

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2017

**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 of 30 September 2017, comprising of interim statement of financial position as of 30 September 2017 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 nine-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 consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of Matters

- Property and equipment includes project under construction at a cost of JD 6,803,454 as of 30 September 2017, projects under constructions represents the Company's new building in Al – Abdali. The Company has ceased operations on the project in 2011 and did not capitalize it until the date of these interim condensed financial statements.
- The Company's solvency ratio reached 108,3 % as of 30 September 2017, which is less than the ratio determined by the Insurance Administration, which is 150%

Explanatory Paragraph

The interim condensed financial statements have been prepared for the purposes of Jordan Securities Commission and management and do not require the Insurance Administration's approval.

Amman – Jordan
30 October 2017

Ernst & Young

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As At 30 SEPTEMBER 2017

	Notes	30 September 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Assets			
Investments-			
Bank deposits	3	9,201,920	9,635,681
Financial assets at fair value through other comprehensive income	4	267,018	296,313
Total Investments		9,468,938	9,931,994
Other Assets-			
Cash on hands and at banks		48,859	305,212
Checks under collection		2,378,709	2,909,677
Accounts receivable, net	6	6,713,797	5,230,404
Reinsurers' receivables		445,123	529,473
Property and equipment		7,914,062	7,768,410
Intangible assets		43,174	34,766
Other assets		385,325	279,073
Total Assets		27,397,987	26,989,009
Liabilities and Equity			
Liabilities –			
Insurance Contract Liabilities			
Unearned premium reserve, net		8,277,085	7,334,149
Outstanding claims reserve, net		8,817,030	9,038,749
Total Insurance Contract Liabilities		17,094,115	16,372,898
Other liabilities			
Accounts payable	7	1,403,986	1,452,799
Accrued expenses		42,303	43,093
Reinsurers' payables	8	2,016,308	1,572,704
Income tax provision	9	17,172	102,380
Other liabilities		246,433	245,250
Total Liabilities		20,820,317	19,789,124
Equity			
Paid in capital	1	10,000,000	10,000,000
Statutory reserve		169,213	169,213
Fair value reserve	10	(459,421)	(430,126)
Accumulated losses		(3,132,122)	(2,539,202)
Total Equity		6,577,670	7,199,885
Total Liabilities and Equity		27,397,987	26,989,009

The attached notes 1 to 17 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 NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017	2016	2017	2016
		JD	JD	JD	JD
Revenue –					
Gross written premiums		4,586,719	5,832,316	14,604,942	15,273,928
Less: foreign reinsurers' share		501,749	485,849	1,518,326	1,660,793
Less: local reinsurers' share		69,193	120,321	637,871	613,716
Net written premiums		4,015,777	5,226,146	12,448,745	12,999,419
Net change in unearned premiums reserve		(107,452)	(1,348,397)	(942,936)	(1,965,638)
Net earned premiums		3,908,325	3,877,749	11,505,809	11,033,781
Commissions income		170,526	293,198	485,807	655,353
Insurance policies issuance fees		208,800	290,156	784,613	766,178
Gain from selling property and equipment		(389)	-	20,959	-
Interest Income		120,454	88,716	298,991	266,060
Gain from financial assets and investments	11	-	-	14,796	12,196
Other underwriting revenues		64,710	116,328	176,355	219,863
Other revenues		-	-	-	238,095
Total revenues		4,472,426	4,666,147	13,287,330	13,191,526
Claims, losses and expenses					
Paid claims		3,794,697	3,525,385	12,490,371	11,051,658
Less: Recoveries		377,057	336,370	1,154,682	1,060,015
Less: Reinsurers' share		11,989	120,037	287,653	312,263
Paid claims, net		3,405,651	3,068,978	11,048,036	9,679,380
Net change in claims reserve		180,403	8,853	(221,719)	157,364
Allocated employees' expenses		315,028	327,479	971,189	936,546
Allocated general and administrative expenses		248,714	219,912	721,914	646,158
Excess of loss premium		47,987	134,577	168,996	206,332
Policies acquisition cost		169,040	163,724	413,486	472,199
Other expenses		110,662	72,546	254,026	171,554
Net Claims		4,477,485	3,996,069	13,355,928	12,269,533
Unallocated employees' expenses		44,989	45,452	138,576	128,053
Depreciation and amortization		16,088	8,283	48,909	32,744
Unallocated general and administrative expenses		54,584	47,752	145,691	134,172
Allowance for doubtful debts		180,000	75,108	191,146	75,108
Total expenses		295,661	176,595	524,322	370,077
(Loss) profit for the period before tax		(300,720)	493,483	(592,920)	551,916
Income tax expenses		-	(108,552)	-	(108,552)
(Loss) profit for the period		(300,720)	384,931	(592,920)	443,364
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted (loss) earnings per share for the period	12	(0/03)	0/038	(0/059)	0/044

