

MIDDLE EAST INSURANCE

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2021

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

Introduction

We have reviewed the accompanying interim condensed financial statements of Middle East Insurance public shareholding Company as of 31 March 2021, comprising of the interim condensed statement of financial position as of 31 March 2021, 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 three-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.

Amman – Jordan
29 April 2021



**MIDDLE EAST INSURANCE
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Notes	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<u>Assets</u>			
Investments-			
Deposits at banks	3	18,236,747	19,353,362
Financial assets at fair value through the statement of income	4	5,604,525	5,453,074
Financial assets at fair value through other comprehensive income	5	12,492,699	12,759,064
Financial assets at amortized cost		700,000	700,000
Investment properties	6	23,472,230	23,562,680
Life policyholders' loans		530,561	560,555
Total investments		61,036,762	62,388,735
Other assets-			
Cash on hand and at banks	17	2,472,567	3,073,243
Checks under collection		612,843	473,555
Accounts receivable, net	7	11,501,358	10,338,075
Reinsurance receivables, net	8	4,025,149	4,301,833
Deferred tax assets	11	1,310,943	1,281,065
Property and equipment, net		5,044,233	5,078,037
Intangible assets, net		19,048	22,750
Right of use assets		106,883	116,599
Other assets		1,892,781	837,116
Total assets		88,022,567	87,911,008
<u>Liabilities and Equity</u>			
Technical reserves-			
Unearned premiums reserve, net		7,713,333	7,546,087
Outstanding claims reserve, net		16,794,784	17,084,164
Mathematical reserve, net		4,110,985	3,931,497
Other technical reserves		250,000	250,000
Total technical reserves		28,869,102	28,811,748
Other liabilities -			
Accounts payable	9	2,696,368	2,402,528
Accrued expenses		195,013	81,533
Reinsurance payables	10	8,319,181	8,810,918
End of service provision		492,837	478,840
Lease liabilities		108,454	123,663
Income tax provision	11	567,848	766,446
Other liabilities		7,536,559	7,852,923
Total technical reserves and other liabilities		48,785,362	49,328,599
Equity-			
Paid in capital	12	22,050,000	22,050,000
Statutory reserve	13	5,512,500	5,512,500
Voluntary reserve	13	2,000,000	2,000,000
Fair value reserve	14	(3,631,216)	(3,434,106)
Retained earnings		13,305,921	12,454,015
Total equity		39,237,205	38,582,409
Total liabilities and equity		88,022,567	87,911,008

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 MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

		For the three months ended 31 March	
	Notes	2021 JD	2020 JD
Revenues -			
Gross written premiums		11,653,492	10,782,465
Less: Reinsurance share		<u>6,620,549</u>	<u>6,343,413</u>
Net written premiums		5,032,943	4,439,052
Net change in unearned premiums reserve		(167,246)	409,593
Net change in mathematical reserve		<u>(179,488)</u>	<u>124,874</u>
Net earned premiums		4,686,209	4,973,519
Commissions income		582,968	439,403
Insurance policies issuance fees		270,709	397,329
Interest income		179,629	79,765
Net gain from financial assets and investments	15	735,165	(390,829)
Other revenues, net		<u>3,309</u>	<u>12,052</u>
Total revenues		<u>6,457,989</u>	<u>5,511,239</u>
Claims, losses and expenses			
Paid claims		5,511,476	6,582,103
Maturity and surrender of insurance policies		95,660	61,538
Less: Recoveries		430,998	430,815
Less: Reinsurance share		<u>1,799,491</u>	<u>2,969,834</u>
Net paid claims		3,376,647	3,242,992
Net change in outstanding claims reserve		(289,380)	41,046
Allocated employees' expenses		878,657	782,780
Allocated administrative and general expenses		374,026	392,379
Excess of loss premium		57,169	61,950
Policies acquisition costs		413,796	413,407
Other expenses related to underwriting accounts		<u>33,812</u>	<u>38,251</u>
Net Claims		<u>4,844,727</u>	<u>4,972,805</u>
Unallocated employee' expenses		175,018	157,329
Depreciation and amortization		63,588	62,292
Depreciation of property investment		90,450	90,461
Depreciation of right of use assets		9,716	9,716
Unallocated administrative and general expenses		54,233	48,374
Expected credit losses		146,248	-
Lease liabilities interest		1,783	2,569
Other expenses		13,997	60,857
Provision of national contribution fees		<u>12,842</u>	<u>14,548</u>
Total expenses		<u>5,412,602</u>	<u>5,418,951</u>
Profit for the period before tax		1,045,387	92,288
Less: Income tax expense	11	<u>193,481</u>	<u>52,453</u>
Profit for the period		<u>851,906</u>	<u>39,835</u>
		JD/Fils	JD/Fils
Basic and diluted earnings per share	16	<u>0/039</u>	<u>0/002</u>

