THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of the Mediterranean and Gulf Insurance Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements **of the Mediterranean and Gulf Insurance Company**, which comprise the statement of financial position as at 31 December 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a matter

Without qualifying our opinion, we draw attention to note (34) to the financial statements, the Company's solvency ratio reached 112.5% as of 31 December 2022, which is less than the ratio determined by the Insurance Administration, which is 150%.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements . These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Revenue Recognition	**How the key audit matter was addressed in the audit**
Revenue is an important determinant of the Company's profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to revenue recognition at the cutoff date. Total written premium revenues amounted to JD 22,374,069 for the year ended 31 December 2022.	Our audit procedures included evaluating the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of International Financial Reporting Standards (IFRSs). We tested the Company's controls over revenue recognition and key controls in the revenue cycle. We also selected a representative sample and tested premiums written at either side of the revenue cutoff date to, assess whether the revenue was recognized in the correct period. Analytical procedures were performed on income accounts by lines of business. We independently re-performed the revenue calculation of each line of business using data extracted from the Company's system. In order to rely on the data extracted, we tested a sample of transactions to their related policies to assess the accuracy of the data extracted. We also selected and tested a representative sample of journal entries at the cut off period. Disclosures of accounting policies for revenue recognition are details in note (2) to the financial statement.

2. Estimates used in calculation and completeness of insurance liabilities	How the key audit matter was addressed in the audit
The Company has insurance liabilities of JD 14,833,804 representing 73% of the Company's total liabilities as of 31 December 2022. The measurement of insurance liabilities (outstanding claims, unearned premium revenue and premium deficiency reserve) involves significant judgment over uncertain future outcomes including primarily the timing and ultimate full settlement of long-term policyholders' liabilities.	Our audit procedures included, amongst others, assessing the Company's methodology for calculating the insurance liabilities and their analysis of the movements in insurance liabilities during the year, including consideration of whether the movements are in line with the accounting policy adopted by the Company. We tested management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. We evaluated the competence, capabilities and objectivity of the Company's external specialist. Our audit procedures on the liability adequacy tests included assessing the reasonableness of the projected cash flows and reviewing the assumptions adopted in the context of both the Company and industry experience and specific product features. We also assessed the adequacy of the disclosures regarding these liabilities. Disclosures of assumptions and accounting policies related to insurance contracts liabilities are detailed in note (2) to the financial statement.

Other information included in the Mediterranean and Gulf Insurance Company's 2022 annual report.

Other information consists of the information included in the Company's 2022 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements, taking into consideration the emphasis of a matter paragraph.

The partner in charge of the audit resulting in this auditor's report was Osama Shakhatreh; license number 1079.

Amman – Jordan
28 February 2023

ERNST & YOUNG
Amman - Jordan

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Assets			
Investments -			
Bank deposits	3	6,943,972	6,909,467
Investment properties	4	4,262,580	5,151,237
Financial assets at fair value through other comprehensive income	5	234,361	234,841
Total Investments		11,440,913	12,295,545
Other assets -			
Cash on hand and at banks	6	88,461	52,078
Checks under collection	7	4,290,571	4,439,689
Accounts receivable, net	8	5,133,588	3,800,715
Reinsurance receivables	9	686,454	841,021
Property and equipment	11	3,472,467	2,737,363
Right of use assets	12	7,493	12,132
Intangible assets	13	71	2,686
Other assets	14	866,717	276,846
Total Assets		25,986,735	24,458,075
Liabilities and equity			
Liabilities			
Technical reserves -			
Unearned premium reserve, net		6,985,746	6,266,320
Outstanding claims reserve, net		7,848,058	8,480,054
Total Technical reserves		14,833,804	14,746,374
Other liabilities -			
Accounts payable	15	2,811,251	2,408,242
Accrued expenses		28,000	53,220
Reinsurance payables	16	2,293,431	1,542,801
Lease obligations	12	7,896	12,072
Income Tax provision	10	51,002	-
Other liabilities	17	277,204	359,328
Total liabilities		20,302,588	19,122,037
Equity-			
Paid in capital	18	10,000,000	10,000,000
Statutory reserve	19	233,225	193,266
Fair value reserve	20	(492,078)	(491,598)
Accumulated losses	21	(4,057,000)	(4,365,630)
Total shareholders' equity		5,684,147	5,336,038
Total liabilities and shareholders' equity		25,986,735	24,458,075

The attached notes from 1 to 38 form part of these financial statements

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Revenues			
Gross written premium		22,374,069	16,822,043
Less: Local reinsurance share		1,485,544	737,889
Less: Foreign reinsurance share		1,691,129	1,180,377
Written premium, net		19,197,396	14,903,777
Net change in unearned premiums provision		(719,426)	(534,255)
Net earned premium		18,477,970	14,369,522
Commissions income		555,953	355,251
Insurance policies issuance fees		870,932	778,334
Other underwriting revenues		1,161,137	1,078,514
Interest income	22	391,547	262,029
Dividends income from investments in financial assets through other comprehensive income	23	9,789	5,882
Total revenues		21,467,328	16,849,532
Claims and related expenses			
Paid claims		19,816,063	15,286,731
Less: Recoveries		1,698,322	1,416,324
Less: Reinsurance share		376,345	503,654
Paid claims, net		17,741,396	13,366,753
Net change in claims reserve		(631,996)	(36,579)
Allocated employees' expenses	24	1,164,874	932,199
Allocated general and administrative expenses	25	912,442	662,308
Excess of loss premium		515,928	478,541
Commissions paid		817,843	666,526
Other expenses related to policies' underwriting	26	494,072	446,355
Net claims		21,014,559	16,516,103
Unallocated employee expenses	24	147,995	128,644
Depreciation and amortization	4,11,13	172,307	175,392
Unallocated general and administrative expenses	25	223,756	166,765
Expected credit losses -reinsurance receivables	9	130,000	-
Finance cost- discounting checks under collections	7	-	263,278
Reversal of allowance for expected credit losses	8	(620,880)	(474,321)
Total expenses		21,067,737	16,775,861
Profit for the year before tax		399,591	73,671
Income tax expense	10	(51,002)	-
Profit for the year		348,589	73,671
		JD/Fils	JD/Fils
Basic and diluted earnings per share for the year	27	0/035	0/007

The attached notes from 1 to 38 form part of these financial statements

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	JD	JD
Profit for the year	348,589	73,671
Add: other comprehensive income items that will not be reclassified to profit or loss in subsequent periods		
Change in fair value of financial assets at fair value through other comprehensive income (Note 20)	(480)	36,497
Total comprehensive income for the year	348,109	110,168

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Paid in capital	Statutory reserve	Fair value reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
2022 -					
Balance at 1 January 2022	10,000,000	193,266	(491,598)	(4,365,630)	5,336,038
Profit for the year	-	-	-	348,589	348,589
Other comprehensive income items	-	-	(480)	-	(480)
Total comprehensive income	-	-	(480)	348,589	348,109
Transferred to Statutory reserve	-	39,959	-	(39,959)	-
Balance at 31 December 2022	10,000,000	233,225	(492,078)	(4,057,000)	5,684,147
2021 -					
Balance at 1 January 2021	10,000,000	185,899	(528,095)	(4,431,934)	5,225,870
Profit for the year	-	-	-	73,671	73,671
Other comprehensive income items	-	-	36,497	-	36,497
Total comprehensive income	-	-	36,497	73,671	110,168
Transferred to Statutory reserve	-	7,367	-	(7,367)	-
Balance at 31 December 2021	10,000,000	193,266	(491,598)	(4,365,630)	5,336,038

