

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR
THE NINE MONTHS ENDED
SEPTEMBER 30, 2022
TOGETHER WITH THE REVIEW REPORT

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
SEPTEMBER 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Review Report	1
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Policyholders' Revenue and Expenses	3
Condensed Consolidated Interim Statement of Profit or Loss	4
Condensed Consolidated Interim Statement of Comprehensive Income	5
Condensed Consolidated Interim Statement of Changes in Owners' Equity	6
Condensed Consolidated Interim Statement of Changes in Policyholders' Equity	7
Condensed Consolidated Interim Statement of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Information	9 - 24

Review Report

AM/ 012534

To the Chairman and Members of the Board of Directors
First Insurance Company
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of First Insurance Company (A Public Shareholding Limited Company) as of September 30, 2022 and the related condensed consolidated interim statements of policyholders revenue and expenses, profit or loss and comprehensive income, for the three-months and nine-months ended September 30, 2022, and condensed consolidated interim statements of changes in owners' equity, changes in policyholders' equity, and cash flows for the nine-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard (34) related to Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that the accompanying condensed consolidated interim financial information are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Amman – The Hashemite Kingdom of Jordan
October 25, 2022


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

ديلويت أند توش (الشرق الأوسط)

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Note</u>	September 30, 2022 (Reviewed not Audited)	December 31, 2021 (Audited)
		JD	JD
Investments:			
Deposits at banks - net	4	15,407,424	14,357,318
Financial assets at fair value through profit or loss	26	371,140	-
Financial assets at fair value through other comprehensive income	26	1,890,907	1,481,398
Financial assets at amortized cost - net	5	4,526,673	4,044,134
Real estate investments - net	26	6,688,059	6,665,787
Total Investments		28,884,203	26,548,637
Cash on hand and at banks	6	1,573,283	1,735,700
Checks under collection - net		3,767,823	3,961,386
Receivables - net	7	17,034,009	11,133,877
Re-insurers' receivables - net	8	1,033,718	2,735,892
Deferred tax assets	9/d	1,191,555	942,636
Property and equipment - net		9,981,000	10,334,975
Intangible assets - net		811,312	856,118
Other assets	10	950,654	582,799
TOTAL ASSETS		65,227,557	58,832,020
<u>LIABILITIES AND POLICYHOLDERS' EQUITY AND OWNERS' EQUITY</u>			
LIABILITIES:			
Unearned contributions reserve - net		11,842,508	9,171,930
Premiums deficiency reserve		294,000	233,000
Outstanding claims reserve - net		4,855,464	4,803,151
Unallocated loss adjustment expense reserve		274,435	200,000
Mathematical reserve - net		100,864	130,032
Total Insurance Contracts Liabilities		17,367,271	14,538,113
Payables	11	2,680,487	2,215,577
Re-insurers' payables	12	8,873,230	7,050,586
Accrued expenses		92,411	23,419
Various provisions		33,750	45,000
Income tax provision	9/a	385,903	44,500
Deferred tax liabilities	9/d	19,851	11,431
Other liabilities	13	1,767,333	840,137
TOTAL LIABILITIES		31,220,236	24,768,763
POLICYHOLDERS' EQUITY:			
Reserve to cover deficit (contingency provision)	14	-	14,160
Accumulated surplus (deficit) for policyholders' fund	15	-	-
Al-Qard Al-Hasan granted by owners' equity to cover policyholders' deficit	16	-	-
Total Policyholders' Equity		-	14,160
OWNERS' EQUITY:			
Authorized and paid-up capital	17	28,000,000	28,000,000
Statutory reserve	17	3,561,202	3,561,202
Financial assets valuation reserve - net after tax		(158,995)	(239,071)
Retained earnings	18	1,218,817	2,726,966
Profit for the period		1,386,297	-
Total Owners' Equity - Company's Shareholders		34,007,321	34,049,097
Total Policyholders' and Owners' Equity		34,007,321	34,063,257
TOTAL LIABILITIES AND POLICYHOLDERS' AND OWNERS' EQUITY		65,227,557	58,832,020

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF POLICYHOLDERS' REVENUE AND EXPENSES
(REVIEWED NOT AUDITED)

