Middle East Insurance Company
(Public Limited Shareholding Company)
Amman – The Hashemite Kingdom of Jordan
Interim Condensed Financial Statements
(Unaudited) and the Independent Auditor's Report
for the six months period ended
June 30, 2023

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Table of Content

Independent Auditor's Report

To, the Shareholders
Middle East 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 **Middle East Insurance Company ("the Company")** as of June 30, 2023 and the related interim condensed statements of profit or loss, other comprehensive income, changes in shareholders' equity, and cash flows for the Six months period then ended and a summary of significant accounting policies and other explanatory notes.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements for the period ended June 30, 2023 are not prepared in all material respects, in accordance with IAS (34) "Interim Financial Reporting" as endorsed in the Hashemite Kingdom of Jordan, and the instruction of Central Bank of Jordan.

Other Matter

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

Date: August 30, 2023

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Middle East Insurance Company
(Public Limited Shareholding Company)
Interim Condensed Statements of Financial Position (Unaudited)
As of June 30, 2023
(Jordanian Dinars)

	Note	June 30,2023 (Unaudited)	December 31,2022 (Audited) (Adjusted)	January 1, 2022 (Audited) (Adjusted)
Assets:				
Bank deposits, net	6	**24,691,427**	24,986,537	18,101,096
Financial assets at fair value through profit or loss	7	**7,944,840**	7,999,570	7,165,753
Financial assets at fair value through other comprehensive income	8	**15,817,029**	16,069,748	15,023,672
Financial assets at amortized cost		**-**	-	700,000
Investment properties	9	**22,279,743**	22,455,674	23,205,489
Total investments		**70,733,039**	71,511,529	64,196,010
Cash on hands and at banks	10	**2,673,940**	3,298,562	4,110,994
Account receivables, net	11	**964,698**	927,381	1,332,452
Reinsurance contract assets held, net	12	**22,921,325**	23,141,352	20,030,311
Deferred tax assets	14	**362,170**	296,463	568,442
Property and equipment, net	15	**4,618,278**	4,705,220	4,908,595
Intangible assets, net		**22,600**	28,150	16,250
Right of use assets		**19,434**	38,867	77,733
Other assets	16	**1,711,965**	1,039,501	1,081,492
Total assets		**104,027,449**	104,987,025	96,322,279
Liabilities and Shareholders' Equity				
Liabilities:				
Insurance contracts liabilities- premium allocation approach	13	**47,498,385**	48,081,780	40,884,161
Insurance contracts liabilities- general measurement model		**2,994,747**	2,979,344	3,475,851
Total insurance contracts liabilities		**50,493,132**	51,061,124	44,360,012
Account payables		**2,972,108**	2,150,976	2,204,948
Accrued expenses		**111,296**	79,359	52,148
Other provisions		**564,507**	512,462	508,435
Lease liabilities		**24,228**	45,269	80,925
Provision for income tax	14	**528,383**	432,873	211,032
Deferred tax liabilities	14	**577,303**	591,533	374,741
Other liabilities		**9,298,308**	8,362,009	8,689,972
Total liabilities		**64,569,265**	63,235,605	56,482,213
Shareholders' Equity:				
Authorized and paid in capital	17	**22,050,000**	22,050,000	22,050,000
Statutory reserve	18	**5,512,500**	5,512,500	5,512,500
Voluntary reserve		**2,000,000**	2,000,000	2,000,000
Fair value reserve		**(1,030,791)**	(843,778)	(1,617,875)
Retained earnings		**10,926,475**	13,032,698	11,895,441
Total shareholders' equity		**39,458,184**	41,751,420	39,840,066
Total liabilities and shareholders' equity		**104,027,449**	104,987,025	96,322,279

The accompanying notes from 1 to 26 are integral part of these financial statements

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

	Note	For the six months period from January 1 to June 30 2023	2022
Revenues:			
Insurance contract revenue	19	**23,791,506**	21,062,054
Insurance contract expenses	20	**(13,789,897)**	(12,176,806)
Insurance service result		**10,001,609**	8,885,248
Reinsurance contracts results		**(13,417,423)**	(12,066,346)
Reinsurance contracts recoveries		**4,702,132**	4,674,668
Reinsurance contracts results		**(8,715,291)**	(7,391,678)
Net insurance business results		**1,286,318**	1,493,570
Financing expense/ income - insurance contracts	21	**85,371**	4,787
Financing expense/ income – reinsurance contracts	22	**(18,839)**	171
Net financing results of insurance operations		**66,532**	4,958
Interest income		**659,982**	349,213
Commission income		**1,109,707**	1,237,028
Net income from financial assets	23	**1,162,938**	2,059,198
Insurance policies issuance fees		**522,782**	487,004
Other revenues		**78,065**	2,981
Total revenues		**4,886,324**	5,633,952
Salaries, wages, and employees' benefits		**(2,110,243)**	(1,821,769)
General and administrative expenses		**(787,894)**	(926,896)
Depreciation and amortization		**(100,119)**	(126,375)
Investments properties depreciation		**(180,899)**	(180,899)
Right of use assets depreciation		**(19,433)**	(19,433)
End of service provision		**(52,045)**	(24,747)
Others		**(97,765)**	(244,248)
Net profit for the period before tax		**1,537,926**	2,289,585
Income tax		**(336,658)**	(472,645)
Profit for the period after tax		**1,201,268**	1,816,940
Earnings per share for the period	24	**0.054**	**0.082**

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

	Note	For the six months period from January 1 to June 30	
		2023	**2022**
Profit for the period		**1,201,268**	1,816,940
Add: Other comprehensive income items			
Change in fair value reserve	25	**(187,013)**	336,878
Total comprehensive income for the period		**1,014,255**	2,153,818

The accompanying notes from 1 to 26 are integral part of these financial statements

