

التاريخ: 2018/08/08 م

1613/M2018/FE/LET/MQ

السادة : هيئة الأوراق المالية المحترمين

الموضوع : البيانات المالية النصف سنوية لعام 2018 باللغة الإنجليزية

تحية طيبة وبعد،

نرفق لكم مسودة البيانات المالية النصف سنوية لعام 2018 باللغة الإنجليزية والتي تم إرسالها من قبل المدقق الخارجي بتاريخ 2018-08-08 على أن يتم تزويدكم بالنسخة النهائية المدققة والموافق عليها من قبل مجلس الإدارة .

وتفضلوا بقبول فائق الاحترام والتقدير،،،

شركة المتوسط والخليج للتأمين - الأردن



محمد الأمين أبو قورة  
المدير العام

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2018

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THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)

	Notes	30 June 2018 JD (Unaudited)	31 December 2017 JD (Audited)
<b>Assets</b>			
<b>Investments-</b>			
Bank deposits	3	9,138,828	9,337,942
Financial assets at fair value through other comprehensive income	4	331,369	268,939
<b>Total Investments</b>		<b>9,470,197</b>	<b>9,606,881</b>
<b>Other Assets -</b>			
Cash on hands and at banks	13	62,755	233,904
Checks under collection		1,455,620	1,893,495
Accounts receivable, net	5	6,503,425	5,609,756
Reinsurance receivables		345,148	443,881
Property and equipment		166,026	187,190
Assets held for sale	6	7,780,486	7,722,706
Intangible assets		33,933	39,031
Other assets		221,574	259,993
<b>Total Assets</b>		<b>26,039,164</b>	<b>25,996,837</b>
<b>Liabilities and Equity</b>			
<b>Liabilities -</b>			
<b>Insurance Contract Liabilities</b>			
Unearned premium reserve, net		7,237,170	7,533,324
Premium deficiency reserve, net		161,000	161,000
Outstanding claims reserve, net		8,152,267	8,177,145
<b>Total Insurance Contract Liabilities</b>		<b>15,550,437</b>	<b>15,871,469</b>
<b>Other liabilities</b>			
Accounts payable	7	2,252,781	1,593,655
Accrued expenses		33,545	49,489
Reinsurance payables	8	2,068,192	2,036,574
Other liabilities		300,924	253,264
<b>Total Liabilities</b>		<b>20,205,879</b>	<b>19,804,451</b>
<b>Equity-</b>			
Paid in capital	1	10,000,000	10,000,000
Statutory reserve		169,213	169,213
Fair value reserve	10	(395,070)	(457,500)
Accumulated losses		(3,940,858)	(3,519,327)
<b>Total Equity</b>		<b>5,833,285</b>	<b>6,192,386</b>
<b>Total Liabilities and Equity</b>		<b>26,039,164</b>	<b>25,996,837</b>

