

# **The Islamic Insurance Company**

**Public Shareholding Company**

**Amman – Jordan**

**Condensed Interim Financial Statements (Unaudited)**

**30 June 2024**

**The Islamic Insurance Company  
Public Shareholding Company**

---

	<u>Page</u>
- Report on review of the condensed interim financial statements	2
- Condensed interim Statement of Financial Position as at 30 June 2024	3
- Condensed interim Statement of Profit or Loss (Policyholders) for the six months ended 30 June 2024	4
- Condensed interim Statement of Profit or Loss (Shareholders) for the six months ended 30 June 2024	5
- Condensed interim Statement of Other Comprehensive Income (Shareholders) for the six months ended 30 June 2024	6
- Condensed interim Statement of Changes in Shareholders' Equity for the six months ended 30 June 2024	7
- Condensed interim Statement of Changes in Policyholders' Equity for the six months ended 30 June 2024	8
- Condensed interim Statement of Cash Flows for the six months ended 30 June 2024	9
- Notes to the condensed interim financial statements	10-48



**Report on Review of the Condensed Interim Financial Statements**

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

**Introduction**

We have reviewed the accompanying condensed interim financial statements of **The Islamic Insurance Company (PSC)** comprising the condensed interim statement of financial position as at 30 June 2024, condensed interim statement of profit or loss (Policyholders), condensed interim statement of profit or loss (Shareholders), condensed interim statement of comprehensive income, condensed interim statement of changes in shareholders' equity, condensed interim statement of changes in policyholders' equity and condensed interim statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Company and in accordance with Financial Accounting Standards for Islamic Financial Institutions as issued by the Accounting and Auditing Organization for Islamic Financial Institutions. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

**Scope of Review**


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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Company and in accordance with Financial Accounting Standards for Islamic Financial Institutions as issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

30 July 2024  
Amman – Jordan



  
**Arab Professionals**  
**Ibrahim Hammoudeh**  
License No. (606)

**The Islamic Insurance Company**  
**Public Shareholding Company**  
**Amman-Jordan**  
**Condensed interim statement of financial position as at 30 June 2024**  
**(In Jordanian Dinar)**

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Assets</b>			
<b>Investments</b>			
Bank deposits	3	26,320,866	25,030,041
Financial assets at fair value through profit or loss	4	4,000,000	4,000,000
Financial assets at fair value through other comprehensive income	5	8,746,758	8,885,671
Investment properties	6	384,066	388,055
<b>Total Investments</b>		<b>39,451,690</b>	<b>38,303,767</b>
Cash on hand and at banks	7	2,197,995	2,883,968
Insurance contract assets - net	8	-	-
Reinsurance contract assets - net	9	9,289,534	4,931,812
Property and equipment - net	11	2,282,182	2,123,016
Intangible assets - net	12	6,099	9,577
Other assets	13	550,323	77,468
<b>Total Assets</b>		<b>53,777,823</b>	<b>48,329,608</b>
<b>Liabilities, Policyholders' Equity and Shareholders' Equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	8	25,850,629	22,682,627
Reinsurance contract liabilities	9	2,089,292	23,891
Accounts payable	14	42,348	26,745
Income tax provision	10	457,471	730,680
Other provisions	15	1,176,186	1,061,846
Other liabilities	16	1,682,134	319,543
<b>Total Liabilities</b>		<b>31,298,060</b>	<b>24,845,332</b>
<b>Policyholders' Equity</b>			
Deficiency cover reserve (Emergency Provision)	17	-	490,102
Cumulative change in fair value	22	(181,168)	(146,440)
Non-demanded surplus	18	4,522	17,793
Accumulated (deficit) surplus	19	(709,832)	-
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit		709,832	-
<b>Total Policyholders' Equity</b>		<b>(176,646)</b>	<b>361,455</b>
<b>Shareholders' Equity</b>			
Paid-in capital	20	15,000,000	15,000,000
Statutory reserve	21	3,954,946	3,954,946
Voluntary reserve	21	1,505,916	1,505,916
Cumulative change in fair value	22	(543,505)	(439,320)
Profit for the period after tax	23	1,137,773	-
Retained earnings	23	1,601,279	3,101,279
<b>Total Shareholders' Equity</b>		<b>22,656,409</b>	<b>23,122,821</b>
<b>Total Policyholders' and Shareholders' Equity</b>		<b>22,479,763</b>	<b>23,484,276</b>
<b>Total Liabilities, Policyholders' Equity and Shareholders' Equity</b>		<b>53,777,823</b>	<b>48,329,608</b>

"The attached notes from (1) to (49) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company  
Public Shareholding Company  
Amman-Jordan  
Condensed interim statement of profit or loss (Policyholders)  
for the six months ended at 30 June 2024  
  
(In Jordanian Dinar)

	Note	30 June 2024 (Unaudited)	30 June 2023 (Unaudited) (Restated)
<b>Revenues</b>			
Insurance contracts revenues	24	18,145,588	16,575,032
Insurance contracts expenses	25	(16,982,743)	(14,785,341)
<b>Insurance contract service results</b>		<b>1,162,845</b>	<b>1,789,691</b>
Reinsurance contracts held expenses	26	(6,490,232)	(6,085,088)
Reinsurance contracts held revenues	27	5,320,959	4,535,908
<b>Reinsurance contract service results</b>		<b>(1,169,273)</b>	<b>(1,549,180)</b>
<b>Net insurance contracts service results</b>		<b>(6,428)</b>	<b>240,511</b>
Finance (expenses) revenues from insurance contracts	28	(286,708)	(412,444)
Finance revenues (expenses) from reinsurance contracts	29	132,762	191,492
<b>Net insurance financing results</b>		<b>(153,946)</b>	<b>(220,952)</b>
Other revenues (takaful)		-	58,000
Policyholders' share of investment returns	30	612,057	393,810
Policyholders' share of the profits from financial assets and investments	31	97,005	94,932
Shareholders' share against managing the investment portfolio	32	(177,265)	(122,185)
<b>Total revenues</b>		<b>371,423</b>	<b>444,116</b>
Shareholders' share against takaful operation management (not-allocated)	32	(1,534,440)	(1,827,857)
Provision for expected credit losses		(36,917)	-
<b>Total expenses</b>		<b>(1,571,357)</b>	<b>(1,827,857)</b>
Policyholders' deficit before income tax		(1,199,934)	(1,383,741)
Income tax expenses	10	-	-
<b>Policyholders' deficit after income tax</b>		<b>(1,199,934)</b>	<b>(1,383,741)</b>

"The attached notes from (1) to (49) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company  
Public Shareholding Company  
Amman-Jordan  
Condensed interim statement of profit or loss (Shareholders)  
for the six months ended at 30 June 2024  
  
(In Jordanian Dinar)

	Note	30 June 2024 (Unaudited)	30 June 2023 (Unaudited) (Restated)
<b>Revenues</b>			
Shareholders' share against takaful operation management	32	3,754,748	3,947,414
Shareholders' share against managing the investment portfolio	32	177,265	122,185
Shareholders' share of investment returns	30	887,251	496,576
Shareholders' share of the profits from financial assets and investments	31	308,379	301,297
<b>Total revenues</b>		<b>5,127,643</b>	<b>4,867,472</b>
 Employees expenses	33	1,771,489	1,701,123
Provision against Al Qard Al Hasan granted to policyholders		709,832	736,276
Administrative and general expenses	35	511,061	504,232
Other provisions	36	444,388	351,925
Depreciation & amortization		87,285	67,434
Provision for expected credit losses (deposits)		8,184	-
<b>Total expenses</b>		<b>3,532,239</b>	<b>3,360,990</b>
 <b>Profit for the period before income tax</b>		<b>1,595,404</b>	<b>1,506,482</b>
Income tax expenses for the period	10	(457,631)	(449,310)
<b>Profit for the period</b>		<b>1,137,773</b>	<b>1,057,172</b>
  <b>Earnings per share for the period</b>	37	<b>0.076</b>	<b>0.070</b>

"The attached notes from (1) to (49) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company  
Public Shareholding Company  
Amman-Jordan  
Condensed interim statement of other comprehensive income (Shareholders)  
for the six months ended at 30 June 2024

(In Jordanian Dinar)

	30 June 2024 <u>(Unaudited)</u>	30 June 2023 <u>(Unaudited)</u> <b>(Restated)</b>
Profit for the period	1,137,773	1,057,172
<b>Other comprehensive income items:</b>		
Shareholders' share from change in fair value	<u>(104,185)</u>	<u>(305,550)</u>
<b>Total comprehensive income for the period</b>	<b><u>1,033,588</u></b>	<b><u>751,622</u></b>

"The attached notes from (1) to (49) are an integral part of these condensed interim financial statements and read with review report"

**The Islamic Insurance Company**  
**Public Shareholding Company**  
**Amman-Jordan**  
**Condensed interim statement of changes in shareholders' equity for the six months ended at 30 June 2024**  
**(In Jordanian Dinar)**

