Jordan French Insurance Company

(Public Limited Shareholding Company)

Amman – The Hashemite Kingdom of Jordan

Interim Condensed Financial Statements (Unaudited) and the Independent Auditor's Report

for the six months period ended June 30, 2023

Jordan French Insurance Company
(Public Limited Shareholding Company)
Amman-Hashemite kingdom of Jordan
Interim Condensed Financial Statements (Unaudited)
For the six months period ended June 30, 2023

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Independent Auditor's Report

To, The Shareholders
Jordan French Insurance Company
(Public Limited Shareholding Company)
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Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Jordan French Insurance Company ("the Company")** as of June 30, 2023 and the related interim condensed statements of profit or loss, other comprehensive income, changes in shareholders' equity, and cash flows for the six months period then ended and a summary of significant accounting policies and other explanatory notes.

The management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as endorsed in the Hashemite Kingdom of Jordan and the instructions of Central Bank of Jordan. 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" as endorsed in the Hashemite Kingdom of Jordan. A review of interim condensed financial statements 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 for the period ended June 30, 2023 are not prepared in all material respects, in accordance with IAS (34) "Interim Financial Reporting" as endorsed in the Hashemite Kingdom of Jordan.

Other Matter

The financial statements for the year ended December 31, 2022 whose numbers appear in the statement of financial position for comparison purposes have been audited by another auditor, who issued an unqualified report on February 28, 2023. The interim condensed financial statements for the period ended June 30, 2022, the statements of profit or loss, other comprehensive income, changes in shareholders' equity, and cash flows which appears in the comparative figures have been reviewed by another auditor who issued an unqualified conclusion on July 28, 2022.

Date: August 06, 2023

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Al - Abbasi and Company
(Independent Member of Moore Global)

Hassan Amin Othman
(License No. 674)

+962 6 581 1909
King Abdullah II St. / Al Karml Bld. 296 / 5th Floor
P.O.Box 925111 - Amman11190 Jordan
info@agicpa.com
www.agicpa.com

Jordan French Insurance Company
(Public Limited Shareholding Company)
Interim Condensed Statements of financial position (Unaudited)
As of June 30, 2023
(Jordanian Dinars)

	Note	June 30,2023 (Unaudited)	December31,2022 (Audited) (Adjusted)	December31,2021 (Audited) (Adjusted)
Assets				
Deposits at banks-net	6	9,782,224	8,146,137	7,052,055
Financial assets at fair value through profit or loss	7	154,547	225,075	93,837
Financial assets at fair value through other comprehensive income	8	2,054,237	2,217,624	1,987,979
Financial assets at amortized cost	9	75,000	75,000	75,000
Investments in associates	10	570,067	666,629	678,099
Investment properties	11	2,348,571	2,354,180	2,365,398
Right of use assets		7,276	14,553	29,107
Total investments		**14,991,922**	**13,699,198**	**12,281,475**
Other assets-contracted				
Cash on hands and at banks		610,232	2,590,371	1,289,928
Reinsurance contract assets held, net	12	3,359,245	4,413,714	5,894,472
Deferred tax assets		1,959,566	1,754,689	1,576,790
Property and equipment, net		1,306,595	1,318,019	1,312,021
Intangible assets-net		8,222	197	320
Other assets		241,206	303,170	557,339
Total Assets		**22,476,988**	**24,079,358**	**22,912,345**
Liabilities and Shareholders' Equity				
Liabilities				
Insurance contract liabilities	13	**7,015,746**	**8,349,602**	**4,329,268**
Due to banks		104,305	307,095	1,303,509
Accounts payable	15	4,154,195	4,132,302	4,516,361
Provision for income tax	14	-	-	298,274
Deferred tax liabilities	14	37,525	46,535	40,074
Other liabilities		260,512	245,370	185,235
Lease liabilities		20,830	27,577	40,071
End of service provision		-	-	47,870
Total liabilities		**11,593,113**	**13,108,481**	**10,760,662**
Authorized and paid share capital	16	9,100,000	9,100,000	9,100,000
Statutory reserve	17	2,275,000	2,275,000	2,275,000
Fair value reserve	20	56,335	194,691	(13,182)
(Accumulated loss)/ retained earnings		(547,460)	(598,814)	789,865
Total Shareholder's Equity		**10,883,875**	**10,970,877**	**12,151,683**
Total Liabilities and Shareholders' Equity		**22,476,988**	**24,079,358**	**22,912,345**

The accompanying notes from 1 to 28 are integral part of these financial statements

Jordan French Insurance Company
(Public Limited Shareholding Company)
Interim Condensed Statements of Profit or Loss (Unaudited)
For the six months period ended June 30, 2023
(Jordanian Dinars)

	Notes	For the three months period from April 1 to June 30		For the six months period from January 1 to June 30	
		2023	2022	2023	2022
Revenues:					
Insurance contract revenue	21	8,419,993	6,944,991	16,861,935	14,601,340
Insurance contract expenses	22	(7,409,232)	(7,336,273)	(18,297,453)	(15,244,666)
Insurance service result		**1,010,761**	**(391,282)**	**(1,435,518)**	**(643,326)**
Reinsurance contracts Results		(712,678)	(1,083,393)	(1,566,738)	(2,231,580)
Reinsurance contracts Recoveries		100,350	713,464	683,540	1,709,167
Reinsurance contracts results		**(612,328)**	**(369,929)**	**(883,198)**	**(522,413)**
Insurance policies issuance fees		1,037,457	740,085	3,023,613	1,920,951
Excess of loss		(72,605)	(47,713)	(137,639)	(171,494)
Net insurance business results		**1,363,285**	**(68,839)**	**567,258**	**583,718**
Financing expenses/ income - insurance contracts	23	(300,590)	(135,703)	(531,041)	(266,680)
Financing expenses/ income – reinsurance contracts	24	39,333	39,352	70,795	81,856
Net financing results of insurance operations		**(261,257)**	**(96,351)**	**(460,246)**	**(184,824)**
Interest income		110,745	77,657	188,738	118,108
Company's share of results from investments in associates		-	(1,701)	(96,562)	(6,157)
Net income from financial assets and investments	25	84,814	51,352	4,015	82,238
Other revenues		860	24,892	2,619	67,561
Total revenues		**196,419**	**152,200**	**98,810**	**261,750**
Unallocated administrative and general expenses		(91,112)	(102,572)	(210,676)	(222,314)
Total expenses		**(91,112)**	**(102,572)**	**(210,676)**	**(222,314)**
Net (loss)/ profit for the period before tax		**1,207,335**	**(115,562)**	**(4,854)**	**438,330**
Income tax expense		(96,967)	(178,604)	(116,352)	(271,210)
Amortization/ (recognition) of deferred tax assets		(2,088)	130,879	172,560	201,860
Profit for the period after tax		**1,108,280**	**(163,287)**	**51,354**	**368,980**
Earnings/ (loss) per share	26	0.1218	(0.0179)	0.0056	0.0405

The accompanying notes from 1 to 28 are integral part of these financial statements

Jordan French Insurance Company
(Public Limited Shareholding Company)
Interim Condensed Statement of Other Comprehensive Income (Unaudited)
For the six months period ended June 30, 2023
(Jordanian Dinars)

