

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2021

**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 September 2021, comprising of interim statement of financial position as of 30 September 2021 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 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 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 99.7% as of 30 September 2021, which is less than the required ratio by the Insurance Administration, which is 150%.

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	<u>Notes</u>	30 September 2021	31 December 2020
		JD (Unaudited)	JD (Audited)
<u>Assets</u>			
Investments -			
Bank deposits	3	6,880,184	6,592,832
Investment Properties		5,175,654	5,248,903
Financial assets at fair value through other comprehensive income	4	237,724	198,344
Total Investments		<u>12,293,562</u>	<u>12,040,079</u>
Other Assets -			
Cash on hand and at banks	9	42,885	46,292
Checks under collection		2,388,207	2,960,751
Accounts receivable, net	5	5,737,816	5,707,598
Reinsurance receivables	6	813,429	638,484
Property and equipment	7	2,755,498	2,809,690
Right of use asset		13,292	16,772
Intangible assets		3,690	8,085
Other assets		346,818	330,814
Total Assets		<u><u>24,395,197</u></u>	<u><u>24,558,565</u></u>
<u>Liabilities and Equity</u>			
Liabilities			
Technical Reserves -			
Unearned premium reserve, net		6,808,820	5,732,065
Outstanding claims reserve, net		8,213,458	8,516,633
Total Technical Reserves		<u>15,022,278</u>	<u>14,248,698</u>
Other liabilities -			
Accounts payable	10	2,374,652	2,767,213
Accrued expenses		42,440	43,100
Reinsurance payables	11	1,650,088	1,932,914
Lease Obligations		14,310	15,917
Other liabilities		353,212	324,853
Total Liabilities		<u>19,456,980</u>	<u>19,332,695</u>
Equity-			
Paid in capital	1	10,000,000	10,000,000
Statutory reserve		185,899	185,899
Fair value reserve	13	(488,715)	(528,095)
Accumulated losses		(4,758,967)	(4,431,934)
Total Shareholders' Equity		<u>4,938,217</u>	<u>5,225,870</u>
Total Liabilities and Shareholders' Equity		<u><u>24,395,197</u></u>	<u><u>24,558,565</u></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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

		For the three months ended 30 September		For the nine months ended 30 September	
	Notes	2021 JD	2020 JD	2021 JD	2020 JD
Revenue –					
Gross written premiums		4,546,142	3,810,714	12,624,805	12,713,450
Less: local reinsurance share		174,138	65,576	351,446	157,733
Less: foreign reinsurance share		377,548	302,218	741,800	1,120,863
Net written premiums		3,994,456	3,442,920	11,531,559	11,434,854
Net change in unearned premiums provision		(321,694)	239,767	(1,076,755)	159,332
Net change in premium deficiency reserve		-	-	-	(72,000)
Net earned premiums		3,672,762	3,682,687	10,454,804	11,522,186
Commission's income		113,545	92,254	235,716	277,289
Insurance policies issuance fees		250,689	165,928	556,954	580,944
Interest income		65,779	227,227	198,735	405,830
Other underwriting revenue		146,916	159,347	545,816	464,538
Loss from sale of property and equipment		-	(16)	-	(16)
Dividends income from investments in financial assets through other comprehensive income		-	-	5,883	-
Total revenues		4,249,691	4,327,427	11,997,908	13,250,771
Claims and related expenses					
Paid claims		4,247,965	3,705,782	11,217,807	11,206,547
Less: Recoveries		346,984	356,931	925,974	861,065
Less: Reinsurance share		181,849	221,628	355,049	695,512
Paid claims, net		3,719,132	3,127,223	9,936,784	9,649,970
Net change in claims reserve		(567,014)	560,650	(303,175)	(162,953)
Allocated general and administrative expenses		160,939	187,144	455,152	556,015
Allocated employees' expenses		228,705	271,399	699,085	711,799
Excess of loss premium		112,841	44,785	357,289	226,118
Policies acquisition costs		238,077	224,547	473,779	456,478
Other expenses		76,663	116,305	360,279	407,382
Net Claims		3,969,343	4,532,053	11,979,193	11,844,809
Unallocated employees' expenses		33,887	34,505	99,251	95,087
Right use assets depreciation		1,160	2,912	3,480	8,736
Depreciation and amortization		43,569	41,246	131,836	125,289
Unallocated general and administrative expenses		38,881	46,078	111,181	137,445
Allowance for expected credit losses	5	(77,466)	(260,527)	-	1,682,882
Total expenses		40,031	(135,786)	345,748	2,049,439
Profit (Loss) for the period before tax		240,317	(68,840)	(327,033)	(643,477)
Income tax expenses	8	-	-	-	-
Profit (Loss) for the period		240,317	(68,840)	(327,033)	(643,477)
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period	14	0/024	(0/007)	(0/033)	(0/064)