	<u>Paid-in Capital</u>	<u>Statutory Reserve</u>	<u>Voluntary Reserve</u>	<u>Cumulative Change in Fair Value</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
<b>Balance at 1 January 2024</b>	<b>15,000,000</b>	<b>3,954,946</b>	<b>1,505,916</b>	<b>(439,320)</b>	<b>3,101,279</b>	<b>23,122,821</b>
Profit for the period	-	-	-	-	1,137,773	1,137,773
Shareholders' share from net change in fair value	-	-	-	(104,185)	-	(104,185)
Paid dividends	-	-	-	-	(1,500,000)	(1,500,000)
<b>Balance at 30 June 2024</b>	<b><u>15,000,000</u></b>	<b><u>3,954,946</u></b>	<b><u>1,505,916</u></b>	<b><u>(543,505)</u></b>	<b><u>2,739,052</u></b>	<b><u>22,656,409</u></b>
<b>Balance at 1 January 2023</b>	<b>15,000,000</b>	<b>3,694,510</b>	<b>1,245,480</b>	<b>(42,962)</b>	<b>3,079,718</b>	<b>22,976,746</b>
Profit for the period	-	-	-	-	1,057,172	1,057,172
Shareholders' share from net change in fair value	-	-	-	(305,550)	-	(305,550)
Paid dividends	-	-	-	-	(1,200,000)	(1,200,000)
<b>Balance at 30 June 2023</b>	<b><u>15,000,000</u></b>	<b><u>3,694,510</u></b>	<b><u>1,245,480</u></b>	<b><u>(348,512)</u></b>	<b><u>2,936,890</u></b>	<b><u>22,528,368</u></b>

“The attached notes from (1) to (49) are an integral part of these condensed interim financial statements and read with review report”



**The Islamic Insurance Company**  
**Public Shareholding Company**  
**Amman-Jordan**  
**Condensed interim statement of changes in policyholders' equity for the six months ended at 30 June 2024**  
**(In Jordanian Dinar)**

	Deficiency Cover Reserve (Emergency Provision)*	Cumulative Change in Fair Value	Non- Demanded Surplus	Accumulated (Deficit) Surplus	Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	Total Policyholder's Equity
<b>Balance at 1 January 2024</b>	<b>490,102</b>	<b>(146,440)</b>	<b>17,793</b>	<b>-</b>	<b>-</b>	<b>361,455</b>
Policyholders' deficit for the period	-	-	-	(1,199,934)	-	(1,199,934)
Transferred from deficiency cover reserve to cover the deficit	(490,102)	-	-	490,102	-	-
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	-	-	-	-	709,832	709,832
Policyholder' share from net change in fair value	-	(34,728)	-	-	-	(34,728)
Change in non-demanded surplus	-	-	(13,271)	-	-	(13,271)
<b>Balance at 30 June 2024</b>	<b>-</b>	<b>(181,168)</b>	<b>4,522</b>	<b>(709,832)</b>	<b>709,832</b>	<b>(176,646)</b>
<b>Balance at 1 January 2023</b>	<b>580,515</b>	<b>(14,321)</b>	<b>56,180</b>	<b>66,950</b>	<b>-</b>	<b>689,324</b>
Policyholders' deficit for the period	-	-	-	(1,383,741)	-	(1,383,741)
Transferred from deficiency cover reserve to cover the deficit	(580,515)	-	-	580,515	-	-
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	-	-	-	-	736,276	736,276
Policyholder' share from net change in fair value	-	(101,850)	-	-	-	(101,850)
Change in non-demanded surplus	-	-	(14,007)	-	-	(14,007)
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>(116,171)</b>	<b>42,173</b>	<b>(736,276)</b>	<b>736,276</b>	<b>(73,998)</b>

\*The deficiency coverage reserve is calculated at a rate of 20% from both of the Policyholders' surplus for the period and the Policyholder's share from profit of sale of financial assets through other comprehensive income.

"The attached notes from (1) to (49) are an integral part of these condensed interim financial statements and read with review report"

**The Islamic Insurance Company**  
**Public Shareholding Company**  
**Amman-Jordan**  
**Condensed interim statement of cash flows for the six months ended at 30 June 2024**  
**(In Jordanian Dinar)**

	<u>Note</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
<b>Cash Flows from Operating Activities</b>			
Profit for the period before income tax		395,470	122,741
<b>Adjustments</b>			
Depreciation & amortization		87,285	67,434
Provision against Al Qard Al Hasan granted to policyholders		709,832	736,276
Provision for expected credit losses		45,407	-
Unallocated loss adjustment expenses(ULAE)		114,340	101,925
<b>Cash flows from operating activities before changes in working capital items</b>		<b>1,352,334</b>	<b>1,028,376</b>
Reinsurance contract assets –net		(4,357,722)	327,285
Other assets		(472,855)	(99,770)
Insurance contract liabilities		3,168,002	4,346,789
Reinsurance contract liabilities		2,065,401	1,195,017
Accounts payable		15,603	(13,115)
Other liabilities		(137,409)	(146,443)
Non-demanded surplus		(13,271)	(14,007)
<b>Net cash flows from operating activities before paid income tax</b>		<b>1,620,083</b>	<b>6,624,132</b>
Income tax paid		(730,840)	(450,448)
<b>Net cash flows from operating activities</b>		<b>889,243</b>	<b>6,173,684</b>
<b>Cash Flows from Investing Activities</b>			
Bank deposits		(3,347,994)	(1,655,341)
Purchase of property and equipment		(238,985)	(43,682)
Purchase of intangible assets		-	(13,717)
<b>Net cash flows used in investing activities</b>		<b>(3,586,979)</b>	<b>(1,712,740)</b>
<b>Cash Flows from Financing Activities</b>			
Paid dividends		-	(1,200,000)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(1,200,000)</b>
<b>Net (Decrease) increase in cash and cash equivalents</b>		<b>(2,697,736)</b>	<b>3,260,944</b>
Cash and cash equivalents, beginning of year		5,289,898	937,853
<b>Cash and cash equivalents, end of period</b>	38	<b>2,592,162</b>	<b>4,198,797</b>

“The attached notes from (1) to (49) are an integral part of these condensed interim financial statements and read with review report”

**The Islamic Insurance Company**  
**Public Shareholding Company**  
**Amman-Jordan**  
**Notes to the condensed interim financial statements (Unaudited)**  
**30 June 2024**  
**(In Jordanian Dinar)**

---

**1. General**

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

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

The accompanying condensed interim financial statements were approved by the Company's Board of Directors in their meeting held on 30 July 2024.

**2.1 Basis of Preparation**

The condensed interim financial statements were prepared in accordance with Financial Accounting standards for Islamic Financial Institutions issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and in accordance with templates set by Central Bank of Jordan – Insurance Supervision Department. In the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards therefor.

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

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

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

The preparation of condensed interim financial statements requires the use of important and specific accounting estimates, and it also requires management to use its own estimates in the process of applying the company's accounting policies.

## 2.2 Changes in accounting policies

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

The company has applied International Financial Reporting Standard (17) Insurance Contracts, whereby it assessed the impact of the standard's application, it identified the gap between the previous situation and the standard's requirements, and prepared a risk assessment system through actuarial statistical models for different insurance contracts. In addition, it updated the information technology systems to ensure the availability of all necessary database for applying actuarial models and preparing future cash flow estimation systems for contracts. It determined the present value of cash flows and updated accounting policies and procedures, as well as other operational policies and procedures that had an impact on financial data. The company also reevaluated the models used for recognizing insurance contract revenues in accordance with standard requirements, as indicated in the policies applied in Note (4.2).

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

### 2. New standards, interpretations and amendments not yet effective.

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) issued both Financial Accounting Standard No. (42) relating to presentation and disclosure in the financial statements of Takaful institutions, and Financial Accounting Standard No. (43) relating to Accounting for Takaful (Recognition and Measurement) applicable to the fiscal years on or after 1 January 2025.

The company restated the comparative information for the year 2022 applying the transitional provisions in Appendix C of international Financial Reporting Standard (17).

The nature of the changes in accounting policies can be summarized as follows:

#### 1.1 Changes in classification and measurement.

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

IFRS 17 establishes specific principles for the recognition and measurement of issued insurance contracts and reinsurance contracts held by the company

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

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

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

## **2.1 Changes in presentation and disclosure**

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

- The Insurance contracts portfolios, which are assets.
- The Insurance contracts portfolios that are considered liabilities.
- The reinsurance contracts held portfolios, which are assets.
- The reinsurance contracts held portfolios, that are considered liabilities.

The portfolios referred to above are those that were created upon initial recognition in accordance with the requirements of IFRS 17.

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

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

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

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

The company provides detailed qualitative and quantitative information regarding:

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

## **1.3 Transition (methods used and provisions applied in determining transitional amounts for IFRS 17).**

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

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

### **The full retrospective approach**

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

## **1.4 Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses, the resultant provisions and the changes in fair value that are presented in equity and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

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

**A) Expected credit losses**

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

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

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

**B) Impairment in the value of financial assets.**

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

**C) Income tax**

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

**1) Accrued income tax**

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

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

**2) Deferred taxes**

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the financial statements and the value that is calculated on the basis of taxable profit.

Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced in the event that it will not be possible to benefit from those deferred tax assets partially or in whole, or to pay the tax liability.

**D) Property & equipment**

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

**E) The present value of future cash flows**

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

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

#### **E.1) Discount rates**

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

In the absence of an active market for Jordanian government bonds, discount rates are determined based on the current risk-free discount rate (rate) in US dollars according to EIOPA, plus 1%. The additional 1% compensates for the fact that the Jordanian dinar is pegged to the US dollar, and interest rates on the dinar are always higher to maintain its attractiveness. Although Jordanian government bonds are not traded publicly, their yields at issuance are published by the Central Bank of Jordan. Accordingly, we reviewed these yields against the risk-free rate in US dollars and confirmed the reliability of the additional 1% rate.