	For the three months period from April 1 to June 30		For the six months perioc from January 1 to June 3	
	2023	2022	2023	2022
Profit/ (loss) for the period	**1,108,280**	(163,287)	**51,354**	368,9
Add: Other comprehensive income items				
Change in fair value reserve	**70,257**	81,621	**(138,356)**	119,4
Impact of discount rate changes	-	-	-	
Insurance contracts expenses/ income	-	-	-	
Total comprehensive (loss)/income for the period	**1,178,537**	(81,666)	**(87,002)**	488,4

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Jordan French Insurance Company
(Public Limited Shareholding Company)
Interim Condensed Statement of Changes in Shareholders' Equity (Unaudited)
For the six months period ended June 30, 2023
(Jordanian Dinars)

	Paid- up Capital	Statutory Reserve	Fair Value Reserve	Accumulated (loss)/ Retained Earnings	Total
For the six-month period ended June 30, 2023					
Balance as of December, 31 2022 (audited)	9,100,000	2,275,000	194,691	(598,814)	**10,970,877**
Total comprehensive income for the period	-	-	(138,356)	51,354	**(87,002)**
Balance as of June 30, 2023 (unaudited)	**9,100,000**	**2,275,000**	**56,335**	**(547,460)**	**10,883,875**
For the six-months period ended June 30, 2022					
Balance as of December 31, 2021 (Audited) - Before adjustment for the impact of the application of (IFRS 17).	9,100,000	2,275,000	(13,182)	1,584,445	12,946,263
The impact of the application of (IFRS 17).	-	-	-	(794,580)	(794,580)
The balance as of December 31, 2021 (Audited) - After adjustment for the impact of the application of (IFRS 17)	9,100,000	2,275,000	(13,182)	789,865	12,151,683
Total comprehensive income for the period	-	-	119,477	368,980	488,457
Balance as of June 30, 2022 (unaudited)	9,100,000	2,275,000	106,295	1,158,845	12,640,140

The accompanying notes from 1 to 28 are an integral part of these financial statements

Jordan French Insurance Company
(Public Limited Shareholding Company)
Interim Condensed Statement of Cash Flows (Unaudited)
For the six months period ended June 30, 2023
(Jordanian Dinars)

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Cash flow from Operating Activities		
Net (loss)/ Profit for the period before tax	(4,854)	438,330
Adjustment for non-cash items		
Depreciation of investment properties	5,609	5,609
Depreciation of property and equipment	29,222	28,268
Amortization of intangible assets	965	160
Interest income	(188,738)	(118,108)
Depreciation of right of use assets	7,277	7,277
Lease liabilities' interest	540	7,753
End of service provision	-	1,942
Interest expense	7,800	41,291
Profit financial assets measured at fair value through profit or loss	70,528	(18,264)
Gain on sale of property and equipment	-	(60,416)
Company's share from the associate income	96,562	6,157
Interest income from financial assets at amortized cost	(3,086)	(3,086)
Dividends income	(50,137)	(39,200)
Cash flows from operating activities before changes in working capital	(28,312)	297,713
Reinsurance contract assets	1,154,469	(317,693)
Insurance contract liabilities	(1,333,856)	351,429
Accounts payable	21,893	(499,512)
Other assets	61,964	(40,418)
Other liabilities	15,142	42,415
Net cash flows used in operating activities before tax	(108,700)	(166,066)
Income tax paid	(116,352)	(298,711)
Paid from end of service provision	-	(24,692)
Net cash flows used in operating activities	(225,052)	(489,469)
Cash flow from Investing Activities		
Interest received - financial asset at amortized cost	3,086	3,086
Bank deposits (mature after 3 months)	(5,832,732)	(2,400,000)
Dividends income received	50,137	39,200
Interest income received	188,738	118,108
Proceeds from sale of financial assets at fair value through other comprehensive income	85,415	112,751
Purchase of property and equipment	(26,789)	(95,466)
Net cash flows used in investing activities	(5,532,145)	(2,222,321)
Cash flow from financing activities		
Lease liabilities payment	(6,207)	(14,000)
Net change in bank overdraft	(202,790)	-
Paid interest expense	(7,800)	(41,291)
Net cash flows used in financing activities	(216,797)	(55,291)
Net cash and cash equivalent used during the year	(5,973,994)	(2,767,081)
Cash and cash equivalents at beginning of the period	7,299,667	3,978,742
Cash and cash equivalents at the end of the period	1,325,673	1,211,661

The accompanying notes from 1 to 28 are an integral part of these financial statements

1- Legal Status and Activities

Jordan French Insurance Company was established in 1976, and it was registered as a public shareholding company limited by No. (101), and its headquarters is in Shmeisani - Amman, the Hashemite Kingdom of Jordan, P.O. P.O. Box 3272 Amman 11181 - Jordan, with an authorized and paid-up capital of 9,100,000 JD, divided into 9,100,000 shares, with a nominal value of one dinar per share.

The company offers all life and general insurance business (marine, transportation, motor, fire and other property damage, liability insurance, medical insurance, personal accident insurance and aviation insurance).

The condensed interim financial statements were approved by the Audit Committee on 06/08/2023

2-Basis of Preparation:

The interim condensed financial statements for the Company for the Six months period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed financial statements have been prepared according to the historical cost principle, with the exception of financial assets at fair value through other comprehensive income and financial assets at fair value through the statement of profit or loss, which appear at fair value on the date of the condensed interim financial statements.

The Jordanian Dinar is the currency of showing the interim condensed financial statements, which represents the main currency of the company.

Applying new and amended International Financial Reporting Standards

During the year, the company applied the following new and amended standards:
1-International Financial Reporting Standard No. (17) Insurance Contracts.

The application of these new and amended standards, along with their interpretations, has resulted in a substantial impact on the financial amounts for both the current and previous accounting periods. Additionally, the application of these new and amended standards, along with their interpretations, has led to changes in the company's accounting policies in the following areas, which have had an impact on the financial amounts for the current year and previous years.

3- Changes in Accounting Policies

The company applied International Financial Reporting Standard No. 17 "Insurance Contracts", where it evaluated the impact of applying the standard and identified the gap between the previous situation and the requirements of the standard and prepared a risk assessment system through actuarial statistical models for various insurance contracts in addition to updating information technology systems to ensure the availability of all databases Necessary for applying actuarial models and preparing systems for estimating future cash flows for contracts, and determining the present value of money, in addition to updating accounting policies and procedures and updating other operational policies and procedures, which had an impact on the financial statements. The requirements of the standard as shown in the applied policies in Note No. (4).

The transitional provisions for applying the standard retrospectively require the company to follow one of the following approaches (full retrospective/modified retrospective/fair value) recognizing the cumulative effect of applying the standard as an adjustment to the opening balance of retained earnings (or other component of equity, if applicable) at the beginning of the year.

3- Changes in accounting policies (continued)

The effect of applying the standard and the amendment on the opening balance of retained earnings is disclosed in the consolidated statement of changes in equity.

The impact of the application is also disclosed in addition to a summary of restating the items of the financial statements for the year ended as on December 31, 2023.

