

**Jordan French Insurance Company**  
(Public Limited Shareholding Company)  
**Amman – The Hashemite Kingdom of Jordan**  
**Interim Condensed Financial Statements (Unaudited)**  
**and Independent Auditor's Review Report**  
**For the Six-months ended June 30, 2024**

**Jordan French Insurance Company**  
(Public Limited Shareholding Company)  
**Amman- The Hashemite kingdom of Jordan**  
**Interim Condensed Financial Statements (Unaudited)**  
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**For the Six-months ended June 30, 2024**

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## Independent Auditors' Review Report

To, The Shareholders  
Jordan French Insurance Company  
(Public Limited Shareholding Company)  
Amman - The Hashemite Kingdom of Jordan

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Jordan French Insurance Company ("the Company")** as of June 30, 2024 and the related interim condensed statements of profit or loss and other comprehensive income for the three and six months, changes in shareholders' equity, and cash flows for the Six months period then ended and a summary of significant accounting policies and the accompanying notes.

Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### Scope of Review

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

### Qualified Conclusion Basis

The company has not obtained the approval of the Central Bank of Jordan on the financial statements for the financial year ended December 31, 2023 to date.

### Qualified Conclusion

Based on our review, with the exception of the effect of what was mentioned in the qualified conclusion basis paragraph above, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements for the period ended June 30, 2024 are not prepared in all material respects, in accordance with IAS (34) "Interim Financial Reporting".

The partner is in charge of the audit resulting in this auditor's report was Hasan Amin Othman; license number 674.

Date: Aug 13, 2024

Amman - Jordan



**Jordan French Insurance Company**  
(Public Limited Shareholding Company)  
**Interim Condensed Statement of Financial Position**  
**As of June 30, 2024 (Unaudited)**  
(Jordanian Dinars)

	<b>Note</b>	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
<b><u>Assets</u></b>			
Deposits at banks, net	6	<b>9,554,935</b>	10,818,456
Financial assets at fair value through profit or loss statement	7	<b>418,972</b>	270,919
Financial assets at fair value through other comprehensive income	8	<b>2,619,324</b>	2,533,667
Financial assets at amortized cost	9	<b>1,671,624</b>	175,000
Investment properties	10	<b>2,337,353</b>	2,342,962
<b>Total investments</b>		<b>16,602,208</b>	16,141,004
Cash on hand and at banks	11	<b>1,545,325</b>	2,186,563
Reinsurance contract assets, net	13	<b>3,793,020</b>	3,589,198
Deferred tax assets	14	<b>2,419,594</b>	2,526,599
Property and equipment, net	17	<b>1,285,945</b>	1,297,603
Intangible assets, net	15	<b>29,018</b>	30,807
Other assets	16	<b>370,899</b>	369,717
<b>Total Assets</b>		<b>26,046,009</b>	26,141,491
<b><u>Liabilities and Shareholders' Equity</u></b>			
<b><u>Liabilities</u></b>			
<b>Insurance contract liabilities:</b>			
Insurance contract liabilities-Net	12	<b>15,159,487</b>	15,384,189
<b>Total insurance contract liabilities</b>		<b>15,159,487</b>	15,384,189
Lease Liabilities		<b>6,797</b>	14,084
Provision for income tax	14	<b>-</b>	131,452
Deferred tax liabilities	14	<b>55,824</b>	43,417
Other liabilities	18	<b>291,472</b>	271,225
<b>Total liabilities</b>		<b>15,513,580</b>	15,844,367
<b><u>Shareholders' Equity</u></b>			
Authorized and paid-up share capital	19	<b>9,100,000</b>	9,100,000
Statutory reserve	20	<b>2,275,000</b>	2,275,000
Reserve at fair value	21	<b>(69,600)</b>	(132,865)
Accumulated losses	22	<b>(772,971)</b>	(945,011)
<b>Total Shareholders' Equity</b>		<b>10,532,429</b>	10,297,124
<b>Total Liabilities and Shareholders' Equity</b>		<b>26,046,009</b>	26,141,491

The accompanying notes from 1 to 35 are an integral part of these Interim Condensed financial statements

**Jordan French Insurance Company**  
(Public Limited Shareholding Company)  
**Interim Condensed Statement of Profit or Loss**  
**For the Three-months and Six-months ended June 30, 2024 (Unaudited)**  
(Jordanian Dinars)

		For Three Months		For Six Months	
		From April 1 to June 30		From Jan 1 to June 30	
	Note	2024	2023	2024	2023
<b>Revenues:</b>		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Insurance contract revenues	23	10,368,115	9,749,923	21,082,607	19,631,119
Insurance contract expenses	24	(10,286,308)	(8,199,072)	(20,018,143)	(18,499,242)
<b>Insurance contract operations results</b>		<b>81,807</b>	<b>1,550,851</b>	<b>1,064,464</b>	<b>1,131,877</b>
Reinsurance contracts revenues		505,989	85,840	805,307	699,189
Reinsurance contracts expenses		(647,266)	(707,016)	(1,351,073)	(1,766,299)
<b>Reinsurance contracts operations results</b>		<b>(141,277)</b>	<b>(621,176)</b>	<b>(545,766)</b>	<b>(1,067,110)</b>
<b>Net insurance operations results</b>		<b>(59,470)</b>	<b>929,675</b>	<b>518,698</b>	<b>64,767</b>
Finance expenses - insurance contracts	25	(242,507)	(198,917)	(483,680)	(367,382)
Finance revenues – reinsurance contracts	26	29,635	28,770	56,228	50,110
<b>Net financing results of insurance operations</b>		<b>(212,872)</b>	<b>(170,147)</b>	<b>(427,452)</b>	<b>(317,272)</b>
Interest income	27	160,971	110,745	330,905	188,738
Company's share of the operation results from associated companies		-	-	-	(96,562)
Net profit from financial assets and investments	28	210,374	85,614	223,552	5,635
Other revenues	29	200	60	200	999
<b>Total revenue</b>		<b>371,545</b>	<b>196,419</b>	<b>554,657</b>	<b>98,810</b>
Unallocated expenses		(217,951)	(157,317)	(376,843)	(341,915)
<b>Profit/ (loss) for the period before tax</b>		<b>(118,748)</b>	<b>798,630</b>	<b>269,060</b>	<b>(495,610)</b>
Deducted: Income tax expense	14	(82,762)	99,055	97,020	(56,208)
<b>Profit/ (loss) for the period</b>		<b>(35,986)</b>	<b>699,575</b>	<b>172,040</b>	<b>(439,402)</b>
<b>Loss per Share for the period</b>					
The basic and diluted share for the stock from the period loss	30	(0.004)	0.077	0.019	(0.048)

The accompanying notes from 1 to 35 are an integral part of these Interim Condensed financial statements

**Jordan French Insurance Company**  
(Public Limited Shareholding Company)  
**Interim Condensed Statement of Other Comprehensive Income**  
**For the Three-months and Six-months ended June 30, 2024 (Unaudited)**  
(Jordanian Dinars)

	<u>Note</u>	<b>For Three Months</b>		<b>For Six Months</b>	
		<b>From April 1 to June 30</b>		<b>From Jan 1 to June 30</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit/(loss) for the period		<b>(35,986)</b>	<b>699,575</b>	<b>172,040</b>	<b>(439,402)</b>
<b>Add: Other comprehensive income items that will not be reclassified to profit or loss in subsequent period:</b>					
Change in financial assets fair value through other comprehensive income	21	<b>91,733</b>	<b>70,257</b>	<b>63,265</b>	<b>(138,356)</b>
<b>Total Other comprehensive income for the period</b>		<b><u>55,747</u></b>	<b><u>769,832</u></b>	<b><u>235,305</u></b>	<b><u>(577,758)</u></b>

The accompanying notes from 1 to 35 are an integral part of these Interim Condensed financial statements



**Jordan French Insurance Company**  
(Public Limited Shareholding Company)  
**Interim Condensed Statement of Changes in Shareholders' Equity**  
**For the Six-months ended June 30, 2024 (Unaudited)**  
(Jordanian Dinars)

	Authorized and paid-up share capital	Statutory Reserve	Reserve at fair value	Accumulated losses			Total accumulated losses	Total
				Realized	Unrealized			
<b><u>For the Six months ended June 30, 2023</u></b>								
Balance as of December 31, 2022 (Audited)	9,100,000	2,275,000	194,691	(1,130,916)	(181,427)	(1,312,343)	10,257,348	
Total comprehensive income for the period	-	-	(138,356)	(368,874)	(70,528)	(439,402)	(577,758)	
<b>Balance as of June 30, 2023 (Unaudited)</b>	<u>9,100,000</u>	<u>2,275,000</u>	<u>56,335</u>	<u>(1,499,790)</u>	<u>(251,955)</u>	<u>(1,751,745)</u>	<u>9,679,590</u>	
<b><u>For the Six months ended June 30, 2024</u></b>								
Balance as of December 31, 2023 (Audited)	9,100,000	2,275,000	(132,865)	(1,028,429)	83,418	(945,011)	10,297,124	
Total comprehensive income for the period	-	-	63,265	93,032	79,008	172,040	235,305	
<b>Balance as of June 30, 2024 (Unaudited)</b>	<u>9,100,000</u>	<u>2,275,000</u>	<u>(69,600)</u>	<u>(935,397)</u>	<u>162,426</u>	<u>(772,971)</u>	<u>10,532,429</u>	

The accompanying notes from 1 to 35 are an integral part of these Interim Condensed financial statements

**Jordan French Insurance Company**  
(Public Limited Shareholding Company)  
**Interim Condensed Statement of Cash Flows**  
**For the Six-months ended June 30, 2024 (Unaudited)**  
(Jordanian Dinars)