	Note	For the Three-Months Ended		For the Nine-Months Ended	
		September 30,		September 30,	
		2022	2021	2022	2021
		JD	JD	JD	JD
<u>Takaful Insurance Activities Revenue</u>					
Gross written contributions		13,639,324	11,625,255	42,564,390	35,776,520
<u>Less: Re-insurers' share</u>		<u>(7,709,383)</u>	<u>(6,680,507)</u>	<u>(22,221,494)</u>	<u>(21,480,695)</u>
Net Earned Contributions from Takaful Operations for Policyholders		5,929,941	4,944,748	20,342,896	14,295,825
Net change in unearned contribution reserve		632,554	(77,447)	(2,670,578)	207,891
Net change in mathematical reserve		<u>19,784</u>	<u>15,104</u>	<u>29,168</u>	<u>17,760</u>
Net Earned Contributions from Takaful Insurance for Policyholders		<u>6,582,279</u>	<u>4,882,405</u>	<u>17,701,486</u>	<u>14,521,476</u>
Commissions' revenue		1,106,679	1,050,580	3,305,328	2,985,018
Takaful policies issuance fees		629,095	643,701	1,992,327	1,858,150
Policyholders' share of investment income	21&20	40,007	30,199	120,439	93,357
<u>Less: Owners' Equity share for managing the investment portfolio</u>	21&20	<u>(14,002)</u>	<u>(10,570)</u>	<u>(42,153)</u>	<u>(32,675)</u>
Total Revenue from Takaful Insurance for Policyholders'		<u>8,344,058</u>	<u>6,596,315</u>	<u>23,077,427</u>	<u>19,425,326</u>
<u>Claims, Losses and Expenses from Takaful Insurance Operations:</u>					
Paid claims		9,686,964	8,970,701	28,172,412	28,397,725
<u>Less: Recoveries</u>		<u>(849,643)</u>	<u>(704,261)</u>	<u>(2,517,220)</u>	<u>(1,880,504)</u>
Re-insurers' share		<u>(3,362,248)</u>	<u>(3,597,192)</u>	<u>(10,253,866)</u>	<u>(11,921,681)</u>
Net Paid Claims from Takaful Insurance Operations		<u>5,475,073</u>	<u>4,669,248</u>	<u>15,401,326</u>	<u>14,595,540</u>
Net change in outstanding claims reserve		151,730	(335,491)	52,313	(1,859,281)
Owners' equity share for managing the operations of takaful insurance	19	1,455,974	1,565,293	5,756,563	5,249,947
Excess of loss contributions		62,915	60,450	188,744	181,200
Takaful policies acquisition costs		215,032	192,246	722,195	608,201
Other underwriting expenses		<u>367,581</u>	<u>277,232</u>	<u>1,196,522</u>	<u>907,632</u>
Net Claims Costs		<u>7,728,305</u>	<u>6,428,978</u>	<u>23,317,663</u>	<u>19,683,239</u>
<u>Less: Policyholders' share of takaful Insurance:</u>					
Expected credit losses	7	50,000	50,000	150,000	150,000
Depreciation and amortization		19,416	19,203	57,360	56,983
Other expenses		<u>26,510</u>	<u>42,863</u>	<u>92,993</u>	<u>105,207</u>
Total Policyholders' Share From Al-Takaful Insurance Operations		<u>95,926</u>	<u>112,066</u>	<u>300,353</u>	<u>312,190</u>
(Deficit) in Policyholders' before Tax		519,827	55,271	(540,589)	(570,103)
<u>Add: Income tax refund for the period</u>	9/b	<u>(133,179)</u>	<u>(12,397)</u>	<u>146,415</u>	<u>154,082</u>
(Deficit) in Policyholders' from Takaful Insurance Operations		<u>386,648</u>	<u>42,874</u>	<u>(394,174)</u>	<u>(416,021)</u>

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Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED NOT AUDITED)