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

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

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

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

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

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

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

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

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

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

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

**F) Adjustments for non-financial risk**

Represents an amount against the uncertainty of the amount and timing of cash flows arising from non-financial risks based on actuarial assumptions and the company's experience in managing the portfolio of insurance/reinsurance contracts held.

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

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

The company has separated the financial impact of non-financial risk adjustments between the results of insurance contract operations and the results of insurance financing operations.

**G) Non-insurance components**

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

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

Separation of non-insurance components

**1- The investment component:**

The Company must separate the distinct investment component from the main insurance contract when the investment element is distinct, and only if the following two conditions are met:

- The investment component and the insurance component are not significantly interrelated.
- The contract is sold under equivalent terms, or can be sold, separately in the same market or jurisdiction, either by entities issuing insurance contracts or by other parties.

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

- The entity is unable to measure one component without considering the other. Therefore, if the value of one component varies according to the value of the other component, the entity must apply IFRS 17 to account for the combined investment and insurance element.
- The policyholder cannot benefit from one component unless the other is also present. Therefore, if the expiration or maturity of one component of the contract causes the expiration or maturity of the other, the entity must apply IFRS 17 to account for the combined investment and insurance component.



## 2-Components of services and goods

The company must separate any promise to transfer distinct goods or services to the policyholder other than insurance contract services. It should account for these promises by applying IFRS 15. Accordingly:

- Separate the inflows between the insurance component and any promises to deliver distinct goods or services other than insurance contract services.
- Separate the outflows between the insurance component and any promised goods or services other than insurance contract services, so that:
  1. The outflows directly related to each component are attributed to that component.
  2. Any outflows are attributed on a consistent and rational basis, reflecting the outflows that the entity expects to arise as if this component were a separate contract.

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

- The cash flows and risks associated with the good or service are closely related to the cash flows and risks associated with the insurance components in the contract.
- The entity provides a significant service in integrating the good or service with the insurance components.

Classify contracts that have the legal form of insurance but do not transfer significant insurance risk and expose the company to financial risks as investment contracts and follow financial instrument accounting under IFRS 9, since the company does not issue any investment or savings insurance contracts.

The company defines an insurance contract with direct participation features as a contract that meets the following criteria at inception:

- The contractual terms specify that policyholders participate in a share of a clearly identified pool of underlying items.
- The company expects to pay the policyholder an amount equal to a substantial share of the returns from the fair value of the underlying items.
- The company expects that a substantial portion of any change in the amounts to be paid to the policyholder will vary with changes in the fair value of the underlying items.

All other insurance contracts issued by the company do not have direct participation features.

In the normal course of business, the company uses reinsurance to mitigate its risk exposure. A reinsurance contract transfers significant risk if it substantially transfers all insurance risks resulting from the reinsured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the likelihood of significant loss.

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

## Significant Accounting Policies

### A) Business Segments

The business sector represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which is measured based on the reports used by the top management of the Company.

The geographic sector relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

**B) Definition of insurance contract**

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

- The start of the coverage period for the group of contracts.
- From the date of the first payment due from any contract holder in the group.
- From the date when the facts and circumstances indicate that the group to which an insurance contract will belong is onerous, for group of onerous contracts.

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

**C) Reinsurance contracts held**

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

Reinsurance contracts held are recognized:

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

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

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

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

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

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

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

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

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

- 1) The received insurance premiums at initial recognition.
- 2) Deducting any costs paid for the acquisition of insurance contracts on that date.
- 3) Adding any amounts relating to the amortization of insurance acquisition cash flows recognized as an expense in the reporting period.

**G) Subsequent measurement of insurance contracts / premium allocation approach.**

- 1) At the end of each subsequent period, the company confirms the book value of the liability, considering the following adjustments to the balance of the liability:
  - a) Add the insurance premiums received for the period,
  - b) Subtract cash flows for acquisitions of insurance contracts,
  - c) Add any amounts related to the amortization of cash flows to acquire established insurance contracts as an expense
  - d) Adding any incidental adjustment on the financing component.
  - e) Deducting the amount recognized as insurance revenue for services provided in that period.
  - f) Deduct any paid investment component transferred to incurred claims.

- 2) Liabilities for claims incurred, which are calculated according to the best estimate of future cash flows to settle claims plus adjustments for non-financial risks, considering the application of the discount rate to claims.

The company conducted an eligibility test (PAA Eligibility Test) for groups of insurance contracts and reinsurance contracts with coverage periods exceeding one year, and all groups passed the eligibility test (PAA Eligibility Test), as it was found that there are no fundamental differences between the Liabilities for remaining coverage (LRC) and/or Assets for remaining coverage (ARC) when applying the premium allocation approach and the general measurement approach. Therefore, the company decided to measure these portfolios using the premium allocation approach. Note that the level of relative importance for the financial statements used is (3%) of net equity, and the relative importance limit for each group tested is (33%) of the relative importance limit at the company level (i.e. 1% of net equity).

**H) Modification of insurance contracts**

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

**I) Derecognition of insurance contracts**

The company derecognizes insurance contracts in the following cases:

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

**J) Onerous Insurance contracts (PAA)**

The company recognizes insurance contracts as onerous contracts if, at the initial recognition date, the contract is expected to incur a loss. The loss component is measured if the expected cash flows to fulfill the contract's obligations or the group of contracts exceed the expected cash inflows from that contract or group of contracts. The loss is recognized immediately in the statement of profit and loss (Policyholders) in insurance contract expenses. The loss component is measured on a gross basis but can be mitigated by the loss recovery component if the contracts are covered by reinsurance contracts.

**K) Liability for the remaining coverage**

The liability that the company must recognize upon initial recognition of insurance contracts, which pertains to subsequent financial periods as a result of existing insurance contracts.

**L) Liability for incurred claims.**

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

**M) Contractual service margin.**

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

**N) A summary of measurement approaches.**

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

<b>The portfolio</b>	<b>Contract classification</b>	<b>Measurement approach.</b>
Own damage insurance	Insurance contracts	PAA
Compulsory insurance	Insurance contracts	PAA
Buses & borders	Insurance contracts	PAA
Marine insurance	Insurance contracts	GMM eligible to PAA
Fire insurance	Insurance contracts	PAA
Engineering insurance – short term	Insurance contracts	PAA
Engineering insurance – long term	Insurance contracts	GMM eligible to PAA
General insurance (Liability, Accidents, and Others)	Insurance contracts	PAA
Medical insurance (Group and Individual)	Insurance contracts	PAA
Takaful (Life) insurance - Group	Insurance contracts	PAA
Takaful (Life) insurance - Individual	Insurance contracts	GMM eligible to PAA

The company conducted an eligibility test (PAA) for groups of insurance contracts with coverage periods exceeding one year. All groups passed the eligibility test, showing no significant differences between the liabilities of the remaining coverage contracts and the remaining coverage assets under the premium allocation approach and the general measurement approach. Therefore, the company decided to measure these portfolios using the premium allocation approach

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

<b>The portfolio</b>	<b>Measurement approach.</b>
Motors Insurance (Proportional treaty)	GMM eligible to PAA
Motors Insurance (Non-proportional treaty)	PAA
Marine Insurance (Proportional treaty)	GMM eligible to PAA
Marine Insurance (Non-proportional treaty)	PAA
Fire Insurance (Proportional treaty)	GMM eligible to PAA
Fire Insurance (Non-proportional treaty)	PAA
General Insurance (Proportional treaty)	GMM eligible to PAA
Engineering Insurance (Proportional treaty)	GMM eligible to PAA
Medical Insurance (Proportional treaty)	GMM eligible to PAA
Takaful Insurance (Proportional treaty)	GMM eligible to PAA
Takaful Insurance (Non-proportional treaty)	PAA

The company conducted an eligibility test (PAA) for groups of insurance contracts with coverage periods exceeding one year. All groups passed the eligibility test, showing no significant differences between the liabilities of the remaining coverage contracts and the remaining coverage assets under the premium allocation approach and the general measurement approach. Therefore, the company decided to measure these portfolios using the premium allocation approach.

**O) Aggregation level.**

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

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

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

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

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

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

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

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

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

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

**P) Profitability level**

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

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

**Q) Financial assets**

**Financial assets at amortized cost**

They are the financial assets which the Company's management intends according to its business model to hold for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.

Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount are amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part therefore are deducted, and any impairment loss in its value is recorded in the statement of profit or loss.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

**Financial Assets at Fair Value through Profit or Loss (Policy holders)**

It is the financial assets held by the Company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the consolidated statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the statement of profit or loss.

Dividends from these financial assets are recorded in the statement of profit or loss.

**Reclassification**

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

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

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

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. Gain or Loss from the sale of these investments should be recognized in the statement of comprehensive income and within owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings and not to the statement of profit or loss.

These assets are not subject to impairment testing.

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

**Q) Investment properties**

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses (except for lands), these investments are depreciated over their useful life at a rate of 2%, and any decrease in their value is recorded in statement of profit or loss.

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

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

**R) Property and equipment**

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

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

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

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

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

**S) Intangible assets**

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

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

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

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

Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight-line basis over their estimated economic useful.

**T) Cash and cash equivalents**

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

**U) Offsetting**

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

**V) Recognition of financial assets**

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

**W) Fair value**

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

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

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

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

**X) Financial liabilities**

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

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

**Y) Insurance Contract Liabilities**

Liabilities are recognized when the Company has an obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated financial statements date, taking into account the risks and uncertainties surrounding the obligation where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

**- Allowance for doubtful debts and expected credit loss**

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

The provision matrix is as follow:

Past due receivables more than 360 days	100%
Past due receivables more than 180 days	50%
Past due receivables more than 90 days	25%

Taking into consideration that 100% from insurance company receivables have been taken, as its margin compliance less than 100%



**- Provision for end of service indemnity**

The provision for end of service indemnity is calculated in accordance with the company's policy, which is in line with the Jordanian labor law.