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

	Paid- up Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve	Retained Earnings	Total
For the six-month period ended June 30, 2023 (Unaudited)						
Balance as of December 31, 2022 (Audited) - Before adjustment	22,050,000	5,512,500	2,000,000	(843,778)	13,170,753	41,889,475
The impact of the application of (IFRS 17).	-	-	-	-	(138,055)	(138,055)
Balance as of December 31, 2022 after adjustment	22,050,000	5,512,500	2,000,000	(843,778)	13,032,698	41,751,420
Profit for the period	-	-	-	-	1,201,268	1,201,268
Change in fair value reserve	-	-	-	(187,013)	-	(187,013)
Total comprehensive income for the period	-	-	-	(187,013)	1,201,268	1,014,255
Dividends	-	-	-	-	(3,307,491)	(3,307,491)
Balance as of June 30, 2023 (Unaudited)	**22,050,000**	**5,512,500**	**2,000,000**	**(1,030,791)**	**10,926,475**	**39,458,184**
For the six-months period ended June 30, 2022 (Unaudited)						
Balance as of January 1, 2022 (Audited) - Before adjustment	22,050,000	5,512,500	2,000,000	(1,617,875)	12,980,233	40,924,858
The impact of the application of (IFRS 17).	-	-	-	-	(1,084,792)	(1,084,792)
Balance as of January 1, 2022 after adjustment	22,050,000	5,512,500	2,000,000	(1,617,875)	11,895,441	39,840,066
Profit for the period	-	-	-	-	1,816,940	1,816,940
Change in fair value reserve	-	-	-	336,878	-	336,878
Total comprehensive income for the period	-	-	-	336,878	1,816,940	2,153,818
Balance as of June 30, 2022 (Unaudited)	22,050,000	5,512,500	2,000,000	(1,280,997)	13,712,381	41,993,884

The accompanying notes from 1 to 26 are integral part of these financial statements

Middle East Insurance Company
(Public Limited Shareholding Company)
Interim Condensed Statements Cash Flows (Unaudited)
For the six months period ended June 30, 2023
(Jordanian Dinars)

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Cash flow from Operating Activities		
Profit for the period before tax	**1,537,926**	2,289,585
Adjustments to reconcile net profit before income tax for the period to net cash flows provided by operating activities:		
Depreciations and amortizations	**281,018**	307,274
Right of use assets depreciation	**19,433**	19,433
Interest expenses for lease liabilities	**-**	1,701
Interest income from financial assets through amortized cost	**-**	(19,333)
Other provisions	**52,045**	24,747
Net change in fair value through profit or loss	**54,730**	(427,081)
Interest income	**(659,982)**	(349,213)
Profit from sale of investment properties	**-**	(454,495)
Cash flows from operating activities before changes in working capital	**1,285,170**	1,392,618
Changes in working capital		
Account receivables – net	**(37,317)**	350,500
Reinsurance contract assets held, net	**220,027**	(322,349)
Other assets	**(672,464)**	(276,696)
Insurance contracts liabilities- premium allocation approach	**(583,395)**	884,808
Insurance contracts liabilities- General measurement model	**15,403**	62,753
Account payables	**821,132**	141,215
Other provisions	**-**	(43,618)
Accrued expenses and other liabilities	**968,236**	(777,308)
Cash flows from operating activities before income tax	**2,016,792**	1,411,923
Income tax paid	**(255,378)**	(114,165)
Net cash flows provided by operating activities	**1,761,414**	1,297,758
Cash flow from Investing Activities		
Interest received	**659,982**	349,213
Bank deposits (mature after 3 months)	**1,817,604**	(2,300,000)
Purchase of property and equipment	**(7,627)**	(6,890)
Purchase of investment properties	**(4,968)**	-
Purchase of intangible assets	**-**	(23,000)
Proceeds from the sale of investment properties	**-**	623,700
Lease liabilities payment	**(21,042)**	(26,427)
Interest received from financial assets through amortized cost	**-**	10,511
Net cash flows provided by/(used in) investing activities	**2,443,949**	(1,372,893)
Cash flow from financing activities		
Dividends paid	**(3,307,491)**	-
Net cash flows used in financing activities	**(3,307,491)**	-
Net cash generated/(used) during the period	**897,872**	(75,135)
Cash and cash equivalents at beginning of the period	**5,457,755**	9,163,459
Cash and cash equivalents at the end of the period	**6,355,627**	9,088,324

The accompanying notes from 1 to 26 are integral part of these financial statements

1- Legal Status and Activities

Middle East Insurance Company was established as a Jordanian public shareholding company with its main headquarters in Amman - the Hashemite Kingdom of Jordan under No. (9) on June 28, 1962. Several assessments have been made to the capital, the latest of which was during 2018, so that the company's authorized, authorized and paid-up capital amounted to 22,050,000 shares, at a nominal value of 1 JOD share.

The company offers all types of insurance business (fire and other property damage, marine, aviation, transportation, motor, medical insurance, and life insurance).
The accompanying condensed interim financial statements were approved by the Board of Directors on August 30, 2023.

2- Basis of Preparation

The interim condensed financial statements of the company have been prepared in accordance with the standards issued by the International Accounting Standards Board and in accordance with the applicable local laws and according to the forms set by the Central Bank of Jordan.

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

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

The most important accounting policies used in the preparation of the interim condensed financial statements, which are disclosed in Note (4), have been applied on a consistent basis for all the years presented, unless otherwise stated.

The preparation of the interim condensed financial statements in accordance with International Financial Reporting Standards requires the use of significant and specific accounting estimates, and also requires management to use its own estimates in the process of applying the company's accounting policies. Items in which significant estimates were used are disclosed in Note No. (4)

3- Changes in Accounting Policies

New standards, interpretations and amendments effective from January 1, 2023

The company applied IFRS 17 "Insurance Contracts", where it evaluated the impact of applying the standard and identified the gap between the previous situation and the requirements of the standard and prepared a risk assessment system through actuarial statistical models for various insurance contracts in addition to updating information technology systems to ensure the availability of all databases necessary for applying actuarial models and preparing systems for estimating future cash flows for contracts, and determining the present value of money, in addition to updating accounting policies and procedures and updating other operational policies and procedures, which had an impact on the financial statements. The requirements of the standard as shown in the applied policies in Note 4.

