JORDAN FRENCH INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2022

Building a better
working world

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan French Insurance -
Public Shareholding Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan French Insurance Company) Public Shareholding Company) (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Revenue recognition	
Key Audit matter	**How the key audit matter was addressed in the audit**
Revenue is an important determinant of the Company's profitability. In addition, there is a risk of improper revenue recognition, particularly with regards to revenue recognition at the cut- off date. Gross written premium amounted to JD 31,504,668 for the year ended 31 December 2022.	Our audit procedures included evaluating the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of International Financial Reporting Standards (IFRSs). We tested the Company's controls over revenue recognition and key controls in the revenue cycle. We also selected a representative sample and tested premiums written at either side of the revenue cutoff date to assess whether the revenue was recognized in the correct period. Analytical procedures were performed on income accounts by lines of business. We independently re-performed the revenue calculation of each line of business using data extracted from the Company's system. In order to rely on the data extracted, we tested a sample of transactions to their related policies to assess the accuracy of the data extracted. We also selected and tested a representative sample of journal entries at the cut off period. Disclosures of accounting policies for revenue recognition are detailed in note (2-3) to the financial statements.

Building a better
working world

2. Estimates used in calculation and completeness of insurance liabilities	
Key Audit matter	**How the key audit matter was addressed in the audit**
The Company has significant insurance liabilities of JD 20,530,253 representing 79% of the Company's total liabilities as of 31 December 2022. The measurement of insurance liabilities (outstanding claims reserve, unearned premium reserve and mathematical reserve) involves significant judgment over uncertain future outcomes including primarily the timing and ultimate full settlement of long-term policyholders' liabilities.	Our audit procedures included, amongst others, assessing the Company's methodology for calculating the insurance liabilities and their analysis of the movements in insurance liabilities during the year, including consideration of whether the movements are in line with the accounting policy adopted by the Company. We tested management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. We evaluated the competence, capabilities and objectivity of the management's specialist. Our audit procedures on the liability adequacy tests included assessing the reasonableness of the projected cash flows and reviewing the assumptions adopted in the context of both the Company and industry experience and specific product features. We also assessed the adequacy of the disclosures regarding these liabilities. Disclosures of assumptions and accounting policies related to insurance contracts liabilities are detailed in note (2-3) to the financial statements.

Other information included in the Company's 2022 annual report.

Other information consists of the information included in the Company's 2022 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records, which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Osamah Shakhatreh, license number 1079.

Amman – Jordan
28 February 2023

ERNST & YOUNG
Amman - Jordan

JORDAN FRENCH INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Assets			
Investments-			
Deposits at banks	3	8,136,405	7,042,323
Financial assets at fair value through statement of income	4	225,075	93,837
Financial assets at fair value through other comprehensive income	5	2,217,624	1,987,979
Investments in associate	6	666,629	678,099
Financial assets at amortized cost	7	75,000	75,000
Investment properties	8	2,354,180	2,365,398
Total Investments		13,674,913	12,242,636
Other Assets-			
Cash on hand and at banks	9	2,590,371	1,289,928
Notes receivable and checks under collection	10	1,575,932	1,549,839
Accounts receivable-Net	11	14,505,764	16,369,728
Reinsurance receivables-Net	12	1,861,255	2,276,583
Deferred tax assets	13B	1,754,689	1,576,790
Property and equipment	14	1,318,019	1,312,021
Intangible assets	15	197	320
Right of use assets		14,553	29,107
Other assets	16	786,871	659,291
		24,407,651	25,063,607
Total Assets		38,082,564	37,306,243
Liabilities and Equity			
Technical reserves-			
Unearned premiums reserve, net		10,646,090	9,706,614
Outstanding claims reserve, net		9,289,453	6,807,126
Mathematical reserve, net	17	594,710	382,288
Total Technical Reserves		20,530,253	16,896,028
Other liabilities -			
Banks overdrafts	31	307,095	1,303,509
Accounts payable	18	863,100	1,183,987
Reinsurance payables	19	668,897	1,032,558
Postdated checks		3,269,203	3,332,374
Lease liabilities		27,577	40,071
End of service indemnity provision		-	47,870
Income tax provision	13	-	298,274
Deferred tax liabilities	13B	46,535	40,074
Other liabilities	20	245,369	185,235
Total Technical Reserves and other Liabilities		25,958,029	24,359,980
Equity-			
Authorized and paid-in capital	21	9,100,000	9,100,000
Statutory reserve	22	2,275,000	2,275,000
Fair value reserve	23	194,691	(13,182)
Retained earnings	24	554,844	1,584,445
Total Shareholders' Equity		12,124,535	12,946,263
Total Liabilities and Shareholders' Equity		38,082,564	37,306,243

The attached notes from 1 to 41 form part of these financial statements

Jordan French Insurance Company
Public Shareholding Company
Statement of Income
For the year ended 31 December 2022

	Notes	2022	2021
		JD	JD
Revenues -			
Gross written premiums		31,504,668	32,715,831
Less: Reinsurance share		5,035,964	4,678,761
Net written premiums		26,468,704	28,037,070
Net change in unearned premiums reserve		(939,476)	(3,560,314)
Net change in mathematical reserve		(212,422)	(193,858)
Net earned premiums		25,316,806	24,282,898
Commissions income		311,454	256,818
Insurance policies issuance fees		3,319,137	3,335,490
Other revenue related to underwriting accounts		1,184,180	852,962
Interest income	26	253,775	215,518
Company's share from the associate's results	6	(11,470)	101,847
Gain/(loss) from financial assets and investments	27	176,626	(20,081)
Other revenues, net		112,689	27,241
Total revenues		30,663,197	29,052,693
Claims, losses and expenses			
Paid claims		30,213,603	27,959,704
Less: Recoveries		2,941,217	1,982,290
Less: Reinsurance share		2,917,827	4,089,971
Add: Incurred and matured polices		-	16,455
Net paid claims		24,354,559	21,903,898
Net change in outstanding claims reserve		2,482,327	414,240
Allocated employees' expenses	28	1,800,269	2,095,608
Allocated administrative and general expenses	29	746,235	893,390
Excess of loss premium		266,919	224,258
Policies acquisition costs		518,630	494,465
Other expenses related to underwriting accounts		670,524	828,939
Net claims cost		30,839,463	26,854,798
Unallocated employees' expenses	28	478,553	447,696
Depreciation and amortization	8,14,15	68,925	107,466
Unallocated administrative and general expenses	29	198,374	190,862
Provision for expected credit losses	11,12	300,000	400,000
Total expenses		1,045,852	1,146,024
(Loss) profit before tax		(1,222,118)	1,051,871
Less: Income tax expense	13	(695)	(359,743)
Deferred tax assets amortization	13	193,212	99,109
(Loss) profit for the year		(1,029,601)	791,237
		JD/ Fils	JD/ Fils
Basic and diluted (losses) earnings per share (JD/Fils)	30	(0.113)	0.087

The attached notes from 1 to 41 form part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	JD	JD
(Loss) profit for the year	(1,029,601)	791,237
Add: Other comprehensive income after tax which will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income	207,873	158,576
Total comprehensive income for the year	(821,728)	949,813

JORDAN FRENCH INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Authorized and paid in capital	Statutory reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
2022 -					
Balance at 1 January 2022	9,100,000	2,275,000	(13,182)	1,584,445	12,946,263
Total comprehensive income for the year	-	-	207,873	(1,029,601)	(821,728)
Balance at 31 December 2022	9,100,000	2,275,000	194,691	554,844	12,124,535
2021 -					
Balance at 1 January 2021	9,100,000	2,256,010	(563,179)	1,840,619	12,633,450
Effect of remeasurement of financial assets at fair value through other comprehensive income	-	-	391,421	(391,421)	-
Total comprehensive income for the year	-	-	158,576	791,237	949,813
Transfer to reserves	-	18,990	-	(18,990)	-
Dividends - (note 25)	-	-	-	(637,000)	(637,000)
Balance at 31 December 2021	9,100,000	2,275,000	(13,182)	1,584,445	12,946,263

The attached notes from 1 to 41 form part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
OPERATING ACTIVITIES			
(Loss) profit for the year before tax		(1,222,118)	1,051,871
Adjustments for non-cash items			
Depreciation of investment properties	8	11,218	11,218
Depreciation of property and equipment	14	57,338	85,917
Amortization of intangible assets	15	369	10,331
Net change in unearned premiums reserve		939,476	3,560,314
Net change in mathematical reserve		212,422	193,858
Net change in outstanding claims reserve		2,482,327	414,240
End of service indemnity provision		-	5,300
Provision for expected credit losses	11,12	300,000	400,000
Dividend's income	27	(39,200)	(36,749)
Interest income from financial assets at amortized cost	27	(6,188)	(6,188)
Bank interest income		(253,775)	(215,518)
Interest expenses		59,142	81,074
Loss (gain) on change in financial assets at fair value through statement of income	27	(131,238)	63,018
Loss (gain) from sales of property and equipment		(60,417)	575
Interest on lease liabilities		2,079	3,005
Depreciation of right of use assets		14,554	14,554
Company's share from the associate's results		11,470	(101,847)
Cash flows from operating activities before changes in working capital		2,377,459	5,534,973
Notes receivable and checks under collection		(26,093)	(327,489)
Accounts receivable		1,663,964	(4,765,499)
Reinsurance receivables		315,328	376,515
Other assets		(113,720)	(516,990)
Accounts payable		(320,887)	305,380
Postdated checks		(63,171)	1,429,703
Reinsurance payables		(363,661)	(98,383)
Payment from end of service provision		(47,870)	-
Other liabilities		63,369	(22,105)
Net cash flows from operating activities before tax paid		3,484,718	1,916,105
Income tax paid	13	(298,969)	(463,133)
Net cash flows from operating activities		3,185,749	1,452,972
Investing Activities			
Interest received – financial assets at amortized cost		6,188	6,188
Deposits at banks (Due after 3 months)		(70,014)	(800,000)
Dividends income received		39,200	36,749
Interest income received		239,915	215,518
Proceeds from sale of property and equipment		112,751	31,500
Purchase of intangible assets	15	(246)	-
Purchase of property and equipment	14	(115,670)	(4,681)
Net cash flows from (used in) investing activities		212,124	(514,726)
Financing Activities			
Lease liabilities		(14,571)	(19,109)
Overdraft interest expenses paid		(59,142)	(81,074)
Dividends paid		(3,235)	(570,503)
Net cash flows used in financing activities		(76,948)	(670,686)
Net increase in cash and cash equivalents		3,320,925	267,560
Cash and cash equivalent, at the beginning of the year		3,978,742	3,711,182
Cash and cash equivalents, at the end of the year	31	7,299,667	3,978,742

