شركـــة التأمـــين الإسلاميـــة
المساهمة العامة المحدودة

إشارتنا : ت إ/ن/١٦٨/٢٠٢٣
التاريخ : ٢٠٢٣/٠٨/٣٠

السادة / هيئة الأوراق المالية المحترمين

السادة / بورصة عمان المحترمين

To: Jordan Securities Commission

To: Amman Stock Exchange

الموضوع: البيانات المالية المنتهية في ٢٠٢٣/٠٦/٣٠

Subject:

Financial Statements as at 30/06/2023

بالإشـــارة إلى الموضـــوع أعـــلاه ، يســـرنا أن نرفـــق طيـــاً البيـــانات الماليـــة نصـــف الســـنوية كمـــا هـــي في ٣٠ حزيـــران ٢٠٢٣ ، وفقـــاً للمعيـــار الـــدولي لإعـــداد التقـــارير الماليـــة رقـــم (١٧) باللغـــة الانجليزيـــة مراجعـــة مـــن قبـــل مـــدقق حســـابات الشـــركة الســـادة المهنيـــون العرب، حسب الأصول.

Attached the Financial Statements of The Islamic Insurance Co. as at 30/06/2023

وتفضلوا بقبول فائق الاحترام،،،

Kindly accept our highly appreciation and respect

عن/ شركة التأمين الإسلامية م.ع.م.

عبد السميع النتشه
نائب المدير العام الأول

إ/ع/ن

The Islamic Insurance Co. Plc.

A. Al- Natsheh
First Deputy. G. Manager

شارع وصفي التل (الجاردنز) - بجانب مسجد الطباع - تلفون ٣ / ٢ / ٥٦٢٠١٥١ (٨ خطوط) - فاكس : ٥٦٢١٤١٤
ص.ب (٩٤١٠٠٠) عمان ١١١٩٤ - الأردن

The Islamic Insurance Company

Public Shareholding Company

Condensed Interim Financial Statements (Unaudited)

30 June 2023

The Islamic Insurance Company
Public Shareholding Company

Arab Professionals
The Home of Excellence

Arab Professionals
Independent Member of Russell Bedford International
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Report on Review of the Condensed Interim Financial Statements

To The Board of Directors
The Islamic Insurance Company
Public Shareholding Company
Amman – Jordan

Introduction

We have reviewed the accompanying condensed interim financial statements of **The Islamic Insurance Company (PSC)** comprising the condensed interim statement of financial position as at 30 June 2023 and the related condensed interim statement of policyholders' revenues and expenses, condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of changes in policyholders' equity and condensed interim statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard number (34) Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed 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 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 are not prepared, in all material respects, in accordance with International Accounting Standard number (34) Interim Financial Reporting.

Other matter

The condensed interim financial statements as at 30 June 2022 have been reviewed by another certified public accountant who issued an unmodified conclusion on these statements on 24 July 2022.

15 August 2023
Amman – Jordan

Arab Professionals Public Accountants

Arab Professionals
Ibrahim Hammoudeh
License No. (606)

The Islamic Insurance Company
Public Shareholding Company
Condensed interim statement of financial position as at 30 June 2023
(In Jordanian Dinar)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited) (Restated)
Assets			
Investments			
Bank deposits	3	24,739,933	21,002,984
Financial assets at fair value through profit or loss	4	4,000,000	4,000,000
Financial assets at fair value through other comprehensive income	5	8,998,598	9,405,999
Financial assets at amortized cost	6	747,000	747,000
Investment property		392,088	396,055
Total Investments		**38,877,619**	**35,552,038**
Cash on hand and at banks		2,009,820	830,483
Insurance contract assets - net	7	767,180	840,054
Reinsurance contract assets - net	8	8,443,490	9,203,918
Property and equipment - net		1,824,917	1,834,132
Intangible assets - net		22,965	19,818
Other assets		630,118	296,485
Total Assets		**52,576,109**	**48,576,928**
Liabilities, Shareholders' Equity and Policyholders' Equity			
Liabilities			
Insurance contract liabilities	7	9,805,740	5,739,738
Liabilities against incurred claims	7	15,014,689	15,233,611
Total Insurance Contract Liabilities		**24,820,429**	**20,973,349**
Accounts payable	10	33,326	35,469
Reinsurance contract liabilities	8	3,025,327	2,325,069
Income tax provision	9	508,629	509,767
Other provisions		862,941	862,941
Other liabilities		267,534	411,659
Total Liabilities		**29,518,185**	**25,118,253**
Policyholders' Equity			
Deficiency cover reserve (Emergency Allowance)	13	-	430,982
Cumulative change in fair value	14	(116,171)	(14,321)
Non demanded surplus	11	42,173	56,180
Accumulated surplus (deficit)		(243,734)	-
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	12	243,734	-
Total Policyholders' Equity		**(73,998)**	**472,841**
Shareholders' Equity			
Paid in capital		15,000,000	15,000,000
Statutory reserve		3,694,510	3,694,510
Voluntary reserve		1,245,480	1,245,480
Cumulative change in fair value	14	(348,512)	(42,962)
Profit for the period		1,651,638	-
Retained earnings		1,888,806	3,088,806
Total Shareholders' Equity		**23,131,922**	**22,985,834**
Total Policyholders' and Shareholders' Equity		**23,057,924**	**23,458,675**
Total Liabilities, Shareholders' Equity and Policyholders' Equity		**52,576,109**	**48,576,928**

"The accompanying notes from (1) to (35) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company
Public Shareholding Company
Condensed interim statement of policyholders' revenues and expenses for the six months ended at 30 June 2023 (Unaudited)

(In Jordanian Dinar)

	Note	30 June 2023	30 June 2022
Revenues			
Insurance contracts revenues	15	16,766,650	14,377,375
Insurance contracts expenses	16	(14,208,723)	(12,516,929)
Insurance service results		**2,557,927**	**1,860,446**
Reinsurance contracts results	17	(6,006,982)	(5,435,084)
Reinsurance contracts refunds	18	4,211,905	4,257,608
Reinsurance contracts service results		**(1,795,077)**	**(1,177,476)**
Net insurance service results		**762,850**	**682,970**
Finance (expenses) income from insurance contracts	19	(244,048)	196,281
Finance income (expenses) from reinsurance contracts	20	114,550	(69,960)
Net insurance business financing results		**(129,498)**	**126,321**
Policyholders' share of investment income	21	393,810	255,815
Policyholders' share of net income from financial assets and investments	22	94,932	79,473
Shareholders' share for managing the investment portfolio		(122,185)	(83,822)
Total revenues		**999,909**	**1,060,757**
Shareholders' share for managing the operations of takaful insurance	23	(1,674,625)	(1,717,929)
Total expenses		**(1,674,625)**	**(1,717,929)**
Policyholders' deficit before income tax		(674,716)	(657,172)
Income tax expense		-	-
Policyholders' deficit		**(674,716)**	**(657,172)**

"The accompanying notes from (1) to (35) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company
Public Shareholding Company
Condensed interim statement of profit or loss for the six months ended at 30 June 2023 (Unaudited)
(In Jordanian Dinar)

	Note	30 June 2023	30 June 2022
Revenues			
Shareholders' share for managing takaful insurance operations		3,947,414	3,786,982
Shareholders' share for managing the investment portfolio		122,185	83,822
Shareholders' share of investment income	21	496,576	295,165
Shareholders' share of net income from financial assets and investments	22	301,297	239,382
Total revenues		**4,867,472**	**4,405,351**
Employees expenses		1,701,123	1,578,977
Provision against Al Qard Al Hasan granted to policyholders		243,734	186,398
Administrative and general expenses		504,233	442,681
Provision for expected credit losses		250,000	-
Depreciation & amortization		67,434	50,847
Total expenses		**2,766,524**	**2,258,903**
Profit for the period before income tax		**2,100,948**	**2,146,448**
Income tax for the period	9	(449,310)	(367,532)
Profit for the period		**1,651,638**	**1,778,916**
Basic and diluted earnings per share	24	**0.110**	**0.119**

"The accompanying notes from (1) to (35) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company
Public Shareholding Company
Condensed interim statement of comprehensive income for the six months ended at 30 June 2023 (Unaudited)

(In Jordanian Dinar)

	30 June 2023	30 June 2022
Profit for the period	1,651,638	1,778,916
Other comprehensive income items:		
Shareholders' share from change in fair value of financial assets	(305,550)	(126,317)
Total comprehensive income for the period	**1,346,088**	**1,652,599**

"The accompanying notes from (1) to (35) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company
Public Shareholding Company
Condensed interim statement of changes in equity for the six months ended at 30 June 2023 (Unaudited)

(In Jordanian Dinar)