The attached notes 1 to 17 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 NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	JD	JD	JD	JD
(Loss) profit for the period	(300,720)	384,931	(592,920)	443,364
Add: other comprehensive income items not to be reclassified to profit and loss in subsequent periods:				
Changes in fair value of financial assets at fair value through other comprehensive income	(16,329)	(1,440)	(29,295)	(18,248)
Total comprehensive income for the period	<u>(317,049)</u>	<u>383,491</u>	<u>(622,215)</u>	<u>425,116</u>

The attached notes 1 to 17 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 NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Paid in capital	Statutory reserve	Fair value reserve	Accumulated Losses	Total
	JD	JD	JD	JD	JD
30 September 2017 -					
Balance at 1 January 2017	10,000,000	169,213	(430,126)	(2,539,202)	7,199,885
Total loss and comprehensive income for the period	-	-	(29,295)	(592,920)	(622,215)
Balance at 30 September 2017	<u>10,000,000</u>	<u>169,213</u>	<u>(459,421)</u>	<u>(3,132,122)</u>	<u>6,577,670</u>
30 September 2016 -					
Balance at 1 January 2016	10,000,000	109,436	(416,681)	(2,974,816)	6,717,939
Total comprehensive income for the period	-	-	(18,248)	443,364	425,116
Balance at 30 September 2016	<u>10,000,000</u>	<u>109,436</u>	<u>(434,929)</u>	<u>(2,531,452)</u>	<u>7,143,055</u>

The attached notes 1 to 17 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 NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Note	For the nine months ended 30 September	
		2017	2016
		JD	JD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit for the period before tax		(592,920)	551,916
Adjustment for non-cash items:			
Depreciation and amortization		48,909	32,744
Unearned premium reserve, net		942,936	1,965,638
Outstanding claims reserve, net		(221,719)	157,364
Gain from sale of property and equipment		(20,959)	-
Provision for doubtful debts		191,146	(79,615)
Interest income		(298,991)	(266,060)
Cash flows from operating activities before changes in working capital		48,402	2,361,987
Checks under collection		530,968	(31,834)
Accounts receivable		(1,674,539)	(2,767,443)
Reinsurers' receivables		84,350	(56,282)
Other assets		(106,252)	(103,859)
Accounts payable		(48,813)	64,563
Reinsurers' payables		443,604	401,175
Other liabilities and accrued expenses		393	78,953
Income tax paid		(85,208)	(76,200)
Net cash flows used in operating activities		(807,095)	(128,940)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Deposits at banks maturing after three months		(59,263)	(6,128,038)
Purchase of property and equipment		(20,447)	(90,252)
Purchase of intangible assets		(182,912)	(18,665)
Proceeds from sale of property and equipment		21,349	-
Interest received		298,991	266,060
Net cash flows from (used in) investing activities		57,718	(5,970,895)
Net decrease in cash and cash equivalents		(749,377)	(6,099,835)
Cash and cash equivalents at beginning of the period		3,867,883	9,160,965
Cash and cash equivalents at the end of the period	5	3,118,506	3,061,130

