Jerusalem Insurance Company

Public Shareholding Company

Condensed Interim Financial Statements (Unaudited)

30 June 2023

Jerusalem Insurance Company
Public Shareholding Company

Arab Professionals
The Home of Excellence

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Report on Review of the Condensed Interim Financial Statements

To The Board of Directors
Jerusalem Insurance Company
Public Shareholding Company
Amman - Jordan

Introduction
We have reviewed the accompanying condensed interim financial statements of **Jerusalem Insurance Company PLC**, comprising the condensed interim statement of financial position as at 30 June 2023 and the related interim statement of profit or loss, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard number (34) Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of Review
We conducted our review in accordance with the International Standard on Review Engagements number (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed 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 condensed interim financial statements as at 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard number (34) Interim Financial Reporting.

Other Matter
During the second quarter of the year 2023, the Company applied the International Financial Reporting Standard No. (17) Retrospectively and reverse the effect in the financial statement and in the statement of change in equity.

31 August 2023
Amman – Jordan

Arab Professionals
Public Accountants

Arab Professionals
Ibrahim Hammoudeh
License No. (606)

Jerusalem Insurance Company
Public Shareholding Company
Interim statement of financial position as at 30 June 2023

(In Jordanian Dinar)

	Note	30 June 2023 (Unaudited)	(Restated) 31 December 2022 (Audited)	(Restated) 1 January 2022 (Audited)
Assets				
Bank deposits	3	16,655,397	17,158,239	14,423,607
Financial assets measured at fair value through profit or loss	4	1,446,399	1,806,613	1,965,215
Financial assets measured at fair value through other comprehensive income	5	795,112	856,958	1,333,526
Financial assets measured at amortized cost	6	4,808,662	4,807,704	4,924,627
Investment properties		951,102	951,368	951,899
Loans for life insurance policies holders and others		-	-	6,246
Total Investments		**24,656,672**	**25,580,882**	**23,605,120**
Cash on hand and at banks		1,052,425	1,108,561	603,659
Accounts receivables - net	(7/C)	598,605	490,277	621,273
Insurance contracts assets - net	9,(7/A)	27,799	11,902	9,531
Reinsurance contracts assets - net	(8/A)	2,064,110	1,907,133	3,778,607
Deferred tax assets	10	1,192,605	1,196,538	1,104,898
Property and equipment - net		743,840	727,367	747,781
Intangible assets - net		143,843	147,710	133,685
Other assets		5,027,168	4,383,444	3,570,991
Total Assets		**35,507,067**	**35,553,814**	**34,175,545**
Liabilities and Equity				
Liabilities				
Insurance contracts liabilities	9	5,658,636	6,691,747	5,796,484
Liabilities against incurred claims	9	11,525,709	10,885,208	12,491,994
Total Technical Reserves		**17,184,345**	**17,576,955**	**18,288,478**
Accounts payables	11	993,476	805,027	724,225
Accrued expenses		73,845	60,025	72,354
Reinsurance contracts liabilities	(12/A)	1,764,016	929,480	80,107
Income tax provision	10	310,022	423,126	210,570
Other provisions		294,306	331,064	99,978
Other liabilities		872,611	964,738	906,965
Total Liabilities		**21,492,621**	**21,090,415**	**20,382,677**
Equity				
Paid – in capital		8,000,000	8,000,000	8,000,000
Statutory reserve		2,089,651	2,089,651	2,089,651
Voluntary reserve		1,668,538	1,668,538	1,668,538
Cumulative change in fair value	13	(620,853)	(559,006)	(82,438)
Retained earnings		2,877,110	3,264,216	2,117,117
Total Equity		**14,014,446**	**14,463,399**	**13,792,868**
Total Liabilities and Equity		**35,507,067**	**35,553,814**	**34,175,545**

"The accompanying notes from (1) to (29) are an integral part of these condensed interim financial statements and read with review report"

Jerusalem Insurance Company
Public Shareholding Company
Interim statement of profit or loss for the six months ended at 30 June 2023 (Unaudited)

(In Jordanian Dinar)

	Note	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Revenues			
Insurance contracts revenues	14	17,110,830	15,243,913
Insurance contracts expenses	15	13,752,461	11,091,991
Insurance contracts service results		**3,358,369**	**4,151,922**
Reinsurance contracts results		5,532,298	4,948,781
Reinsurance contracts recoveries		2,979,518	1,815,233
Reinsurance contracts service results		**2,552,780**	**3,133,548**
Net insurance service results		**805,589**	**1,018,374**
Finance income (expenses) - insurance contracts	16	(269,647)	256,973
Finance income (expenses) - reinsurance contracts	17	41,659	(27,930)
Net insurance business financing results		**(227,988)**	**229,043**
Interest income		607,603	433,031
Net gains from financing assets and investments	18	45,649	352,129
Other revenues		5,405	4,452
Total Revenues		**658,657**	**789,612**
Unallocated salaries and employees benefits		140,779	136,767
Unallocated general and administrative expenses		101,780	90,590
Depreciation and amortization		65,467	61,275
Provision for expected credit losses – account receivables	(7/C)	13,006	(6,557)
Provision for expected credit losses – bank deposit	3	(4,097)	(7,527)
Provision for expected credit losses – financial assets through other comprehensive income	5	(1)	(2)
Provision for expected credit losses – financial assets measured at amortized cost	6	34	1,541
Provision for expected credit losses – loans for life insurance policies holders and others		-	(16)
Total expenses		**316,968**	**276,071**
Profit for the period before tax		**919,290**	**1,760,958**
Income tax for the period	10	(346,396)	(442,231)
Profit for the period after tax		**572,894**	**1,318,727**
Attributable to shareholders of the Company			
Basic and diluted earnings per share for the period	19	**0.072**	**0.165**

"The accompanying notes from (1) to (29) are an integral part of these condensed interim financial statements and read with review report"

Jerusalem Insurance Company
Public Shareholding Company
Interim statement of comprehensive income for the six months ended at 30 June 2023 (Unaudited)

(In Jordanian Dinar)

	Note	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Profit for the period		572,894	1,318,727
Other comprehensive income:			
Changes in fair value reserve	13	(61,847)	(398,558)
Total comprehensive income for the period		**511,047**	**920,169**

"The accompanying notes from (1) to (29) are an integral part of these condensed interim financial statements and read with review report"

Jerusalem Insurance Company
Public Shareholding Company
Interim statement of changes in equity for the six months ended at 30 June 2023 (Unaudited)

(In Jordanian Dinar)

	Paid - In Capital	Reserves		Cumulative Change in Fair Value	Retained Earnings*	Total Equity
		Statutory	Voluntary			
Balance at 1 January 2023	**8,000,000**	**2,089,651**	**1,668,538**	**(559,006)**	**3,264,216**	**14,463,399**
Paid dividends	-	-	-	-	(960,000)	**(960,000)**
Comprehensive income for the period	-	-	-	-	572,894	**572,894**
Changes in fair value of financial assets in fair value through other comprehensive income	-	-	-	(61,847)	-	**(61,847)**
Balance at 30 June 2023	**8,000,000**	**2,089,651**	**1,668,538**	**(620,853)**	**2,877,110**	**14,014,446**
Balance at 1 January 2022	**8,000,000**	**2,089,651**	**1,668,538**	**(82,438)**	**2,920,019**	**14,595,770**
The impact of IFRS 17 adjustments as at 1/1/2022	-	-	-	-	(802,902)	**(802,902)**
Restated balance at 1 January 2022	**8,000,000**	**2,089,651**	**1,668,538**	**(82,438)**	**2,117,117**	**13,792,868**
Paid dividends	-	-	-	-	(880,000)	**(880,000)**
Comprehensive income for the period (Restated)	-	-	-	-	1,318,727	**1,318,727**
Changes in fair value of financial assets in fair value through other comprehensive income	-	-	-	(398,558)	-	**(398,558)**
Balance at 30 June 2022	**8,000,000**	**2,089,651**	**1,668,538**	**(480,996)**	**2,555,844**	**13,833,037**

* The retained earnings at the end of the period include an amount of JOD (355,533) that represents losses from revaluation of financial assets measured at fair value through profit or loss.

* The retained earnings at the end of the period include an amount of JOD (1,192,605) restricted against deferred tax assets.

* According to Jordan Securities Commission, it's forbidden to use an amount of JOD (620,853) as at 30 June 2023 that presents the negative investment revaluation reserve balance.