	Paid-in Capital	Statutory Reserve	Voluntary Reserve	Foreign currency exchange differences	Cumulative Change in Fair Value	Retained Earnings	Total Equity
Balance at 1 January 2023	**15,000,000**	**3,694,510**	**1,245,480**	-	**(42,962)**	**3,088,806**	**22,985,834**
Profit for the period	-	-	-	-	-	1,651,638	**1,651,638**
Shareholders' share from change in fair value of financial assets through other comprehensive income	-	-	-	-	(305,550)	-	**(305,550)**
Paid dividends	-	-	-	-	-	(1,200,000)	**(1,200,000)**
Balance at 30 June 2023	**15,000,000**	**3,694,510**	**1,245,480**	-	**(348,512)**	**3,540,444**	**23,131,922**
Balance at 1 January 2022	**15,000,000**	**3,454,318**	**1,005,288**	**(46,815)**	**(258,051)**	**3,492,782**	**22,647,522**
The impact of initial application of IFRS 17	-	-	-	-	-	(364,593)	**(364,593)**
Restated balance at 1 January 2022	**15,000,000**	**3,454,318**	**1,005,288**	**(46,815)**	**(258,051)**	**3,128,189**	**22,282,929**
Profit for the period (Restated)	-	-	-	-	-	1,778,916	**1,778,916**
Shareholders' share from change in fair value of financial assets through other comprehensive income	-	-	-	-	(126,317)	-	**(126,317)**
Paid dividends	-	-	-	-	-	(1,200,000)	**(1,200,000)**
Balance at 30 June 2022	**15,000,000**	**3,454,318**	**1,005,288**	**(46,815)**	**(384,368)**	**3,707,105**	**22,735,528**

"The accompanying notes from (1) to (35) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company
Public Shareholding Company
Condensed interim statement of changes in policyholders' equity for the six months ended at 30 June 2023 (Unaudited)

(In Jordanian Dinar)

	Deficiency cover reserve (Emergency Allowance)	Cumulative change in Fair Value	Non demanded surplus	Accumulated surplus (deficit)	Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	Total policyholders' equity
Balance at 1 January 2023	**430,982**	**(14,321)**	**56,180**	**-**	**-**	**472,841**
Change in non-demanded surplus	-	-	(14,007)	-	-	**(14,007)**
Policyholders' deficit for the period	-	-	-	(674,716)	-	**(674,716)**
Utilized deficiency cover reserve	(430,982)	-	-	430,982	-	**-**
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	-	-	-	-	243,734	**243,734**
Policyholder' share from change in fair value of financial assets through other comprehensive income	-	(101,850)	-	-	-	**(101,850)**
Balance at 30 June 2023	**-**	**(116,171)**	**42,173**	**(243,734)**	**243,734**	**(73,998)**
Balance at 1 January 2022	**1,300,837**	**(86,017)**	**89,617**	**11,180**	**-**	**1,315,617**
The impact of initial application of IFRS 17	(830,064)	-	-	(11,180)	-	**(841,244)**
Restated balance at 1 January 2022	**470,773**	**(86,017)**	**89,617**	**-**	**-**	**474,373**
Change in non-demanded surplus	-	-	(29,362)	-	-	**(29,362)**
Policyholders' deficit for the period	-	-	-	(657,172)	-	**(657,172)**
Utilized deficiency cover reserve	(470,773)	-	-	470,773	-	**-**
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	-	-	-	-	186,398	**186,398**
Policyholder' share from change in fair value of financial assets through other comprehensive income	-	(42,106)	-	-	-	**(42,106)**
Balance at 30 June 2022	**-**	**(128,123)**	**60,255**	**(186,399)**	**186,398**	**(67,869)**

"The accompanying notes from (1) to (35) are an integral part of these condensed interim consolidated financial statements and read with review report"

The Islamic Insurance Company
Public Shareholding Company
Condensed interim statement of cash flows for the six months ended at 30 June 2023 (Unaudited)

(In Jordanian Dinar)

	Note	30 June 2023	30 June 2022
Operating Activities			
Profit for the period before income tax		1,426,232	1,489,276
Depreciation & amortization		67,434	50,847
Provision against Al Qard Al Hasan granted to policyholders		243,734	186,398
Cash flows from operating activities before changes in working capital items		**1,737,400**	**1,726,521**
Insurance contract assets		72,874	154,284
Reinsurance contract assets		760,428	272,959
Other assets		(333,633)	(184,906)
Insurance contract liabilities		4,066,002	4,489,584
Liabilities against incurred claims		(218,922)	390,170
Accounts payable		(2,143)	11,953
Reinsurance contract liabilities		700,258	(552,896)
Other liabilities		(144,125)	(102,223)
Non demanded surplus		(14,007)	(29,362)
Net cash flows from operating activities before paid income tax		**6,624,132**	**6,176,084**
Income tax paid		(450,448)	(502,349)
Net cash flows from operating activities		**6,173,684**	**5,673,735**
Investing Activities			
Bank deposits		(1,655,341)	(4,105,276)
Purchase of property and equipment		(43,682)	(237,597)
Purchase of intangible assets		(13,717)	(39,404)
Net cash flows used in investing activities		**(1,712,740)**	**(4,382,277)**
Financing Activities			
Paid dividends		(1,200,000)	(1,200,000)
Net cash flows used in financing activities		**(1,200,000)**	**(1,200,000)**
Net increase in cash and cash equivalents		3,260,944	91,458
Cash and cash equivalents, beginning of year		937,853	2,862,926
Cash and cash equivalents, end of period	25	**4,198,797**	**2,954,384**

"The accompanying notes from (1) to (35) are an integral part of these condensed interim financial statements and read with review report"

1 . General

The **Islamic Insurance Company** (the "Company") was established on 1996 and registered as a public shareholding company under No. (306). The authorized and paid in capital is JD 15,000,000 divided into 15,000,000 shares at JD 1 per share.

The Company engages in several Insurance activities that complies with Islamic regulation including, motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contactor's plant and equipment insurance, miscellaneous insurance, workers compensation insurance, liability insurance, glass plate insurance, personal accidents, medical, and social takaful insurance (Life), and all investment business with means free of usury any illegitimate, and with accordance with Sharia' Islamic principles and Central Bank of Jordan regulations.

The accompanying financial statements were authorized for issue by the Company's Audit Committee in their meeting held on 13 August 2023.

2.1 Basis of Preparation

The financial statements were prepared in accordance with Accounting and auditing standards issued by accounting and auditing organization for Islamic Financial Institutions (AAOIFI) and it was approved by Central Bank of Jordan. In the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards therefor.

The financial statements have been prepared on a historical cost basis except for financial assets at fair value.

The 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 year, except for the adoption of new standards effective as at the beginning of the year.

2.2 Adoption of new accounting standard

The Company has applied in the current and previous years all new and revised standards including IFRS (17) Insurance Contracts which became effective beginning on or after 1 January 2023.

2.3 Changes in accounting principles

1 . **Standards have been published that are effective from annual periods beginning on or after January 1, 2023.**

The company applied International Financial Reporting Standard (17) Insurance Contracts, whereby it assessed the impact of the standard's application, it identified the gap between the previous situation and the standard's requirements, and prepared a risk assessment system through actuarial statistical models for different insurance contracts. In addition, it updated the information technology systems to ensure the availability of all necessary database for applying actuarial models and preparing future cash flow estimation systems for contracts. It determined the present value of cash flows and updated accounting policies and procedures, as well as other operational policies and procedures that had an impact on financial data. The company also reevaluated the models used for recognizing insurance contract revenues in accordance with standard requirements, as indicated in the policies applied in Note (4).

International Financial Reporting Standard (17) replaces International Financial Reporting Standard (4) for annual periods beginning on or after January 1, 2023.

The company restated the comparative information for the year 2022 applying the transitional provisions in Appendix C of International Financial Reporting Standard (17). The nature of the changes in accounting policies can be summarized as follows:

1.1 Changes in classification and measurement.

The adoption of International Financial Reporting Standard (17) did not change the classification of the company's insurance contracts.

International Financial Reporting Standard (17) establishes specific principles for the recognition and measurement of issued insurance contracts and reinsurance contracts held by the company

Under International Financial Reporting Standard (17), all issued insurance contracts and reinsurance contracts held by the company are eligible for measurement using the Premium Allocation Approach (PAA), which simplifies the measurement of insurance contracts compared to the General Measurement Model (GMM).