The compensations incurred for employees who leave the service are recorded against the provision for end of service indemnity upon payment. A provision for the company's liabilities related to employees' end-of-service compensation is included in the statement of profits or losses.

**Z) Foreign currency**

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

**AA) Revenue recognition**

**A. Dividend and Deposits revenue**

The Dividends revenues are realized when the shareholder has the right to receive the payment once declared by the General Assembly of Shareholders.

Deposits revenues are recorded when it booked by bank.

**B. Rent revenues**

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

**BB) Insurance acquisition cost**

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

**CC) Insurance contract expenses (Shareholders' share against Takaful Operation Management - distributed)**

The company allocate directly attributable employee expenditures, General & Administrative expenses related to insurance contracts to the insurance portfolios, incorporating them into the calculation of contract profitability while, the company allocate indirectly attributable employee expenditures, General & Administrative expenses not related to insurance contracts based on the total insurance contributions written by the insurance portfolios as an approved cost center for distribution.

**DD) Deficiency cover reserve (Emergency provision)**

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

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

**EE) Basis for determining the insurance surplus**

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

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

#### **FF) Basis for Distributing the insurance surplus**

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

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

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

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

#### **GG) Methods of covering policyholders' fund deficit**

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

#### **HH) Non-compliant Sharia' transactions**

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

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

#### **II) Policyholders and shareholders' financial investments**

The Company complies with the principles of Takaful insurance by maintaining complete separate entries and records for the policyholders and the shareholders.

The shareholders paid all general expenses and manage Takaful Business for Policyholders' interest in accordance with contract on the basis of known wakala Fees.

The shareholders invest surplus funds from the policyholder's account against known share from investment revenue as Mudhareb.

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

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

25% Company share from Investment revenue as mudhareb

While the applied percentage, as approved by the Board of Directors with the consent of the Shari'a Committee.

15.5% Company share from Gross written contributions as Wakala Fees against mange Takaful business to cover administrative expenditures.

25% Company share from Investment revenue as mudhareb.

The mentioned percentage above have been applied in the condensed interim financial statement as of 30 June 2024.

### 3. Bank Deposits

	30 June 2024 (Unaudited)								31 December 2023 (Audited)	
	Deposits mature within (1) month		Deposits mature after (1) month to (3) months		Deposits mature after (3) months to (12) months		Total		Total	
	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders
Inside Jordan	390,281	4,987	-	-	10,358,001	15,682,159	10,748,282	15,687,146	10,957,334	13,432,168
Outside Jordan	-	-	-	-	-	-	-	-	-	710,000
<b>Total</b>	<b>390,281</b>	<b>4,987</b>	<b>-</b>	<b>-</b>	<b>10,358,001</b>	<b>15,682,159</b>	<b>10,748,282</b>	<b>15,687,146</b>	<b>10,957,334</b>	<b>14,142,168</b>
Provision for expected credit losses *	(880)	(220)	-	-	(52,403)	(61,059)	(53,283)	(61,279)	(16,366)	(53,095)
<b>Net</b>	<b>389,401</b>	<b>4,767</b>	<b>-</b>	<b>-</b>	<b>10,305,598</b>	<b>15,621,100</b>	<b>10,694,999</b>	<b>15,625,867</b>	<b>10,940,968</b>	<b>14,089,073</b>

- There is no fixed profit rate on deposit balances with banks, as profits are linked to the investment outcomes of banks based on the principles and rules of Sharia-compliant trading. The profit rate ranged from 3% to 5.5% for bank deposits for the six-month ended 30/6/2024.
- Deposits pledged to the favor of the Governor of the Central Bank of Jordan amounted to JOD (800,000) as at 30 June 2024 at Jordan Islamic Bank.

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

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at beginning of the year	16,366	53,095	22,147	2,581,024
Additions	36,917	8,184	-	-
Transfer to the provision for expected credit losses – Cash at bank	-	-	-	(2,510,500)
Disposals	-	-	(5,781)	(17,429)
<b>Balance at end of the period</b>	<b>53,283</b>	<b>61,279</b>	<b>16,366</b>	<b>53,095</b>

#### 4 . Financial Assets at Fair Value Through Profit or Loss

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
<b><u>Inside Jordan</u></b>				
Al Wakala Bi Al Istithmar (Investment portfolios) *	1,000,000	3,000,000	1,000,000	3,000,000
<b>Total</b>	<b>1,000,000</b>	<b>3,000,000</b>	<b>1,000,000</b>	<b>3,000,000</b>

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

#### 5 . Financial Assets at Fair Value Through Other Comprehensive Income

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
<b><u>Inside Jordan</u></b>				
Investments in quoted shares	2,133,367	6,400,100	2,212,606	6,637,820
Investments in unquoted shares	51,284	153,851	6,772	20,316
<b>Total</b>	<b>2,184,650</b>	<b>6,553,951</b>	<b>2,219,378</b>	<b>6,658,136</b>
<b><u>Outside Jordan</u></b>				
Investments in quoted shares	-	-	-	-
Investments in unquoted shares*	-	8,157	-	8,157
<b>Total</b>	<b>-</b>	<b>8,157</b>	<b>-</b>	<b>8,157</b>
<b>Grand total</b>	<b>2,184,650</b>	<b>6,562,108</b>	<b>2,219,378</b>	<b>6,666,293</b>

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

#### 6 . Investment properties

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Buildings	400,000	400,000
Accumulated depreciation	(15,934)	(11,945)
	<b>384,066</b>	<b>388,055</b>

The fair value of the investment properties as assessed by real estate appraiser equals to an amount of JOD (400,000) as at 31/12/2022 according to instruction issued from central bank.

#### 7 . Cash on hand and at banks

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Cash on hand	7,778	-	73,852	-
Current banks accounts	921,020	4,509,745	1,384,662	4,335,954
<b>Total</b>	<b>928,798</b>	<b>4,509,745</b>	<b>1,458,514</b>	<b>4,335,954</b>
Transfer from the provision for expected credit losses-Deposits	-	-	-	(2,510,500)
Provision for expected credit losses	-	(3,240,548)	-	(400,000)
<b>Total Provision for expected credit losses</b>	<b>-</b>	<b>(3,240,548)</b>	<b>-</b>	<b>(2,910,500)</b>
<b>Total</b>	<b>928,798</b>	<b>1,269,197</b>	<b>1,458,514</b>	<b>1,425,454</b>

**The Islamic Insurance Company PLC**  
**Notes to the condensed interim Financial Statements (Unaudited)**  
**30 June 2024**

**8 . Insurance contract Assets /liabilities – Premium Allocation Approach**

	Liabilities for remaining coverage				liabilities for incurred claims				Total	
	30/6/2024	31/12/2023	30/6/2024	31/12/2023	30/6/2024	31/12/2023	30/6/2024	31/12/2023	30/6/2024	31/12/2023
	Excluding loss component contracts	Excluding loss component contracts	Loss component	Loss component	Present value of future cash flows	Present value of future cash flows	non-financial Risk adjustments	non-financial Risk adjustments	Total	Total
Insurance contracts liabilities at beginning of the period	4,383,014	3,990,516	1,090,569	923,057	16,087,444	14,882,954	1,121,600	871,745	22,682,627	20,668,271
Insurance contracts (assets) at beginning of the period	-	-	-	-	-	-	-	-	-	-
Net of insurance contracts liabilities (assets) at the beginning of the period	4,383,014	3,990,516	1,090,569	923,057	16,087,444	14,882,954	1,121,600	871,745	22,682,627	20,668,271
Insurance Contract revenues	(18,145,588)	(34,467,656)	-	-	-	-	-	-	(18,145,588)	(34,467,656)
Insurance Contract expenses	577,201	793,684	486,844	167,512	15,772,033	29,038,657	146,665	249,855	16,982,743	30,249,709
Incurred claims net of recoveries	-	-	-	-	15,241,505	24,671,335	-	-	15,241,505	24,671,335
Changes that relate to past service: changes related to LFIC	-	-	-	-	(1,689,780)	29,139	-	-	(1,689,780)	29,139
Changes in onerous contract	-	-	486,844	167,512	-	-	-	-	486,844	167,512
Changes in risk adjustment –insurance contract	-	-	-	-	-	-	146,665	249,855	146,665	249,855
Amortization of insurance acquisition cost	221,421	426,857	-	-	-	-	-	-	221,421	426,857
Other technical expenses	355,780	366,827	-	-	-	-	-	-	355,780	366,827
Employee Exp. (Sh. Takaful Operation Management)	-	-	-	-	1,734,982	3,317,107	-	-	1,734,982	3,317,107
Management Exp. (Sh. Takaful Operation Management)	-	-	-	-	485,326	1,021,076	-	-	485,326	1,021,076
Insurance Contract service results	(17,568,387)	(33,673,972)	486,844	167,512	15,772,033	29,038,657	146,665	249,855	(1,162,845)	(4,217,947)
Finance (expenses) revenues from insurance contract	-	-	-	-	286,708	540,329	-	-	286,708	540,329
Net change – Other Comprehensive Income	(17,568,387)	(33,673,972)	486,844	167,512	16,058,741	29,578,986	146,665	249,855	(876,137)	(3,677,619)
Cash received from underwritten contracts	18,153,862	34,904,335	-	-	-	-	-	-	18,153,862	34,904,335
Paid claims	-	-	-	-	(11,319,653)	(24,036,313)	-	-	(11,319,653)	(24,036,313)
Paid acquisition cost	(213,983)	(471,038)	-	-	-	-	-	-	(213,983)	(471,038)
Paid other technical expenses	(355,780)	(366,827)	-	-	-	-	-	-	(355,780)	(366,827)
Paid Employee and management Exp (Sh. Takaful Operation Management)	-	-	-	-	(2,220,308)	(4,338,183)	-	-	(2,220,308)	(4,338,183)
Insurance contracts liabilities at the end of the period	4,398,726	4,383,014	1,577,413	1,090,569	18,606,224	16,087,444	1,268,265	1,121,600	25,850,629	22,682,627
Insurance contracts (assets) at the end of the period	-	-	-	-	-	-	-	-	-	-
Net of insurance contracts liabilities (assets) at the end of the period	4,398,726	4,383,014	1,577,413	1,090,569	18,606,224	16,087,444	1,268,265	1,121,600	25,850,629	22,682,627