- Disclosure of accounting policies Classification of current and non-current liabilities (amendments to IAS (1) "Presentation of Financial Statements").
- Disclosure of accounting policies (amendments to IAS 1) "Presentation of Financial Statements" and Statement of Practice 2 of International Financial Reporting (Standards).
- Definition of accounting estimates (Amendments to IAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors").
- Deferred taxes relating to assets and liabilities arising from a single transaction (amendments to IAS No. (12) "Income Taxes").

The company disclosed the accounting policies in line with the requirements of the International Accounting Standards Board and its amendments regarding the presentation of the financial statements "Practice Statement 2" under the framework of the requirements of the Central Bank of Jordan. (The impact of other new policies and standards will be disclosed according to the company's licensed insurance licenses).

4- Use of Estimates and Assumptions

The preparation of the interim condensed financial statements and the application of accounting policies require the company's management to make estimates and assumptions that affect the amounts of financial assets and liabilities and disclose contingent liabilities. Also, these estimates and assumptions affect revenues, expenses and provisions, as well as changes in the fair value that appear within equity. In particular, the company's management is required to issue significant judgments and judgments in estimating the amounts and times of future cash flows. The aforementioned estimates are necessarily based on assumptions and multiple factors that have varying degrees of estimation and uncertainty, and that the actual results may differ from the estimates as a result of the changes resulting from the conditions and circumstances of those estimates in the future.

The following are the details of the essential jurisprudence made by the management:
A provision for expected credit losses is formed based on principles and assumptions approved by the company's management to estimate the provision that should be formed according to the requirements of International Financial Reporting Standard No. (9).

- The fiscal year is charged with its income tax expense in accordance with the laws and regulations.

- The management periodically reassesses the useful lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of those assets and estimates of expected useful lives in the future, and the impairment loss (if any) is included in the interim condensed income statement.

- The claims reserve and technical reserve are estimated based on technical studies and in accordance with the instructions of the Insurance Department. The mathematical reserve is also calculated according to actuarial studies.

- A provision is made for cases filed against the company based on a legal study prepared by the company's lawyer, according to which the risks likely to occur in the future are determined, and those studies are reviewed periodically.

4- Use of Estimates and Assumptions (continued)

- The present value of cash and future flows: the flows are defined as all amounts expected to be collected and expected to be paid within the limits of the insurance contract/ reinsurance contract held after adjusting them to reflect the timing and uncertainty of those amounts, based on actuarial assumptions and the company's experience in managing a group of insurance contracts/ Reinsurance contracts held.

Future cash flows are recognized at present value, taking into consideration when developing assumptions related to estimating cash flows for groups of insurance contracts, the following:

- Inherent risks.
- Aggregation level.
- The possibility of natural disasters.
- Possibility of liquidating the contract before the expiration date of the insurance coverage, and other practices expected from the holder of the insurance contract.
- Factors that will affect the estimates, and sources of information for these factors.

A combination of bottom-top and top-bottom approaches are applied in determining discount rates for different products. The bottom-top approach is used to derive the discount rate for cash flows that do not change based on the returns of the underlying items in participating contracts (except for investment contracts without a development policy loan which are not within the scope of IFRS 17).

Under this approach, the discount rate is determined as the risk-free return adjusted for the differences in liquidity characteristics between the financial assets used to derive the risk-free return and the cash flows of the related liabilities (known as the illiquidity premium). The risk-free return is derived using swap rates available in the market that are denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with AAA credit ratings are used.

Management uses judgment to evaluate the liquidity characteristics of the liabilities' cash flows. Direct participation contracts and investment contracts with a development policy loan are less liquid financial assets used to derive the risk-free return. For these contracts, the illiquidity premium is estimated on the basis of the market observable liquidity premium of the financial asset adjusted to reflect the illiquidity characteristics of the cash flows of the liability.

The top-bottom approach is used to derive discount rates for cash flows that do not change based on the returns of the underlying items in all other contracts within the scope of IFRS 17.

Under this approach, the discount rate is determined as the return implicit in the fair value of a reference portfolio adjusted for the difference between the reference portfolio of assets and the cash flows of the relevant liabilities.

The reference portfolio consists of a mix of sovereign and corporate bonds available in the markets. Assets are selected to match the cash flows of liabilities.

The return of the reference portfolio is adjusted to remove expected and unexpected credit risk.

These adjustments are estimated using information from historical observed levels of credit default swaps and credit defaults related to the bonds included in the reference portfolio. For the unobservable period, the yield curve between the final rate and the last observable point is approximated using the Smith-Wilson method.

The company will not calculate a present value of future cash flows on insurance and reinsurance premiums that have a duration of less than 12 months.

4- Use of Estimates and Assumptions (continued)

The company calculates a present value of future cash flows on claims incurred, recoveries and liabilities from reinsurance contracts held based on the company's assessment if payment or collection is expected after more than 12 months.

To calculate the discount rate, a top- bottom approach will be used as follows:

Risk Free Yield Curve:
The risk-free yield curve will be derived based on the reference portfolio, for this purpose in the absence of any reference portfolio, the prices of highly rated bonds (above AA+) from the Hashemite Kingdom of Jordan will be used.

Market risk premium for credit risk:
The market risk premium for credit risk will be removed from yield curves to account for "non-payment" in insurance contracts.
Discount rate = risk-free rate - market risk premium for credit risk

Illiquidity premium:
The illiquidity premium is used to calculate the following:
- Uncertainty in cash flows for subsequent periods
- Uncertainty in the management of assets and liabilities in subsequent periods.

Non-financial risk adjustments
A sum of money allocated by the company against the uncertainty of the amount and timing of cash flows arising from non-financial risks based on actuarial assumptions and the company's experience in managing the group of insurance contracts / reinsurance contracts held.
Non-financial risk adjustment is the compensation required for a company to bear uncertainty about the amount and timing of cash flows that arise from non-financial risks when fulfilling an insurance contract. It reflects the company's degree of risk reduction. The Company makes an adjustment estimate for non-financial risk separately from all other estimates. The risk adjustment is calculated at the issuer level and then distributed to each group of contracts according to their risk levels. The cost of capital method is used to derive the overall risk adjustment for non-financial risks. In the cost of capital method, the risk adjustment is determined by applying the cost rate to the present value of expected capital attributable to non-financial risks.

1- Insurance contracts

• **Definition of the insurance contract**
It is a contract whereby one party (the issuer) accepts a substantial insurance risk from another party (the contract holder), by agreeing to compensate the contract holder in case of the occurrence of a specific and uncertain future event (the insured event) such that this event, if it occurs, adversely affects the contract holder, or at the following deadlines, whichever is earlier:
- The beginning of the coverage period for the contracts.
- From the date of maturity of the first premium for the insured in the group of insurance contracts.
- From the date of turning the contract into an expected loss contract.

• **Definition of non-insurance contract**
IFRS 17 defines insurance risk as the risk, other than financial risk, that is transferred from the holder of the contract to the issuer and therefore a contract that exposes the issuer to financial risk without significant insurance risk is not an insurance contract.