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 MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	For the three months ended 31	
	March	
	2021	2020
	JD	JD
Profit for the period	851,906	39,835
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods, net of tax:		
Change in fair value of financial assets at fair value through other comprehensive income	(197,110)	86,368
Total comprehensive income for the period	<u>654,796</u>	<u>126,203</u>

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 THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	Paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings *	Profit for the period	Total
	JD	JD	JD	JD	JD	JD	JD
31 March 2021 -							
Balance at 1 January 2021	22,050,000	5,512,500	2,000,000	(3,434,106)	12,454,015	-	38,582,409
Total comprehensive income for the year for the period	-	-	-	(197,110)	-	851,906	654,796
Balance at 31 March 2021	<u>22,050,000</u>	<u>5,512,500</u>	<u>2,000,000</u>	<u>(3,631,216)</u>	<u>12,454,015</u>	<u>851,906</u>	<u>39,237,205</u>
31 March 2020 -							
Balance at 1 January 2020	22,050,000	5,512,500	2,000,000	(669,057)	9,667,947	-	38,561,390
Total comprehensive income for the year for the period	-	-	-	86,368	-	39,835	126,203
Balance at 31 March 2020	<u>22,050,000</u>	<u>5,512,500</u>	<u>2,000,000</u>	<u>(582,689)</u>	<u>9,667,947</u>	<u>39,835</u>	<u>38,687,593</u>

- * This item includes restricted unrealized gain as at 31 March 2021 with an amount of JD 1,310,943 (31 December 2020: JD 1,281,065) according to Jordan Securities Commission instructions, in addition to an amount of JD 3,631,216 restricted from retained earnings representing the negative fair value reserve as of 31 March 2021 (31 December 2020: JD 3,343,106).

**MIDDLE EAST INSURANCE
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

		For the three months ended	
		31 March	
	Note	2021	2020
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		1,045,387	92,288
Adjustments for non-cash items			
Depreciation and amortization		63,588	62,292
Deprecation of investment properties		90,450	90,461
Depreciation of right of use assets		9,716	9,716
Expected credit losses		146,248	-
Net change in unearned premiums reserve		167,246	(409,593)
Net change in mathematical reserve		179,488	(124,874)
Net change in outstanding claims reserve		(289,380)	41,046
End of service provision		13,997	23,377
Net change in fair value of financial assets at fair value through profit or loss		(151,451)	469,647
Interest income		(179,629)	(79,765)
Lease liabilities interest		1,783	2,569
Interest income from financial assets at amortized cost		(9,651)	(12,245)
Cash flows from operating activities before changes in working capital		1,087,792	164,919
Cheques under collection		(139,288)	(155,212)
Accounts receivable		(1,309,531)	(1,942,707)
Reinsurance receivables		276,684	(1,434,350)
Other assets		(1,055,665)	(356,897)
Accounts payable		293,840	2,516,217
Reinsurance payables		(491,737)	(55,276)
Accrued expenses and other liabilities		(202,884)	686,567
Net cash flows used in operating activities before tax paid		(1,540,789)	(576,739)
Income tax paid		(352,702)	(22,373)
Net cash flows used in operating activities		(1,893,491)	(599,112)
<u>Investing Activities</u>			
Purchase of investment property		-	(2,560)
Life policies holders' loans		29,994	(5,883)
Purchase of property and equipment		(26,082)	(1,274)
leases paid		(16,992)	(2,570)
Interest received		179,629	79,765
Interest received from financial assets at amortized cost		9,651	12,245
Net cash flows from investing activities		176,200	79,723
Net decrease in cash and cash equivalent		(1,717,291)	(519,389)
Cash and cash equivalent, at the beginning of the period		10,451,605	11,750,680
Cash and cash equivalent at the end of the period	17	8,734,314	11,231,291