8 . (A) Accounts Receivables – Insurance operations

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Policyholders receivables	11,119,499	4,099,168
Employees receivables	18,211	21,660
<b>Total</b>	<b>11,137,710</b>	<b>4,120,828</b>
Less: Allowance for doubtful debts *	(93,073)	(174,289)
Less: Provision for expected credit losses **	(577,476)	(480,601)
<b>Net Accounts Receivable related to insurance operation</b>	<b>10,467,161</b>	<b>3,465,938</b>

This item represents account receivables related to insurance operation that considered in the calculation of insurance contract assets and liabilities which is included in footnote (8).

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	174,289	201,067
Disposals	(81,216)	(26,778)
<b>Balance at end of the period</b>	<b>93,073</b>	<b>174,289</b>

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	480,601	386,948
Additions	96,875	93,653
<b>Balance at end of the period</b>	<b>577,476</b>	<b>480,601</b>

The aging of accounts receivables is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Past due from 0-30 days	8,738,909	2,308,651
Past due from 31-90 days	1,266,014	794,833
Past due from 91-180 days	336,033	305,669
Past due from 181-365 days	329,785	306,529
Past due for more than one year	466,969	405,146
<b>Total</b>	<b>11,137,710</b>	<b>4,120,828</b>

**8 . (B) Cheques under collection – Insurance Operations**

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cheques under collection	1,083,078	1,562,283
Less: Provision for expected credit losses **	(7,822)	(7,822)
Net cheques under collection related insurance operation	<u>1,075,256</u>	<u>1,554,461</u>

This item represents cheques under collection related to insurance operation that considered in the calculation of insurance contract assets and liabilities which is included in footnote (8).

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the period	7,822	7,455
Additions	-	367
<b>Balance at end of the period</b>	<u>7,822</u>	<u>7,822</u>

The aging of cheques under collection is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Past due from (0-6) months	881,204	1,094,141
Past due from (7-12) months	201,874	468,142
Past due for more than (12) months	-	-
<b>Total</b>	<u>1,083,078</u>	<u>1,562,283</u>

**8 . (C) Accounts Payable – Insurance Operations**

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Individual payable	109,488	101,043
Companies payable	47,900	85,808
Institutions payable	2,667	3,132
Garages station & suppliers Co. payable	70,326	49,359
Other payables (Medical care, takaful, other)	86,038	69,298
Agents payables (Accrued commission)	30,530	112,446
Medical and pending cheques	33,061	384,655
<b>Total accounts payable related to insurance operation</b>	<u>380,010</u>	<u>805,741</u>

This item represent account payable related to insurance operation that considered in the calculation of insurance contract assets and liabilities which is included in footnote (8).

The Islamic Insurance Company PLC  
Notes to the condensed interim Financial Statements (Unaudited)  
30 June 2024

9 . Reinsurance contract Assets /liabilities – Premium Allocation Approach

	Liabilities for remaining coverage				liabilities for incurred claims				Total	
	30/6/2024	31/12/2023	30/6/2024	31/12/2023	30/6/2024	31/12/2023	30/6/2024	31/12/2023	30/6/2024	31/12/2023
	Excluding loss component contracts	Excluding loss component contracts	Loss component	Loss component	Present value of future cash flows	Present value of future cash flows	non-financial Risk adjustments	non-financial Risk adjustments	Total	Total
Reinsurance contracts liabilities at beginning of the period	117,062	-	-	-	(88,469)	-	(4,702)	-	23,891	-
Reinsurance contracts (assets) at beginning of the period	4,006,803	1,828,267	(99,854)	(85,561)	(8,290,675)	(8,147,431)	(548,086)	(448,678)	(4,931,812)	(6,853,403)
Net of reinsurance contracts liabilities (assets) at the beginning of the period	4,123,865	1,828,267	(99,854)	(85,561)	(8,379,144)	(8,147,431)	(552,788)	(448,678)	(4,907,921)	(6,853,403)
Reinsurance Contract held expenses	6,490,232	12,401,010	-	-	-	-	-	-	6,490,232	12,401,010
Reinsurance Contract held revenues	-	-	(197,296)	(14,293)	(5,060,735)	(10,161,702)	(62,928)	(104,110)	(5,320,959)	(10,280,105)
Recovered incurred claims from reinsurer	-	-	-	-	(5,060,735)	(9,884,767)	-	-	(5,060,735)	(9,884,767)
Change in loss recovery component	-	-	(197,296)	(14,293)	-	-	-	-	(197,296)	(14,293)
Changes in non-financial risk adjustment	-	-	-	-	-	-	(62,928)	(104,110)	(62,928)	(104,110)
Profit commission due from reinsurer	-	-	-	-	-	(276,935)	-	-	-	(276,935)
Insurance service results	6,490,232	12,401,010	(197,296)	(14,293)	(5,060,735)	(10,161,702)	(62,928)	(104,110)	1,169,273	2,120,905
Finance (revenues) expenses from insurance contracts held	-	-	-	-	(132,762)	(207,820)	-	-	(132,762)	(207,820)
Net change- Other Comprehensive Income	6,490,232	12,401,010	(197,296)	(14,293)	(5,193,497)	(10,369,522)	(62,928)	(104,110)	1,036,511	1,913,085
Paid reinsurers' share from premium	(8,182,705)	(10,105,412)	-	-	-	-	-	-	(8,182,705)	(10,105,412)
Received claims recovery from reinsurer	-	-	-	-	4,853,873	9,860,874	-	-	4,853,873	9,860,874
Received profit commission	-	-	-	-	-	276,935	-	-	-	276,935
Reinsurance contracts liabilities at the end of the period	2,089,292	117,062	-	-	-	(88,469)	-	(4,702)	2,089,292	23,891
Reinsurance contracts (assets) at the end of the period	342,100	4,006,803	(297,150)	(99,854)	(8,718,768)	(8,290,675)	(615,716)	(548,086)	(9,289,534)	(4,931,812)
Net of reinsurance contracts (assets) liabilities at the end of the period	2,431,392	4,123,865	(297,150)	(99,854)	(8,718,768)	(8,379,144)	(615,716)	(552,788)	(7,200,242)	(4,907,921)



9 . (A) Accounts Receivables (Reinsurance contract held)

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Reinsurance contract held assets (Local)	252,208	185,558
Reinsurance contract held assets (Foreign)	53,564	866,517
<b>Total Receivables related to reinsurance operation</b>	<b>305,772</b>	<b>1,052,075</b>
Allowance for doubtful debts*	(17,295)	(26,247)
Provision for expected credit losses**	(136,177)	(142,859)
<b>Net receivables related to reinsurance operations</b>	<b>152,300</b>	<b>882,969</b>

This item represents receivables related to reinsurance operation that considered in the calculation of reinsurance contract assets and liabilities which is included in footnote (9).

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	26,247	187,538
Additions	-	23
Disposals	(8,952)	(161,314)
<b>Balance at end of the period</b>	<b>17,295</b>	<b>26,247</b>

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	142,859	48,420
Additions	-	94,439
Disposals	(6,682)	-
<b>Balance at end of the period</b>	<b>136,177</b>	<b>142,859</b>

The aging of receivables (reinsurance contract held) is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Past due from (31-90) days	145,411	879,287
Past due from 91-180 days	22,877	55,270
Past due from 181-365 days	32,190	16,838
Past due for more than one year	105,294	100,680
<b>Total</b>	<b>305,772</b>	<b>1,052,075</b>

9 . (B) Accounts payable (Reinsurance contract held)

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Reinsurance contract held liabilities – (Local)	196,898	647,748
Reinsurance contract held liabilities – (Foreign)	7,966,002	5,475,586
<b>Total accounts payable related to reinsurance operation</b>	<b>8,162,900</b>	<b>6,123,334</b>

This item represents payable related to reinsurance operation that considered in the calculation of reinsurance contract assets and liabilities which is included in footnote (9).