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

3- Changes in Accounting Policies (continued)

New standards, interpretations and amendments effective from January 1, 2023 (continued)

The effect of applying the standard and the amendment on the opening balance of retained earnings is disclosed in the consolidated statement of changes in equity.
The impact of the application is also disclosed in addition to a summary of restating the items of the financial statements for the year ended as on December 31, 2023 in note 3.

- Disclosure of accounting policies Classification of current and non-current liabilities (amendments to IAS 1 "Presentation of Financial Statements"
- Disclosure of accounting policies (amendments to IAS 1) "Presentation of Financial Statements" and Statement of Practice 2 of International Financial Reporting (Standards).
- Definition of accounting estimates (Amendments to IAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors"
- Deferred taxes relating to assets and liabilities arising from a single transaction (amendments to IAS 12 "Income Taxes".

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

4- Use of Estimates and Assumptions

Preparing the financial statements and applying accounting policies requires the company's management to make estimates and assumptions that affect the amounts of financial assets and financial liabilities, and to disclose potential liabilities. Also, these estimates and judgments affect revenues, expenses, and provisions, as well as changes in the fair value that appear in the profit and loss statement and within shareholders' equity. In particular, the company's management is required to issue important judgments and judgments to estimate the amounts and times of future cash flows. The aforementioned estimates are necessarily based on assumptions and multiple factors that have varying degrees of estimation and uncertainty, and that the actual results may differ from the estimates as a result of the changes resulting from the conditions and circumstances of those estimates in the future. (The nature and amount of changes in the estimates of amounts included in the reports of previous fiscal years should be disclosed, if these changes have a material impact on the current data).

Our estimates within the financial statements are reasonable and detailed as follows:

Expected Credit Loss

The company applies (The methodology used by the company in calculating the expected credit loss provision is stated) the requirements imposed by IFRS (9) in order to recognize the decrease in measuring expected credit losses over the life of receivables and contractual assets based on credit risks and homogeneous ages.

Expected loss rates are based on the company's historical credit losses experienced during the preceding three-year period up to the end date of the current period. Historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers. (The factors that the company relied on in determining the provision are mentioned).
The insurance company must allocate a provision for insurance receivables between it and the local insurance companies and foreign reinsurance companies in determining the provision.

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 group, and in the event of such indications, the fair value is estimated in order to determine the impairment loss.

4- Use of Estimates and Assumptions (continued)

Income Tax

The income tax expense has been charged for the financial period to which it relates in accordance with the regulations, laws and international financial reporting standards.

1- Accrued Tax

Accrued tax expenses are calculated on the basis of taxable profits under IFRS 4, and taxable profits differ from declared profits in the declared income statement. Declared profits include non-taxable revenues or expenses that are not deductible in the fiscal year but in subsequent years or accumulated losses tax-acceptable items or items that are not subject or acceptable to download for tax purposes.
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 taxes that are 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 liability method in the financial statements, and deferred taxes are calculated according to the tax rates that are expected to be applied when settling the tax liability or realizing the deferred tax assets.

The balance of deferred tax assets is reviewed on the date of the financial statements and is reduced in the event that it is expected that it is not possible to benefit from those tax assets in part or in whole or by paying the tax liability or selecting the need for it.

Property and 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. The assumptions used in estimating future cash flows are mentioned.
The method used in discounting those flows, the discount rate, the discount mechanism, and the yield curve used, in addition to the justifications for adopting the method used in calculating discount rates, and the mechanism for processing insurance financing income or expense during the profit or loss statement.

When making assumptions regarding the estimation of flows for groups of insurance contracts, the company must take into account the following:

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

4- Use of Estimates and Assumptions (continued)

Non-financial risk adjustments

A sum of money allocated by the company against the uncertainty of the amount and timing of cash flows arising from non-financial risks based on actuarial assumptions and the company's experience in managing the group of insurance contracts / reinsurance contracts held. (The method that will be followed in determining the value of non-financial risk adjustments is mentioned, such as the value-at-risk method, or cost of capital methods, and the appropriate confidence level, if one exists.)

Non-insurance Components

The company discloses the following aspects:
- Definition of insurance risks.
- Defining the insurance contract, and defining the written insurance contracts that are consistent with the definition.
- Determine the contracts issued by the company that are consistent with the definition of the insurance contract.
- Mechanism for separating non-insurance components (investment component, service component, etc.)
- Mechanism for determining the relative importance of the risks of the insurance contract.

Lawsuits Raised against the Company

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

Fair Value Levels

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

5- Significate Accounting Policies

A. Segments Information

The business segment represents 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 segments, which are measured according to the reports that were used by the CEO and the main decision maker of the company.

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

B. Goodwill

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

As for the goodwill resulting from investing in affiliate companies, it appears as part of the investment account in the affiliate company, reducing the cost of goodwill with any decrease in the value of the investment.
Goodwill is allocated to the cash generating unit(s) for impairment testing purposes.

5- Significate Accounting Policies (continued)

B- Goodwill (continued)

The value of goodwill decreases if the estimated recoverable value of the cash-generating unit/ units to which the goodwill belongs is less than the value recorded in the books of the cash-generating unit/ units, and the impairment value is recorded in the profit and loss statement.

The impairment loss of goodwill is not reversed in the subsequent period. - In the event of selling a subsidiary or a company owned in partnership with other companies, the value of goodwill is taken into account when determining the amount of profit or loss from the sale.

C. Definition for insurance contracts

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

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

The direct participation feature in IFRS 17 is defined as insurance contracts that have economic characteristics similar to an insurance contract (long term of coverage, frequent premiums and amount or timing of return at the discretion of the issuer) and are linked to a portfolio of assets. Contracts that contain this feature at the beginning of the contract, include:
- The contractual terms specify that the insurance contract holders participate in a share of the insurance contract portfolio
- The company expects to pay the contract holder a significant share of the fair value proceeds from the pool of insurance contracts.
- The company expects that a significant proportion of any change in the amounts that will be paid to the contract holder will vary with the change in the fair value of the insurance contracts pool.