"The accompanying notes from (1) to (29) are an integral part of these condensed interim financial statements and read with review report"

Jerusalem Insurance Company
Public Shareholding Company
Interim statement of cash flows for the six months ended at 30 June 2023 (Unaudited)
(In Jordanian Dinar)

	Note	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Cash flows (used in) from operating activities			
Profit before income tax		919,290	1,760,958
Adjustments:			
Depreciation and amortization		65,733	61,541
Change in fair value of financial assets through profit or loss		126,793	34,599
Provision for expected credit losses – accounts receivables		13,006	(6,557)
Provision for expected credit losses - bank deposits		(4,097)	(7,527)
Provision for expected credit losses - financial assets through other comprehensive income		(1)	(2)
Provision for expected credit losses - financial assets measured at amortized cost		34	1,541
Provision for expected credit losses - loans for life insurance policies holders and others		-	(16)
Gain from sale of financial assets measured at fair value through profit or loss		(27,048)	(211,787)
Gain from sale of property and equipment		(3,599)	(4,000)
Provision for end of service indemnity and vacations		16,922	5,837
Provision of earnings share - life		74,221	-
Cash flows from operating activities before changes in working capital items		**1,181,254**	**1,634,587**
Other receivables – net		(121,334)	192,448
Insurance contracts assets		(15,897)	(10,508)
Reinsurance contracts assets		(156,977)	2,427,337
Other assets		(643,724)	(484,318)
Insurance contracts liabilities		(392,610)	(3,105,370)
Reinsurance contracts liabilities		834,536	4,308
Other liabilities		(92,127)	(108,285)
Accounts payable		188,449	218,004
Accrued expenses		13,820	(18,932)
Paid other provision		(127,901)	(3,207)
Net cash flows from operating activities before paid income tax		**667,489**	**746,064**
Income tax paid	10	(455,567)	(227,308)
Net cash flows from operating activities		**211,922**	**518,756**
Cash flows from investing activities			
Bank deposits		2,328,662	5,145,265
Purchase of financial assets measured at fair value through profit or loss		-	(670,515)
Sale of financial assets measured at fair value through profit or loss		260,469	780,303
Maturity of financial assets measured at amortized cost		-	142,000
Purchase of financial assets measured at amortized cost		(992)	(923,932)
Loans for life insurance policies holders and others		-	3,185
Purchase of property and equipment and intangible assets		(78,073)	(53,235)
Proceeds from sale of property and equipment		3,600	4,000
Net cash flows from investing activities		**2,513,666**	**4,427,071**
Cash flows from financing activities			
Paid dividends		(960,000)	(880,000)
Net cash flows from financing activities		**(960,000)**	**(880,000)**
Net increase in cash and cash equivalents		**1,765,588**	**4,065,827**
Cash and cash equivalents, beginning of year		**4,168,561**	**1,534,039**
Cash and cash equivalents, end of period	20	**5,934,149**	**5,599,866**

"The accompanying notes from (1) to (29) are an integral part of these condensed interim financial statements and read with review report"

1 . General

Jerusalem Insurance Company was established during 1975 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (93). The Company head office is in the Hashemite Kingdom of Jordan. The Company is engaged in insurance activity including accidents, fire, marine, transportation, motors, public liability and medical insurance.

The condensed interim financial statements have been approved for issue by the Company's Board of Directors on it's meeting number (4) held at 30 August 2023.

2 . Summary of Significant Accounting Policies

2 /1 Basis of Preparation of Condensed Interim Financial Statements

The financial statements were prepared in accordance with the International Financial Reporting Standards and According to the templates set by the Central Bank of Jordan.

The condensed interim financial statements have been prepared on a historical cost basis except for the financial assets throw income statements and other comprehensive income , which have been measured at fair value.

The condensed interim financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the period.

The preparation of the financial statements in accordance with International Financial Reporting Standards requires the use of significant and specific accounting estimates, and also requires management to use its own estimates in the process of applying the Company's accounting policies. Items for which significant estimates were used are disclosed.

2/2 Applying the New and Amended International Financial Reporting Standards

The International Accounting Standards Board issued the International Financial Reporting Standard No. (17) "Insurance Contracts" in 2017 as an alternative to International Financial Reporting Standard No. (4) which carries the same name. This standard was applied retrospectively for financial periods beginning on or after January 1 2023, with an early application permitted, provided that the facility has applied IFRS No. (9) and IFRS No. (15) before or with IFRS No (17).

The objective of the standard is to ensure that the entity provides appropriate information about these contracts, and this information provides users of the financial statements with the necessary basis for evaluating the impact of insurance contracts on the Company's financial position and cash flows.

2/3 Changes in Accounting Policies

2/3/1 New standards, Interpretations and Amendments Effective from January 1, 2023

The Company had applied the International Financial Reporting Standard No. 17 "Insurance Contracts", as it assessed 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 needed database for applying actuarial models and preparing systems for estimating future cash flows for contracts, and determining the current value of money, in addition the Company had updated the accounting policies and procedures and updated the other operational policies and procedures, which had an impact on the financial statements. The Company also re-evaluated the templates used in recognizing insurance contract revenues according to the requirements of the standard as it appears in the applied policies.

The special transitional rules for applying the standard require a retrospective application by using one of the following models (full retrospective / modified retrospective / fair value).The Company had applied the full retrospective model, with recognizing the cumulative effect of applying the standard as an adjustment to the opening balance of the retained earnings or any other component of equity, when needed at the beginning of the year.

The Company had applied the Financial Reporting Standard No. (17) and reflected the impact of the application in the financial statements and in the statement of changes equity, where the effect of the application was as follows:

	The Impact on Retained Earnings as at 1 January 2022
Risk adjustments - non-financial	(638,028)
Loss Component	(675,635)
Deferred commission revenues	(291,456)
Deferred policies issuance revenues	(365,918)
Provision for claims settlement expenses	(339,281)
Change in provision estimates – Auctorial reserve	224,761
Change in provision estimates – IBNR	563,308
Discounting impact	313,848
Deferred acquisition cost	405,499
Total	**(802,902)**

With regard to the impact on the presentation of the statement of financial position items as at 1 January 2022, the impact was as follows:

	IFRS (4)	**The impact of initial application of IFRS 17**		**IFRS (17)**
	Debit / (Credit)	**Debit**	**Credit**	**Debit / (Credit)**
	(In Jordanian Dinar)	**(In Jordanian Dinar)**	**(In Jordanian Dinar)**	**(In Jordanian Dinar)**
Checks under collection	809,121	-	809,121	-
Accounts receivables - net	5,130,834	-	4,509,561	621,273
Reinsurers receivables - net	937,548	-	937,548	-
Insurance contract assets - net	-	9.531	-	9,531
Reinsurance contract assets - net	-	3,778,607	-	3,778,607
Unearned premium reserve - net	(7,995,745)	7,995,745	-	-
Outstanding claims reserve - net	(9,241,573)	9,241,573	-	-
Actuarial reserve - net	(350,000)	350,000	-	-
Insurance contract liabilities	-	-	5,796,484	(5,796,484)
Liabilities against incurred claims	-	-	12,491,994	(12,491,994)
Accounts payables	(1,992,941)	1,268,716	-	(724,225)
Reinsurers payables	(1,716,673)	1,716,673	-	-
Reinsurance contract liabilities	-	-	80,107	(80,107)
Other liabilities	(368,033)	-	538,932	(906,965)
Retained earnings	(2,920,019)	802,902	-	(2,117,117)
Total	**(17,707,481)**	**25,163,747**	**25,163,747**	**(17,707,481)**

The Company disclosed the accounting policies in accordance 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.

2/3/2 New Standards, Interpretations and Amendments Not Yet Effective

The following new and revised standards and interpretations are not yet effective	**Effective for annual period start from or after**
Classification of liabilities as current or non-current (amendment to IAS 1)	1 January 2023
Definition of accounting estimates (Amendment to IAS 8)	1 January 2023
Disclosure of accounting policies (Narrow scope amendments to IAS 1 and IFRS practice statement 2 related to international financial reporting standards)	1 January 2023
Deferred tax related to assets and liabilities arising from single transaction (Amendment to IAS 12)	1 January 2023

Management believes that these new standards, interpretations and amendments will be applied in the Company's financial statements when applicable, and these new standards, interpretations and amendments may not have any material impact on the Company's financial statements in the period of initial application.

