



شركة الشرق الأوسط للتأمين  
Middle East Insurance Co.

عمان في : ٢٠١٩/٧/٣٠

اشارتنا : ٦٧٨/١/١/٥/١٠٤

To: Jordan Securities Commission  
Amman Stock Exchange

السادة / هيئة الأوراق المالية المحترمين  
السادة / بورصة عمان المحترمين

Subject: Semi-Annual Report as of  
30/06/2019

الموضوع : التقرير نصف السنوي كما في  
٢٠١٩/٦/٣٠

Attached the Company's Semi-Annual  
Report of Middle East Insurance Co  
in Arabic & English as of 30/06/2019.

مرفق طيه نسخة من التقرير نصف السنوي  
لشركة الشرق الأوسط للتأمين كما هو بتاريخ  
٢٠١٩/٦/٣٠ باللغتين العربية والانجليزية .

Kindly accept our high  
appreciation and respect

وتفضلوا بقبول فائق الاحترام ،،،

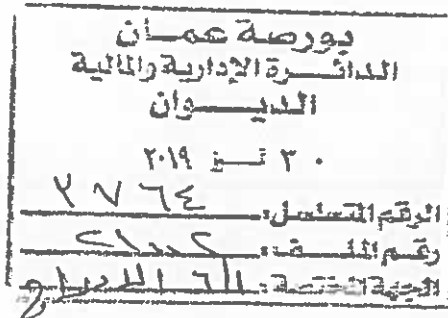
Middle East Insurance Co.

شركة الشرق الأوسط للتأمين

Mo'nes Haddad  
Deputy General Manager Finance

شركة الشرق الأوسط للتأمين  
المساهمة العامة

مؤنس حداد  
نائب المدير العام للشؤون المالية



Lara/C

**MIDDLE EAST INSURANCE**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**30 JUNE 2019**



Building a better  
working world

Ernst & Young Jordan

P.O.Box 1140

Amman 11118

Jordan

Tel : 00 962 6580 0777/00 962 6552 6111

Fax: 00 962 6553 8300

www.ey.com/me

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO  
THE BOARD OF DIRECTORS OF  
MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

We have reviewed the accompanying interim condensed financial statements of Middle East Insurance (public shareholding Company) ("the Company") as of 30 June 2019, comprising of the interim condensed statement of financial position as of 30 June 2019, the related interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the six-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (34) Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of Review**

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

**Conclusion**

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

**Explanatory Paragraph**

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

Amman – Jordan  
30 July 2019

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

	<u>Notes</u>	30 June 2019 JD (Unaudited)	31 December 2018 JD (Audited)
<b>Assets</b>			
<b>Investments -</b>			
Deposits at banks	3	8,597,312	9,827,804
Financial assets at fair value through profit or loss	4	6,567,751	6,804,319
Financial assets at fair value through other comprehensive income	5	19,861,876	20,774,232
Financial assets at amortized cost		700,000	700,000
Investment properties	6	24,916,642	25,029,356
Life policy holders loans		641,959	658,682
<b>Total Investments</b>		<b>61,285,540</b>	<b>63,794,393</b>
<b>Other Assets</b>			
Cash on hand and at banks		2,952,380	2,908,998
Cheques under collection		415,296	498,554
Accounts receivable, net	7	9,364,637	8,533,482
Reinsurance receivables, net	8	4,247,914	3,907,977
Deferred tax assets	11	588,877	339,683
Property and equipment, net		5,409,921	5,461,687
Intangible assets, net		41,714	16,618
Right of use assets		162,000	-
Other assets		1,304,885	966,887
<b>Total Assets</b>		<b>85,773,164</b>	<b>86,428,279</b>
<b>Liabilities and Equity</b>			
<b>Technical reserves</b>			
Unearned premiums reserve, net		8,679,922	8,646,635
Outstanding claims reserve, net		15,394,735	15,562,849
Mathematical reserve, net		4,525,601	4,640,885
Other technical reserves		250,000	250,000
<b>Total Technical Reserves</b>		<b>28,850,258</b>	<b>29,100,369</b>
<b>Other liabilities -</b>			
Accounts payable	9	1,544,517	1,838,713
Accrued expenses		157,120	84,364
Reinsurance payables	10	6,934,064	7,816,282
End of service provision		422,524	378,813
Leases liability		162,288	-
Income tax provision	11	425,259	446,416
Deferred tax liabilities	11	-	59,586
Other Liabilities		8,506,139	7,395,058
<b>Total Technical Reserves and other Liabilities</b>		<b>47,002,169</b>	<b>47,119,601</b>
<b>Shareholders' Equity</b>			
Authorized and Paid-in capital	12	22,050,000	22,050,000
Statutory reserve	13	5,422,776	5,422,776
Voluntary reserve	13	2,000,000	2,000,000
Fair value reserve	14	(504,702)	188,689
Retained earnings		8,539,240	9,647,213
Profit for the period		1,263,681	-
<b>Total Shareholders' Equity</b>		<b>38,770,995</b>	<b>39,308,678</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>85,773,164</b>	<b>86,428,279</b>

The attached notes from 1 to 22 form part of these interim condensed financial statements