The attached notes from 1 to 41 form part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	For the year ended 31 December	
	2022	2021
	JD	JD
Written premiums -		
Direct insurance	697,001	822,881
Total premiums	697,001	822,881
Less:		
Foreign reinsurance share	518,336	469,974
Net written premiums	178,665	352,907
Add:		
Mathematical reserve balance at the beginning of the year	493,764	278,725
Less: Reinsurance share	111,476	90,295
Net mathematical reserve at the beginning of the year	382,288	188,430
Less:		
Mathematical reserve balance at the end of the year	684,971	493,764
Less: Reinsurance share	90,261	111,476
Net mathematical reserve at the end of the year	594,710	382,288
Net (loss) revenue from written premiums	(33,757)	159,049

JORDAN FRENCH INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	For the year ended 31 December	
	2022	2021
	JD	JD
Paid claims	660,383	1,368,132
Maturity and surrender of policies	-	16,455
Less: Reinsurance share	454,489	1,241,686
Net paid claims	205,894	142,901
Add:		
Outstanding claims reserve at the end of the year reported	333,157	536,417
Less:		
Reinsurance share	267,324	429,133
Net outstanding claims reserve at the end of the year	65,833	107,284
Less:		
Outstanding Claims reserve at the beginning of the year reported	536,417	437,830
Less:		
Reinsurance share	429,133	357,222
Net outstanding claims reserve at the beginning of the year	107,284	80,608
Net claims cost	164,443	169,577

Jordan French Insurance Company
Public Shareholding Company
Statement of underwriting profits for the Life Insurance
For The Year Ended 31 December 2022

	Life	
	For the year ended 31 December	
	2022	2021
	JD	JD
Net earned (losses) revenues from written premiums	(33,757)	159,049
Less:		
Net claims cost	164,443	169,577
Add:		
Commissions received	8,034	7,395
Insurance policies issuance fees	114,777	192,809
Other revenues related to underwriting accounts	4,970	-
Net revenues	127,781	200,204
Less:		
Policies acquisition cost	7,715	23,584
General and administrative expenses related to underwriting accounts	83,118	143,205
Other expenses related to underwriting accounts	14,141	17,995
Total expenses	104,974	184,784
Underwriting (losses) profit	(175,393)	4,892

JORDAN FRENCH INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportations		Aviation		Fire and property		Civil responsibility		Guarantees		Medical		Other Branches		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums																		
Direct insurance	15,290,568	11,644,867	506,616	762,563	438,933	89,238	1,261,799	1,376,223	189,185	189,117	143,803	143,745	12,036,471	17,039,255	23,570	10,893	29,890,945	31,255,901
Facultative inward reinsurance	-	360,000	118,993	182,075	-	-	797,729	94,974	-	-	-	-	-	-	-	-	916,722	637,049
Total Premiums	15,290,568	12,004,867	625,609	944,638	438,933	89,238	2,059,528	1,471,197	189,185	189,117	143,803	143,745	12,036,471	17,039,255	23,570	10,893	30,807,667	31,892,950
Less:																		
Local reinsurance share	472,419	747,467	118,993	182,075	-	-	797,729	94,974	145,345	125,818	-	-	-	-	-	-	1,534,486	1,150,334
Foreign reinsurance share	-	-	441,408	735,139	438,933	88,238	1,167,607	1,283,937	3,519	6,127	(2,317)	(5,581)	933,992	948,455	-	2,138	2,983,142	3,058,453
Net Written Premiums	14,818,149	11,257,400	65,208	27,424	-	1,000	94,192	92,286	40,321	57,172	146,120	149,326	11,102,479	16,090,800	23,570	8,755	26,290,039	27,684,163
Add:																		
Balance at the beginning of the year-																		
Unearned premiums reserve	4,441,011	4,063,902	267,292	200,609	38,114	24,068	588,153	888,543	67,773	45,492	221,414	127,918	5,553,251	1,962,575	2,174	5,700	11,179,182	7,318,807
Less: Reinsurance share	398,309	88,237	252,987	193,115	38,114	24,068	550,437	841,456	37,993	21,725	-	-	193,136	-	1,592	3,906	1,472,568	1,172,507
Net Unearned Premiums Reserve	4,042,702	3,975,665	14,305	7,494	-	-	37,716	47,087	29,780	23,767	221,414	127,918	5,360,115	1,962,575	582	1,794	9,706,614	6,146,300
Less:																		
Balance at the end of the year -																		
Unearned premiums reserve	6,805,284	4,441,011	165,867	267,292	188,615	38,114	592,019	588,153	64,870	67,773	219,936	221,414	3,968,998	5,553,251	-	2,174	12,005,589	11,179,182
Less: Reinsurance share	246,966	398,309	154,436	252,987	188,615	38,114	550,335	550,437	48,359	37,993	-	-	170,788	193,136	-	1,592	1,359,499	1,472,568
Net Unearned Premiums Reserve	6,558,318	4,042,702	11,431	14,305	-	-	41,684	37,716	16,511	29,780	219,936	221,414	3,798,210	5,360,115	-	582	10,646,090	9,706,614
Net Earned Revenues From Written Premiums	12,302,533	11,190,363	68,082	20,613	-	1,000	90,224	101,657	53,590	51,159	147,598	55,830	12,664,384	12,693,260	24,152	9,967	25,350,563	24,123,849

Jordan French Insurance Company
Public Shareholding Company
Statement of Claims Cost for the General Insurance
For the Year Ended 31 December 2022

	Motor		Marine and transportations		Aviation		Fire and property		Civil responsibility		Guarantees		Medical		Other Branches		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	13,453,874	12,187,296	113,473	49,776	-	-	1,252,880	1,798,641	21,105	69,512	160,661	196,617	14,531,273	12,270,959	19,954	18,771	29,553,220	26,591,572
Less:																		
Recoveries	1,772,381	1,799,141	188,790	-	-	-	822,390	14,269	910	44	156,746	168,770	-	-	-	66	2,941,217	1,982,290
Foreign reinsurance share	380,344	634,284	107,901	47,678	-	-	1,182,948	1,701,173	20,215	49,038	-	(2,900)	771,022	417,322	908	1,690	2,463,338	2,848,285
Net paid claims	11,301,149	9,753,871	(183,218)	2,098	-	-	(752,458)	83,199	(20)	20,430	3,915	30,747	13,760,251	11,853,637	19,046	17,015	24,148,665	21,760,997
Add:																		
Outstanding claims reserve at the end of the year																		
Reported	8,135,499	6,679,804	86,550	508,180	18,000	18,000	280,896	463,153	172,224	195,964	567,848	593,295	1,250,000	1,150,000	2,200	2,200	10,513,217	9,610,596
Unreported	2,000,000	1,400,000	125,000	125,000	50,000	50,000	100,000	100,000	50,000	50,000	100,000	100,000	900,000	950,000	-	-	3,325,000	2,775,000
Less:																		
Reinsurance share from reported claims	752,438	842,506	82,223	498,559	17,100	17,100	165,690	406,663	76,187	98,433	-	-	81,250	100,000	-	-	1,174,888	1,963,261
Reinsurance share from unreported claims	-	-	100,000	100,000	50,000	50,000	80,000	80,000	40,000	40,000	80,000	80,000	70,000	50,000	-	-	420,000	400,000
Recoveries	2,469,600	2,820,141	-	-	-	-	-	-	-	-	550,109	502,352	-	-	-	-	3,019,709	3,322,493
Net outstanding claims reserve at the end of the year	6,913,461	4,417,157	29,327	34,621	900	900	135,206	76,490	106,037	107,531	37,739	110,943	1,998,750	1,950,000	2,200	2,200	9,223,620	6,699,842
Less:																		
Outstanding claims reserve at the beginning of the year																		
Reported	6,679,804	6,782,562	508,180	-	18,000	18,000	463,153	1,013,136	195,964	195,737	593,295	648,976	1,150,000	950,000	2,200	4,844	9,610,596	9,613,255
Unreported	1,400,000	1,400,000	125,000	125,000	50,000	50,000	100,000	100,000	50,000	50,000	100,000	100,000	950,000	1,000,000	-	-	2,775,000	2,825,000
Less:																		
Reinsurance share from reported claims	842,506	1,250,511	498,559	-	17,100	17,100	406,663	834,037	98,433	128,168	-	-	100,000	-	-	-	1,963,261	2,229,816
Reinsurance share from unreported claims	-	-	100,000	100,000	50,000	50,000	80,000	80,000	40,000	40,000	80,000	80,000	50,000	-	-	-	400,000	350,000
Recoveries	2,820,141	3,090,685	-	-	-	-	-	-	-	-	502,352	455,476	-	-	-	-	3,322,493	3,546,161
Net outstanding claims reserve at the beginning of the year	4,417,157	3,841,366	34,621	25,000	900	900	76,490	199,099	107,531	77,569	110,943	213,500	1,950,000	1,950,000	2,200	4,844	6,699,842	6,312,278
Net claims cost	13,797,453	10,329,662	(188,512)	11,719	-	-	(693,742)	(39,410)	(1,514)	50,392	(69,289)	(71,810)	13,809,001	11,853,637	19,046	14,371	26,672,443	22,148,561