2/3/3 Use of Estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses, the resultant provisions and the changes in fair value that are presented in equity and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. 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.

Management believes that the estimates are reasonable and are as follows:

Expected credit losses

The Company applies the simplified approach as required by International Financial Reporting Standard (9) for calculating the expected credit loss allowance. This method obliges recognition of an impairment loss allowance for expected credit losses over the lifetime of the receivables and contractual assets. This is in consideration of credit risks and business condition

The expected credit loss rates are based on historical credit losses the Company has experienced over the preceding three years until the end of the current period. These historical loss rates are then adjusted for current and future information regarding macroeconomic factors affecting the Company's customers.

The insurance Company is required to establish a provision for amounts owed between it and local insurance companies and external reinsurance companies that remain unsettled and have a maturity exceeding one year.

Impairment in the value of financial assets

The management periodically reviews whether a financial asset or group of financial assets is impaired, if so this impairment is taken to the statement of profit or loss.

Income tax

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

1 . Accrued income tax

Tax expenses are calculated based on taxable profits, which differ from reported profits in the income statement because reported profits include non-taxable revenues or non-deductible expenses for tax purposes, either in the current financial year or subsequent years, accepted accumulated tax losses, or items that are not subject to taxation.

Taxes are calculated based on the tax rates prescribed by the laws, regulations, and instructions in the Hashemite Kingdom of Jordan.

The Income and National Contribution tax provision for six months period ended at 30 June 2023 was calculated in accordance with the Income Tax Law by using the business results according to IFRS 4, and until the issuance of modified instructions from the Income and Sales Tax Department that treats with the impact of applying IFRS 17 on the business results.

Deferred taxes

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the financial statements and the value that is calculated on the basis of taxable profit.
Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced in the event that it will not be possible to benefit from those deferred tax assets partially or in whole, or to pay the tax liability.

Property & equipment & intangible assets
Management reviews periodically the tangible and intangible assets in order to assess the depreciation and the amortization for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of profit or loss.

The present value of future cash 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 the 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.

The Company calculates the 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-down 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+) issued 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

Liquidity 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.

The cost rate is set at 6% per annum which is the return required to reimburse the exposure to non-financial risks. Capital is set at a confidence rate of 75% and is expected to be in accordance with the business. A diversification feature is included to reflect the diversification of contracts sold across geographic regions as this reflects the compensation required by the entity. The adjustments for non-financial risks shall be re-evaluated annually by the actuary.

Non insurance components
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.

All contracts issued by the Company meet the definition of an insurance contract. Below is an illustration of the insurance contracts issued by the Company that meet the definition:

Primary insurance type	Sub- insurance type	
Engineering	- Boilers Insurance - Contractors Plant and Machinery - Electronic Equipment - Machinery Breakdown	- Contractor's All Risk - Deterioration Of Stock - Erection All Risk - Loss of Profit /Machinery Breakdown
General Accident & Liability	- Cash (In safe &Transit) - Burglary - Workmen's Compensation - Public Liability	- Fidelity Guarantee - Personal Accident - Plate Glass - Personal Guard
Motor	- Borders - Comprehensive - T.P - Comprehensive Buses	- Orange Card - Comprehensive /Complementary - Buses Complex - New Special
Life	- Credit Life - Individual - Regular Premium101% (Individual)	- Group - Regular Premium*5 (Individual)
Fire	- Darna - Fire &Allied Perlis	- House Holder - Property All Risk
Marine	- Marine Open Cover - Yacht	- Marine Cargo
Medical	- Individual	- Group
Travel	- Travel	

Definition of insurance risk

It is represented in the possibility of the occurrence of the insured event (risk) and the uncertainty of the amount of the claim related to that event, due to the nature of the insurance contract, as the risks are volatile and unpredictable. For insurance contracts related to an insurance category, where probability theory can be applied in pricing and reserve, the main risk facing the Company is that the claims incurred and payments related to it may exceed the book value of the insurance liabilities. This may occur if the possibility and seriousness of the claims is greater than expected, because the insurance events are not fixed and vary from period to period, the estimates may differ from the related statistics. Studies have shown that the more similar the insurance contracts are, the closer the expectations are to the actual loss rate. The existence of a diversification in the insurance risks that are covered leads to a decrease in the probability of the total loss of the insurance.

Separation of non-insurance components:

1- Investment component
The Company is required to separate the investment component distinct from the primary insurance contract when the investment component is distinct and only if the following two conditions are met:

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

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

- The entity 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 element 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 products that contain an investment component (single installment *5 and single installment 101%).

2- Goods and services components
The Company shall separate any commitments 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:

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

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

1. The cash outflows that relate directly to each component are attributable to that component; and

2. 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:

- 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

- The entity provides an important service in linking the good or service with the components of the insurance.

Materiality:
The materially in the Company is 2% of the total written premiums.

The premium allocation approach for the savings life insurance portfolio was applied in the semi-annual financial statements, because its impact on business results did not exceed the materiality levels.

Lawsuits against the Company
A provision is recoded for lawsuits filed against the Company based on a legal study prepared by the Company's lawyer, according to which potential future risks are identified, and those studies are reviewed periodically.

Fair value levels

The level of the fair value hierarchy that categorizes the fair value measures is fully disclosed, and the fair value measurements are separated according to the levels specified in the International Financial Reporting Standards. The difference between Level 2 and Level 3 of fair value measurements represents the assessment of whether the information or inputs are observable and the significance of the unobservable information, which requires judgment and careful analysis of the inputs used to measure fair value, including taking into account all factors relating to the asset or liability.

2 /4 The most important accounting policies used

A- Business sector

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns different from those related to other sectors, which are measured according to the reports used by the CEO and the main decision-maker of the Company.

The geographical sector is related to providing products or services in a specific economic environment subject to risks and returns that differ from those related to sectors operating in other economic environments.

B- Definition of an insurance contract

A contract which the insurance Company accepts substantial insurance risks from the insured, by agreeing to compensate the contract holder in the event of the occurrence of a specific and uncertain future event (the insured event) that adversely affects the contract holder, and 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 the group becoming an expected loss group, with respect to any of the groups of contracts that are expected to be lost.

As for the insurance contracts that contain the direct participation feature and that have economic characteristics similar to the insurance contract (the coverage period is long, the premiums are recurring and the amount or timing of the return is at the discretion of the issuer) and are linked to the same assets or participation in the performance of the insurance contracts, and these contracts that contain this feature at the beginning of the contract include the following:

- 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 to be paid to a contract holder will vary with the change in the fair value of the pool of insurance contracts.

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

- Investment contracts that have the legal form of an insurance contract, but do not transfer significant 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 voluntary participation, which are investment contracts that have a legal form of 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).
- Self-insurance (i.e. keeping the risks that could have been covered by the insurance contract within the Company, i.e. there is no other party to the contract), for example, the Company issuing an insurance contract in the name of the Company or a subsidiary or associate Company, which is classified according to the International Financial Reporting Standard No. (15).

C- Reinsurance contracts held

It is an insurance contract issued by the reinsurer to compensate the insurance Company for claims arising from the insurance contracts issued by it.

Reinsurance contracts held are recognized:

- In the event that the held 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 of the group of held reinsurance contracts.

D - Initial recognition of insurance contracts / general approach / variable cost

At initial recognition, the Company measures the group of insurance contracts according to the following:

1. Cash flows to fulfill contracts, which include:
- Estimates of future cash flows
- Adjustments for the time value of money and the financial risks associated with future cash flows by not including these financial risks in the estimates of future cash flows.
- Adjustments for non-financial risks

2. Contractual service margin

E- Subsequent measurement of insurance contracts / general approach / variable cost

The Company records the book value of any group of insurance contracts at the end of each period, which is the sum of the following:

- The liability for the remaining coverage, which includes the net value of cash inflows and outflows (after applying the discount rate) in addition to adjustments for non-financial risks and the contractual service margin.

- The liability for incurred claims, which is calculated according to the best estimate of future cash flows to settle claims plus adjustments for non-financial risks, taking into account the application of the discount rate to claims expected to be settled after more than one year.