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONDENSED STATEMENT OF INCOME  
FOR THE THREE AND SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	Notes	For The three months ended 30 June		For The six months ended 30 June	
		2019 JD	2018 JD	2019 JD	2018 JD
<b>Revenues -</b>					
Gross written premiums		10,296,682	10,606,179	21,471,383	21,471,294
Less: Reinsurance share		5,960,411	5,581,193	12,398,054	11,776,730
Net written premiums		4,336,271	5,024,986	9,073,329	9,694,564
Net change in unearned premiums reserve		104,396	(141,672)	(33,287)	(97,537)
Net change in mathematical reserve		162,946	35,267	115,284	110,698
Net earned premiums		4,603,613	4,918,581	9,155,326	9,707,725
Commissions income		870,095	575,305	1,243,811	1,010,192
Insurance policies issuance fees		245,164	267,832	512,113	546,578
Interest income		100,203	134,859	221,850	238,137
Net gain from financial assets and investments	15	479,182	45,218	1,175,200	1,435,405
Other revenues		(5,125)	6,016	33,752	6,493
<b>Total revenues</b>		<b>6,293,132</b>	<b>5,947,811</b>	<b>12,342,052</b>	<b>12,944,530</b>
<b>Claims, Losses and Expenses</b>					
Paid claims		7,770,186	5,407,186	15,545,529	11,635,921
Maturity and surrender of insurance policies		73,266	165,628	206,109	311,822
Less: Recoveries		911,479	824,763	1,813,541	1,659,959
Less: Reinsurance share		3,602,099	1,631,498	7,106,210	3,406,746
Net Paid Claims		3,329,874	3,116,553	6,831,887	6,881,038
Net change in outstanding claims reserve		120,492	775,053	(168,114)	224,276
Allocated employees' expenses		859,953	761,444	1,627,550	1,597,719
Allocated administrative and general expenses		273,602	309,012	702,801	741,668
Excess of loss premium		73,929	57,185	136,114	114,370
Policies acquisition costs		418,450	432,287	813,528	909,533
Other expenses related to underwriting accounts		24,305	28,596	77,995	61,128
<b>Net Claims</b>		<b>5,100,605</b>	<b>5,480,130</b>	<b>10,021,761</b>	<b>10,529,732</b>
Unallocated employee' expenses		172,663	144,030	322,260	310,375
Depreciation and amortization		84,444	60,858	147,639	122,803
Depreciation of investment properties		94,996	97,455	189,296	187,878
Unallocated administrative and general expenses		30,593	49,194	96,103	120,985
Interest expense		25,181	17,401	41,813	17,401
Lease liability interest		6,025	-	6,025	-
End of service provision		13,162	37,329	43,711	65,291
Currency exchange differences		2,471	47,542	2,471	47,542
Provision of national contribution fees		28,405	-	28,405	-
<b>Total expenses</b>		<b>5,558,545</b>	<b>5,933,939</b>	<b>10,899,484</b>	<b>11,402,007</b>
<b>Profit for the period before tax</b>		<b>734,587</b>	<b>13,872</b>	<b>1,442,568</b>	<b>1,542,523</b>
Income tax expense	11	(137,044)	37,906	(178,887)	(185,730)
<b>Profit for the period</b>		<b>597,543</b>	<b>51,778</b>	<b>1,263,681</b>	<b>1,356,793</b>
		<b>JD/ Fils</b>	<b>JD/ Fils</b>	<b>JD/ Fils</b>	<b>JD/ Fils</b>
Basic and diluted earnings per share	16	0/027	0/002	0/057	0/062

The attached notes from 1 to 22 form part of these interim condensed financial statements

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	JD	JD	JD	JD
Profit for the period	597,543	51,778	1,263,681	1,356,793
<b>Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods, net of tax</b>				
Change in fair value of financial assets at fair value through other comprehensive income	(3,609)	(1,138,849)	(693,391)	(563,765)
<b>Total comprehensive income for the period</b>	<b>593,934</b>	<b>(1,087,071)</b>	<b>570,290</b>	<b>793,028</b>

The attached notes from 1 to 22 form part of these interim condensed financial statements

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	Authorized and Paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings *	Profit for the period	Total
	JD	JD	JD	JD	JD	JD	JD
<b>30 June 2019 -</b>							
<b>Balance as at 1 January 2019</b>	22,050,000	5,422,776	2,000,000	188,689	9,647,213	-	39,308,678
Profit for the period	-	-	-	-	-	1,263,681	1,263,681
Change in fair value reserve	-	-	-	(693,391)	-	-	(693,391)
Paid dividends (note 21)	-	-	-	-	(1,102,500)	-	(1,102,500)
<b>Balance as at 30 June 2019</b>	<u>22,050,000</u>	<u>5,422,776</u>	<u>2,000,000</u>	<u>(504,702)</u>	<u>8,544,713</u>	<u>1,263,681</u>	<u>38,776,468</u>
<b>30 June 2018 -</b>							
<b>Balance as at 1 January 2018</b>	21,000,000	5,250,000	2,000,000	2,467,395	10,872,644	-	41,590,039
Capital increase	1,050,000	-	-	-	(1,050,000)	-	-
Profit for the period	-	-	-	-	-	1,356,793	1,356,793
Change in fair value reserve	-	-	-	(563,765)	-	-	(563,765)
Paid dividends (note 21)	-	-	-	-	(1,050,000)	-	(1,050,000)
<b>Balance as at 30 June 2018</b>	<u>22,050,000</u>	<u>5,250,000</u>	<u>2,000,000</u>	<u>1,903,630</u>	<u>8,772,644</u>	<u>1,356,793</u>	<u>41,333,067</u>

\* This item includes restricted unrealized gain as at 30 June 2019 amounted to JD 588,877 (30 June 2018: JD 224,586) according to Jordan Securities Commission instructions.