	Notes	For the Three Months		For the Nine Months	
		Ended September 30,		Ended September 30,	
		2022	2021	2022	2021
		JD	JD	JD	JD
Owners' Equity Revenue from Al-Takaful insurance activities:					
Owners' Equity share of takaful insurance operations management	19	1,455,974	1,565,293	5,756,563	5,249,947
Owners' Equity share of investment income	20	121,457	101,481	354,626	318,980
Owners' Equity share of financial assets and investments income	21	46,326	151,572	326,616	412,919
Owners' Equity share for managing the investments portfolio	20&21	14,002	10,570	42,153	32,675
Other income (expenses)		<u>11,340</u>	<u>838</u>	<u>12,369</u>	<u>(18,254)</u>
Total Owners' Equity Revenues from Takaful Insurance Operations		<u>1,649,099</u>	<u>1,829,754</u>	<u>6,492,327</u>	<u>5,996,267</u>
<u>Claims, losses and Expenses from General Insurance Activities:</u>					
Paid claims		-	-	333	4,985
<u>Less: Recoveries</u>		-	-	(3,732)	(5,608)
Reinsurers' share		-	-	(314)	(4,767)
Net paid claims		-	-	(3,713)	(5,390)
Net change in outstanding claims reserve		-	<u>80</u>	-	<u>(73)</u>
Net Claims from General Insurance		-	<u>80</u>	<u>(3,713)</u>	<u>(5,463)</u>
Employees' expenses		971,746	956,895	2,831,351	2,729,366
General and administrative expenses		361,231	369,340	1,032,558	983,900
Al Qard Al Hassan granted to policyholders' expense		(386,648)	(42,874)	380,014	412,610
Depreciation and amortization		<u>116,188</u>	<u>118,306</u>	<u>345,298</u>	<u>357,088</u>
Total Expenses		<u>1,062,517</u>	<u>1,401,667</u>	<u>4,589,221</u>	<u>4,482,964</u>
Total Claims, loss, expenses from General Insurance Activities		<u>1,062,517</u>	<u>1,401,747</u>	<u>4,585,508</u>	<u>4,477,501</u>
Profit for the period before income tax		586,582	428,007	1,906,819	1,518,766
<u>Less: Income tax expense for the period</u>	9/b	<u>(39,866)</u>	<u>(86,367)</u>	<u>(520,522)</u>	<u>(459,082)</u>
Profit for the period		<u>546,716</u>	<u>341,640</u>	<u>1,386,297</u>	<u>1,059,684</u>
Earnings per share for the period-(basic & diluted)	22	<u>0.020</u>	<u>0.012</u>	<u>0.050</u>	<u>0.038</u>

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Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY
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AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three-Months		For the Nine-Months	
	Ended September 30,		Ended September 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	JD	JD	JD	JD
Profit for the period	546,716	341,640	1,386,297	1,059,684
<u>Add:</u> Other comprehensive income items after tax that hasn't been transferred to the profit or loss statement in subsequent periods:				
(Loss) from sale of financial assets at fair value through other comprehensive income	-	(4,718)	-	(4,718)
Owners' Equity share from the change in fair value of financial assets at fair value through other comprehensive income	<u>(42,055)</u>	<u>(91,675)</u>	<u>80,076</u>	<u>214,206</u>
Total Comprehensive Income for the Period	<u><u>504,661</u></u>	<u><u>245,247</u></u>	<u><u>1,466,373</u></u>	<u><u>1,269,172</u></u>

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITED)

	Financial Assets					Net Owners' Equity
	Paid-up Capital	Statutory Reserve	Valuation Reserve	Retained Earnings *	Profit for the Period	
	JD	JD	JD	JD	JD	JD
<u>For the Nine Months Ended September 30, 2022</u>						
Balance at the beginning of the period	28,000,000	3,561,202	(239,071)	2,726,966	-	34,049,097
Prior years adjustments	-	-	-	(388,149)	-	(388,149)
Total comprehensive income for the period	-	-	80,076	-	1,386,297	1,466,373
Distributed Dividend **	-	-	-	(1,120,000)	-	(1,120,000)
Balance at the end of the period	<u>28,000,000</u>	<u>3,561,202</u>	<u>(158,995)</u>	<u>1,218,817</u>	<u>1,386,297</u>	<u>34,007,321</u>
<u>For the Nine Months Ended September 30, 2021</u>						
Balance at the beginning of the period	28,000,000	3,494,290	(1,917,805)	3,522,266	-	33,098,751
Total comprehensive income for the period	-	-	214,206	(4,718)	1,059,684	1,269,172
Distributed Dividend **	-	-	-	(980,000)	-	(980,000)
Balance at the end of the period	<u>28,000,000</u>	<u>3,494,290</u>	<u>(1,703,599)</u>	<u>2,537,548</u>	<u>1,059,684</u>	<u>33,387,923</u>

* An amount equivalent to the negative financial assets valuation reserve as of September 30, 2022 is restricted from the retained earnings according to related regulations.

** Under the decision of the general assembly at its meeting held on April 25, 2022, cash dividends were distributed to the shareholders at a percentage of 4% of paid up capital for the year 2021 profits with an amount of JD 1,120,000 (JD 980,000 with a percentage of 3.5% from paid up capital for the year of 2020 profits).