F- Initial recognition of insurance contracts / premium allocation approach

On initial recognition, the Company records the book value of the liability, which includes the following:

- Insurance premiums received upon initial recognition.
- Deducting any costs paid to acquire the insurance contracts on that date
- Added or deducted from it any amount arising from the cash flows of the costs of acquiring insurance contracts

G- Subsequent measurement / premium allocation approach

At the end of each subsequent period, the Company records the book amount of the obligation, taking into account the following adjustments to the balance of the obligation:

- Add insurance premiums received for the period.
- Deduct 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.
- Adding any emergency modification to the financing component.
- Deduct the amount recognized as insurance income for the coverage provided in that period.
- Deduct any paid or transferred investment component of the liability relating to claims incurred.

A test was applied to the applicability of the premium allocation approach to travel and declining life insurance, since the coverage period for these contracts is more than a year, and since the premiums of these products combined are less than (100,000) dinars and is not of relative importance, the premium allocation approach was applied.

The method of allocating premiums for the savings life insurance portfolio was applied in the semi-annual financial statements, given that its impact on the business results did not exceed the relative importance.

H- Modification of insurance contracts
The Company modify insurance contracts by addressing changes that have occurred in future cash flows due to the modification, treating them as changes in estimates of cash flows for fulfilling the contracts, unless the criteria for derecognizing insurance contracts are met.

I- Derecognition of insurance contracts

- The Company derecognizes insurance contracts in the following cases:

- The contract extinguished (obligation specified in the insurance contract expires or is discharged or cancelled).
- If a modification to an insurance contract does not meet the criteria for modification as per the standard's requirements, the Company derecognizes the contract and recognizes a new contract.

J-Onerous Insurance contracts
The Company recognizes insurance contracts as onerous contracts if, at the initial recognition date, the contract is expected to incur a loss. The loss component is measured if the expected cash flows to fulfill the contract's obligations or the group of contracts exceed the expected cash inflows from that contract or group of contracts. The Company is required to disclose the loss component unless the contractual service margin is zero.

K-Liability for the remaining coverage
The liability that the Company must recognize upon initial recognition of insurance contracts, which pertains to subsequent financial periods as a result of existing insurance contracts.

L-Liability for incurred claims
It is the total expected costs incurred by the Company due to events covered by the insurance contract that occurred before the end of the financial period. This includes reported and unreported claims, as well as related expenses.

M - Contractual service margin
It is the unearned profit from in-force contracts that are expected to be profitable, and it is recognized simultaneously with providing services under insurance contracts.

N- Summary of measurement approaches

1) The Company classify insurance contracts according to the following:

The Portfolio (Level 1)	Contract Classification	Measurement Approach
Motor - Comprehensive	Insurance contracts	Premium Allocation Approach
Motor - Compulsory	Insurance contracts	Premium Allocation Approach
Motor – Buses Complex	Insurance contracts	Premium Allocation Approach
Marine Insurance	Insurance contracts	Premium Allocation Approach
Aviation Insurance	Insurance contracts	Premium Allocation Approach
Fire and Property Insurance	Insurance contracts	Premium Allocation Approach
Engineering Insurance	Insurance contracts	Premium Allocation Approach
General Accidents Insurance	Insurance contracts	Premium Allocation Approach
Liability Insurance	Insurance contracts	Premium Allocation Approach
Medical Insurance	Insurance contracts	Premium Allocation Approach
Travel Insurance	Insurance contracts	Premium Allocation Approach
Group Life Insurance	Insurance contracts	Premium Allocation Approach
Individual Life Insurance	Insurance contracts	Premium Allocation Approach
Life Saving Insurance	Insurance contracts	Premium Allocation Approach

2) The Company classify reinsurance contracts held according to the following:

The Portfolio (Level 1)	Measurement Approach
Motor - Comprehensive	Premium Allocation Approach
Motor - Compulsory	Premium Allocation Approach
Motor – Buses Complex	Premium Allocation Approach
Marine Insurance	Premium Allocation Approach
Aviation Insurance	Premium Allocation Approach
Fire and Property Insurance	Premium Allocation Approach
Engineering Insurance	Premium Allocation Approach
General Accidents Insurance	Premium Allocation Approach
Liability Insurance	Premium Allocation Approach
Medical Insurance	Premium Allocation Approach
Travel Insurance	Premium Allocation Approach
Group Life Insurance	Premium Allocation Approach
Individual Life Insurance	Premium Allocation Approach
Life Saving Insurance	Premium Allocation Approach

O- Aggregation level

The Company classify groups of insurance contracts and reinsurance contracts according to the following:

The portfolios of insurance contracts are divided according to the above classifications into groups according to the year of subscription (all contracts that were issued during the year 2020 are treated in a separate group from the contracts issued in 2021, and so on).

P- Profitability level

The previously mentioned groups of contracts are classified into the following categories, based on the expected net cash flows from the contract and the accounting approach adopted in dealing with contract groups:

- Contracts that have no likelihood of becoming onerous at initial recognition
- Contracts that are onerous.
- Other contacts

Q- Financial assets

Financial assets are classified upon initial recognition into one of the following categories:

- Financial assets at amortized cost
- Financial assets at fair value through statement of profit or loss
- Financial assets at fair value through statement of other comprehensive income

1. **Financial assets at amortized cost**
   They are the financial assets which the Company's management intends according to its business model to hold for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.
   Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount are amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part therefore are deducted, and any impairment loss in its value is recorded in the statement of profit or loss.
   The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

2. **Financial assets at fair value through profit or loss**
   It is the financial assets held by the Company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.
   Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the statement of profit or loss.
   Dividends from these financial assets are recorded in the statement of profit or loss.

Reclassification
Financial assets may be reclassified from the amortized cost to financial assets at fair value through statement of income and vice versa only when the entity changes the business model on which it was classified as stated above, taking into account the following:

- Any previously recognized profits, losses or benefits may not be recovered.
- When financial assets are reclassified at fair value, their fair value is determined at the date of reclassification. Any gain or loss arising from differences between the previously recorded value and the fair value is recognized in the statement of income.
- When financial assets are reclassified to be measured at amortized cost, they are recorded at their fair value at the date of reclassification.

3. **Financial Assets at fair value through other comprehensive income**

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.
Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.
Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. Gain or Loss from the sale of these investments should be recognized in the statement of comprehensive income and within owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings and not to the statement of profit or loss. Dividends are recorded in the statement of profit or loss on a separate line item.

4. **Investment property**

Investment property is measured at cost less any accumulated depreciation (except for lands), these investments are depreciated over their useful life at a rate of 2%, and any decrease in their value is recorded in statement of profit or loss. Any revenue, operational expenses or impairment related to the investment properties is recorded in the statement of profit or loss.
Investment property is valued in accordance with Central Bank of Jordan regulations, and its fair value is disclosed in the investment property note.

5. **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation of property and equipment (except for lands) is computed on a straight-line basis at annual depreciation rates:

Buildings	2%
Furniture and equipment	20-30%
Vehicles	15-30%
Others	24%

Depreciation of property and equipment is calculated when these assets are available for use for the purposes intended for use. The depreciation expense for the period must be shown in the statement of profit or loss.

Property and equipment under construction for the Company's use are stated at cost after deducting any impairment losses.

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is recorded in the statement of profit or loss.

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

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of profit or loss.

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

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

   Internally generated intangible assets are not capitalized and are expensed in the statement of profit or loss.

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

   Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight-line basis over their estimated economic useful with percentages of 20-30%.

7. **Cash and cash equivalents**
   Cash and cash equivalents comprise cash on hand and at banks, deposits with maturities less than three months, less restricted funds.

R- Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the financial statement when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

S- Recognition of financial assets
Financial assets and financial liabilities are recognized on the trading date which is the date that the entity commits itself to purchase or sell the financial assets.

T- Fair value
For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date

In case market prices are not available, there is no active trading for certain financial instruments, or the market is inactive, their fair value is estimated using several methods, including:

- Comparing them to the current market value of a similar financial instrument to a large extent.
- Analyzing the future cash flows and discounting the expected cash flows using a rate employed in a similar financial instrument.
- Option pricing models.

The valuation methods aim to obtain a fair value that reflects market expectations and takes into consideration market factors, as well as any anticipated risks or benefits when estimating the value of financial instruments. In cases where it is not feasible to measure their fair value using a reliable method, they are presented at cost, after any impairment in value has been recognized.

U- Financial liabilities
The Company classifies financial liabilities based on the purpose for which the obligation was incurred. The accounting policy for financial liabilities is as follows:

1. **Payables and reinsurance contracts liability**
   Payables and reinsurance contracts liability are initially recognized at fair value, subsequently measured at amortized cost using the effective interest rate method.