The attached notes from 1 to 22 form part of these interim condensed financial statements

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

		For The six months ended 30 June	
	Notes	2019 JD	2018 JD
<b><u>OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		1,442,568	1,542,523
<b>Adjustments for non-cash items</b>			
Depreciation and amortization		318,935	310,681
Net change in unearned premiums reserve		33,287	97,537
Net change in mathematical reserve		(115,284)	(110,698)
Net change in outstanding claims reserve		(168,114)	224,276
End of service provision		43,711	65,291
Net change in fair value of financial assets at fair value through profit or loss		236,568	(179,765)
Gain from sale of property and equipment		(28,000)	-
Interest income		221,850	(238,137)
Interest expense		25,181	17,401
Interest income from financial assets at amortized cost		(26,364)	(24,059)
Lease liability interest		6,025	-
Right of use assets depreciation		18,000	-
<b>Cash flows from operating activities before changes in working capital</b>		<b>2,008,363</b>	<b>1,705,050</b>
Cheques under collection		83,258	(57,307)
Accounts receivable, net		(831,155)	(1,553,748)
Reinsurance receivables		(345,410)	200,906
Other assets		(337,998)	(130,510)
Accounts payable		(294,196)	(110,861)
Reinsurance payables		(882,218)	150,945
Other liabilities and accrued expenses		1,183,837	405,866
<b>Net cash flows from operating activities before income tax paid</b>		<b>584,481</b>	<b>610,341</b>
Income tax paid		(289,859)	(158,981)
<b>Net cash flows from operating activities</b>		<b>294,622</b>	<b>451,360</b>
<b><u>Investing Activities</u></b>			
Proceeds from sale of property and equipment		28,000	-
Purchases of financial assets through other comprehensive income		-	(277,017)
Purchase of investment property	6	(76,582)	(97,829)
Life policies holders loans		16,723	(9,585)
Purchase of property and equipment		(70,469)	(8,762)
Purchase intangible assets		(32,500)	-
Interest received		(221,850)	238,137
Interest received from financial assets at amortized cost		26,364	13,075
Rent paid		(23,737)	-
<b>Net cash flows used in investing activities</b>		<b>(354,051)</b>	<b>(141,981)</b>
<b><u>Financing Activities</u></b>			
Dividends paid		(1,102,500)	(1,050,000)
Interest paid		(25,181)	(17,401)
<b>Net cash flows used in financing activities</b>		<b>(1,127,681)</b>	<b>(1,067,401)</b>
<b>Net decrease in cash and cash equivalent</b>		<b>(1,187,110)</b>	<b>(758,022)</b>
Cash and cash equivalent at the beginning of the period		12,411,802	11,710,211
<b>Cash and cash equivalent at the end of the period</b>	17	<b>11,224,692</b>	<b>10,952,189</b>

The attached notes from 1 to 22 form part of these interim condensed financial statements



**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	For the six months ended 30 June	
	2019	2018
	JD	JD
<b>Written premiums -</b>		
Direct insurance	2,287,969	2,235,993
Reinsurance inward business	601,967	662,317
<b>Total premiums</b>	<b>2,889,936</b>	<b>2,898,310</b>
<b>Less:</b>		
Local reinsurance share	586,918	647,759
Foreign reinsurance share	1,340,531	1,245,630
<b>Net Written premiums</b>	<b>962,487</b>	<b>1,004,921</b>
<b>Add:</b>		
Mathematical reserve at the beginning of the period	5,004,997	5,216,440
Less: Reinsurance share	364,112	372,822
<b>Net mathematical reserve</b>	<b>4,640,885</b>	<b>4,843,618</b>
<b>Less:</b>		
Mathematical reserve at the end of the period	4,936,521	5,212,336
Less: Reinsurance share	410,920	479,416
<b>Net mathematical reserve</b>	<b>4,525,601</b>	<b>4,732,920</b>
<b>Net earned revenues from written premiums</b>	<b>1,077,771</b>	<b>1,115,619</b>

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	For the six months ended 30 June	
	2019	2018
	JD	JD
Paid claims	1,916,565	1,115,449
Maturity and Surrender of Policies	206,109	311,822
Less: Foreign reinsurance share	1,697,554	866,234
<b>Net Paid Claims</b>	<b>425,120</b>	<b>561,037</b>
Add:		
Outstanding claims reserve at the end of the period		
Reported	1,244,756	1,635,910
Unreported	605,318	598,082
Less :		
Reinsurance share (reported)	977,309	1,354,145
Reinsurance share (unreported)	484,171	492,824
<b>Net Outstanding Claims Reserve at the end of the period</b>	<b>388,594</b>	<b>387,023</b>
Less:		
Outstanding Claims Reserve at the beginning of the period		
Reported	1,109,027	1,159,953
Unreported	586,484	405,142
Less:		
Reinsurance share (reported)	876,539	963,425
Reinsurance share (unreported)	500,801	327,457
<b>Net Outstanding Claims Reserve at the beginning of the period</b>	<b>318,171</b>	<b>274,213</b>
<b>Net Claims Cost</b>	<b>495,543</b>	<b>673,847</b>