Contracts that are not classified as insurance contracts, they are, for example, the following:
- Investment contracts that have the legal form of an insurance contract but do not transfer substantial insurance risks to the insurance company and carry financial risks, for example, implied derivatives, changes in the fair value of a financial instrument, changes in interest rates, changes in currency exchange rates, or credit rating, these are classified as investment contracts in accordance with IFRS 9.
- Investment contracts with discretionary participation features, which are investment contracts that have a legal form of an insurance contract, but do not transfer substantial insurance risks to the issuer and do not meet the definition of an insurance contract, but are classified in accordance with IFRS 17
- Self-insurance (i.e., keeping the risks that could have been covered by the insurance contract within the company, i.e., there is no other party to the contract). For example, a company issuing an insurance contract in the name of the company or a fellow subsidiary, which is classified in accordance with IFRS 15.

5- Significate Accounting Policies (continued)

C. Definition for insurance contracts (continued)

The company has the following component which is separated from the insurance contract:

Service/ commodity	Insurance contract that includes the service/ commodity	Related international standard
Road assistance	Comprehensive/supplementary car insurance	IFRS 15
Transfer vehicle ownership	Motor vehicles	IFRS 15
Issuance fees service	All types	IFRS 15

D. Reinsurance contracts held

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

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

E. Initial recognition of insurance contracts/ general measurement model/ variable cost

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

1- Cash flows to fulfill contracts, which include:

- Estimates of future cash flows
- Adjustments for the time value of money and the financial risks associated with future cash flows by not including these financial risks in the estimates of future cash flows.
- Non-financial risk adjustments

2- Contractual service margin

F. Subsequent measurement of insurance contracts / general measurement model / variable cost

The company records the book amount of a group of groups of insurance contracts at the end of each period, which is the sum of the following:

1- Provision for liabilities for applicable contracts, which includes the net value of internal and external cash flows (after applying the discount rate) in addition to adjustments for non-financial risks and the contractual service margin.

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

5- Significate Accounting Policies (continued)

G. Initial recognition of insurance contracts/ premium allocation approach

On initial recognition, the company records the book amount of the obligation, which includes the following:

- Insurance premiums received upon initial recognition
- Less any costs paid to acquire the insurance contracts on that date.
- Plus or minus any amount arising from the cash flows of the costs of acquiring insurance contracts.

H. Subsequent measurement of insurance contracts/ premium allocation approach

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

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

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

I. 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.

J. 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.

K. Onerous insurance contracts

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

L. Provision for liabilities against existing contracts

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

M. Provision for liabilities against claims incurred

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

N. Contractual service margin

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

5- Significate Accounting Policies (continued)

O. Approaches to measuring the contracts

- Summary of the approved insurance contract measurement methods

Portfolio (level one)	Classification of contracts	Measurement method
	Insurance contracts	Premium allocation approach
General insurance	Insurance contracts	Premium allocation approach
Motor vehicles (portfolio 1)	Insurance contracts	Premium allocation approach
Motor vehicles (portfolio 2)	Insurance contracts	Premium allocation approach
	Road assistance	IFRS 15
Motor vehicles (portfolio 3)	Insurance contracts	Premium allocation approach
Motor vehicles (portfolio 4)	Insurance contracts	Premium allocation approach
Life (portfolio 1)	Insurance contracts	Premium allocation approach
Life (portfolio 2)	Insurance contracts	General measurement model
Fire	Insurance contracts	Premium allocation approach
Marine	Insurance contracts	Premium allocation approach
Medical	Insurance contracts	Premium allocation approach
Travel	Insurance contracts	Premium allocation approach

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

Portfolio (level one)	Measurement method
Engineering	Premium allocation approach
General insurance	Premium allocation approach
Motor vehicles	Premium allocation approach
Life (portfolio 1)	Premium allocation approach
Life (portfolio 2)	General measurement model
Fire	Premium allocation approach
Marine	Premium allocation approach
Medical	Premium allocation approach
Travel	Premium allocation approach

2- The level of profitability

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

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

5- Significate Accounting Policies (continued)

Financial Instruments

Classification and Measurement:
The classification of financial assets depends on the business model of the Company to manage its financial assets and contractual terms of cash flows. The Company classifies its financial assets as follows:

- Financial assets measured at amortized cost;
- Financial assets measured at Fair value through profit or loss.
- Financial assets measured at Fair value through other comprehensive income.

A. Financial assets at amortized cost
The company classifies financial assets at amortized cost based on the company's business model 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 model 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 principal and interest accrued on the principal of those assets.

Financial assets are recorded at amortized cost at cost upon purchase in addition to acquisition expenses, and the premium/ discount (if any) is amortized using the effective interest method as a credit to interest or for its account, and any provisions resulting from the decline in the value of these investments are deducted that lead to the inability to recover this investment or part of it Any decline in its value is recorded in the profit and loss statement.

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

The Standard allows in rare circumstances to measure such assets at FVTPL if doing so eliminates or significantly reduces the measurement inconsistency (sometimes called accounting mismatch) that would give rise to the measurement of assets or liabilities or the recognition of gains and losses arising from them on different grounds.

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

B. Financial assets at fair value through 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 are represented according to fair value through the statement of profit or loss, investments in equity instruments and debt instruments for trading purposes, and the purpose of keeping them is to generate profits from short-term market price fluctuations or trading margins.