The attached notes from 1 to 38 form part of these financial statements

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		399,591	73,671
Adjustment for non-cash items			
Depreciation and amortization	4,11,13	172,307	175,392
Interest on lease obligations	12	824	1,184
Depreciation of right of use assets		4,639	4,640
Net change in unearned premium reserve		719,426	534,255
Net change in outstanding claims reserve		(631,996)	(36,579)
Dividends income from investments in financial assets through other comprehensive income	23	(9,789)	(5,882)
Reversal of allowance for expected credit losses	8	(620,880)	(474,321)
Expected credit losses -Reinsurance receivables		(130,000)	-
Interest income		(391,547)	(262,029)
Cash flows (used in) from operating activities before changes in working capital		(487,425)	10,331
Checks under collection		149,118	(1,478,938)
Accounts receivable		(711,993)	2,381,204
Reinsurance receivables		284,567	(202,537)
Other assets		(582,243)	(22,024)
Accounts payable		403,009	(358,971)
Reinsurance payables		750,630	(390,113)
Other liabilities and accrued expenses		(107,344)	44,595
Net cash flows used in operating activities		(301,681)	(16,453)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends Received	23	9,789	5,882
Purchase of property and equipment	11	(16,139)	-
Deposits at banks maturing after three months		(1,830,470)	(2,412,361)
Interest received		383,919	338,021
Net cash flows used in investing activities		(1,452,901)	(2,068,458)
CASH FLOWS FROM FINANCING ACTIVITY			
Payments of lease obligations	12	(5,000)	(5,029)
Net cash flows used in financing activities		(5,000)	(5,029)
Net decrease in cash and cash equivalents		(1,759,582)	(2,089,940)
Cash and cash equivalents at beginning of the year		4,549,184	6,639,124
Cash and cash equivalents at the end of the year	28	2,789,602	4,549,184

The attached notes from 1 to 38 form part of these financial statements

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premium																
Direct insurance	11,218,875	8,823,148	400,756	343,168	-	-	2,620,088	1,571,595	150,267	95,041	7,932,712	5,945,832	51,371	43,259	22,374,069	16,822,043
Less:																
Local reinsurance share	297,249	204,281	47,167	58,085	-	-	1,098,117	466,140	41,178	-	-	-	1,833	9,383	1,485,544	737,889
Foreign reinsurance share	-	-	328,699	257,601	-	-	1,310,897	873,094	11,902	22,932	-	-	39,631	26,750	1,691,129	1,180,377
Net Written premium	10,921,626	8,618,867	24,890	27,482	-	-	211,074	232,361	97,187	72,109	7,932,712	5,945,832	9,907	7,126	19,197,396	14,903,777
Add:																
Balance at the beginning of the year																
Unearned premium reserve	4,347,852	4,503,751	69,175	89,966	-	6,073	1,027,864	1,843,770	40,508	39,339	1,765,257	1,071,453	28,083	10,154	7,278,739	7,564,506
Less: reinsurance share	-	-	63,250	84,233	-	6,073	911,302	1,718,773	14,011	13,858	-	-	23,856	9,504	1,012,419	1,832,441
Net Unearned premium reserve	4,347,852	4,503,751	5,925	5,733	-	-	116,562	124,997	26,497	25,481	1,765,257	1,071,453	4,227	650	6,266,320	5,732,065
Add: Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less:																
Balance at year end																
Unearned premium reserve	4,704,703	4,347,852	100,300	69,175	-	-	1,239,800	1,027,864	56,714	40,508	2,136,814	1,765,257	30,355	28,083	8,268,686	7,278,739
Less : Reinsurance share	-	-	92,240	63,250	-	-	1,133,315	911,302	32,724	14,011	-	-	24,661	23,856	1,282,940	1,012,419
Net Unearned premiums reserve	4,704,703	4,347,852	8,060	5,925	-	-	106,485	116,562	23,990	26,497	2,136,814	1,765,257	5,694	4,227	6,985,746	6,266,320
Net: Earned revenue from written premiums	10,564,775	8,774,766	22,755	27,290	-	-	221,151	240,796	99,694	71,093	7,561,155	5,252,028	8,440	3,549	18,477,970	14,369,522

The attached notes from 1 to 38 form part of these financial statements

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	11,321,714	9,423,859	133,353	61,780	-	-	286,309	513,639	27,048	47,777	8,037,648	5,239,676	9,991	-	19,816,063	15,286,731
Less:																
Recoveries	1,614,660	1,354,888	-	-	-	-	40,325	82,791	750	-	39,469	(21,844)	3,118	489	1,698,322	1,416,324
Foreign reinsurance share	65,997	133,408	106,840	44,225	-	-	195,201	310,724	2,770	15,047	-	-	5,537	250	376,345	503,654
Net Paid Claims	9,641,057	7,935,563	26,513	17,555	-	-	50,783	120,124	23,528	32,730	7,998,179	5,261,520	1,336	(739)	17,741,396	13,366,753
Add:																
Outstanding claims reserve at year end																
Reported	7,160,340	7,000,265	9,540	102,198	-	-	416,649	453,995	79,185	92,974	177,675	726,287	13,263	220	7,856,652	8,375,939
Unreported	2,004,446	1,720,000	1,000	1,000	-	-	760	760	10,000	24,300	44,430	28,892	19,463	1,350	2,080,099	1,776,302
Less:																
Recoveries	1,383,244	975,812	-	-	-	-	-	-	-	-	-	-	-	-	1,383,244	975,812
Reinsurance share	325,163	212,033	7,830	95,677	-	-	361,813	385,581	-	2,875	-	-	10,643	209	705,449	696,375
Net outstanding claims reserve at year end	7,456,379	7,532,420	2,710	7,521	-	-	55,596	69,174	89,185	114,399	222,105	755,179	22,083	1,361	7,848,058	8,480,054
Reported	5,451,933	5,812,420	1,710	6,521	-	-	54,836	68,414	79,185	90,099	177,675	726,287	2,620	11	5,767,959	6,703,752
Unreported	2,004,446	1,720,000	1,000	1,000	-	-	760	760	10,000	24,300	44,430	28,892	19,463	1,350	2,080,099	1,776,302
Less:																
Outstanding claims reserve at the beginning of the year																
Reported	7,000,265	7,097,551	102,198	311,015	-	-	453,994	702,900	92,974	63,087	726,287	566,799	221	221	8,375,939	8,741,573
Unreported	1,720,000	1,732,000	1,000	15,447	-	-	760	760	24,300	1,000	28,892	64,951	1,350	1,350	1,776,302	1,815,508
Less:																
Reinsurance share	212,033	263,456	95,677	292,897	-	-	385,579	570,488	2,875	14,404	-	-	211	209	696,375	1,141,454
Recoveries	975,812	898,994	-	-	-	-	-	-	-	-	-	-	-	-	975,812	898,994
Net Outstanding claims reserve at the beginning of the year	7,532,420	7,667,101	7,521	33,565	-	-	69,175	133,172	114,399	49,683	755,179	631,750	1,360	1,362	8,480,054	8,516,633
Net Claims Cost	9,565,016	7,800,882	21,702	(8,489)	-	-	37,204	56,126	(1,686)	97,446	7,465,105	5,384,949	22,059	(740)	17,109,400	13,330,174

THE MEDITERRANEAN AND GULF INSURANCE COMPANY - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFIT FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premium	10,564,775	8,774,766	22,755	27,290	-	-	221,151	240,796	99,694	71,093	7,561,155	5,252,028	8,440	3,549	18,477,970	14,369,522
Less:																
Net claims cost	9,565,016	7,800,882	21,702	(8,489)	-	-	37,204	56,126	(1,686)	97,446	7,465,105	5,384,949	22,059	(740)	17,109,400	13,330,174
Add:																
Commissions received	12,021	5,877	146,331	95,399	-	-	374,248	244,600	13,447	2,839	-	-	9,906	6,536	555,953	355,251
Policies issuance fees	332,487	360,911	34,099	55,665	-	-	181,913	169,723	13,761	10,886	301,835	172,464	6,837	8,685	870,932	778,334
Other underwriting revenues	325,134	331,401	260,181	26,306	-	-	77,725	26,486	6,028	-	492,069	694,321	-	-	1,161,137	1,078,514
Total revenue	1,669,401	1,672,073	441,664	213,149	-	-	817,833	625,479	134,616	(12,628)	889,954	733,864	3,124	19,510	3,956,592	3,251,447
Less:																
Commissions paid	428,151	360,577	17,819	9,028	-	-	92,930	33,264	9,195	1,921	262,115	256,051	7,633	5,685	817,843	666,526
Excess of loss premium	258,739	260,870	21,669	18,766	-	-	235,520	198,905	-	-	-	-	-	-	515,928	478,541
Allocated general and administrative expenses	1,045,615	865,421	60,569	54,138	-	-	312,887	206,138	9,862	6,571	645,011	459,248	3,372	2,991	2,077,316	1,594,507
Other expenses	17,605	7,366	21,353	11,529	-	-	14,008	(1,505)	-	-	444,556	426,476	(3,450)	2,489	494,072	446,355
Total Expenses	1,750,110	1,494,234	121,410	93,461	-	-	655,345	436,802	19,057	8,492	1,351,682	1,141,775	7,555	11,165	3,905,159	3,185,929
Underwriting Profit	(80,709)	177,839	320,254	119,688	-	-	162,488	188,677	115,559	(21,120)	(461,728)	(407,911)	(4,431)	8,345	51,433	65,518

The attached notes from 1 to 38 form part of these 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 financial statements were approved by the Board of Directors on 28 February 2023.