The attached notes 1 to 17 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 NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Motor		Marine		Fire and property		Liability		Medical		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums:														
Direct Insurance	8,114,394	8,056,502	365,214	649,719	1,975,264	1,825,404	120,848	111,880	3,986,704	4,609,478	42,518	20,945	14,604,942	15,273,928
Less:														
Local reinsurers' share	-	-	14,554	90,572	569,866	477,615	43,360	45,529	-	-	10,091	-	637,871	613,716
Foreign reinsurers' share	-	-	299,352	495,230	1,179,130	1,135,208	13,940	12,773	-	-	25,904	17,582	1,518,326	1,660,793
Net Written Premiums	8,114,394	8,056,502	51,308	63,917	226,268	212,581	63,548	53,578	3,986,704	4,609,478	6,523	3,363	12,448,745	12,999,419
Add:														
Balance at the beginning of the period														
Unearned premium reserve	4,746,668	4,108,207	83,221	161,459	1,185,616	1,044,394	39,245	49,927	2,426,082	2,123,483	14,620	21,936	8,495,652	7,509,406
Less: reinsurers' share	-	-	68,883	156,350	1,062,454	942,405	17,935	30,983	-	-	12,231	17,548	1,161,503	1,147,286
Net Unearned Premiums reserve	4,746,668	4,108,207	14,338	5,109	123,162	101,989	21,310	18,944	2,426,082	2,123,483	2,389	4,388	7,334,149	6,362,120
Less:														
Balance at the end of the period														
Unearned premium reserve	5,240,987	5,057,253	143,861	237,278	1,244,096	1,225,177	62,813	51,688	2,835,721	3,088,000	27,679	17,026	9,555,157	9,676,422
Less : Reinsurers' share	-	-	127,449	215,767	1,093,845	1,090,253	33,046	28,333	-	-	23,732	14,311	1,278,072	1,348,664
Net Unearned Premiums reserve	5,240,987	5,057,253	16,412	21,511	150,251	134,924	29,767	23,355	2,835,721	3,088,000	3,947	2,715	8,277,085	8,327,758
Net Earned revenue from written Premiums	7,620,275	7,107,456	49,234	47,515	199,179	179,646	55,091	49,167	3,577,065	3,644,961	4,965	5,036	11,505,809	11,033,781

The attached notes 1 to 17 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 NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Motor		Marine		Fire and property		Liability		Medical		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	7,775,763	7,008,565	22,187	6,703	292,288	318,603	6,317	4,388,236	3,685,786	8,751	25,664	12,490,371	11,051,658	
Less:														
Recoveries	1,058,511	951,842	-	-	32,188	14,443	-	63,813	93,246	170	484	1,154,882	1,060,015	
Reinsurers' share	48,303	37,350	15,688	6,189	216,797	249,347	-	-	-	6,865	19,377	287,653	312,263	
Net Paid Claims	6,668,939	6,019,393	6,499	514	43,303	54,813	23,156	4,304,423	3,592,540	1,716	5,803	11,048,036	9,679,380	
Add:														
Outstanding Claims reserve at the end of the period														
Reported	6,841,318	7,067,963	261,608	287,117	727,713	625,095	41,445	604,446	570,000	2,847	221	8,479,377	8,579,841	
Unreported	2,000,000	2,100,000	2,000	2,000	8,000	8,000	1,000	260,000	180,000	1,000	1,000	2,272,000	2,292,000	
Less:														
Recoveries	827,803	629,030	-	-	-	-	-	-	-	-	-	827,803	629,030	
Reinsurers' share	207,014	154,668	257,146	275,049	631,194	595,576	8,840	1,990	-	2,350	209	1,106,544	1,027,493	
Net Outstanding Claims reserve at the end of the period	7,806,501	8,384,264	6,462	14,068	104,519	37,519	33,605	864,446	750,000	1,497	1,012	9,817,030	9,215,318	
Reported	5,806,501	6,284,264	4,462	12,068	96,519	29,519	32,605	604,446	570,000	497	12	6,545,030	6,923,318	
Unreported	2,000,000	2,100,000	2,000	2,000	8,000	8,000	1,000	260,000	180,000	1,000	1,000	2,272,000	2,292,000	
Less:														
Outstanding Claims reserve at the beginning of the period														
Reported	6,590,855	6,668,496	289,296	236,831	671,223	678,264	31,445	897,337	646,000	220	783	8,480,376	8,241,292	
Unreported	2,000,000	2,100,000	2,000	2,000	8,000	8,000	1,000	200,000	200,000	1,000	1,000	2,212,000	2,312,000	
Less:														
Recoveries	571,477	527,747	-	-	-	-	-	-	-	-	-	571,477	527,747	
Reinsurers' share	189,951	122,066	276,537	224,782	613,453	618,094	1,990	-	-	209	659	1,082,150	967,591	
Net Outstanding Claims reserve at the beginning of the period	7,829,427	8,118,673	14,759	14,049	65,760	68,170	30,455	1,097,337	846,000	1,011	1,124	9,036,749	9,057,954	
Net Claims Cost	6,646,013	6,284,984	(1,798)	533	82,062	24,162	26,306	4,071,532	3,496,540	2,202	5,691	10,826,317	9,836,744	