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	For the six months ended 30 June	
	2019	2018
	JD	JD
<b>Net earned revenue from written premiums</b>	1,077,771	1,115,619
Less:		
<b>Net claims cost</b>	495,543	673,847
Add:		
Insurance policies issuance fees	32,175	31,224
Investment income related to underwriting accounts	282,722	290,559
Other Income	1,927	5,147
<b>Total revenue</b>	899,052	768,702
Less:		
Policy acquisition cost	50,540	36,211
General and administrative expenses related to underwriting accounts	204,454	219,103
Other expenses related to underwriting accounts	77,995	61,128
<b>Total Expenses</b>	332,989	316,442
<b>Underwriting profit</b>	566,063	452,260

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	Motor			Marine and transportations			Aviation			Fire and property			Liability			Medical			Others			Total	
	2018			2018			2018			2018			2018			2018			2018			2018	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Written Premiums:</b>																							
Direct insurance	6,032,757	6,046,496	2,104,472	2,484,214	147,551	115,514	115,514	4,667,138	4,749,876	437,054	491,843	3,895,339	3,516,556	45,188	64,883	17,329,499	17,469,362						
Facultative inward reinsurance business	65,962	88,294	-	-	-	-	-	1,121,913	1,014,855	64,073	453	-	-	-	-	1,251,948	1,103,602						
<b>Total Premiums</b>	<b>6,098,719</b>	<b>6,134,790</b>	<b>2,104,472</b>	<b>2,484,214</b>	<b>147,551</b>	<b>115,514</b>	<b>115,514</b>	<b>5,789,051</b>	<b>5,764,731</b>	<b>501,127</b>	<b>492,296</b>	<b>3,895,339</b>	<b>3,516,556</b>	<b>45,188</b>	<b>64,883</b>	<b>18,581,447</b>	<b>18,572,964</b>						
<b>Less:</b>																							
Local reinsurance share	61,818	71,618	22,629	2,784	-	-	-	900,012	644,847	67,737	3,807	-	-	-	-	1,052,196	723,056						
Foreign reinsurance share	17,382	19,735	1,772,625	2,214,876	147,551	115,514	115,514	4,757,258	4,613,086	391,689	480,865	2,309,036	1,686,661	22,868	29,548	9,418,409	9,160,285						
<b>Net Written Premiums</b>	<b>6,019,519</b>	<b>6,043,437</b>	<b>309,218</b>	<b>266,554</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,781</b>	<b>506,798</b>	<b>41,701</b>	<b>7,624</b>	<b>1,586,303</b>	<b>1,829,895</b>	<b>22,320</b>	<b>35,335</b>	<b>8,110,842</b>	<b>8,689,643</b>						
<b>Add:</b>																							
Balance at the beginning of the period																							
Unearned premiums reserve	6,246,099	6,299,000	1,188,494	1,445,090	26,761	29,637	29,637	2,023,127	2,229,470	165,903	285,169	2,648,776	2,888,963	133,661	168,894	12,432,821	13,346,223						
Less: Reinsurance share	58,860	61,606	633,111	769,800	26,761	29,637	29,637	1,927,012	2,143,297	138,039	237,561	949,053	1,615,427	53,350	67,214	3,786,186	4,924,542						
<b>Net Unearned Premiums Reserve</b>	<b>6,187,239</b>	<b>6,237,394</b>	<b>555,383</b>	<b>675,290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,115</b>	<b>86,173</b>	<b>27,864</b>	<b>47,608</b>	<b>1,699,723</b>	<b>1,273,536</b>	<b>80,311</b>	<b>101,680</b>	<b>8,646,635</b>	<b>8,421,681</b>						
<b>Less:</b>																							
Balance at end of the period																							
Unearned premiums reserve	6,122,419	6,148,114	975,181	1,194,069	56,774	37,459	37,459	1,941,393	1,981,596	226,674	186,724	3,516,396	3,373,430	99,620	138,520	12,938,457	13,059,912						
Less: Reinsurance share	56,978	65,728	511,970	746,400	56,774	37,459	37,459	1,836,350	1,773,120	206,685	168,242	1,543,870	1,689,069	43,908	60,676	4,258,535	4,540,694						
<b>Net unearned Premiums Reserve</b>	<b>6,065,441</b>	<b>6,082,386</b>	<b>463,211</b>	<b>447,669</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,043</b>	<b>208,476</b>	<b>19,989</b>	<b>18,482</b>	<b>1,972,526</b>	<b>1,684,361</b>	<b>55,712</b>	<b>77,844</b>	<b>8,679,922</b>	<b>8,519,218</b>						
<b>Net earned revenue from written Premiums</b>	<b>6,141,317</b>	<b>6,198,445</b>	<b>401,390</b>	<b>494,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,853</b>	<b>384,495</b>	<b>49,576</b>	<b>36,750</b>	<b>1,313,500</b>	<b>1,419,070</b>	<b>46,919</b>	<b>59,171</b>	<b>8,077,555</b>	<b>8,592,106</b>						