(2) SIGNIFICANT ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

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

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2021 except for the adoption of new amendments effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no impact on the financial statements of the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments had no impact on the financial statements of the Company

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the financial statements of the Company

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Company

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no impact on the financial statements of the Company.

(2-3) Significant Accounting Policies

Business Sector

The business sector represents a set of assets and operations that jointly provides products and services subject to risks and returns different from those of other business sector which is measured based on the reports used by the top management of the Company.

The geographic sector relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

Financial assets at fair value through other comprehensive income

Equity investments that are not held for sale in the near future. These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of these asset are reclassified from fair value reserve to retained earnings and not through statement of income.

It is not allowed to reclassify any of the financial assets from/to this item line except in specific cases as described in the international financial standards.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the income statement.

Date of Recognition of financial assets

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

Fair Value

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

For financial instruments where there is no active market fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

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

Impairments in Financial Assets Value

The Company accounts the impairment in financial assets using expected credit losses approach in accordance with IFRS (9).

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

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 uses the allotment matrix method to calculate expected credit losses, where the allotment matrix is prepared based on the historical default rate on the life expectancy of the receivables after adjusting them with future estimates. Historical defaults and future estimates are updated annually.

Cash and Cash equivalents

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

Investment Properties

Investment properties are measured initially at cost, including transactions costs. Investment properties are depreciated in accordance with their useful lives on a straight-line basis using annual depreciation rate of 2%. Land is not depreciated.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts, being the higher of their fair value less costs to sell and their value in use. The impairment loss is recorded in the income statement.

Accounts Receivable

Accounts receivable are stated at original invoice amount less any provision for any uncollectible amounts or expected credit loss. The Company applies a simplified approach in calculating ECLs. 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.

Reinsurance Accounts

Reinsurers shares of insurance premiums, paid claims, technical provisions, and all other rights and obligations resulting are calculated based on signed contracts between the Company and reinsures are accounted for based on accrual basis.

Reinsurance

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

Impairment in Reinsurance Assets

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contract, the Company has to reduce the present value of the contracts and record the impairment in the statement of income,
The impairment is recognized in the following cases only:

1. There is an objective evidence resulting from an event that took place after the recording of the reinsurance assets confirming the Company's inability to recover all the amounts under the contracts terms.

2. The event has a reliably and clearly measurable effect on the amounts that the Company will recover from reinsures.

Insurance policy acquisition cost

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

Property and equipment

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

	%
Buildings	2
Equipment, machines and furniture	15
Vehicles	15

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

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

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

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

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

Intangible assets

Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets with finite lives are amortized over the useful economic lives, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

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

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight line basis at 20% amortization rate.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease contract liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Provisions

Provisions are recognized when the Company has an obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the preset obligation at the financial statements date, taking into account the risks and uncertainties surrounding the obligation where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flow.

When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

A- Technical Reserves

Technical reserves are provided for in accordance to the Insurance Commission's instructions, as follows:

1. Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws, regulations and instructions issued pursuant there to.

2. Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.

3. Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Company.

4. Actuarial equations are reviewed by the actuary.

B- Provision for expected credit losses

The Company has applied the standard's simplified approach of International Financial Reporting Standard (IFRS 9) and has calculated the expected credit losses on all its financial instruments. 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 economic environment.

Liability adequacy test

At each statement of financial position date the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts.

If assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the deficiency is immediately recognized in the statement of income.

Income Tax

Income tax represents current and deferred income tax.

A- Accrued Income Tax

The accrued income tax expense is calculated based on taxable income. The taxable income differs from the actual income in the statement of income because the accounting income contains expenditures and revenues that are not tax deductible in the current year but in the preceding years or the accepted accumulated losses or any other not deductibles for tax purposes.

The taxes are calculated based on enacted tax percentages which are stated by laws and regulation in the Hashemite Kingdom of Jordan.

B- Deferred Tax

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the financial statements and the value that is calculated on the basis of taxable profit.

Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to allow all or part of deferred tax asset to be utilized.

Offsetting

Financial assets and financial liabilities are only offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue recognition

A- Insurance policies

Insurance premiums are recorded as revenues (earned premiums) based on the accrual periods and policy covering period. Unearned premiums are recorded according to insurance policy periods at the date of financial statements claims expenses are recognized in the statement of income based on the expected claim value to compensate other parties.

B- Dividend and interest revenue

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

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

Expenditures recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the statement of income during the period it occurred in and all other expenditures are recognized using the accrual basis.

Insurance compensations

Insurance compensations represent paid claims during the year and change in outstanding claims reserve.

Insurance compensations payments during the year even for the current or prior years. Outstanding claims represent the highest estimated amount settle the claims resulting from events occurring before the date of financial statements but not settled yet. Outstanding claim reserve is recorded based on the best available information at the date of financial statements and includes the IBNR.

Recoverable scraped value

Recoverable scraped value is considered when recording the outstanding claim amount

General and administrative expenses

General and administrative expenses are distributed to each insurance division separately. Moreover, 80% of the non-distributable general and administrative expenses is allocated to different insurance departments based on the ratio of written premiums of the department to total premiums.

Employees' expenses

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

Commission Cost

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

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transactions dates.

Monetary assets and liabilities in foreign currencies are translated into Jordanian Dinar at rates of exchange prevailing at the statement of financial position date as issued by Central Bank of Jordan.

Non-financial assets and non-monetary liabilities demimonde in foreign currencies at fair value are translated at the date of the determined fair value.

Any gains or losses are taken to the statement of income.

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

(2-4) Estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The details of significant estimates made by management are as follows:

- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to insurance commission regulation and filed actuarial studies.

- A provision for expected credit losses in accordance with IFRS (9) is estimated by the management based on their principles and assumptions according to the Insurance Administration.

- The financial year is charged with its related income tax in accordance with regulations.

- Management periodically reviews the useful life of the Company's tangible and intangible assets in order to calculate the depreciation and amortization expense based on the status of these assets and the expected future useful lives. The impairment loss (if any) is recorded in the Income statement.

- An allowance against lawsuits in which the Company is defendant is established based on legal studies performed by the Company's lawyer by which potential risks are identified. Those studies are revised periodically.

(3) BANK DEPOSITS

This item represents the following:

	2022				2021
	Deposits mature within a month*	Deposits mature within a period from 1 to 3 months	Deposits mature within a period from 3 months to 1 year*	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	2,701,141	-	4,242,831	6,943,972	6,909,467

* This item represents deposits in Jordanian Dinar in Jordanian banks as of 31 December 2022 with an interest rate 5.5% for the deposit that matures within a month and an interest rate that ranges between 4.25% and 4.75% for the deposit that matures within a year (31 December 2021: deposits in Jordanian Dinar with an interest rate that ranges between 2.35% and 4.35% and mature within one month and 4.70% for the deposit that matures within a year).

(4) INVESTMENT PROPERTIES

	Land	Buildings	Total
2022-	JD	JD	JD
Cost:			
Balance at 1 January	608,870	4,737,697	5,346,567
Transfer from property, plant and equipment (Note 11)*	-	2,355,648	2,355,648
Transfer to property, plant and equipment (Note 11)*	(106,031)	(3,241,045)	(3,347,076)
Balance at 31 December	502,839	3,852,300	4,355,139
Accumulated depreciation:			
Balance at 1 January	-	195,330	195,330
Depreciation for the year	-	97,668	97,668
Transfer to property, plant and equipment (Note 11)*	-	(200,439)	(200,439)
Balance at 31 December	-	92,559	92,559
Net book value			
As at 31 December 2022	502,839	3,759,741	4,262,580
2021-			
Cost:			
Balance at 1 January	608,870	4,737,697	5,346,567
Balance at 31 December	608,870	4,737,697	5,346,567
Accumulated depreciation:			
Balance at 1 January	-	(97,664)	(97,664)
Depreciation for the year	-	(97,666)	(97,666)
Balance at 31 December	-	(195,330)	(195,330)
Net book value			
As at 31 December 2021	608,870	4,542,367	5,151,237

* The fair value of real estate investments as of 31 December 2021 was estimated by an independent licensed real estate expert of JD 4,844,000 at 31 December 2022. The Company has also reclassified some of the building's floors that were planned to be used for investments purposes into property and equipment as they were planned to be used by the Company for its operations. Accordingly, the Company transferred an amount of JD 2,355,648 of property and equipment to investment properties, in addition to transferring an amount of JD 3,040,606 from investments properties to property and equipment. Furthermore, the Company reclassified the land for an amount of JD 106,031 from land allocated for investments to the Company's use.