The measurement principles of the Premium Allocation Approach (PAA) differ from the "earned premiums" approach used by the company under International Financial Reporting Standard (4) in the following key areas:

- The liability for the remaining coverage reflects the received premiums minus the deferred insurance acquisition cashflows and the amounts recognized as revenues for provided insurance services.
- The liability for the remaining coverage includes an adjustment for the time value of money and the impact of financial risks when the installment due date and the related insurance coverage period exceed 12 months.
- Measuring liability for the remaining coverage obligations involves an explicit assessment of risk adjustment for non-financial risks when a group of contracts is onerous (loss-making) to calculate the loss component.
- The measurement of the liability for incurred claims (previously known as reported and unreported claims - IBNR) is determined based on the expected present value using the probability-weighted discounted cash flows, including an explicit adjustment for non-financial risks. The liability encompasses the company's commitment to paying other incurred insurance expenses.
- The measurement of the carrying amount of the assets for remaining coverage (which reflects reinsurance premiums paid for retained reinsurance) is adjusted to include a loss recovery component, reflecting the expected recovery from the losses of onerous (loss-making) contracts when these loss-bearing contracts are reinsured.

2.1 Changes in presentation and disclosure

For presentation in the statement of financial position, the company aggregates issued insurance contracts and reinsurance contracts held separately and presents them distinctly.

- The portfolios of issued insurance contracts, which are assets.
- The portfolios of insurance contracts that are considered liabilities.
- The portfolios of reinsurance contracts held, which are assets.
- The portfolios of reinsurance contracts held, that are considered liabilities.

The portfolios referred to above are those that were created upon initial recognition in accordance with the requirements of International Financial Reporting Standard (17).

The portfolios of issued insurance contracts include assets for insurance acquisition cash flows.

The description of items in the statement of profit or loss and other comprehensive income has undergone significant changes compared to the previous year.

Previously, the company reported the following items: (Total Contributions Written, Net Contributions Written, Changes in Insurance Reserves, Total Insurance Claims, Net Insurance Claims). Instead, International Financial Reporting Standard (17) requires a separate presentation of the following:

- Insurance service revenues.
- Insurance service expenses.
- Insurance business financing income or expense.
- Income or expenses from reinsurance contracts held.

The company provides detailed qualitative and quantitative information regarding:

- The amounts recognized in its financial statements from insurance contracts.
- Key provisions and changes in those provisions when applying the standard.

1.3 Transition (methods used and provisions applied in determining transitional amounts for International Financial Reporting Standard 17).

On the transition date, January 1, 2022, the company undertook the following actions:

- Identified, recognized, and measured each group of insurance contracts as if International Financial Reporting Standard (17) were always applied.
- Identified, recognized, and measured assets from cash flows related to acquiring insurance contracts as if International Financial Reporting Standard (17) were always applied. However, no assessment of recoverability was conducted before the transition date. On the transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognition of any balances that would not have existed if International Financial Reporting Standard (17) were always applied.
- Recognition of any net difference arising in policyholders' equity.

The full retrospective approach

The company applied the full retrospective approach to the existing insurance contracts as of the transition date, including those that originated before the transition date. This is because most of the issued insurance contracts have a coverage period of not more than 12 months.

The modified retrospective approach.

The company applied the modified retrospective approach to specific groups of contracts within its Takaful insurance portfolio, as it existed prior to the transition date. It aggregated contracts from various groups and years into a single unit for accounting purposes. The full retrospective approach was deemed impractical for these portfolios upon transition, as obtaining all necessary historical data from the actuarial reports for its current products was not feasible. As a result, the company used reasonable and supportable information from its current reporting systems, leading to the closest result resembling the full retrospective approach.

The following is the impact of applying International Financial Reporting Standard (17) on the balances as of January 1, 2022, on the financial statements:

Description	Balance before adjustment	The impact of initial application of IFRS 17	Adjusted balance
Shareholders' Equity and Policyholders' Equity			
Retained earnings	3,492,782	(364,593)	**3,128,189**
Accumulated surplus (deficit)	11,180	(11,180)	**-**
Deficiency cover reserve (Emergency Allowance)	1,300,837	(830,064)	**470,773**
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	-	-	**-**
Assets			
Checks under collection, accounts receivable-net and reinsurers receivables	4,822,726	(4,822,726)	**-**
Insurance contract assets	-	639,264	**639,264**
Reinsurance contract assets	-	5,579,124	**5,579,124**
Other assets	813,275	(635,000)	**178,275**
Liabilities			
Total Insurance Contract Liabilities	12,584,211	3,324,161	**15,908,372**
Reinsurers payables	2,578,780	(2,578,780)	**-**
Reinsurance contract liabilities	-	1,246,388	**1,246,388**
Accounts payable	359,724	(316,576)	**43,148**
Other provisions	418,547	(73,288)	**345,259**
Other liabilities	441,073	364,593	**805,666**

1.4 Use of Estimates

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:

A) 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.

B) 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 consolidated statement of profit or loss.

C) 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.

2) 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.

D) Property & equipment

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

E) The present value of future cash flows

Cash flows are defined as all expected receipts and payments within the boundaries of an insurance or reinsurance contract, after adjusting them to reflect the timing and uncertainty of those amounts. This adjustment is based on actuarial assumptions and the company's experience in managing its portfolio of insurance or reinsurance contracts.

Future cash flows are recognized at their present value, and this section provides an overview of items likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, along with information about the accounting basis for each affected item in the financial statements.

When applying the measurement requirements according to International Financial Reporting Standard (IFRS) 17, the following inputs and methods were used, which involve significant estimates. The present value of future cash flows is estimated using deterministic scenarios, and the assumptions used in these deterministic scenarios are derived to approximate the weighted average probability for a complete set of scenarios.

E.1) Discount rates

The bottom-up approach was used to derive the discount rate for cash flows that do not vary with the underlying items' returns in participating contracts (except for investment contracts without discretionary participation features (DPF) that fall outside the scope of IFRS 17). Under this approach, the discount rate is determined as the risk-adjusted risk-free rate for the differences in liquidity characteristics between the financial assets used to derive the risk-free rate and the related cash flows (known as the illiquidity premium). The risk-free rate was derived using available market swap rates in the currency of the insurance contract being measured or an equivalent currency, adjusted for currency basis spreads.

E.2) Estimations of future cash flows to fulfill insurance contracts.

The measurement of each group of contracts within the scope of International Financial Reporting Standard 17 includes all future cash flows within the boundaries of each contract group. The estimation of these future cash flows is based on the expected and probabilistic future cash flows. The company estimates the expected cash flows and their likelihood of occurrence on the measurement date. In formulating these expectations, the company uses information about past events, current conditions, and future condition expectations. The company's estimation of future cash flows represents an average of a range of scenarios that reflect the full spectrum of possible outcomes. Each scenario specifies the amount, timing, and probability of future cash flows. The weighted average of the estimated future cash flows is calculated using a deterministic scenario that represents the expected average probability of a set of scenarios.

When establishing assumptions related to estimating cash flows for groups of insurance contracts, the company takes into consideration factors such as underlying risks, aggregation level, the likelihood of contract settlement before the end of the coverage period, and other expected practices of insurance contract holders. Additionally, the company considers other factors that could impact the estimates and sources of information for these factors.

When estimating cash flows related to expenses at the portfolio or higher level, they are allocated to groups of contracts using systematic approaches such as the direct cost method. The Islamic insurance company has determined that this method leads to a systematic and rational allocation, where similar methods are consistently applied to allocate expenses of a similar nature. Typically, cash flows for acquisition costs of contract groups are allocated based on the total written contributions.

E.3) Financing revenues (expenses) - Insurance and reinsurance contracts

Insurance financing revenues or expenses include the change in carrying amount of the portfolio of insurance contracts arising from:

1. The effect of the time value of money and changes in the time value of money.
2. The impact of financial risks and changes in financial risks.

For contracts measured under the Premium Allocation Approach (PAA), the main amounts within the revenues or expenses of insurance finance are:

1. The accumulated profits on the liability for incurred claims.
2. The impact of changes in Murabaha rates and other financial assumptions.

The company classifies changes in the risk adjustment for non-financial risks within the insurance service result and as revenues or expenses of insurance financing.

For contracts measured under the Premium Allocation Approach (PAA), the company includes all insurance financing revenues or expenses for the period in the statement of profit or loss.

F) Adjustments for non-financial risk

Represents an amount 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 portfolio of insurance/reinsurance contracts held.

The non-financial risk adjustment is applied to the present value of estimated future cash flows and reflects the compensation required by the company to bear the uncertainty regarding the amount and timing of cash flows arising from non-financial risks as the company executes insurance contracts. For reinsurance contracts retained, the non-financial risk adjustment represents the amount of risk transferred from the company to the reinsurer.

The Company calculate the non-financial risk adjustments based on the Value-at-Risk assumption at 75% confidence level.