5- Significate Accounting Policies (continued)

Financial Instruments (continued)

B- Financial assets at fair value through statement of profit or loss (continued)

- Financial assets are recorded through the statement of profits or losses at fair value upon purchase (acquisition expenses are recorded on the statement of profits and losses upon purchase) and are re-evaluated on the date of the financial statements at fair value, and subsequent changes in fair value are recorded in the statement of profits and losses in the same period of occurrence of the change Including the change in fair value resulting from translation differences of non-monetary assets in foreign transactions. The distributed profits or returns are recorded in the profit or loss statement when 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 entity changes the business model on which it classified those assets as mentioned above, taking into account the following:

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

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

- Upon initial recognition of investments in equity instruments that are not held for trading, it is allowed 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 in any way to reclassify the changes recognized in the statement of other comprehensive income to the statement of profit or loss subsequently. Dividends received from such investments are recognized in net investment income, unless such dividends clearly represent a partial recovery of all investments.
- In the event of selling these assets or part thereof, the profits or losses resulting from the sale are transferred from the balance of the net accumulated change in the fair value through other comprehensive income to the retained earnings or losses and not through the statement of profits and losses.

1. Investment properties

Investment properties are shown at cost after subtracting accumulated depreciation (excluding land). These investments are depreciated over their useful life at a rate of 2%. Any decline in their value is recorded in the profit or loss statement. The operating revenues or expenses of these investments are recorded in the profit or loss statement.

2. Property and equipment

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

5- Significate Accounting Policies (continued)

2-Property and equipment (continued)

Assets	Depreciation rate
Buildings	2%
Equipment, devices, and furniture	12.5% – 20 %
Transportation	15%
Others	2%

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 period is shown 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 value and the impairment value is recorded in the profit or loss statement.

The property and equipment under construction for the company's use are shown at cost and after deducting any impairment losses in their value. The useful life of the property and equipment is reviewed at the end of each year. If the expected useful life differs from the previously prepared estimates, the change in the estimate for subsequent years is recorded as a change in the estimates.

Gains or losses resulting from the disposal or write-off of any property and equipment, which represents the difference between the proceeds from the sale and the carrying amount of the asset, are shown in the profit or loss statement. Property and equipment are disposed of upon disposal or when no future benefits are expected from their use.

3- Intangible assets

- Intangible assets obtained through a merger are recorded at fair value on the date of acquisition. Intangible assets acquired through a method other than merger are recorded at cost.
- Other intangible assets are classified based on their estimated life for a specific period or periods. Intangible assets that have a specified life are amortized during this life and are amortized in the profit or loss statement. As for intangible assets with an indefinite life, the decline in their value is reviewed on the date of the financial statements, and any decline in their value is recorded in the profit or loss statement.
- Intangible assets generated internally in the company are not capitalized and are recorded in the statement of profit or loss in the current year.
- Any indications of impairment in the value of intangible assets are reviewed at the date of the financial statements. The estimation of the useful life of those assets is also reviewed and any adjustments are made to subsequent periods.

4- Cash and cash equivalent

Cash and cash equivalents represent cash on hand, balances at banks, deposits at banks and with maturities exceed three months after deducting bank credit accounts and restricted withdrawal balances.

Offsetting

A net offset is made between financial assets and financial liabilities and the net amount is shown in the statement of financial position only when the binding legal rights are available, as well as when they are settled on the basis of offsetting, or the realization of the assets and the settlement of the liabilities is at the same time.

5- Significate Accounting Policies (continued)

The date the financial assets are recognized
The purchase and sale of financial assets are recognized on the trading date (the date the company is committed to buying or selling 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 the financial instruments that have market prices.

In the absence of published prices, the absence of active trading for some financial instruments, or the inactivity of the market, their fair value is estimated in several ways, including:

- Comparing it with the current market value of a financial instrument that is substantially similar to it.
- Analyzing future cash flows and discounting the expected cash flows at a rate used in a similar financial instrument.
- Options pricing models

Valuation methods aim to obtain a fair value that reflects market expectations and takes into consideration market factors and any expected risks or benefits when estimating the value of financial instruments.

Financial Liabilities
The company classifies financial liabilities based on the purpose for which the obligation arises. The accounting policy for financial liabilities is as follows:

1- Creditors and reinsurance contract liabilities
Accounts payable and reinsurance payables are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

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

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 its value can be measured reliably. The amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as at the date of the financial statements, taking into account the risks and uncertainty associated with commitment. When the amount of a provision is determined on the basis of the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

5- Significate Accounting Policies (continued)

End of service provision

The end of service provision for employees is calculated in accordance with the company's policy, which is in accordance with the Jordanian Labor Law. The annual compensations incurred for the employees who leave the service are recorded on the account of the provision for end of service when paid, and the provision for the obligations incurred by the company for the employees' end of service is taken into the profit and loss statement.

Foreign Currency

- Transactions in foreign currencies during the current year are recorded at the prevailing exchange rates on the date of the transactions.
- Balances of financial assets and financial liabilities are transferred at the average foreign currency rates prevailing on the date of the statement of financial position and announced by the Central Bank of Jordan
- Non-financial assets and non-financial liabilities denominated in foreign currencies that are stated at fair value are translated on the date the fair value was determined
- Profits and losses resulting from foreign currency translation are recorded in the profit or loss statement.

The costs of issuing or buying shares of the insurance company

Any costs resulting from the issuance or purchase of shares of the insurance company are recorded on the retained earnings (net after the tax effect of these costs).

- Translation differences for non-monetary foreign currency assets and liabilities are recorded as part of the change in fair value.
- When consolidating the financial statements, the assets and liabilities of the branches and subsidiaries abroad are translated from the average rates of currencies on the date of the financial statements, the main (base) currency, into the reporting currency as declared by the Central Bank of Jordan.
- As for items of income and expenses, 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 revenues / expenses in the profit or loss statement.

Revenue

1. Dividend and interest income

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

2. Rental income

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

5- Significate Accounting Policies (continued)

3. Acquisition costs

They represent the acquisition costs incurred by the company in exchange for selling, underwriting, or starting new insurance contracts. The company recognizes all acquisition costs directly when the insurance contract is recognized in the profit or loss statement, while the company recognizes acquisition costs by amortizing the costs incurred over the insurance contract's coverage period. In the statement of financial position unless the entity chooses to recognize them as expenses based on the option available to the company that applies the installment allocation approach to all of its products. The company recognizes all costs as period costs other than commissions paid, which are amortized over the covered period.