4- Use of estimates and assumptions (continued)

2- Direct sharing feature

The direct participation feature in IFRS 17 is defined as insurance contracts that have economic characteristics similar to an insurance contract (long term of coverage, frequent premiums and amount or timing of return at the discretion of the issuer) and are linked to a portfolio of assets. Contracts that contain this feature at the beginning of the contract, include:

- The contractual terms specify that the insurance contract holders participate in a share of the insurance contract portfolio
- The company expects to pay the contract holder a significant share of the fair value proceeds from the Pool of insurance contracts.
- The company expects that a significant proportion of any change in the amounts that will be paid to the contract holder will vary with the change in the fair value of the insurance contracts pool.

- Types of direct participating feature:

A- Investment contracts:

- Investment contracts that have a legal form similar to an insurance contract but do not transfer significant insurance risk to the issuer and bear financial risks (embedded derivatives, change in the fair value of an instrument, change in interest rates, change in currency exchange rates, or credit rating) are classified as investment contract in accordance with IFRS (9).
- Investment contracts that contain the feature of voluntary participation, which are investment contracts that have a legal form similar to an insurance contract, but do not transfer significant insurance risks to the issuer and do not meet the definition of an insurance contract, but are classified in accordance with International Financial Reporting Standard No. (17) within the issuer licensed as an insurance company.
- The company does not have investment contracts.

B- Self-insurance:

- Investment contracts that have a legal form similar to an insurance contract but do not transfer Significant insurance risk to the issuer and bear financial risks (embedded derivatives, change in the fair Value of a financial instrument, change in interest rates, change in currency exchange rates, or credit rating) are classified as contracts. Investment contract in accordance with International Financial Reporting Standard No. (9).
- Investment contracts that contain the feature of voluntary participation, which are investment contracts that have a legal form similar to an insurance contract, but do not transfer significant insurance risks to the issuer and do not meet the definition of an insurance contract, but are classified in accordance with International Financial Reporting Standard No. (17) within the issuer licensed as an insurance company.

- The company issues an insurance contract for employees, and IFRS No. 17 does not apply to it, as the company recognizes contract costs under the item of employee treatment expenses.

As for contracts that are not classified as insurance contracts, they are, for example, the following:

• Investment contracts that have the legal form of an insurance contract but do not transfer substantial insurance risks to the insurance company and carry financial risks, for example, implied derivatives, changes in the fair value of a financial instrument, changes in interest rates, changes in currency exchange rates, or credit rating, they are classified as investment contracts in accordance with International Financial Reporting Standard No. (9).

• Investment contracts that contain the feature of optional participation, which are investment contracts that have a legal form of an insurance contract, but do not transfer substantial insurance risks to the Issuer and do not meet the definition of an insurance contract, but are classified in accordance with International Financial Reporting Standard No. (17).

4- Use of Estimates and Assumptions (continued)

Types of direct share feature (continued)
B- Self-insurance (continued)

• Self-insurance (keeping the risks that could have been covered by the insurance contract within the company, there is no other party to the contract). For example, a company issuing an insurance contract in the name of the company or a fellow subsidiary, which is classified in accordance with International Financial Reporting Standard No. (15).

1- Separation of non-insurance components:

A- The investment component:

A company is required to separate the investment component distinct from the underlying insurance contract when the investment component is distinct if and only if the following two conditions are met:

- The investment component and the insurance component are not closely related.
- The contract is sold on equivalent terms, or may be sold, separately in the same market or jurisdiction, either by the entities issuing the insurance contracts or by other parties.

The investment component and the insurance component are directly related if, and only if:

- The facility was unable to measure one component without looking at the other. Thus, if the value of one component differs from the value of the other component, the entity shall apply IFRS 17 to calculate the investment and co-insurance component; or

- The policyholder cannot benefit from one of the components unless the other is also present. Thus, if the expiry or maturity of one contract component causes the expiry or maturity of the other, the entity shall apply IFRS 17 to account for the investment component and the pooled insurance component.

- The company has no products that contain an investment component.

B- Components of services and goods

The company shall separate any undertaking to transfer distinct goods or services to the policyholder other than insurance contract services. And it must account for these commitments by applying International Financial Reporting Standard 15. Accordingly, it is:

1- Separate the cash inflows between the insurance component and any promises to provide distinct goods or services other than insurance contract services;

2- Separate the cash outflows between the insurance component and any promised goods or services other than insurance contract services, so that:

- The cash outflows that relate directly to each component are attributable to that component; and
- Any cash outflows are attributed on a systematic and logical basis, reflecting the cash outflows the entity expects to arise as if this component were a separate contract.

A good or service other than the insurance contract promised to the policyholder is not distinctive if:

1- The cash flows and risks associated with the good or service are closely related to the cash flows and risks associated with the insurance components of the contract; and

2- The establishment provides an important service in linking the commodity or service with the components of the insurance.

4- Use of estimates and assumptions (continued)

4- Recognition of the insurance contract

The company shall recognize the group of insurance contracts as of the following dates, whichever is earlier:

- The beginning of the coverage period.
- Eligibility for the first payment.
- When the group of contracts becomes onerous.

The company relies on the onset of coverage rather than the payment due since there is no data indicating that the payment due date precedes the coverage start date for any of its products.

5- Amending Insurance Contracts

The company makes adjustments to the initial recognition of insurance contracts by dealing with the changes that occurred in the future cash flows to fulfill the contracts, unless the conditions for derecognition of insurance contracts apply to them.

6- Derecognition of insurance contracts

The Company derecognizes insurance contracts in the following cases:

- Expiration of the contract. (Expiration, fulfillment or cancellation of the obligation specified in the Insurance contract)
- In case that the insurance contracts are amended so that the contract no longer meets the Requirements of the standard, then the company cancels the contract and recognizes a new one.

7- Approaches to measuring contracts

The standard provides insurance companies with three approaches for measuring and processing insurance contracts and reinsurance contracts held by accounting, as follows:

A- Premium Allocation Approach:

It applies to the groups of insurance contracts shown below:

- The duration of the insurance coverage does not exceed one year.
- In which the value of "Liabilities vs. Residual Coverage" does not substantially differ from its value when applying the requirements of the general approach.

B- General Measurement Model:

It is applied to all insurance contracts, where it is required to measure the obligations of the insurance contract groups by deducting the future cash flows “incoming and outgoing”, and then subtracting from them non-financial risk adjustments to reach the contractual service margin, which represents the unearned profit from the group of insurance contracts.

C-The variable fee approach:

It is the approach through which some requirements of the general approach are modified to deal with investment contracts that include the participation feature.

The company applies the premium allocation approach to all insurance contracts and reinsurance contracts held, as the company does not have products or reinsurance contracts held in which the coverage period exceeds one year, unlike travel and diminishing life insurance, as the coverage period for these contracts is more than one year, and since the premiums of these products combined are less than 300,000 Jordanian dinars and it is not of relative importance. The method of allocating premiums has been applied.