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	Marine and transportations						Fire and property						Liability						Medical						Others						Total					
	Motor			Aviation			Fire and property			Liability			Medical			Others			Total			Total			Total			Total								
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017						
Paid claims	7,463,920	7,096,011	1,840,660	292,928	-	-	1,827,568	401,281	4,980	2,465,912	2,658,206	21,364	67,066	13,628,964	10,520,472																					
Less:																																				
Recoveries	1,807,305	1,557,867	5,870	100,767	-	-	-	1,325	366	-	-	-	-	1,813,541	1,659,959																					
Local reinsurance share	37,285	52,111	-	-	-	-	76,785	18,443	1,964	-	-	-	-	116,034	70,554																					
Foreign reinsurance share	-	51,028	1,826,061	151,217	-	-	1,711,366	361,013	6,474	4,980	1,741,971	1,845,728	6,750	55,992	5,292,622	2,469,958																				
Net Paid Claims	5,619,330	5,435,005	8,729	40,944	-	-	39,417	20,500	736	-	723,941	812,478	14,614	11,074	6,406,767	6,320,001																				
Add:																																				
Outstanding Claims Reserve at the end of the period																																				
Reported	15,625,554	15,438,635	3,892,320	3,430,774	-	50,000	4,747,777	4,624,285	1,045,350	771,850	204,792	264,316	471,716	413,988	25,987,509	24,993,848																				
Unreported	648,777	836,185	112,784	112,784	-	-	108,626	108,626	13,959	13,959	293,372	459,602	1,000	1,000	1,178,518	1,532,156																				
Less:																																				
Reinsurance share (reported)	2,454,335	2,187,174	3,165,479	2,912,959	-	50,000	4,613,700	4,492,461	1,031,021	757,631	122,875	172,148	451,456	391,329	11,838,866	10,963,702																				
Reinsurance share from (un reported)	-	-	61,488	61,488	-	-	70,802	70,802	12,707	12,707	176,023	299,338	-	-	321,020	444,335																				
Net Outstanding Claims Reserve at the end of the period	13,819,996	14,087,646	778,137	569,111	-	-	171,901	169,648	15,581	15,471	199,266	252,432	21,260	23,659	15,006,141	15,117,967																				
Less:																																				
Outstanding Claims Reserve at the beginning of the period																																				
Reported	15,294,924	15,116,069	3,436,448	3,346,075	-	50,000	4,456,137	4,379,072	967,250	696,000	189,921	228,307	476,857	407,475	24,821,537	24,222,998																				
Unreported	956,484	932,279	112,784	112,784	-	-	108,626	108,626	13,959	13,959	382,636	438,456	1,000	1,000	1,575,489	1,607,104																				
Less:																																				
Reinsurance share (Reported)	2,211,769	2,001,325	2,718,800	2,840,054	-	50,000	4,334,134	4,251,907	953,571	682,196	113,952	159,815	445,544	386,388	10,777,770	10,371,685																				
Reinsurance share (Unreported)	-	-	61,488	61,488	-	-	70,802	70,802	12,707	12,707	229,581	306,919	-	-	374,578	451,916																				
Net Outstanding Claims Reserve at the beginning of the period	14,039,639	14,047,023	768,944	557,317	-	-	159,827	164,989	14,931	15,056	229,024	200,029	32,313	22,087	15,244,678	15,006,501																				
Net Claims Cost	5,399,687	5,475,628	17,922	52,738	-	-	51,491	25,159	1,366	415	694,183	864,881	3,561	12,646	6,168,230	6,431,467																				

**MIDDLE EAST INSURANCE**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	Motor		Marine and transportations		Aviation		Fire and property		Liability		Medical		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Net earned revenue from written premiums</b>	6,141,317	6,198,445	401,390	494,175	-	-	124,853	384,495	49,576	36,750	1,313,500	1,419,070	46,919	59,171	8,077,555	8,592,106
Less:																
<b>Net claims cost</b>	5,399,687	5,475,628	17,922	52,738	-	-	51,491	25,159	1,386	415	694,183	864,881	3,561	12,646	6,168,230	6,431,467
<b>Add:</b>																
Commissions received	73,642	85,970	267,302	350,798	42,731	54,607	826,160	485,144	33,976	33,673	-	-	-	-	1,243,811	1,010,192
Insurance policies issuance fees	183,721	195,902	16,460	20,926	2,711	2,444	124,588	143,191	15,650	14,120	132,196	132,751	4,612	6,020	479,938	515,354
<b>Total revenue</b>	998,993	1,004,669	667,230	813,161	45,442	57,051	1,024,110	987,671	97,816	84,128	751,513	686,940	47,970	52,545	3,633,074	3,686,185
<b>Less:</b>																
Policy acquisition cost	277,810	317,167	46,203	70,538	5,987	14,200	73,708	125,003	3,390	3,597	351,954	334,650	3,936	8,167	762,988	873,322
Excess of loss premiums	111,744	90,000	4,720	4,720	-	-	19,650	19,650	-	-	-	-	-	-	136,114	114,370
General and administrative expenses related to underwriting accounts	776,350	773,607	263,838	311,130	15,314	11,468	731,114	693,804	60,501	59,529	275,583	265,841	3,197	4,905	2,125,897	2,120,284
<b>Total Expenses</b>	1,165,904	1,180,774	314,761	386,388	21,301	25,668	824,472	838,457	63,891	63,126	627,537	600,491	7,133	13,072	3,024,999	3,107,976
<b>Underwriting profit</b>	(166,911)	(176,085)	352,469	426,773	24,141	31,383	199,638	149,214	33,925	21,002	123,976	86,449	40,837	39,473	608,075	578,209

**(1) GENERAL**

Middle East Insurance Company was established on 28 June 1962 and registered as a Jordanian public limited shareholding Company under No. (9). The Company increased its authorized and paid in capital through the years to become 22,050,000 shares at par value of JD 1 each. The last adjustment on capital took place during 2019.

The Company is engaged in insurance business against accidents, fire, marine, transportation, motor insurance, public liability, aviation, medical insurance and life insurance.