2. **Credit facilities**
   They are initially recognized at fair value net of costs associated with obtaining the facilities, subsequently, these liabilities are measured at amortized cost using the effective interest rate method. The finance cost includes the initial expenses, the premium paid upon settlement, and the interest that accrues during the term of the obligation.

V- Provisions

Provisions are recognized when the Company has an obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably.
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the financial statements date, taking into account the risks and uncertainties surrounding the obligation where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.
When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

Provision for end of service indemnity

The provision for end of service indemnity is calculated in accordance with the Company's policy, which is in line with the Jordanian labor law.
The compensations incurred for employees who leave the service are recorded against the provision for end of service indemnity upon payment. A provision for the Company's liabilities related to employees' end-of-service compensation is included in the statement of profits or losses.

W- Foreign currency

Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions.
The balances of financial assets and financial liabilities are converted at the average foreign currency rates prevailing on the date of the statement of financial position and announced by the Central Bank of Jordan.
Non-financial assets and non-financial liabilities denominated in foreign currencies that are stated at fair value are translated on the date the fair value was determined.
Foreign exchange gains or losses are reflected in the statement of profit or loss.
Translation differences for non-monetary foreign currency assets and liabilities are recorded as part of the change in fair value.

X- Treasury stocks

The treasury stocks are shown at cost, and these stocks do not have any right to the profits distributed to the shareholders, and do not have the right to participate or vote in the meetings of the Company's general assembly.
The profit or loss resulting from the sale of treasury stocks is not recognized in the income statement, but the profit is shown in equity within the item of share premium (discount), while the loss is recorded on the retained earnings after depleting balance of the treasury shares premium.

Y- Issuance or purchase insurance company shares

Any costs arise from issuance or purchase the insurance Company share is recorded in the retained earnings account (Net of tax effect), if the purchase / issuance not completed and related expenses are charged to the statement of profit or loss.

Z- Revenue recognition

1. **Dividend and interests revenue**

   The dividends revenues are realized when the Company has the right to receive the payment once declared by the general assembly of the Company.

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

2. **Rent revenues**

   Rental revenues from investment properties under operating lease agreements are recognized using the straight-line method over the duration of those contracts and on an accrual basis.

AA-Insurance acquisition cost

It represent the acquisition costs incurred by the Company in return for selling, underwriting or starting new insurance contracts, where the Company recognizes the full acquisition costs directly upon recognition of the insurance contract in the statement of profit or loss, while the Company recognizes the acquisition costs by amortizing the costs incurred over the period of coverage of the insurance contract in statement of financial position.

Acquisition costs are estimated when preparing budgets based on the Company's historical data, and these costs are recognized when realized with these costs amortized during the coverage period of the insurance contract.

AB-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 by charging all distributable expenses and expenditures for each portfolio separately, and 80% of the remaining non-distributable expenses are distributed on the insurance portfolios based on the ratio of written premiums of the department to total premiums.

3 . Bank Deposits

	30 June 2023 (Unaudited)					31 December 2022 (Audited)
	Deposits mature within (1) month	**Deposits and certificates mature within (1) to (3) months**	**Deposits and certificates mature within (3) months to (1) year**	**Deposits and certificates mature after (1) year**	**Total**	**Total**
Inside Jordan	-	4,881,724	10,902,438	-	**15,784,162**	**17,001,101**
Outside Jordan	-	-	887,500	-	**887,500**	**177,500**
Provision for expected credit losses *	-	(2,169)	(14,096)	-	**(16,265)**	**(20,362)**
Total	-	**4,879,555**	**11,775,842**	-	**16,655,397**	**17,158,239**

* The annual interest rates on the deposits in Jordanian Dinar ranged between (2%) to (6.75%) during 2023.

- Deposits pledged to the favor of the Central Bank of Jordan Governor in addition to his Job JOD (800,000) as at 30 June 2023 against JOD (800,000) as at 31 December 2022 pledged to the favor of the Central Bank of Jordan Governor in addition to his Job at the following bank:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Jordan Kuwait Bank	800,000	800,000
Total	**800,000**	**800,000**

- Restricted cash balances against bank guarantees amounted to JOD (20,430) as at 30 June 2023 against JOD (20,500) as at 31 December 2022.

The Distribution of the Company's deposits on bank are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Inside Jordan:		
Arab bank	2,672,756	10,000
Cairo Amman Bank	1,500,000	3,550,000
Jordan Ahli Bank	1,725,227	1,725,227
Capital Bank	5,277,877	7,240,836
Jordan Kuwait Bank	4,608,302	4,475,038
Outside Jordan		
Barclays Bank	887,500	177,500
Total	**16,671,662**	**17,178,601**

* The movement on the provision for expected credit losses– bank deposit is as follow:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	20,362	19,728
Additions	-	634
Unneeded provision	(4,097)	-
Balance at end of the period	**16,265**	**20,362**

4 . Financial assets measured at fair value through statement of profit or loss

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Inside Jordan:		
Investments in quoted shares	1,001,828	1,377,879
Investments in unquoted shares	94,753	94,753
Total	**1,096,581**	**1,472,632**
Outside Jordan:		
Investments in quoted shares	169,871	161,691
Investments in unquoted shares	179,947	172,290
Convertible bonds	-	-
Total	**349,818**	**333,981**
Grand total	**1,446,399**	**1,806,613**

* The financial assets measured at fair value through statement of profit or loss include unquoted financial assets amounting to JOD (274,000) as at 30/6/2023 and are presented in fair value estimated by management.

The details of the financial assets at fair value through statement of profit or loss (unquoted) are as follow:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Inside Jordan:		
Saraya Aqaba for Real Estate Development Company*	94,750	94,750
Arab Engineering Industries Company	1	1
Modern Company for Food Industries and Vegetable Oil	1	1
United Integrated Company for Multiple Industries and Investment	1	1
Outside Jordan:		
Arab Reinsurance Company / Lebanon	179,947	172,290
Total	**274,700**	**267,043**

* The last valuation of the stock is based on the financial statements for the year 2021, since the financial statements for the year 2022 was not issued until the date of these financial statements.

5 . Financial assets measured at fair value through statement of other comprehensive income

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Outside Jordan:		
Investment certificates in listed bonds	742,855	804,504
Investment in mutual funds units	55,069	55,267
Total	**797,924**	**859,771**
Grand total	**797,924**	**859,771**
Less:		
provision for expected credit losses - financial assets at fair value through other comprehensive income*	(2,812)	(2,813)
Net financial assets at fair value through other comprehensive income	**795,112**	**856,958**

* The movement on the provision for expected credit losses financial assets at fair value through other Comprehensive income is as follow:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	2,813	2,813
Additions	-	-
Unneeded provision	(1)	-
Balance at end of the period	**2,812**	**2,813**

6 . Financial Assets Measured at Amortized Cost

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Inside Jordan:		
Treasury Bonds – Government of Jordan – JOD (1)	200,000	200,000
Treasury Bonds – Government of Jordan – JOD (2)	300,000	300,000
Bonds – Jordan Ahli Bank – Listed	1,200,000	1,200,000
Bonds – Capital Bank - USD	355,000	355,000
Total	**2,055,000**	**2,055,000**

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Outside Jordan:		
Treasury Bonds – Government of Jordan – USD (1)	355,000	355,000
Treasury Bonds – Government of Jordan – USD (2)	1,480,580	1,479,588
Bonds – Capital Bank - USD	923,000	923,000
Total	**2,758,580**	2,757,588
Grand total	**4,813,580**	**4,812,588**
Less:		
Provision for expected credit losses -financial assets at amortized cost*	(4,918)	(4,884)
Net financial assets measured at amortized cost	**4,808,662**	**4,807,704**

* The movement on the provision for expected credit losses - financial assets at a amortized cost is as follow:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	4,884	5,067
Additions	34	-
Unneeded provision	-	(183)
Balance at end of the period	**4,918**	**4,884**