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>June 30, 2023</b> <b>(Unaudited)</b>
<b><u>Cash flow from Operating Activities:</u></b>		
Profit / (loss) for the period before tax	269,060	(495,610)
<b>Adjustments for non-cash items</b>		
Depreciation of Investment Properties	5,609	5,609
Depreciation of Property and Equipment	33,401	29,223
Amortization of Intangible Assets	8,361	965
Bank Interest Income	(330,905)	(188,738)
Depreciation of Right-of-Use Assets	-	7,277
Lease liabilities interest	-	540
Debit bank interest	-	7,800
Gain from evaluation financial assets at fair value through income statement	(79,008)	70,528
Gains on Sale of Investments	3,734	-
Company's share of the operations results of associated companies	-	96,562
Interest of Financial Assets at Amortized Cost	(7,853)	(3,086)
Dividend Income	(115,424)	(50,137)
<b>Cash flows from operating activities before changes in working capital</b>	<b>(213,025)</b>	<b>(519,067)</b>
Reinsurance contract assets	(203,822)	1,177,666
Insurance contract liabilities	(224,702)	(747,437)
Other assets	(1,182)	(35,004)
Other liabilities	20,247	15,142
<b>Cash flows from operating activities before tax paid</b>	<b>(622,484)</b>	<b>(108,700)</b>
Income tax paid	(131,452)	(116,352)
<b>Net cash flows used in operating activities</b>	<b>(753,936)</b>	<b>(225,052)</b>
<b><u>Cash flow from Investing Activities</u></b>		
Interest Received - Financial Assets at Amortized Cost	7,853	3,086
Bank deposits (maturity after three months)	(2,042,870)	(5,832,732)
Dividend Income Received	115,424	50,137
Purchase of Bonds	(1,496,624)	-
Bank Interest income Received	330,905	188,738
Proceeds from the sale of financial assets at fair value through other comprehensive income statement	-	85,415
Purchase of Intangible Assets	(6,572)	-
Purchase of Property and Equipment	(21,743)	(26,789)
Financial Assets at Fair Value through Profit or Loss statement	(72,779)	-
<b>Net cash flows (used in) investing activities</b>	<b>(3,186,406)</b>	<b>(5,532,145)</b>
<b><u>Cash flow from financing activities</u></b>		
Lease Liability Payments	(7,287)	(6,207)
Net Change in Bank Overdraft	-	(202,790)
Paid Interest expense	-	(7,800)
<b>Cash flows (used in) financing activities</b>	<b>(7,287)</b>	<b>(216,797)</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(3,947,629)</b>	<b>(5,973,994)</b>
Cash and cash equivalent at beginning of the year	5,692,954	7,299,667
<b>Cash and cash equivalent at the end of the year</b>	<b>1,745,325</b>	<b>1,325,673</b>

The accompanying notes from 1 to 35 are an integral part of these Interim Condensed financial statements



### **1- Legal Status and Activities**

The Jordan French Insurance Company was established under the Jordanian Corporate Law and its amendments under No. (101) as a Public Limited Shareholding Company. The authorized and paid-up capital amounted to JD 9,100,000, divided into 9,100,000 shares, with a nominal value of JD 1 per share.

The Company's address is Shumaysani at Al-Sharif Abdul Hamid Sharaf Street, Building No. (124), P.O. Box (3272), Amman 11181, Jordan.

The Company aims to practice all types of life insurance, and general insurance (Marine and transport insurance, vehicle insurance, fire and other property damage insurance, responsibility insurance, medical insurance, accident insurance, and aviation insurance)

The financial statements were approved by the Board of Directors' decision held on July 28, 2024.

### **2- Basis of Preparation**

#### **Statement of compliance**

The interim condensed financial statements for the Six months ended June 30, 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and central bank of Jordan instructions.

The interim condensed financial statements do not contain all information and notes required for annual financial statements, and should be read in conjunction with the Company's financial statements as at December 31 2023. In addition, the results for the period ended June 30, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

#### **Functional and presentation currency**

These interim financial statements are presented in Jordanian dinars, which is the functional currency and the presentation currency of the company.

### **3- Application of international accounting standards for preparing new and amended financial reports**

The accounting policies followed in preparing the financial statements are consistent with those followed in preparing the financial statements for the fiscal year ending on December 31, 2023, except that the Company applied the following amendments as of January 1, 2024, if any:

#### **A. New and amended IFRS Standards that are effective for the current year:**

- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current.
- Amendments to IAS 1 Presentation of Financial Statements - Non-Current Liabilities with Commitments.
- Amendments to IAS7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Trade Payables Financing Arrangements.
- Modification to International Financial Reporting Standard (IFRS) 16 - Leases - Sale and Leaseback Obligations.
- International Financial Reporting Standard (IFRS) S1 - General Requirements for Disclosing Financial Information Related to Sustainability.
- International Financial Reporting Standard (IFRS) S2 - Climate-related Disclosures.

#### **4- Use of Estimates and Assumptions**

Preparing financial statements and applying accounting policies requires the Company's management to make estimates and judgments that affect the amounts of financial assets and financial liabilities and the disclosure of potential liabilities. These estimates and judgments also affect revenues, expenses, and allocations, as well as changes in the fair value that appear in the profit or loss statement and in shareholders' equity. In particular, it requires the Company's management to issue important judgments and assessments to estimate the amounts and times of future cash flows. The aforementioned estimates are necessarily based on multiple assumptions and factors that have varying degrees of estimation and uncertainty, and that the actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

The nature and extent of the changes in the estimates of the amounts contained in the reports of previous financial years do not have a material impact on the current data. Our estimates in the financial statements are reasonable and detailed as follows:

##### **Expected Credit Loss**

The Company applies the simplified approach imposed by International Financial Reporting Standard No. (9) to recognize impairment by measuring expected credit losses over the life of receivables and contractual assets based on the historical cash flow ratio for collection.

Expected loss rates are based on the Company's historical credit losses experienced during the prior three-years period up to the end of the current period, and historical loss rates are then adjusted for current information. Since the Company is based on historical cash flow ratios without including economic factors, Standard No. 9 does not require including these factors.

##### **Impairment in the value of financial assets**

The Company reviews the values recorded of the financial assets at the date of the financial statements to determine whether there are indications of impairment in their value individually or in the form of a Company, and in the event of such indications, the fair value is estimated in order to determine the impairment loss.

##### **Income Tax**

The Six-months ended June 30, 2024 was charged with its income tax expense in accordance with the regulations, laws and international financial reporting standards as follows:

###### **1- Accrued Tax**

Income tax was estimated in accordance with International Financial Reporting Standard No. 17, noting that the income and sales tax law had not been amended as of the date of preparing the financial statements.

Taxes are calculated according to the tax rates established under the laws, regulations and instructions in the Hashemite Kingdom of Jordan.

###### **2- Deferred Tax**

Deferred taxes are the taxes expected to be paid or recovered as a result of temporary time differences between the value of assets or liabilities in the financial statements and the value on which the tax profit is calculated. Taxes are calculated using the compliance method in the financial statements. Deferred taxes are calculated according to the tax rates that are expected to be applied upon settlement. Tax liability or realization of deferred tax assets.

The balance of deferred tax assets is reviewed at the date of the financial statements and reduced in the event that it is expected that it will not be possible to benefit from those tax assets, partially or completely, or to settle the tax liability or select the need for it.

#### **4- Use of Estimates and Assumptions (continued)**

##### **Property, equipment and intangible assets**

The management periodically reassesses the useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization depending on the assets and the estimated useful lives expected on the general situation in the future. Impairment loss, if any, is recorded in the profit and loss statement.

##### **The present value of future cash flows**

Flows are defined as all amounts expected to be collected and expected to be paid within the limits of the insurance contract / reinsurance contract held after adjusting them to reflect the timing and uncertainty of those amounts, based on actuarial assumptions and the Company's experience in insurance contracts and reinsurance contracts held.

Future cash flows are recognized at the present value of insurance contracts, using historical cash flows and the local rate of return on local bonds issued by the Central Bank of Jordan, as they are closest to the Company's reality. The income or expense from discounting cash flows is treated through the statement of profit or loss. For reinsurance contracts, the percentage of illiquidity risks is deducted.

The Company will not calculate a present value for future cash flows on insurance and reinsurance premiums whose duration is less than 12 months.

When developing assumptions regarding estimating flows for groups of insurance contracts, the Company must take into account the following:

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

##### **Non-insurance Components**

The Company discloses the following aspects:

- Defining the insurance risks.
- Defining the insurance contract, and defining the written insurance contracts that are consistent with the definition.
- Determining the contracts issued by the Company that are consistent with the definition of the insurance contract.
- The mechanism for separating the non-insurance components (investment component, service component, etc.) from the insurance contract, and if they exist, the most specialized standard that will be applied to address those components is mentioned.
- Mechanism for determining the materiality of the risks of the insurance contract.

##### **Fair Value Levels**

Fair value is the value that is expected to be received when selling an asset, or paid to transfer any liability in regular transactions between market participants on the measurement date under prevailing market conditions, regardless of whether that price is directly observable or estimated using another valuation method. The fair value measurement is based on the assumption that the asset or liability will be sold either:

- Through the main market for the assets or liabilities, or
- Through the most advantageous market for assets or liabilities in the absence of a primary market.

#### **4- Use of Estimates and Assumptions (continued)**

##### **Fair Value Levels**

The main or most advantageous market must be accessible to the Company.

Fair value is measured using the assumptions used by market participants when pricing assets or liabilities, assuming that market participants act in a way that achieves the best economic benefits for them.

Measuring the fair value of non-financial assets takes into account the ability of market participants to provide economic benefits by using the assets in a way that achieves the best benefit from them or by selling them to another market participant to use them in a way that achieves the best benefit from them. The Company uses valuation methods that are appropriate to the existing circumstances and conditions and has sufficient data to measure fair value, makes greater use of relevant observable data, and reduces the use of unobservable data to the greatest extent.

All assets and liabilities that are measured at fair value or disclosed in the financial statements are classified within the hierarchy of fair value levels mentioned below and on the basis of the lowest level inputs that are significant to the fair value measurement as a whole:

- Level One: Prices traded in an active market for similar assets or liabilities.
- The second level: measurement methods that consider the lower-level inputs (significant for fair value measuring) that are directly or indirectly observable.
- The third level: measurement methods that consider the lowest level inputs - significant for fair value measuring - to be unobservable.

The fair value measurement of available-for-sale financial assets, and non-recurring measurements, such as assets held for distribution in a discontinued operation, are evaluated on a periodic basis.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

#### **5- Significant Accounting Policies followed**

##### **A. Sectors Information**

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

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

##### **B. Goodwill**

Goodwill is recorded at the cost representing the increase in the cost of acquiring or purchasing a subsidiary company or companies owned in partnership with other companies over the company's share in the net fair value of the assets, and contingent liabilities of that company at the acquisition date. Goodwill resulting from investment in subsidiary companies is recorded as a separate item, such as intangible assets

As for the goodwill resulting from investment in associate companies, it appears as part of the investment account in the associate company. Any decrease in the value of the investment reduces the cost of goodwill.