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

This item consists of the following:

	2022	2021
	JD	JD
Quoted shares in Amman Stock Exchange	234,361	234,841

(6) CASH ON HAND AND AT BANKS

This item consists of the following:

	2022	2021
	JD	JD
Cash on hand	621	550
Current accounts at banks	87,840	51,528
	88,461	52,078

(7) CHECKS UNDER COLLECTION

This item consists of the following:

	2022	2021
	JD	JD
Checks under collection*	4,290,571	4,439,689

* This item includes checks under collection of JD 864,230 as of 31 December 2022 (31 December 2021: JD 1,810,592) with due dates of more than one year from the date of the financial statements. The Company has recorded checks under collection at their discounted net present value of JD 811,484 as at 31 December 2022 (31 December 2021: JD 1,547,314) and recorded interest revenue of JD 105,868 in the Income Statement for the year ended 31 December 2022 which represents the amortization of interest expenses recorded in prior years as a result of the discounting of these cheques. (Interest expense of JD 263,278 recorded in the income statement for the year ended 31 December 2021)

This item includes cheques under collection from Manaseer Group of JD 2,598,580 as at 31 December 2022 (2021: JOD 3,010,380) (Note 29).

(8) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	2022	2021
	JD	JD
Policy holders*	6,694,684	6,163,620
Due from sister companies- The Mediterranean and Golf insurance company - Bahrain (Note 29)	6,918	6,918
Employees' receivables	16,090	7,884
Others	220,390	47,667
	6,938,082	6,226,089
Less: Allowance for expected credit losses**	1,804,494	2,425,374
	5,133,588	3,800,715

The below table represents the aging of receivables as of 31 December 2022:

	Neither past due nor impaired	1-90 days	91-180 days	181-360 days	Total
	JD	JD	JD	JD	JD
31 December 2022	2,426,431	1,486,865	672,341	547,951	5,133,588
31 December 2021	1,260,693	1,204,066	1,076,905	259,051	3,800,715

* This item includes written premiums receivables that are due from Al-Manaseer Group - a Primary shareholder by JD 1,423,127 as of 31 December 2022 (2021: JD 1,182,982) (Note 29).

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

	2022	2021
	JD	JD
Balance at the beginning of the year	2,425,374	2,899,695
Reversal of provision	(620,880)	(474,321)
Balance at the end of the year	1,804,494	2,425,374

(9) REINSURANCE RECEIVABLES

This item consists of the following:

	2022	2021
	JD	JD
Local insurance companies	458,654	438,257
Foreign reinsurance companies	397,800	442,764
	856,454	881,021
Less: Provision for expected credit losses	170,000	40,000
	686,454	841,021

The movement on the provision for expected credit losses is as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	40,000	40,000
Provision for the year	130,000	-
Balance at the end of the year	170,000	40,000

(10) INCOME TAX

No provision for income tax was calculated for the years ended 31 December 2022 and 2021 due to the excess of expenses over taxable income in accordance with Income Tax Law No. (38) of 2018.

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

	2022	2021
	JD	JD
Accounting profit	399,591	73,671
Nondeductible expenses	2,210,098	2,039,580
Nontaxable income	(2,397,182)	(2,289,829)
Taxable profit (loss)	212,507	(176,578)
Less: Accumulated losses	-	-
Taxable profit	212,507	-
Statutory income tax rate	26%	26%
Effective income tax rate	24%	24%

Income Tax

The Company reached a final settlement from Income and Sales Tax Department up to the year 2020.

The Company submitted its tax declaration for the year 2021, which has not been reviewed by the Income Tax Department.

In the opinion of the management and the Tax Consultant, Tax provisions provided for are sufficient to cover contingent tax liabilities.

Sales Tax

Final settlement for sales tax between the Company and Sales tax Department was reached until 31 December 2017.

Income tax shown in the income statement represents the following:

	31 December 2022	31 December 2021
	JD	JD
Income tax due for the year	51,002	-
	51,002	-

The transaction on the tax provision is as follows:

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	-	-
Provision for the year	51,002	-
Balance at the end of the year	51,002	-

(11) PROPERTY AND EQUIPMENT

This item consists of the following:

	Land	Buildings	Equipment, tools and furniture	Vehicles	Total
2022-	JD	JD	JD	JD	JD
Cost:					
Balance as at 1 January	305,382	2,465,108	419,340	133,080	3,322,910
Addition	-	16,139	-	-	16,139
Transfer from property, plant and equipment (Note 4)*	106,031	3,040,606	-	-	3,146,637
Transfer to property, plant and equipment (Note 4)*	-	(2,481,247)	-	-	(2,481,247)
Balance as at 31 December	411,413	3,040,606	419,340	133,080	4,004,439
Accumulated depreciation:					
Balance as at 1 January	-	83,720	388,448	113,379	585,547
Depreciation for the year	-	41,879	19,137	11,008	72,024
Transfer to property, plant and equipment (Note 4)*	-	(125,599)	-	-	(125,599)
Balance as at 31 December	-	-	407,585	124,387	531,972
Net book value as at 31 December	411,413	3,040,606	11,755	8,693	3,472,467
2021-					
Cost:					
Balance as at 1 January	305,382	2,465,108	419,340	133,080	3,322,910
Balance as at 31 December	305,382	2,465,108	419,340	133,080	3,322,910
Accumulated depreciation:					
Balance as at 1 January	-	41,856	368,993	102,371	513,220
Additions	-	41,864	19,455	11,008	72,327
Balance as at 31 December	-	83,720	388,448	113,379	585,547
Net book value as at 31 December	305,382	2,381,388	30,892	19,701	2,737,363

* The fair value of real estate investments as of 31 December 2021 was estimated by an independent licensed real estate expert of JD 4,844,000 at 31 December 2022. The Company has also reclassified some of the building's floors that were planned to be used for investments purposes into property and equipment as they were planned to be used by the Company for its operations. Accordingly, the Company transferred an amount of JD 2,355,648 of property and equipment to investment properties, in addition to transferring an amount of JD 3,040,606 from investments properties to property and equipment. Furthermore, the Company reclassified the land for an amount of JD 106,031 from land allocated for investments to the Company's use.

(12) LEASES

The table below shows the carrying amounts of the Company's right-of-use assets and lease contracts liabilities and the movements during the year ended 31 December:

2022-	Right of use assets	Lease Liabilities*
	JD	JD
At 1 January 2022	12,132	12,072
Depreciation (Note 25)	(4,639)	-
Finance costs (Note 25)	-	824
Payments	-	(5,000)
At 31 December 2022	**7,493**	**7,896**
2021-		
At 1 January 2021	16,772	15,917
Depreciation (Note 25)	(4,640)	-
Finance costs (Note 25)	-	1,184
Payments	-	(5,029)
At 31 December 2021	**12,132**	**12,072**

***Lease liabilities details as of 31 December 2022 and 31 December 2021 are as follows:

31 December 2022			31 December 2021		
Short term	Long term	Total	Short term	Long term	Total
3,256	4,640	7,896	3,816	8,256	12,072

Average lease term for lease contracts is three years and average discount rate is 6.5%.

(13) INTANGIBLE ASSETS

	Computer system's and software	
	2022	2021
Cost:	JD	JD
Balance at the beginning of the year	263,963	263,963
Balance at the end of the year	263,963	263,963
Accumulated amortization:		
Balance at the beginning of the year	261,277	255,878
Amortization	2,615	5,399
Balance at the end of the year	263,892	261,277
Net book value	71	2,686

(14) OTHER ASSETS

This item consists of the following:

	2022	2021
	JD	JD
Accrued revenues	475,918	111,088
Advance income tax to payment on bank interest	259,930	101,545
Prepaid expenses	120,902	51,181
Advanced payments to the Income Tax Department	3,401	3,401
Refundable against letters of guarantees (Note 37)	6,566	9,631
	866,717	276,846

(15) ACCOUNTS PAYABLE

This item consists of the following:

	2022	2021
	JD	JD
Medical network payables	2,182,460	1,178,452
Policy holders	614,344	657,992
Other payables	14,187	571,538
Amounts due to sister companies -Medivisa Jordan (Note 29)	260	260
	2,811,251	2,408,242

(16) REINSURANCE PAYABLES

This item consists of the following:

	2022	2021
	JD	JD
Local insurance companies*	863,066	557,950
Foreign reinsurance companies*	1,430,365	984,851
	2,293,431	1,542,801

* This item includes payables due to related parties of JD 199,600 as of 31 December 2022 (2021: JD 482,581) (Note 29).