- Jordanian treasury bonds (1) are denominated in Jordanian Dinar and mature at 8/9/2026 and bear an interest rate of 6.099% per annum. The interest is paid in two equal installments per annum on 8 March and 8 September until the maturity date of the bonds.
- Jordanian treasury bonds (2) are denominated in Jordanian Dinar and mature at 26/9/2026 and bear an interest rate of 6.198% per annum. The Interest is paid in two equal installments per annum on 26 March and 26 September until the maturity date of the bonds.
- The Jordanian Ahli Bank bonds – listed - are denominated in Jordanian Dinar and mature at 13/11/2029 and bear a variable interest rate (7.5% per annum on the issue date and is recalculated every 6 months). The interest is paid in two installments per annum on 13 May and 12 November until the maturity date of the bonds.
- The Capital Bank bonds are denominated in US Dollar and mature at 15/3/2026 and bear an interest rate of 7% per annum, the interest is paid in two equal installments per year on 15 March and 15 September until the maturity date of the bonds.
- The Jordanian government treasury bonds (1) are denominated in US Dollar and mature at 31/1/2027 and bear an interest rate of 5.75% per annum. The interest is paid in two equal installments per year on 31 January and 31 July until the maturity date of the bonds.
- The Jordanian government treasury bonds (2) are denominated in US Dollar and mature at 29/1/2026 and bear an interest rate of 6.125% per annum. The interest is paid in two equal installments per year on 29 January and 29 July until the maturity date of the bonds.
- The Capital Bank bonds are dominated in US Dollar and mature at 24/2/2027, and bear an interest rate of 7% per annum. The interest is paid in two equal instalments per year on 24 August and 24 February until the maturity date of the bonds (Perpetual bonds).

7 . (A) Insurance Contracts Assets - net

	30 June 2023 (Unaudited)			31 December 2022 (Audited)	
	Marine	**Aviation**	**Individual life**	**Total**	**Total**
Insurance contracts assets - net	21,122	4,989	1,688	**27,799**	**11,902**
Total	**21,122**	**4,989**	**1,688**	**27,799**	**11,902**

7 . (B) Accounts Receivables - net

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Policies holders receivables	7,109,001	7,503,722
Agents receivables	68	68
Brokers receivables	51	51
Employees receivables	67,045	24,229
Others	7,924	7,561
Total	7,184,089	7,535,631
Less: Provision for expected credit losses *	(1,228,569)	(1,215,000)
Net Accounts Receivable	**5,955,520**	**6,320,631**

* Movements on provision for expected credit losses are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the year	1,215,000	1,155,015
Transfer	6,231	59,985
Additions	7,338	-
Balance at end of the year	**1,228,569**	**1,215,000**

7 . (C) Accounts Receivables - net

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Tax receivables and governmental fees on insurance contracts	496,241	491,762
Employees receivables	61,293	16,619
Checks under collections	90,216	18,035
Total	647,750	526,416
Less: provision for expected credit losses*	(49,145)	(36,139)
Net	**598,605**	**490,277**

* Movements on provision for expected credit losses are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the year	36,139	41,254
Additions	13,006	-
Unneeded provision	-	(5,115)
Balance at end of the year	**49,145**	**36,139**

8 . (A) Reinsurance Contracts Assets - net

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Reinsurance contracts assets - net	2,064,110	1,907,133
Total	**2,064,110**	**1,907,133**

8 . (B) Reinsurers Receivables

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Local insurance companies	1,051,797	966,532
Foreign reinsurance companies	92,384	530,574
Total	**1,144,181**	**1,497,106**
Less : provision for expected credit losses *	(177,651)	(183,882)
Net Reinsurers Receivables	**966,530**	**1,313,224**

* Movements on provision for expected credit losses are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the year	183,882	183,882
Transfer	(6,231)	-
Balance at end of the year	**177,651**	**183,882**

9 . Net Liabilities (Assets) of Insurance Contracts / Premium Allocation Approach

	Liabilities against current contracts		liabilities against incurred claims		
30 June 2023	Excluding loss component contracts	Excluding loss component contracts	Present value of future cash flows	Risk adjustments for non-financial risks	Total
Insurance contracts liabilities at beginning of the period	1,798,367	4,893,380	10,128,685	756,523	**17,576,955**
Insurance contracts assets at beginning of the period	11,902	-	-	-	**11,902**
Net liabilities (assets) of insurance contracts at the beginning of the period	**1,786,465**	**4,893,380**	**10,128,685**	**756,523**	**17,565,053**
Insurance contracts revenues	**12,611,971**	**4,498,859**	**-**	**-**	**17,110,830**
Incurred claims	-	-	11,919,462	(1,860)	**11,917,602**
Amortization of insurance acquisition cost	299,668	100,734	-	-	**400,402**
Loss component	-	-	-	-	**-**
Employees expenses	-	-	856,950	-	**856,950**
Administrative expenses	-	-	577,507	-	**577,507**
Insurance contracts expenses	**299,668**	**100,734**	**13,353,919**	**(1,860)**	**13,752,461**
Insurance business results	**12,312,303**	**4,398,125**	**(13,353,919)**	**1,860**	**3.358,369**
Finance expenses from insurance contracts	-	-	269,647	-	**269,647**
Net change - comprehensive income	**12,312,303**	**4,398,125**	**(13,623,566)**	**1,860**	**3,088,722**
Cash received from underwritten contracts	12,217,977	3,762,746	-	-	**15,980,723**
Paid from incurred claims	-	-	(11,437,888)	-	**(11,437,888)**
Paid from acquisition costs	(315,117)	(113,046)	-	-	**(428,163)**
Paid from employees expenses	-	-	(856,950)	-	**(856,950)**
Paid from administrative expenses	-	-	(577,507)	-	**(577,507)**
Net cash flows	**11,902,860**	**3,649,700**	**(12,872,345)**	**-**	**2,680,215**
Net liabilities (assets) of insurance contracts at the end of the period	**1,377,022**	**4,144,955**	**10,879,906**	**754,663**	**17,156,546**

Details as follows:

Insurance contracts liabilities at the end of the period	**1,513,681**	**4,144,955**	**10,771,046**	**754,663**	**17,184,345**
Insurance contracts assets at the end of the period	**136,659**	**-**	**(108,860)**	**-**	**27,799**

Net Liabilities (Assets) of Insurance Contracts / Premium Allocation Approach

	Liabilities against current contracts		liabilities against incurred claims		
31 December 2022	Excluding loss component contracts	Excluding loss component contracts	Present value of future cash flows	Risk adjustments for non-financial risks	Total
Insurance contracts liabilities at beginning of the period	2,568,888	3,227,596	11,623,880	868,114	**18,288,478**
Insurance contracts assets at beginning of the period	9,873	-	(342)	-	**9,531**
Net liabilities (assets) of insurance contracts at the beginning of the period	**2,559,015**	**3,227,596**	**11,624,222**	**868,114**	**18,278,947**
Insurance contracts revenues	**24,577,022**	**7,510,200**	**-**	**-**	**32,087,222**
Incurred claims	-	-	20,925,081	(111,591)	**20,813,490**
Amortization of insurance acquisition cost	652,764	218,524	-	-	**871,288**
Loss component	-	-	-	-	**-**
Employees expenses	-	-	1,897,258	-	**1,897,258**
Administrative expenses	-	-	1,087,537	-	**1,087,537**
Insurance contracts expenses	**652,764**	**218,524**	**23,909,876**	**(111,591)**	**24,669,573**
Insurance business results	**23,924,258**	**7,291,676**	**(23,909,876)**	**111,591**	**7,417,649**
Finance expenses from insurance contracts	-	-	(394,604)	-	**(394,604)**
Net change - comprehensive income	**23,924,258**	**7,291,676**	**(23,515,272)**	**111,591**	**7,812,253**
Cash received from underwritten contracts	23,736,124	9,163,580	-	-	**32,899,703**
Paid from incurred claims	-	-	(22,026,014)	-	**(22,026,014)**
Paid from acquisition costs	(584,416)	(206,120)	-	-	**(790,536)**
Paid from employees expenses	-	-	(1,897,258)	-	**(1,897,258)**
Paid from administrative expenses	-	-	(1,087,537)	-	**(1,087,537)**
Net cash flows	**23,151,708**	**8,957,460**	**(25,010,809)**	**-**	**7,098,359**
Net liabilities (assets) of insurance contracts at the end of the period	**1,786,465**	**4,893,380**	**10,128,685**	**756,523**	**17,565,053**

Details as follows:

Insurance contracts liabilities at the end of the period	**1,798,367**	**4,893,380**	**10,128,685**	**756,523**	**17,576,955**
Insurance contracts assets at the end of the period	**11,902**	**-**	**-**	**-**	**11,902**

10 . Income Tax

A- Income tax provision

The movement on Income tax provision is as follow:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	423,126	210,570
Income tax paid	(455,567)	(441,711)
Income tax of the period *	331,809	654,267
Prior years income tax expense **	10,654	-
Balance at end of the period	**310,022**	**423,126**

* This item includes a decrease of the deferred taxes amounting to JOD (3,933) as at 30 June 2023.
** This item represents the difference in income tax paid related to the year 2020 after the final review from the Income Tax Department.