The attached notes 1 to 18 form part of these interim financial statements



**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

		For the three months ended 30 June		For the six months ended 30 June	
	Notes	2018	2017	2018	2017
		JD	JD	JD	JD
<b>Revenue –</b>					
Gross written premiums		3,938,136	5,718,798	9,111,684	10,018,223
Less: local reinsurance share		15,566	204,011	357,976	568,678
Less: foreign reinsurance share		333,324	409,646	898,951	1,016,577
<b>Net written premiums</b>		<b>3,589,246</b>	<b>5,105,141</b>	<b>7,854,757</b>	<b>8,432,968</b>
Net change in unearned premiums provision		537,521	(1,301,014)	296,154	(835,484)
<b>Net earned premiums</b>		<b>4,126,767</b>	<b>3,804,127</b>	<b>8,150,911</b>	<b>7,597,484</b>
Commissions income		49,153	131,014	226,949	315,281
Insurance policies issuance fees		142,814	342,213	446,027	575,813
Interest income		136,876	91,277	250,386	178,537
Other underwriting revenue		62,303	11,735	180,464	111,645
Other revenues		12,613	-	12,613	-
Gain from financial assets and investments	11	19,594	14,796	19,594	14,796
Gain from sale of property and equipment		75	21,000	75	21,348
<b>Total revenues</b>		<b>4,550,195</b>	<b>4,416,162</b>	<b>9,287,019</b>	<b>8,814,904</b>
<b>Claims and related expenses</b>					
Paid claims		4,281,218	3,655,347	8,762,251	8,695,674
Less: Recoveries		261,662	356,040	631,742	777,625
Less: Reinsurance share		343,670	88,559	462,915	275,664
<b>Paid claims, net</b>		<b>3,675,886</b>	<b>3,210,748</b>	<b>7,667,594</b>	<b>7,642,385</b>
Net change in claims reserve		26,462	298,158	(24,878)	(402,122)
Allocated general and administrative expenses		273,896	220,665	549,525	473,200
Allocated employees' expenses		345,114	359,890	653,983	656,161
Excess of loss premium		62,187	47,987	175,349	121,009
Policies acquisition costs		109,716	111,401	279,799	244,446
Other expenses		93,398	98,079	168,769	143,364
<b>Net Claims</b>		<b>4,586,659</b>	<b>4,346,928</b>	<b>9,470,141</b>	<b>8,878,443</b>
Unallocated employees' expenses		45,420	51,931	89,766	93,587
Depreciation and amortization		14,735	16,221	29,812	32,821
Unallocated general and administrative expenses		59,429	39,505	118,831	91,107
Allowance for doubtful debts		-	-	-	11,146
<b>Total expenses</b>		<b>119,584</b>	<b>107,657</b>	<b>238,409</b>	<b>228,661</b>
<b>Loss for the period before tax</b>		<b>(156,048)</b>	<b>(38,423)</b>	<b>(421,531)</b>	<b>(292,200)</b>
Income tax expenses		-	-	-	-
<b>Loss for the period</b>		<b>(156,048)</b>	<b>(38,423)</b>	<b>(421,531)</b>	<b>(292,200)</b>
		<b>JD/Fils</b>	<b>JD/Fils</b>	<b>JD/Fils</b>	<b>JD/Fils</b>
Basic and diluted earnings loss per share for the period	12	(0/016)	(0/004)	(0/042)	(0/029)

The attached notes 1 to 18 form part of these interim financial statements

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	JD	JD	JD	JD
Loss for the period	(156,048)	(38,423)	(421,531)	(292,200)
<b>Add: other comprehensive income items not to be reclassified to profit and loss in subsequent periods</b>				
Changes in fair value of financial assets at fair value through other comprehensive income	5,762	(46,584)	62,430	(12,966)
<b>Total comprehensive income for the period</b>	<b>(150,286)</b>	<b>(85,007)</b>	<b>(359,101)</b>	<b>(305,166)</b>

The attached notes 1 to 18 form part of these interim financial statements

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

	Paid in capital	Statutory reserve	Fair value reserve	Accumulated Losses	Total
	JD	JD	JD	JD	JD
<b>30 June 2018 -</b>					
Balance at 1 January 2018	10,000,000	169,213	(457,500)	(3,519,327)	6,192,386
Total comprehensive income for the period	-	-	62,430	(421,531)	(359,101)
<b>Balance at 30 June 2018</b>	<u>10,000,000</u>	<u>169,213</u>	<u>(395,070)</u>	<u>(3,940,858)</u>	<u>5,833,285</u>
<b>30 June 2017 -</b>					
Balance at 1 January 2017	10,000,000	169,213	(430,126)	(2,539,202)	7,199,885
Total comprehensive income for the period	-	-	(12,966)	(292,200)	(305,166)
<b>Balance at 30 June 2017</b>	<u>10,000,000</u>	<u>169,213</u>	<u>(443,092)</u>	<u>(2,831,402)</u>	<u>6,894,719</u>

The attached notes 1 to 18 form part of these interim financial statements



THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN  
PUBLIC SHAREHOLDING COMPANY  
INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)

	Note	30 June 2018 JD	30 June 2017 JD
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss for the period before tax		(421,531)	(292,200)
<b>Adjustment for non-cash items:</b>			
Depreciation and amortization		29,812	32,821
Unearned premium provision, net		(296,154)	835,484
Outstanding claims provision, net		(24,878)	(402,122)
Interest income		(250,386)	(178,537)
Gain from sale of property and equipment		(75)	(21,348)
Provision for doubtful debts		-	11,146
<b>Cash flows used in operating activities before changes in working capital</b>		<b>(963,212)</b>	<b>(14,756)</b>
Checks under collection		437,875	703,747
Accounts receivable		(893,669)	(2,448,359)
Reinsurance receivables		98,733	(16,588)
Other assets		38,419	80,213
Accounts payable		659,201	677,163
Reinsurance payables		31,618	463,634
Other liabilities and accrued expenses		31,716	52,902
Income tax paid		-	(85,208)
<b>Net cash flows used in operating activities</b>		<b>(559,319)</b>	<b>(587,252)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest received		250,386	178,537
Deposits at banks maturing after three months		(1,708,311)	547,830
Purchase of assets held for sale		(57,780)	-
Purchase of intangible assets		(2,478)	(20,447)
Purchase of property and equipment		(1,072)	(139,010)
Proceeds from sale of property and equipment		-	21,349
<b>Net cash flows (used in) from investing activities</b>		<b>(1,519,255)</b>	<b>588,259</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(2,078,574)</b>	<b>1,007</b>
Cash and cash equivalents at beginning of the period		3,941,329	3,867,883
<b>Cash and cash equivalents at the end of the period</b>	13	<b>1,862,755</b>	<b>3,868,890</b>