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AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

	Reserve to Cover Deficit (Contingency provision)	Accumulated Deficit		Al Qard Al Hasan from Owners' Equity to Cover the Policyholders' Deficit	Net Policyholders' Equity
		Realized	Unrealized	Deficit	Equity
	JD	JD	JD	JD	JD
<u>For the Nine Month Ended September 30, 2022</u>					
Balance at the beginning of the period	14,160	-	-	-	14,160
(Deficit) in policyholders' for the period	-	(394,174)	-	-	(394,174)
Transfers from reserve to cover the deficit (contingency provision)	(14,160)	-	-	14,160	-
Al Qard Al Hasan granted by owners' equity to cover policyholders deficit	-	-	-	380,014	380,014
Transfers to policyholders deficit	-	394,174	-	(394,174)	-
Balance at the End of the Period	-	-	-	-	-
<u>For the Nine Month Ended September 30, 2021</u>					
Balance at the beginning of the period	3,411	-	-	-	3,411
(Deficit) in policyholders' for the period	-	(416,021)	-	-	(416,021)
Transfers from reserve to cover the deficit (contingency provision)	(3,411)	-	-	3,411	-
Al Qard Al Hasan granted by owners' equity to cover policyholders deficit	-	-	-	412,610	412,610
Transfers to policyholders deficit	-	416,021	-	(416,021)	-
Balance at the End of the Period	-	-	-	-	-

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FIRST INSURANCE COMPANY
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AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For The Nine Months Ended September 30,	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the period before tax income		1,366,230	948,663
Adjustments:			
Depreciation and amortization		402,658	414,071
Expected credit losses	7	150,000	150,000
Net change in unearned contributions reserve		2,670,578	(207,891)
Net change in outstanding claims reserve		52,313	(1,859,354)
Net change in mathematical reserve		(29,168)	(17,760)
Change in fair value of financial assets at fair value through profit or loss	21	(48,925)	-
Dividends income from financial assets at fair value through other comprehensive income	21	(76,178)	(59,182)
Amortization of financial assets at amortized cost		135	-
Returns from Sukuk	21	(169,867)	(282,109)
Gain from sale of financial assets at fair value through profit or loss	21	(55,126)	-
Gain from sale of sukuk - net of amortization		-	(44,620)
Al Qard Al Hasan expenses granted to policyholders		380,014	412,610
Net Cash Flows from (used in) Operating Activities before Changes in Working Capital		4,642,664	(545,572)
Decrease (increase) in checks under collection		193,563	(643,032)
(Increase) in receivables		(6,050,132)	(2,469,690)
Decrease (increase) in re-insurers' receivables		1,702,174	(381,903)
(Increase) decrease in other assets		(208,215)	228,817
Increase in payables		464,910	274,492
Increase in re-insurance payables		1,822,644	1,215,642
Increase in accrued expenses		68,992	41,772
Increase in other liabilities		1,068,137	1,998,477
(Decrease) in various provisions		(11,250)	(45,550)
Net Cash Flows from (used in) Operating Activities before Income Tax Paid		3,693,487	(326,547)
Income tax paid	9/a	(142,883)	(574,883)
Net Cash Flows from (used in) Operating Activities		3,550,604	(901,430)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in deposits at banks		6,834,740	4,477,988
(Purchase) of financial assets at amortized cost		(482,404)	(888,607)
Proceeds from sale and amortization of financial assets at amortized cost		-	2,212,421
Proceeds of dividends from financial assets at fair value through other comprehensive income		76,178	59,182
Change in property and equipment and intangible assets		(56,360)	(95,029)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	47,964
Proceeds from sale of financial assets at fair value through profit or loss		214,248	-
(Purchase) of financial assets at fair value through other comprehensive Income		(323,744)	-
(Purchase) of financial assets at fair value through profit or loss		(481,337)	-
Change in real-estate		39,884	38,739
Proceeds from Sukuk returns		169,867	282,109
Net Cash Flows From Investing Activities		5,991,072	6,134,767
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends		(1,019,247)	(219,363)
Net Cash (used in) Financing Activities		(1,019,247)	(219,363)
Net Increase in Cash and Cash Equivalents		8,522,429	5,013,974
Cash and cash equivalents at the beginning of the Period		2,657,561	2,353,036
Cash and Cash Equivalents at the End of the Period	23	11,179,990	7,367,010
<u>Non-Cash Transactions</u>			
Unreceived distributed dividends	13	462,728	760,637

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOME OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(REVIEWED NOT AUDITED)

1. General

- a. First Insurance Company was established on December 28, 2006 and registered as a public shareholding limited company under license No. (424) with an authorized paid-up capital of JD 24 million of a par value of JD 1 per share.

On April 2, 2015, First Insurance Company acquired a percentage of 76.25% of the Yarmouk Insurance Company's capital (a Public Shareholding Limited Company), on November 2, 2015 a final approval took place on the merger between the Yarmouk Insurance Company and the First Insurance Company and the result of the merger will be the First Insurance Company with an authorized and paid up capital of JD 28 million at 1 JD per share.

According to the decisions of the General Assembly in its extraordinary meeting held on December 05, 2021, the sale of all their shares in the subsidiary "Baden Company for trading and investing L.L.C" was unanimously approved, this sale resulted in a realized loss of JD 1,508,528.

- b. The accompanying condensed consolidated interim financial information were approved by the Board of Directors on October 24, 2022.