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

**MIDDLE EAST INSURANCE
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	Life	
	For the three months ended 31	
	March	
	2021	2020
	JD	JD
Written premiums -		
Direct insurance	1,641,022	1,307,266
Reinsurance inward business	407,835	210,787
Total premiums	<u>2,048,857</u>	<u>1,518,053</u>
Less:		
Local reinsurance share	398,570	205,517
Foreign reinsurance share	744,859	826,730
Net Written premiums	<u>905,428</u>	<u>485,806</u>
Add:		
Mathematical reserve at the beginning of the period	4,294,834	4,844,372
Less: Reinsurance share	363,337	271,719
Net mathematical reserve at the beginning of the period	<u>3,931,497</u>	<u>4,572,653</u>
Less:		
Mathematical reserve at the end of the period	4,444,784	4,893,338
Less: Reinsurance share	333,799	445,559
Net mathematical reserve at the end of the period	<u>4,110,985</u>	<u>4,447,779</u>
Net earned revenues from the written premiums	<u>725,940</u>	<u>610,680</u>

**MIDDLE EAST INSURANCE
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	Life	
	For the three months ended 31	
	March	
	2021	2020
	JD	JD
Paid claims	1,112,194	411,496
Maturity and surrender of policies	95,660	61,538
Less: Foreign reinsurance share	887,380	310,422
Net paid claims	320,474	162,612
Add:		
Outstanding claims reserve at the end of the period		
Reported	2,508,731	2,089,979
Unreported	595,513	1,245,797
Less:		
Reinsurance share (Reported)	2,028,623	1,745,989
Reinsurance share (Unreported)	438,858	1,046,470
Net outstanding claims reserve at the end of the period	636,763	543,317
Less:		
Outstanding claims reserve at the beginning of the period		
Reported	2,596,098	2,111,232
Unreported	550,258	645,797
Less:		
Reinsurance share (Reported)	2,106,388	1,736,723
Reinsurance share (Unreported)	429,393	543,153
Net outstanding claims reserve at the beginning of the period	610,575	477,153
Net claims cost	346,662	228,776

**MIDDLE EAST INSURANCE
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	Life	
	For the three months ended 31 March	
	2021	2020
	JD	JD
Net earned revenue from written premiums	725,940	610,680
Less:		
Net claims cost	346,662	228,776
Add:		
Insurance policies issuance fees	24,767	21,325
Investment income related to underwriting accounts (note 15)	145,262	9,625
Other Income	13,018	10,107
Total revenue	<u>562,325</u>	<u>422,961</u>
Less:		
Policies acquisition cost	44,077	23,193
General and administrative expenses related to underwriting accounts	111,409	108,951
Other expenses related to underwriting accounts	33,812	38,251
Total expenses	<u>189,298</u>	<u>170,395</u>
Underwriting profit	<u><u>373,027</u></u>	<u><u>252,566</u></u>