(17) OTHER LIABILITIES

This item consists of the following:

	2022	2021
	JD	JD
Commissions due	134,384	200,749
Income tax withholdings	97,716	115,947
Due to shareholders	15,345	15,345
Social security withholdings	17,093	13,403
Stamps withholdings	9,823	9,754
Others	2,843	4,129
	277,204	359,327

(18) PAID IN CAPITAL

Authorized and paid in capital amounted to JD 10,000,000 divided into 10,000,000 shares with a par value of JD 1 each as of 31 December 2022 and 2021.

(19) LEGAL RESERVE

Statutory reserve -

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

(20) FAIR VALUE RESERVE

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

	2022	2021
	JD	JD
Balance at beginning of the year	(491,598)	(528,095)
Change in fair value during the year	(480)	36,497
Balance at the end of the year	(492,078)	(491,598)

(21) ACCUMULATED LOSSES

The item consists of the following:

	2022	2021
	JD	JD
Beginning balance	(4,365,630)	(4,431,934)
Profit for the year	348,589	73,671
Transfers to statutory reserve	(39,959)	(7,367)
Balance at the end of the year	(4,057,000)	(4,365,630)

(22) INTEREST INCOME

This item consists of the following:

	2022	2021
	JD	JD
Interest on bank deposits	285,679	-
Financing Interest – Amortization of Cheque Expense for Collection	105,868	262,029
	391,547	262,029

(23) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

This item consists of the following:

	2022	2021
	JD	JD
Cash dividends received (financial assets at fair value through other comprehensive income)	9,789	5,882

(24) EMPLOYEE EXPENSES

This item consists of the following:

	2022	2021
	JD	JD
Salaries and bonuses	1,046,326	819,101
Company's share form social security	123,497	96,781
Medical expenses	80,046	88,741
Travel and transportation	54,867	52,269
Training	8,133	3,951
Total	1,312,869	1,060,843
Allocated employee expenses to the underwriting account	1,164,874	932,199
Unallocated employee expenses to the underwriting account	147,995	128,644

(25) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2022	2021
	JD	JD
Consulting and legal fees	410,427	245,595
Insurance Administration fees	108,118	95,444
Rent	88,785	88,785
Board of Directors expenses	84,000	151,120
Maintenance	63,227	39,039
Water, electricity and heating	51,636	45,520
Property Tax	42,164	-
Stationary and printing	38,786	19,512
Vehicles expenses	35,952	15,140
Advertisements	29,463	11,145
Government fees and other fees	29,041	17,798
Postage and telecommunications	23,822	20,539
Consumables	22,497	19,061
Bank charges	20,622	11,126
Depreciation of right of use assets (Note 12)	4,639	4,640
Interest on Lease Liability (Note 12)	824	1,184
Others	82,195	43,425
Total	1,136,198	829,073
Allocated general and administrative expenses to the underwriting accounts	912,442	662,308
Unallocated general and administrative expenses to the underwriting accounts	223,756	166,765

(26) OTHER EXPENSES RELATED TO POLICIES' UNDERWRITING

This item consists of the following:

	2022	2021
	JD	JD
Medical claims management fees	444,556	426,476
Other premiums expenses	49,516	19,879
	494,072	446,355

(27) BASIC AND DILUTED EARNINGS PER SHARE

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

	2022	2021
Profit for the year/ Dinars	348,589	73,671
Weighted average number of shares	10,000,000	10,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share from current year's profit	0/035	0/007

The diluted share per earnings for the year equals basic share per earnings for the year.

(28) CASH AND CASH EQUIVALENTS

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

	2022	2021
	JD	JD
Cash on hand and at banks (Note 6)	88,461	52,078
Add: Deposits at banks that mature within a period of three months (Note 3)	2,701,141	4,497,106
Net Cash and cash equivalent	2,789,602	4,549,184

(29) 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 including in the statement of financial position as of 31 December:

	2022	2021
	JD	JD
Due from related parties:		
Accounts receivable from Al-Manaseer Group - a primary shareholder (Note 8)	1,423,127	1,182,982
Edison Bradley International – Lebanon (sister company) (Reinsurance Brokerage Company)	36,651	-
The Mediterranean and Gulf Insurance company – Bahrain (Note 8) (Sister Company)	6,918	6,918
Checks under collection due from Al-Manaseer Group - a primary shareholder (Note 7)	2,598,580	3,010,380
	4,065,276	4,200,280
Due to related parties:		
Edison Bradley – Jordan (sister company) (Note 16)	199,600	199,600
Medivisa Jordan (sister company) (Note 15)	260	260
Addison Bradley International Lebanon – (Reinsurance Brokerage firm) * (Sister Company) (Note 16)	-	282,981
	199,860	482,841

The following is a summary of the transactions with associated companies included in the statement of comprehensive income:

	2022	2021
	JD	JD
Written premiums from Al-Manaseer Group - a primary shareholder	3,351,462	3,726,473

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

	2022	2021
	JD	JD
Salaries and benefits	115,556	271,596

(30) FAIR VALUE OF FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash and deposits at banks, accounts receivable, reinsurance receivables and other debit balances. Financial liabilities consist of accounts payable, reinsurance payables lease obligations and other credit balances.

There are no material differences between the carrying values and fair values of financial assets and financial liabilities.

(31) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the following order of valuation methods and alternatives in determining and presenting the fair value of financial instruments:

Level 1: Market prices published in active markets for the same assets and liabilities.

Level 2: Other techniques where all the inputs that have a significant impact on the fair value can be observed directly or indirectly from the market information.

Level 3: other techniques which use inputs have a significant effect on the fair value but it is not based on information from the market can be observed.

The following table provides an analysis of financial instruments recorded at fair value, according to the hierarchy of the above:

	Level (1)	Level (2)	Level (3)	Total
2022-	JD	JD	JD	JD
Financial assets				
Financial assets at fair value through other comprehensive income	234,361	-	-	234,361
	234,361	-	-	234,361
2021-				
Financial assets				
Financial assets at fair value through other comprehensive income	234,841	-	-	234,841
	234,841	-	-	234,841

(32) RISK MANAGEMENT

The Company manages different kinds of risks through its comprehensive strategy set out to identify risks and ways to address and mitigate them through the Risk Management Unit and the Investment Committee, where the risks are reviewed and the necessary measures taken to address risk and work to reduce such risks. In addition, all duty stations are responsible for identifying risks related to their activities, establishing appropriate controls and monitoring the continuity of their effectiveness. The Company is exposed to insurance risks, credit risk, liquidity risk and market risk.

Risk management process

The Board of Directors is responsible for the identification and control of risks. In addition, several other parties are responsible for the Company's risk management process.

Risk committee

The Risk Committee has the overall responsibility for developing the risk strategy and applying the general principles, frameworks and permissible limits.

Risk measurement and reporting systems

Risk monitoring and controlling process is performed through monitoring the limits allowed for each type of risk. These limits reflect the Company's business strategy and the various market factors surrounding them.

Information is collected from the different departments of the Company and analyzed to identify the expected risks that may be resulted. This information is presented and explained to the Board of Directors.

A. Insurance Risk

1. Insurance Risk

Risks of any insurance policy represents the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve, the primary risks facing the Company are that incurred claims and the related payments may exceed the book value of the insurance obligations. This may happen if the probability and risk of claims are greater than expected. As insurance accidents are unstable and vary from one year to another, estimates may differ from the related statistics.

Studies have shown that the more similar the insurance policies are, the nearer the expectations are to the actual loss. Moreover, diversifying the types of insurance risks covered decreases the probability of the overall insurance loss.

The Company mitigates the above risks by diversifying its insurance policies, as well as the improvement of risk changes by carefully selecting and implementing insurance strategies and guidelines, and using reinsurance agreements.

Duplicate Claims

Claims can be duplicated and their amounts can be affected due to different factors. The Company's main insurance business is fire, general accident, motor, aviation and marine risk insurance. These insurance policies are considered short term and are usually paid within one year from the date of the accident. This helps to reduce the risk of insurance.