JORDAN FRENCH INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportations		Aviation		Fire and property		Civil responsibility		Guarantees		Medical		Other Branches		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenues from written premiums	12,302,533	11,190,363	68,082	20,613	-	1,000	90,224	101,657	53,590	51,159	147,598	55,830	12,664,384	12,693,260	24,152	9,967	25,350,563	24,123,849
Less:																		
Net claims cost	13,797,453	10,329,662	(188,512)	11,719	-	-	(693,742)	(39,410)	(1,514)	50,392	(69,289)	(71,810)	13,809,001	11,853,637	19,046	14,371	26,672,443	22,148,561
Add:																		
Commissions received	-	25,000	72,391	54,311	39,795	363	151,109	123,454	7,220	4,500	(579)	(1,395)	33,484	43,223	-	(33)	303,420	249,423
Insurance policies issuance fees	1,183,724	892,707	150,923	126,742	19,714	2,515	278,197	304,677	16,011	9,729	23,218	23,356	1,532,573	1,781,071	-	1,884	3,204,360	3,142,681
Other revenue related to underwriting accounts	1,004,894	838,251	63,758	-	27,360	-	32,775	-	-	-	-	-	50,423	14,711	-	-	1,179,210	852,962
Total revenues	2,188,618	1,755,958	287,072	181,053	86,869	2,878	462,081	428,131	23,231	14,229	22,639	21,961	1,616,480	1,839,005	-	1,851	4,686,990	4,245,066
Less:																		
Policies acquisition cost	377,772	266,622	7,573	5,929	-	-	69,565	91,664	-	-	-	-	56,005	106,666	-	-	510,915	470,881
Excess of loss premiums	189,919	147,258	-	-	-	-	77,000	77,000	-	-	-	-	-	-	-	-	266,919	224,258
General and administrative expenses related to underwriting accounts	1,006,282	1,057,998	126,383	128,788	10,975	638	300,336	310,285	36,674	12,376	90,107	158,930	882,706	1,173,789	9,923	2,989	2,463,386	2,845,793
Other expenses related to underwriting accounts	162,954	185,698	4,118	16,906	675	6,618	11,545	18,910	809	241	300	396	475,791	581,686	191	489	656,383	810,944
Total expenses	1,736,927	1,657,576	138,074	151,623	11,650	7,256	458,446	497,859	37,483	12,617	90,407	159,326	1,414,502	1,862,141	10,114	3,478	3,897,603	4,351,876
(Loss) profit of underwriting profit	(1,043,229)	959,083	405,592	38,324	75,219	(3,378)	787,601	71,339	40,852	2,379	149,119	(9,725)	(942,639)	816,487	(5,008)	(6,031)	(532,493)	1,868,478

(1) GENERAL

Jordan French Insurance Company was established and registered as a Jordanian public shareholding company under No. (101) on 20 March 1976 with an authorized and paid in-capital of JD 9,100,000 and divided into 9,100,000 shares at a par value of 1 JD.

The Company is engaged in insurance business including life and general insurance (marine and transportation insurance, vehicles insurance, fire and property insurance, public liability insurance, medical insurance, personal accident insurance and aviation insurance).

The Company's head office is located in Amman, Jordan

The financial statements were approved for issuance by the board of directors on 9 February 2023.

(2) ACCOUNTING POLICIES

(2-1) Basis of preparation the financial statements

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated with the International Accounting Standards Board.

The financial statements have been prepared on historical cost basis, except for financial assets at fair value through income statement and financial assets at fair value through other comprehensive income that have been measured at fair value.

The Jordanian Dinar is the functional and reporting currency of the Company.

(2-2) Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no impact on the financial statements of the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments had no impact on the financial statements of the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the financial statements of the Company.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no impact on the financial statements of the Company.

(2-3) Summary of significant accounting policies

Segment reporting

The business segment 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 in measured based on the reports used by the chief operating decision maker.

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

Financial assets date of recognition

Purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Fair Value

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For financial instruments where there is no active market fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

The objective of the valuation method is to show a fair value that reflects market expectations.

A. Financial assets at amortized cost

Are the assets that the Company's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses, Moreover the issue premium \ discount is amortized using the effective interest associated with the decline in value of these investments leading to the in ability to recover the investment or parts thereof are deducted, any impairment is registered in the statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognised at amortized cost is the expected credit loss of the financial assets at amortized cost.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

B. Financial assets at fair value through other comprehensive income

- Equity investments that are not held for sale in the near future.

- These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of these asset are reclassified from fair value reserve to retained earnings and not through income statement.

- These financial assets are not subject to impairment testing.

- Dividend income is recognized in the statement of income.

C. Debt instruments at FVOCI

The Company applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

D. Financial assets measured at fair value through profit or loss

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument as FVTPL that otherwise meet the requirements to be measured at amortized cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognized in the statement of income. Interest income is recognized using the effective interest method.

Dividend income from equity investments measured at FVTPL is recognized in the statement of income when the right to the payment has been established.

Investment properties

Investment properties are properties (land or building) held to earn rentals or for capital appreciation rather than land or building used for Company's operations or for administrative purposes or sale in the ordinary course of business.

Investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses. Investment properties (except for land) are depreciated on a straight line basis. Investment properties are not depreciated until such time as the relevant assets are completed and put into use. The depreciation rates are estimated according to the estimated useful lives as follows:

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the investment properties are written down to their recoverable amount. The impairment loss is recorded in the statement of income.

Any gain or loss arising on derecognition of the investment properties (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of income when the investment property is derecognized.

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

Cash and Cash equivalents

For cash flow purpose cash and cash equivalents comprise cash on hand, cash balances with banks and deposit with financial institutions maturing within three months, less bank overdrafts and restricted balances.

Reinsurance Accounts

Reinsurers shares of insurance premiums, paid claims, technical reserve, and all other rights and obligations resulting are calculated based on signed contracts between the Company and reinsures are accounted for based on accrual basis.

Reinsurance

The Company engages within its normal activities a variety of inward and outward reinsurance operations with other insurance and reinsurance firms which involves different level of risks. The reinsurance operations include Quota share, excess of loss, facultative reinsurance, and other types of reinsurance. These reinsurance contracts do not eliminate the Company's liability towards policy holders, where in the case the reinsurance fails to cover its portion of total liability, the Company bears the total loss. Therefore, the Company provides for the un-recovered amounts. The estimation of amounts that are likely to be recovered from reinsurers is done according to the Company's portion of total liability for each claim.

Impairment in Reinsurance Assets

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contract, the Company should reduce the present value of the contracts and record the impairment in the statement of income,

The impairment is recognized in the following cases only:

1. There is an objective evidence resulting from an event that took place after the recording of the reinsurance assets confirming the Company's inability to recover all the amounts under the contracts terms.
2. The event has a reliably and clearly measurable effect on the amounts that the Company will recover from reinsures.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except lands) is depreciated when its ready for use.

Depreciation is computed on a straight-line over its expected useful life using the following depreciation rates, and the depreciation expense is recorded in the statement of income:

	%
Buildings	2
Equipment, tools and furniture	10
Vehicles	15
Computers	40

Depreciation expense is calculated when property and equipment is ready for use, property and equipment under construction is stated at cost less impairment loss.

Property and equipment are written down to their recoverable amount, when its recoverable amounts less than the net book value. The impairment loss is recorded in the statement of income.

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

Any gain or loss arising on the disposal or retirement of an item of property and equipment which represents the difference between the sales proceeds and the carrying amount of the asset is recognized in the statement of income.

Any item of property and equipment derecognized upon disposal or when there is no future economic benefits are expected to arise from the continued use of the asset.

Intangible assets
Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are classified as finite or infinite. Intangible assets with finite lives are amortized over the useful economic life and the amortization expense is recognized in the income statement. 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. The impairment loss is recorded in the income statement.

Intangible assets include computer software. These intangible assets are amortized on a rate of 20%.

Pledged financial assets
Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, pledge). A periodic review is performed for those assets. According to the relevant according polices based on original classifications.

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

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

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.

A- Technical Reserves
Technical reserves are provided for in accordance to the Insurance Administration's instructions, as follows:

1. Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws, regulations and instructions issued pursuant there to.
2. Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.
3. Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Company.

4. Unearned contributions and premiums reserve is measured based on the Company's experience and estimations.
5. Mathematical reserve is measured in accordance with the instruction and decisions issued by the Insurance Administration.

B- Provision for expected credit losses

The Company has applied the standard's simplified approach of International Financial Reporting Standard (IFRS 9) and has calculated the expected credit losses on all its financial instruments. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

C- End of service indemnity reserve

The end of service indemnity reserve for employees is calculated based on the Company's policy which in compliance with Jordanian labor law.

The paid amounts as end of service for resigned employees are debited to this account. The Company obligation for the end of service is recorded in the statement of income.

Liability adequacy test

At each statement of financial position date, the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the deficiency is immediately recognized in the statement of income.

Income Tax

Income tax represents current and deferred income tax.

A- Accrued Income Tax

The accrued income tax expense is calculated based on taxable income. The taxable income differs from the actual income in the statement of income because the accounting income contains nondeductible expenditures and nontaxable revenues in the current year but in the preceding years or the accepted accumulated losses or any other nontaxable or deductibles for tax purposes.

The taxes are calculated based on the laws and regulation in the countries were the Company carry on its operation.

B- Deferred Tax

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 to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to allow all or part of deferred tax asset to be utilized.

Offsetting

Financial assets and financial liabilities are only off stetted, and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue recognition

A- Insurance policies

Insurance premiums are recorded as revenues (earned premiums) based on the accrual periods and policy covering period. Unearned premiums are recorded according to insurance policy periods at the date of financial statements claims expenses are recognized in the statement of income based on the expected claim value to compensate the insurance policyholder or other parties.

B- Dividend and interest revenue

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

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

C- Rental income

Rental income from investment properties is accounted for using the straight- line basis over the lease terms.

Expenses recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the statement of income during the year which it occurred. And in all expenditures, are recognized using the accrual basis.

Insurance compensations

Insurance compensations represent paid claims during the year and change in outstanding claims reserve.