Insurance contract expenses

The company distributes general administrative expenses and direct employee expenses to insurance portfolios related to insurance contracts to groups of insurance contracts and includes them in calculating the profitability of the contract by distributing direct expenses for each portfolio separately. Whereas, the general and administrative expenses and indirect employee expenses not related to insurance contracts are charged to the profit or loss statement.

6- Bank Deposits

This item consists of the following:

	June 30, 2023 (Unaudited)				December 31, 2023 (audited)
	Deposits due within a month	**Deposits maturing from (1-3 months)**	**Deposits maturing after more than three months**	**Total**	**Total**
Inside Jordan	**3,681,687**	-	**21,009,740**	**24,691,427**	24,986,537
	3,681,687	-	**21,009,740**	**24,691,427**	24,986,537

- Interest rates on deposit balances at banks in dinars range from 2% to 6.75%, and on deposit balances in USD from 0.25% to 2% during the period ending June 30, 2023.
- Deposits mortgaged to the order of the Governor of the Central Bank in addition to his position amounted to 800,000 JD, as of June 30, 2023 and December 31, 2022, at the bank, amounting to 800,000 JD.
- The balances restricted for withdrawal amounted to 800,000 JD as of June 30, 2023 (800,000 dinars as of December 31, 2022) in the form of cash deposits, in addition to deposits mortgaged to the order of the Director General of the Insurance Department.

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

	June 30, 2023 (Unaudited)	December 31, 2023 (audited)
Capital bank	**800,000**	800,000
Total	**800,000**	800,000

7- Financial Assets at Fair Value Through Statement of Profit or Loss

	June 30, 2023 (Unaudited)	December 31, 2023 (audited)
Inside Jordan		
Listed Shares	**4,856,496**	4,976,577
Outside Jordan		
Listed Shares	**3,088,344**	3,022,993
	7,944,840	7,999,570

8- Financial Assets at Fair Value Through Statement of Other Comprehensive Income

	June 30, 2023 (Unaudited)	December 31, 2023 (audited)
Inside Jordan		
Listed Shares	**4,338,372**	4,728,510
Unlisted Shares	**6,600,932**	1,340,708
Total	**10,939,304**	6,069,218
Outside Jordan		
Listed Shares	**1,340,708**	6,463,513
Unlisted Shares	**3,537,017**	3,537,017
Total	**4,877,725**	10,000,530
Gross total	**15,817,029**	16,069,748

9- Investment Properties

This item consists of the following:

	Lands	Buildings	Total
023			
Cost			
Balance as at December 31, 2022 (Audited)	12,422,549	14,054,843	26,477,392
Additions	-	**4,968**	**4,968**
Balance as at June 30, 2023 (Unaudited)	**12,422,549**	**14,059,811**	**26,482,360**
Accumulated depreciation			
Accumulated depreciation as at January 1, 2023 (Audited)	-	4,021,718	4,021,718
Depreciation for the period	-	**180,899**	**180,899**
Accumulated depreciation as at June 30, 2023 (Unaudited)	-	**4,202,617**	**4,202,617**
Net investment properties as at June 30, 2023 (Unaudited)	**12,422,549**	**9,857,194**	**22,279,743**

9- Investment Properties (continued)

	Lands	Buildings	Total
2022			
Cost			
Balance as at January 1, 2022 (Audited)	12,810,569	14,054,843	26,865,412
Disposals	(388,020)	-	(388,020)
Balance as at June 30, 2022 (Unaudited)	12,422,549	14,054,843	26,477,392
Accumulated depreciation			
Accumulated depreciation as at January 1, 2022 (Audited)	-	3,659,923	3,659,923
Depreciation for the period		361,795	361,795
Accumulated depreciation as at June 30, 2022 (Unaudited)	-	4,021,718	4,021,718
Net investment properties as at June 30, 2022 (Unaudited)	12,422,549	10,033,125	22,455,674

- Investment buildings are depreciated at a rate of 2% annually and shown at net book value.

10- Cash on Hands and at Banks

	June 30, 2023 (Unaudited)	December 31, 2023 (audited)
Cash on hands	**107,776**	86,351
Cash at banks	**2,566,164**	3,212,211
	2,673,940	3,298,562

11- Accounts Receivables

	June 30, 2023 (Unaudited)	December 31, 2023 (audited)
Due from employees	**214,123**	219,158
Other receivables	**750,575**	708,223
	964,698	927,381

12- Reinsurance contracts held

	June 30, 2023 (Unaudited)	December 31, 2023 (audited)
Reinsurance contracts held – Local	**9,973,094**	10,068,828
Reinsurance contracts held – External	**12,948,231**	13,072,524
	22,921,325	23,141,352

13- Insurance Contracts Liabilities- Premium Allocation Approach

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims		
June 30, 2023	**Non -Onerous Contracts**	**Onerous Contracts**	**Present value of cash flows**	**Non-financial risk adjustments**	**Total**
Insurance contracts liabilities – Beginning balance	(1,236,521)	(3,630,959)	(42,338,094)	(876,206)	(48,081,780)
Insurance contracts assets – Beginning balance	-	-	-	-	-
Net insurance contracts (liabilities)/assets – Beginning balance	(1,236,521)	(3,630,959)	(42,338,094)	(876,206)	(48,081,780)
Insurance contract revenue	(19,622,281)	(4,169,225)	-	-	(23,791,506)
Claims Incurred	-	-	10,459,527	27,225	10,486,752
Amortization of acquisition cost	689,716	108,407	-	-	798,123
Employees' expenses	-	-	-	-	-
Administrative Costs	-	-	-	-	-
Insurance contract expenses	689,716	108,407	10,459,527	27,225	11,284,875
Insurance Service Results	(18,932,565)	(4,060,818)	10,459,527	27,225	(12,506,631)
Finance Costs - from Insurance Contracts	-	-	85,371	-	85,371
Net Change - Other Comprehensive Income	(18,932,565)	(4,060,818)	10,544,898	27,225	(12,421,260)
Cash Received from Underwritten Contracts	21,732,370	3,708,990	-	-	25,441,360
Paid claims and other direct expenses	-	-	(12,487,563)	-	(12,487,563)
Paid from Acquisition Costs	(689,716)	(108,407)	-	-	(798,123)
Other expenses	-	-	-	-	-
Transferred to Liabilities for Incurred Claims	21,042,653	3,600,583	(12,487,563)	-	12,155,673
Net Insurance Contract Liabilities - End of Period	873,568	(4,091,194)	(43,431,778)	(848,981)	(47,498,385)