4- Use of estimates and assumptions (continued)

7- Approaches to measuring contracts (continued)

- Summary of the approved insurance contract measurement methodology:

Portfolio (level one)	Classification of contracts	measurement method
Compounds (Supplementary)	Insurance contracts	Premium allocation approach
Vehicles (mandatory)	Insurance contracts	Premium allocation approach
Vehicles (bus complex)	Insurance contracts	Premium allocation approach
Vehicles (boundary complex)	Insurance contracts	Premium allocation approach
Marine	Insurance contracts	Premium allocation approach
Aviation	Insurance contracts	Premium allocation approach
Fire and other damage	Insurance contracts	Premium allocation approach
Civil responsibility	Insurance contracts	Premium allocation approach
Guarantee and credibility	Insurance contracts	Premium allocation approach
Medical	Insurance contracts	Premium allocation approach
Other branches	Insurance contracts	Premium allocation approach
Life	Insurance contracts	Premium allocation approach

- Summary of the approved method for measuring held reinsurance contracts:

Portfolio	measurement method
Vehicles	Premium allocation approach
Marine	Premium allocation approach
Aviation	Premium allocation approach
Fire and other damage	Premium allocation approach
Civil responsibility	Premium allocation approach
Guarantee and credibility	Premium allocation approach
Medical	Premium allocation approach
Other branches	Premium allocation approach
Life	Premium allocation approach

8- Materiality:

The materially in the company is 1% of the total written premiums.

A test was applied to the applicability of the premium allocation methodology to diminishing travel and life insurance, since the coverage period for these contracts is more than one year, and since the combined premiums of these products are less than 300,000 Jordanian dinars and is not of relative importance, the premium allocation methodology was applied.

9-Measurement models:

Premium allocation Approach:

Initial proof of insurance contracts

- Upon initial confirmation, the company records the amount of the insurance premium received as a liability, from which the acquisition costs (commissions, if any) are deducted and distributed over the coverage period.

-The premium amount not received upon initial recognition is not recognized.

4- Use of Estimates and Assumptions (continued)

9- Measurement models (continued)

Subsequent measurement

At the end of each subsequent period, the company measures the book amount of the liability, taking into account the following adjustments to the liability balance:

- Add insurance premiums received for the period.
- Subtract the cash flows for the acquisition of insurance contracts.
- Adding any amounts related to the depletion of cash flows for the acquisition of insurance contracts that are proven as an expense.
- Subtract the amount recognized as insurance income for the coverage provided in that period.

- The company recognizes the assets of insurance contracts for insurance contracts for which service is provided and has not been collected. Expected credit losses for these assets are treated under IFRS 9.

10-Grouping levels:

- The company must collect insurance contracts into separate portfolios (Portfolio) to be classified and processed separately for the year of subscription (Cohort) and then profitability (Group) at the portfolio level.

11- Determine the portfolios of insurance contracts

The entity must specify portfolios of insurance contracts. The portfolio consists of contracts that are subject to similar risks and are managed together.

12- Levels of aggregation:

The company details the portfolios of insurance contracts according to the classifications referred to above, according to the year of subscription on an annual basis.

13- Compilation of insurance contracts

The company shall divide the portfolio of insurance contracts issued into at least:

- Group contracts are not likely to be onerous.
- Onerous group.
- Other group.

The company performs the following procedures to determine the groups. The profitability of the contract is not judged as the available system does not provide this service. Rather, the profitability of the products as a whole is evaluated based on the historical loss rate information for the last 3 years.

The historical Combined Loss Ratio is adopted at the by-product level in the grouping distribution.

The combined loss ratio is calculated using the following formula:

$$\frac{\text{(Total paid claims + suspended claims + costs related to subscription and claims - refunds)}}{\text{Total Premiums}}$$

The compilation is done as follows:

- The rate of technical losses for the last 3 years is less than 80% ⟹ classified under the group unlikely to become onerous.
- The rate of technical losses for the last 3 years is 80% - 100% ⟹ classified under another group.
- The rate of technical losses for the last 3 years is more than 100%. ⟹ It is classified within the onerous contract.

4-Use of Estimates and Assumptions (continued)

14-Dealing with Onerous Insurance Contracts

The value of losses is recognized for the portfolio that has been evaluated as "onerous" on the initial recognition date, and the loss is recognized and re-evaluated during the cohort coverage period.

5- Significate Accounting Policies

1- Reinsurance contracts held

An insurance contract issued by a reinsurer to compensate another entity for claims arising from one or more insurance contracts issued by that other entity (the base contracts).

Reinsurance contracts held are recognized:

- In the cause that the retained reinsurance contracts are proportional to the group of insurance contracts, then the held reinsurance contracts are recognized at the beginning of the coverage period for the group of these contracts or at the initial recognition of any of the base contracts, whichever is earlier.
- From the beginning of the coverage period for the group of reinsurance contracts held

2- Compilation of reinsurance contracts

The company shall divide portfolios of reinsurance contracts held in accordance with paragraphs 14 to 24 of IFRS 17, except that references to onerous contracts in those paragraphs must be replaced by reference to contracts on which there is a net profit at initial recognition. For certain reinsurance contracts held, the application of paragraphs 14-24 of IFRS 17 will result in a group consisting of a single contract.

The company must collect the insurance and reinsurance contracts held in separate portfolios (Portfolio) to be classified and treated separately for the underwriting year (Cohort) and then the profitability (Group) at the portfolio level.

A- Determine the portfolios of reinsurance contracts held

The entity must identify the portfolios of reinsurance contracts held. The portfolio consists of contracts that are subject to similar risks and are managed together (reinsurance portfolios held follow portfolios of insurance contracts).

B- Recognition of cohort aggregation level

An entity should not include reinsurance contracts held that are more than one year apart in the same group.

C- Consolidating the reinsurance contracts held

The entity shall divide the portfolio of insurance and reinsurance contracts held into at least:

- A group of contracts that are not likely to become a net profit.
- Group net profit.
- Another group

The Company evaluates the profitability of the group of reinsurance contracts held based on the evaluation of insurance contracts

3-Reinsurance contracts commissions

The company records the commission for reinsurance contracts as unearned revenue and it is remitted over the term of the contract

4- Assets of reinsurance contracts

When measuring the assets of reinsurance contracts, allowance for default risk of reinsurance companies (reinsurers) is calculated outside the framework of Standard 17, as it is considered a credit risk dealt with under Standard 9.

5- Significate Accounting Policies (continued)

D-The amendment of insurance contracts

The company amends the insurance contracts by dealing with the changes that occurred in the future cash flows du to the modification as changes in the estimates of the cash flows to fulfill the contracts, unless the conditions fo derecognition of the insurance contracts apply.

E- Derecognition of insurance contracts

The Company derecognizes insurance contracts in the following cases:

- End of the contract (elimination, fulfillment or cancellation of the obligation specified in the insurance contract)

F- Onerous insurance contracts

The company classifies onerous as overburdened contracts if the contract is expected to lose at the initia recognition date, and contracts are classified as measuring the loss component if the expected cash flows to fulfil the obligations of the contract or group of contracts exceed the cash flows obtained from this contract or group o contracts. And that the company discloses the loss component if the value of the contractual service margin is zero.

G- Provision for liabilities against existing contracts

The provision that the company must make when recognizing insurance contracts, which relates to subsequen financial periods as a result of valid insurance contracts.

H- Provision for liabilities against claims incurred

It is the total value of the expected costs incurred by the company as a result of risks covered by the insurance contract that occurred before the end of the financial period and includes those reported and unreported claims, ir addition to related expenses.

I- Contractual service margin

It is the unearned profit from current and expected profitable contracts, which is recognized in conjunction with the provision of insurance contract services.