Goodwill is allocated to cash-generating units for value impairment testing purposes.

If the estimated recoverable amount of the cash-generating unit(s) to which goodwill is allocated is less than the carrying amount recorded in the books for the cash-generating unit(s), impairment is recognized in the income statement.

## **5-Significant Accounting Policies (continued)**

### **B. Goodwill (continued)**

The impairment loss of goodwill is not reversed in subsequent periods, and in case of selling the subsidiary or the company owned in partnership with other companies, the value of goodwill is considered when determining the amount of profit or loss from the sale transaction.

### **C. Insurance contracts**

#### **Definition of insurance contract**

It is a contract whereby one party (the issuer) accepts a substantial insurance risk from another party (the contract holder), by agreeing to compensate the contract holder in case of the occurrence of a specific and uncertain future event (the insured event) such that this event, if it occurs, adversely affects the contract holder/beneficiary, the insurance contract is recognized according to the following deadlines, whichever is earlier:

- The beginning of the contract coverage period.
- The due date of the first contract installment.
- The date on which the insurance contract is considered a contract with an expected loss.

#### **Company's products**

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

<b><u>Main Insurance Type</u></b>	<b><u>Sub-Insurance Type</u></b>
<b>Vehicles</b>	Obligatory insurance
	Supplementary insurance
	Buses against third parties
	Border complexes
<b>Marine</b>	Marine insurance
	Open-ended cover
	Aviation
	Structures
<b>Engineering insurance</b>	Contractors' risk
	Machine installation
	Equipment and machinery
<b>Fire</b>	All risks
	Fire
<b>General accidents</b>	Professional responsibility
<b>Loan insurance</b>	Loan insurance

#### **Direct participating feature**

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

- The contractual terms specify that the insurance contract holders participate in a specific share of a designated and known asset portfolio.
- The Company expects to pay the contract holder a significant share of the fair value proceeds from the portfolio.
- The company expects the amounts to be paid to contract holders to vary in line with the changes in the fair value of the assigned asset portfolio.



## **5- Significate Accounting Policies (continued)**

### **Direct participating feature (continued)**

#### **Types of direct participating feature**

##### **Investment contracts:**

Investment contracts that have a legal form similar to an insurance contract but do not transfer significant insurance risk to the issuer and bear financial risks (embedded derivatives or change in the fair value of a financial instrument, or change in interest rates, or change in currency exchange rates, or credit rating) are classified as investment contract in accordance with IFRS (9).

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

##### **Self-insurance:**

Self-insurance (keeping the risks that could have been covered by the insurance contract within the Company, there is no other party to the contract). For example, a Company issuing an insurance contract in the name of Jordan French Insurance Company or a fellow subsidiary or associate company, which is classified in accordance with IFRS 15.

The Company issues the following contracts that are classified according to IFRS 15:

- Medical insurance contract for employees of Jordan French Insurance Company.
- Life insurance contract for employees of Jordan French Insurance Company.
- Vehicle insurance contracts owned by Jordan French Insurance Company.
- All-risk insurance contracts for buildings owned by Jordan French Insurance Company.

### **Separation of non-insurance components**

#### **The investment component**

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

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

The Company issues the following contracts, which are classified according to International Standard No. (15) as follows:

- Medical insurance contract for Jordan French Insurance Company' employees.
- Life insurance contract for Jordan French Insurance Company' employees.
- Vehicle insurance contracts owned by Jordan French Insurance Company
- All-risk insurance contracts for buildings owned by Jordan French Insurance Company.

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

- 1- The Company was unable to measure one component without looking at the other. Therefore, if the value of one component varies according to the value of the other component, the Company must apply IFRS 17 to calculate the investment and insurance component.
- 2- The policyholder cannot benefit from one of the components unless the other is also present. Therefore, if the lapse or maturity of one component of a contract causes the lapse or maturity of the other, the Company must apply IFRS 17 to account for the investment component and the combined insurance component.
- 3- The company does not have products containing an investment component.



## **5- Significate Accounting Policies (continued)**

### **Separation of non-insurance components (continued)**

#### **The investment component (continued)**

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

- 1- Separate the cash inflows between the insurance component and any promises to provide distinct goods or services other than insurance contract services;
- 2- Separate the cash outflows between the insurance component and any promised goods or services other than insurance contract services, so that:
  - The cash outflows that relate directly to each component are attributable to that component; and
  - Any cash outflows are attributed on a systematic and logical basis, reflecting the cash outflows the company expects to arise as if this component were a Separate contract.

#### **Components of services and goods**

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

- 1- The cash flows and risks associated with the good or service are closely related to the cash flows and risks associated with the insurance components of the contract.
- 2- The Company provides an important service in linking the Goods or service with the components of the insurance.

The Company has the following service component that is not Separated from the insurance contract under item (1 + 2):

<u>Service/ good</u>	<u>Insurance contract that includes the service/ good</u>	<u>the international standard related to the components</u>
Road assistance service	Comprehensive/supplementary car insurance	IFRS 17
Ownership' transfer	Motor vehicles	IFRS 17
Issuance fees service	All types	IFRS 17

#### **Acquisition cost**

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

When applying the premium allocation approach, the company may choose to recognize any cash flows from acquiring insurance as an expense when those costs are incurred, only if the coverage period for each contract in the group on initial recognition does not exceed one year.

The company has not elected the mentioned exception and has amortized all revenues and expenses over the contract year.

#### **Recognition of the insurance contract**

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

- The beginning of the coverage period.
- Maturity of the first payment.
- The date on which the insurance contract is considered a contract with an expected loss.

## **5- Significate Accounting Policies (continued)**

### **Recognition of the insurance contract (continued)**

When a group of contracts becomes burdensome, the Company adopts the contract registration date instead of the payment due date, as there is no data indicating that the payment due date precedes the contract registration date, which equals the beginning of the insurance coverage.

### **Amending Insurance Contracts**

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

### **Derecognition of insurance contracts**

The Company derecognizes insurance contracts in the following cases:

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

The amount that the company should recognize when recognizing insurance contracts, relating to subsequent financial years due to effective insurance contracts.

### **Liabilities versus claims incurred**

It is the total value of the expected costs and incurred by the Company as a result of risks covered by the insurance contract that occurred before the end of the fiscal year, and includes those reported and unreported claims, in addition to the expenses related to them.

### **Contractual service margin**

It is the unearned profit from remaining coverage that is expected to be profitable, and which is recognized in conjunction with providing insurance contract services.

### **Liabilities versus remaining coverage**

### **Contracts measurement approach**

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

#### **1- Premium allocation approach:**

It applies to the group of insurance contracts shown below:

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

#### **2- General approach:**

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

#### **3- Variable cost approach:**

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

## **5- Significate Accounting Policies (continued)**

### **Contracts measurement approach (continued):**

#### **3- Variable cost approach(continued)**

The Company applies the premium allocation approach to all insurance contracts and reinsurance contracts held, as the Company does not have products or reinsurance contracts held in which the coverage period exceeds one year, unlike travel life insurance and diminishing engineering, as the coverage period for these contracts is more than one year, and since the premiums of these products combined are less than 100,000 JD and it is not of relative importance when applying premium allocation approach.

#### **Premium allocation approach**

##### **1- Initial recognition of insurance contracts:**

- Upon initial recognition, the Company records the amount of the insurance premium received as a liability, from which the acquisition costs (commissions “if any”) are subtracted and distributed throughout the year of coverage.
- The amount of insurance premium not received is not recognized upon initial recognition.

##### **2- Subsequent measurement/ premium allocation approach:**

At the end of each subsequent year, the Company measures the carrying amount of the liability, taking into consideration the following adjustments to the liability balance:

- Add the insurance premiums received for the year.
- Subtract cash flows for the acquisition of insurance contracts.
- Add any amounts related to the exhaustion of cash flows to acquire established insurance contracts as an expense.
- Add emergency amendments to the financing component.
- Subtract the amount proven as insurance revenue for the coverage provided in that year.
- Subtract any paid or transferred investment component of the liability for claims incurred.

The Company recognizes insurance contract assets for insurance contracts for which service is provided but has not been collected. Expected credit losses for these assets are treated under IFRS No. (9).

##### **3 - Liabilities for claims incurred:**

Which is calculated according to the best estimate of future cash flows to pay claims plus adjustments for non-financial risks, taking into account the application of the discount rate to claims.

#### **Measurement Models**

##### **Aggregating level**

Insurance contract portfolios are separated into groups according to the year of issuance, whereby portfolios with similar and jointly managed risks are aggregated together.

##### **The present value of future cash flows**

Flows are defined as all amounts expected to be collected and expected to be paid within the limits of the insurance contract/reinsurance contract held after adjusting to reflect the timing and uncertainty of these amounts, based on actuarial assumptions and the Company’s experience in managing a group of contracts. Insurance/reinsurance contracts held are as follows:

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

**5- Significate Accounting Policies (continued)**

**The present value of future cash flows (continued):**

A bottom-up approach has been applied in determining discount rates for different products. The bottom-up approach is used to derive the discount rate for cash flows that do not change based on the returns on the underlying terms in the participating contracts (except for non-DPL investment contracts that are not within the scope of IFRS 17). Under this approach, the discount rate is defined as the risk-free return adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free return and the cash flows of the related liabilities (known as the illiquidity premium). The risk-free return is derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a credit rating of AAA are used. Management uses judgment to evaluate the liquidity characteristics of the cash flows of liabilities. Direct participation contracts and investment contracts with the DPL are less liquid than the financial assets used to derive the risk-free return. For these contracts, the illiquidity premium is estimated based on the market-observed illiquidity premium in the financial assets adjusted to reflect the illiquidity characteristics of the cash flows of the liabilities.

The top-down approach is used to derive discount rates for cash flows that do not change based on the returns on the underlying terms in all other contracts within the scope of IFRS 17. Under this approach, the discount rate is determined as the return implicit in the fair value of a reference portfolio adjusted for the differences between the reference portfolio of assets and the cash flows of the relevant liabilities. The reference portfolio consists of a mix of sovereign bonds and corporate bonds available in the markets, and assets are selected to match the cash flows of liabilities. The return from the reference portfolio is adjusted to remove expected and unforeseen credit risks and these adjustments are estimated using information from observed historical levels of credit default swaps and credit defaults related to the bonds included in the reference portfolio. For the unobservable year, the yield curve is approximated between the rate The final and last point can be observed using the Smith-Wilson method.