10. Income Tax

A- Income tax provision

The movement on income tax provision is as follow:

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at beginning of the year	146,997	583,683	-	509,767
Income tax paid	(146,997)	(583,843)	(36,980)	(733,012)
Income tax expense for the period	-	457,631	183,977	806,928
<b>Balance at end of the period</b>	<b>-</b>	<b>457,471</b>	<b>146,997</b>	<b>583,683</b>

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

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Income tax expense for the period	-	457,631	183,977	806,928
<b>Total</b>	<b>-</b>	<b>457,631</b>	<b>183,977</b>	<b>806,928</b>

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

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Accounting profit (Policyholders and shareholders)	(1,199,934)	1,595,404	26,614	2,549,361
Non-taxable revenues	(4,965,486)	-	(2,235,864)	(33,762)
Non-deductible expenses	5,595,838	164,715	2,916,853	587,970
<b>Taxable profit (loss)</b>	<b>(569,582)</b>	<b>1,760,119</b>	<b>707,603</b>	<b>3,103,569</b>
<b>Income tax of the period</b>	<b>-</b>	<b>457,631</b>	<b>183,977</b>	<b>806,928</b>
<b>Effective income tax rate</b>	<b>26%</b>	<b>26%</b>	<b>26%</b>	<b>26%</b>

- The Company has settled its tax liability with Income Tax Department up to the year ended 2020, and based on the tax advisor opinion the income tax provision considered sufficient as of 30/6/2024.
- There is no deferred tax assets or liabilities related to the company as it calculates income tax based on taxable profit for the year.
- The income tax returns for the years 2021, 2022 and 2023 have been filed with the Income Tax Department but the Department has not reviewed the Company's, records till the date of this report.
- The Income and National Contribution tax provision for the six months ended 30 June 2024 was calculated in accordance with the Income Tax Law.

## 11. Property and equipment – net

	Buildings	Equipment and Furniture	Vehicles	Computer Devices	Total
<b>Cost</b>					
Balance as at 1/1/2024	2,431,572	736,789	183,700	424,403	3,776,464
Additions	-	32,014	136,901	70,070	238,985
Disposals	-	-	(87,500)	-	(87,500)
Balance as at 30/6/2024	2,431,572	768,803	233,101	494,473	3,927,949
<b>Accumulated depreciation</b>					
Balance as at 1/1/2024	540,623	587,526	168,510	356,789	1,653,448
Depreciation	24,829	21,478	9,346	24,165	79,818
Disposals	-	-	(87,499)	-	(87,499)
Balance as at 30/6/2024	565,452	609,004	90,357	380,954	1,645,767
<b>Net book value as at 30/6/2024</b>	<b>1,866,120</b>	<b>159,799</b>	<b>142,744</b>	<b>113,519</b>	<b>2,282,182</b>
<b>Cost</b>					
Balance as at 1/1/2023	2,208,913	619,055	183,700	366,792	3,378,460
Additions	222,659	117,734	-	57,611	398,004
Balance as at 31/12/2023	2,431,572	736,789	183,700	424,403	3,776,464
<b>Accumulated depreciation</b>					
Balance as at 1/1/2023	495,054	567,608	165,285	316,381	1,544,328
Depreciation	45,569	19,918	3,225	40,408	109,120
Balance as at 31/12/2023	540,623	587,526	168,510	356,789	1,653,448
<b>Net book value as at 31/12/2023</b>	<b>1,890,949</b>	<b>149,263</b>	<b>15,190</b>	<b>67,614</b>	<b>2,123,016</b>

## 12. Intangible Assets

	30 June 2024 (Unaudited) Software	31 December 2023 (Audited) Software
Balance at the beginning of the year	9,577	19,818
Additions	-	138,717
Amortization	(3,478)	(148,958)
<b>Balance at the end of the period</b>	<b>6,099</b>	<b>9,577</b>

## 13. Other Assets

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Prepaid expenses	-	21,114	-	62,717
Refundable deposit	-	15,531	-	13,001
Prepaid income tax	-	89,241	-	-
Accrued deposit's profits	-	415,000	-	-
Advance payments for updating and developing the company website	-	9,437	-	1,750
<b>Total</b>	<b>-</b>	<b>550,323</b>	<b>-</b>	<b>77,468</b>

#### 14. Accounts Payable

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Advertising and other payables	42,348	26,745
<b>Total</b>	<b>42,348</b>	<b>26,745</b>

#### 15. Other Provisions

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Employees vacation provision	231,020	231,020
Provision for end of service indemnity	325,012	325,012
Unallocated loss adjustment expense (ULAE)	620,154	505,814
<b>Total</b>	<b>1,176,186</b>	<b>1,061,846</b>

	Balance at beginning of the year	Addition during the period	Paid during the period	Balance at end of the period
Employees vacation provision	231,020	-	-	231,020
Provision for end of service indemnity	325,012	-	-	325,012
Unallocated loss adjustment expense (ULAE)	505,814	114,340	-	620,154
<b>Total</b>	<b>1,061,846</b>	<b>114,340</b>	<b>-</b>	<b>1,176,186</b>

#### 16. Other liabilities

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Collectors' commissions	-	-	3,965	-
Ministry of finance deposits	93,312	201	49,740	158
Other dues	-	8,377	-	8,236
Health insurance fund	-	(23,135)	-	112,644
Shareholders dues	-	1,507,143	-	10,274
Board of directors' remunerations	-	2,491	-	56,450
Central bank dues	14,867	-	28,076	-
Unearned rent revenues	-	41,500	-	50,000
Social security dues	-	37,378	-	-
<b>Total</b>	<b>108,179</b>	<b>1,573,955</b>	<b>81,781</b>	<b>237,762</b>

#### 17. Deficiency Cover Reserve (Emergency Provision)

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

The movement on the Deficiency Cover Reserve (Emergency Provision) is as follow:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	490,102	580,515
Less: Transfer from deficiency cover reserve to cover the deficit	(490,102)	(90,413)
<b>Balance at end of the period</b>	<b>-</b>	<b>490,102</b>

#### 18. Non-Demanded Surplus

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	17,793	56,180
Less: Distributions to charity	(13,271)	(38,387)
<b>Balance at end of the period</b>	<b>4,522</b>	<b>17,793</b>

#### 19. Accumulated (Deficit) Surplus

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	-	66,950
Less: Deficit for the period for policyholders	(1,199,934)	(157,363)
Add: Transfer from deficiency cover reserve to cover the deficit	490,102	90,413
<b>Balance at end of the period</b>	<b>(709,832)</b>	<b>-</b>

#### 20. Paid-in Capital

The Company's authorized, subscribed and paid-in capital at the end of the period is JOD (15,000,000) divided equally into (15,000,000) shares with a par value of JOD (1) each.

#### 21. Reserves

##### Statutory Reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

##### Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

## 22. Cumulative Change in Fair Value

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b><u>Shareholders</u></b>		
Balance at beginning of the year	(439,320)	(42,962)
Net change in fair value during the period	(104,185)	(396,358)
<b>Balance at end of the period</b>	<b>(543,505)</b>	<b>(439,320)</b>
	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b><u>Policyholders</u></b>		
Balance at beginning of the year	(146,440)	(14,321)
Net change in fair value during the period	(34,728)	(132,119)
<b>Balance at end of the period</b>	<b>(181,168)</b>	<b>(146,440)</b>

The cumulative change in fair value as 30 June 2024 and 31 December 2023 amounted to JOD (724,673) and JOD (585,760) respectively.

## 23. Retained Earnings

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	3,101,279	3,079,718
Less: Paid dividends	(1,500,000)	(1,200,000)
Add: Profit for the period	1,137,773	1,742,433
Less: Transferred to reserves	-	(520,872)
<b>Balance at end of the period</b>	<b>2,739,052</b>	<b>3,101,279</b>

\* The General Assembly has resolved in its meeting held during 2024 to distribute (10%) cash dividends of the paid in capital that is equivalent to (1,500,000) dinar.

**The Islamic Insurance Company PLC**  
**Notes to the condensed interim Financial Statements (Unaudited)**  
**30 June 2024**

---

**24. Insurance Contracts Revenues**

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other Insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023
Change in insurance contract liabilities against the remaining coverage	7,049,233	6,314,403	380,096	355,301	896,108	810,219	55,680	42,358	3,539,910	3,472,614	109,162	102,109	402,176	409,269	5,713,223	5,068,759	18,145,588	16,575,032
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Insurance Contracts Revenues</b>	<b>7,049,233</b>	<b>6,314,403</b>	<b>380,096</b>	<b>355,301</b>	<b>896,108</b>	<b>810,219</b>	<b>55,680</b>	<b>42,358</b>	<b>3,539,910</b>	<b>3,472,614</b>	<b>109,162</b>	<b>102,109</b>	<b>402,176</b>	<b>409,269</b>	<b>5,713,223</b>	<b>5,068,759</b>	<b>18,145,588</b>	<b>16,575,032</b>

**The Islamic Insurance Company PLC**  
**Notes to the condensed interim Financial Statements (Unaudited)**  
**30 June 2024**