1- Level of aggregation

The insurance company classifies groups of insurance contracts and reinsurance contracts according to the following (The portfolios of insurance contracts are divided according to the aforementioned classifications into group according to the year of subscription, for example (all contracts that were issued during the year 2020 are treated in separate group from the contracts issued in 2021, and so on).

2- The level of profitability

The groups of contracts referred to in the previous level are classified into the following classifications, according t the expected net cash flows from the contract and the accounting methodology used in dealing with the groups c contracts:

- Contracts for which there is no possibility of becoming onerous upon initial recognition
- Onerous contracts.
- Other contracts - if any

5- Significate Accounting Policies (continued)

2- The level of profitability

Acquisition costs

An entity shall allocate acquisition costs to the acquisition of the insurance contract to groups of insurance contracts and amortize them over the term of the contract, unless the entity elects to recognize them as an expense by applying paragraph 59 (a), which states:

In applying the premium allocation approach, an entity may choose to recognize any cash flows from acquiring insurance as an expense when those costs are incurred, provided that the coverage period for each contract in the group at initial recognition does not exceed one year.

The company chose the above-mentioned exception, provided that all costs are recognized as period costs other than the paid commissions, which are amortized over the contract period.

Insurance contract expenses

The company distributes general administrative expenses and direct employee expenses to insurance portfolios related to insurance contracts on groups of insurance contracts and includes them in calculating the profitability of the contract, while it distributes general and administrative expenses and indirect employee expenses not related to insurance contracts based on the cost center.

6- Deposits at Banks

	June 30, 2023 (Unaudited)				December 31,2022 (Audited)
	Deposits due within a month	**Deposits maturing from (1-3 months)**	**Deposits maturing after more than three months**	**Total**	**Total**
Inside of Jordan	-	**819,746**	**8,962,478**	**9,782,224**	8,146,137
Expected credit loss	-	-	-	-	-
	-	**819,746**	**8,962,478**	**9,782,224**	8,146,137

The interest rates on deposits with banks in JD range from 4.5% to 6.35%, and on deposits in US Dollars, the range is from 4.65% to 4.85% during the period ending on June 30, 2023 (June 30, 2022: 3% to 5%). The pledged deposits with the Central Bank amounted to 800,000 JD at the Investment Bank, in addition to 250,000 at the Jordan Kuwait Bank as of June 30, 2023 (December 31, 2022: 800,000 at the Investment Bank).

7- 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 change in those shares. The details of those investments as of June 30, 2023 and December 31, 2022 are as follows:

	June 30,2023 (Unaudited)	December 31, 2022 (Audited)
Outside Jordan		
Listed Stock	**154,547**	225,075

8- Financial Assets at Fair Value through Other Comprehensive Income

This item represents the company's investments in shares of listed and unlisted companies for the purpose of long-term retention and not for trading purposes. The details of these investments as of June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023 (Unaudited)	December 31,2022 (Audited)
Inside Jordan		
Listed stocks	**819,638**	823,098
Unlisted stocks	**602,500**	728,736
	1,422,138	1,551,834
Outside Jordan		
Listed stocks	**632,099**	665,790
Total	**2,054,237**	2,217,624

9- Financial Assets at Amortized Cost

This item represents the company's investment in bonds issued by Ithmaar Investment and Financial Consultations Company, with a nominal value of 5,000 dinars per bond, with a total number of 15 bonds, with a fixed interest rate of 8.25% annually, paid on the interest due date every six months on the interest due date, which falls on April 9 and 9. October of each year, from the date of issue on October 9, 2018 until the maturity date on October 9, 2023.

10- Investments in Associate

This item represents the value of the company's investment in Darkroom Investment Company, a public shareholding company with 25% of its capital amounting to 2,810,000 dinars as of June 30, 2023. The investment in the affiliate company is shown according to the equity method in the financial statements.

The details of the movement on the investment item in the affiliate company are as follows:

	30 June 2023 (Unaudited)				
	Balance at the beginning of the period	The company's share of the subsidiary business results	The company's share of other comprehensive income	Dividends	Balance at the end of year
Darkroom Investment Company	666,629	(96,562)	-	-	570,067

	Country	Ownership percentage		Investment amount	
		June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Darkroom Investment	Jordan	% 25	%25	570,067	666,629

11- Investment Properties

This item represents the company's investments in real estate, which includes the commercial complex building in the Shmeisani region, in addition to lands in the Shmeisani, Mafraq and Giza regions, in order to rent them and take advantage of the price changes in those real estates. The depreciation expense for real estate investments for the six months ending on June 30, 2023 was JD 5,609 (June 30, 2022: JD 5,609).

The fair value of real estate investments amounted to 3,720,382 dinars as of December 31, 2022. On that date, the company estimated the fair value of real estate investments by an independent valuer. In the opinion of the management, the fair value of the real estate investments as of June 30, 2023 exceeds the book value, and that the results of the evaluation carried out by the management on December 31, 2022 are still valid.

12 -Reinsurance Contract Assets

	June 30, 2023 (Unaudited)	December31,2022 (Audited)
Reinsurance Contract Assets- Local	**983,561**	962,940
Reinsurance Contract Assets- External	**2,375,684**	3,450,774
	3,359,245	4,413,714

13- Insurance Contract Liabilities

	Liabilities for Outstanding Contracts				Liabilities for Incurred Claims				Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Onerous Contracts	**Onerous Contracts**	**Not Onerous Contracts**	**Not Onerous Contracts**	**Present Value of Cash Flows**	**Present Value of Cash Flows**	**Non-Financial Risk**	**Non-Financial Risk**	**Total**	**Total**
Insurance Contract Liabilities- beginning of the period	-	-	-	-	12,191,974	9,597,975	470,539	569,253	12,662,514	10,167,228
Insurance Contract Assets- beginning of the period	946,943	888,542	3,365,969	4,949,417	-	-	-	-	4,312,912	5,837,960
Net Insurance Contract Liabilities (Assets) at the beginning of the period	**946,943**	**888,542**	**3,365,969**	**4,949,417**	**12,191,974**	**9,597,975**	**470,539**	**569,253**	**8,349,602**	**4,329,268**
Insurance Contract Revenues	4,193,327	2,497,530	12,668,608	12,103,810	-	-	-	-	16,861,935	14,601,340
Insurance Contract Expenses	-	-	-	-	-	-	-	-	-	-
Claims Incurred	-	-	-	-	15,989,085	13,116,135	74,898	(151,149)	16,063,983	12,964,985
Amortization of acquisition cost	264,967	264,967	988,080	931,071	-	-	-	-	1,253,047	1,196,038
Administrative Costs	-	-	-	-	980,423	1,083,643	-	-	980,423	1,083,643
Insurance Service Results	**3,928,360**	**2,232,563**	**11,680,528**	**11,172,738**	**16,969,508**	**14,199,778**	**74,898**	**(151,149)**	**32,653,294**	**27,453,930**
Finance Costs - from Insurance Contracts	-	-	-	-	509,149	252,492	21,892	14,187	531,041	266,680
Net Change - Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Cash Received from Subscribed Contracts	8,521,238	2,626,852	5,476,530	11,399,476	-	-	-	-	13,997,769	14,026,328
Cash Paid for Incurred Claims	-	-	-	-	16,999,704	15,070,241	-	-	16,999,704	15,070,241
Paid from Acquisition Costs	-	-	-	-	-	-	-	-	-	-
Transferred to Liabilities for Incurred Claims	-	-	-	-	(298,479)	485,335	-	-	(298,479)	485,335
Net Insurance Contract Liabilities (Assets) - End of Period	**3,645,935**	**(494,253)**	**(9,569,967)**	**(4,722,680)**	**12,372,449**	**9,465,339**	**567,329**	**432,291**	**7,015,746**	**4,680,697**