The interim condensed financial statements were approved for issuance by the Company's Board of Directors in their meeting No. (4) held on 18 July 2019.

**(2) BASIS OF PREPARATION**

The interim condensed financial statements for the six-month period ended 30 June 2019 were prepared in accordance with International Accounting Standard (34) Interim condensed Financial Reporting.

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

The interim condensed financial statements have been prepared on historical cost convention, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value at the Interim condensed financial statement date.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as of 31 December 2018. In addition, results for the six-month period ended 30 June 2019 do not necessarily indicate to the results that may be expected for the financial year ending 31 December 2019.

### Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019:

#### **IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the interim condensed statement of financial position (increase/(decrease)) as at 1 January 2019:

	2019 JD (Unaudited)
<b>Non-current assets -</b>	
Right of use assets	180,000
<b>Non-current liabilities</b>	
Lease liabilities	(180,000)
<b>Total equity</b>	-



a) Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of property. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

• *Leases previously accounted for as operating leases*

The Company recognised right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	JD
<b>Operating lease commitments as at 31 December 2018</b>	211,388
Less: Commitments relating to short-term leases	-
Less: Commitments relating to low-value assets	-
Weighted average incremental borrowing rate as at 1 January 2019	8.75%
<b>Discounted operating lease commitments at 1 January 2019</b>	180,000
<b>Lease liabilities as at 1 January 2019</b>	180,000

- b) Amounts recognised in the interim condensed statement of financial position and interim condensed statement of comprehensive income

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right to use assets	Lease liabilities
	JD	JD
<b>At 1 January 2019</b>	180,000	180,000
Additions	(18,000)	-
Interest expense	-	6,025
Payments	-	(23,737)
<b>At 30 June 2019 (Unaudited)</b>	<b>162,000</b>	<b>162,288</b>

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

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

### **Amendments to IAS 28: Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

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

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

**(3) DEPOSITS AT BANKS**

This item represents the following:

	30 June 2019			31 December 2018
	Deposits maturing within one month	Deposits maturing between 1 month - 3 months	Deposits maturing after 3 months - 1 Year	Total
	JD	JD	JD	JD
				(Unaudited)
				(Audited)
Inside Jordan	7,248,222	332,840	1,016,250	8,597,312
				9,827,804

The annual interest rate on the deposits in Jordanian Dinar ranged between 2% to 6% and on the deposit in US Dollar and GBP ranged between 0.25% to 1% during the period ended 30 June 2019.

Restricted balances which represent pledged deposits in favor of the General Manager of the Insurance Administration amounted to JD 325,000 as of 30 June 2019 and 31 December 2018 deposited in the following banks:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Invest bank	325,000	325,000
	325,000	325,000

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

**(4) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This item consists of the following:

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
<b>Inside Jordan</b>		
Quoted shares	4,682,039	4,864,730
<b>Outside Jordan</b>		
Quoted shares	1,885,712	1,939,589
<b>Total</b>	<b>6,567,751</b>	<b>6,804,319</b>

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

This item consists of the following:

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
<b>Inside Jordan</b>		
Quoted shares	13,077,554	13,865,032
Unquoted shares	1,340,708	1,340,708
<b>Total</b>	<b>14,418,262</b>	<b>15,205,740</b>
<b>Outside Jordan</b>		
Quoted shares	4,345,464	4,470,342
Unquoted shares	1,098,150	1,098,150
<b>Total</b>	<b>5,443,614</b>	<b>5,568,492</b>
	<b>19,861,876</b>	<b>20,774,232</b>

The financial assets at fair value through other comprehensive income include unquoted shares amounted to JD 2,438,858 as at 30 June 2019 and JD 2,438,858 as at 31 December 2018 which are shown at fair value estimated by the Company's management which approximate the book value at the date of preparation of the interim condensed financial statements.

MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)

**(6) INVESTMENT PROPERTIES**

This item consists of the following:

	Lands*	Buildings**	Total
	JD	JD	JD
<b>2019 -</b>			
<b>Cost -</b>			
Balance at the beginning of the period	12,810,569	14,793,325	27,603,894
Additions	-	76,582	76,582
<b>Balance at the end of the period</b>	<b>12,810,569</b>	<b>14,869,907</b>	<b>27,680,476</b>
<b>Accumulated depreciation -</b>			
Balance at the beginning of the period	-	2,574,538	2,574,538
Depreciation for the period	-	189,296	189,296
Balance at the end of the period	-	2,763,834	2,763,834
<b>Net investment properties at the end of the period</b>	<b>12,810,569</b>	<b>12,106,073</b>	<b>24,916,642</b>
<b>2018 -</b>			
<b>Cost -</b>			
Balance at the beginning of the year	12,979,305	14,578,569	27,557,874
Additions	-	214,756	214,756
Disposals	(168,736)	-	(168,736)
Balance at the end of the year	<b>12,810,569</b>	<b>14,793,325</b>	<b>27,603,894</b>
<b>Accumulated depreciation -</b>			
Balance at the beginning of the year	-	2,211,860	2,211,860
Depreciation for the year	-	362,678	362,678
Balance at the end of the year	-	<b>2,574,538</b>	<b>2,574,538</b>
<b>Investment properties at the end of the year</b>	<b>12,810,569</b>	<b>12,218,787</b>	<b>25,029,356</b>

\* The depreciation of the investments properties for the period ended at 30 June 2019 was JD 189,296 (30 June 2018: JD 187,878).