G) Non-insurance components

Insurance contracts are contracts through which the company accepts significant insurance risks from policyholders by agreeing to compensate the policyholder if there is an uncertain future event that negatively impacts the policyholder. When conducting this assessment, all substantive rights and obligations are considered, including those arising from laws or regulations, on a contract-by-contract basis. The company exercises judgment to evaluate whether the contract transfers insurance risks (i.e., whether there is a scenario with a commercial substance in which the company has the potential for loss based on present value) and whether the accepted insurance risks are significant.

The company issues insurance policies for various types of coverage, including motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contactor's plant and equipment insurance, miscellaneous insurance, workers compensation insurance, liability insurance, glass plate insurance, personal accidents, medical, and social takaful insurance (Life). All of these falls within the definition of insurance contracts and insurance risks. The company does not engage in issuing savings, investment, or participatory polices.

Contracts that have a legal form of insurance but do not involve significant insurance risks and expose the company to financial risks are classified as investment contracts. These contracts are accounted for under the International Financial Reporting Standard 9 (IFRS 9) as financial instruments. It's important to note that the company does not issue any investment-linked or savings-related insurance contracts.

The company defines an insurance contract that exhibits characteristics of direct participation as a contract that meets the following criteria at its inception:

- The contractual terms specify that the policyholders will participate in a clearly defined portion of a specific pool of key elements.
- The company expects to pay the policyholder an amount equal to a significant portion of the fair value returns on the underlying assets.
- The company anticipates that a substantial proportion of any change in the amounts to be paid to the policyholder will vary with the changes in the fair value of the underlying assets.

All other insurance contracts issued by the company are without direct participation features.

In the normal course of business, the company uses reinsurance to mitigate its exposure to risks. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risks related to the underlying contracts, even if the reinsurer does not have a significant exposure to the possibility of a large loss.

All references to insurance contracts in these financial statements apply to both issued insurance contracts and held reinsurance contracts, unless specifically stated otherwise.

Significant Accounting Policies

A) Business Sector
The business sector represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which is measured based on the reports used by the top management of the Company.
The geographic sector relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

B) Definition of insurance contract
The contract under which an insurance company accepts significant insurance risks from the policyholder. By agreeing to compensate the contract holder in the event of a specific and uncertain future occurrence (the insured event), which adversely impacts the contract holder. The company recognizes a group of insurance contracts at the following timings, whichever is earlier.

- The start of the coverage period for the contracts.
- From the date of the first payment due from any contract holder in the group.
- From the date the group becomes a group of contracts expected to incur a loss (onerous), for any of the groups of contracts that are expected to incur a loss.

The company does not issue contracts containing the direct participation feature, and all insurance contracts issued by the company are classified as insurance contracts and do not contain any non-insurance components.

C) Reinsurance contracts held
It is an insurance contract issued by a reinsurer to compensate an insurance company for claims arising from one or more of its issued insurance contracts (the underlying contracts).

Reinsurance contracts held are recognized:

- If the reinsurance contracts held are proportionate to a group of insurance contracts, the reinsurance contracts held are recognized at the beginning of the coverage period for this group of contracts, or upon the initial recognition of any underlying contract, whichever comes first.
- From the beginning of the coverage period for the group of reinsurance contracts held.

D) Initial recognition of insurance contracts / general approach / variable fee.

At initial recognition, the company measures a group of insurance contracts as follows:

1) The cash flows for fulfilling the contracts, which include:
   - Estimates of future cash flows.
   - Adjustments for the time value of money and financial risks associated with future cash flows, to the extent that these financial risks are not included in the estimates of future cash flows (discount rates).
   - Adjustments for non-financial risks.

2) Contractual service margin.

E) Subsequent measurement of insurance contracts / general approach / variable fee.

At initial recognition, the company records the book value of the liability, which includes the following:

1) The liability for the remaining coverage, which includes the net present value of cash inflows and outflows (after applying the discount rate), adjusted for non-financial risks and contractual service margin.
2) The liability for incurred claims, which is calculated based on the best estimate of future cash flows for settling the claims, adjusted for non-financial risks, and considering the application of the discount rate to claims expected to be settled beyond one year.

F) Initial recognition of insurance contracts / premium allocation approach.

At initial recognition, the company records the book value of the liability, which includes the following:

1) The received insurance premiums at initial recognition.
2) Deducting any costs paid for the acquisition of insurance contracts on that date.
3) Adding any amounts relating to the amortization of insurance acquisition cash flows recognized as an expense in the reporting period.
4) Adding any incidental adjustment on the financing component.
5) Deducting the amount recognized as insurance revenue for services provided in that period.
6) Deducting any investment component paid or transferred for the liability related to incurred claims.

G) 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.

H) 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.

I) 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.

J) 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.

K) 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.

L) 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.

M) A summary of measurement approaches.

1) Islamic insurance company classify insurance contracts according to the following:

The portfolio (Level 1)	Contract classification	Measurement approach.
Own damage insurance	Insurance contracts	Premium Allocation Approach
Compulsory insurance	Insurance contracts	Premium Allocation Approach
Buses & borders	Insurance contracts	Premium Allocation Approach
Marine insurance	Insurance contracts	Premium Allocation Approach
Fire insurance	Insurance contracts	Premium Allocation Approach
Engineering insurance	Insurance contracts	Premium Allocation Approach
General insurance	Insurance contracts	Premium Allocation Approach
Medical insurance	Insurance contracts	Premium Allocation Approach
Social Takaful insurance	Insurance contracts	Premium Allocation Approach

2) Islamic insurance company classify reinsurance contracts held according to the following:

The portfolio (Level 1)	Measurement approach.
Own damage insurance	Premium Allocation Approach
Compulsory insurance	Premium Allocation Approach
Buses & borders	Premium Allocation Approach
Marine insurance	Premium Allocation Approach
Fire insurance	Premium Allocation Approach
Engineering insurance	Premium Allocation Approach
General insurance	Premium Allocation Approach
Medical insurance	Premium Allocation Approach
Social Takaful insurance	Premium Allocation Approach

N) Aggregation level.

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

The company manages insurance contracts issued by insurance departments within the operational sector. Each insurance management handles contracts subject to similar risks, all insurance contracts within an insurance management represent a group of contracts. Similarly, each portfolio is classified into groups of contracts issued within a fiscal year (annual groups), (a) onerous (loss-making) contracts upon initial recognition, (b) contracts that have a significant possibility of becoming onerous (loss-making) at a later time upon initial recognition, or (c) a group of remaining contracts. These groups represent the aggregation level at which recognition and measurement of insurance contracts occur at the outset. These distinctions are not subsequently reconsidered.

For each portfolio of contracts, the company determines the appropriate level for which it has reasonable and supportable information to assess whether these contracts are onerous (loss-making) upon initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of accuracy determines the groups of contracts. The company uses an estimation approach to determine the level of accuracy for which it possesses reasonable and supportable information sufficient to conclude that all contracts within a homogenous group will be adequately allocated to the same group without performing individual assessments of contracts.

For underwriting management of the life insurance risk, contract groups typically align with policyholder groups that the company has determined to have similar insurance risks and are priced within the same insurance rate ranges. The company monitors the profitability of contracts within the portfolios, the likelihood of changes in insurance and financial exposure, and other factors that could lead these contracts to become onerous within these pricing groups, without information available at a more granular level.

Contracts issued within the participating insurance management are always priced with high expected profit margins. Therefore, these contracts are allocated to groups of contracts that have a low possibility of becoming onerous (loss-making) as is the case upon initial recognition.

Compulsory motor insurance contracts which are underwritten through the Unified Compulsory Insurance Bureau have been included in one group of contracts and classified as having a significant possibility of becoming onerous (loss-making) prior to acquisition.

For other motor vehicle contracts that are measured using the retrospective accounting approach, the company assumes that no contracts of this nature are onerous (loss-making) upon initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish between onerous and non-onerous contracts (not likely to become loss-making).

For non-onerous contracts, the entity evaluates the likelihood of changes in facts and circumstances occurring in subsequent periods to determine whether the contracts have a significant possibility of becoming onerous. Similar to life insurance contracts, this assessment is conducted at the policyholder group pricing level.

The evaluation of portfolios of reinsurance contracts held is conducted separately from portfolios of issued insurance contracts, applying the company's requirements to reinsurance contracts. The company aggregates reinsurance contracts entered into during a fiscal year (annual groups) into groups of (a) contracts that have a positive net profit upon initial recognition, if any; (b) contracts that do not have a significant possibility of future net profit upon initial recognition; and (c) the remaining contracts in the portfolio, if any.

The evaluation of reinsurance contracts held is performed for aggregation purposes on an individual contract basis. The company tracks internal management information reflecting historical experience of these contracts' performance and utilizes this information to determine the pricing of these contracts in a manner that positions the reinsurance contracts held at a net cost position with little likelihood of future net profit arising later.