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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
	JD	JD	JD	JD
Profit (Loss) for the period	240,317	(68,840)	(327,033)	(643,477)
Add: other comprehensive income items that will not be reclassified to profit or loss in subsequent periods				
Changes in fair value of financial assets at fair value through other comprehensive income	(17,288)	1,921	39,380	(75,877)
Total comprehensive income for the period	<u>223,029</u>	<u>(66,919)</u>	<u>(287,653)</u>	<u>(719,354)</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 CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Paid in capital	Statutory reserve	Fair value reserve	Accumulated Losses	Total
	JD	JD	JD	JD	JD
30 September 2021-					
Balance at 1 January 2021	10,000,000	185,899	(528,095)	(4,431,934)	5,225,870
Total comprehensive income for the period	-	-	39,380	(327,033)	(287,653)
Balance at 30 September 2021	<u>10,000,000</u>	<u>185,899</u>	<u>(488,715)</u>	<u>(4,758,967)</u>	<u>4,938,217</u>
30 September 2020 -					
Balance at 1 January 2020	10,000,000	185,899	(450,296)	(3,869,150)	5,866,453
Total comprehensive income for the period	-	-	(75,877)	(643,477)	(719,354)
Balance at 30 September 2020	<u>10,000,000</u>	<u>185,899</u>	<u>(526,173)</u>	<u>(4,512,627)</u>	<u>5,147,099</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 CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	30 September <u>Note</u> <u>2021</u> JD	30 September <u>2020</u> JD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Loss for the period before tax	(327,033)	(643,477)
Adjustment for non-cash items:		
Depreciation and amortization	131,836	125,289
Interest on lease obligation	895	2,894
Depreciation on right use assets	3,480	8,736
Net Change in Unearned premium reserve	1,076,755	(159,332)
Net change in Premium deficiency reserve	-	72,000
Net change in Outstanding claims reserve	(303,175)	(162,953)
Interest income	(198,735)	(405,830)
Allowance for expected credit losses	-	1,682,882
Loss from sale of property and equipment	-	16
Cash flows from operating activities before changes in working capital	<u>384,023</u>	<u>520,225</u>
Checks under collection	572,544	197,982
Accounts receivable	(30,218)	(822,638)
Reinsurance receivables	(174,945)	(41,602)
Other assets	(122,378)	61,240
Accounts payable	(392,561)	172,346
Reinsurance payables	(282,826)	(1,708,257)
Other liabilities and accrued expenses	27,699	12,505
Net cash flows used in operating activities	<u>(18,662)</u>	<u>(1,608,199)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest received	305,109	127,028
Deposits at banks maturing after three months	(2,412,361)	(3,998,230)
Purchase of property and equipment	-	(216,461)
Proceeds from sale of property and equipment	-	604
Net cash flows used in from investing activities	<u>(2,107,252)</u>	<u>(4,087,059)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Lease obligations paid	(2,502)	(6,740)
Net cash flows used in financing activities	<u>(2,502)</u>	<u>(6,740)</u>
Net decrease in cash and cash equivalents	(2,128,416)	(5,701,998)
Cash and cash equivalents at beginning of the period	6,639,124	8,292,354
Cash and cash equivalents at the end of the period	9 <u><u>4,510,708</u></u>	<u><u>2,590,356</u></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
STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums:																
Direct Insurance	6,497,754	6,842,047	273,994	215,515	-	11,000	844,571	1,126,770	71,364	69,977	4,907,295	4,428,609	29,827	19,532	12,624,805	12,713,450
Less:																
Local reinsurance share	158,326	90,074	57,332	4,488	-	-	132,512	60,208	-	538	-	-	3,276	2,425	351,446	157,733
Foreign reinsurance share	-	-	195,104	189,654	-	11,000	509,824	893,809	15,874	12,296	-	-	20,998	14,104	741,800	1,120,863
Net Written Premiums	6,339,428	6,751,973	21,558	21,373	-	-	202,235	172,753	55,490	57,143	4,907,295	4,428,609	5,553	3,003	11,531,559	11,434,854
Add:																
Balance at the beginning of the period																
Unearned premium reserve	4,503,751	5,507,430	89,966	88,989	6,073	-	1,843,770	1,367,521	38,339	42,038	1,071,455	1,348,224	10,153	17,728	7,564,507	8,371,940
Less: reinsurance share	-	-	84,233	83,433	6,073	-	1,718,773	1,249,368	13,858	15,002	-	-	9,505	15,463	1,832,442	1,363,266
Net Unearned Premiums reserve	4,503,751	5,507,430	5,733	5,566	-	-	124,997	118,153	25,481	27,036	1,071,455	1,348,224	648	2,265	5,732,065	7,008,674
Add: Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-	50,000	-	-	-	50,000
Less:																
Balance at the end of the period																
Unearned premium reserve	4,487,073	4,855,687	108,284	51,923	-	8,845	812,108	778,133	41,672	35,571	2,174,876	1,833,584	26,057	12,864	7,650,070	7,576,607
Less: Reinsurance share	-	-	92,408	45,891	-	-	714,168	660,328	13,066	9,903	-	-	21,608	11,143	841,250	727,265
Net Unearned Premiums provision	4,487,073	4,855,687	15,876	6,032	-	8,845	97,940	117,805	28,606	25,668	2,174,876	1,833,584	4,449	1,721	6,808,820	6,849,342
Less: Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-	122,000	-	-	-	122,000
Net: Earned revenue from written Premiums	6,356,106	7,403,716	11,415	20,907	-	(8,845)	229,292	173,101	52,365	58,511	3,803,874	3,871,249	1,752	3,547	10,454,804	11,552,186