**MIDDLE EAST INSURANCE
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	Motor		Marine and transportations		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums:																
Direct insurance	2,333,254	2,530,515	1,293,479	1,207,763	100,574	75,400	2,545,169	2,230,415	429,491	239,822	2,775,827	2,352,652	7,940	16,904	9,485,734	8,653,471
Facultative inward reinsurance business	32,115	60,220	-	-	-	-	86,786	550,690	-	31	-	-	-	-	118,901	610,941
Total Premiums	2,365,369	2,590,735	1,293,479	1,207,763	100,574	75,400	2,631,955	2,781,105	429,491	239,853	2,775,827	2,352,652	7,940	16,904	9,604,635	9,264,412
Less:																
Local reinsurance share	18,365	31,134	22,774	87,477	-	-	101,047	559,820	1,350	2,708	1,205,743	1,036,804	-	-	1,349,279	1,717,943
Foreign reinsurance share	6,405	3,500	1,127,425	1,068,537	100,574	75,400	2,465,406	2,202,341	423,903	236,153	-	-	4,128	7,292	4,127,841	3,593,223
Net Written Premiums	2,340,599	2,556,101	143,280	51,749	-	-	65,502	18,944	4,238	992	1,570,084	1,315,848	3,812	9,612	4,127,515	3,953,246
Add:																
Balance at the beginning of the period																
Unearned premiums reserve	5,345,550	6,293,416	1,394,796	1,199,040	38,525	37,055	1,945,499	2,024,693	96,890	90,854	2,730,388	3,103,681	77,230	113,102	11,628,878	12,861,841
Less: Reinsurance share	30,493	46,240	732,268	626,254	38,525	37,055	1,886,194	1,933,965	81,655	81,031	1,288,323	1,123,539	25,333	44,498	4,082,791	3,892,582
Net Unearned Premiums Reserve at the beginning of the period	5,315,057	6,247,176	662,528	572,786	-	-	59,305	90,728	15,235	9,823	1,442,065	1,980,142	51,897	68,604	7,546,087	8,969,259
Less:																
Balance at the end of the period																
Unearned premiums reserve	5,153,081	5,720,784	1,293,479	1,207,763	80,576	70,966	1,335,938	1,891,026	141,439	85,577	3,588,519	3,781,795	65,441	94,096	11,658,473	12,852,007
Less: Reinsurance share	32,367	49,416	679,076	671,578	80,576	70,966	1,290,747	1,819,634	133,194	80,506	1,706,529	1,562,262	22,651	37,979	3,945,140	4,292,341
Net Unearned Premiums Reserve at the end of the period	5,120,714	5,671,368	614,403	536,185	-	-	45,191	71,392	8,245	5,071	1,881,990	2,219,533	42,790	56,117	7,713,333	8,559,666
Net earned revenue from written Premiums	2,534,942	3,131,909	191,405	88,350	-	-	79,616	38,280	11,228	5,744	1,130,159	1,076,457	12,919	22,099	3,960,269	4,362,839

**MIDDLE EAST INSURANCE
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	Motor		Marine and transportation		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	2,896,943	2,867,300	62,961	13,411	-	-	43,502	2,056,215	32,703	4,224	1,360,672	1,220,916	2,501	8,541	4,399,282	6,170,607
Less:																
Recoveries	426,996	426,935	-	-	-	-	4,002	3,880	-	-	-	-	-	-	430,998	430,815
Local reinsurance share	6,673	10,454	-	-	-	-	413	1,255,018	8,250	-	775,217	633,929	-	-	790,553	1,899,401
Foreign reinsurance share	2,900	-	60,298	8,566	-	-	34,691	744,643	22,007	4,144	-	-	1,662	2,658	121,558	760,011
Net Paid Claims	<u>2,460,374</u>	<u>2,429,911</u>	<u>2,663</u>	<u>4,845</u>	<u>-</u>	<u>-</u>	<u>4,396</u>	<u>52,674</u>	<u>2,446</u>	<u>80</u>	<u>585,455</u>	<u>586,987</u>	<u>839</u>	<u>5,883</u>	<u>3,056,173</u>	<u>3,080,380</u>
Add:																
Outstanding Claims Reserve at the end of the period																
Reported	16,311,745	15,817,327	3,274,179	3,566,747	1,000	120,000	10,330,162	10,061,892	1,894,150	935,150	247,536	251,755	79,162	358,875	32,137,934	31,111,746
Unreported	586,119	642,288	112,784	112,784	-	-	108,626	108,626	13,959	13,959	300,929	335,156	1,000	1,000	1,123,417	1,213,813
less:																
Reinsurance share (Reported)	1,867,773	2,549,353	2,640,090	2,863,736	1,000	120,000	10,177,503	9,935,054	1,880,944	919,783	148,522	151,053	61,944	349,418	16,777,776	16,888,397
Reinsurance share (Unreported)	-	-	61,488	61,488	-	-	70,802	70,802	12,707	12,707	180,557	201,093	-	-	325,554	346,090
Net Outstanding Claims Reserve at the end of the period	<u>15,030,091</u>	<u>13,910,262</u>	<u>685,385</u>	<u>754,307</u>	<u>-</u>	<u>-</u>	<u>190,483</u>	<u>164,662</u>	<u>14,458</u>	<u>16,619</u>	<u>219,386</u>	<u>234,765</u>	<u>18,218</u>	<u>10,457</u>	<u>16,158,021</u>	<u>15,091,072</u>
Less:																
Outstanding Claims Reserve at the beginning of the period																
Reported	16,650,950	15,910,051	1,826,951	3,563,180	1,000	50,000	10,252,922	10,283,132	1,870,650	939,050	244,434	334,281	31,785	362,375	30,878,692	31,442,069
Unreported	621,119	619,788	112,784	112,784	-	-	108,626	108,626	13,959	13,959	281,697	335,367	1,000	1,000	1,139,185	1,191,524
Less:																
Reinsurance share (Reported)	1,903,136	2,638,442	1,194,393	2,861,947	1,000	50,000	10,106,199	10,144,921	1,854,919	923,703	146,660	200,568	23,966	351,605	15,230,273	17,171,186
Reinsurance share (Unreported)	-	-	61,488	61,488	-	-	70,802	70,802	12,707	12,707	169,018	201,220	-	-	314,015	346,217
Net Outstanding Claims Reserve at the beginning of the period	<u>15,368,933</u>	<u>13,891,397</u>	<u>683,854</u>	<u>752,529</u>	<u>-</u>	<u>-</u>	<u>184,547</u>	<u>176,035</u>	<u>16,983</u>	<u>16,599</u>	<u>210,453</u>	<u>267,860</u>	<u>8,819</u>	<u>11,770</u>	<u>16,473,589</u>	<u>15,116,190</u>
Net Claims Cost	<u>2,121,532</u>	<u>2,448,776</u>	<u>4,194</u>	<u>6,623</u>	<u>-</u>	<u>-</u>	<u>10,332</u>	<u>41,301</u>	<u>(79)</u>	<u>100</u>	<u>594,388</u>	<u>553,892</u>	<u>10,238</u>	<u>4,570</u>	<u>2,740,605</u>	<u>3,055,262</u>