The Company does not calculate a present value for future cash flows on insurance and reinsurance premiums whose duration is less than 12 months.

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

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

**A- Risk-free yield curve:**

The risk-free yield curve will be derived as follows:

- 1- European Insurance and Occupational Pensions Authority (eiopa) rates will be used for the purposes of determining the interest rate according to the required year.
- 2- An increase margin of (1.5%) will be added to the above interest rate for the purposes of equating the interest from the dollar to the dinar, since the Company's investments are in the Jordanian dinar.

**B- Market risk premium for credit risk:**

The market risk premium for credit risk will be removed from the yield curves to account for "default" in insurance contracts as follows:

Discount rate = risk free rate - market risk premium for credit risk

**5- Significance Accounting Policies (continued)**

**Non-financial risk adjustments**

A financial amount that the Company reserves for uncertainty in the amount and timing of cash flows arising from non-financial risks based on actuarial assumptions and the Company's experience in managing the group of insurance/reinsurance contracts held.

Non-financial risk adjustment is the compensation required for a Company to bear uncertainty about the amount and timing of cash flows that arise from non-financial risks in fulfilling an insurance contract. Because risk adjustment represents compensation for uncertainty, estimates of the degree of diversification benefits and expected favorable and unfavorable outcomes are made in a way that reflects the degree to which the company reduces risk. The Company estimates an adjustment for non-financial risks separately from all other estimates. The risk adjustment is calculated at the issuer level and then distributed to each group of contracts according to their risk levels. The cost of capital method is used to derive the overall risk adjustment for non-financial risks. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of expected capital related to non-financial risks.

A confidence level of 75% is set and is expected to be in line with the run-off of the business and a diversification feature is included to reflect the diversity in contracts sold across geographies as this reflects the compensation required by the Company. The non-financial risk adjustments are re-evaluated annually by the actuary.

**Reinsurance contracts held**

**Definition of reinsurance contracts held**

It is an insurance contract issued by a reinsurer to compensate another facility for claims arising from one or more insurance contracts issued by that other Company (the basic contracts).

**1- Recognition of reinsurance contracts held:**

- If the reinsurance contracts held are proportional to a group of insurance contracts, the reinsurance contracts held are recognized at the beginning of the coverage year for the group of these contracts or at the initial recognition of any of the base contracts, whichever is earlier.
- From the beginning of the coverage year for the group of reinsurance contracts held.

**2- Compilation of reinsurance contracts:**

The Company segments its reinsurance contract portfolios in accordance with paragraphs "14" to "24" of IFRS 17, except that references to onerous contracts in those paragraphs should be replaced with a reference to contracts for which there is a net gain on initial recognition. For some reinsurance contracts held, application of paragraphs "14" to "24" of IFRS 17 will result in a group consisting of a single contract.

The Company collects reinsurance contracts held into separate portfolios to be classified and processed independently for the year of underwriting (Cohort) and then profitability (Group) at the portfolio level.

**A) Determine the portfolios of reinsurance contracts held:**

The Company determines the portfolios of reinsurance contracts held. The portfolio consists of contracts subject to similar risks and managed together (reinsurance portfolios held follow insurance contract portfolios).



**5- Significant Accounting Policies (continued)**

**Reinsurance contracts held (continued)**

**Compilation of reinsurance contracts (continued)**

**B) Recognition of aggregation level (Cohort):**

The Company details the reinsurance contract portfolios held according to the above-mentioned classifications by year of issuance on an annual basis as follows:

- 1- A group of contracts that are unlikely to generate net profit.
- 2- A group of contracts that are likely to become net profit.
- 3- A group of other contracts.

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

**Reinsurance contract commissions**

The Company records the commission on reinsurance contracts as unearned revenue and is recovered over the contract term.

**Reinsurance contract assets**

When measuring the assets of reinsurance contracts, the risk allowance for the default of reinsurance companies (reinsurers) is calculated outside the framework of Standard No. (17), as they are considered credit risks that are treated under Standard No. (9).

**Profitability level**

The contract groups referred to in the previous level are classified into the classifications shown below, according to the net cash flows expected from the contract and the accounting approach used in treating the contract groups:

- Contracts for which there is no possibility of becoming loss upon initial recognition.
- Contracts expected to be loss.

**Financial assets**

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

- At amortized cost.
- At fair value through of the statement profit or loss.
- At fair value through of the statement of other comprehensive income.

**A- Financial assets at amortized cost:**

The Company classifies financial assets at amortized cost based on the Company's business approach for managing financial assets and the contractual cash flow characteristics of the financial assets and when both of the following conditions are met:

- The purpose of holding these assets in the context of the business approach is to collect contractual cash flows.
- The cash flows under the contractual terms of these assets arise on specified dates and represent only payments of the principal amount of the assets and interest accrued on the principal of those assets.

Financial assets are recorded at amortized cost using the cost method upon purchase plus acquisition expenses. The premium/discount (if any) is amortized using the effective interest method to limit or calculate interest, and any provisions resulting from a impairment in the value of these investments that lead to the inability to recover this investment are deducted. Part of it, and any impairment in its value is recorded in the profit and loss statement.

The amount of impairment in financial assets at amortized cost is the difference between the recognized value and the present value of expected cash flows discounted at the base effective interest rate.



**5- Significant Accounting Policies (continued)**

**Financial assets (continued)**

**A- Financial assets at amortized cost: (continued)**

In rare cases, the standard allows these assets to be measured at fair value through the statement of profit or loss if this eliminates or significantly reduces the measurement instability (sometimes called accounting mismatch) that arises from measuring the assets or liabilities or recognizing the gains and losses resulting from them on a different basis.

The value of financial assets is reduced at amortized cost by impairment losses, as interest income, gains and losses on foreign currency differences and impairment are recognized in the statement of profit or loss, and gains or losses resulting from the disposal of financial assets appear in the statement of profit or loss.

**B- Financial assets at fair value through the statement of profit or loss:**

- The remaining financial assets that do not meet the conditions of financial assets at amortized cost are measured as financial assets at fair value.
- Financial assets at fair value through the statement of profit or loss represent investments in equity and debt instruments for trading purposes, and the purpose of keeping them is to generate profits from short-term market price fluctuations or trading profit margin.
- Financial assets are recorded through the statement of profit or loss at fair value upon purchase (acquisition expenses are recorded in the statement of profit or loss upon purchase) and are re-evaluated at the date of the financial statements at fair value, and subsequent changes in the fair value are recorded in the statement of profit or loss at the same time. The year the change occurred, including the change in fair value resulting from translation differences on non-monetary asset items in foreign transactions. Dividends or returns are recorded in the statement of profit or loss when they are realized.

(Approved by the General Assembly of Shareholders)

**Reclassification**

It is permissible to reclassify from financial assets at amortized cost to financial assets at fair value through profit or loss and vice versa only when the Company changes the business approach on the basis of which it classified those assets as mentioned above, taking into account the following:

- It is not permissible to recover any profits, losses or interests that were previously recognized.
- When financial assets are reclassified so that they are measured at fair value, their fair value is determined on the date of reclassification, and any profits or losses resulting from differences between the previously recorded value and the fair value are recorded in the statement of profit or loss.
- When financial assets are reclassified to be measured at amortized cost, they are recorded at their fair value as of the date of reclassification.

**C- Financial assets at fair value through the statement of other comprehensive income:**

- Upon initial recognition of investments in equity instruments that are not held for the purpose of trading, it is permitted to adopt an irrevocable option to present all changes in the fair value of these investments on an individual basis (each share separately) within the items of other comprehensive income, and it is not possible under any circumstances to In the event at a later date, the amounts of these changes recognized in other comprehensive income are reclassified to the statement of profit or loss, while the dividends received from these investments are recognized in net investment income, unless these distributions clearly represent a partial recovery of all investments.

## **5- Significate Accounting Policies (continued)**

### **Financial assets (continued)**

#### **C- Financial assets at fair value through the statement of other comprehensive income: (continued)**

- In the case that these assets or part of them are sold, the profits or losses resulting from the sale are transferred from the balance of the accumulated net change in fair value through other comprehensive income to retained profits or losses and not through the statement of profit or loss.

### **Real estate investments**

Real estate investments represent investments in land and buildings held for the purpose of earning rentals or for capital appreciation. Real estate investments do not include land and buildings used in the ordinary activities of the group or for administrative purposes.

Real estate investments are stated at cost after subtracting accumulated depreciation and any provision for impairment, and real estate investments (excluding land) are depreciated when they are ready for use on a straight-line method over their expected useful lives.

The carrying amount of real estate investments is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. In the presence of such indicators and when the carrying amount exceeds the recoverable amount, the value of real estate investments is reduced to their recoverable amount, and an impairment provision is recorded in the income statement.

The profits or losses resulting from the disposal of real estate investments (calculated based on the difference between the cash proceeds and the carrying amount of the disposed asset) are recognized in the consolidated income statement upon disposal of the real estate investments.

The useful life and depreciation method are periodically reviewed to ensure that the depreciation method and period are consistent with the expected economic benefits from the real estate investments.

### **Property and equipment**

Property and equipment are stated at cost after deducting accumulated depreciation and any accumulated impairment losses. Property and equipment (except land) are depreciated when they are ready for use on a straight-line basis over their expected life using the following annual percentages. The depreciation expense is recorded in the statement of profit or loss.

<b>Asset</b>	<b>Depreciation Rate (%)</b>
Buildings	2%
Equipment, Furniture & fixtures	10%
Vehicles	15%
Computers	40%

Depreciation of property and equipment is calculated when these assets are ready for use for their intended use.

The full value of the depreciation expense for the year is shown from the item allocated for that purpose in the statement of profit or loss. When the recoverable amount of any property and equipment is less than its net book value, its value is reduced to the recoverable amount and the impairment value is recorded in the statement of profit or loss.

Property and equipment under construction for the Company's use are stated at cost and after deducting any impairment losses. The useful life of property and equipment is reviewed at the end of each year. If the useful life expectations differ from the previously prepared estimates, the change in estimate is recorded for subsequent years as a change in estimates.

## **5- Significate Accounting Policies (continued)**

### **Property and equipment (continued)**

Gains or losses resulting from the exclusion or write-off of any property and equipment, which represent the difference between the amount received from the sale and the book value of the asset, appear in the statement of profit or loss. Property and equipment are eliminated when they are disposed of or when no future benefits are expected from their use.