O) 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.

P) Financial assets

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.

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 consolidated statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated 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 consolidated 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.

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 consolidated 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.

These assets are not subject to impairment testing.

Dividends are recorded in the consolidated statement of profit or loss on a separate line item.

Q) Investment property

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses (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.

The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use.

Investment property is valued in accordance with Central Bank of Jordan regulations, and its fair value is disclosed in the investment property note.

R) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. 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 consolidated statement of profit or loss.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Buildings	2%
Fixture & Furniture	20%
Computers	35%
Vehicles	15%

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.

S) 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.

T) Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated financial statement at cost. For the purposes of the consolidated statement of cash flow, cash and cash equivalents comprise cash on hand and at banks, deposits with maturities less than three months, less restricted funds.

U) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

V) 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.

W) 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.

X) 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:

- 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.

- 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 murabha method. The finance cost includes the initial expenses, the premium paid upon settlement, and the murabha that accrues during the term of the obligation.

Y) 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 consolidated 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.

- Allowance for doubtful debts and expected credit loss

  - The allowance for doubtful debts and expected credit losses provision are booked when there is objective evidence that the company will not be able to collect all or part of the due amounts, and calculated based on the difference between book value of and recoverable amount.

    The provision matrix is as follow:

Past due receivables more than 360 days	100%
Past due receivables more than 180 days and less than 360 days	50%
Past due receivables more than 90 days and less than 180 days	25%
Past due receivables more than 1 day and less than 90 days	11-12%
Undue receivables	0.005%

- 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.

Z) Foreign currency
Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Translation differences for items of non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value and translated at the date of fair value determination. Foreign exchange gains or losses are reflected in the statement of profit or loss.

AA) Revenue recognition

A. Dividend and Murabha revenue
The Dividends revenues are realized when the shareholder has the right to receive the payment once declared by the General Assembly of Shareholders.
Murabha revenues are recorded when it booked by bank.

B. 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.

BB) **Insurance acquisition cost**
Insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. The Company has elected to capitalize and amortize these costs over the coverage period.

CC) **Insurance contract expenses**
The company allocate directly attributable wakala fees related to insurance contracts to the insurance portfolios, incorporating them into the calculation of contract profitability while, the company allocate indirectly attributable wakala fees not related to insurance contracts based on the total insurance contributions written by the insurance portfolios as an approved cost center for distribution.

DD) Deficiency cover reserve (Emergency Allowance)

20% of all policyholders' surplus and policyholders' gain from sale of financial assets at fair value through other comprehensive income recognized during the period are transferred to the contingencies provision to cover the deficits in future financial periods, and only if no accumulated deficit was present at date of the transfer. The reserve is not distributable to policyholders' and must not exceed total technical provisions.

In case of liquidation, the Deficiency coverage reserve (Emergency Allowance) is distributed to charity after the settlement of any outstanding non-profitable loans if present.

EE) Basis for determining the insurance surplus

Insurance surplus is the excess of the total contributions collected, investment income from these contributions and any other income after deducting claims paid, technical, reserves shareholders share for management of Takaful operations and investments, and policyholder's fund expense.

Different lines of business are treated as a single unit when computing the insurance surplus.

FF) Basis for Distributing the insurance surplus

The insurance surplus is limited to the policyholders and can only allocated to them. Shareholders do not have the right in the surplus.

The insurance surplus is distributed among policyholders in proportion to their respective contribution percentage without distinguishing between those who for insurance claims and those who have not during the fiscal year.

The Company retains any un-distributed amount not claimed by the policyholders' in. a separate account presented within the policyholders' fund to be later transferred to the reserve to cover deficit (Emergency Allowance) after acquiring the approval of the Sharia' Supervisory Committee.

In case of liquidation, the insurance surplus for the period is allocated to policyholders while any undistributed and unclaimed surplus of prior periods (if any) will be distributed to charity after the settlement of any outstanding non-profitable loan.

GG) Methods of covering policyholders' fund deficit

In case of deficit or accumulated deficit in the policyholders' current account, the deficit is covered by the Emergency Allowance In case of the shortage in the Emergency Allowance the shareholders will grant the policyholders a non-profitable loan to cover all the shortage, and then company create full allowance against this loan.

HH) Non-compliant Sharia' transactions

The Company is committed to comply wilh Sharia' in its operations and to disclose any income or gains from the transactions inconsistent with Sharia'.

Any revenues and gains non-compliant with sharia' are recorded in separate account which is presented in the financial statements within other credit balances (shareholders liabilities) and are not recorded in the income statement. This account is distributed to charity based on the Sharia' committee decision.

II) Policyholders and shareholders' financial investments

The Company complies with the principles of Takaful insurance by maintaining complete separate entries and records for the policyholders and the shareholders.
The shareholders paid all general expenses and manage Takaful Business for Policyholders’ interest in accordance with contract on the basis of known wakala Fees.
The shareholders invest surplus funds from the policyholder's account against known share from investment revenue as Mudhareb.

The percentage as determined by Board and approved by Sharia' Committee, as follow:

30% Company share from Gross written contributions as Wakala Fees against mange Takaful business to cover administrative expenditures.
25% Company share from Investment revenue as mudhareb

While the applied percentage, as approved by the Board of Directors with the consent of the Shari'a Committee for the year 2023, is as follows:

17.5% Company share from Gross written contributions as Wakala Fees against mange Takaful business to cover administrative expenditures.
25% Company share from Investment revenue as mudhareb.

3 . Bank Deposits

	30 June 2023 (Unaudited)								31 December 2022 (Audited)	
	Deposits mature within(1) month		Deposits mature after (1) month to (3) months		Deposits mature after (3) months to (12) months		Total		Total	
	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders
Inside Jordan	1,850,000	345,000	-	-	8,750,000	13,177,604	**10,600,000**	**13,522,604**	**6,610,806**	**13,147,326**
Outside Jordan	-	-	-	-	-	710,000	**-**	**710,000**	**-**	**3,848,023**
Total	**1,850,000**	**345,000**	**-**	**-**	**8,750,000**	**13,887,604**	10,600,000	14,232,604	6,610,806	16,995,349
Provision for expected credit losses *	(4,009)	(2,014)	-	-	(18,138)	(68,510)	**(22,147)**	**(70,524)**	**(22,147)**	**(2,581,024)**
Net	**1,845,991**	**342,986**	**-**	**-**	**8,731,862**	**13,819,094**	**10,577,853**	**14,162,080**	**6,588,659**	**14,414,325**

- There is no fixed profit rate on deposit balances with banks, as profits are linked to the investment outcomes of banks based on the principles and rules of Sharia-compliant trading. The profit rate ranged from 2% to 5% for bank deposits for the period ended 30/6/2023.
- Deposits pledged to the Favor of the Governor of the Central Bank of Jordan amounted to JOD (800,000) as at 30 June 2023 at Jordan Islamic Bank.

  The distribution of the company's deposits to banks are as follows:

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Jordan Islamic Bank	1,650,001	6,977,604	100,700	6,544,739
Islamic International Arab Bank	-	6,545,000	-	5,352,587
Safwa Islamic Bank	5,449,999	-	3,010,106	1,250,000
Alrajhi Bank	3,500,000	-	3,500,000	-
Al Baraka Bank - Bahrain	-	710,000	-	710,000
Al Baraka Bank - Lebanon	-	-	-	3,138,023
Balance at end of the period	**10,600,000**	**14,232,604**	**6,610,806**	**16,995,349**

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

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at beginning of the period	22,147	2,581,024	34,099	2,193,572
Additions	-	-	-	387,452
Disposals	-	(2,510,500)	(11,952)	-
Balance at end of the period	**22,147**	**70,524**	**22,147**	**2,581,024**

4 . Financial Assets at Fair Value Through Profit or Loss

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
Inside Jordan	**Policyholders**	**Shareholders**	**Policyholders**	**Shareholders**
Al Wakala Bi Al Istithmar (Investment portfolios) *	1,000,000	3,000,000	1,000,000	3,000,000
Total	**1,000,000**	**3,000,000**	**1,000,000**	**3,000,000**

Investment portfolios represent bonds issued from Jordan Islamic Bank, available for subscription throughout the year without a predetermined maturity date. They are not listed on the public market and can be liquidated by the company at any time during the year. They are stated at cost which represent the best measure of fair value.