**MIDDLE EAST INSURANCE
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	Motor		Marine and transportation		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	2,534,942	3,131,909	191,405	88,350	-	-	79,616	38,280	11,228	5,744	1,130,159	1,076,457	12,919	22,099	3,960,269	4,362,839
Less:																
Net claims cost	2,121,532	2,448,776	4,194	6,623	-	-	10,332	41,301	(79)	100	594,388	553,892	10,238	4,570	2,740,605	3,055,262
Add:																
Commissions received	99,112	17,165	190,616	169,845	12,175	9,887	209,539	220,426	71,526	22,080	-	-	-	-	582,968	439,403
Insurance policies issuance fees	81,774	87,624	6,803	8,443	948	895	48,546	191,413	11,645	6,026	95,552	80,455	674	1,148	245,942	376,004
Total revenue	594,296	787,922	384,630	260,015	13,123	10,782	327,369	408,818	94,478	33,750	631,323	603,020	3,355	18,677	2,048,574	2,122,984
Less:																
Policies acquisition costs	89,506	107,983	30,128	29,392	-	-	17,611	36,483	1,153	2,024	230,042	212,970	1,279	1,362	369,719	390,214
Excess of loss premiums	44,100	50,000	2,125	2,125	-	-	10,944	9,825	-	-	-	-	-	-	57,169	61,950
General and administrative expenses related to underwriting accounts	345,281	343,340	188,777	159,035	9,163	7,248	387,699	357,281	58,983	29,241	150,939	168,850	432	1,213	1,141,274	1,066,208
Total Expenses	478,887	501,323	221,030	190,552	9,163	7,248	416,254	403,589	60,136	31,265	380,981	381,820	1,711	2,575	1,568,162	1,518,372
Underwriting profit	115,409	286,599	163,600	69,463	3,960	3,534	(88,885)	5,229	34,342	2,485	250,342	221,200	1,644	16,102	480,412	604,612

(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 Company is engaged in insurance business against accidents, fire, marine, transportation, vehicle 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 its meeting No. (2) held on 29 April 2021.

(2) BASIS OF PREPARATION

The interim condensed financial statements for the three months period ended 31 March 2021 were prepared in accordance with International Accounting Standard (34) Interim 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 date of the interim condensed financial statement.

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 2020. In addition, results for the three - months period ended 31 March 2021 do not necessarily indicate to the results that may be expected for the financial year ending 31 December 2021.

Changes in accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

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

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

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

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

Use of Estimates

The preparation of the interim condensed 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 is as follows:

- A provision of doubtful debt is estimated by the management based on their principles and assumptions according to Insurance Administration Regulation.
- The financial year is charged with its related income tax in accordance with laws and regulations.
- The management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit. The impairment loss (if any) appears on the Interim condensed statement of income.