---

**25. Insurance Contracts Expenses**

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other Insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023
Incurring claims net of recoveries	6,543,833	5,439,635	252,769	63,617	14,900	554,275	(14,098)	(21,330)	3,704,327	3,267,939	118,500	103,878	1,334	(150)	2,930,160	2,127,624	13,551,725	11,535,488
Amortization of insurance acquisition cost	191,649	205,177	5,887	3,925	12,852	8,756	526	140	7,455	7,855	2,896	2,311	156	149	-	-	221,421	228,313
Loss component -New	463,125	597,983	-	-	-	-	-	-	1,114,288	762,751	-	-	-	-	-	-	1,577,413	1,360,734
Reversal of Loss component	(612,983)	(777,277)	-	-	-	-	-	-	(477,586)	(145,780)	-	-	-	-	-	-	(1,090,569)	(923,057)
Risk adjustment -New	562,540	473,919	39,409	17,308	220,118	229,949	14,329	28,328	124,759	73,255	15,223	80,270	1,974	2,004	289,913	159,649	1,268,265	1,064,682
Reversal of risk adjustment	(472,819)	(308,389)	(5,259)	(21,899)	(244,057)	(44,597)	(19,444)	(9,158)	(126,510)	(79,977)	(21,110)	(11,818)	(3,213)	(388)	(229,188)	(395,513)	(1,121,600)	(871,739)
Employee Exp. (Shareholders' share against Takaful Operation Management-distributed)	630,718	605,541	122,392	117,445	100,589	96,456	4,516	4,328	610,061	586,425	6,352	6,099	31,344	30,041	229,010	219,833	1,734,982	1,666,168
Management Exp. (Shareholders' share against Takaful Operation Management - distributed)	171,562	155,724	32,137	29,072	27,260	25,856	2,044	4,219	169,906	151,875	2,591	4,692	8,967	9,522	70,859	72,430	485,326	453,390
Other technical expenses	181,614	156,877	2,005	759	10,290	6,565	533	340	40,918	53,557	436	454	3,666	3,815	116,318	48,995	355,780	271,362
<b>Total insurance contracts expenses</b>	<b>7,659,239</b>	<b>6,549,190</b>	<b>449,340</b>	<b>210,227</b>	<b>141,952</b>	<b>877,260</b>	<b>(11,594)</b>	<b>6,867</b>	<b>5,167,618</b>	<b>4,677,900</b>	<b>124,888</b>	<b>185,886</b>	<b>44,228</b>	<b>44,993</b>	<b>3,407,072</b>	<b>2,233,018</b>	<b>16,982,743</b>	<b>14,785,341</b>



The Islamic Insurance Company PLC  
Notes to the condensed interim Financial Statements (Unaudited)  
30 June 2024

---

**26. Reinsurance Contracts held Expenses**

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023
Change in reinsurance contract liabilities against the remaining coverage and issuance fee	506,255	436,356	251,511	172,208	650,181	590,677	38,359	26,981	2,053,060	2,016,755	51,646	35,918	225,352	244,845	2,713,868	2,561,348	6,490,232	6,085,088
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total reinsurance contracts expenses</b>	<b>506,255</b>	<b>436,356</b>	<b>251,511</b>	<b>172,208</b>	<b>650,181</b>	<b>590,677</b>	<b>38,359</b>	<b>26,981</b>	<b>2,053,060</b>	<b>2,016,755</b>	<b>51,646</b>	<b>35,918</b>	<b>225,352</b>	<b>244,845</b>	<b>2,713,868</b>	<b>2,561,348</b>	<b>6,490,232</b>	<b>6,085,088</b>

**The Islamic Insurance Company PLC**  
**Notes to the condensed interim Financial Statements (Unaudited)**  
**30 June 2024**

---

**27. Reinsurance Contracts held Revenues**

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023	30 /6/2024	30 /6/2023
Recovered incurred claims from reinsurance	429,569	135,843	254,375	122,545	(840)	493,527	(1,140)	(17,930)	2,339,002	1,957,109	82,927	25,939	4,262	(75)	1,952,580	1,640,440	5,060,735	4,357,398
Loss recovery component - New	-	-	-	-	-	-	-	-	297,150	159,854	-	-	-	-	-	-	297,150	159,854
Reversal of loss recovery component	-	-	-	-	-	-	-	-	(99,854)	(85,561)	-	-	-	-	-	-	(99,854)	(85,561)
Risk adjustment - New	77,521	58,999	38,856	15,575	216,347	217,699	14,260	27,496	80,752	43,446	6,809	49,449	1,165	1,032	180,004	94,633	615,714	508,329
Reversal of risk adjustment	(66,946)	(39,046)	(4,702)	(20,861)	(237,734)	(59,092)	(19,121)	(12,389)	(75,906)	(76,700)	(7,940)	(8,462)	(1,041)	(203)	(139,396)	(231,925)	(552,786)	(448,678)
Other revenues	-	-	-	44,566	-	-	-	-	-	-	-	-	-	-	-	-	-	44,566
<b>Total reinsurance contracts revenues</b>	<b>440,144</b>	<b>155,796</b>	<b>288,529</b>	<b>161,825</b>	<b>(22,227)</b>	<b>652,134</b>	<b>(6,001)</b>	<b>(2,823)</b>	<b>2,541,144</b>	<b>1,998,148</b>	<b>81,796</b>	<b>66,926</b>	<b>4,386</b>	<b>754</b>	<b>1,993,188</b>	<b>1,503,148</b>	<b>5,320,959</b>	<b>4,535,908</b>

## 28. Finance (Expenses) Revenues From Insurance Contracts

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Finance revenues (expenses)	(286,708)	(412,444)
<b>Total</b>	<b>(286,708)</b>	<b>(412,444)</b>

The bottom-up approach was used to derive the discount rate for cash flows. Under this approach, the discount rate is determined as the risk-adjusted risk-free in US Dollar (EIOPA) plus 1%. The company used discount rate from (4.29% - 6.43%) for the current period in 2024, compared to (4.65% - 6.23%) for the year of 2023.

## 29. Finance Revenues (Expenses) From Reinsurance Contracts

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Finance (expenses) revenues	132,762	191,492
<b>Total</b>	<b>132,762</b>	<b>191,492</b>

The bottom-up approach was used to derive the discount rate for cash flows. Under this approach, the discount rate is determined as the risk-adjusted risk-free in US Dollar (EIOPA) PLUS 1%. The company used discount rate from (4.29% - 6.43%) for the current period in 2024, compared to (4.65% - 6.23%) for the year of 2023.

## 30. Investment Returns

	30 June 2024 (Unaudited)		30 June 2023 (Unaudited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Profits from deposits	585,807	808,501	363,274	404,969
Gain from financial assets at fair value through profit or loss	26,250	78,750	24,999	74,996
Profit from financial assets at amortized cost	-	-	5,537	16,611
<b>Total</b>	<b>612,057</b>	<b>887,251</b>	<b>393,810</b>	<b>496,576</b>

## 31. Net Profit from Financial Assets and Investments

	30 June 2024 (Unaudited)		30 June 2023 (Unaudited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Dividends income	97,005	291,879	94,932	284,797
Rent revenues	-	16,500	-	16,500
<b>Total</b>	<b>97,005</b>	<b>308,379</b>	<b>94,932</b>	<b>301,297</b>

### 32. Shareholders' Share against Takaful Operation Management

A. This item consists of the following:

(Unaudited) 30 June 2024					(Unaudited) 30 June 2023				
Acquisition costs	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total	Acquisition costs	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total
432,433	1,394,273	393,602	1,534,440	3,754,748	424,308	1,342,140	353,109	1,827,857	3,947,414
<b>432,433</b>	<b>1,394,273</b>	<b>393,602</b>	<b>1,534,440</b>	<b>3,754,748</b>	<b>424,308</b>	<b>1,342,140</b>	<b>353,109</b>	<b>1,827,857</b>	<b>3,947,414</b>

- The company allocates direct and related administrative and general expenses and employee expenses to insurance contract groups and includes them in the calculation of contract profitability through direct association with the insurance portfolios. Meanwhile, the company allocates indirect and unrelated administrative and general expenses and employee expenses based on several approved cost centers for distribution, including the total underwritten insurance premiums cost center, the paid claims and outstanding claims cost center, and the number of employees cost center

B. Shareholder's share against takaful operation management

- The shareholders invest surplus fund from the policyholders account against known share from investment revenues as Mudaraba.
- Shareholders bear all administrative expenses and manage insurance operations on behalf of policyholders under an agency agreement (contract) based on a known Wakala fee, and allocate it on insurance contracts as follow:

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Shareholders' share against Takaful Operation Management - allocated (Insurance Contracts Expenses).	2,220,308	2,119,557
Shareholders' share against Takaful Operation Management - not-allocated (Statement of Profit or Loss (Policyholders)).	1,534,440	1,827,857
	<b>3,754,748</b>	<b>3,947,414</b>

### 33. Employees Expenses

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Salaries and bonuses	1,521,069	1,459,198
Company's contribution in social security	153,525	148,748
Medical expenses	93,889	90,473
Travel and transportation	3,006	2,704
<b>Total</b>	<b>1,771,489</b>	<b>1,701,123</b>

#### **34. Related Party Transactions**

There are no contracts, projects, or engagements that the company has entered into with board members, the general manager, any employee of the company, or their relatives, except for issuing their insurance policies, which falls within the company's main activities.

The total contributions value of the underwritten insurance policies by the Jordan Islamic Bank (a major shareholder) for the six months ended at 30/6/2024 and 2023 amounted to JOD (5,401,577) and JOD (5,115,911) respectively and the contributions value underwritten for the Takaful insurance fund of the Jordan Islamic Bank during the six months at 30/6/2024 and 2023 amounted to JOD (7,827,825) and JOD (7,337,690) respectively.