5 . Financial Assets at Fair Value Through Other Comprehensive Income

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
Inside Jordan	**Policyholders**	**Shareholders**	**Policyholders**	**Shareholders**
Investments in quoted shares	2,239,387	6,718,162	2,337,851	7,013,553
Investments in unquoted shares	8,223	24,669	11,610	34,828
Total	**2,247,610**	**6,742,831**	**2,349,461**	**7,048,381**

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
Outside Jordan	**Policyholders**	**Shareholders**	**Policyholders**	**Shareholders**
Investments in quoted shares	-	-	-	-
Investments in unquoted shares*	-	8,157	-	8,157
Total	-	8,157	-	8,157
Grand total	**2,247,610**	**6,750,988**	**2,349,461**	**7,056,538**

*This item represents financial assets with no publicly traded prices outside Jordan and stated at cost.

6 . Financial Assets at Amortized Cost

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Policyholders	**Shareholders**	**Policyholders**	**Shareholders**
Islamic Finance Sukuk-National Electricity Company	186,750	560,250	186,750	560,250
Total	**186,750**	**560,250**	**186,750**	**560,250**

Islamic finance Sukuk represents Sukuk issued by the National Electricity Company, with an annual yield of 5.47% for a duration of five years, maturing on August 28, 2023. They are guaranteed by the Hashemite Kingdom of Jordan government.

7 . Insurance contract liabilities – Premium Allocation Approach

	Liabilities for remaining coverage				liabilities against incurred claims				Total	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022	30/6/2023	31/12/2022	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	Excluding loss componen t contracts	Excluding loss component contracts	Loss component contracts	Loss component contracts	Present value of future cash flows	Present value of future cash flows	Risk adjustments for non-financial risks	Risk adjustments for non-financial risks	Total	Total
Insurance contracts liabilities at beginning of the period	4,817,084	2,995,415	922,654	704,092	14,898,830	11,773,953	888,816	710,646	**21,527,384**	**16,184,106**
Insurance contracts assets at beginning of the period	(840,054)	(596,575)	-	-	-	-	-	-	**(840,054)**	**(596,575)**
Net of insurance contracts liabilities (assets) at the beginning of the period	**3,977,030**	**2,398,840**	**922,654**	**704,092**	**14,898,830**	**11,773,953**	**888,816**	**710,646**	**20,687,330**	**15,587,531**
Insurance revenues	**(16,766,650)**	**(30,129,779)**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,766,650)**	**(30,129,779)**
Insurance service expenses	**482,462**	**841,895**	**(139,982)**	**218,562**	**13,917,485**	**26,682,784**	**(51,242)**	**166,302**	**14,208,723**	**27,909,543**
Incurred claims net of recoveries	-	-	-	-	11,855,270	19,209,006	-	-	**11,855,270**	**19,209,006**
Changes in claims provision	-	-	-	-	(210,574)	3,489,903	-	-	**(210,574)**	**3,489,903**
Losses on onerous contacts and reversal of those losses	-	-	(139,982)	218,562	-	-	-	-	**(139,982)**	**218,562**
Changes in risk adjustment	-	-	-	-	-	-	(51,242)	166,302	**(51,242)**	**166,302**
Amortization of insurance acquisition cost	211,099	420,737	-	-	-	-	-	-	**211,099**	**420,737**
Other directly attributable expenses	271,363	421,158	-	-	-	-	-	-	**271,363**	**421,158**
Wakala fees	-	-	-	-	2,272,789	3,983,875	-	-	**2,272,789**	**3,983,875**
Insurance service results	**(16,284,188)**	**(29,287,884)**	**(139,982)**	**218,562**	**13,917,485**	**26,682,784**	**(51,242)**	**166,302**	**(2,557,927)**	**(2,220,236)**
Finance (income) expenses from insurance contract	-	-	-	-	215,212	(365,963)	28,836	11,868	**244,048**	**(354,095)**
Total amounts recognized in statement of policyholders'' revenues & expenses	**(16,284,188)**	**(29,287,884)**	**(139,982)**	**218,562**	**14,132,697**	**26,316,821**	**(22,406)**	**178,170**	**(2,313,879)**	**(2,574,331)**
Cash received from underwritten contracts	21,061,154	31,693,605	-	-	-	-	-	-	**21,061,154**	**31,693,605**
Paid claims	-	-	-	-	(12,599,541)	(19,763,041)	-	-	**(12,599,541)**	**(19,763,041)**
Paid acquisition cost	(237,663)	(405,436)	-	-	-	-	-	-	**(237,663)**	**(405,436)**
Paid other directly attributable expenses	(271,363)	(421,158)	-	-	-	-	-	-	**(271,363)**	**(421,158)**
Paid Wakala fees	-	-	-	-	(2,272,789)	(3,983,875)	-	-	**(2,272,789)**	**(3,983,875)**
Transfer to liability against incurred claims	**10,918**	**(937)**	-	-	**(10,918)**	**937**	-	-	-	-
Insurance contracts liabilities at the end of the period	**9,023,068**	**4,817,084**	**782,672**	**922,654**	**14,148,279**	**14,344,795**	**866,410**	**888,816**	**24,820,429**	**20,973,349**
Insurance contracts assets at the end of the period	**(767,180)**	**(840,054)**	**-**	**-**	**-**	**-**	**-**	**-**	**(767,180)**	**(840,054)**
Net of insurance contracts liabilities (assets) at the end of the period	**8,255,888**	**3,977,030**	**782,672**	**922,654**	**14,148,279**	**14,344,795**	**866,410**	**888,816**	**24,053,249**	**20,133,295**

7 . (A) Accounts receivable (Insurance Contracts Assets) - net

	30 June 2023 (Unaudited)										31 December 2022 (Audited)
	Compulsory insurance	Comprehensive insurance	Buses and borders	Marine	Fire	Engineering	General insurance	Medical	Takaful	Total	Total
Accounts receivable	-	1,210,151	232,289	161,032	546,840	22,465	134,229	3,151,875	588,814	**6,047,695**	**3,299,173**
Notes receivable and checks under collection	-	175,993	64,216	65,768	143,210	-	34,691	511,323	188,589	**1,183,790**	**1,420,078**
Prepaid acquisition cost	-	-	-	-	-	-	-	-	-	**-**	**-**
Total	**-**	**1,386,144**	**296,505**	**226,800**	**690,050**	**22,465**	**168,920**	**3,663,198**	**777,403**	**7,231,485**	**4,719,251**

On June 30, 2023, the company estimated the recoveries from other insurance companies against claims paid to policyholders and offset them against the incurred compensations. As for the recoveries of outstanding claims, they are deducted from these outstanding claims.

7 . (B) Accounts Receivables - net

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Policy holders receivables	6,720,505	3,882,284
Agents receivables	-	-
Brokers receivables	-	-
Employees receivables	9,477	4,904
Total	**6,729,982**	**3,887,188**
Less: Allowance for doubtful debts *	(207,187)	(201,067)
Less: Provision for expected credit losses **	(475,100)	(386,948)
Net Accounts Receivable	**6,047,695**	**3,299,173**

* Movement on the allowance for doubtful debts is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	201,067	215,317
Additions	6,120	-
Disposals	-	(14,250)
Balance at end of the period	**207,187**	**201,067**

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	386,948	399,104
Additions	88,152	-
Disposals	-	(12,156)
Balance at end of the period	**475,100**	**386,948**