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- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to Insurance Administration Regulation and actuarial studies.
- A provision on lawsuit against the Company is made based on the Company's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.

(3) DEPOSITS AT BANKS

This item represents deposits with banks in Jordanian Dinar, USD and GBP in which the Company hold for varying periods between one month to one year depending to the Company's cash needs. Interest rates on the Jordanian Dinar deposits were between 2% and 4.5% for the period ended 31 March 2021 (31 March 2020: from 2% to 5.75%) and on the deposits in US Dollar and GBP ranged between 0.25% to 0.5% (31 March 2020: from 0.25% to 0.5%). The details of deposits according to the maturity periods as at 31 March 2021 and 31 December 2020 were as follows:

	31 March 2021			31 December 2020	
	Deposits maturing within one month	Deposits maturing between 1 month - 3 months	Deposits maturing after 3 months - 1 Year	Total	Total
	JD	JD	JD	JD (Unaudited)	JD (Audited)
2021 -					
Inside Jordan	4,237,412	2,349,335	11,650,000	18,236,747	19,353,362

Restricted balances which represent pledged deposits in favor of the General Manager of the Insurance Administration amounted to JD 325,000 as of 31 March 2021 and 31 December 2020 deposited in the Invest bank.

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

This item represents the Company's investments in the shares of listed companies for the purpose of benefiting from the price changes of these shares. The details of these investments as at 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Inside Jordan		
Quoted shares	4,033,098	3,746,954
Outside Jordan		
Quoted shares	1,571,427	1,706,120
Total	5,604,525	5,453,074

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

This item represents the Company's investments in the shares of listed and unlisted companies for the purpose of long-term retention and not for the purposes of trading. The details of the investment as at 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Inside Jordan		
Quoted shares	4,001,968	3,970,326
Unquoted shares	1,340,708	1,340,708
	<u>5,342,676</u>	<u>5,311,034</u>
Outside Jordan		
Quoted shares	6,413,006	6,711,013
Unquoted shares	737,017	737,017
Total	<u>7,150,023</u>	<u>7,448,030</u>
	<u>12,492,699</u>	<u>12,759,064</u>

The financial assets at fair value through other comprehensive income include unquoted shares amounted to JD 2,077,725 as at 31 March 2021 and as at 31 December 2020 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.

(6) INVESTMENT PROPERTIES

This item represents the Company's investments in realestate for the purpose of renting them and taking advantage of the price change in these properties, which includes the Ministry of Finance building as well as a commercial building in the third circle area except for the second and third floors were the client uses them for themselves. Depreciation expense for investment properties for the three months ended 31 March 2021 JD 90,450 (31 March 2020: JD 90,461).

The fair value of investments in properties amounted to JD 36,885,999 as of 31 December 2020. The Company has estimated the fair value of investment properties by an independent valuator. In the opinion of the management, the value of investment properties exceeds it carrying amount as at 31 March 2021 and that the fair valuation performed on 31 December 2020 still valid.

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(7) ACCOUNTS RECEIVABLE, NET

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Policy holders' receivables	7,604,253	6,670,279
Agents receivables	1,183,243	1,071,091
Brokers receivables	2,479,038	2,243,473
Employee receivables	226,007	225,410
Others	1,426,648	1,399,405
	<u>12,919,189</u>	<u>11,609,658</u>
Less: provision for expected credit losses for accounts receivable*	1,417,831	1,271,583
	<u><u>11,501,358</u></u>	<u><u>10,338,075</u></u>

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

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	1,271,583	869,040
Provision for the period / year	146,248	302,543
Provision transferred from reinsurance receivables	-	100,000
Balance at the end of the period / year	<u><u>1,417,831</u></u>	<u><u>1,271,583</u></u>

(8) REINSURANCE RECEIVABLES, NET

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Local insurance Companies	1,233,203	1,560,163
Foreign reinsurance Companies	3,153,207	3,102,931
	<u>4,386,410</u>	<u>4,663,094</u>
Less: provision for expected credit losses for reinsurance receivables*	361,261	361,261
Net reinsurance receivables	<u><u>4,025,149</u></u>	<u><u>4,301,833</u></u>