Insurance compensations includes payments made during the year even for the current or prior years. Outstanding claims represents the highest estimated amount to settle the claims resulting from events occurring before the date of financial statements but not settled yet.

Outstanding claim reserve is recorded based on the best available information at the date of financial statements and includes the IBNR.

Recoverable scraped value

Recoverable scraped value is considered when recording the outstanding claim amount.

General and administrative expenses

All distributable general and administrative expenses are allocated to the insurance branches separately according to the actual administrative expenses of each branch separately and in compliance with specific cost centers for various insurance departments. The remaining expenses are stated as unallocated expenses in the statement of income.

Employees' expenses

All distributable employee expenses are allocated to the insurance branches separately according to the expenditures of each branch in compliance with specific cost centers for various insurance departments. Moreover, the related employee expenses of the Company`s subsidiary are stated as unallocated employee expenses.

Insurance policy acquisition cost

Acquisition cost represents the cost incurred by the Company for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in statement of income.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transactions dates. Monetary assets and liabilities in foreign currencies are translated into Jordanian Dinar at rates of exchange prevailing at the statement of financial position date as issued by Central Bank of Jordan.

Non-monetary assets and liabilities in foreign currencies are translated into respective functional currencies at fair value at the respective date.

Gains and losses resulting from foreign currencies translation shall be recorded in the statement of income.

Translation differences on non-monetary items carried at fair value (such as stocks) are included as part of the changes in fair value.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Leases

The company evaluates the contracts entered into at inception to determine whether the contract is a lease or contains a lease, whereby if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

The company applies a consistent approach to recognition and measurement for all lease contracts, except for short-term lease contracts and low-value asset lease contracts. The company recognizes lease liabilities for lease payments and right-of-use assets, representing the right to use the leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of plant and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on Company's operations if a replacement is not readily available.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company's investments in associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. The consolidated statement of income reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Company's share of profit or loss of an associate is shown on the face of the consolidated statement of income within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company. After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit (loss) of an associate' in the consolidated statement of income. Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

Estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities.

These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. 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.

The details of significant estimates made by management are as follows:

- A provision for expected credit losses is estimated by the management based on their principles and assumptions according to IFRS 9.
- The financial year is charged with its related income tax in accordance with regulations.
- The management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit. The impairment loss (if any) appears on the statement of income.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to Insurance Administration regulation. Also mathematical reserve and IBNR are calculated based on actuarial studies.
- A provision on lawsuit against the Company is made based on the Company's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.
- The management periodically reviews whether a financial asset or Company of financial assets is impaired, if so this impairment is taken to the statement of income.

(3) DEPOSITS AT BANKS

This item represents deposits with banks in Jordanian Dinars and US Dollars, which the Company holds for periods ranging between one month and one year according to the Company's liquidity needs. Interest rates on these deposits ranged between 2.35% and 4.5% during the year ended 31 December 2022 (31 December 2021: 3% to 5%). The details of the deposits according to the maturity dates as of 31 December 2022 are as follows:

	2022				2021
	Deposits maturing within one month	Deposits maturing between 1 month to 3 months	Deposits maturing after 3 months to 1 year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	-	5,016,391	3,129,746	8,146,137	7,052,055
Expected credit loss	-	-	(9,732)	(9,732)	(9,732)
	-	5,016,391	3,120,014	8,136,405	7,042,323

Deposits pledged to the benefit of Central Bank of Jordan amounted to JD 800,000 as of 31 December 2022, at Investment Bank (31 December 2021: JD 800,000 at the Investment Bank).

Deposits collateralized against credit facilities in Housing Bank for Trade and Finance amounted to JD 307,095 as of 31 December 2022 (31 December 2021: JD 702,866).

(4) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

This item represents the Company's investments in the shares of listed companies for the purpose of benefiting from prices changes of these shares. The details of these investments as of 31 December 2022 and 2021 are as follows:

	2022	2021
	JD	JD
Outside Jordan		
Quoted shares	225,075	93,837

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item represents the Company's investments in the shares of listed and unlisted companies for the purpose of long-term retention and not for the purposes of trading. The details of the investment as at 31 December 2022 and 31 December 2021 are as follows:

	2022	2021
	JD	JD
Inside Jordan		
Quoted shares	823,098	823,408
Unquoted shares	728,736	735,874
	1,551,834	1,559,282
Outside Jordan		
Quoted shares	665,790	428,697
	2,217,624	1,987,979

(6) INVESTMENT IN ASSOCIATE

This item represents the Company's investment in Darakom for Investments Public Shareholding Company, which is 25% of its capital and amounts to JD 2,810,000 as of 31 December 2022. The investment in the associate is accounted for using the equity method:

	Country	Ownership percentage		Investment	
		2022	2021	2022	2021
				JD	JD
Darakom Investment Public Shareholding Company	Jordan	25%	25%	666,629	678,099

The details of the movement on the investment in associates were as follows:

	2022				
	Balance at the beginning of the year	Share of results for the year	The Company's share from other comprehensive income items	Dividends	Balance at the end of the year
	JD	JD	JD	JD	JD
Darakom Investment Public Limited Company	678,099	(11,470)	-	-	666,629

This item has been reclassified from financial assets at fair value through other comprehensive income to investments in associates as aresult of the increase in the Company's voting rights in Darkom Investment Company from 14% to 20% during the year 2021, and as a result, the Company has significant influence on decisions related to the financial and operating policies of Darkom Investment Company.

The reclassification resulted in an unrealized loss of JD 391,421, and the Company's share from the associate results was JD 101,847.

(7) FINANCIAL ASSETS AT AMORTIZED COST

This item represents the Company's investment in bonds issued by Ithmar Company for Investments and Consulting with a face value of JD 5,000 per bond with a total of 15 bonds at a fixed interest rate of 8.25% per annum paid on a half yearly basis on the interest due dates, which falls on April 9 and October 9 of each year, from the date of issuance on 9 October 2018 until the maturity date of 9 October 2023.

(8) INVESTMENT PROPERTIES

This item represents the Company's investments in real estate, which includes a building in Al-Shmeisani, as well as plots of land in Al Shamsani, Mafraq and Giza, for the purpose of renting them and taking advantage of the price change in these properties.

	Buildings	Land	Total
2022 -	JD	JD	JD
Cost:			
Balance at the beginning of the year	560,859	1,888,668	2,449,527
Balance at the end of the year	560,859	1,888,668	2,449,527
Accumulated depreciation:			
Balance at the beginning of the year	84,129	-	84,129
Depreciation for the year	11,218	-	11,218
Balance at the end of the year	95,347	-	95,347
Net book value	465,512	1,888,668	2,354,180
2021 -			
Cost:			
Balance at the beginning of the year	560,859	1,888,668	2,449,527
Balance at the end of the year	560,859	1,888,668	2,449,527
Accumulated depreciation:			
Balance at the beginning of the year	72,911	-	72,911
Depreciation for the year	11,218	-	11,218
Balance at the end of the year	84,129	-	84,129
Net book value	476,730	1,888,668	2,365,398

The Company estimated the fair value of real-estate investments as at 31 December 2022, and in doing so has considered a valuation performed by licensed and independent valuator who estimated the fair value of real-estate investments as at 31 December 2022 at JD 3,720,382. The investment properties are valued using the sales comparison approach.

(9) CASH ON HAND AND AT BANKS

	2022	2021
	JD	JD
Cash on hand	21,821	20,435
Current accounts at banks	2,568,550	1,269,493
	2,590,371	1,289,928

(10) NOTES RECEIVABLE AND CHECKS UNDER COLLECTION

	2022	2021
	JD	JD
Cheques under collection	1,485,315	1,535,648
Notes receivable	95,109	18,683
Less: Provision for expected credit losses	(4,492)	(4,492)
	1,575,932	1,549,839

The due date for the checks under collections extend until 31 December 2025. The value of the checks that has due date for more than one year as of 31 December 2022 is JD 7,000.

(11) ACCOUNTS RECEIVABLE, NET

	2022	2021
	JD	JD
Policy holders' receivables	7,527,010	8,683,299
Governmental receivables	8,882,179	9,460,814
Agents' receivables	39,792	55,105
Brokers receivables	11,191	14,188
Employees' receivables	44,773	69,678
Other receivables	200,819	86,644
	16,705,764	18,369,728
Less: Provision for expected credit losses*	(2,200,000)	(2,000,000)
	14,505,764	16,369,728

Below is the aging of the accounts receivable:

	Less than 90 days	91-180 days	181-360 days	More than 361 days	Total
	JD	JD	JD	JD	JD
31 December 2022	11,692,571	1,919,534	893,659	-	14,505,764
31 December 2021	13,219,281	1,528,341	1,622,106	-	16,369,728

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

	2022	2021
	JD	JD
Balance at the beginning of the year	2,000,000	1,700,000
Provision for the year	200,000	300,000
Balance at the end of the year	2,200,000	2,000,000

(12) REINSURANCE RECEIVABLES, NET

	2022	2021
	JD	JD
Local reinsurance companies	962,940	1,341,477
Foreign reinsurance companies	2,034,091	1,970,882
	2,997,031	3,312,359
Less: Provision for impairment of reinsurance receivables *	(1,135,776)	(1,035,776)
Net reinsurance receivables	1,861,255	2,276,583

Below is the ageing of the reinsurance receivables:

	Less than 90 days	91 - 180 days	181 - 361 days	More than 361 Days	Total
	JD	JD	JD	JD	JD
31 December 2022	187,632	317,921	1,355,702	-	1,861,255
31 December 2021	754,739	566,366	955,478	-	2,276,583

* The movement on the provision for impairment of reinsurance receivables is as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	1,035,776	935,776
Provision during the year	100,000	100,000
Balance at the end of the year	1,135,776	1,035,776

(13) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	2022	2021
	JD	JD
Balance at beginning of the year	298,274	401,664
Income tax paid	(298,969)	(463,133)
Provision for the year	695	359,743
Balance at end of the year	-	298,274

The income tax expense appearing in the statement of income represents the following:

	2022	2021
	JD	JD
Income tax provision for the year	-	317,564
National contribution tax	-	26,463
	-	344,027
Prior year tax expense	695	15,716
	695	359,743
Deferred tax assets amortization	(193,212)	(99,109)
	(192,517)	260,634

Income tax

The provision for income tax for the years ended 2022 and 2021 was calculated in accordance with the Income Tax Law No. (34) of 2014 and it's amendments

A final settlement was reached with the Income Tax Department until the year of 2019.