The attached notes 1 to 17 form part of these interim condensed financial statements

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING (LOSS) PROFIT FOR THE GENERAL INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Motor		Marine		Fire and property		Liability		Medical		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	7,620,275	7,107,456	49,234	47,515	199,179	179,646	55,091	49,167	3,577,065	3,644,961	4,965	5,096	11,505,809	11,033,781
Less:														
Net claims cost	6,646,013	6,284,984	(1,798)	533	82,062	24,162	26,306	24,834	4,071,532	3,496,540	2,202	5,691	10,826,317	9,836,744
Add:														
Commissions received	-	-	116,414	248,325	349,014	389,814	12,301	11,768	-	-	8,078	5,446	485,807	655,353
Insurance policies issuance fees	200,329	181,888	66,273	59,740	201,799	170,591	11,508	7,298	299,039	345,715	5,665	946	764,613	766,178
Other underwriting revenues	68,808	94,473	17,709	28,950	29,347	46,916	-	-	60,491	49,524	-	-	176,355	219,863
Total revenue	1,243,399	1,098,833	251,428	383,997	697,277	762,805	52,594	43,399	(134,937)	543,860	16,506	5,737	2,126,267	2,838,431
Less:														
Policies acquisition cost	263,169	300,760	24,369	31,852	80,328	62,311	2,753	2,876	38,731	71,630	4,136	2,780	413,486	472,199
Excess of loss premiums	91,100	131,381	6,742	5,043	71,154	69,908	-	-	-	-	-	-	168,996	206,332
Allocated general and administrative expenses	917,360	823,250	48,244	67,118	236,475	213,314	9,409	7,683	478,305	469,901	3,310	1,438	1,693,103	1,582,704
Other expenses	119,880	19,733	1,440	1,232	3,358	12,601	-	-	128,278	137,117	1,070	871	254,026	171,554
Total Expenses	1,391,509	1,275,124	80,795	105,255	391,315	358,134	12,162	10,559	645,314	678,648	8,516	5,069	2,529,611	2,432,789
Underwriting (loss) profit	(148,110)	(176,291)	170,633	278,742	305,962	404,671	40,432	32,840	(780,251)	(134,988)	7,990	668	(403,344)	405,642

The attached notes 1 to 17 form part of these interim condensed financial statements

(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 September 2017 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 2016. In addition, the results for the nine months ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016, except for the adoption of new amendments effective as of 1 January 2017:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Company's interim condensed financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognized Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Company's interim condensed financial statements.

(3) BANK DEPOSITS

This item represents the following:

	30 September 2017			31 December 2016
	Deposits mature within a month	Deposits mature from 1 to 3 months	Deposits mature from 3 months to 1 year	
	JD	JD	JD	JD
			Total	
			JD	JD
			(Unaudited)	(Audited)
Inside Jordan	30,326	3,039,321	6,132,273	9,201,920
				9,635,681

Interest rates on bank deposits' balances in Jordanian Dinar range from 4,35% to 5,5% during the period ended 30 September 2017.

