy holders	965,288	425,702
Medical network payables	1,313,642	1,120,645
Other payables	302,386	348,521
	<u>2,627,824</u>	<u>1,961,581</u>



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**(11) REINSURANCE PAYABLES**

This item consists of the following:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	542,508	951,691
Foreign reinsurance companies	1,424,767	1,975,256
	<u>1,967,275</u>	<u>2,926,947</u>

**(12) RELATED PARTY TRANSACTIONS**

Related parties represent major shareholders, board members, directors and key management personnel of the Company, and Companies of which they are principle owners in the ordinary course of business.

Pricing policies and terms of transactions are approved by the Company's management.

Following is a summary of balances with related parties included in the interim statement of financial position:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
<b>Amounts Due from related parties -</b>		
Due from primary shareholder (Note 5)	4,877,800	1,890,017
The Mediterranean and Gulf Insurance company – Bahrain (note 5) (Sister Company)	6,918	6,918
Checks under collection from primary shareholder	1,920,514	3,183,989
	<u>6,805,232</u>	<u>5,080,924</u>
Less: Provision for expected credit losses	1,619,857	-
	<u>5,185,375</u>	<u>5,080,924</u>
<b>Amounts Due to related parties-</b>		
Addison Bradley International Lebanon (Sister Company)*	816,239	911,656
Addison Bradley Jordan (Sister Company)	199,600	199,600
Medivisa Company – Jordan (Note 10) (Sister Company)	46,508	66,713
	<u>1,062,347</u>	<u>1,177,969</u>

\* The insurance premiums have been paid to the foreign reinsurance companies through Addison Bradley International - Lebanon (Reinsurance Brokerage Firm) with a total amount of JD 267,219 for the period ended 30 June 2020 (31 December 2019: JD 52,545). Commissions that were earned from this brokerage have been recorded by the Company with a total amount of JD 28,113 for the period ended 30 June 2020 (31 December 2019: JD 3,265).

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The following is a summary of the transactions with related parties included in the interim statement of comprehensive income:

	30 June 2020	30 June 2019
	JD (Unaudited)	JD (Unaudited)
Written premiums- primary shareholder	4,032,516	1,383,275

Below is a summary of the salaries and benefits of the executive management of the Company:

	30 June 2020	30 June 2019
	JD (Unaudited)	JD (Unaudited)
Salaries and benefits	135,350	118,550

**(13) FAIR VALUE RESERVE**

This item represents the change in the fair value of financial instruments through other comprehensive income:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at beginning of the period/ year	(450,296)	(428,206)
Change in fair value during the period/ year	(77,798)	(22,090)
<b>Balance at the end of the period/ year</b>	<b>(528,094)</b>	<b>(450,296)</b>

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**(14) BASIC AND DILUTED PROFIT (LOSS) EARNINGS PER SHARE FOR THE PERIOD**

Earnings per share are calculated by dividing the (Loss) profit for the period over the weighted average number of shares during the period as follows:

	For three months at 30 June		For six months at 30 June	
	2020 Unaudited	2019 Unaudited	2020 Unaudited	2019 Unaudited
(Loss) Profit for the period (Dinar)	(665,749)	(63,781)	(574,637)	9,687
Weighted average number of shares (share)	10,000,000	10,000,000	10,000,000	10,000,000
	JD/ Fils	JD/ Fils	JD/ Fils	JD/ Fils
Basic and diluted earnings per share for the period	(0/067)	(0/006)	(0/057)	0/001

**(15) ANALYSIS OF MAIN SECTORS**

**A. Information about the Company's operational sectors:**

For management purposes, the Company was organized to include the general insurance sectors, which include fire, motor, marine, liability and medical insurance. The transactions between sectors are based on estimated market price basis under the same conditions for others.

**B. Information about the geographical distribution:**

This note represents the geographical distribution of the Company's operations; the Company mainly conducts its activities in the Kingdom, which represents the local operations. The Company also has international operations through its branches in the Middle East, Europe, Asia, America, and the South East.

The geographic distribution of the Company's capital expenditures and revenues are as follows:

	Inside Jordan		Outside Jordan		Total	
	30 June		30 June		30 June	
	2020	2019	2020	2019	2020	2019
Total revenue	8,738,309	8,967,055	185,035	239,262	8,923,344	9,206,317

  

	Inside Jordan		Outside Jordan		Total	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Total assets	25,467,981	27,074,985	-	-	25,467,981	27,074,985

**(16) MANAGEMENT OF CAPITAL**

The capital requirements are regulated by the insurance authority. These requirements have been established to ensure an appropriate margin. Additional objectives were set by the company to maintain strong credit ratings and high capital ratios in order to support its business and maximize shareholders' equity.

The Company manages the capital structure and makes the necessary adjustments in light of changes in working conditions. The company has made no changes to the objectives, policies and procedures relating to capital structure during the current year and the previous year.

In the opinion of the management, regulatory capital is sufficient to meet future risks or liabilities.

The details of the capital and solvency ratio are as follows:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Total available capital	<u>5,214,018</u>	<u>5,866,453</u>
<b>Capital requirements</b>		
Capital requirement against asset risks	3,028,606	3,378,206
Capital requirement against underwriting liabilities	2,242,028	2,402,270
Capital requirement against the reinsurance risk	<u>59,718</u>	<u>19,698</u>
Total required capital	<u>5,330,352</u>	<u>5,800,174</u>
Solvency margin ratio	<u>97.8%</u>	<u>101.1%</u>

The company's solvency ratio reached 97.8% as of 30 June 2020, which is less than the ratio determined by the Insurance Administration, which is 150%.

**(17) LAWSUITS AGAINST THE COMPANY**

The company is defendant in a number of cases amounted to JD 1,024,961 as of 30 June 2020 (31 December 2019: 1,200,062). In the opinion of the Company's management and its legal counsel, the company booked enough provision to meet the obligations related to these cases.

**(18) CONTINGENT LIABILITIES**

On the date of the interim condensed financial statements, the company has potential liabilities related to bank guarantees of JD 108,589 with cash margins of JD 10,859 (31 December 2019: JD 194,957, with cash margins of JD 19,496).

**(19) LEGAL RESERVES**

The Company has made no transfers to statutory reserve as per the Companies Law as these financial statements are interim condensed financial statements.

**(20) CORONAVIRUS SPREAD (COVID – 19) AND ITS IMPACT ON THE COMPANY**

As a result of the continued impact of the Corona virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and measures imposed by the Jordanian Government and neighboring countries and the rest of the world, it is possible that operational activities may be affected by global developments that currently affect various economic and geographical sectors. The management has prepared a preliminary study to determine the impact of the Corona virus on the Company's activities and the financial performance of the Company to take appropriate measures to enable it to continue its activities in light of the current circumstances. Also, the management is preparing a detailed study to determine the impact of the virus on the Company's operations and the possibility of recovering its assets and meeting its obligations.