13- Insurance Contracts Liabilities- Premium Allocation Approach (continued)

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims		
June 30, 2022	**Non -Onerous Contracts**	**Onerous Contracts**	**Present value of cash flows**	**Non-financial risk adjustments**	**Total**
Insurance contracts liabilities – Beginning balance	250,591	(2,953,939)	(37,038,588)	(1,142,225)	(40,884,161)
Insurance contracts assets – Beginning balance	-	-		-	-
Net insurance contracts (liabilities)/assets – Beginning balance	250,591	(2,953,939)	(37,038,588)	(1,142,225)	(40,884,161)
Insurance contract revenue	(41,050,961)	(6,912,905)	-	-	(47,963,866)
Claims Incurred	-	-	16,376,020	266,019	16,642,039
Amortization of acquisition cost	1,499,528	214,536	-	-	1,714,064
Employees' expenses	-	-	-	-	-
Administrative Costs	-	-	-	-	-
Insurance contract expenses	1,499,528	214,536	16,376,020	266,019	18,356,103
Insurance Service Results	(39,551,433)	(6,698,369)	16,376,020	266,019	(29,607,763)
Finance Costs - from Insurance Contracts	-	-	-	-	-
Net Change - Other Comprehensive Income	(39,551,433)	(6,698,369)	16,376,020	266,019	(29,607,763)
Cash Received from Underwritten Contracts	39,563,849	6,235,885	-	-	45,799,734
Paid claims and other direct expenses	-	-	(21,675,526)	-	(21,675,526)
Paid from Acquisition Costs	(1,499,528)	(214,536)	-	-	(1,714,064)
Other expenses	-	-	-	-	-
Transferred to Liabilities for Incurred Claims	38,064,321	6,021,349	(21,675,526)	-	22,410,144
Net Insurance Contract Liabilities - End of Period	(1,236,521)	(3,630,959)	(42,338,094)	(876,206)	(48,081,780)

14- Income Tax

A. Provision for income tax

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

	June 30, 2023 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of the period/ year	**432,873**	211,032
Income tax paid	**(255,378)**	(235,783)
Income tax for the period/ year	**336,658**	457,624
Recognition of deferred tax liabilities	**14,230**	-
Balance at the end of the period/ year	**528,383**	432,873

The income tax shown in the interim condensed income statement represents the following:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Income tax for the income of the period	**336,658**	352,784
Recognition of deferred tax assets	**-**	8,820
Recognition of deferred tax liabilities	**-**	111,041
	336,658	472,645

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

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Accounting (loss)/ profit	**1,537,926**	2,289,585
Non - taxable income	**(1,486,410)**	(2,154,988)
Non - deductible expenses	**1,351,226**	1,335,336
Taxable profit	**1,402,742**	1,469,933
Accrued income tax	**336,658**	352,784
Income tax	**20%**	20%
Legal tax rate (includes national contribution at 2%)	**26%**	26%

14- Income Tax (continued)

B. Deferred tax assets/ liabilities

This item consists of the following:

	June 30, 2023 (Unaudited)					December 31, 2022 (Audited)
	Balance at the beginning of the period	Released	Additions	Balance at the end of the period	Deferred Tax	Deferred tax
A-Deferred Tax Assets						
Unrealized losses from investments through other comprehensive income	1,140,241	-	**252,720**	**1,392,961**	**362,170**	296,463
	1,140,241	-	**252,720**	**1,392,961**	**362,170**	296,463
B. Deferred Tax Labilities						
Unrealized losses from investments through profit or loss	2,275,128	**(54,593)**	**(139)**	**2,220,396**	**577,303**	591,533
	2,275,128	**(54,593)**	**(139)**	**2,220,396**	**577,303**	591,533

Movement on deferred tax assets and liabilities is as follows:

	Assets		Liabilities	
	June 30, 2023 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period/ year	**591,533**	374,741	**296,463**	568,442
Additions	-	216,792	**65,707**	-
Released	**(14,230)**	-	-	(271,979)
Balance at the end of the period/ year	**577,303**	591,533	**362,170**	296,463

15- Property and Equipment

	Lands	Buildings	Equipment, devices, and furniture	Transportation	Other	Total
Cost:						
Balance as at December 31, 2022	760,236	4,856,349	1,894,434	201,200	4,040	7,716,259
Additions	-	-	**7,627**	-	-	**7,627**
Disposals	-	-	-	-	-	-
Balance as at June 30, 2023	**760,236**	**4,856,349**	**1,902,061**	**201,200**	**4,040**	**7,723,886**
Less:						
Accumulated depreciation:						
Balance as at December 31, 2022	-	1,133,476	1,703,102	170,421	4,040	3,011,039
Additions	-	**46,441**	**39,425**	**8,703**	-	**94,569**
Disposals	-	-	-	-	-	-
Balance as at June 30, 2023	-	**1,179,917**	**1,742,527**	**179,124**	**4,040**	**3,105,608**
Book value:						
Balance as at June 30, 2023	**760,236**	**3,676,432**	**159,534**	**22,076**	-	**4,618,278**
Balance as at December 31, 2022	760,236	3,722,873	191,332	30,779	-	4,705,220

16- Other Assets

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Prepaid expenses	**980,897**	698,222
Accrued revenue	**265,984**	185,985
Refundable deposits	**9,627**	9,627
Others	**455,457**	145,667
	1,711,965	1,039,501

17- Authorized and Paid-Up Capital

The authorized and paid-up capital at the end of the period amounts to 22,050,000 JD, divided into 22,050,000 shares, the nominal value of each share is 1 JD, as at June 30, 2023 and 2022.