The attached notes 1 to 18 form part of these interim financial statements

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

	Motor		Marine		Fire and property		Liability		Medical		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Written Premiums:</b>														
Direct Insurance	5,290,286	5,421,812	272,743	221,353	1,123,986	1,472,902	116,975	107,768	2,291,115	2,779,644	16,579	14,744	9,111,684	10,018,223
Less:														
Local reinsurance share	-	-	3,737	14,554	345,673	505,542	-	43,355	-	-	8,566	5,227	357,976	588,678
Foreign reinsurance share	-	-	230,900	171,902	646,320	826,404	15,419	10,837	-	-	6,412	7,434	898,951	1,016,577
<b>Net Written Premiums</b>	<b>5,290,286</b>	<b>5,421,812</b>	<b>38,206</b>	<b>34,897</b>	<b>131,993</b>	<b>140,956</b>	<b>101,556</b>	<b>53,576</b>	<b>2,291,115</b>	<b>2,779,644</b>	<b>1,601</b>	<b>2,083</b>	<b>7,854,757</b>	<b>8,432,968</b>
<b>Add:</b>														
Balance at the beginning of the period														
Unearned premium provision	5,243,971	4,746,868	201,071	83,221	1,283,751	1,185,616	60,110	39,245	2,112,482	2,426,082	22,709	14,620	8,924,094	8,495,652
Less: reinsurance share	-	-	191,878	68,882	1,142,606	1,062,454	36,911	17,935	-	-	19,375	12,231	1,390,770	1,161,502
<b>Net Unearned Premiums Provision</b>	<b>5,243,971</b>	<b>4,746,868</b>	<b>9,193</b>	<b>14,339</b>	<b>141,145</b>	<b>123,162</b>	<b>23,199</b>	<b>21,310</b>	<b>2,112,482</b>	<b>2,426,082</b>	<b>3,334</b>	<b>2,389</b>	<b>7,533,324</b>	<b>7,334,150</b>
<b>Add: Premium deficiency reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,000</b>	<b>-</b>
<b>Less:</b>														
Balance at the end of the period														
Unearned premium provision	5,301,136	5,170,862	100,316	72,411	1,048,928	1,385,500	79,499	82,409	1,741,216	2,818,077	15,998	12,061	8,287,083	9,541,320
Less: Reinsurance share	-	-	91,689	65,194	925,212	1,251,392	18,949	44,690	-	-	14,073	10,410	1,049,923	1,371,686
<b>Net Unearned Premiums provision</b>	<b>5,301,136</b>	<b>5,170,862</b>	<b>8,627</b>	<b>7,217</b>	<b>123,716</b>	<b>134,108</b>	<b>60,550</b>	<b>37,719</b>	<b>1,741,216</b>	<b>2,818,077</b>	<b>1,925</b>	<b>1,651</b>	<b>7,237,170</b>	<b>8,169,634</b>
<b>Less: Premium deficiency reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,000</b>	<b>-</b>
<b>Net Earned revenue from written Premiums</b>	<b>5,233,121</b>	<b>4,997,818</b>	<b>38,772</b>	<b>42,019</b>	<b>149,422</b>	<b>130,010</b>	<b>64,205</b>	<b>37,167</b>	<b>2,662,381</b>	<b>2,387,649</b>	<b>3,010</b>	<b>2,821</b>	<b>8,150,911</b>	<b>7,597,484</b>