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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	6,920,312	6,008,700	51,977	76,869	-	-	435,602	427,625	47,777	2,500	3,761,785	4,687,011	354	3,842	11,217,807	11,206,547
Less:																
Recoveries	874,804	812,968	-	1,817	-	-	37,923	27,670	-	-	12,758	17,386	489	1,224	925,974	861,065
Foreign reinsurance share	97,641	290,145	36,384	57,550	-	-	205,727	345,685	15,047	-	-	-	250	2,132	355,049	695,512
Net Paid Claims	5,947,867	4,905,587	15,593	17,502	-	-	191,952	54,270	32,730	2,500	3,749,027	4,669,625	(385)	486	9,936,784	9,649,970
Add:																
Outstanding Claims provision at the end of the period																
Reported	6,945,361	7,365,559	83,642	257,475	-	-	367,320	835,053	34,355	60,187	583,916	633,863	220	1,126	8,014,814	9,153,263
Unreported	1,720,000	1,542,000	-	22,447	-	-	760	760	1,000	1,000	28,942	31,137	1,350	1,350	1,752,052	1,598,694
Less:																
Recoveries	913,678	951,674	-	-	-	-	-	-	-	-	-	-	-	-	913,678	951,674
Reinsurance share	239,336	236,515	80,852	254,645	-	-	316,458	656,284	2,875	14,405	-	-	209	934	639,730	1,162,783
Net Outstanding Claims provision at the end of the period	7,512,347	7,719,370	2,790	25,277	-	-	51,622	179,529	32,480	46,782	612,858	665,000	1,361	1,542	8,213,458	8,637,500
Reported	5,792,347	6,177,370	2,790	2,830	-	-	50,882	178,769	31,480	45,782	583,916	633,863	11	192	6,461,406	7,038,806
Unreported	1,720,000	1,542,000	-	22,447	-	-	760	760	1,000	1,000	28,942	31,137	1,350	1,350	1,752,052	1,598,694
Less:																
Outstanding Claims provision at the beginning of the period																
Reported	7,097,551	6,622,552	311,015	283,435	-	-	702,900	831,893	63,087	48,147	566,801	848,795	220	1,224	8,741,574	8,636,046
Unreported	1,732,000	1,740,715	15,447	22,447	-	-	760	760	1,000	1,000	64,951	442,267	1,350	1,350	1,815,508	2,208,539
Less:																
Recoveries	898,994	876,578	-	-	-	-	-	-	-	-	-	-	-	-	898,994	876,578
Reinsurance share	263,456	214,558	292,897	277,537	-	-	570,488	662,819	14,405	11,630	-	-	209	1,010	1,141,455	1,167,564
Net Outstanding Claims provision at the beginning of the period	7,667,101	7,272,131	33,565	28,345	-	-	133,172	169,834	49,682	37,517	631,752	1,291,062	1,361	1,564	8,516,633	8,800,453
Net Claims Cost	5,793,113	5,352,826	(15,182)	14,434	-	-	110,402	63,965	15,528	11,765	3,730,133	4,043,563	(385)	464	9,633,609	9,487,017