Income tax expense in the statement of profit or loss represents:

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Income tax of the period	331,809	455,425
Prior years income tax expense	10,654	-
Deferred tax assets	(641,913)	(738,373)
Amortization of deferred tax assets	645,846	725,179
Total	**346,396**	**442,231**

The following is the reconciliation between declared profit and taxable profit:

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Declared profit calculated according to IFRS (4)	1,215,286	1,708,320
Nontaxable income	(172,073)	(52,779)
Nondeductible expenses	232,976	96,094
Taxable profit	1,276,189	1,751,635
Income tax of the period	331,809	455,425
Effective income tax rate	**27.3%**	**26.7%**
Income tax rate according to Law	**26%**	**26%**

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2020.
- The income tax returns for the years 2021 and 2022 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The Income and National Contribution tax provision for six months period ended at 30 June 2023 was calculated in accordance with the Income Tax Law by using the business results according to IFRS 4, and until the issuance of modified instructions from the Income and Sales Tax Department that treats with the impact of applying IFRS 17 on the business results.
- According to the management and tax advisor of the Company the provision of Income and National Contribution tax is sufficient and there is no need for additional provisions.

B - Deferred Tax Assets

This item consists of the following:

	30 June 2023 (Unaudited)					31 December 2022 (Audited)
	Beginning Balance	Exclusions	Additions	Ending Balance	Deferred Tax	Deferred Tax
Deferred tax assets						
Provision for incurred but not reported claims	2,349,892	(2,349,892)	2,366,088	2,366,088	615,183	610,972
Premiums deficiency reserve	490,000	-	-	490,000	127,400	127,400
Provision for impairment in receivables	1,398,882	(6,231)	-	1,392,651	365,617	363,709
Provision for expected credit losses	32,229	-	(1,901)	30,328	7,885	8,380
Provision for end of service indemnity	100,000	(63,197)	-	36,803	9,569	26,000
Provision for employees' vacations	112,167	(20,704)	16,922	108,385	28,180	29,164
Provision for earning sharing – life	118,897	(44,000)	74,221	149,118	38,771	30,913
Total	**4,602,067**	**(2,484,024)**	**2,455,330**	**4,573,373**	**1,192,605**	**1,196,538**

- Movements on deferred tax assets are as follows:

	30/6/2023		**31/12/2022**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Beginning balance	1,196,538	-	1,104,898	-
Additions	641,913	-	820,938	-
Released	(645,846)	-	(729,298)	-
Ending balance	**1,192,605**	**-**	**1,196,538**	**-**

The Deferred tax assets is calculated using 26% (24% Income Tax and 2% National Contribution Tax), and according to the Company’s management and it’s tax advisor these deferred tax assets will be collectable in the future.

11 . Accounts Payable

This item consist of the following:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Employees payables	2,318	3,449
Other payables*	991,158	801,578
Total	**993,476**	**805,027**

* This item represent:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Uncleared paid claims checks	893,836	719,608
Uncleared compensations for customers and suppliers	97,322	81,970
Total	**991,158**	**801,578**

12 . (A) – Reinsurance Contracts Liabilities - Net

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Reinsurance contracts liabilities	1,764,016	929,480
Total	**1,764,016**	**929,480**

(B) - Reinsurers Payables

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Local insurance companies	68,592	98,928
Foreign reinsurance companies	3,813,688	3,418,495
Total	**3,882,280**	**3,517,423**

13 . Cumulative Change in Fair Value

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	(559,006)	(82,438)
Change during the period	(61,847)	(476,568)
Net change during the period	(61,847)	(476,568)
Balance at end of the period	**(620,853)**	**(559,006)**

14 . Insurance Contracts Revenues

Insurance portfolio	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Motors - comprehensive	2,766,568	2,652,254
Motors - third party	4,498,859	3,201,571
Motors – boarders and buses	238,796	137,334
Marine	609,578	520,333
Aviation	46,085	42,048
Fire	1,356,231	1,301,391
Engineering	57,766	67,227
General accidents	171,025	187,651
Liability	291,633	303,706
Medical	2,874,907	2,749,777
Travel	17,651	41,594
Group life	4,182,053	3,954,887
Individual life	4,393	2,241
Investment life	(4,715)	81,899
Total	**17,110,830**	**15,243,913**

15 . Insurance Contracts Expenses

30 June 2023

Insurance portfolio	Incurred insurance claims	Amortization of insurance acquisition cost	Employees expenses	Administrative expenses	Loss component contracts	Risk adjustments for non-financial risks	Total
Motors - comprehensive	1,956,382	171,112	145,670	109,577	-	(6,175)	**2,376,566**
Motors - third party	4,084,632	100,734	225,883	169,916	-	12,451	**4,593,616**
Motors -boarders	61,622	5,975	10,978	8,258	-	(144)	**86,689**
Marine	127,899	18,120	36,692	16,626	-	(41,724)	**157,613**
Aviation	-	-	-	-	-	-	**-**
Fire	6,580	31,546	43,627	3,180	-	(15,971)	**88,962**
Engineering	(1,025)	4,442	5,218	2,772	-	(174)	**11,233**
General accidents	14,937	5,759	15,767	8,377	-	4,240	**49,080**
Liability	3,076	11,142	6,870	3,462	-	(3,515)	**21,035**
Medical	2,381,657	27,264	159,476	97,390	-	818	**2,666,605**
Travel	821	1,151	2,211	1,350	-	-	**5,533**
Group life	3,280,696	17,889	200,488	133,881	-	48,202	**3,681,156**
Individual life	-	45	143	96	-	-	**284**
Investment life	2,185	5,223	3,927	2,622	-	132	**14,089**
Total	**11,919,462**	**400,402**	**856,950**	**577,507**	**-**	**(1,860)**	**13,752,461**

30 June 2022

Insurance portfolio	Incurred insurance claims	Amortization of insurance acquisition cost	Employees expenses	Administrative expenses	Loss component contracts	Risk adjustments for non-financial risks	Total
Motors - comprehensive	1,980,365	166,898	137,349	100,255	-	(2,365)	**2,382,502**
Motors - third party	2,790,062	101,986	220,248	160,766	-	4,347	**3,277,409**
Motors –boarders & buses	94,275	133	9,401	6,862	-	(440)	**110,231**
Marine	101,483	25,895	48,484	16,368	-	(15,898)	**176,332**
Aviation	-	25	-	-	-	-	**25**
Fire	88,988	33,281	56,366	26,278	-	649	**205,562**
Engineering	2,926	3,130	5,556	2,590	-	25	**14,227**
General accidents	7,509	6,738	11,773	5,489	-	13	**31,522**
Liability	47,275	21,112	12,034	4,614	-	10	**85,045**
Medical	2,272,628	34,945	153,494	91,143	-	(5,303)	**2,546,907**
Travel	327	2,938	2,359	1,401	-	-	**7,025**
Group life	1,905,910	15,542	218,847	98,129	-	1,972	**2,240,400**
Individual life	-	-	122	55	-	-	**177**
Investment life	(1,204)	9,279	4,492	2,013	-	47	**14,627**
Total	**9,290,544**	**421,902**	**880,525**	**515,963**	**-**	**(16,943)**	**11,091,991**

16 . Finance Income (Expenses) From Insurance Contracts

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Finance income (expenses)	(269,647)	256,973
	(269,647)	**256,973**

- The Company used discount rates ranging between 2.835% and 6.594% as at 30 June 2023, compared to 2.379% and 4.962% as at 30 June 2022.

- The discount rate is determined at the level of the Company and not at the level of portfolios. The risk-free discount rate in US dollars issued by the European Insurance and Occupational Pensions Authority (EIOPA) was used, since the exchange rate of the Jordanian dinar is linked to the current exchange rate of the US dollar, and no additional margin was increased on discount rates, as the yield on Jordanian government bonds is higher than the yield on US government bonds.