### **Intangible assets**

- Intangible assets obtained through the merger are recorded at fair value on the date of acquisition.
- Intangible assets that are acquired through another method other than a merger are recorded at cost.
- Other intangible assets are classified based on estimating their lifespan for a specific year or for specific periods. Intangible assets that have a specific lifespan are amortized during this life and are amortized in the statement of profit or loss.
- As for intangible assets whose useful life is indefinite, the impairment in their value is reviewed at the date of the financial statements, and any impairment in their value is recorded in the statement of profit or loss.
- Intangible assets generated internally in the Company are not capitalized and are recorded in the statement of profit or loss in the same current year.
- Any indications of impairment of the value of intangible assets at the date of the financial statements are reviewed. The estimate of the chronological life of those assets is also reviewed and any adjustments are made for subsequent periods.

### **Cash and its equivalent**

Cash and cash equivalents represent cash on hand, balances with banks, deposits with banks, and maturities exceeding three months after deducting overdraft banks and restricted balances.

### **Offsetting**

Offsetting is carried out between financial assets and financial liabilities, and the net amount is shown in the statement of financial position only when binding legal rights are available, as well as when they are settled on the basis of offsetting, or the assets are accrued and the liabilities are settled at the same time.

### **Date of recognition of financial assets**

Purchases and sales of financial assets are recognized on the trade date (the date the Company commits to buying or selling the financial assets).

### **Fair value**

The closing prices (buying assets/selling liabilities) on the date of the financial statements in active markets represent the fair value of financial instruments that have market prices.

In case that announced prices are not available, or no active trading in some financial instruments, or there is no market activity, their fair value is estimated in several ways, including:

- Comparing it with the current market value of a financial instrument that is very similar to it.
- Analyze future cash flows and discount the expected cash flows by a rate used in a similar financial instrument.
- Options pricing approaches.

Valuation methods aim to obtain a fair value that reflects market expectations. Market factors and any expected risks or benefits are taken into account when estimating the value of financial instruments. In the case that there are financial instruments whose fair value cannot be measured reliably, they are shown at cost after deducting any impairment in their value.

## **5- Significate Accounting Policies (continued)**

### **Financial liabilities**

The Company classifies financial liabilities based on the purpose for which this liability arises. The accounting policy for financial liabilities is as follows:

#### **1- Creditors and liabilities of reinsurance contracts:**

Accounts payable and reinsurance payables are initially recognized at fair value and subsequently stated at amortized cost using the effective interest rate method.

#### **2- Overdraft banks:**

They are initially recognized at fair value, net of costs associated with obtaining the facilities. Such interest-bearing liabilities are subsequently carried at amortized cost using the effective interest rate method. The financing cost includes the initial costs and the premium paid upon settlement, in addition to the interest that accrues during the life of the obligation.

#### **3- Provisions:**

Provisions are recognized when the Company has obligations at the date of the financial statements arising from past events, and the settlement of the obligations is probable and their value can be measured reliably. The amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as of the date of the financial statements, taking into account the risks and uncertainty associated with commitment. When the value of the provision is determined on the basis of the estimated cash flows to settle the current obligation, its book value represents the present value of these cash flows.

When it is expected that some or all of the economic benefits required from other parties will be recovered to settle a provision, the receivable is recognized as an asset if the actual receipt of compensation is certain and its value can be measured reliably.

#### **4- End of service benefits provision:**

The provision for employees' end-of-service benefits calculated in accordance with the Company's policy, which is consistent with the Jordanian Labor Law.

The annual benefits incurred for employees who leave the service is recorded at the end-of-service benefits provision when paid, and the provision for the obligations incurred by the Company for the end-of-service benefits for employees is taken in the statement of profit or loss.

### **Foreign currency**

- Transactions that occur in foreign currencies during the current year are recorded at the exchange rates prevailing on the date of the transactions.
- The balances of financial assets and financial liabilities are translated at the average foreign currency rates prevailing on the date of the statement of financial position and announced by the Central Bank of Jordan.
- Non-financial assets and non-financial liabilities denominated in foreign currencies and shown at fair value are translated on the date their fair value is determined.
- Gains and losses resulting from foreign currency translation are recorded in the statement of profit or loss.
- Translation differences for items of assets and liabilities denominated in non-monetary foreign currencies are recorded as part of the change in fair value.
- When consolidating the financial statements, the assets and liabilities of branches and subsidiaries abroad are translated from the average currency rates on the date of the financial statements, the main (base) currency, to the reporting currency according to that announced by the Central Bank of Jordan. As for the revenue and expense items, they are translated on the basis of the average price during the year, and the resulting currency differences appear in a separate item within equity. In the event that one of these companies or branches is sold, the amount of foreign currency translation differences related to it will be recorded within the revenues/expenses in the statement of profit or loss.



## **5- Significant Accounting Policies (continued)**

### **Treasury Stocks**

Treasury stocks are stated at cost. These stocks do not have any right to dividends distributed to shareholders, and do not have the right to participate. Or voting in the Company's general assembly meetings. The profits or losses resulting from the sale of treasury stocks are not recognized in the profit or loss statement. Rather, the profit is shown in equity under the stocks issue premium item, while the loss is recorded in retained earnings in the event that the stock issue premium balance is exhausted.

### **Costs of issuing or purchasing insurance Company stocks**

Any costs resulting from the issuance or purchase of insurance Company stocks are recorded in retained earnings (net after the tax impact of these costs). If the issuance or purchase process does not take place, these costs are recorded as expenses in the statement of profits or losses.

### **Realize revenue**

#### **1- Dividend and interest income:**

Dividend income from investments is verified when the right of shareholders to receive dividend payments is established upon approval by the General Assembly of Shareholders. Interest income is calculated according to the accrual basis based on the time periods due, the original amounts and the interest rate earned.

#### **2- Rental income:**

Rental income from real estate investments under operating lease contracts is recognized on a straight-line basis over the term of those contracts and on an accrual basis.

### **Insurance contract expenses**

The Company distributes general administrative expenses and direct employee expenses to the insurance portfolios related to insurance contracts over groups of insurance contracts and includes them in calculating the profitability of the contract by distributing the direct expenses to each portfolio separately and adding the value of the undistributed expenses in proportion to the total portfolio production divided by the Company's total production. While administrative and general expenses and indirect employee expenses not related to insurance contracts are charged to the statement of profit or loss.

### **Acquisition costs**

The acquisition costs incurred by the Company in exchange for selling, subscribing, or starting new insurance contracts represent acquisition costs, as the Company recognizes all acquisition costs directly when the insurance contract is recognized in the statement of profit or loss, while the Company recognizes acquisition costs by amortizing the costs incurred over a period of time. Coverage of the insurance contract in the statement of financial position. When applying the premium allocation approach, the Company may elect to recognize any insurance acquisition cash flows as expenses when those costs are incurred, provided that the coverage period for each contract in the group at initial recognition does not exceed one year. The Company has chosen the aforementioned exception only for commission expenses.

### **Insurance contracts with expected loss**

The Company recognizes insurance contracts as loss-expected contracts if the contract is expected to be lost on the date of initial recognition. The loss component is measured by comparing the cash flows expected to meet the obligations of the contract or group of contracts with the cash flows generated from this contract or group of contracts. The Company has disclosed the loss component if the value of the contractual service margin is zero (applies only to the general measurement approach and the variable cost approach).

**Jordan French Insurance Company**  
(Public Limited Shareholding Company)  
**Notes to the Interim Condensed Financial Statements**  
**For the Six-months ended June 30, 2024 (Unaudited)**  
(Jordanian Dinars)

**6- Deposits at Banks**

	June 30, 2024 (Unaudited)				December 31, 2023 (Audited)
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due after 3 months to 1 year	Total	Total
Inside Jordan	-	1,000,000	8,554,935	9,554,935	10,818,456
Less:					
Expected credit loss provision	-	-	-	-	-
	-	1,000,000	8,554,935	9,554,935	10,818,456

- Interest rates on bank deposits balances in Jordanian Dinar ranges from 6.25% to 6.80% during the period ending on June 30, 2024 (Unaudited). (December 31,2023(Audited): 6.25% to 6.75%), and on US Dollars deposits from 4.85% to 5.50% during the period ending on June 30, 2024 (Unaudited) (December 31,2023(Audited): 4.65% to 4.85%).
- Deposits pledged to the order of the Central Bank Governor amounted to JD 800,000 at the Investment Bank, in addition to JD 250,000 at the Jordan Kuwait Bank as of June 30, 2024 (Unaudited) (December 31,2023(Audited): JD 800,000 at the Investment Bank, 250,000 at the Jordan Kuwait Bank).

There are no restricted withdrawal balances except for the deposits pledged for the Central Bank governor's order, in addition to his position.

The following is the distribution of the Company's deposits at banks:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Jordan Kuwait Bank	4,012,535	3,934,826
Jordan Investment Bank	2,588,891	2,056,391
Housing Bank for Trade and Finance	1,953,509	2,227,239
Jordan Commercial Bank	1,000,000	2,600,000
	9,554,935	10,818,456

**7- Financial Assets at Fair Value through Profit or Loss Statement**

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b><u>Inside Jordan</u></b>		
Shares un-listed	118,260	-
<b><u>Outside Jordan</u></b>		
Shares listed	300,712	270,919
	418,972	270,919



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**8- Financial Assets at Fair Value through Other Comprehensive Income**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
<b><u>Inside Jordan</u></b>		
Shares listed	883,447	865,024
Shares un-listed	952,352	884,365
<b>Total</b>	<b>1,835,799</b>	<b>1,749,389</b>
<b><u>Outside Jordan</u></b>		
Shares listed	783,525	784,278
<b>Total</b>	<b>2,619,324</b>	<b>2,533,667</b>

**9- Financial Assets at Amortized Cost**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
<b><u>Inside Jordan</u></b>		
<b>Un-listed bonds on financial markets</b>		
Bond of a loan to Ethmar Invest LLC	250,000	175,000
<b>Total</b>	<b>250,000</b>	<b>175,000</b>
<b><u>Outside Jordan</u></b>		
<b>Listed bonds on financial markets</b>		
Government Bonds-USD	1,421,624	-
<b>Total</b>	<b>1,421,624</b>	<b>-</b>
<b>Total financial Assets at Amortized Cost</b>	<b>1,671,624</b>	<b>175,000</b>

The maturity dates for the bonds and loan assignments are as follows

<b><u>June 30, 2024 (Unaudited)</u></b>	<b><u>From 1 To 3 Month</u></b>	<b><u>From 3 To 6 Month</u></b>	<b><u>From 6 To 9 Month</u></b>	<b><u>From 9 To One Year</u></b>	<b><u>More One Year</u></b>	<b><u>Total</u></b>
<b><u>Inside Jordan:</u></b>						
Bond of a loan to Ethmar Invest LLC	-	-	25,000	50,000	175,000	250,000
<b><u>Outside Jordan</u></b>						
Government Bonds-USD	-	-	-	-	1,421,624	1,421,624
<b>Total</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>50,000</b>	<b>1,596,624</b>	<b>1,671,624</b>

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**9- Financial Assets at Amortized Cost (continued)**

- The interest rates on loan assignments in Jordanian dinars from 9% to 10% for the period ending on June 30, 2024 (unaudited), and on government bonds in US dollars from 7.14% to 7.28% for the same period ending on June 30, 2024 (unaudited).
- The above-mentioned bonds have a fixed yield.