The Company's main insurance activities are as follows:

Fire and other damage to property

The purpose of insurance for property is to compensate policyholders for the damage to their property or the value of lost property. The policyholders may also receive compensation for loss of profits because they cannot use their Insured property.

The main risks to property insurance contracts are fire and business interruption. In recent years, the company has issued insurance policies only for properties with fire alarms, in addition to the minimum number of fire alarms and public safety devices.

These contracts are concluded on the basis of the replacement value of the properties and their insured contents. The cost of rebuilding the properties, providing alternatives to their contents and the time needed to restart the discontinued operations are the main factors affecting the size of the Company's claims. The Company has a cover of reinsurance companies to limit losses for any major or minor claim.

Motor

The purpose of motor insurance is to compensate policyholders for damage to their vehicles or third party liability arising from accidents. Holders of policy may also be compensated for the burning or theft of their vehicles.

For motor insurance, the main risks are compensation for death and personal injury and replacement or repair of vehicles.

The claims paid for death and injured and car replacement costs are the main factors influencing the size of the claims.

Marine and transportation

For marine insurance and transportation, the main risks are the loss or damage of marine and land units and accidents resulting in total or partial loss of goods.

The purpose of marine insurance and transportation is to compensate policyholders for damage and liability arising from the loss or damage of marine and land units and accidents that occur in the sea and land and that result in partial or total loss of goods.

The strategy for the marine insurance and transportation sector is to ensure that insurance policies are diversified in relation to ships, shipping and land routes covered by insurance. The Company has a cover of reinsurance companies to limit losses for any major or minor claim.

Medical

Includes the loss of the insured when the damage is caused by illness or disability and the result is fixed financial benefits or benefits in the form of compensation or a combination of both benefits.

2. Claims Development

The schedules below show the actual claims (based on management's estimates at year- end) compared to the expectations for the past four years based on the year in which the insurance claims were reported as follows:

Total - Motor Insurance:

	2018 and before	2019 and before	2020	2021	2022	Total
The accident year	JD	JD	JD	JD	JD	JD
At the end of the year	62,124,351	7,032,608	5,959,458	6,539,423	7,854,808	
After one year	63,775,023	8,153,982	7,230,984	7,822,680	-	
After two years	64,559,718	8,593,911	7,550,306	-	-	
After three years	64,234,327	8,375,489	-	-	-	
After four years	64,089,326	-	-	-	-	
Present expectation for the accumulated claims	64,089,326	8,375,489	7,550,306	7,822,680	7,854,808	95,692,609
Accumulated claims	63,878,511	8,066,524	6,688,175	5,591,679	4,307,380	88,532,269
Liability as in the statement of financial position:	210,815	308,965	862,131	2,231,001	3,547,428	9,164,786
Reported	210,815	308,965	862,131	2,231,001	3,547,428	7,160,340
Unreported	-	-	-	-	2,004,446	2,004,446
Surplus in the preliminary estimate for reserve	(1,964,975)	(1,342,881)	(1,590,848)	(1,283,257)	-	(6,181,961)

Total - Marine:

	2017 and before	2018	2019	2021	2022	Total
The accident year	JD	JD	JD	JD	JD	JD
At the end of the year	832,782	51,498	99,172	37,187	95,080	
After one year	886,015	51,954	120,880	56,578	-	
After two years	889,478	51,954	97,630	-	-	
After three years	683,546	51,955	-	-	-	
After Four years	633,021	-	-	-	-	
Present expectation for the accumulated claims	633,021	51,955	97,630	56,578	95,080	934,264
Accumulated payments	632,813	51,955	97,591	53,739	88,626	924,724
Liability as in the statement of financial position:	208	-	39	2,839	7,454	10,540
Reported	208	-	39	2,839	6,454	9,540
Unreported	-	-	-	-	1,000	1,000
Deficit in the preliminary estimate for reserve	199,761	(457)	1,542	(19,391)	-	(934,264)

Total – Fire and Property

The accident year	2017 and before	2018	2019	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	4,478,133	427,074	190,170	112,366	114,007	
After one year	4,212,367	830,991	361,126	196,165	-	
After two years	4,149,799	774,122	356,494	-	-	
After three years	4,103,317	773,217	-	-	-	
After four years	4,117,738	-	-	-	-	
Present expectation for the accumulated claims	4,117,738	773,217	356,494	196,165	114,007	5,557,621
Accumulated payments	4,061,332	578,707	317,258	119,181	64,494	5,140,972
Liability as in the statement of financial position:	56,406	194,510	39,236	76,984	50,273	417,409
Reported	56,406	194,510	39,236	76,984	49,513	416,649
Unreported	-	-	-	-	760	760
Deficit in the preliminary estimate for reserve	360,395	(346,143)	(166,324)	(83,799)	-	(235,871)

Total – Liability

The accident year	2017 and before	2018	2019	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	128,961	2,650	13,400	12,881	7,349	
After one year	136,175	3,450	16,367	13,912	-	
After two years	139,415	2,950	16,367	-	-	
After three years	201,731	2,950	-	-	-	
After four years	200,811	-	-	-	-	
Present expectations for the accumulated claims	200,811	2,950	16,367	13,912	7,349	241,389
Accumulated payments	136,656	2,650	4,467	13,412	5,019	162,204
Liability as in the statement of financial position:	64,155	300	11,900	500	12,330	89,185
Reported	64,155	300	11,900	500	2,330	79,185
Unreported	-	-	-	-	10,000	10,000
(Deficit) Surplus in the preliminary estimate for reserve	(71,850)	(300)	(2,967)	(1,031)	-	(76,148)

Total – Medical

The accident year	2017 and before JD	2018 JD	2019 JD	2021 JD	2022 JD	Total JD
At the end of the year	-	-	-	-	7,932,712	
After one year	-	-	-	-	-	
After two years	-	-	-	-	-	
After three years	-	-	-	-	-	
After four years	-	-	-	-	-	
Present expectation for the accumulated claims	-	-	-	-	7,932,712	7,932,712
Accumulated payments	-	-	-	-	7,755,037	7,755,037
Liability as in the statement of financial position:	-	-	-	-	222,105	222,105
Reported	-	-	-	-	177,675	177,675
Unreported	-	-	-	-	44,430	44,430
Surplus in the preliminary estimate for reserve	-	-	-	-	104,935	104,935

Total – Others

The accident year	2017 and before JD	2018 JD	2019 JD	2021 JD	2022 JD	Total JD
At the end of the year	91,797	5,153	-	5,696	14,269	
After one year	102,652	6,478	-	-	-	
After two years	103,167	6,478	-	-	-	
After three years	103,167	6,478	-	-	-	
After four years	103,167	-	-	-	-	
Present expectation for the accumulated claims	103,167	6,478	-	5,696	14,269	129,610
Accumulated payments	103,167	135	-	-	13,045	116,347
Liability as in the statement of financial position:	-	6,343	-	5,696	20,687	32,726
Reported	-	6,343	-	5,696	1,224	13,263
Unreported	-	-	-	-	19,463	19,463
Deficit in the preliminary estimate for reserve	(11,370)	(1,325)	-	-	-	(12,695)

3. INSURANCE RISK CONCENTRATIONS

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

Assets and liabilities of insurance policies are concentrated according to the types of insurance as follows:

	2022		2021	
	Net	Gross	Net	Gross
	JD	JD	JD	JD
Insurance types				
Motor	12,161,082	13,869,489	11,880,272	13,068,117
Marine	10,771	110,841	13,445	172,372
Aviation	-	-	-	-
Fire and properties	162,081	1,657,209	185,735	1,482,618
Liability	113,175	145,899	140,896	157,782
Medical	2,358,919	2,358,919	2,520,436	2,520,436
Other	27,776	63,082	5,588	29,653
Total	14,833,804	18,205,439	14,746,372	17,430,978

All assets and liabilities of insurance policies are within Jordan.

The table below represents the distribution of assets and liabilities by sector:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to Sector				
Companies and corporations	5,264,034	5,084,150	4,233,128	3,293,108
Individuals	556,008	20,532	408,608	657,935
Total	5,820,042	5,104,682	4,641,736	3,951,043

4. RISK OF REINSURANCE

As with other insurance companies, and in order to reduce exposure to financial losses that may result from large insurance claims, the company enters into reinsurance agreements in the ordinary course of business with third parties.