\*\* The fair value of investment properties has been determined by real estate experts as of 31 December 2018 to be JD 37,313,871.

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

**(7) ACCOUNTS RECEIVABLE, NET**

This item consists of the following:

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Policy holders receivables	5,821,736	5,350,589
Agents receivables	1,353,619	1,258,394
Brokers receivables	1,917,908	1,673,560
Employee receivables	184,713	171,331
Other	955,701	948,648
	10,233,677	9,402,522
Less: Provision for expected credit losses	869,040	869,040
	9,364,637	8,533,482

**(8) REINSURANCE RECEIVABLES, NET**

This item consists of the following:

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Local insurance Companies	2,012,396	1,410,658
Foreign reinsurance Companies	2,696,779	2,958,580
	4,709,175	4,369,238
Less: Provision for expected credit losses	461,261	461,261
Net reinsurance receivables	4,247,914	3,907,977

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

**(9) ACCOUNTS PAYABLE**

This item consists of the following:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Agents payables	95,738	84,667
Employee payables	4,072	10,286
Brokers payable	218,190	168,057
Other *	1,226,517	1,575,703
	<u>1,544,517</u>	<u>1,838,713</u>

\* This amount represents garage payables and vehicles' spare parts, in addition to brokers, hospitals and pharmacies payables.

**(10) REINSURANCE PAYABLES**

The item consists of the following:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	409,065	512,605
Foreign reinsurance companies	6,524,999	7,303,677
	<u>6,934,064</u>	<u>7,816,282</u>



**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

**(11) INCOME TAX**

**A- Income tax provision**

The movement on the income tax provision is as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Balance at beginning of the period/ year	446,416	345,025
Income tax paid	(289,859)	(228,134)
Income tax expense for the period/ year	268,702	351,844
Tax effect of amortization of deferred tax assets	-	(22,319)
Balance at the end of the period/ year	425,259	446,416

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

	30 June 2019	30 June 2018
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	268,702	142,586
Amortization of deferred tax assets	-	43,144
Recognized deferred tax assets	(61,508)	-
Recognized deferred tax assets (2%)	(28,307)	-
	178,887	185,730

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

---

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

	30 June 2019	30 June 2018
	JD	JD
	(Unaudited)	(Unaudited)
Accounting profit	1,442,568	1,542,523
Non taxable income	(1,587,259)	(2,630,914)
Non deductible expenses	1,264,281	1,682,500
Taxable profit	1,119,590	594,109
Effective income tax	268,702	142,586
Effective income tax rate	12%	12%
Statutory income tax rate	24%	24%

#### **Income tax**

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

The income and sales tax department refused the return for 2016, the company applied for an objection and they did not reach the final decision to the date of these financial statement, there is no tax differences affecting this year thus there is no need for provisions to be taken.

Income tax return was submitted for the years 2017 and 2018 and it is still not reviewed by Income and Sales Tax Department up to the date of Interim condensed financial statements.

#### **Sales tax**

Final settlement between the Company and Income and Sales Tax Department was reached up to 2017.

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

**B- Deferred tax assets/ liabilities**

This item consists of the following:

	30 June 2019				31 December 2018
	Balance at the beginning of the period	Amounts released	Amounts added	Balance at the end of the period	Deferred Tax
	JD	JD	JD	JD	JD
					(Unaudited) (Audited)
<b>A. Deferred tax asset:</b>					
Unrealized loss from financial asset at fair value through profit or loss	1,415,345	-	236,569	1,651,914	429,498 339,683
Unrealized gain (loss) from financial asset at fair value through other comprehensive income	-	-	664,081	664,081	159,379 -
	1,415,345	-	900,650	2,315,995	588,877 339,683
<b>B. Deferred tax liabilities:</b>					
Unrealized gain (loss) from financial asset at fair value through other comprehensive income	248,275	-	(248,275)	-	- 59,586
	248,275	-	(248,275)	-	- 59,586

Movement on deferred tax assets and liabilities is as follows:

	Liabilities		Assets	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	59,586	779,177	339,683	267,730
Additions	-	-	249,194	94,272
Releases	(59,586)	(719,591)	-	(22,319)
Balance at the ending of the period/ year	-	59,586	588,877	339,683

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

---

**(12) AUTHORIZED AND PAID-IN CAPITAL**

Authorized and paid-in capital at the end of the period amounted to JD 22,050,000 divided into 22,050,000 share, the par value of each is JD 1.

**(13) LEGAL RESERVES**

The Company did not deduct the legal reserves and fees in accordance with the provisions of the Companies Law, as this is an interim condensed financial statement.

**(14) FAIR VALUE RESERVE**

This item represents the fair value reserve for financial instruments through other comprehensive income as follow:

	30 June 2019 JD (Unaudited)	31 December 2018 JD (Audited)
Beginning balance for the period/ year	188,689	2,467,395
Changes during the period/year	(912,356)	(2,998,297)
Defereed tax assets	159,379	-
Deferred tax liabilities	59,586	719,591
<b>Ending balance for the period/ year</b>	<b>(504,702)</b>	<b>188,689</b>

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

---

**(15) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS**

This item consists of the following:

	30 June 2019	30 June 2018
	JD	JD
	(Unaudited)	(Unaudited)
Cash dividends received (financial assets at fair value through profit or loss)	592,881	546,219
Cash dividends received (financial assets at fair value through other comprehensive income)	777,989	720,335
Net change in fair value of financial assets at fair value through profit or loss (Shares)	(236,569)	179,765
Interest on financial assets at amortized cost	26,364	24,059
Investment building expenses	(212,056)	(212,548)
Net rental revenue	226,591	177,575
Total	1,175,200	1,435,405
Less: transfers to underwriting accounts - Life Department	(264,014)	(254,684)
	911,186	1,180,721

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

**(16) BASIC AND DILUTED EARNINGS PER SHARE**

The earning per share is calculated by dividing the profit for the period by the weighted average number of shares during the period, as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (JD)	597,543	51,778	1,263,681	1,356,793
Weighted average number of shares (shares)	22,050,000	22,050,000	22,050,000	22,050,000
	JD/ Fils	JD/ Fils	JD/ Fils	JD/ Fils
Basic and diluted earnings per share from the period profit	0/027	0/002	0/057	0/062

The basic earnings per share is equal to the diluted earnings per share.

**(17) CASH AND CASH EQUIVALENT**

The cash and cash equivalents within the statement of cash flows represent the following:

	30 June 2019	30 June 2018
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	2,952,380	1,719,148
Add: deposits at banks maturing within three months	8,597,312	9,558,041
Less: deposit pledged in favor of the General Manager of Insurance Administration (Note 3)	325,000	325,000
<b>Net Cash and cash equivalent</b>	<b>11,224,692</b>	<b>10,952,189</b>

**(18) RELATED PARTY TRANSACTIONS**

During the year, the Company entered into transactions with major shareholders, board members and directors in the Company within the normal activities of the company. All debts provided to related parties are considered performing and no provision has been taken.

Prices policies and terms of the transactions with related parties are approved by the Company's management.

The following represent summary of related parties' transactions:

	Related party			Total
	Board of directors members	Executive management	30 June 2019	31 December 2018
	JD	JD	JD (Unaudited)	JD (Audited)
<u>Statement of financial position items</u>				
Accounts receivable	3,839	119,676	123,515	111,581
Reported claim and accounts payable	11,847	5,608	17,455	24,052
			30 June 2019	30 June 2018
			JD (Unaudited)	JD (Unaudited)
<u>Statement of income items</u>				
Written premiums	7,499	4,317	11,816	9,924
Claims	2,447	1,803	4,250	2,258

**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

---

The following represent benefits summary (salaries and remunerations) for executive management:

	30 June 2019 JD (Unaudited)	30 June 2018 JD (Unaudited)
Salaries and remunerations	722,401	739,917
Others	600	1,500
	<u>723,001</u>	<u>741,417</u>

**(19) LAWSUITS AGAINST THE COMPANY**

The Company is a defendant in a number of lawsuits, the management and legal advisor believe that the lawsuit provisions recorded which amounted to JD 6,185,518 is sufficient to meet obligations that may arise from the lawsuits.

As of 31 June 2019, lawsuits raised by the company amounted to JD 717,317 of accounts receivables and returned checks related to its ordinary course of business.

**(20) CONTINGENT LIABILITIES**

As at the date of interim condensed financial statement, the Company has contingent liabilities represented in letters of guarantee amounted to JD 844,837 (31 December 2018: 788,446).

**(21) PAID DIVIDENDS**

The General Assembly of shareholders approved in its ordinary meeting on 29 April 2019 to distribute cash dividends amounted to JD 1,102,500 equivalent to 5% of paid-in capital as of 31 December 2018.

The General Assembly of shareholders approved in its ordinary meeting on 26 April 2018 to distribute cash dividends amounted to JD 1,050,000 equivalent to 5% of paid-in capital as of 31 December 2018. In addition, they approved to distribute stocks dividends amounted to JD 1,050,000 equivalent to 5% of paid-in capital.



**MIDDLE EAST INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 JUNE 2019 (UNAUDITED)**

**(22) STATEMENT OF FINANCIAL POSITION FOR LIFE**

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
<b>Assets</b>		
Bank deposits	421,989	358,947
Financial assets at fair value through other comprehensive income	5,379,857	5,596,233
Investment properties	396,000	396,000
Life policy holders loans	641,959	658,682
<b>Total investments</b>	<b>6,839,805</b>	<b>7,009,862</b>
Cash on hand and at banks	277,454	172,208
Account receivable, net	4,432,180	3,628,684
Reinsurance receivable	228,965	357,787
Cheques under collection	415,296	498,554
Property and equipment	9,044	7,481
Other assets	705,470	431,828
<b>Total assets</b>	<b>12,908,214</b>	<b>12,106,404</b>
<b>Liabilities and head office rights</b>		
<b>Technical reserves</b>		
Outstanding claim reserve, net	388,594	318,171
Mathematical reserve, net	4,525,601	4,640,885
Other technical reserves	50,000	50,000
<b>Total technical reserves</b>	<b>4,964,195</b>	<b>5,009,056</b>
Accounts payable	380,520	303,497
Accrued expenses	6,420	7,836
Reinsurance payable	485,209	121,103
Income tax provision	134,260	46,487
Deferred tax liabilities	316,008	367,939
Other liabilities	2,078,762	1,582,779
<b>Total Liabilities</b>	<b>3,401,179</b>	<b>2,429,641</b>
Cumulative change in fair value reserve	1,000,693	1,165,139
<b>Head office current account</b>	<b>3,542,147</b>	<b>3,502,568</b>
<b>Total liabilities</b>	<b>12,908,214</b>	<b>12,106,404</b>