The attached notes 1 to 18 form part of these interim financial statements



**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

	Motor		Marine		Fire and property		Liability		Medical		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Paid claims</b>	5,186,143	5,302,912	8,635	22,227	453,344	277,566	12,747	2,933	3,098,995	3,084,561	2,387	5,475	8,762,251	8,695,674
Less:														
Recoveries	551,057	709,039	-	-	7,525	17,013	-	-	72,980	51,573	180	-	631,742	777,625
Foreign reinsurance share	56,101	48,303	8,593	15,688	396,457	207,294	-	-	-	-	1,764	4,379	462,915	275,664
<b>Net Paid Claims</b>	4,578,985	4,545,570	42	6,539	49,362	53,259	12,747	2,933	3,026,015	3,032,988	443	1,096	7,667,594	7,642,385
<b>Add:</b>														
Outstanding Claims provision at the end of the period														
Reported	6,116,780	6,438,871	258,540	256,540	1,168,522	600,123	20,350	56,820	726,661	629,325	246	865	8,291,099	7,982,544
Unreported	2,000,000	2,000,000	2,000	2,000	8,000	8,000	1,000	1,000	229,153	225,000	1,000	1,000	2,241,153	2,237,000
Less:														
Recoveries	865,701	674,187	-	-	-	-	-	-	-	-	-	-	865,701	674,187
Reinsurance share	231,883	112,101	254,981	253,581	1,024,516	533,484	2,675	8,840	-	-	229	724	1,514,284	908,730
<b>Net Outstanding Claims provision at the end of the period</b>	7,019,196	7,652,583	5,559	4,959	152,006	74,639	18,675	48,980	955,814	854,325	1,017	1,141	8,152,267	8,636,627
<b>Reported</b>	5,019,196	5,652,583	3,559	2,959	144,006	66,639	17,675	47,980	726,661	629,325	17	141	5,911,114	6,399,627
<b>Unreported</b>	2,000,000	2,000,000	2,000	2,000	8,000	8,000	1,000	1,000	229,153	225,000	1,000	1,000	2,241,153	2,237,000
Less:														
Outstanding Claims provision at the beginning of the period														
Reported	6,016,851	6,590,855	258,540	289,296	1,007,854	671,223	32,551	31,445	640,000	897,337	2,044	220	7,957,820	8,480,376
Unreported	2,000,000	2,000,000	2,000	2,000	8,000	8,000	1,000	1,000	260,000	200,000	1,000	1,000	2,272,000	2,212,000
Less:														
Recoveries	677,128	571,477	-	-	-	-	-	-	-	-	-	-	677,128	571,477
Reinsurance share	266,333	189,951	254,981	276,537	849,890	613,463	2,675	1,990	-	-	1,668	209	1,375,547	1,082,150
<b>Net Outstanding Claims provision at the beginning of the period</b>	7,073,390	7,829,427	5,559	14,759	165,964	65,760	30,856	30,455	900,000	1,097,337	1,376	1,011	8,177,145	9,038,749
<b>Net Claims Cost</b>	4,524,791	4,368,726	42	(3,261)	35,404	62,138	566	21,458	3,081,829	2,789,976	84	1,226	7,642,716	7,240,263

The attached notes 1 to 18 form part of these interim financial statements

**THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2018**

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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 and motor.

**(2) Basis of preparation**

The interim condensed financial statements as of 30 June 2018 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 2017. In addition, the results for the six months ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

**Changes in accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018:

**IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.



The Company had previously 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 standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated.

IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments measured at amortization cost.

#### **Impairment**

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company's debt instruments at FVOCI comprised solely of quoted bonds that are graded in the top investment category by Credit Rating Agencies and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure such instruments on a 12-month ECL basis.

This standard do not have any material impact on the Company's interim consolidated financial statements.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

This standard do not have any material impact on the Company's interim consolidated financial statements.

**IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations**

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Company's interim condensed consolidated financial statements.

**Amendments to IAS 40 Transfers of Investment Property**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property.

The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

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

**Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions**

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

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



**Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice**

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

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

**(3) BANK DEPOSITS**

This item represents the following:

	30 June 2018			31 December 2017
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due from 3 months to 1 year	
	JD	JD	JD	JD
			Total	
			JD (Unaudited)	JD (Audited)
Inside Jordan	-	1,800,000	7,338,828	9,337,942

Interest rates on bank deposit balances in Jordanian Dinar range from (5.5% to 5.75%) during the period ended 30 June 2018.