18- Statutory Reserve

The statutory reserve is formed in accordance with the provisions of the Jordanian Companies Law by deducting 10% of the annual net profits. The deduction stops when the accumulated reserve balance reaches the equivalent of a quarter of the company's authorized capital. However, with the approval of the company's general assembly, it is permissible to continue deducting this percentage until it reaches the balance of this reserve is equal to the amount of the authorized capital of the company.

The amounts accumulated in this account represent the transferred annual profits before taxes at a rate of 10% during the year and previous years in accordance with the Companies Law, and it is not subject to distribution to shareholders.

19- Insurance Contracts Revenue

For the six months period from January 1 to June 30, 2023	Motor-Comprehensive	Motor-Third party liability	Borders Complex	Aviation	Medical	Life	General Insurances	Fire	Engineering	Marine	Total
Insurance contracts revenue	**2,174,129**	**4,169,225**	**480,370**	**107,146**	**3,211,453**	**3,816,633**	**1,666,274**	**4,177,712**	**1,779,497**	**2,209,067**	**23,791,506**

For the six months period from January 1 to June 30, 2022	Motor-Comprehensive	Motor-Third party liability	Borders Complex	Aviation	Medical	Life	General Insurances	Fire	Engineering	Marine	Total
Insurance contracts revenue	2,130,382	2,918,747	359,183	143,536	2,955,622	4,185,978	1,487,607	2,607,217	1,815,127	2,458,655	21,062,054

20- Insurance Contracts Expenses

For the six months period from January 1 to June 30, 2023	Motor-Comprehensive	Motor-Third party liability	Borders Complex	Aviation	Medical	Life	General Insurances	Fire	Engineering	Marine	Total
Incurred Insurance Claims	1,855,834	4,262,336	189,198	-	2,616,720	2,395,215	1,008,605	430,544	(10,933)	24,101	12,771,620
Non-Financial Risk Adjustments	3,888	8,806	421	-	6,095	4,917	2,020	935	(21)	164	27,225
Acquisition Costs	69,869	108,407	16,038	-	447,052	76,414	6,970	18,865	247	54,261	798,123
Loss surplus premiums	28,537	57,306	6,555	-	-	-	-	20,625	-	4,250	117,273
Loss component	-	75,656	-	-	-	-	-	-	-	-	75,656
	1,958,128	4,512,511	212,212	-	3,069,867	2,476,546	1,017,595	470,969	(10,707)	82,776	13,789,897

For the six months period from January 1 to June 30, 2022	Motor-Comprehensive	Motor-Third party liability	Borders Complex	Aviation	Medical	Life	General Insurances	Fire	Engineering	Marine	Total
Incurred Insurance Claims	1,659,970	3,028,561	224,509	-	2,844,383	2,539,523	628,429	461,832	30,249	(473,131)	10,944,325
Non-Financial Risk Adjustments	28,941	50,774	3,904	-	51,675	41,412	10,363	9,138	-	(6,706)	189,501
Acquisition Costs	-	36,282	-	-	-	-	-	-	-	-	36,282
Loss surplus premiums	112,349	107,268	15,951	-	406,130	65,393	23,450	91,089	(745)	47,063	867,948
Loss component	48,185	59,316	5,110	-	-	-	-	21,889	-	4,250	138,750
	1,849,445	3,282,201	249,474	-	3,302,188	2,646,328	662,242	583,948	29,504	(428,524)	12,176,806

21- Financing Expenses/ Income - Insurance Contracts

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Financing income	**85,371**	4,787

The discount rate used in calculating the present value of future cash flows is 5.24%, accumulated over 5 years, taking into account the method of settlement of claims during the years.

22- Financing Expenses/ Income - Reinsurance Contracts

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Financing expenses/ income	**(18,839)**	171

The discount rate used in calculating the present value of future cash flows is 5.24%, accumulated over 5 years, taking into account the method of settlement of claims during the years.

23- Net Income from Financial Assets and Investments

The details of this item are as follows:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Dividend income from financial assets at fair value through profit or loss	**730,935**	450,737
Dividend income from financial assets at fair value through other comprehensive income	**425,746**	642,032
Interests from financial assets through amortized cost		19,333
Change in fair value for financial assets through profit or loss	**(54,730)**	427,081
Gain on sale for investment properties		454,495
Investment building expenses	**(173,480)**	(175,024)
Net rental revenue	**234,467**	240,544
The amount transferred to the statement of profit or loss	**1,162,938**	2,059,198
The amount transferred to the underwriting account for life insurance	**(177,177)**	(183,919)
	985,761	1,875,279

24- Earnings Per Share

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

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Profit of the Period/ JD	**1,201,268**	1,816,940
Weighted Average Number of Shares/ per share	**22,050,000**	22,050,000
Basic and diluted earnings per share (Fils/ JD)	**0.054**	0.082

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

25- Fair Value Reserve

This amount represents the fair value of financial assets through other comprehensive income and is stated as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period/ year	**(843,778)**	(1,617,875)
Change during the period/ year	**(252,720)**	1,046,076
Deferred tax assets	**65,707**	(271,979)
Balance at the end of the period/ year	**(1,030,791)**	(843,778)

26- Cash and Cash Equivalent

Cash and cash equivalents appearing in the interim condensed statement of cash flows are as follows:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Cash on hands and at banks	**2,673,940**	4,432,454
Add: Deposits at banks maturing within three months	**3,681,687**	4,655,870
Net cash and cash equivalent	**6,355,627**	9,088,324