**10- Investment Properties**

**June 30, 2024 (Unaudited)**

**Cost:**

	<b><u>Buildings</u></b>	<b><u>Lands</u></b>	<b><u>Total</u></b>
The balance as of December 31, 2023 (Audited)	<b>560,859</b>	<b>1,888,668</b>	<b>2,449,527</b>
Additions	-	-	-
The balance as of June 30, 2024 (Unaudited)	<b>560,859</b>	<b>1,888,668</b>	<b>2,449,527</b>

**Less:**

**Accumulated amortization**

The balance as of December 31, 2023 (Audited)	106,565	-	106,565
Amortization	5,609	-	5,609
The balance as of June 30, 2024 (Unaudited)	<b>112,174</b>	-	<b>112,174</b>
<b>Net book value As of June 30, 2024 (Unaudited)</b>	<b>448,685</b>	<b>1,888,668</b>	<b>2,337,353</b>

**December 31, 2023 (Audited)**

**Cost:**

The balance as of December 31, 2022 (Audited)	560,859	1,888,668	2,449,527
Additions	-	-	-
The balance as of December 31, 2023 (Audited)	<b>560,859</b>	<b>1,888,668</b>	<b>2,449,527</b>

**Less:**

**Accumulated amortization**

The balance as of December 31, 2022 (Audited)	95,347	-	95,347
Amortization	11,218	-	11,218
The balance as of December 31, 2023 (Audited)	<b>106,565</b>	-	<b>106,565</b>
<b>Net book value As of December 31, 2023 (Audited)</b>	<b>454,294</b>	<b>1,888,668</b>	<b>2,342,962</b>

The company estimated the fair value of its real estate investments as of December 31, 2023 (Audited), by engaging an independent, licensed real estate expert who estimated the fair value of the real estate investments as of December 31, 2023 (Audited), at 3,918,710 dinars using the market comparison approach.

**11- Cash on Hand and at Banks**

	<b><u>June 30, 2024</u></b> <b><u>(Unaudited)</u></b>	<b><u>December 31, 2023</u></b> <b><u>(Audited)</u></b>
Cash on hand	<b>11,638</b>	4,402
Cash at banks	<b>1,533,687</b>	2,182,161
	<b>1,545,325</b>	2,186,563

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**12- (Liabilities)/ Assets Insurance Contracts (Premium Allocation Approach)**

	Liabilities for remaining coverage			Liabilities for Incurred Claims					Total	
	June 30, 2024		December 31, 2023		December 31, 2023		June 30, 2024		December 31, 2023	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Excluding the loss component	Loss component	Excluding the loss component	Loss component	Present value of cashflow	Present value of cashflow	Risk adjustments- non financial	Risk adjustments- non financial	Total	Total	Total
<b>Insurance contracts liabilities- beginning</b>										
Insurance contracts assets- beginning	-	(564,049)	-	(487,693)	(17,697,063)	(15,578,535)	(681,121)	(477,601)	(18,942,233)	(16,543,829)
	3,558,044	-	3,441,186	-	-	-	-	-	3,558,044	3,441,186
<b>Net insurance contracts (liabilities)/Assets - beginning</b>										
Insurance contracts revenues	3,558,044	(564,049)	3,441,186	(487,693)	(17,697,063)	(15,578,535)	(681,121)	(477,601)	(15,384,189)	(13,102,643)
Insurance contracts expenses	21,082,607	-	-	41,262,921	-	-	-	-	21,082,607	41,262,921
<b>Insurance contracts revenues</b>										
The compensations incurred during the period	-	-	-	-	(16,040,206)	(31,246,438)	(76,601)	(177,386)	(16,116,807)	(31,423,824)
Changes related to previous service-Adjustments on L-FIC	-	-	-	-	(1,831,176)	(2,807,998)	-	-	(1,831,176)	(2,807,998)
Acquisition cost	(1,132,292)	-	(2,324,831)	-	-	-	-	-	(1,132,292)	(2,324,831)
Administrative cost	-	-	-	-	(795,153)	(2,094,273)	-	-	(795,153)	(2,094,273)
Losses resulting from contracts expected to be lost and the recovery of these losses	-	(142,715)	-	(76,356)	-	-	-	-	(142,715)	(76,356)
<b>Insurance operation results</b>										
Finance costs - from insurance contracts	19,950,315	(142,715)	38,938,090	(76,356)	(18,666,535)	(36,148,709)	(76,601)	(177,386)	1,064,464	2,535,639
Cash received from written contracts	-	-	-	-	(458,062)	(726,253)	(25,618)	(26,134)	(483,680)	(752,387)
The compensations incurred	(18,812,947)	-	(38,821,232)	-	-	-	-	-	(18,812,947)	(38,821,232)
Total Cash Flow	(18,812,947)	-	(38,821,232)	-	18,456,865	34,756,434	-	-	18,456,865	34,756,434
Insurance contracts liabilities- Ending	-	(706,764)	-	(564,049)	(18,364,795)	(17,697,063)	(783,340)	(681,121)	(19,854,899)	(18,942,233)
Insurance contracts assets- Ending	4,695,412	-	3,558,044	-	-	-	-	-	4,695,412	3,558,044
Net insurance contracts (liabilities)/Assets - Ending	4,695,412	(706,764)	3,558,044	(564,049)	(18,364,795)	(17,697,063)	(783,340)	(681,121)	(15,159,487)	(15,384,189)

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**12 (1)- Receivables Related to Insurance Operations**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Policy holders' receivables	4,910,943	4,090,309
Government receivables	16,530,321	14,705,572
Agents' receivables	32,920	35,377
Brokers' receivables	2,112	4,487
Employees' receivables	48,203	55,596
Other receivables	680,511	264,257
	<b>22,205,010</b>	<b>19,155,598</b>
Less: provision for expected credit losses*	<b>(2,200,000)</b>	<b>(2,200,000)</b>
	<b>20,005,010</b>	<b>16,955,598</b>

Analysis of the receivables according to their time period:

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Receivables not yet due	11,358,929	10,021,705
Receivables during 0-90 days	5,995,837	4,532,352
Receivables during 91-180 days	1,384,412	1,189,790
Receivables during 181-365 days	1,265,832	1,211,751
Receivables more than 365 days	-	-
<b>Total</b>	<b>20,005,010</b>	<b>16,955,598</b>

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

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
The balance at the beginning of the period/year	2,200,000	2,200,000
Additions	-	-
The balance at the end of the period/year	<b>2,200,000</b>	<b>2,200,000</b>

**12 (2)- cheques under collection:**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Checks for collection due within 6 months	1,482,375	222,579
Checks for collection due in 6 months to 1 year	14,003	1,192,895
Checks for collection due in over 1 year	-	1,370
	<b>1,496,378</b>	<b>1,416,844</b>

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**12 (3)- Accounts Payable:**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Postdated checks	<b>4,174,101</b>	3,679,369
Insurance policyholders' payables	<b>384,401</b>	307,721
Agents' payables	<b>57,136</b>	40,759
Employees' payables	<b>57,632</b>	44,515
Brokers' payables	<b>35,472</b>	36,732
Garages' payables and vehicle's parts	<b>115,442</b>	148,771
Other payable	<b>99,728</b>	130,570
	<b><u>4,923,912</u></b>	<b><u>4,388,437</u></b>

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**13- (Liabilities)/ Assets Reinsurance Contracts Held (Premium Allocation Approach)**

	Liabilities for remaining coverage			Liabilities for Incurred Claims					Total	
	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	Excluding loss component	Loss component	Excluding loss component	Loss component	Present value of cashflow	Present value of cashflow	Risk adjustments- non financial	Risk adjustments- non financial	Total	Total
<b>Reinsurance contracts liabilities-beginning</b>	-	-	-	-	-	-	-	-	-	-
<b>Reinsurance contracts assets-beginning</b>	239,771	399	637,967	50	3,207,409	3,554,977	141,619	137,660	3,589,198	4,330,654
<b>Net reinsurance contracts (liabilities)/Assets - beginning</b>	239,771	399	637,967	50	3,207,409	3,554,977	141,619	137,660	3,589,198	4,330,654
Reinsurance contracts expenses	(1,351,073)	-	(3,267,860)	-	-	-	-	-	(1,351,073)	(3,267,860)
Reinsurance contracts revenue	101,987	6,083	255,772	349	639,879	1,050,165	57,358	(1,059)	805,307	1,305,227
<b>Reinsurance service contracts results</b>	(1,249,086)	6,083	(3,012,088)	349	639,879	1,050,165	57,358	(1,059)	(545,766)	(1,962,633)
<b>Finance cost - from reinsurance contracts</b>	-	-	-	-	51,541	90,144	4,687	5,018	56,228	95,162
Cash for written contracts paid to the reinsurer	867,624	-	2,613,892	-	-	-	-	-	867,624	2,613,892
Cash recovered from the reinsurer for incurred claims	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Flow</b>	867,624	-	2,613,892	-	(174,264)	(1,487,877)	-	-	(174,264)	(1,487,877)
Reinsurance contracts liabilities-Ending	(141,691)	-	-	-	(174,264)	(1,487,877)	-	-	693,360	1,126,015
Reinsurance contracts assets-Ending	-	6,482	239,771	399	3,724,565	3,207,409	203,664	141,619	3,934,711	3,589,198
<b>Net reinsurance contracts (liabilities)/ Assets- Ending</b>	(141,691)	6,482	239,771	399	3,724,565	3,207,409	203,664	141,619	3,793,020	3,589,198