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

This item consists of the following:

	30 June 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Quoted shares in Amman Stock Exchange	331,369	268,939

**(5) ACCOUNTS RECEIVABLE, NET**

This item consists of the following:

	30 June 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Policy holders	7,269,648	6,383,973
Due from sister companies	6,918	6,918
Employees' receivables	19,205	15,533
Other	4,322	-
	7,300,093	6,406,424
Less: Provision for doubtful debts*	796,668	796,668
	6,503,425	5,609,756

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

	30 June 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Balance at the beginning of the period/ year	796,668	605,522
Additions	-	191,146
Reversal of provision	-	-
Balance at the end of the period / year	796,668	796,668

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**(6) ASSETS HELD FOR SALE**

The Board of Directors approved in their meeting held 15 February 2018 a work plan presented by the management, which includes the sale of a building and a land owned by the Company in Al-Abdali with a net book value of JD 7,780,486 as at 30 June 2018. Accordingly, the building and the land have been classified as assets held for sale in accordance with International Financial Reporting Standard No. (5).

**(7) ACCOUNTS PAYABLE**

This item consists of the following:

	30 June 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Due to sister companies	390,167	321,885
Policy holders	521,145	483,004
Medical network payables	650,505	478,458
Others	690,964	310,308
	<u>2,252,781</u>	<u>1,593,655</u>

**(8) REINSURANCE PAYABLES**

This item consists of the following:

	30 June 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	473,335	605,218
Foreign reinsurance companies	1,594,857	1,431,356
	<u>2,068,192</u>	<u>2,036,574</u>



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**(9) INCOME TAX PROVISION**

No income tax provision was calculated for the periods ended 30 June 2018 and 2017 due to the excess of deductible expenses over taxable revenues in accordance with the Income Tax Law No. (34) of 2014.

**Income Tax**

Final reconciliation was reached with the Income and Sales Tax Department up to 2015.

The Company filed its tax declaration for the years 2017 and 2016 which have not been reviewed by the Income and Sales Tax Department and no final decision was made.

Based on the opinion of the Company's management and the tax consultant, the tax provision is considered sufficient to meet any tax obligations.

**Sales Tax**

Final reconciliation was reached with the Income and Sales Tax Department up to 2015.

**(10) FAIR VALUE RESERVE**

This item consists of the following:

	30 June 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Balance at beginning of the period	(457,500)	(430,126)
Change in fair value during the period	62,430	(27,374)
<b>Balance at end of the period</b>	<b>(395,070)</b>	<b>(457,500)</b>

**(11) GAIN FROM FINANCIAL ASSETS AND INVESTMENTS**

This item consists of the following:

	30 June 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Dividends income	19,594	14,796



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**(12) BASIC (LOSS) PROFIT PER SHARE FOR THE PERIOD**

Earnings per share are calculated by dividing the losses for the period over the weighted average number of shares for the period as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
Loss for the period (Dinar)	(156,048)	(38,423)	(421,531)	(292,200)
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 loss per share for the period	(0/016)	(0/004)	(0/042)	(0/029)

**(13) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as stated in the statement of cash flows and statement of financial position consist of the following:

	30 June 2018	30 June 2017
	JD (Unaudited)	JD (Audited)
Cash in hand and bank balances	62,755	245,805
Add: deposits at bank	9,138,828	9,148,265
Less: deposits at bank mature after three months	7,338,828	5,525,180
<b>Net Cash and cash equivalents</b>	<b>1,862,755</b>	<b>3,868,890</b>

**(14) RELATED PARTY TRANSACTIONS**

During the year, the Company entered into transactions with major shareholders, board members and directors of the Company within the normal course of operations of the Company. All amounts due from related parties are considered working and no provision has been taken for them as of 30 June 2018.

Below is a summary of the salaries and benefits of the Executive Management of the Company:

	For the six months ended 30 June	
	2018	2017
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and benefits	104,936	144,688

#### **(15) ANALYSIS OF MAIN SECTORS**

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

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. 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	
	2018	2017	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total revenue	9,060,070	8,499,623	226,949	315,281	9,287,019	8,814,904
Capital expenditures	61,330	159,457	-	-	61,330	159,457

  

	Inside Jordan		Outside Jordan		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2018	2017	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total assets	26,039,164	25,996,837	-	-	26,039,164	25,996,837

**(16) LAWSUITS AGAINST THE COMPANY**

The Company appears as a defendant in a number of cases. In the opinion of management and the Legal Counsel, the Company booked a provision to meet the obligations related to the cases.

**(17) CONTINGENT LIABILITIES**

As of the date of the interim condensed financial statements, the Company has contingent liabilities consisting of bank guarantees amounting to JD 216,926.

**(18) 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.