2. Basis of preparation

a. Basis of preparation of the Condensed Consolidated Interim Financial Information.

- The accompanying condensed consolidated interim financial information and its subsidiary have been prepared in accordance with International Accounting Standard IAS (34) relating to (Interim Financial Reporting).
- The condensed consolidated interim financial information are stated in Jordanian Dinar. Which represents the functional currency for the Company and its subsidiaries.
- The consolidated condensed interim financial information are prepared in accordance with the historical cost except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed consolidated interim financial information date.
- The condensed consolidated interim financial information do not include all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report for the year ended December 31, 2021. Moreover, the results of operations for the nine-months period ended September 30, 2022 do not necessarily provide an indication of the apportionment results of operations for the year ending December 31, 2022. No appropriation occurred on the profit of the period ended September 30, 2022 which is performed at the end of the financial year.

Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on September 30, 2022 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2021. However, the revised international financial reporting standards, which became effective for financial periods beginning on or after the first of January 2021, were followed in preparing the company's condensed consolidated interim financial information, which did not materially affect the amounts and disclosures in the condensed consolidated interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Annual improvements for the International Financial Reporting Standards 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

Basis of Preparation the consolidated condensed interim financial information

- The consolidated condensed interim financial information include the financial information of the Company and its subsidiaries under its control, Meanwhile, control exists when the Company has control over the investee company, or it is exposed to variable returns or holds rights for its participation in the investee company, and the Company is able to use its control over the investee company to affect those returns.

- The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

- When the Company has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, In this regard, the Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
 - The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
 - Potential voting rights held by the Company, other vote holders or other parties,
 - Rights arising from other contractual arrangements.
 - Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee;
- Has the ability to use its power to affect the investee's returns,

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Company has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, In this regard, the Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When it loses control of a subsidiary, the Company performs the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests,
- Derecognizes transfer differences accumulated in Owners' Equity.
- Derecognizes the fair value to the next controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any gain or loss in the income statement.
- Reclassifies owners' equity already booked in other comprehensive income to the profit or loss statement as appropriate.

The subsidiaries' financial information are prepared under the same accounting policies adopted by the Company, If the subsidiaries apply different accounting policies than those used by the Company, the necessary modifications shall be made to the subsidiaries' financial information to make them comply with the accounting policies used by the Company.

The non-controlling interests represent the portion not owned by the Company relating to ownership of the subsidiaries.

- All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated,
- The subsidiaries financial information are prepared under the same accounting policies adopted by the Company, if the subsidiaries apply different accounting policies than those used by the Company, the necessary modifications shall be made to the subsidiaries' financial information to make them comply with the accounting policies used by the Company.
- The results of the subsidiaries' operations are consolidated in the consolidated statement of profit or loss effective from their acquisition date, which is the date on which control over subsidiaries is effectively transferred to the Company, Furthermore, the results of the disposed of subsidiaries are consolidated in the consolidated statement of profit or loss up to the date of their disposal, which is the date on which the Company loses control over the subsidiaries.
- The non-controlling interests represent the portion not owned by the Company in the subsidiaries, Non-controlling interests are shown in the subsidiaries' net assets as a separate line item within the Company's statement of shareholders' equity.
- The Company owned the following subsidiaries as of September 30, 2022 through direct or indirect methods:

<u>Company's Name</u>	<u>Principal Activity</u>	<u>Ownership Percentage</u>	<u>Capital</u>	<u>Year of Incorporation</u>
Mulkiyat for Investment and Trade Company	Investment	100%	50,000	2010

The most important financial information of the subsidiary companies for the period ended September 30, 2022 is as follows:

<u>Company's Name</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenue</u>	<u>Total Expenses</u>
	JD	JD	JD	JD
Mulkiyat for Investment and Trade Company	2,897,146	2,690,734	235,578	68,472

3. Judgments, estimates and risk management

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements for the year ended December 31, 2021.

The company's policies and aims of risk management are consistent with the policies and aims disclosed in the financial statements for the year ended December 31, 2021.