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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	6,356,106	7,403,716	11,415	20,907	-	(8,845)	229,292	173,101	52,366	58,511	3,803,871	3,871,249	1,754	3,547	10,454,804	11,522,186
Less:																
Net claims cost	5,793,113	5,352,826	(15,182)	14,434	-	-	110,403	63,965	15,527	11,765	3,730,134	4,043,563	(386)	464	9,633,609	9,487,017
Add:																
Commissions income	4,405	-	68,190	44,313	-	2,000	156,027	224,381	1,961	2,196	-	-	5,133	4,399	235,716	277,289
Policies issuance fees	224,778	268,869	54,718	45,150	-	331	123,927	134,659	10,338	3,214	137,303	122,873	5,890	5,848	556,954	580,944
Other underwriting revenue	269,881	150,232	26,531	20,897	-	-	26,486	69,442	-	-	222,918	223,967	-	-	545,816	464,538
Total revenue	1,062,057	2,469,991	176,036	116,833	-	(6,514)	425,329	537,618	49,138	52,156	433,958	174,526	13,163	13,330	2,159,681	3,357,940
Less:																
Policies acquisition costs	226,756	218,291	5,102	11,042	-	1,000	32,596	51,305	2,829	2,508	202,585	169,722	3,911	2,610	473,779	456,478
Excess of loss premium	189,344	148,838	18,766	5,947	-	-	149,179	71,333	-	-	-	-	-	-	357,289	226,118
Allocated general and administrative expenses	617,224	672,158	37,185	37,546	-	805	133,071	168,189	4,758	5,120	360,011	382,568	1,988	1,428	1,154,237	1,267,814
Other expenses	3,120	969	9,356	75	-	-	(2,470)	14,894	-	-	347,784	370,625	2,489	20,819	360,279	407,382
Total Expenses	1,036,444	1,040,256	70,409	54,610	-	1,805	312,376	305,721	7,587	7,628	910,380	922,915	8,388	24,857	2,345,584	2,357,792
Underwriting Profit	25,613	1,429,735	105,627	62,223	-	(8,319)	112,953	231,897	41,551	44,528	(476,422)	(748,389)	4,775	(11,527)	(185,903)	1,000,148

The attached notes from 1 to 20 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, aviation, marine, medical, motor and liability.

The interim financial statements were approved by the Board of Directors on 28 October 2021.

(2) Basis of preparation

The interim condensed financial statements as of 30 September 2021 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 2020. In addition, the results for the nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2021

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(3) BANK DEPOSITS

This item represents the following:

30 September 2021				
Deposits mature within a month*	Deposits mature during a period from 1 to 3 months*	Deposits mature from 3 months to 1 year**	Total	31 December 2020
JD	JD	JD	JD	JD
			(Unaudited)	(Audited)
Inside Jordan	4,467,823	-	2,412,361	6,880,184
			6,880,184	6,592,832

* This item represents deposits in Jordanian Dinar in Jordanian banks as of 30 September 2021 with an average interest rate ranges between 2.25% and 4.35% and mature within a month (31 December 2020: Deposits amounted to JD 6,592,832 with an average interest rate ranges between 4.35% and 5.9% and mature within three months).

** This item represents deposits in Jordanian Dinar in Jordanian banks as of 30 September 2021 at an average interest rate of 4.7% and is due within eight months (31 December 2020: Nil).

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

This item consists of the following:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Quoted shares in Amman Stock Exchange	237,724	198,344

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(5) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Policy holders*	8,563,807	8,597,843
Due from sister companies (Note 12)	6,918	6,918
Employees' receivables	15,623	947
Others	51,163	1,585
	8,637,511	8,607,293
Less: Allowance for expected credit losses**	2,899,695	2,899,695
	5,737,816	5,707,598

* This item includes written premiums receivables from a primary shareholder by JD 3,928,912 as of 30 September 2021 (31 December 2020: 3,822,358) (Note 12)

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

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	2,899,695	1,482,348
Additions for the period/ year	-	1,417,347
Balance at the end of the period/ year	2,899,695	2,899,695

(6) REINSURANCE RECEIVABLES

This item consists of the following:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	411,030	318,667
Foreign reinsurance companies	442,399	359,817
	853,429	678,484
Less: Provision for doubtful debts	(40,000)	(40,000)
	813,429	638,484

(7) PROPERTIES AND EQUIPMENT

The Company did not purchase property and equipment during the nine months period ended in 30 September 2021 (30 September 2020: JD 216,461).