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

This item consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Quoted shares in Amman Stock Exchange	267,018	296,313

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

(5) 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:

	For the nine months ended 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Audited)
Cash in hand and bank balances	48,859	298,472
Add: deposits at banks	9,201,920	9,574,672
Less: deposits at banks mature within a period of more than three months	(6,132,273)	(6,812,014)
Net Cash and cash equivalents	3,118,506	3,061,130

(6) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Policy holders	7,473,498	5,807,593
Due from sister companies	6,918	6,918
Employees' receivables	22,463	17,242
Other	7,586	4,173
	7,510,465	5,835,926
Less: Provision for doubtful debts*	796,668	605,522
	6,713,797	5,230,404

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

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	605,522	685,137
Bad debt expense for the period/ year	191,146	75,108
Reversal of provision	-	(154,723)
Balance at the end of the period / year	796,668	605,522

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
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(7) ACCOUNTS PAYABLE

This item consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Due to sister companies	374,390	279,052
Policy holders	387,891	333,940
Medical network payables	364,326	503,334
Others	277,379	336,473
	<u>1,403,986</u>	<u>1,452,799</u>

(8) REINSURER'S PAYABLE

This item consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	568,772	470,735
Foreign reinsurance companies	1,447,536	1,101,969
	<u>2,016,308</u>	<u>1,572,704</u>

(9) INCOME TAX PROVISION

Income tax provision for the periods ended 30 September 2017 and 2016 was calculated in accordance with the Income Tax Law No. (34) of 2014.

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

	For the nine months ended 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	-	108,552
	<u>-</u>	<u>108,552</u>

The movement on income tax provision consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	102,380	76,200
Additions during the period/ year	-	102,380
Paid during the period/ year	(85,208)	(76,200)
Balance at the end of the period/ year	17,172	102,380

Income Tax

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

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 2015.

(10) FAIR VALUE RESERVE

This item consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Balance at beginning of the period / year	(430,126)	(416,681)
Change in fair value during the period / year	(29,295)	(13,445)
Balance at end of the period / year	(459,421)	(430,126)

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(11) GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

This item consists of the following:

	30 September 2017	30 September 2016
	JD	JD
	(Unaudited)	(Unaudited)
Dividends income	14,796	12,196

(12) BASIC AND DILUTED (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 for the period as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period (JD)	(300,720)	384,931	(592,920)	443,364
Weighted average number of shares	10,000,000	10,000,000	10,000,000	10,000,000
	JD/ Fils	JD/ Fils	JD/ Fils	JD/ Fils
Basic and diluted (loss) earnings per share for the period	(0/03)	0/038	(0/059)	0/044

(13) 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 September 2017.

The Company's management determines the pricing policy and conditions related to these transactions.

Below is a summary of related parties balances and transactions during the period / year:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
<u>Statement of Financial Position Items:</u>		
Due from related parties	950,329	489,297
Reinsurers' payables	69,670	(116,319)
	For the nine months ended 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
<u>Income Statement Items:</u>		
Written premiums	4,502,346	3,212,766
Reported outstanding claims provision and reinsurers' payable consist of the following:		
	30 September 2017	31 December 2016
Addisson Bradley International Lebanon - (Reinsurance Brokerage firm)*	69,670	116,319

- * The insurance premiums have been paid to the foreign reinsurance companies through Addisson Bradley International - Lebanon (Reinsurance Brokerage Firm) with a total amount of JD 208,499. Commissions that were earned from this brokerage have been recorded by the Company with a total amount of JD 30,172.

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

	For the nine months ended 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and benefits	221,822	222,451

(14) 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 and on estimated market price basis under the same conditions for the 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 September		30 September		30 September	
	2017	2016	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total revenue	12,801,524	12,536,173	485,806	655,353	13,287,330	13,191,526
Capital expenditures	203,359	108,917	-	-	203,359	108,917

(15) LAWSUITS AGAINST THE COMPANY

The Company is a defendant in a number of lawsuits. The Company has recorded a sufficient provision against these lawsuits. In the opinion of the Company's legal advisor, the recorded provision is sufficient to meet obligations that may arise from the lawsuits.

(16) CONTINGENT LIABILITIES

As of the date of the interim condensed financial statements, the Company has contingent liabilities consisting of bank guarantees amounting to JD 252,918.

(17) LEGAL RESERVES

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