4. Deposits at Banks - Net

This item consists of the following:

	September 30, 2022 (Reviewed)						December 31, 2021 (Audited)					
	Deposits maturing within one month		Deposits maturing within one to three months		Deposits maturing within three months to one year		Total			Total		
	Policyholders'	Owners' Equity	Policyholders'	Owners' Equity	Policyholders'	Owners' Equity	Policyholders'	Owners' Equity	Total	Policyholders'	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	30,394	46,279	2,185,948	7,399,998	-	3,169,873	2,216,342	10,616,150	12,832,492	2,179,110	9,224,693	11,403,803
Outside Jordan	-	-	-	-	-	2,660,425	-	2,660,425	2,660,425	-	3,039,008	3,039,008
<u>(Less): Expected credit losses provision</u>	<u>(249)</u>	<u>(235)</u>	<u>(17,884)</u>	<u>(37,544)</u>	<u>-</u>	<u>(29,581)</u>	<u>(18,133)</u>	<u>(67,360)</u>	<u>(85,493)</u>	<u>(18,133)</u>	<u>(67,360)</u>	<u>(85,493)</u>
	<u>30,145</u>	<u>46,044</u>	<u>2,168,064</u>	<u>7,362,454</u>	<u>-</u>	<u>5,800,717</u>	<u>2,198,209</u>	<u>13,209,215</u>	<u>15,407,424</u>	<u>2,160,977</u>	<u>12,196,341</u>	<u>14,357,318</u>

- Return rates on the deposits at banks in Jordanian Dinar range from 2% to 4%, while the return rates on the deposits outside Jordan in US Dollar range from 3.1% to 4%.
- The deposits restricted to the order of Central Bank of Jordan amounted to JD 800,000.

5. Financial assets at amortized cost - net

This item consists of the following:

	September 30, 2022 (Reviewed)			December 31, 2021 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Sukuk	993,574	3,539,453	4,533,027	992,436	3,058,052	4,050,488
<u>(Less):</u> Expected credit losses provision	(790)	(5,564)	(6,354)	(790)	(5,564)	(6,354)
	<u>992,784</u>	<u>3,533,889</u>	<u>4,526,673</u>	<u>991,646</u>	<u>3,052,488</u>	<u>4,044,134</u>

The sukuk above is of fixed yield ranging between 3.88% to 6.26% annually.

6. Cash on Hand and at Banks

This item consists of the following:

	September 30, 2022 (Reviewed)			December 31, 2021 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Cash on hand	70,753	5,017	75,770	339,326	3,852	343,178
Current accounts at banks	<u>1,305,459</u>	<u>192,054</u>	<u>1,497,513</u>	<u>1,277,749</u>	<u>114,773</u>	<u>1,392,522</u>
	<u>1,376,212</u>	<u>197,071</u>	<u>1,573,283</u>	<u>1,617,075</u>	<u>118,625</u>	<u>1,735,700</u>

7. Receivables - Net

This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Policyholders' receivables	18,764,336	12,746,199
Brokers' receivables	16,951	17,897
Employees' receivables	85,433	73,422
Owners' equity receivables	1,435	6,590
Others	66,855	40,770
Total	<u>18,935,010</u>	<u>12,884,878</u>
<u>Less: Expected credit losses provision*</u>	<u>(1,901,001)</u>	<u>(1,751,001)</u>
	<u>17,034,009</u>	<u>11,133,877</u>

* The movement on expected credit losses provision is as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period / year	1,751,001	1,601,001
<u>Add: Expected credit losses during the period / year</u>	<u>150,000</u>	<u>150,000</u>
Balance at the end of the period / year	<u>1,901,001</u>	<u>1,751,001</u>

The table below shows the aging of receivables:

	Un-due Receivables	Past Due Receivables				Total
		1-90 Days	91-180 Days	181-360 Days	More than 361 Days	
		JD	JD	JD	JD	
<u>September 30, 2022</u>	JD	JD	JD	JD	JD	JD
Policyholders receivable	10,259,470	3,973,073	1,338,683	1,326,349	1,866,761	18,764,336
Brokers' receivable	-	686	56	2,496	13,713	16,951
Employee receivable	85,433	-	-	-	-	85,433
Owners' equity receivable	-	289	810	-	336	1,435
Other receivables	-	37,333	16,953	5,924	6,645	66,855
Account Receivables	<u>10,344,903</u>	<u>4,011,381</u>	<u>1,356,502</u>	<u>1,334,769</u>	<u>1,887,455</u>	<u>18,935,010</u>

	Un-due Receivables	Past Due Receivables				Total
		1-90 Days	91-180 Days	181-360 Days	More than 361 Days	
		JD	JD	JD	JD	
<u>December 31, 2021</u>	JD	JD	JD	JD	JD	JD
Policyholders receivable	4,979,842	3,353,848	1,471,107	1,244,335	1,697,067	12,746,199
Brokers' receivable	-	2,291	1,063	5,686	8,857	17,897
Employees' receivable	73,422	-	-	-	-	73,422
Owners' equity receivable	-	6,520	70	-	-	6,590
Other receivables	-	37,007	811	2,159	793	40,770
Account Receivables	<u>5,053,264</u>	<u>3,399,666</u>	<u>1,473,051</u>	<u>1,252,180</u>	<u>1,706,717</u>	<u>12,884,878</u>