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**13 (1)- Receivables (Reinsurance contract held)**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Re-insurance contract assets (local)	<b>984,078</b>	989,994
Re-insurance contract assets (foreign)	<b>1,560,217</b>	1,469,061
	<b>2,544,295</b>	2,459,055
Less: allowance for credit losses	<b>(1,150,000)</b>	(1,150,000)
	<b>1,394,295</b>	1,309,055

**Analysis of the receivable's reinsurance according to their time period:**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Receivables not yet due	-	-
Receivables during 0-90 days	<b>318,879</b>	332,578
Receivables during 91-180 days	<b>288,269</b>	183,087
Receivables during 181-365 days	<b>787,147</b>	793,390
Receivables more than 365 days	-	-
<b>Total</b>	<b>1,394,295</b>	1,309,055

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

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
The balance at the beginning of the Period/year	<b>1,150,000</b>	1,150,000
Additions	-	-
<b>The balance at the end of the Period/year</b>	<b>1,150,000</b>	1,150,000

**13 (2)- Accounts Payable (Reinsurance contract held)**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Local insurance companies	<b>163,483</b>	138,946
Foreign reinsurance companies	<b>957,502</b>	669,580
<b>The balance at the end of the Period/year</b>	<b>1,120,985</b>	808,526

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**14- Income Tax**

**A- Provision for Income Tax:**

The movement on the income tax provision is as follows:

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Balance at beginning of the year	131,452	-
Income tax paid / previous year	(131,452)	(224,428)
Income tax expense for the period/ year	-	355,880
<b>Balance at the end of the period/ year</b>	<b>-</b>	<b>131,452</b>

**B- Income tax presented in the statement of profit or loss; it includes the following:**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>June 30, 2023</b> <b>(Unaudited)</b>
Accrued income tax for profit of the period	-	89,508
National contribution tax	-	7,459
	-	96,967
Income tax for previous years	-	19,385
	-	116,352
Effect of deferred tax assets	97,020	(172,560)
	<b>97,020</b>	<b>(56,208)</b>

**C - Summary of reconciliation of accounting profit with tax profit:**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>June 30, 2023</b> <b>(Unaudited)</b>
Accounting profit/ (loss)	269,060	(4,854)
Non-taxable revenue	5,742,379	(4,163,278)
Expenses that are not tax acceptable	5,350,891	4,541,085
Tax profit/ (loss)	(122,431)	372,953
Actual income tax payable	-	96,967
Income tax for previous years	-	19,385
Effect of deferred tax assets	97,020	(172,560)
	<b>97,020</b>	<b>(56,208)</b>
Actual income tax rate	-	%11.6
<b>Statutory income tax rate (Including a 2% national contribution tax)</b>	<b>%26</b>	<b>%26</b>

**Income tax**

- Income tax provision for the company has been calculated for the June 30, 2024 (Unaudited) and 2023 (Audited) in accordance with Income Tax Law No. (34) of 2014 and its amendments.
- A final settlement has been reached with the Income Tax Department until the end of the year 2020.
- The company submitted the self-assessment declaration for the years 2023 and 2022 and 2021 on time. However, the Income Tax and Sales Department has not reviewed the company's records until the date of these financial statements. In the opinion of the company's management and its tax advisor, the provision for income tax is sufficient to meet any tax obligations.

**Sales tax**

- A final settlement has been reached with the Sales Tax Department until the end of December 2020.

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**14- Income Tax (continue)**

**Deferred Tax Assets/Liabilities**

	June 30, 2024 (Unaudited)					December 31, 2023 (Audited)
	Beginning Balance	Reversal	Additions	Ending Balance	Deferred Tax	Deferred Tax
<b>1- Deferred tax assets:</b>						
Unreported claims	3,545,000	-	105,000	3,650,000	949,000	921,700
Expected credit loss provision	3,350,000	-	-	3,350,000	871,000	871,000
Insurance contracts liability	2,118,372	(417,481)	-	1,700,891	442,232	550,777
Unrealized losses from investments through the profit or loss statement	126,379	(29,793)	-	96,586	9,659	12,638
Unrealized losses from investments through other comprehensive income	655,706	(184,923)	97,306	568,089	147,703	170,484
	<u>9,795,457</u>	<u>(632,197)</u>	<u>202,306</u>	<u>9,365,566</u>	<u>2,419,594</u>	<u>2,526,599</u>
						<b>December 31, 2023 (Audited)</b>
						<b>Deferred Tax</b>
<b>2- Deferred tax liabilities:</b>						
Unrealized gains from Investment through income Statement	-	-	49,215	49,215	12,796	-
Unrealized gains from financial assets through other comprehensive income	395,776	(47,322)	45,360	393,814	43,028	43,417
	<u>395,776</u>	<u>(47,322)</u>	<u>94,575</u>	<u>443,029</u>	<u>55,824</u>	<u>43,417</u>

Movement on deferred tax assets and liabilities is as follows:

	Assets		Liabilities	
	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period/year	2,526,599	1,754,689	43,417	46,535
Additions	52,600	866,392	18,356	10,032
Disposals	(159,605)	(94,482)	(5,949)	(13,150)
<b>Balance at the end of the period/year</b>	<u>2,419,594</u>	<u>2,526,599</u>	<u>55,824</u>	<u>43,417</u>

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**15- Intangible Assets**

<b>Cost</b>	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Balance at the beginning of the period/ year	339,814	302,019
Additions	6,572	37,795
Balance at the end of the period/ year	346,386	339,814
<b>Less:</b>		
<b>Accumulated amortization</b>		
Balance at the beginning of the period/ year	309,007	301,822
Amortization	8,361	7,185
Balance at the end of the period/ year	317,368	309,007
<b>Net book value</b>	<b>29,018</b>	<b>30,807</b>

**16- Other Assets**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Prepaid expenses	259,950	135,335
Refundable deposits	12,732	12,732
Accrued and unreceived revenues	84,482	208,098
Other	13,735	13,552
	<b>370,899</b>	<b>369,717</b>

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**17- Property and Equipment**

<u>Cost</u>	<u>Lands</u>	<u>Buildings</u>	<u>Equipment, machinery and furniture</u>	<u>Vehicles</u>	<u>Computer devices</u>	<u>Total</u>
Balance as of December 31, 2023 (Audited)	734,577	935,305	365,861	72,000	399,327	2,507,070
Additions	-	-	2,398	-	19,345	21,743
Disposals	-	-	-	-	(776)	(776)
<b>Balance As of June 30, 2024 (Unaudited)</b>	<b>734,577</b>	<b>935,305</b>	<b>368,259</b>	<b>72,000</b>	<b>417,896</b>	<b>2,528,037</b>
<u>Less:</u>						
<u>Accumulated depreciation</u>						
Balance as of December 31, 2023 (Audited)	-	500,354	319,193	21,600	368,320	1,209,467
Charge for the period / year	-	9,761	5,428	5,400	12,812	33,401
Disposals	-	-	-	-	(776)	(776)
<b>Balance As of June 30, 2024 (Unaudited)</b>	<b>-</b>	<b>510,115</b>	<b>324,621</b>	<b>27,000</b>	<b>380,356</b>	<b>1,242,092</b>
<b>Net Book value:</b>						
<b>Balance As of June 30, 2024 (Unaudited)</b>	<b>734,577</b>	<b>425,190</b>	<b>43,638</b>	<b>45,000</b>	<b>37,540</b>	<b>1,285,945</b>
Balance as of December 31, 2023 (Audited)	734,577	434,951	46,668	50,400	31,007	1,297,603

-Fully depreciated property and equipment amounted to 640,300 JD as of June 30, 2024 (Unaudited) 594,080 dinars as December 31, 2023 (Audited)).

-There is a mortgage on a portion of the company's buildings in favor of the Jordan Kuwait Bank against the ceiling of guarantees granted to the company amounting to 4,500,000 JD.



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**18- Other Liabilities**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Accrued expenses	30,148	18,316
Revenues received in advance	8,036	64,917
Shareholders' deposits	52,871	54,323
Governmental deposits	200,417	133,669
	<b>291,472</b>	<b>271,225</b>

**19- Authorized and paid-up capital**

The authorized and paid-up capital of the company amounts to JD 9,100,000, divided into 9,100,000 shares, with a nominal value of one dinar per share, as on June 30, 2024 (Unaudited) and December 31, 2023 (Audited).

**20- Statutory Reserve**

The amounts accumulated in this account represent the transferred annual profit before taxes at a rate of 10% during the year and previous years in accordance with the Companies Law, and up to 25% of the paid-up capital and it is not distributable to shareholders, it is permissible, with the approval of the Company's general assembly, to continue deducting this percentage until it reaches the balance of this reserve is equivalent to 100% of the Company's authorized capital.