The Company has submitted its income tax return for the year 2021 and 2020 and it is still not reviewed by the Income Tax Department until the date of these financial statements, and in the opinion of the management and the tax consultant the provision is adequate.

Sales Tax

A final settlement was reached with the Sales Tax Department until the end of December 2019.

B- Deferred tax assets and liability

	2022					2021
	Balance at the beginning of the year	Released	Additions	Balance at the end of the year	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
1. Deferred Tax Assets						
Provision for incurred but not reported claims	2,375,000	-	530,000	2,905,000	755,300	617,500
Impairment losses	3,050,000	-	300,000	3,350,000	871,000	793,000
Provision for end of service indemnity	47,870	49,812	1,942	-	-	12,446
Unrealized losses from investments through profit or loss	303,461	131,238	-	172,223	17,222	30,345
Unrealized losses from investments through other comprehensive income	302,207	173,216	8,710	137,701	32,896	48,209
Unrealized losses from investment in associate	289,574	-	11,470	301,044	78,271	75,290
	6,368,112	354,266	852,122	6,865,968	1,754,689	1,576,790

	2022					2021
	Balance at the beginning of the year	Released	Additions	Balance at the end of the year	Deferred tax	Deferred tax
2. Deferred Tax Labilities						
Unrealized gains on financial assets through other comprehensive income	280,892	8,735	73,875	346,032	46,535	40,074
	280,892	8,735	73,875	346,032	46,535	40,074

Movement on deferred tax assets and liabilities is as follows:

	Liabilities		Assets	
	2022	2021	2022	2021
	JD	JD	JD	JD
Balance at the beginning of the year	40,074	-	1,576,790	1,429,472
Additions	8,732	40,074	221,552	147,318
Released	(2,271)	-	(43,653)	-
Balance at the end of the year	46,535	40,074	1,754,689	1,576,790

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

	2022	2021
	JD	JD
Accounting (loss) profit	(1,222,118)	1,051,871
Non - taxable income	(2,520,811)	(2,591,421)
Non - deductible expenses	3,233,102	2,862,734
Taxable (loss) profit	(509,827)	1,323,184
Income tax expense	-	344,027
Income tax from previous years	695	15,716
The effect of deferred tax assets	(193,212)	(99,109)
	(192,517)	260,634
Effective tax rate	-	24.8%
Legal tax rate (includes national contribution at 2%)	26٪	26%

(14) PROPERTY AND EQUIPMENT

	Land	Buildings	Equipment, tools and furniture	Vehicles	Computers	Total
2022 -	JD	JD	JD	JD	JD	JD
Cost:						
Balance at the beginning of the year	734,577	935,305	340,214	246,297	346,332	2,602,725
Additions	-	-	16,887	72,000	26,783	115,670
Disposals	-	-	-	(246,297)	(7,657)	(253,954)
Balance at the end of the year	734,577	935,305	357,101	72,000	365,458	2,464,441
Accumulated depreciation:						
Balance at the beginning of the year	-	461,311	295,807	191,835	341,751	1,290,704
Depreciation for the year	-	19,522	11,299	12,928	13,589	57,338
Disposals	-	-	-	(193,963)	(7,657)	(201,620)
Balance at the end of the year	-	480,833	307,106	10,800	347,683	1,146,422
Net book value	734,577	454,472	49,995	61,200	17,775	1,318,019
2021 -						
Cost:						
Balance at the beginning of the year	734,577	935,305	337,683	387,297	344,182	2,739,044
Additions	-	-	2,531	-	2,150	4,681
Disposals	-	-	-	(141,000)	-	(141,000)
Balance at the end of the year	734,577	935,305	340,214	246,297	346,332	2,602,725
Accumulated depreciation:						
Balance at the beginning of the year	-	441,790	285,012	257,973	328,937	1,313,712
Depreciation for the year	-	19,521	10,795	42,787	12,814	85,917
Disposals	-	-	-	(108,925)	-	(108,925)
Balance at the end of the year	-	461,311	295,807	191,835	341,750	1,290,704
Net book value	734,577	473,994	44,407	54,462	4,581	1,312,021

Fully depreciated property and equipment amounted to JD 585,941 as at 31 December 2022 (2021: JD 636,066).

(15) INTANGIBLE ASSETS, NET

	2022	2021
	JD	JD
Cost-		
Balance at the beginning of the year	301,773	301,773
Additions	246	-
Balance at the end of the year	302,019	301,773
Accumulated amortization:		
Balance at the beginning of the year	301,453	291,122
Amortization	369	10,331
Balance at the end of the year	301,822	301,453
Net book value	197	320

(16) OTHER ASSETS

	2022	2021
	JD	JD
Prepaid expenses	555,912	465,008
Sales tax refundable deposits	99,134	85,638
Refundable deposits	12,732	11,482
Accrued interest	79,208	65,348
Others	39,885	31,815
	786,871	659,291

(17) MATHEMATICAL RESERVE, NET

	2022	2021
	JD	JD
Mathematical reserve, net	594,710	382,288

(18) ACCOUNTS PAYABLE

	2022	2021
	JD	JD
Policy holder payables	562,218	799,413
Agents' payables	29,928	70,298
Employees' payables	34,835	1,411
Brokers' payable	14,874	28,578
Accounts payable to garages and spare parts stores	216,931	283,514
Other payables	4,314	773
	863,100	1,183,987

(19) REINSURANCE PAYABLES

The item consists of the following:

	2022	2021
	JD	JD
Local reinsurance companies	77,908	68,725
Foreign reinsurance companies	590,989	963,833
	668,897	1,032,558

(20) OTHER LIABILITIES

	2022	2021
	JD	JD
Accrued expense	40,480	-
Unearned revenues	27,298	23,565
Shareholders deposits	61,699	66,497
Governmental deposits	40,587	9,243
Customer deposits on accidents and others	75,305	73,016
Income tax deposits	-	12,914
	245,369	185,235

(21) PAID IN CAPITAL

Authorized and paid in capital amounted to JD 9,100,000 divided into 9,100,000 shares the par value of each is JD 1 as at 31 December 2022 and 2021.

(22) LEGAL RESERVES

Statutory reserve -

As required by the Jordanian Companies' Law, 10% of the Company's net income before tax is transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve reaches 25% of the issued share capital. The statutory reserve is not available for distribution to the shareholders.

(23) FAIR VALUE RESERVE

This item represents the change in fair value for financial assets through other comprehensive income as follows:

	2022	2021
	JD	JD
Beginning balance	(13,182)	(563,179)
Changes during the year	194,234	166,711
Losses from remeasurement of financial assets at fair value through other comprehensive income to investment in associate	-	391,421
Deferred tax liability	46,535	40,074
Deferred tax assets	(32,896)	(48,209)
Ending balance	194,691	(13,182)

(24) RETAINED EARNINGS

	2022	2021
	JD	JD
Balance at the Beginning of the year	1,584,445	1,840,619
(Loss) profit for the year	(1,029,601)	791,237
Transfer to reserves	-	(18,990)
Losses from remeasurement of financial assets at fair value through other comprehensive income to investment in associate	-	(391,421)
Dividends (note 25)	-	(637,000)
Balance at the end of the year	554,844	1,584,445

(25) PROPOSED DIVIDENDS AND DECLARED DIVIDENDS

The General Assembly of shareholders approved in its ordinary meeting held on 9 May 2021 to distribute cash dividends amounting to JD 637,000 equivalent to 7% of paid-in capital as at 31 December 2021.

(26) INTEREST INCOME

	2022	2021
	JD	JD
Bank interest	253,775	215,518

(27) NET GAIN (LOSS) FROM FINANCIAL ASSETS AND INVESTMENTS

	2022	2021
	JD	JD
Gain (loss) from change in fair value of financial assets at fair value through statement of income	131,238	(63,018)
Interest on financial assets at amortized costs	6,188	6,188
Cash dividends	39,200	36,749
	176,626	(20,081)

(28) EMPLOYEES EXPENSES

	2022	2021
	JD	JD
Salaries and bonuses	1,993,126	2,151,175
Social security contribution	216,260	310,024
Travel and transportation	67,365	73,865
End of service	1,942	5,300
Medical expenses	129	2,940
Total	2,278,822	2,543,304
Amount transferred to the underwriting accounts	1,800,269	2,095,608
Amount transferred to the statement of income	478,553	447,696

(29) GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
	JD	JD
Professional and legal fees	148,803	166,272
Insurance business fees	152,103	162,937
Governmental and other fees	59,074	127,009
Interest expense	59,142	81,074
Compensation for those affected by vehicle accidents	88,319	63,254
Transportation allowance of the Bord Members (note 32)	56,027	50,500
Not deductible taxes	12,271	40,810
Donations	26,416	38,244
Mail and Communications	26,547	35,792
Water, electricity and heating	43,068	31,254
Advertising	35,089	29,400
Stationery and printing	21,706	27,849
Insurance expenses	18,284	22,555
Maintenance	23,073	20,986
Depreciation of right of use assets	14,554	14,554
Bank fees	14,154	13,608
Bidding expenses	-	13,502
Rental	12,801	12,820
Hospitality	18,259	7,355
Subscriptions	2,139	5,366
Interest on lease liabilities	2,079	3,005
Stamps	226	2,120
Other expenses	110,475	113,986
Total	944,609	1,084,252
Allocated general and administrative expenses to the underwriting accounts	746,235	893,390
Unallocated general and administrative expense to the underwriting accounts	198,374	190,862

(30) EARNINGS (LOSS) PER SHARE

The (loss) profit per share is calculated by dividing the profit for the year by the weighted average number of shares during the year.