8 . Reinsurance Contract Liabilities – Premium Allocation Approach

	Liabilities for remaining coverage				liabilities against incurred claims				Total	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022	30/6/2023	31/12/2022	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	Excluding loss component contracts	Excluding loss component contracts	Loss component contracts	Loss componen t contracts	Present value of future cash flows	Present value of future cash flows	Risk adjustments for non-financial risks	Risk adjustments for non-financial risks	Total	Total
Reinsurance contract liabilities at beginning of the period	2,325,069	1,271,942	-	-	-	-	-	-	**2,325,069**	**1,271,942**
Reinsurance contract (assets) at beginning of the period	(411,800)	(290,708)	(85,738)	(25,565)	(8,252,645)	(4,983,516)	(453,735)	(304,889)	**(9,203,918)**	**(5,604,678)**
Net of reinsurance contracts liabilities (assets) at the beginning of the period	**1,913,268**	**981,234**	**(85,738)**	**(25,565)**	**(8,252,645)**	**(4,983,516)**	**(453,735)**	**(304,889)**	**(6,878,850)**	**(4,332,736)**
Reinsurance contracts revenues	**6,006,982**	**11,261,425**	**-**	**-**	**-**	**-**	**-**	**-**	**6,006,982**	**11,261,425**
Reinsurance contract refund	**-**	**-**	**52,188**	**(60,173)**	**(4,335,896)**	**(10,116,949)**	**71,804**	**(143,754)**	**(4,211,904)**	**(10,320,876)**
Incurred claims recovery	-	-	-	-	(5,428,843)	(7,520,480)	-	-	**(5,428,843)**	**(7,520,480)**
Changes in claims provision	-	-	-	-	1,092,947	(2,596,469)	-	-	**1,092,947**	**(2,596,469)**
Losses on onerous contacts and reversal of those losses	-	-	52,188	(60,173)	-	-	-	-	**52,188**	**(60,173)**
Changes in risk adjustment	-	-	-	-	-	-	71,804	(143,754)	**71,804**	**(143,754)**
Other revenues	-	-	-	-	-	-	-	-	**-**	**-**
Insurance service results	**6,006,982**	**11,261,425**	**52,188**	**(60,173)**	**(4,335,896)**	**(10,116,949)**	**71,804**	**(143,754)**	**1,795,078**	**940,549**
Finance expenses (income) from re-insurance contracts held	-	-	-	-	(99,829)	162,544	(14,721)	(5,092)	**(114,550)**	**157,452**
Total amounts recognized in statement of policyholders' revenues & expenses	**6,006,982**	**11,261,425**	**52,188**	**(60,173)**	**(4,435,725)**	**(9,954,405)**	**57,083**	**(148,846)**	**1,680,528**	**1,098,001**
Total premiums paid net of ceding commissions and other directly attributable expenses	(6,431,596)	(10,325,367)	-	-	-	-	-	-	**(6,431,596)**	**(10,325,367)**
Recoveries from re-insurance	-	-	-	-	6,611,754	6,681,251	-	-	**6,611,754**	**6,681,251**
Collected other revenues	-	-	-	-	-	-	-	-	**-**	**-**
Transfer to liability against incurred claims	**9,256**	**(4,024)**	**-**	**-**	**(9,256)**	**4,024**	**-**	**-**	**-**	**-**
Reinsurance contracts liabilities at the end of the period	**3,025,327**	**2,325,069**	**-**	**-**	**-**	**-**	**-**	**-**	**3,025,327**	**2,325,069**
Reinsurance contracts (assets) at the end of the period	**(1,927,415)**	**(411,800)**	**(33,550)**	**(85,738)**	**(6,085,873)**	**(8,252,645)**	**(396,652)**	**(453,735)**	**(8,443,490)**	**(9,203,918)**
Net of reinsurance contracts liabilities (assets) at the end of the period	**1,097,911**	**1,913,268**	**(33,550)**	**(85,738)**	**(6,085,873)**	**(8,252,645)**	**(396,652)**	**(453,735)**	**(5,418,164)**	**(6,878,850)**

8 . (A) Receivables (Reinsurance contract held) - net

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Reinsurance contract assets (Local)	215,671	141,075
Reinsurance contract assets (Foreign)	75,665	1,427,444
Allowance for doubtful debts*	(36,110)	(163,565)
Provision for expected credit losses**	(81,603)	(48,420)
Net reinsurance contract assets	**173,623**	**1,356,534**

* Movements on the allowance for doubtful debts is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	163,565	61,694
Additions	-	101,871
Disposals	(127,455)	-
Balance at end of the period	**36,110**	**163,565**

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	48,420	123,885
Additions	33,183	-
Disposals	-	(75,465)
Balance at end of the period	**81,603**	**48,420**

8 . (B)Payables (Reinsurance contract held)

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Reinsurance contract liabilities – (Local)	92,479	348,910
Reinsurance contract liabilities – (Foreign)	6,394,712	3,290,544
Total	**6,487,191**	**3,639,454**

9 . Income Tax

A- Income tax provision

The movement on income tax provision is as follow:

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at beginning of the period	-	509,767	-	561,459
Income tax paid	-	(450,448)	-	(738,734)
Income tax expense for the period	-	449,310	-	687,042
Balance at end of the period	**-**	**508,629**	-	**509,767**

Income tax expense that appears in the statement of profit on loss represents:

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Income tax expense for the period	-	449,310	-	687,042
Prior years income tax expense	-	-	-	-
Total	**-**	**449,310**	**-**	**687,042**

10 . Accounts Payable

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Agents receivables	304	76
Brokers receivables	19,060	21,338
Other payables	13,962	14,055
Total	**33,326**	**35,469**

11 . Non Demanded Surplus

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	56,180	89,617
Less :Distributions to charity	(14,007)	(33,437)
Balance at end of the period	**42,173**	**56,180**

12 . Al Qard Al Hasan Granted by Shareholders to Cover Policyholders' Deficit

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	-	-
Add: Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	243,734	-
Balance at end of the period	**243,734**	**-**

13 . Deficiency Cover Reserve (Emergency Allowance)

The accumulated amounts in this account represent what has been transferred from the policyholders' surplus and the policyholders' share of the profit from the sale of financial assets at fair value through other comprehensive income at a rate of 20% during the current period and previous years.

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	430,982	1,300,837
The impact of initial application of IFRS 17	-	(830,064)
Less : Utilized deficiency cover reserve	(430,982)	(39,792)
Balance at end of the period	**-**	**430,982**

14 . Cumulative Change in Fair Value

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

Shareholders	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	(42,962)	(258,051)
Realized losses transferred to retained earnings	-	18,878
Change in fair value during the period	(305,550)	196,211
Balance at end of the period	**(348,512)**	**(42,962)**

Policyholders	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	(14,321)	(86,017)
Change in fair value during the period	(101,850)	71,696
Balance at end of the period	**(116,171)**	**(14,321)**

15 . Insurance Contracts Revenues

	Compulsory insurance		Comprehensive insurance		Buses and borders		Marine		Fire		Engineering		General insurance		Medical		Takaful		Total	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Change in insurance contract liabilities against the remaining coverage	4,156,515	2,888,443	1,191,423	1,071,788	931,108	837,728	377,910	398,258	834,929	790,961	42,325	37,235	539,312	512,938	3,510,318	3,340,645	5,124,810	4,469,619	**16,708,650**	**14,347,615**
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,000	29,760	58,000	29,760
Total Insurance Contracts Revenues	**4,156,515**	**2,888,443**	**1,191,423**	**1,071,788**	**931,108**	**837,728**	**377,910**	**398,258**	**834,929**	**790,961**	**42,325**	**37,235**	**539,312**	**512,938**	**3,510,318**	**3,340,645**	**5,182,810**	**4,499,379**	**16,766,650**	**14,377,375**

16 . Insurance Contracts Expenses

	Compulsory insurance		Comprehensive insurance		Buses and borders		Marine		Fire		Engineering		General insurance		Medical		Takaful		Total	
	30 June 2023	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
Incurred claims net of recoveries	3,255,295	2,776,889	804,209	753,030	347,761	248,428	654,589	23,730	349,859	53,436	20,613	8,032	37,040	73,094	3,790,398	3,031,966	2,595,506	2,534,561	**11,855,270**	**9,503,166**
Changes in claims provision	876,550	(90,033)	198,405	255,489	(13,016)	159,933	(591,155)	(23,890)	202,953	45,284	(42,118)	(9,593)	74,100	57,751	(495,972)	(225,955)	(420,321)	494,947	**(210,574)**	**663,933**
Amortization of insurance acquisition cost	127,170	112,918	30,686	29,202	30,169	31,545	3,868	4,169	8,752	9,532	140	110	2,460	1,505	7,854	9,134	-	-	**211,099**	**198,115**
Losses on onerous contacts	725,017	364,172	240	172	-	-	822	102	-	3	-	-	-	37	4,763	168,240	-	(5)	**730,842**	**532,721**
Reversal of losses from onerous contracts	(777,273)	(660,807)	-	-	-	(16)	-	(170)	-	(29)	-	-	-	(44)	(93,551)	(33,114)	-	-	**(870,824)**	**(694,180)**
Changes in risk adjustment	310,834	267,887	30,814	30,249	29,659	31,533	2,887	7,406	50,249	3,160	6,629	4,876	16,209	12,858	38,096	42,532	(462,889)	(245,746)	**22,488**	**154,755**
Reversal of risk adjustment	(263,743)	(289,197)	(25,835)	(21,948)	(31,803)	(27,280)	(22,307)	(8,100)	(44,719)	(2,148)	(8,532)	(5,363)	(13,512)	(10,458)	(70,822)	(50,727)	407,543	295,426	**(73,730)**	**(119,795)**
Wakala fees	376,056	334,268	124,222	112,192	77,096	68,052	37,490	40,035	130,648	126,933	5,719	5,126	90,992	88,963	535,309	515,429	895,257	778,055	**2,272,789**	**2,069,053**
Other directly attributable expenses	71,257	58,119	71,012	58,297	14,608	11,832	759	1,266	6,905	6,668	-	-	4,269	4,084	53,558	26,150	48,995	42,745	**271,363**	**209,161**
Total insurance contracts expenses	**4,701,163**	**2,874,216**	**1,233,753**	**1,216,683**	**454,474**	**524,027**	**86,953**	**44,548**	**704,647**	**242,839**	**(17,549)**	**3,188**	**211,558**	**227,790**	**3,769,633**	**3,483,655**	**3,064,091**	**3,899,983**	**14,208,723**	**12,516,929**