In order to reduce the exposure to large losses as a result of the reinsurance companies' insolvency, the company evaluates the financial condition of its reinsurers and monitors the credit risk arising from geographical regions and similar economic activities or components. Reinsurance policies do not exempt the company from its obligations towards the policyholders, and as a result, the company remains committed to the balance of reinsured claims if reinsurers are unable to meet their obligations under reinsurance policies.

5. INSURANCE RISK SENSITIVITY

The table below shows the effect of the possible reasonable change in underwriting premium rates on the statement of income and equity keeping all other affecting variables fixed.

Insurance activities	Change	Effect on the underwriting premium	Effect on the current year pre-Tax profit	Effect on equity*
	%	JD	JD	JD
Motor	10%	1,121,888	1,056,478	802,923
Marine	10%	40,076	2,275	1,729
Aviation	10%	-	-	-
Fire and properties	10%	262,009	22,115	16,807
Liability	10%	15,027	9,969	7,577
Medical	10%	793,271	756,116	574,648
Others	10%	5,137	844	641
Total		2,237,408	1,847,797	1,404,325

* Net after deducting income tax effect.

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

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

Insurance activities	Change	Effect on the paid claims	Effect on the current year pre-Tax profit	Effect on equity*
	%	JD	JD	JD
Motors	10%	1,132,171	(956,502)	(726,941)
Marine	10%	13,335	(2,170)	(1,649)
Aviation	10%	-	-	-
Fire and properties	10%	28,631	(3,721)	(2,828)
Liability	10%	2,705	169	128
Medical	10%	803,765	(746,510)	(567,348)
Others	10%	999	(2,205)	(1,676)
Total		1,981,606	(1,710,939)	(1,300,314)

* Net after deducting income tax effect.

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

(B) FINANCIAL RISKS

The Company follows financial policies to manage several risks within a specified strategy. The Company's management observes and controls the risk and determines the most suitable strategic risk distribution procedures for each of the financial assets and liabilities. This risk includes: market risk, liquidity risk, and credit risk.

The Company follows a hedging policy for each of its assets and liabilities when required, the hedging policy is related to future expected risks.

1- Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices such as interest rates, currency prices and stock prices. These risks are monitored according to specific policies and procedures and through specialized committees and business units.

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

- Interest Rate Risk

The company is exposed to interest rate risk on its assets and liabilities which hold interest such as deposits at banks.

As of 31 December 2022 with an interest rate that 5.5% for the deposit that matures within a month. and ranges between 4.25% and 4.75% for the deposit that matures within a year.

The following table shows the sensitivity of the income statements to reasonably possible changes on interest rates as at 31 December 2022 and 2021.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's (profit) loss for one year, based on the floating rate financial assets and financial liabilities held as 31 December 2022 and 2021:

	Increase in interest rate	Effect on the current year pre-tax profit
2022	Percentage	JD
Currency		
Jordanian Dinar	1%	69,440

2021	Increase in interest rate	Effect on the current year pre-tax profit
	Percentage	JD
Currency		
Jordanian Dinar	1%	69,095

If there was a negative change, the effect is equal to the above change with the opposite sign.

Share Price Risk

The table below shows the sensitivity of the accumulated change in the fair value as a result for the reasonable change of stock prices, with all other variable fixed:

2022-

Indicator	Increase indicator	Effect on equity
	Percentage	JD
Amman Stock Exchange	10%	23,436

2021-

Indicator	Increase indicator	Effect on equity
	Percentage	JD
Amman Stock Exchange	10%	23,484

If there was a negative change, the effect is equal to the above change with the opposite sign.

- Foreign Currencies Risks

The foreign currencies risks are the risks relating to the change in the value of the financial instruments due to the change in the foreign currencies exchange rates. Moreover, the Jordanian Dinar is considered the Company's functional currency. The Board of Directors sets the limits for the financial position of each currency at the Company. Additionally, the foreign currencies positions are monitored daily. Strategies are adopted to ensure that the positions of foreign currencies are maintained within the approved limits.

Most of the Company's assets and liabilities are funded in Jordanian Dinar or US Dollar. The exchange rate of the US Dollar (1/41 Dollar to Dinar) and the probability of this risk is very minimal. The company's management believes that the foreign currencies risks and their impact on the financial statements are immaterial.

2- Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated as they fall due. To limit this risk, management arranges diversified funding sources, manages assets and liabilities, and monitors liquidity on a daily basis and maintains sufficient amount of cash and cash equivalents.

The Company applies a suitable system to manage its short- and long-term funding risk and maintains sufficient reserves through monitoring the expected cash flows and comparing the maturity of assets with the maturity of financial and technical liabilities.

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

	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	Without maturity	Total
	JD	*JD*	*JD*	*JD*	*JD*	*JD*	*JD*
2022 -							
Liabilities:							
Accounts payables	-	-	2,811,251	-	-	-	2,811,251
Accrued expenses	-	28,000	-	-	-	-	28,000
Reinsurance payables	-	-	-	2,293,431	-	-	2,293,431
Lease obligation	-	-	-	-	7,896	-	7,896
Other payables	-	-	277,204	-	-	-	277,204
Total liabilities	-	28,000	3,088,455	2,293,431	7,896	-	5,417,782
Total Assets based on the expected maturity	8,037,421	11,726,493	1,479,229	2,317,163	-	2,426,429	25,986,735
2021 -							
Liabilities:							
Accounts payables	-	-	2,408,242	-	-	-	2,408,242
Accrued expenses	-	53,220	-	-	-	-	53,220
Reinsurance payables	-	-	-	1,542,801	-	-	1,542,801
Lease obligation	-	-	-	-	12,072	-	12,072
Other payables	-	-	359,328	-	-	-	359,328
Total liabilities	-	53,220	2,767,570	1,542,801	12,072	-	4,375,663
Total Assets based on the expected maturity	7,521,837	11,077,981	908,462	661,561	2,412,361	1,875,873	24,458,075

3. Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is not exposed to credit risk from its operating activities and from its deposits with banks and other financial instruments. The company maintains its bank accounts at leading financial instruments.

The company provides services to a large number of clients where the five biggest clients represent 22% of total trade receivable balances as of 31 December 2022 (2021: 32%).

(33) ANALYSIS OF MAIN SECTORS

A- Background for the company business sectors

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

B-Geographic concentration of risk

The Company mainly operates in Jordan, which represents domestic operations. Also, the Company exercises international activities through its allies in the Middle East, Europe, Asia, America and the Near East, which represent international business.

The following table represents the distribution of income and assets of the Company and capital expenditure by geographic region:

	Inside the Kingdom		Outside the Kingdom		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total revenues	21,818,116	16,466,792	555,953	355,251	22,374,069	16,822,043
Capital expenditure	-	-	-	-	-	-

The table below represents the distribution of assets and liabilities according to geographical distribution as follows:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
According to geographical area:	JD	JD	JD	JD
Inside Jordan	25,986,735	20,302,588	24,458,075	19,122,037
Other Middle East Countries	-	-	-	-
Europe	-	-	-	-
America	-	-	-	-
	25,986,735	20,302,588	24,458,075	19,122,037

(34) 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 following table represents the Company's available capital and solvency ratio:

	2022	2021
	JD	JD
Total available capital	6,296,817	5,747,859
Capital requirements		
Capital requirement against asset risks	3,238,487	3,061,135
Capital requirement against underwriting liabilities	2,347,057	2,298,399
Capital requirement against the reinsurance risk	10,160	12,315
Total required capital	5,595,704	5,371,849
Solvency margin ratio	112.5%	107%

The company's solvency ratio reached 112,5% as of 31 December 2022, which is less than the ratio determined by the Insurance Administration, which is 150%.