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

	<b>30 June 2024 (Unaudited)</b>	<b>30 June 2023 (Unaudited)</b>
Salaries and bonuses	236,815	230,034
Transportation expenses	630	630
<b>Total</b>	<b>237,445</b>	<b>230,664</b>

#### **35. General and Administrative Expenses**

	<b>30 June 2024 (Unaudited)</b>	<b>30 June 2023 (Unaudited)</b>
Rent	7,862	11,050
Stationery and printing	13,770	15,604
Advertisements	26,438	43,273
Water, electricity and heating	37,363	29,229
Maintenance	38,091	42,874
Postage and telecommunications	6,439	5,736
Hospitality	17,440	13,669
Lawyer and legal consultancy fees	56,413	60,913
Board of director transportation	41,286	33,688
Subscriptions	48,186	52,134
Governmental and other fees	56,919	48,305
Company classification expense	7,899	8,111
Virtual conference and meetings expense	19,738	17,422
Professional fee	6,500	24,000
Actuary expert fee	17,000	12,000
Media and Marketing consultancy fees	8,400	7,750
Cleaning	33,120	24,320
Insurance	3,404	3,844
Others	32,247	30,645
ISO certification expense	591	1,773
Expense for implementing (IFRS 17)	31,955	17,892
<b>Total</b>	<b>511,061</b>	<b>504,232</b>

**36. Other Provisions**

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Provision for expected credit loss – Cash at Al Baraka Bank - Lebanon	330,048	250,000
Unallocated loss adjustment expense (ULAE)	114,340	101,925
<b>Total</b>	<b>444,388</b>	<b>351,925</b>

**37. Earnings per Share for the period**

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Net profit for the period after tax	1,137,773	1,057,172
Weighted average number of shares	15,000,000	15,000,000
<b>Basic and diluted earnings per share for the period</b>	<b>0.076</b>	<b>0.070</b>

**38. Cash and Cash Equivalents**

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

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Cash on hand and at banks	2,197,995	2,003,797
Add: Deposits at banks mature within (3) months	394,167	2,195,000
<b>Net Cash and Cash Equivalents</b>	<b>2,592,162</b>	<b>4,198,797</b>

**39. The fair value of financial assets and liabilities that is not measured at fair value in the financial statement**

There are no significant differences between book value and fair value of financial assets and liabilities that is not measured at fair value.

**40. Onerous Contracts**

Motor TPL insurance contracts are underwritten at JIF and priced by the Government, such that the pricing of TPL insurance policies does not cover the technical and administrative expenses charged to those policies, these policies were therefore classified into a single group of contracts and assessed as having a high potential to become loss-making prior to acquisition.

#### **41. Fair Value Levels:**

The following table analyzes financial instruments recorded at fair value based on the valuation method, where the different levels are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: information other than the announced price included in the first level that is monitored for the asset or liability, whether directly (i.e. prices) or indirectly (i.e. derived from prices),

Level 3: Information about the asset or liability that is not based on that observed from the market (invisible information).

30/6/2024	Level One	Level Two	Level Three	Total
Financial assets at fair value through profit or loss	-	-	4,000,000	4,000,000
Financial assets at fair value through other comprehensive income	8,533,466	205,135	8,157	8,746,758
<b>Total</b>	<b>8,533,466</b>	<b>205,135</b>	<b>4,008,157</b>	<b>12,746,758</b>

31/12/2023	Level One	Level Two	Level Three	Total
Financial assets at fair value through profit or loss	-	-	4,000,000	4,000,000
Financial assets at fair value through other comprehensive income	8,850,426	27,088	8,157	8,885,671
<b>Total</b>	<b>8,850,426</b>	<b>27,088</b>	<b>4,008,157</b>	<b>12,885,671</b>

#### **42. Risks management**

##### **First: Descriptive Disclosures**

The risk management policy considered one of the most important policies which the company had set for mitigating risk surrounding its activities in order to safeguard the company's assets, shareholders equity and its financial position.

The company recognizes the importance of proactive risk management in achieving its strategic objectives. The company assumes responsibility for risk management to ensure the identification, assessment, and management of key risks. The risk management framework provides reasonable assurances for identifying and addressing significant risks.

The risk management process is designed to implement policies within the organizational hierarchy. It is viewed as an integrated, sequential process from the board of directors to the lowest management level. The primary responsibility for enterprise risk management lies with the board of directors. Accordingly, the board executes its responsibilities in overseeing the risk management policy by forming the necessary committees and delegating them to take on risk management responsibilities, preparing appropriate reports, and presenting them to the board.

##### **Enterprise Risk Management (ERM) Process**

The Enterprise Risk Management (ERM) process involves identifying uncertainties and risks that may adversely affect the company's ability to achieve its strategic objectives, evaluating these risks, managing them, and continuously reviewing risks. Periodic risk assessments are conducted in all areas in which the company operates. In addition to many other risks mentioned in the risk management policy, the following risks are considered highly significant to the company's operations, as follows:

- 1- Insurance Risks: Insurance risks represent the most significant risks faced by the company. Additionally, the company accepts risks associated with insurance and various activities arising from them, including various technical insurance coverages such as property insurance, vehicle insurance, marine insurance, and others. Based on this, insurance-related risks can be identified, including risks related to business mix, risks related to the development of insurance products, pricing risks, estimation risks of loss provisions, claims settlement risks, accumulation risks, credit risks, and others.
- 2- Investment Risks: The investments made by the company for both policy holders and shareholders are subject to regulatory constraints imposed by regulatory authorities and are based on the investment guidelines issued by the Central Bank of Jordan - Insurance Supervision Department. These guidelines require the distribution of investments across various asset classes. Moreover, there is a specific investment policy approved by the Board of Directors, outlining the investment mechanism, instruments, and methods. This policy serves as a reference for managing the company's investments. There are risks associated with investments for the cash surplus held by the company, including credit risks from the parties investing in it, market risks, and liquidity risks.
- 3- Operational and Other Risks: This category encompasses operational risks, legal and regulatory risks, governance risks, information technology risks, and others.

**C- Operational risks:**

Include system failures and human error, whether intentional or unintentional. These risks can affect the company's reputation and result in financial losses. The company takes measures to avoid these risks, such as defining responsibilities and implementing necessary procedures to obtain information from the systems used in the company, in addition to raising awareness and training employees.

**D- Legal Risk:**

This type of risk arises from legal actions against the company. To mitigate these risks, the company has established an independent legal department to oversee the company's operations in compliance with the Insurance Business Regulation Law and the instructions of the Central Bank of Jordan's/Insurance Supervision Department.

**43. Analysis of Main Sectors**

**A – Background information on the Company's business segments**

For management purposes, the Company measures its insurance segments in accordance with the reports used by executive manager and the company's primary decision maker to include family takaful insurance and General insurance sector which comprise fire, accidents, marine, aviation medical, and motor insurance. This sector is the base used by the Company to disclose information related to key sectors, the mentioned sector also includes the Company's investments and cash management. The activities between the business sectors are performed based on commercial basis.

**B – Geographical distribution**

The following disclosure demonstrates geographical distribution of the Company's operations; the Company mainly conducts its operations in Jordan.

The following table shows the distribution of total revenues, total assets and capital expenditures based on their pertaining geographical distribution:

	<b>Inside Jordan</b>		<b>Outside Jordan</b>		<b>Total</b>	
	<b>Current Period</b>	<b>Previous Period</b>	<b>Current Period</b>	<b>Previous Period</b>	<b>Current Period</b>	<b>Previous Period</b>
Total revenues	20,050,280	17,861,647	-	-	<b>20,050,280</b>	<b>17,861,647</b>
Total assets	52,282,469	46,750,042	1,495,354	1,579,566	<b>53,777,823</b>	<b>48,329,608</b>
Capital expenditures	238,985	57,399	-	-	<b>238,985</b>	<b>57,399</b>



#### **44. Capital Management**

The subscribed and paid-up capital at the end of the year is (15) million dinars, distributed over (15) million shares with a nominal value of one Jordanian dinar per share. On March 21, 2007, the company's capital was increased from (3,600,000) dinars / shares as of December 31, 2005, by capitalizing (400) thousand dinars / shares from retained earnings and offering (4) million dinars / shares for public subscription. This was in accordance with the minimum capital requirement regulation for insurance companies issued by the Central Bank of Jordan / Insurance Supervision Department. On April 26, 2008, the company's capital was increased by capitalizing (2) million dinars / shares from the additional paid-in-capital, voluntary reserve, and retained earnings. On April 8, 2009, the company's capital was further increased by capitalizing (2) million dinars / shares from the voluntary reserve and retained earnings. Additionally, on April 4, 2017, the company's capital was raised by capitalizing (3) million dinars / shares from retained earnings. Consequently, the subscribed and paid-up capital became (15) million dinars / shares. In the opinion of the Board of Directors, the above-mentioned regulatory capital is considered sufficient.

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Core capital items</b>		
Paid in Capital	15,000,000	15,000,000
Statutory reserve	3,954,946	3,954,946
Voluntary reserve	1,505,916	1,505,916
Retained earnings	2,739,052	3,101,279
Policyholders' equity	(176,646)	361,455
<b>Additional capital items</b>		
Cumulative change in fair value	(543,505)	(439,320)
Solvency margin (According to the financial statements prepared in accordance with international financial reporting standard (IFRS4))	<u>270%</u>	<u>294%</u>

#### **45. Lawsuits against the Company**

There are lawsuits filed against the Company mainly pertaining motor accidents, for which a full reserve has been included in the insurance contract liabilities as at 30/6/2024, in the opinion of the Company's management and its lawyer, the reserve amounting to JOD (3,171,045) considered sufficient as at 30/6/2024, (JOD (2,886,940) as at 31 December 2023).

#### **46. Contingent Liabilities**

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

#### **47. Subsequent Events**

No subsequent events have a material impact on the financial statement as at in 30/6/2024.

#### **48. Comparative Figures**

Some comparative figures for the six months ended 30/6/2023 have been adjusted to align with the assumptions and accounting principles used in calculating the insurance and reinsurance contract asset / liabilities.

#### **49. Transaction that don't comply with the principle of Islamic sharia**

There is no transaction don't comply with the principle of Islamic sharia.