14- Income Tax

A- Provision for Income Tax

The movement on the income tax provision during the period/ year is as follows

	June 30, 2023 (Unaudited)	December31,2022 (Audited)
Balance at beginning of the period/ year	-	298,274
Income tax paid	(116,352)	(298,969)
Provided during the period/ year	116,352	695
Balance at the end of the period/ year	-	-

B- In terms of the income tax presented in the statement of profit or loss, it includes the following:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Income tax for the income of the period	89,508	249,946
National contribution tax	7,459	21,264
	96,967	271,210
Prior year tax expense	19,385	-
	116,352	271,210
Deferred tax assets amortization/ (recognition)	(172,560)	(201,860)
End of year balance	(56,208)	69,350

C- The summary of the reconciliation between the accounting profit and taxable profit is as follows:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Accounting (loss)/ profit	(4,854)	250,575
Non - taxable income	(4,163,278)	(2,400,550)
Non - deductible expenses	4,541,085	3,191,415
Taxable profit	372,953	1,041,440
Accrued income tax	96,967	271,210
Income tax from previous years	19,385	-
The effect of deferred tax assets	(172,560)	(201,860)
Legal tax rate (includes national contribution at 2%)	%26	%26

14-Income Tax (continued)

The provision for income tax for June30, 2023 and 2022 was calculated in accordance with the Income Tax Law No (34) Of 2014 and its amendments.

A final settlement was reached with the Income Tax Department until the year of 2020.

The Company has submitted its income tax return for the year 2022 and 2021 and it is still not reviewed by the Income Tax Department until the date of these financial statements, and in the opinion of the management and the tax consultant the provision is adequate.

D- Deferred tax assets – liabilities

	June 30, 2023 (Unaudited)					December 31,2022 (Audited)
	Balance at the beginning of the year	Released	Additions	Balance at the end of the period	Deferred tax	Deferred tax
A-Deferred Tax Assets						
Unreported claims	**2,905,000**	-	**540,000**	**3,445,000**	**895,700**	755,300
Impairment losses provisions	**3,350,000**	-	-	**3,350,000**	**871,000**	871,000
Unrealized losses from investments through profit or loss	**172,223**	-	**70,528**	**242,751**	**24,275**	17,222
Unrealized losses from investments through other comprehensive income	**137,701**	-	**181,055**	**318,757**	**65,213**	32,896
Unrealized losses from investment in associate	**301,044**	-	**96,562**	**397,606**	**103,378**	78,271
	6,865,968	-	**888,145**	**7,754,114**	**1,959,566**	1,754,689

	30 June, 2023 (Unaudited)					December 31,2022 (Audited)
B. Deferred Tax Labilities	Balance at the beginning of the year	Released	Additions	Balance at the end of the year	Deferred tax	Deferred tax
Unrealized gains on investments through other comprehensive income	346,032	(57,168)	58,542	347,404	37,525	46,535
	346,032	(57,168)	58,542	347,404	37,525	46,535

14-Income Tax (continued)

D- Deferred tax assets – liabilities (continued)

Movement on deferred tax assets and liabilities is as follows:

	Liabilities		Assets	
	June 30, 2023 (Unaudited)	**December 31, 2022 (Audited)**	**June 30, 2023 (Unaudited)**	**December 31,2022 (Audited)**
Balance at the beginning of the period/ year	**46,535**	40,074	**1,754,689**	1,576,790
Additions	**5,854**	8,732	**204,877**	221,552
Released	**(14,864)**	(2,271)	**-**	(43,653)
Balance at the end of the period/ year	**37,525**	46,535	**1,959,566**	1,754,689

The tax rate on which the calculation of deferred tax liabilities and assets is based is 26% (24% corporate tax rate and 2% national contribution), and there is a rate of 10% on foreign investments.

15- Accounts payable

	June 30, 2023 (Unaudited)	**December 31, 2022 (Audited)**
Postdated checks	**3,140,237**	3,269,203
Policyholders' payables	**589,193**	562,218
Agents' payables	**53,197**	29,928
Employees' and management payables	**53,744**	34,835
Brokers' payable	**60,568**	14,874
Accounts payable to garages and spare parts stores	**233,498**	216,931
Other payables	**23,758**	4,314
	4,154,195	4,132,303

16- Authorized and Paid Capital

The authorized and paid-up capital as of June 30, 2023, and December 31, 2022, amounted to 9,100,000 dinars divided into 9,100,000 shares, with a nominal value of one dinar per share.

17- Statutory Reserve

The company has not deducted legal reserves as per the provisions of the Companies Law, as these financial statements are interim statements.

18- Lawsuits Raised by and Against the Company

The company appears as a defendant in several cases amounted to 3,075,869 JD as of June 30, 2023 (December 31, 2022: 3,236,785 JD). The company has established sufficient provisions to address the obligations arising from these claims, and in the opinion of the company and its legal advisor, the provisions made are sufficient to cover the liabilities related to these claims.

The value of cases brought by the company against others amounted to 2,821,576 JD as of June 30, 2023 (December 31, 2022: 3,471,479 JD). These are represented by outstanding dues owed to the company and returned checks resulting from the company's normal business activities.

19- Contingent Liabilities

As of the date of the interim condensed financial statements, the company has contingent liabilities in the form of bank guarantees amounting to 3,945,533 JD, again to 3,364,173 JD as of June 30, 2023, and December 31, 2022, respectively.

20- Fair Value Reserve

	June 30, 2023 (Unaudited)	December 31,2022 (Audited)
Beginning balance of the period/ year	**194,691**	(13,182)
Changes during the period/ year	**(110,668)**	194,234
Deferred tax liability	**37,525**	46,535
Deferred tax assets	**(65,213)**	(32,896)
Ending balance for the period/ year	**56,335**	194,691

Jordan French Insurance Company
(Public Limited Shareholding Company)
Notes to the Interim Condensed Financial Statements (Unaudited)
For the six months period ended June 30, 2023
(Jordanian Dinars)

21-Insurance contract revenue

30 June, 2023	**Motor-Comprehensive**	**Motor-Compulsive**	**Bus Complex**	**Borders Complex**	**Marine**	**Aviation**	**Fire**	**Civil Liability**	**Credibility and Warranty**	**Medical**	**Other**	**Life**	**Total**
Change in Insurance Contract Liabilities for Remaining Coverage	2,520,027	4,150,322	279,963	183,869	243,175	205,773	634,022	94,573	74,938	8,388,950	(11,404)	97,727	16,861,935
Issuance fees	1,083,675	157,463	-	-	203,914	61,041	135,563	867	16,453	1,288,988	-	75,649	3,023,613
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Insurance Contracts revenue	**3,603,702**	**4,307,785**	**279,963**	**183,869**	**447,089**	**266,814**	**769,585**	**95,440**	**91,391**	**9,677,938**	**(11,404)**	**173,376**	**19,885,548**