	2022	2021
(Loss) profit for the year / JD	(1,029,601)	791,237
Weighted average number of shares /share	9,100,000	9,100,000
	JD /Fils	JD /Fils
Basic and diluted (losses) earnings per share (JD/Fils)	(0.113)	0.087

(31) CASH AND CASH EQUIVALENTS

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

	2022	2021
	JD	JD
Cash on hands and at banks (note 9)	2,590,371	1,289,928
Add: Deposits at banks maturing within three months (note 3)	5,016,391	3,992,323
Less: bank overdraft*	(307,095)	(1,303,509)
Net cash and cash equivalents	7,299,667	3,978,742

*This item represents the amount utilized from bank facilities granted to the Company by Jordan Kuwait Bank with a ceiling of 2,250,000 JD. The interest rate on these bank facilities was 4.4% during the year ended 31 December 2022 (31 December 2021: 4.5%) these facilities are unsecured. In addition to the above facilities the Company obtained during 2021 from Housing Bank for Trade and Finance a ceiling of JD 800,000, noting that the remaining amount of these facilities amounted to JD 307,095 as at 31 December 2022. The interest rate on these bank facilities was 4.5% during the year ended 31 December 2022 and 2021, and these facilities are secured against bank deposits.

(32) RELATED PARTY TRANSACTIONS

The Company has entered into transactions with major shareholders, directors and senior management within the normal business activities of the Company. All insurance receivables granted to related parties are considered to be operating and no provision has been booked against these balances.

Prices polices and terms of the transactions with related parties are approved by the Company's management.

The following represents a summary of related parties' transactions:

	Related party		Total	
	Sister Companies	Board of Directors members and shareholders	2022	2021
	JD	JD	JD	JD
Statement of financial position items				
Checks under collection	2,752,004	11,568	2,763,572	2,847,421
Accounts Receivables	-	1,725,943	1,725,943	1,762,118

	Related party		Total	
	Sister Companies	Board of Directors members and shareholders	2022	2021
	JD	JD	JD	JD
Statement of income items				
Written premiums	621	2,898,683	2,899,304	3,047,624
Other revenues - rental income	35,467	-	35,467	34,000

The following represents a benefits summary (salaries and remunerations) for executive management:

	2022	2021
	JD	JD
Salaries and remunerations	415,103	475,125
Board of Directors' transportation allowance (note 29)	56,027	50,500
	471,130	525,625

(33) RISK MANAGEMENT

The Company manages different kinds of risks through its comprehensive strategy set out to identify risks and ways to address and mitigate them through the Risk Management Unit and the Investment Committee, where the risks are reviewed, and the necessary measures are taken to address risk and work to reduce that risk. In addition, all duty stations are responsible for identifying risks related to their activities, establishing appropriate controls and monitoring the continuity of their effectiveness. The Company is exposed to insurance risks, credit risk, liquidity risk and market risk.

Risk management process

The Board of Directors is responsible for the identification and control of risks. In addition, several other parties are responsible for the Company's risk management process.

Risk measurement and reporting systems

Risk monitoring and control, it is put into effect by monitoring the limits allowed for each type of risk. These limits reflect the Company's business strategy and the difference market factors surrounding it.

Information is collected from the different departments of the Company and analyzed to identify the expected risks that may result from it. This information is presented and explained to the Board of Directors.

A- Insurance Risk

1- Insurance risk

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

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

Duplicate Claims

Claims can be duplicated, and their amounts can be affected due to different factors. The Company's main insurance business is fire, general accident, marine, medical and life risk insurance. These insurance policies are considered short term and are usually paid within one year from the date of the accident. This helps to reduce the risk of insurance.

2- Claims development

The schedules below show the actual claims (based on management's estimates at year- end) compared to the expectations for the past four years based on the year in which the claims were reported as follows:

Total - Motor Insurance:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	2,973,092	2,179,219	2,334,157	4,676,102	3,158,346	15,320,915
After one year	3,413,234	2,592,599	2,541,011	4,009,777	-	12,556,621
After two years	3,933,159	2,417,128	2,529,718	-	-	8,880,005
After three years	3,619,817	2,991,871	-	-	-	6,611,688
After four years	4,329,390	-	-	-	-	4,329,390
(Deficit) Surplus	(1,356,298)	(812,652)	(195,561)	666,325	-	(1,698,186)
Present expectations for the accumulated claims	4,329,390	2,991,871	2,529,718	4,009,777	3,158,346	17,019,102
Accumulated Payments	2,259,848	1,561,692	1,320,458	2,093,017	1,648,588	8,883,603
Unreported claims	-	-	400,000	600,000	1,000,000	2,000,000
Liability as in the statement of financial position	2,069,542	1,430,179	1,609,260	2,516,760	2,509,758	10,135,499

Total – Marine and transportation

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	-	-	-	508,180	-	508,180
After one year	-	-	-	78,200	8,350	86,550
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
(Deficit) Surplus	-	-	-	429,980	-	429,980
Present expectations for the accumulated claims	-	-	-	78,200	8,350	86,550
Accumulated Payments	-	-	-	-	-	-
Unreported claims	-	-	25,000	37,500	62,500	125,000
Liability as in the statement of financial position	-	-	25,000	115,700	70,850	211,550

Total - fire and property:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	612,671	45,230	471,832	67,876	83,835	1,281,444
After one year	650,208	45,230	387,542	16,250	-	1,099,230
After two years	638,668	14,828	247,530	-	-	901,026
After three years	633,862	12,530	-	-	-	646,392
After four years	562,486	-	-	-	-	562,486
Surplus	50,185	32,700	224,302	51,626	-	358,813
Present expectations for the accumulated claims	562,486	12,530	247,530	16,250	83,835	922,631
Accumulated Payments	513,651	-	128,084	-	-	641,735
Unreported claims	-	-	20,000	30,000	50,000	100,000
Liability as in the statement of financial position	48,835	12,530	139,446	46,250	133,835	380,896

Total - Civil responsibility:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	42,100	75,357	28,180	51,483	32,807	229,927
After one year	42,100	74,857	28,180	40,892	-	186,029
After two years	42,100	74,557	1,950	-	-	118,607
After three years	42,100	75,500	-	-	-	117,600
After four years	22,100	-	-	-	-	22,100
(Deficit) Surplus	20,000	(143)	26,230	10,591	-	56,678
Present expectations for the accumulated claims	22,100	75,500	1,950	40,892	32,807	173,249
Accumulated Payments	252	252	-	269	252	1,025
Unreported claims	-	-	10,000	15,000	25,000	50,000
Liability as in the statement of financial position	21,848	75,248	11,950	55,623	57,555	222,224

Total - Other Branches:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	2,200	-	-	-	-	2,200
After one year	2,200	-	-	-	-	2,200
After two years	2,200	-	-	-	-	2,200
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
(Deficit) Surplus	-	-	-	-	-	-
Present expectations for the accumulated claims	2,200	-	-	-	-	2,200
Accumulated Payments	-	-	-	-	-	-
Unreported claims	-	-	-	-	-	-
Liability as in the statement of financial position	2,200	-	-	-	-	2,200

Total - Guarantees:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	313,178	209,634	708,240	78,596	78,232	1,387,880
After one year	320,360	215,344	657,010	57,520	-	1,250,234
After two years	318,809	186,426	556,946	-	-	1,062,181
After three years	307,647	165,974	-	-	-	473,621
After four years	261,633	-	-	-	-	261,633
(Deficit) Surplus	51,545	43,660	151,294	21,076	-	267,575
Present expectations for the accumulated claims	261,633	165,974	556,946	57,520	78,232	1,120,305
Accumulated Payments	180,441	110,993	157,262	72,290	31,471	552,457
Unreported claims	-	-	20,000	30,000	50,000	100,000
Liability as in the statement of financial position	81,192	54,981	419,684	15,230	96,761	667,848

Total - Aviation:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	18,000	-	-	-	-	18,000
After one year	18,000	-	-	-	-	18,000
After two years	18,000	-	-	-	-	18,000
After three years	18,000	-	-	-	-	18,000
After four years	18,000	-	-	-	-	18,000
(Deficit) Surplus	-	-	-	-	-	-
Present expectations for the accumulated claims	18,000	-	-	-	-	18,000
Accumulated Payments	-	-	-	-	-	-
Unreported claims	-	-	10,000	15,000	25,000	50,000
Liability as in the statement of financial position	18,000	-	10,000	15,000	25,000	68,000

3- Insurance Risk Concentrations

The schedules below present risk concentration based on insurance type and the geographical distribution.

Liabilities for insurance contracts are concentrated according to the types of insurance as follows:

	2022		2021	
Insurance types	Net	Gross	Net	Gross
	JD	JD	JD	JD
Motor	13,471,779	16,940,783	8,459,859	12,520,815
Marine	40,758	377,417	48,926	900,472
Aviation	900	256,615	900	106,114
Fire and properties	176,890	972,915	114,206	1,151,306
Civil responsibility	122,548	287,094	137,311	313,737
Guarantees	257,675	887,784	332,357	914,709
Personal Accident	2,200	2,200	2,782	4,374
Medical	5,796,960	6,118,998	7,310,115	7,653,251
Life	660,543	1,018,128	489,572	1,030,181
Total	20,530,253	26,861,934	16,896,028	24,594,959

The assets and liabilities of insurance contracts according to geographical distribution are as follows:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Inside Jordan	6,331,681	26,861,934	14,506,057	24,594,959
Total	6,331,681	26,861,934	14,506,057	24,594,959

The table below presents the total accounts receivables, accounts payables, and reinsurance receivables/payables by sector:

	2022			2021		
	Assets	Liabilities	Items off balance sheet	Assets	Liabilities	Items off balance sheet
	JD	JD	JD	JD	JD	JD
By Sector						
Companies	15,490,955	1,485,933	3,027,757	17,648,245	2,149,898	2,768,905
Individuals	876,064	46,064	336,416	998,066	66,647	307,655
Total	16,367,019	1,531,997	3,364,173	18,646,311	2,216,545	3,076,560

4- Reinsurance Risk

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

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

5- Insurance Risk Sensitivity

The table below shows the possible reasonable effect of the changes in premiums price on the statement of income and equity keeping all other variables constant.