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

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	361,261	461,261
Provision transferred to accounts receivable	-	(100,000)
Balance at the end of the period / year	361,261	361,261

(9) ACCOUNTS PAYABLE

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Agents payables	101,608	90,366
Employee payables	25,072	48,751
Brokers payable	320,423	281,080
Others *	2,249,265	1,982,331
	2,696,368	2,402,528

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

(10) REINSURANCE PAYABLES

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Local insurance Companies	372,515	337,973
Foreign reinsurance Companies	7,946,666	8,472,945
	8,319,181	8,810,918

(11) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Balance at beginning of the period / year	766,446	330,079
Income tax paid	(352,702)	(295,930)
Income tax expense for the period / year	154,104	147,572
The tax effect of selling financial assets at fair value through statement of other comprehensive income	-	1,007,410
Tax effect of amortization of deferred tax assets	-	(422,685)
Balance at the end of the period / year	567,848	766,446

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

	31 March 2021 JD (Unaudited)	31 March 2020 JD (Unaudited)
Income tax expense for the period	154,104	174,561
Deferred tax assets	-	(122,108)
Deferred tax assets amortization	39,377	-
	193,481	52,453

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

	31 March 2021 JD (Unaudited)	31 March 2020 JD (Unaudited)
Accounting profit	1,045,387	92,288
Nontaxable income	(1,530,895)	(962,498)
Nondeductible expenses	1,127,606	1,597,547
Taxable profit	642,098	727,337
Effective income tax	154,104	174,561
Effective income tax rate	19%	57%
Statutory income tax rate	26%	26%

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Income tax

Final settlement between the Company and Income and Sales Tax Department was reached up to 2018 and payment of all outstanding balances except for the fiscal year 2016, where the decision was appealed before the Tax Court, and no final decision was issued, and there are no tax differences resulting from this fiscal year, and there is no need to record any additional provision.

Income tax return was submitted for the years 2020 and 2019 and it is still not reviewed by Income Tax Department until the date of these interim condensed financial statements.

In the opinion of the management and the tax consultant the provision is adequate.

Sales tax

Final settlement between the Company and Income and Sales Tax Department was reached up to 31 December 2017.

B- Deferred tax assets/ liabilities

This item consists of the following:

	31 March 2021			31 December 2020		
	Balance at the beginning of the period	Amounts released	Amounts added	Balance at the ending of the period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Audited)
A. Deferred tax asset:						
Unrealized loss from financial asset at fair value through profit or loss	286,488	-	(151,451)	135,037	35,110	74,487
Unrealized loss from financial asset at fair value through other comprehensive income	4,640,683	-	266,365	4,907,048	1,275,833	1,206,578
	<u>4,927,171</u>	<u>-</u>	<u>114,914</u>	<u>5,042,085</u>	<u>1,310,943</u>	<u>1,281,065</u>

Movement on deferred tax asset and liability consists of the follows:

	Assets	
	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	1,281,065	738,956
Additions	69,255	542,109
Releases	(39,377)	-
Balance at the ending of the period / year	<u>1,310,943</u>	<u>1,281,065</u>

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(12) PAID-IN CAPITAL

The authorized and paid in capital amounted to JD 22,050,000 divided into 22,050,000 shares, the par value of each is JD 1.

(13) LEGAL RESERVES

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

(14) FAIR VALUE RESERVE

This item represents fair value of financial assets at fair value through other comprehensive income as follow:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/ year	(3,434,106)	(669,057)
Changes during the period/year	(266,365)	(3,729,843)
Deferred tax assets	69,255	964,794
Ending balance for the period/ year	(3,631,216)	(3,434,106)

(15) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

	31 March 2021	31 March 2020
	JD	JD
	(Unaudited)	(Unaudited)
Cash dividends received (financial assets at fair value through profit or loss)	170,694	-
Cash dividends received (financial assets at fair value through other comprehensive income)	365,058	-
Interest income from financial assets at amortized cost	9,651	12,245
Net change in fair value of financial assets at fair value through profit or loss	151,451	(469,647)
Investment building expenses	(14,025)	9,712
Net rental revenue	52,336	56,861
Total	735,165	(390,829)
Less: transfers to underwriting accounts - Life Department	145,262	9,625
	589,903	(400,454)

(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:

	31 March 2021	31 March 2020
	JD	JD
	(Unaudited)	(Unaudited)
Profit for the period (JD)	851,906	39,835
Weighted average number of shares (shares)	22,050,000	22,050,000
Basic and diluted earnings per share for the period profit	JD/ Fils	JD/ Fils
	0/039	0/002

The basic earnings per share is equal to the diluted earnings per share for the period profit.