(35) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

2022 -	Within 1 year	More than 1 year	Total
	JD	JD	JD
Assets-			
Bank deposits	6,943,972	-	6,943,972
Financial assets at fair value through profit or loss	-	234,361	234,361
Cash on hand and at banks	88,461	-	88,461
Checks under collection and notes receivables	3,426,341	864,230	4,290,571
Reinsurance receivables	686,454	-	686,454
Accounts receivable – net	5,133,588	-	5,133,588
Property and equipment – net	-	3,477,581	3,477,581
Intangible assets	-	71	71
Other assets	866,717	-	866,717
Right of use asset	7,493	-	7,493
Investment Properties	-	4,257,466	4,257,466
Total Assets	17,153,026	8,833,709	25,986,735
Liabilities-			
Unearned premium reserve, net	6,985,746	-	6,985,746
Outstanding claims reserve, net	7,848,058	-	7,848,058
Accounts payable	2,811,251	-	2,811,251
Reinsurance payables	2,293,431	-	2,293,431
Accrued expenses	28,000	-	28,000
Income Tax provision	51,002	-	51,002
Other liabilities	277,204	-	277,204
Lease Obligation	3,256	4,640	7,896
Total Liabilities	20,297,948	4,640	20,302,588
Net	(3,144,922)	8,829,069	5,684,147

2021 -	Within 1 year	More than 1 year	Total
	JD	JD	JD
Assets-			
Bank deposits	6,909,467	-	6,909,467
Financial assets at fair value through profit or loss	-	234,841	234,841
Cash on hand and at banks	52,078	-	52,078
Checks under collection and notes receivables	2,892,375	1,547,314	4,439,689
Reinsurance receivables	841,021	-	841,021
Accounts receivable – net	3,800,715	-	3,800,715
Property and equipment – net	-	2,737,363	2,737,363
Intangible assets	-	2,686	2,686
Other assets	276,846	-	276,846
Right of use asset	12,132	-	12,132
Investment Properties	-	5,151,237	5,151,237
Total Assets	14,784,634	9,673,441	24,458,075
Liabilities-			
Unearned premium reserve, net	6,266,320	-	6,266,320
Outstanding claims reserve, net	8,480,054	-	8,480,054
Accounts payable	2,408,242	-	2,408,242
Reinsurance payables	1,542,801	-	1,542,801
Accrued expenses	53,220	-	53,220
Other liabilities	359,328	-	359,328
Lease Obligation	3,816	8,256	12,072
Total Liabilities	19,113,781	8,256	19,122,037
Net	(4,329,147)	9,665,185	5,336,038

(36) LAWSUITS AGAINST THE COMPANY

The company is defendant in a number of cases amounted to JD 678,390 as of 31 December 2022 (2021: JD 543,58). In the opinion of the Company's management and its legal counsel, the Company has sufficient provision to meet the obligations related to these cases.

(37) CONTINGENT LIABILITIES

The Company has contingent liabilities consisting of bank guarantees of JD 65,661 as of 31 December 2022. Cash collateral against those guarantees amounted to JD 6,566 as of 31 December 2022 (2021: JD 96,311 with cash collateral amounted to JOD 9,631) (Note 14).

(38) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The standard will be applied retrospectively on 1 January 2023, with early application permitted for entities that applied International Financial Reporting Standards (9) and International Financial Reporting Standards (15) before or on the date of application of International Financial Reporting Standards (17).

The implementation of the project is governed by the audit committee where provides oversight and governance over the project. The audit committee comprises of independent members in addition to executive management from all relevant departments to review implementation of the project in collaboration with the external consultant appointed by the Company to manage the project. The external consultant prepares the Company's policies in accordance with the standard requirements and determines the actuarial methodologies along with reviewing the contracts, classifying them and preparing the additional disclosure in accordance with the standard.

The management of the Company has completed the standard requirements and is currently working on the following requirements to complete the standard application project:

- Complete the preliminary financial statements in accordance with the standards as at 31 December 2022 and 2021.
- Ensure the system used/ linked to the Company's system is compatible with the Company's policies prepared and approved by the managements, in addition, reviewing the control procedures that will be applied to ensure the effectiveness of the system.
- Obtain the management approval including the technical department along with the external auditor approval on the opening balance after implementation.

- Prepare all disclosures that will be included in the financial statements in accordance with the standard.
- Prepare the management reporting model and key performance measures that will be used after the standard implementation.
- Hold training courses for all relevant employees in addition with the executive management on the application of the standard.

The Company's financial statements will be impacted by the application of the standard. Below is an assessment of the expected impact of applying the standard, as the Company has not yet completed a study of all aspects that will be affected by the application of the standard:

Measurement models

Measurement is not carried out at the level of individual insurance contracts, but on the basis of Company of contracts. To allocate individual insurance contracts to groups of contracts, an entity needs to define portfolios of insurance contracts which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts based on profitability and issuing year. IFRS 17 consists of three measurement models: premium allocation approach, general measurement model and variable fees approach.

General measurement model

According to the general measurement model, the measurement of insurance contracts consists of fulfillment cash flows from the insurance contract plus the contractual service margin (“CSM”). The fulfilment cash flows represent the risk adjusted present value of the Company’s rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk.

This risk adjustment is to cover the risk of uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The contractual service margin(“CSM”) represents the unearned profit from in-force contracts that the Company will recognize as it provides services over the coverage period.

At inception, the contractual service margin cannot be negative. If the fulfilment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit and loss.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services.

The contractual service margin is adjusted for changes in cash flows related to future services and for the interest accretion at fixed interest rates on initial recognition of the group of contracts. Revenue is recognized by releasing part from the contractual service margin recognized in profit or loss for each period to reflect the services provided in that period based on “coverage units”. IFRS 17 only provides principle-based guidance on how to determine these coverage units.

Premium Allocation Approach

The premium allocation approach is an optional simplified approach for the measurement of the liability of remaining coverage, an entity may choose to use the premium allocation approach when the measurement s not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

Insurance revenues and expenses for insurance services are recognized in the statement of profit or loss based on the concept of services that were provided during the period. The standard requires to recognize the losses immediately in the profit or losses statement for the contract that are expected to be loss-incurred contract. For insurance contracts measured under the Premium Allocation Approach, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Company's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions.
- Initial stages of a new business acquired where the underlying contracts are onerous.
- Any other strategic decisions the management considers appropriate.

The Company applies the premium allocation approach to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less.

The Company performed the premium allocation approach eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the premium allocation approach, the Company expects all of its contracts to be eligible for premium allocation approach, except for the long-term individual life insurance that expected to be measured at general measurement model.

The measurement of the liability for incurred claims is consistent for all three measurement models, except for the determination of fixed interest rates used for discounting. The Company adjusts the risks for non-financial risks, which are estimated separately from the other estimates for the liability for incurred claims. This risk adjustment is to cover the risk of uncertainty about the amount and timing of the cash flows that arises from non-financial risk The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Variable fee approach

The variable fee approach is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts.

An insurance contract has a direct participation feature if the following three requirements are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- The Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- The Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The Standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the amount of the entity's share of the fair value of the underlying items and changes in estimates of fulfilment cash flows relating to future services. A combined amount might be determined for some or all the adjustments.

Under the Variable fee approach, adjustments to the contractual service margin are determined using current discount rates whereas under the general model, adjustments are determined using discount rates locked in at inception of a group of insurance contracts.

In contrast to insurance contracts measured under the general measurement model, the contractual service margin for contracts with direct participation features is not explicitly adjusted for the accretion of interest since the adjustment of the contractual service margin for the changes in the amount of the entity's share of the fair value of underlying items already incorporates an adjustment for financial risks, and this represents an implicit adjustment using current rates for the time value of money and other financial risks.

Transition

When the standard is applied on 1 January 2023 which is the initial application date, the standard should be applied full retrospectively unless impracticable. When full retrospective application of the standard is impractical, IFRS 17 allows for alternation transition method as follows:

- A modified retrospective approach that specifies modifications to full retrospective application. This approach allows insurers that lack limited information to achieve opening transition balances that are as close to the retrospective application as possible, depending on the amount of reasonable and supportable information available to that insurer. Each modification would increase the difference between the modified retrospective approach and the outcome that would have been obtained if a fully retrospective approach had been applied.

- A fair value approach that uses the fair value of the contracts at the date of transition to determine a value for the contractual service margin ('CSM'). This approach enables the Company to determine the opening transition balances, even if the Company does not have reasonable and supportable information about the contracts that exist at the transition date.

Impact on transition to IFRS 17

The management anticipates that the implementation of IFRS 17 will have an effect on the amounts reported and disclosures made in these financial statements with regard to its issued and retained insurance and reinsurance contracts. Opening equity is anticipated to be significantly influenced according to the Company's estimates due to the following factors:

- risk adjustment assumptions.
- Impact of onerous contracts identified, if any.
- Impact of discounted cash flows.
- risk of non-performance of expected liabilities from the reinsurance companies.

The Company has not completed the preparation of a study related to evaluate the impact of the standard's application on the Company's financial statements. It is expected that this study will be completed during the first quarter of the year 2023.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
The amendments are not expected to have a material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.
The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.