Insurance type	Change	Effect on the written premiums	Effect on the current year pre-tax profit	Effects on the equity*
	%	JD	JD	JD
Motor	10	1,529,057	825,983	611,227
Marine	10	62,561	5,378	3,979
Aviation	10	43,893	-	-
Fire and properties	10	205,953	5,251	3,886
Civil responsibility	10	18,919	2,381	1,762
Guarantees	10	14,380	7,382	5,462
Medical	10	1,203,647	730,427	540,516
Personal Accident	10	2,357	2,357	1,744
Life	10	69,700	41,604	30,787
		3,150,467	1,620,763	1,199,363

* Net after deducting income tax effect.

If there is negative change the effect equals the change above with changing the sign.

The table below shows the possible reasonable effects of the changes in claims cost on the statement of income and equity keeping all other variables constant.

Insurance type	Change	Effects on the paid claims	Effects on the current year pre-Tax profit	Effects on the equity*
	%	JD	JD	JD
Motor	10	1,345,387	903,672	668,717
Marine	10	11,347	7,885	5,835
Aviation	10	-	90	67
Fire and properties	10	125,288	117,639	87,053
Civil responsibility	10	2,111	8,643	6,396
Guarantees	10	16,066	4,972	3,679
Medical	10	-	1,258,127	931,014
Personal Accident	10	1,995	1,775	1,314
Life	10	66,038	55,310	40,929
		1,568,232	2,358,113	1,745,004

* Net after deducting income tax effect.

If there is negative change the effect equals the change above with changing the sign.

(B) Financial Risks

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

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

- Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, currency prices and stock prices. These risks are monitored according to specific policies and procedures and through specialized committees and business units. Market risks include interest rate risk, exchange rate risk and stock prices.

Market risk and its related controls are measured through sensitivity analysis.

- Interest Rate Risk

The Company is exposed to interest rate risk on its assets which are bearing interest such as bank deposits.

The annual interest rate on the deposits in Jordanian Dinar ranged between 2.35% to 4.5% during the year ended 31 December 2022 (2021: from 3% to 5%) (note 3).

The following table demonstrates the sensitivity of the statement of income to reasonably possible changes in interest rates as at 31 December 2022 and 2021, with all other variables held constant.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the Company's profit for one year based on the floating rate financial assets as at 31 December 2022 and 2021.

2022 -

Currency	Change	Effects on the current year pre-tax profit
	%	JD
Jordanian Dinar	1	81,364

If there is negative change the effect equals the change above with changing the sign.

2021 -

Currency	Change	Effects on the current year pre-tax profit
	%	JD
Jordanian Dinar	1	70,423

If there is negative change the effect equals the change above with changing the sign.

Foreign currencies risk:

The foreign currencies risks are the risks relating to the change in the value of the financial instruments due to the change in the foreign currencies exchange rates. Moreover, the Jordanian Dinar is considered the Company's functional currency. The Board of Directors sets the limits for the financial position of each currency at the Company. Additionally, the foreign currencies positions are monitored daily. Strategies are adopted to ensure that the positions of foreign currencies are maintained within the approved limits.

The Company's transactions in U.S. Dollar have negligible currency risk since the Jordanian Dinar is fixed against the U.S. Dollar (USD 1.41 for each one JD)

Liquidity Risk:

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

The Company monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity date.

Most of the Company's term deposits as at 31 December 2022 mature during a period ranges between 1 month and 1 year.

The table below summarizes the maturity profile of the Company's financial liabilities (based on contractual undiscounted payments from the date of the financial statements):

	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2022 -								
Liabilities:								
Banks overdrafts	-	-	-	307,095	-	-	-	307,095
Accounts payable	-	172,620	258,930	431,550	-	-	-	863,100
Reinsurance payables	-	133,779	200,669	334,449	-	-	-	668,897
Postdated checks	-	3,269,203	-	-	-	-	-	3,269,203
Lease liabilities	-	-	-	4,295	23,282	-	-	27,577
Other liabilities	-	-	-	245,369	-	-	-	245,369
Total liabilities	-	3,575,602	459,599	1,322,759	23,282	-	-	5,381,241
Assets	3,482,075	5,016,391	3,348,396	8,030,118	13,431,650	2,217,624	2,556,310	38,082,564

	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2021 -								
Liabilities:								
Banks overdrafts	-	-	-	1,303,509	-	-	-	1,303,509
Accounts payable	-	236,797	355,196	591,994	-	-	-	1,183,987
Reinsurance payables	-	206,511	309,767	516,279	-	-	-	1,032,558
Postdated checks	-	3,332,374	-	-	-	-	-	3,332,374
Lease liabilities	-	-	-	6,242	33,829	-	-	40,071
End of service indemnity provision	-	-	-	-	-	47,870	-	47,870
Income tax provision	-	-	-	298,274	-	-	-	298,274
Other liabilities	-	-	-	185,235	-	-	-	185,235
Total liabilities	-	3,775,682	664,963	2,901,533	33,829	47,870	-	7,423,878
Assets	8,953,825	2,984,608	4,476,912	9,862,122	3,581,532	-	7,447,244	37,306,243

3 - Credit risk:

Credit risk is the risk that may arise from the failure or inability of debtors and other parties to fulfill their obligations towards the company.

The Company believes that it is not highly exposed to credit risks as it sets a credit limit for customers while monitoring outstanding debts continuously. Additionally, the Company retains balances and deposits with leading banking institutions.

The two largest customers represent 14% of the outstanding debts for the year ended 31 December 2022 (2021: 14%).

(34) ANALYSIS OF MAIN SECTORS

A- Background for the Company business sectors

For administrative purposes, the Company has been organized into two segments of business, the general insurance segment which include (fire and property, medical, marine, transportation, accident, liability), and life which includes (life insurance and investment). These two key segments that are used by the Company to show information related to segment reporting. The above two segments also include investments and cash management for the Company's own account. Transactions between business segments are carried out on the basis of estimated market prices and on the same terms as those with which they are dealing with.

B- Geographic concentration of risk

This disclosure illustrates the geographic distribution of the Company's operation, the Company executes its operations mainly in the Kingdom.

The table below shows the geographic distribution of revenues and capital expenditure.

	Inside Jordan		Outside Jordan		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total revenues	25,316,806	24,282,898	-	-	25,316,806	24,282,898
Total assets	35,157,608	34,812,827	2,924,956	2,493,416	38,082,564	37,306,243

(35) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios on order to support its business and maximize shareholders value.

The Company manages its capital structure and makes adjustment to it on light of changes in business conditions. No changes were made in the objectives, policies or processes during this year and the prior year.

In the opinion of the Company's management, the regulatory capital is compatible with and adequate to the size of capital and nature of risks to which the Company is exposed.

The amount considered by the Company as capital and solvency ratio, as follows:

	2022	2021
	JD	JD
Capital available	12,824,109	13,544,121
Capital required -		
Assets risks		
Policy liabilities	5,537,806	5,828,082
Reinsurance credit risks	2,688,226	2,452,356
Life insurance risk	215,561	241,285
Total capital required	8,441,593	8,521,723
Solvency ratio*	152٪	159٪

* The Company's solvency ratio before deducting over limits in "Instructions to invest insurance Company's funds and to determine the nature of the insurance Company's assets and their positions corresponding to their obligations" No. 2 for 2006. The minimum solvency margin is 150% in accordance to Insurance Administrations' regulations.

(36) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

2022 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets -			
Deposits at banks	8,136,405	-	8,136,405
Financial assets at fair value through statement of income	225,075	-	225,075
Financial assets at fair value through other comprehensive income	-	2,217,624	2,217,624
Investment in associates	-	666,629	666,629
Financial assets at amortized cost	75,000	-	75,000
Investment properties	-	2,354,180	2,354,180
Cash on hand and at banks	2,590,371	-	2,590,371
Notes receivable and checks under collection	1,568,562	7,370	1,575,932
Accounts receivable, net	14,505,764	-	14,505,764
Reinsurance receivables, net	1,861,255	-	1,861,255
Deferred tax assets	-	1,754,689	1,754,689
Property and equipment, net	-	1,318,019	1,318,019
Intangible assets, net	-	197	197
Right of use assets	-	14,553	14,553
Other assets	786,871	-	786,871
Total Assets	29,749,303	8,333,261	38,082,564
Liabilities -			
Unearned premiums revenue, net	10,646,090	-	10,646,090
Outstanding claims reserve, net	3,093,388	6,196,065	9,289,453
Mathematical reserve, net	198,038	396,672	594,710
Banks overdrafts	307,095	-	307,095
Accounts payable	863,100	-	863,100
Reinsurance payables	668,897	-	668,897
Postdated checks	3,269,203	-	3,269,203
Lease liabilities	7,363	20,214	27,577
Income tax provision	-	46,535	46,535
Other liabilities	245,369	-	245,369
Total Liabilities	19,298,543	6,659,486	25,958,029
	10,450,760	1,673,775	12,124,535

2021 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets -			
Deposits at banks	7,042,323	-	7,042,323
Financial assets at fair value through statement of income	93,837	-	93,837
Financial assets at fair value through other comprehensive income	-	1,987,979	1,987,979
Investment in associates	-	678,099	678,099
Financial assets at amortized cost	-	75,000	75,000
Investment properties	-	2,365,398	2,365,398
Cash on hand and at banks	-	1,289,928	1,289,928
Notes receivable and checks under collection	1,549,839	-	1,549,839
Accounts receivable, net	16,369,728	-	16,369,728
Reinsurance receivables, net	2,276,583	-	2,276,583
Deferred tax assets	-	1,576,790	1,576,790
Property and equipment, net	-	1,312,021	1,312,021
Intangible assets, net	-	320	320
Right of use assets	-	29,107	29,107
Other assets	659,291	-	659,291
Total Assets	27,991,601	9,314,642	37,306,243
Liabilities -			
Unearned premiums revenue, net	9,706,614	-	9,706,614
Outstanding claims reserve, net	2,269,042	4,538,084	6,807,126
Mathematical reserve, net	127,430	254,858	382,288
Banks overdrafts	1,303,509	-	1,303,509
Accounts payable	1,183,987	-	1,183,987
Reinsurance payables	1,032,558	-	1,032,558
Postdated checks	3,332,374	-	3,332,374
Lease liabilities	10,713	29,358	40,071
End of service indemnity provision	-	47,870	47,870
Income tax provision	298,274	-	298,274
Deferred Tax Liabilities	-	40,074	40,074
Other liabilities	185,235	-	185,235
Total Liabilities	19,449,736	4,910,244	24,359,980
	8,541,865	4,404,398	12,946,263

(37) LAWSUITS RAISED BY AND AGAINST THE COMPANY

The company appears as a defendant in several lawsuits with a total value of JD 3,236,785. However, the company has calculated sufficient provisions to meet its obligations towards these lawsuits. According to the company's management, the provisions of JD 3,236,785 as of 31 December 2022 (31 December 2021: JD 3,368,609) are sufficient to meet its obligations towards these lawsuits.