30 June, 2022	**Motor-Comprehensive**	**Motor-Compulsive**	**Bus Complex**	**Borders Complex**	**Marine**	**Aviation**	**Fire**	**Civil Liability**	**Credibility and Warranty**	**Medical**	**Other**	**Life**	**Total**
Change in Insurance Contract Liabilities for Remaining Coverage	2,622,569	2,499,702	241,187	378,647	497,445	51,831	976,471	102,924	91,226	7,036,169	3,448	99,721	14,601,340
Issuance fees	934,065	135,724	-	-	76,041	10,346	223,570	11,248	11,174	461,754	-	57,029	1,920,951
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Insurance Contracts revenue	**3,556,634**	**2,635,426**	**241,187**	**378,647**	**573,486**	**62,177**	**1,200,041**	**114,172**	**102,400**	**7,497,923**	**3,448**	**156,750**	**16,522,291**

22-Insurance contract expenses

30 June, 2023	Motor-Comprehensive	Motor-Compulsive	Bus Complex	Borders Complex	Marine	Aviation	Fire	Civil Liability	Credibility and Warranty	Medical	Other	Life	Total
Incurred Insurance Claims	(1,185,507)	(5,828,907)	(48,979)	(21,562)	77,661	5,986	(249,158)	(2,713)	60,100	(8,543,859)	2,246	(254,393)	(15,989,085)
Extinguishment of Acquisition Costs	(252,787)	(417,142)	(14,466)	(27,655)	(44,612)	(6,857)	(95,177)	(13,179)	(21,929)	(344,315)	-	(14,928)	(1,253,047)
Administrative	(148,128)	(244,893)	(8,997)	(16,261)	(20,390)	(1,852)	(43,275)	(7,017)	(10,521)	(440,059)	-	(39,029)	(980,423)
Recovered from Burdened Contract	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Financial Risk	(28,628)	(92,457)	(9)	7	-	-	(22,983)	-	-	(165,297)	-	(49,722)	(359,089)
Additional Non-Financial Risk Adjustments	54,542	83,521	1,176	525	3,575	-	(12,043)	-	-	149,026	-	3,869	284,191
Total Expenses of Insurance Contracts	**(1,560,508)**	**(6,499,878)**	**(71,275)**	**(64,946)**	**16,234**	**(2,723)**	**(422,636)**	**(22,909)**	**27,650**	**(9,344,504)**	**2,246**	**(354,204)**	**(18,297,453)**

30 June, 2022	Motor-Comprehensive	Motor-Compulsive	Bus Complex	Borders Complex	Marine	Aviation	Fire	Civil Liability	Credibility and Warranty	Medical	Other	Life	Total
Incurred Insurance	(1,415,850)	(4,213,270)	(93,737)	42,818	280,560	2,347	(856,677)	11,872	65,202	(6,874,186)	80	(65,293)	(13,116,134)
Extinguishment of Acquisition Costs	(242,993)	(264,967)	(25,568)	(39,251)	(48,949)	(7,535)	(123,478)	(11,279)	(24,099)	(387,432)	(3,204)	(17,283)	(1,196,038)
Administrative	(193,635)	(234,105)	(20,621)	(31,720)	(15,049)	(2,036)	(44,743)	(3,293)	(11,562)	(483,596)	(393)	(42,890)	(1,083,643)
Recovered from Burdened Contract	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Financial Risk Adjustments	(23,672)	(42,060)	203	(1,577)	(2,560)	-	(64,150)	-	-	(121,052)	-	(96,559)	(351,427)
Additional Non-Financial Risk	26,955	43,885	341	4,358	14,574	-	76,447	-	-	128,893	-	207,123	502,576
Total Expenses of Insurance Contracts	**(1,849,195)**	**(4,710,517)**	**(139,381)**	**(25,372)**	**228,576**	**(7,224)**	**(1,012,601)**	**(2,700)**	**29,541**	**(7,737,373)**	**(3,517)**	**(14,902)**	**(15,244,666)**

23- Financing Expenses/ Income – Insurance Contracts

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Finance Expenses / Revenues	**(531,041)**	(266,680)

The company has utilized discount rates ranging from 11.7% to 13.8% as of June 30, 2023 (June 30, 2022: 8.48% and 15%).

24-Financing Expenses/ Income –Reinsurance Contracts

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Finance Expenses / Revenues	**70,795**	81,856

The company has utilized discount rates ranging from 11.7% to 13.8% as of June 30, 2023 (June 30, 2022: 8.48% and 15%).

25-Net Income from Financial Assets and Investments

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Rental revenues	**21,320**	21,688
Dividend income from financial assets at fair value through other comprehensive income	**50,138**	39,201
Unrealized losses (gains) on financial assets at fair value through the income statement	**(70,528)**	18,264
Income from financial asset at amortized cost	**3,085**	3,085
	4,015	82,238

26-Earnings per Share

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Profit of the Period/ JD	**51,354**	368,980
Weighted Average Number of Shares /per share	**9,100,000**	9,100,000
	(Fils/ JD)	(Fils/ JD)
Basic earnings per share (Fils/ JD)	**0.0056**	0.0405

27-Cash and Cash Equivalent

The cash and its equivalents shown in the interim condensed cash flow statement are composed of the amounts indicated in the interim condensed statement of financial position, as follows:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Cash on hands and at banks	**610,232**	1,035,048
Add: Deposits at banks maturing within three months	**819,746**	1,594,538
Less: Bank overdrafts	**(104,305)**	(1,417,925)
	1,325,673	1,211,661

*This item represents the amount utilized from the bank facilities granted to the company by Jordan Kuwait Bank with a limit of 2,250,000 JD. The interest rate on these bank facilities was 5.95% during the period ended June 30, 2023, and these facilities are unsecured. Additionally, during the year 2021, the company obtained facilities from Housing Bank for Trade and Finance with a limit of 800,000 JD. The remaining amount of these facilities as of June 30, 2023, was 104,305 JD. The interest rate on these bank facilities was 6% during the period ended June 30, 2023, and these facilities are secured against bank deposits (Disclosure 3).

28- Transactions with Related Parties

The company has engaged in transactions with members of the Board of Directors and senior management as part of its normal business activities. All outstanding balances with related parties are considered current and no provisions have been made for them.

The pricing and terms policy related to these transactions is approved by the company's management.

The following is a summary of transactions with related parties during the period:

	2023			2022
	Major Shareholders	Board Members	Total	Total
Items of the Statement of Financial Position				
Insurance contact assets	-	**4,066,705**	**4,066,705**	2,649,825
Insurance contract liabilities	-	**-**		
Items of the Income Statement				
Insurance revenue	-	**2,470,000**	**2,470,000**	2,332,347

Summary of benefits of (salaries, bonuses, and other benefits) for the senior executive management of the company is as follows:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Salaries and bonuses	**323,513**	207,180
Travel expenses	**46,242**	23,100
	369,755	230,280