17 . Finance Income (Expenses) From Reinsurance Contracts

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Finance income (expenses)	41,659	(27,930)
	41,659	**(27,930)**

- The Company used discount rates ranging between 2.835% and 6.594% as at 30 June 2023, compared to 2.379% and 4.962% as at 30 June 2022.

- The discount rate is determined at the level of the Company and not at the level of portfolios. The risk-free discount rate in US dollars issued by the European Insurance and Occupational Pensions Authority (EIOPA) was used, since the exchange rate of the Jordanian dinar is linked to the current exchange rate of the US dollar, and no additional margin was increased on Discount rates, as that the yield on Jordanian government bonds is higher than the yield on US government bonds.

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18 . Net Gains of Financial Assets and Investments

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Net change in fair value of financial assets through statement of profit or loss	(126,793)	(34,599)
Cash dividends (financial assets through statement of profit or loss)	78,863	113,968
Cash dividends (financial assets through statement of other comprehensive income)	62,852	63,570
Net gains from sale of financial assets through statement of profit or loss	27,048	211,787
Acquisition cost of financial assets through statement of profit or loss	-	(4,224)
Foreign portfolio management fees – Julius Bar	(8,555)	(8,107)
Net rent revenues	12,234	9,734
Total	**45,649**	**352,129**

19 . Basic and Diluted Earnings Per Share

Earnings per share were calculated by dividing the profit for the period by weighted average number of shares during the period as follows:

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Profit for the period after tax	572,894	1,318,727
Weighted average number of shares *	8,000,000	8,000,000
Net profit per share for the period	0.072	0.165
Basic	0.072	0.165
Diluted	**0.072**	**0.165**

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

20 . Cash and Cash Equivalents

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

	30 June 2023 (Unaudited)	**30 June 2022 (Unaudited)**
Cash on hand and at banks	1,052,425	577,584
Add : Deposits at banks (Note 3)	16,671,662	13,389,972
Deduct : Deposits at banks maturing from 3 months to one year	(10,989,938)	(7,567,690)
Deduct : Deposits pledged to the favor of the Central Bank of Jordan Governor in addition to his Job maturing 3 months	(800,000)	(800,000)
	5,934,149	**5,599,866**

21 . Related Party Transactions

- During the period, the Company engaged into transactions with major shareholders, board members and directors in the Company within the normal activities of business using insurance prices and commercial commission.
- All debts given to related parties are considered performing and no provision has been taken for them, except for calculated provision for all receivables balance regarding to IFRS (9).
- Below is a summary of related parties' transactions during the period:

	30/6/2023 (Unaudited)			**31/12/2022 (Audited)**
	Shareholders (except of BOD members)	**BOD members**	**Total**	**Total**
<u>Statement of financial position items</u>				
Insurance contracts assets	-	273,525	**273,525**	**134,853**

	30/6/2023 (Unaudited)			**30/6/2022 (Audited)**
	Shareholders (except of BOD members)	**BOD members**	**Total**	**Total**
<u>Statements of profit or loss items</u>				
Insurance revenues	-	1,417,373	**1,417,373**	**1,311,385**
Insurance expenses	-	723,041	**723,041**	**314,048**
BOD transportation allowance	-	27,000	**27,000**	**13,500**
Members of the committees derived from BOD	-	25,700	**25,700**	**8,400**

- The remunerations of key management (salaries, bonuses, and other benefits) are as follows:

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Salaries and bonuses	154,480	138,940
Membership of risk management committee	1,800	-
Travel expenses	3,229	-
	159,509	**138,940**

22 . The Fair Value of Financial Instruments that are Not Presented at Fair Value

There are no significant differences between the book value and the fair value of the financial assets and liabilities that are not presented at fair value, except for the difference in the fair value of real estate allocated for the Company's use, as its net book value amounted to JOD (583,174), while its estimated value of JOD (2,439,800) with a difference of JOD (1,856,626) from the book value.

23 . Loss Component Contracts

Loss component contracts are limited to contracts classified within the (motor portfolio - third party) and the Company is committed to issuing these contracts as part of the motor insurance license, and the production is distributed equally on the companies that obtain this license.

24 . Risk Management

Descriptive Disclosures

The risk management policy considers one of the most important policies in which the Company had set for mitigating risk surrounded around it's activities in order to safeguard the Company's assets, shareholders equity and it's financial position.

Risk management process

The risk management process and its policy are mainly concerned with risk control by reducing the frequency of occurrence and reducing the expected losses on the other hand at the lowest possible cost. Therefore, the risk management responsibility is to discover the potential risks first and then analyze and classify these risks for the purpose of calculating the probability the risk and magnitude of the expected losses in the event of danger are examined in order to quantify the risk. Based on the above, the best and most effective means of coping with these risks were selected and their effects were reduced with a focus on the concept of reducing the costs associated with the risk.

A- Insurance Risks

1 - Insurance Risks

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

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

The Company has developed its insurance placement plan to ensure that insurance risks are diversified and distributed to different types of insurance, thus reducing the losses that may result from insurance claims if a particular insurance category is focused.

The Company manages risk through an insurance subscription plan, adequate reinsurance coverage and efficient handling of claims. The IPO plan aims to diversify in terms of the quality of the insurance coverage, the expected loss, the type of activity, and the geographical location. The IPO plan also depends on the existence of certain limits when accepting the insurance in accordance with the appropriate choices of the Company.

2 - Reinsurance Risks

As with other Insurance Companies and for the purpose of reducing the exposure to financial risks that may arise from major insurance claims, the Company, within the normal course of its operations, enters into reinsurance contracts with other parties.

In order to reduce its exposure to major losses arising from the insolvency of reinsurance companies, the Company evaluates the financial position of the reinsurance companies it deals with while monitoring credit concentrations coming from geographic areas and activities or economic components similar to those companies. Moreover, the reinsurance policies issued do not exempt the Company from its obligations towards policy holders. As a result, the Company remains committed to the reinsured claims balance in case the reinsurers are unable to meet their obligations according to the reinsurance contracts.

B- Financial Risks

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

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

1. Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices such as interest rates, currency prices and stock prices.

2 - Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

3 - Liquidity Risk

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

25 . Capital of Management

a. The paid in capital, statutory reserve, voluntary reserves, and retained earnings are the Company's regulatory capital.

b. The Company's management represented by the Board of Directors works to maintain the minimum regulatory capital of the Company in addition to increasing the Company's profits, both the statutory and voluntary reserve, and strengthening the Company's financial position, taking in consideration the instructions of the Insurance Department related to investing the Company's funds and setting the necessary policies for this and following up their implementation and reviewing them periodically.

c. The Board of Directors believes that the regulatory capital is sufficient to meet the subscription obligations and additional burdens and no need to increase it at present.

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Core capital items		
Paid in Capital	8,000,000	8,000,000
Statutory reserve	2,089,651	2,089,651
Voluntary reserve	1,668,538	1,668,538
Retained earnings	3,604,745	3,695,855
Proposed profits to be distributed	-	(960,000)
Additional capital items		
Increase in investment properties	1,851,131	1,805,415
Cumulative change in fair value of financial assets through other comprehensive income	(620,853)	(559,006)
Total regulatory capital (A)	**16,593,212**	**15,740,453**
Total required capital (B)	**8,703,624**	**8,649,462**
Solvency margin (A)/(B)	**191%**	**182%**

The solvency margin ratio is calculated assuming the continuity of applying IFRS (4) and according to instructions for solvency requirements for insurance companies number (7) of the year 2023 issued by the Central Bank of Jordan.

26 . Lawsuits against the Company

There are lawsuits filed against the Company amounting to JOD (2,016,943) pertaining motor accidents for which a full reserve has been taken against in the outstanding claims reserve.

In the opinion of the Company's management and its lawyer, no obligations shall arise that exceeds the allocated amounts within the net claims reserve.

27 . Contingent Liabilities

The Company has bank guarantees of JOD (49,143) as at 30 June 2023.

28 . Subsequent Events

No subsequent events have a material impact on the interim financial statement as at 30 June 2023, except for the sale of a land owned by the Company in Marka (Al – Wannanat) district during July 2023 amounted to JOD (587,720) with a cost value of JOD (313,814), and a profit from the sale transaction was incurred of JOD (273,906) which will be reflected positively on the Company results during the third quarter of 2023.

29 . Comparative Figures

Some comparative figures for the year 2022 have been reclassified to match the classification figures for the year 2023, as result of applying IFRS (17). The reclassification had no effect on comprehensive income nor equity.