(17) CASH AND CASH EQUIVALENT

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

	31 March 2021	31 March 2020
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	2,472,567	3,393,153
Add: deposits at banks maturing within three months	6,586,747	8,163,138
Less: deposit pledged in favor of general manager of Insurance Administration (Note 3)	325,000	325,000
Net Cash and cash equivalent	8,734,314	11,231,291

(18) RELATED PARTY TRANSACTIONS

During the period, 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.

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The following represent summary of related parties' balances and transactions:

	Related party			
	Board of directors members	Executive management	31 March 2021	31 December 2020
	JD	JD	JD (Unaudited)	JD (Audited)
<u>Statement of financial position items</u>				
Accounts receivable	219	140,713	140,932	138,010
Claims and accounts payable	10,360	5,105	15,465	9,475
	Board of directors members	Executive management	31 March 2021	31 March 2020
	JD	JD	JD (Unaudited)	JD (Unaudited)
<u>Statement of income items</u>				
Written premiums	2,685	2,675	5,360	7,305
Paid claims	-	601	601	307

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

	31 March 2021	31 March 2020
	JD (Unaudited)	JD (Unaudited)
Salaries and remunerations	408,393	348,405

(19) LAWSUITS BY AND AGAINST THE COMPANY

The Company is a defendant in a number of lawsuits which amounted to JD 2,274,454 as of 31 March 2021 (31 December 2020: JD 1,768,611). The management and legal advisor believe that the lawsuit provision recorded is sufficient to meet obligations that may arise from the lawsuits.

As of 31 March 2021, lawsuits raised by the company amounted to JD 940,946 (31 December 2020: JD 845,625) of accounts receivables and returned checks related to its ordinary course of business.

(20) CONTINGENT LIABILITIES

As at the date of interim financial statement, the Company has contingent liabilities which are represented in letter of guarantees amounted to JD 559,446 (31 December 2020: JD 588,625).

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(21) CORONAVIRUS SPREAD (COVID – 19) AND ITS IMPACT ON THE COMPANY

As a result of the continuing impact of the Corona virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and procedures imposed by the Jordanian government, neighboring countries and the rest of the world. The Company's management regularly monitors the Company's activities and the risks that may result from (Covid-19) pandemic including primarily, monitoring the Company's need for cash liquidity, and monitoring accounts receivable levels through ensuring sufficiency of the provisions for expected credit losses.

The (Covid-19) pandemic has not resulted in a material impact on the Company's activities, including gross written premiums and paid claims. The Company's management believes that it maintains the necessary liquidity to meet its obligations on their maturity date for a period of at least one year from the date of these interim condensed financial statements.

(22) STATEMENT OF FINANCIAL POSITION FOR LIFE

	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Assets -		
Bank deposits	755,009	431,591
Financial assets at fair value through the statement of other comprehensive income	3,298,665	3,414,544
Investment properties	396,000	396,000
Life policyholders' loans	530,561	560,555
Total investments	4,980,235	4,802,690
Cash on hand and at banks	402,219	330,768
Account receivables, net	5,623,785	4,452,078
Reinsurance receivables	220,217	204,846
Checks under collection	612,843	473,555
Deferred tax assets	90,807	60,678
Property and equipment, net	6,936	7,401
Other assets	377,837	193,661
Total assets	12,314,879	10,525,677
Liabilities and technical reserves		
Technical reserves -		
Outstanding claim reserve, net	636,763	610,575
Mathematical reserve, net	4,110,985	3,931,497
Other technical reserves	50,000	50,000
Total technical reserves	4,797,748	4,592,072
Accounts payable	873,281	725,189
Accrued expenses	31,580	5,900
Reinsurance payables	1,102,651	1,043,273
Income tax provision	63,858	16,929
Other liabilities	1,448,186	2,128,203
Total Liabilities	3,519,556	3,919,494
Cumulative change in fair value	(258,449)	(172,699)
Head office current account	4,256,024	2,186,810
Total liabilities	12,314,879	10,525,677