(8) INCOME TAX

No provision for income tax was calculated for the period ended 30 September 2021 and 2020 due to the excess of expenses over taxable income in accordance with the Income Tax Law No. (38) of 2018 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 2020, 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.

(9) CASH AND CASH EQUIVALENTS

This item consists of the following:

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Cash on hand	700	700
Cash at Banks	42,185	45,592
	<u>42,885</u>	<u>46,292</u>

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

	30 September 2021 JD (Unaudited)	30 September 2020 JD (Unaudited)
Cash on hand and bank balances	42,885	21,582
Plus: Deposits at banks that mature within three months (Note 3)	4,467,823	2,568,774
Cash and cash equivalents	4,510,708	2,590,356

(10) ACCOUNTS PAYABLE

This item consists of the following:

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Due to sister companies (Note 12)	260	13,807
Policy holders	566,263	1,064,878
Medical network payables	1,350,304	1,178,307
Other payables	457,825	510,221
	2,374,652	2,767,213

(11) REINSURANCE PAYABLES

This item consists of the following:

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Local insurance companies	700,698	840,994
Foreign reinsurance companies	949,390	1,091,920
	1,650,088	1,932,914

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(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 principal 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 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Amounts Due from related parties -		
Due from primary shareholder - Manaseer Group (Note 5)	3,928,912	3,822,358
The Mediterranean and Gulf Insurance company – Bahrain (note 5) (Sister Company)	6,918	6,918
Checks under collection from primary shareholder - Manaseer Group	1,058,210	2,169,061
	<u>4,994,040</u>	<u>5,998,337</u>
Due to related parties:		
Addison Bradley International - Lebanon (Sister Company) *	322,629	633,869
Addison Bradley Jordan (Sister Company)	199,600	199,600
Medivisa Company - Jordan (Note 10) (Sister Company)	260	13,807
	<u>522,489</u>	<u>847,276</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 197,462 for the period ended 30 September 2021 (31 December 2020: JD 52,545). Commissions that were earned from this brokerage have been recorded by the Company with a total amount of JD 8,826 for the period ended 30 September 2021 (31 December 2020: JD 3,265).

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

	For nine months at 30 September	
	2021 JD (Unaudited)	2020 JD (Unaudited)
Written premiums- primary shareholder	3,576,280	4,821,872

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

	For nine months at 30 September	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and benefits	181,850	194,050

(13) FAIR VALUE RESERVE

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

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at beginning of the period/ year	(528,095)	(450,296)
Change in fair value during the period/ year	39,380	(77,799)
Balance at the end of the period/ year	(488,715)	(528,095)

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

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

	For three months at 30 September		For nine months at 30 September	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
Profit (loss) for the period (Dinar)	240,317	(68,840)	(327,033)	(643,477)
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	0/024	(0/007)	(0/033)	(0/064)

(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 September		30 September		30 September	
	2021	2020	2021	2020	2021	2020
Total revenue	11,762,191	12,973,482	235,717	277,289	11,997,908	13,250,771

	Inside Jordan		Outside Jordan		Total	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Total assets	24,395,197	24,558,565	-	-	24,395,197	24,558,565

(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.

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

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Total available capital	5,350,025	5,225,870
Capital requirements		
Capital requirement against asset risks	3,116,245	2,869,771
Capital requirement against underwriting liabilities	2,226,565	2,260,161
Capital requirement against the reinsurance risk	23,016	5,044
Total required capital	5,365,826	5,134,976
Solvency margin ratio	99,7%	101,8%

The Company's solvency ratio reached 99.7% as of 30 September 2021, 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 3,176,073 as of 30 September 2021 (31 December 2020: 3,028,262). 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 104,718 with cash margins of JD 10,473 (31 December 2020: 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, the Company's management regularly monitors the Company's activities and the risk that may result from COVID-19 pandemic including primarily monitoring the Company's need for cash liquidity and monitoring accounts receivable levels through ensuring sufficient levels of provisions for expected credit loss.

The COVID-19 pandemic has affected negatively the Company's activities, including total revenues and net claims as of 30 September 2021 in comparison with 30 September 2020 as follows:

	30 September 2021	30 September 2021
	JD	JD
	(Unaudited)	(Unaudited)
Total revenues	11,997,908	13,250,771
Net claims	11,979,193	11,844,809

The Company's management believes that it maintains the necessary liquidity to meet its obligations on maturity for a period of at least one year from the date of these interim condensed financial statements.