8. Reinsurance Receivables - Net

This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Local insurance companies	1,309,482	1,312,885
Foreign reinsurance companies	283,326	1,593,007
Total reinsurance receivables	1,592,808	2,905,892
(Less): Expected credit losses provision*	(559,090)	(170,000)
	<u>1,033,718</u>	<u>2,735,892</u>

* The following is the movement of expected credit losses:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period/year	170,000	170,000
Add: prior years adjustments	389,090	-
Balance at the end of the period/year	<u>559,090</u>	<u>170,000</u>

The table below shows the aging of reinsurance receivables:

	Un-due Receivables	Past Due Receivables				Total
		1-90 Days	91-180 Days	181-360 Days	More 361 Days	
<u>September 30, 2022</u>	JD	JD	JD	JD	JD	JD
Local insurance companies	264,926	231,974	199,939	217,612	395,031	1,309,482
Foreign reinsurance companies	13,734	54,263	119,564	38,159	57,606	283,326
Total reinsurance receivables	<u>278,660</u>	<u>286,237</u>	<u>319,503</u>	<u>255,771</u>	<u>452,637</u>	<u>1,592,808</u>
<u>December 31, 2021</u>						
Local insurance companies	481,419	172,093	108,344	400,803	150,226	1,312,885
Foreign reinsurance companies	-	730,987	757,271	89,976	14,773	1,593,007
Total reinsurance receivables	<u>481,419</u>	<u>903,080</u>	<u>865,615</u>	<u>490,779</u>	<u>164,999</u>	<u>2,905,892</u>

9. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	September 30, 2022 (Reviewed)			December 31, 2021 (Audited)		
	Policyholders	Owners'		Policyholders	Owners'	
		Equity	Total		Equity	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the period / year	152,999	(108,499)	44,500	156,208	354,657	510,865
(Less): Income tax paid	(1,705)	(141,178)	(142,883)	(5,477)	(572,083)	(577,560)
Income tax expense for the period / year	(36,236)	520,522	484,286	2,268	108,927	111,195
Balance at end of the period / year	<u>115,058</u>	<u>270,845</u>	<u>385,903</u>	<u>152,999</u>	<u>(108,499)</u>	<u>44,500</u>

- b. Income tax in the condensed consolidated interim statement of policyholders' revenue and expenses and the condensed consolidated interim statement of profit or loss is as follows:

	September 30, 2022 (Reviewed)		September 30, 2021 (Reviewed)	
	Policyholders'	Owners'	Policyholders'	Owners'
	JD	Equity JD	JD	Equity JD
Accrued income tax on the period profits	(36,236)	520,522	(106,214)	459,082
Impact of deferred taxes	(110,179)	-	(47,868)	-
Income tax (surplus) expense for the period	<u>(146,415)</u>	<u>520,522</u>	<u>(154,082)</u>	<u>459,082</u>

c. Tax status:

- The Company has obtained a final settlement with Income and Sales Tax Department until the end of year 2018. it has also submitted the tax return for the years 2019 - 2021 and paid the declared amount but it has not been reviewed yet.
- In the opinion of the management and the tax consultant, the income tax provision is sufficient as of September 30, 2022.

d. Deferred Tax:

The items of deferred tax assets are the result of temporary differences in terms of items that appear in the Company's condensed interim condensed financial information and details as follows:

	For the nine months ended on September 30, 2022 (Reviewed)				For the year ended on December 31, 2021 (Audited)	
	Beginning Balance JD	Added Amounts JD	Released Amounts JD	Ending Balance JD	Deferred Tax JD	Deferred Tax JD
Deferred Tax Assets:						
Expected Credit Losses – Receivables	1,751,001	150,000	-	1,901,001	494,260	455,260
Expected Credit Losses – Reinsurance Receivables	170,000	389,090	-	559,090	145,363	44,200
Expected Credit Losses –Banks deposits	85,493	-	-	85,493	22,228	22,228
Expected Credit Losses – Sukuk	6,354	-	-	6,354	1,652	1,652
Expected Credit Losses – Checks under collection	62,500	-	-	62,500	16,250	16,250
Cumulative change in fair value of financial assets through other comprehensive income	320,838	344,488	320,838	344,488	34,449	32,085
Outstanding Claims Provision IBNR – net	993,774	273,767	-	1,267,541	329,560	258,381
Premium Deficiency Reserve	233,000	61,000	-	294,000	76,440	60,580
Unallocated Loss Adjustment Expense Reserve	200,000	74,435	-	274,435	71,353	52,000
	<u>3,822,960</u>	<u>1,292,780</u>	<u>320,838</u>	<u>4,794,902</u>	<u>1,191,555</u>	<u>942,636</u>
Deferred Tax Liabilities:						
Cumulative change in fair value of financial assets through comprehensive income	43,965	119,305	43,965	119,305	19,851	11,431
	<u>43,965</u>	<u>119,305</u>	<u>43,965</u>	<u>119,305</u>	<u>19,851</u>	<u>11,431</u>

- Deferred tax assets were calculated at a rate of 26% for items in the Kingdom and 10% for items outside the Kingdom.
- The deferred taxes have not been calculated for the subsidiary, since the profits of investment in shares are not subject to tax according to the amended Income Tax Law for the year (38/2018).