The value of lawsuits filed by the company against third parties amounted to JD 3,471,479 as of 31 December 2022 (31 December 2021: JD 3,532,071). These lawsuits involve outstanding debts owed to the Company and returned checks resulting from the Company's normal business activities.

(38) CONTINGENT LIABILITIES

As of the financial statements date, the Company has potential obligations in the form of bank guarantees amounting to JD 3,364,173 as of 31 December 2022 (JD 3,076,560 as of 31 December 2021).

(39) FAIR VALUE

Financial assets comprise of financial assets and financial liabilities.

The Company uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1	Level 3	Total
	JD	JD	JD
31 December 2022 -			
Financial assets			
Financial assets at fair value through statement of income	225,075	-	225,075
Financial assets at fair value through other comprehensive	1,488,888	728,736	2,217,624
	1,713,963	728,736	2,442,699
31 December 2021 -			
Financial assets			
Financial assets at fair value through statement of income	93,837	-	93,837
Financial assets at fair value through other comprehensive	1,252,105	735,874	1,987,979
	1,345,942	735,874	2,081,816

(40) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The International Financial Reporting Standards, new and non-effective interpretations, and amendments issued until the date of the financial statements, as shown below. The Company will apply these amendments from the mandatory application date.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The standard will be applied retrospectively on1 January 2023, with early application permitted for entities that applied International Financial Reporting Standards (9) and International Financial Reporting Standards (15) before or on the date of application of International Financial Reporting Standards (17).

The implementation of the project is governed by the audit committee where provides oversight and governance over the project. The audit committee comprises of independent members in addition to executive management from all relevant departments to review implementation of the project in collaboration with the external consultant appointed by the Company to manage the project. The external consultant prepares the Company's policies in accordance with the standard requirements and determines the actuarial methodologies along with reviewing the contracts, classifying them and preparing the additional disclosure in accordance with the standard.

The management of the Company has completed the standard requirements and is currently working on the following requirements to complete the standard application project:

- Complete the preliminary financial statements in accordance with the standards as at 31 December 2022 and 2021.

- Ensure the system used/ linked to the Company's system is compatible with the Company's policies prepared and approved by the managements, in addition, reviewing the control procedures that will be applied to ensure the effectiveness of the system.

- Obtain the management approval including the technical department along with the external auditor approval on the opening balance after implementation.

- Prepare all disclosures that will be included in the financial statements in accordance with the standard.

- Prepare the management reporting model and key performance measures that will be used after the standard implementation.

- Hold training courses for all relevant employees in addition with the executive management on the application of the standard.

The Company's financial statements will be impacted by the application of the standard. Below is an assessment of the expected impact of applying the standard, as the Company has not yet completed a study of all aspects that will be affected by the application of the standard:

Measurement models

Measurement is not carried out at the level of individual insurance contracts, but on the basis of Company of contracts. To allocate individual insurance contracts to groups of contracts, an entity needs to define portfolios of insurance contracts which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts based on profitability and issuing year. IFRS 17 consists of three measurement models: premium allocation approach, general measurement model and variable fees approach.

General measurement model

According to the general measurement model, the measurement of insurance contracts consists of fulfillment cash flows from the insurance contract plus the contractual service margin ("CSM"). The fulfilment cash flows represent the risk adjusted present value of the Company's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk.

This risk adjustment is to cover the risk of uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The contractual service margin("CSM") represents the unearned profit from in-force contracts that the Company will recognize as it provides services over the coverage period.

At inception, the contractual service margin cannot be negative. If the fulfilment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit and loss.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services.

The contractual service margin is adjusted for changes in cash flows related to future services and for the interest accretion at fixed interest rates on initial recognition of the group of contracts. Revenue is recognized by releasing part from the contractual service margin recognized in profit or loss for each period to reflect the services provided in that period based on "coverage units". IFRS 17 only provides principle-based guidance on how to determine these coverage units.

Premium Allocation Approach

The premium allocation approach is an optional simplified approach for the measurement of the liability of remaining coverage, an entity may choose to use the premium allocation approach when the measurement s not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

Insurance revenues and expenses for insurance services are recognized in the statement of profit or loss based on the concept of services that were provided during the period. The standard requires to recognise the losses immediately in the profit or losses statement for the contract that are expected to be loss-incurred contract. For insurance contracts measured under the Premium Allocation Approach, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Company's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions.
- Initial stages of a new business acquired where the underlying contracts are onerous.
- Any other strategic decisions the management considers appropriate.

The Company applies the premium allocation approach to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less.

The Company performed the premium allocation approach eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the premium allocation approach, the Company expects all of its contracts to be eligible for premium allocation approach, except for the long-term individual life insurance that expected to be measured at general measurement model.

The measurement of the liability for incurred claims is consistent for all three measurement models, except for the determination of fixed interest rates used for discounting. The Company adjusts the risks for non-financial risks, which are estimated separately from the other estimates for the liability for incurred claims. This risk adjustment is to cover the risk of uncertainty about the amount and timing of the cash flows that arises from non-financial risk The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Variable fee approach

The variable fee approach is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts.

An insurance contract has a direct participation feature if the following three requirements are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- The Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- The Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The Standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the amount of the entity's share of the fair value of the underlying items and changes in estimates of fulfilment cash flows relating to future services. A combined amount might be determined for some or all the adjustments.

Under the Variable fee approach, adjustments to the contractual service margin are determined using current discount rates whereas under the general model, adjustments are determined using discount rates locked in at inception of a group of insurance contracts.

In contrast to insurance contracts measured under the general measurement model, the contractual service margin for contracts with direct participation features is not explicitly adjusted for the accretion of interest since the adjustment of the contractual service margin for the changes in the amount of the entity's share of the fair value of underlying items already incorporates an adjustment for financial risks, and this represents an implicit adjustment using current rates for the time value of money and other financial risks.

Transition

When the standard is applied on 1 January 2023 which is the initial application date, the standard should be applied full retrospectively unless impracticable. When full retrospective application of the standard is impractical, IFRS 17 allows for alternation transition method as follows:

- A modified retrospective approach that specifies modifications to full retrospective application. This approach allows insurers that lack limited information to achieve opening transition balances that are as close to the retrospective application as possible, depending on the amount of reasonable and supportable information available to that insurer. Each modification would increase the difference between the modified retrospective approach and the outcome that would have been obtained if a fully retrospective approach had been applied.

- A fair value approach that uses the fair value of the contracts at the date of transition to determine a value for the contractual service margin ('CSM'). This approach enables the Company to determine the opening transition balances, even if the Company does not have reasonable and supportable information about the contracts that exist at the transition date.

Impact on transition to IFRS 17

The management anticipates that the implementation of IFRS 17 will have an effect on the amounts reported and disclosures made in these financial statements with regard to its issued and retained insurance and reinsurance contracts. Opening equity is anticipated to be significantly influenced according to the Company's estimates due to the following factors:

- risk adjustment assumptions.
- Impact of onerous contracts identified, if any.
- Impact of discounted cash flows.
- risk of non-performance of expected liabilities from the reinsurance companies.

The Company has not completed the preparation of a study related to evaluate the impact of the standard's application on the Company's financial statements. It is expected that this study will be completed during the first quarter of the year 2023.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
The amendments are not expected to have a material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

(41) STATEMENT OF FINANCIAL POSITION FOR LIFE

	31 December 2022	31 December 2021
	JD	JD
Assets -		
Deposits at banks	328,615	180,117
Financial assets at fair value through income statement	5,757	2,400
Financial assets at fair value through other comprehensive income	56,718	50,845
Investment in associate	17,050	17,343
Financial assets at amortized cost	1,918	1,918
Investment properties	49,333	60,498
Total investments	459,391	313,121
Cash on hand and at banks	66,253	32,992
Notes receivable and checks under collection	40,306	39,639
Account receivables	334,850	412,688
Reinsurance receivables	496,291	651,259
Property and equipment	33,710	33,557
Intangible assets	5	8
Right of use Assets	372	744
Other assets	19,834	22,521
Total assets	1,451,012	1,506,529
Liabilities and head office equity		
Outstanding claim reserve	65,833	107,284
Mathematical reserve	594,710	382,288
Total Technical Reserves	660,543	489,572
Bank overdraft	-	33,339
Account payable	22,075	30,282
Post-dated checks	91,469	85,230
Reinsurance payables	17,108	26,409
Lease liability	705	1,025
Income tax provision	-	7,597
Other liabilities	5,838	4,407
Total Liabilities	797,738	677,861
Head Office current account	828,668	823,776
Profit for the year	(175,393)	4,892
Total liabilities and Head office equity	1,451,013	1,506,529