**21- Reserve at Fair Value**

This amount represents the net change in fair value of financial assets through other comprehensive income. The details of the movement on this item are as follows:

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
The balance at the beginning of the period/ year	(132,865)	194,691
The change during the period/ year	85,656	(249,258)
Profit on reclassification of investments in an associate company to financial assets at fair value through other comprehensive income	-	(219,004)
Deferred tax liabilities	390	3,118
Deferred tax assets	(22,781)	137,588
<b>The balance at the end of the period/ year</b>	<b>(69,600)</b>	<b>(132,865)</b>

**22- Accumulated losses**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
The balance at the beginning of the period/ year	(945,011)	(1,312,343)
profit / (loss) for the period/ year	172,040	148,328
Profit on reclassification of investments in an associate company to financial assets at fair value through other comprehensive income	-	219,004
<b>The balance at the end of the period/ year</b>	<b>(772,971)</b>	<b>(945,011)</b>

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**23- Insurance Contracts Revenue**

June 30, 2024 (Unaudited)	Vehicles	Medical	Fire	Engineering	Marine	Aviation	Civil liability	Credit and	Other	Life	Total
Change in insurance contracts liabilities against remaining coverage	8,016,803	8,939,199	472,710	70,773	319,512	212,744	34,611	72,605	39,038	318,769	18,496,764
Insurance contracts issuance fees	979,084	1,165,575	134,780	26,989	145,252	59,624	6,130	10,832	915	56,662	2,585,843
<b>Total insurance contracts revenue</b>	<b>8,995,887</b>	<b>10,104,774</b>	<b>607,490</b>	<b>97,762</b>	<b>464,764</b>	<b>272,368</b>	<b>40,741</b>	<b>83,437</b>	<b>39,953</b>	<b>375,431</b>	<b>21,082,607</b>
<b>June 30, 2023 (Unaudited)</b>	<b>Vehicles</b>	<b>Medical</b>	<b>Fire</b>	<b>Engineering</b>	<b>Marine</b>	<b>Aviation</b>	<b>Civil liability</b>	<b>Credit and</b>	<b>Other</b>	<b>Life</b>	<b>Total</b>
Change in insurance contracts liabilities against remaining coverage	7,214,745	8,207,609	529,620	102,556	288,697	205,773	98,044	72,930	15,320	321,357	17,056,651
Insurance contracts issuance fees	1,161,208	1,135,176	101,610	12,162	58,946	17,740	7,550	8,747	251	71,078	2,574,468
<b>Total insurance contracts revenue</b>	<b>8,375,953</b>	<b>9,342,785</b>	<b>631,230</b>	<b>114,718</b>	<b>347,643</b>	<b>223,513</b>	<b>105,594</b>	<b>81,677</b>	<b>15,571</b>	<b>392,435</b>	<b>19,631,119</b>

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**24- Insurance Contracts Expenses**

<b>June 30, 2024 (Unaudited)</b>	<b>Vehicles</b>	<b>Medical</b>	<b>Fire</b>	<b>Engineering</b>	<b>Marine</b>	<b>Aviation</b>	<b>Civil liability</b>	<b>Credit and guarantee</b>	<b>Other</b>	<b>Life</b>	<b>Total</b>
Insurance claims incurred	(7,032,834)	(10,147,780)	(357,756)	(38,882)	(60,120)	2,511	(6,895)	(175,900)	(15,929)	(37,797)	(17,871,382)
Amortization of acquisition costs	(566,251)	(399,427)	(72,439)	(6,820)	(33,022)	(5,096)	(13,998)	(19,541)	(6,971)	(8,727)	(1,132,292)
Administrative expenses	(421,292)	(279,785)	(22,488)	(870)	(17,883)	(2,063)	(4,679)	(23,640)	(4,995)	(17,458)	(795,153)
Loss on contracts burdened with liabilities	(9,378)	(125,689)	-	-	-	(5,889)	-	(1,955)	-	196	(142,715)
Risk Adjustments - Non Financial	(190,501)	(233,431)	(36,280)	(1,300)	(21,214)	-	(1,628)	-	(2,041)	(5,783)	(492,178)
Supplementary from non-financial risk adjustments	204,502	243,432	(31,825)	(6,422)	20,188	502	894	(31,909)	(685)	16,900	415,577
<b>Total insurance contracts expenses</b>	<b>(8,015,754)</b>	<b>(10,942,680)</b>	<b>(520,788)</b>	<b>(54,294)</b>	<b>(112,051)</b>	<b>(10,035)</b>	<b>(26,306)</b>	<b>(252,945)</b>	<b>(30,621)</b>	<b>(52,669)</b>	<b>(20,018,143)</b>
<b>June 30, 2023 (Unaudited)</b>	<b>Vehicles</b>	<b>Medical</b>	<b>Fire</b>	<b>Engineering</b>	<b>Marine</b>	<b>Aviation</b>	<b>Civil liability</b>	<b>Credit and guarantee</b>	<b>Other</b>	<b>Life</b>	<b>Total</b>
Insurance claims incurred	(6,968,297)	(8,701,995)	(194,082)	(52,413)	76,916	7,766	(2,757)	57,571	(768)	(272,122)	(16,050,181)
Amortization of acquisition costs	(705,516)	(307,609)	(84,114)	(10,511)	(42,937)	(6,998)	(15,467)	(16,809)	(2,742)	(14,118)	(1,206,821)
Administrative expenses	(394,086)	(461,346)	(38,256)	(6,857)	(19,659)	(1,825)	(5,432)	(7,987)	(963)	(39,899)	(976,310)
Loss on contracts burdened with liabilities	(179,753)	-	-	-	14	-	(597)	-	-	-	(180,336)
Risk Adjustments - Non Financial	(121,088)	(170,604)	(12,730)	(10,551)	-	-	-	-	-	(53,080)	(368,053)
Supplementary from non-financial risk adjustments	139,764	149,038	(18,550)	7,112	3,576	-	-	-	-	1,519	282,459
<b>Total insurance contracts expenses</b>	<b>(8,228,976)</b>	<b>(9,492,516)</b>	<b>(347,732)</b>	<b>(73,220)</b>	<b>17,910</b>	<b>(1,057)</b>	<b>(24,253)</b>	<b>32,775</b>	<b>(4,473)</b>	<b>(377,700)</b>	<b>(18,499,242)</b>

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**25- Financing (Expenses) –Insurance Contracts**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>June 30, 2023</b> <b>(Unaudited)</b>
Financing (expenses)	(483,680)	(367,382)
	<u>(483,680)</u>	<u>(367,382)</u>

The company used discount rates ranging from 10.02% to 12.01% as of June 30, 2024 (Unaudited) (June 30, 2023 (Unaudited): 11.7% and 13.8%).

**26- Financing Revenues – Reinsurance Contracts**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>June 30, 2023</b> <b>(Unaudited)</b>
Financing revenues	56,228	50,110
	<u>56,228</u>	<u>50,110</u>

The company used discount rates ranging from 12.01% to 10.02% as of June 30, 2024 (Unaudited) (June 30, 2023 (Unaudited): 11.7% and 13.8%).

**27- Interest Income**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>June 30, 2023</b> <b>(Unaudited)</b>
Bank Interest	330,905	188,738

**28- Net Profit of Financial Assets and Investments**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>June 30, 2023</b> <b>(Unaudited)</b>
Cash Dividend yields	115,424	50,139
Interest income on financial assets at amortized cost	7,853	3,084
Gains (losses) on the fair value measurement of financial assets through profit or loss	79,008	(70,528)
(Losses) and gains on the sale of investments	(3,734)	-
Rental income	23,421	21,320
Other income	1,580	1,620
	<u>223,552</u>	<u>5,635</u>

**29- Other revenue**

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>June 30, 2023</b> <b>(Unaudited)</b>
Others	200	999
	<u>200</u>	<u>999</u>

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**30- Loss per Share From the period**

	<b>June 30, 2024 (Unaudited)</b>	<b>June 30, 2023 (Unaudited)</b>
Profit (loss) for the period/ Jordanian dinar		
Weighted Average number of shares/ one share	<b>172,040</b>	(439,402)
	(Fils / Dinar)	(Fils / Dinar)
The basic and diluted profit/(loss) per share for the Period (Fils/ Dinar)	<b>0.019</b>	(0.048)

**31- Related Parties Transactions**

The Company entered into transactions with members of the Board of Directors and senior management within the normal trading activities of the Company and using insurance premiums and commercial commissions. All receivables from related parties are considered working and no allocations have been taken for them as of June 30, 2024 (Unaudited).

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

	<b>June 30, 2024 (Unaudited)</b>			<b>December 31, 2023 (Audited)</b>
	<b>Subsidiary companies</b>	<b>Members of the Board of Directors</b>	<b>Total</b>	
<b><u>Items of financial position statement</u></b>				
Insurance contract assets	11,792	3,981,411	<b>3,993,203</b>	3,146,995
Insurance contract liabilities	3,640,619	1,457	<b>3,642,076</b>	3,272,613
	<b>June 30, 2024 (Unaudited)</b>			<b>June 30, 2023 (Unaudited)</b>
	<b>Subsidiary companies</b>	<b>Members of the Board of Directors</b>	<b>Total</b>	
<b><u>Items of profit or loss statement</u></b>				
Insurance revenues	25,553	2,424,598	<b>2,450,151</b>	2,453,143
Other revenue – rental revenue	19,683	-	<b>19,683</b>	16,857



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**32- Cash and its equivalent**

Cash and its equivalents as of June 30, 2024 (Unaudited), as shown in the cash flow statement, represent cash in hand, bank balances, and deposits with banks due within three months, net of overdraft balances with banks as of June 30, 2024 (Unaudited).

	<b>June 30, 2024</b> <b>(Unaudited)</b>	<b>June 30, 2023</b> <b>(Unaudited)</b>
Cash on hand and balances with banks (Note 11)	<b>1,545,325</b>	610,232
Add: Deposits with banks due within three months (Note 6)	<b>1,000,000</b>	819,746
Less: Deposit pledged for the Central Bank's account	<b>(800,000)</b>	-
Less: overdraft Banks *	<b>-</b>	(104,305)
	<b>1,745,325</b>	<b>1,325,673</b>

\* This item represents the amount utilized from the banking facilities granted to the company by the Jordan Kuwait Bank, with a limit of 2,250,000 Jordanian Dinars. The interest rate on these banking facilities was 7.25% during the period ended June 30, 2024 (Unaudited) (June 30, 2023 (Unaudited): 7.4%). In addition to the facilities obtained by the company during the year 2021 from the Housing Bank for Trade and Finance, with a limit of 800,000 Jordanian Dinars, the full amount of the outstanding facilities was repaid during the year 2023 (Audited).

**33- Cases Filed Against the Company**

The company appears as a defendant in a number of legal cases amounting to 3,042,782 JD. The company has allocated sufficient provisions to meet the obligations related to these lawsuits, and in the opinion of the company's management, the provisions of 3,042,782 JD as of June 30, 2024 (Unaudited) (December 31, 2023 (Audited): 2,718,540 JD) are sufficient to meet the obligations related to these lawsuits.

The value of cases filed by the company against others amounted to 2,744,661 JD as of June 30, 2024 (Unaudited) (December 31, 2022 (Audited): 2,322,938 JD). These represent receivables due to the company and returned checks resulting from the company's normal business activities.

**34 - Obligations That May Arise**

As of the financial statements date, the company has potential obligations represented by banking guarantees amounting to 3,987,098 dinars compared to 4,380,977 dinars as of June 30, 2024 (Unaudited), and December 31, 2023 (Audited), respectively.

**35 - Comparative Figures**

Some figures in the financial statements for the year 2023 have been reclassified to align with the presentation of the financial statements for the year 2024 in accordance with the instructions of the Central Bank of Jordan.