17 . Reinsurance contracts results

	Compulsory insurance		Comprehensive insurance		Buses and borders		Marine		Fire		Engineering		General insurance		Medical		Takaful		Total	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Change in reinsurance contract liabilities against the remaining coverage	(180,000)	(153,000)	(78,362)	(63,990)	(174,579)	(201,857)	(181,092)	(107,864)	(600,582)	(430,444)	(28,346)	(20,059)	(281,167)	(198,144)	(2,029,401)	(1,845,784)	(2,453,453)	(2,413,942)	**(6,006,982)**	**(5,435,084)**
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total reinsurance contracts results	**(180,000)**	**(153,000)**	**(78,362)**	**(63,990)**	**(174,579)**	**(201,857)**	**(181,092)**	**(107,864)**	**(600,582)**	**(430,444)**	**(28,346)**	**(20,059)**	**(281,167)**	**(198,144)**	**(2,029,401)**	**(1,845,784)**	**(2,453,453)**	**(2,413,942)**	(6,006,982)	(5,435,084)

18 . Reinsurance contracts refunds

	Compulsory insurance		Comprehensive insurance		Buses and borders		Marine		Fire		Engineering		General insurance		Medical		Takaful		Total	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Incurred claims recovery	(230,729)	(61,079)	(33,707)	(25,848)	(307)	307	(622,848)	(15,954)	(345,678)	(45,810)	(19,606)	(7,630)	(9,933)	(9,618)	(2,270,583)	(1,817,196)	(1,895,452)	(1,727,120)	**(5,428,843)**	**(3,709,948)**
Changes in claims provision	191,360	1,957	(3,115)	(7,584)	(59,094)	(62,081)	500,447	12,327	(146,763)	(55,799)	37,611	8,626	(18,495)	(87,681)	297,583	135,541	293,413	(386,036)	**1,092,947**	**(440,730)**
Losses on onerous contacts	-	-	(12)	(9)	-	-	(196)	(28)	-	5	-	-	-	348	(32,549)	(95,464)	-	6	**(32,757)**	**(95,142)**
Reversal of losses from onerous contracts	-	-	-	-	-	11	11	43	-	16	-	-	-	(343)	84,934	15,741	-	(3)	**84,945**	**15,465**
Changes in risk adjustment	(17,724)	(35,028)	(1,683)	(2,852)	(14,085)	(15,462)	(2,497)	(5,927)	(72,949)	(3,493)	(9,997)	(5,079)	(9,770)	(8,628)	(44,535)	(54,211)	(208,692)	122,232	**(381,932)**	**(8,448)**
Reversal of risk adjustment	26,917	37,022	1,910	2,692	12,778	13,582	21,689	6,222	60,318	1,905	11,736	5,260	9,760	4,786	69,648	71,573	238,979	(161,847)	**453,735**	**(18,805)**
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total reinsurance contracts refunds	**(30,176)**	**(57,128)**	**(36,607)**	**(33,601)**	**(60,708)**	**(63,643)**	**(103,394)**	**(3,317)**	**(505,072)**	**(103,176)**	**19,744**	**1,177**	**(28,438)**	**(101,136)**	**(1,895,502)**	**(1,744,016)**	**(1,571,752)**	**(2,152,768)**	**(4,211,905)**	**(4,257,608)**

19 . Finance Income (Expenses) From Insurance Contracts

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Finance income (expenses)	(244,048)	196,281
Total	**(244,048)**	**196,281**

The bottom-up approach was used to derive the discount rate for cash flows. Under this approach, the discount rate is determined as the risk-adjusted risk-free rate for the differences in liquidity characteristics between the financial assets used to derive the risk-free rate and the related cash flows (known as the illiquidity premium). The risk-free rate was derived using available market swap rates in the currency of the insurance contract being measured or an equivalent currency, adjusted for currency basis spreads.

20 . Finance Income (Expenses) From Reinsurance Contracts

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Finance income (expenses)	114,550	(69,960)
Total	**114,550**	**(69,960)**

The bottom-up approach was used to derive the discount rate for cash flows. Under this approach, the discount rate is determined as the risk-adjusted risk-free rate for the differences in liquidity characteristics between the financial assets used to derive the risk-free rate and the related cash flows (known as the illiquidity premium). The risk-free rate was derived using available market swap rates in the currency of the insurance contract being measured or an equivalent currency, adjusted for currency basis spreads.

21 . Investment Income

	30 June 2023 (Unaudited)		30 June 2022 (Unaudited)	
	Policyholders	**Shareholders**	**Policyholders**	**Shareholders**
Income from deposits	363,274	404,969	229,164	215,214
Gain from financial assets at fair value through profit or loss	24,999	74,995	21,501	64,502
Gain from financial assets at amortized cost	5,537	16,612	5,150	15,449
Total	**393,810**	**496,576**	**255,815**	**295,165**

22 . Net Income from Financial Assets and Investments

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Dividends	379,729	318,855
Rent revenues	16,500	-
Total	**396,229**	**318,855**
Amounts transferred to underwriting accounts	94,932	79,473
Amounts transferred to statement of profit or loss	301,297	239,382

23 . Shareholders' share for managing the operations of takaful insurance

Shareholders bear all administrative expenses and manage insurance operations on behalf of policyholders under an agency agreement (contract) based on a known Wakala fee.

The shareholders invest surplus fund from the policyholders account against known share from investment revenues as mudaraba.

24 . 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	1,651,638	1,778,916
Weighted average number of shares	15,000,000	15,000,000
Basic and diluted earnings per share	**0.110**	**0.119**

25 . 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	2,009,820	1,855,385
Add : Deposits at banks mature within (3) months	2,188,977	1,098,999
Net Cash and Cash Equivalents	**4,198,797**	**2,954,384**

26 . Related Party Transactions

There are no contracts, projects, or commitments entered into by the company with members of the Board of Directors, the General Manager, or any employee of the company or their relatives, except for issuing insurance policies for them, which falls within the scope of the company's primary activities.

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

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Salaries and bonuses	230,034	224,098
Transportation expenses	630	630
Total	**230,664**	**224,728**

27 . Transactions that do not comply with the Islamic Sharia principles.

There is not any transactions inconsistent with Islamic Sharia Principles.

28 . Analysis of Main Sectors

Background information on the Company business segments

For management purposes the Company measures its insurance segments to include general insurance sector which comprise of (insurance on motor, marine, fire and engineering and general insurances, liability, medical) and life insurance sector which include takaful, the mentioned sectors also include investments and cash management for the Company account. The activities between the business sectors are performed based on commercial basis.

29 . Capital Management

The Company manages its capital in line with the regulations of the Central bank of Jordan-Insurance Companies supervision. These requirements were designed to ensure a suitable margin. Additional targets have been assigned by the Company in order to support its business and maximize shareholder value.

The Company authorized and paid in capital amounted to JOD 15,000,000 divided into 15,000,000 share at JOD 1 par value per share.

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Core capital items		
Paid in Capital	15,000,000	15,000,000
Statutory reserve	3,694,510	3,694,510
Voluntary reserve	1,245,480	1,245,480
Retained earnings	4,148,772	3,453,399
Policyholders' equity	364,060	1,044,165
Additional capital items		
Cumulative change in fair value of financial assets through other comprehensive income	(348,512)	(42,962)
Total regulatory capital (A)	24,104,310	24,394,592
Total required capital (B)	8,096,010	8,767,545
Solvency margin (A)/(B)	**298%**	**278%**

30 . Lawsuits against the Company

There are lawsuits filed against the Company mainly pertaining motor accidents, for which a full reserve has been taken against in the outstanding claims reserve amounting to JOD (2,905,300).

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.

31 . Contingent Liabilities

There are no contingent liabilities that could arise after the date of financial statement.

32 . Subsequent Events

No subsequent events have a material impact on the interim financial statement as at 30 June 2023.

33 . Comparative Figures

Some comparative figures for the year 2022 have been reclassified to match the classification figures for the year 2023, the reclassification had no effect on comprehensive income nor equity.Where the opening balances have been impacted as of 1/1/2022 due to the adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts.

34 . The Fair Value of Assets and Liabilities that are Not Carried 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.

35 . Loss Component Contracts

Underwriting to compulsory car insurance contracts are done through the Unified Insurance Office, and they are priced by the government. The pricing of compulsory insurance policies does not cover technical and administrative expenses incurred by those policies. As a result, these policies have been classified into a single group of contracts and are valued with a significant possibility of becoming onerous (loss-making) prior to acquisition.