10. Other Assets

This item consists of the following:

	September 30, 2022			December 31, 2021		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Accrued and un-received revenue	203,338	322,382	525,720	26,489	340,419	366,908
Prepaid expenses	62,914	270,520	333,434	-	176,436	176,436
Refundable insurance deposits	16,247	33,945	50,192	5,510	33,945	39,455
Others	-	41,308	41,308	-	-	-
	<u>282,499</u>	<u>668,155</u>	<u>950,654</u>	<u>31,999</u>	<u>550,800</u>	<u>582,799</u>

11. Payables:

This item consists of the following:

	September 30, 2022 (Reviewed)			December 31, 2021 (Audited)	
	Policyholders	Owners' Equity	Total	Total	
	JD	JD	JD	JD	JD
Agents' Payable	219,125	-	219,125	154,114	
Brokers' Payable	138,885	-	138,885	175,679	
Employees' Payable	288	4,865	5,153	5,087	
Suppliers' Payable	807,959	64,876	872,835	528,462	
Others*	<u>1,410,725</u>	<u>33,764</u>	<u>1,444,489</u>	<u>1,352,235</u>	
Total	<u>2,576,982</u>	<u>103,505</u>	<u>2,680,487</u>	<u>2,215,577</u>	

* This item includes customer's receivables, losses adjuster, lawyers, advisors, and medical network provider.

12. Reinsurance Payables:

This item consists of the following:

	September 30, 2022 (Reviewed)			December 31, 2021 (Audited)	
	Policyholders	Owners' Equity	Total	Total	
	JD	JD	JD	JD	JD
Local insurance companies	398,167	6,193	404,360	277,191	
Foreign re-insurance companies	<u>8,468,870</u>	<u>-</u>	<u>8,468,870</u>	<u>6,773,395</u>	
	<u>8,867,037</u>	<u>6,193</u>	<u>8,873,230</u>	<u>7,050,586</u>	

13. Other Liabilities:

This item consists of the following:

	September 30, 2022 (reviewed)			December 31, 2021 (audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Various governmental deposits	1,005,250	60,015	1,065,265	238,698	48,456	287,154
Uncollected Dividends	-	462,728	462,728	-	361,975	361,975
Various deposits	<u>169,803</u>	<u>69,537</u>	<u>239,340</u>	<u>146,436</u>	<u>44,572</u>	<u>191,008</u>
	<u>1,175,053</u>	<u>592,280</u>	<u>1,767,333</u>	<u>385,134</u>	<u>455,003</u>	<u>840,137</u>

14. Reserve to Cover Policyholders' Fund Deficit (Contingency Provision)

- This account represents what has been transferred from the policyholders' fund surplus during this year and previous years.

- Below is a summary movement of the reserve to cover deficit (contingency provision):

	September 30, 2022	December 31, 2021
	(Reviewed)	(Audited)
	JD	JD
Balance at the beginning of the period / year	14,160	3,411
Transfers from reserve to cover the policyholders' fund deficit	<u>(14,160)</u>	<u>10,749</u>
Balance at the end of the period / year	<u>-</u>	<u>14,160</u>

15. Surplus (deficit) Policyholders Accumulated

This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period / year	-	-
(Deficit) surplus Policyholders' during the period / year	(394,174)	10,749
Transferred to reserve to cover policyholders' fund deficit (contingency provision)	14,160	(10,749)
Al-Qard Al-Hasan granted by Owners' Equity to cover policyholders' deficit	380,014	-
Balance at the end of the period / year	<u>-</u>	<u>-</u>

16. Al Qard Al Hasan Granted by the Owners Equity to Cover the Policyholders' Fund Deficit

Fund Deficit

This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period / year	-	-
Al Qard Al Hassan granted by Owners' equity to cover the deficit	380,014	-
Transferred to policyholders' fund deficit	(380,014)	-
Balance at the end of the period / year	<u>-</u>	<u>-</u>

17. Capital and Statutory Reserve

- The paid-up capital is JD 28 million as of September 30, 2022 and December 31, 2021 divided into 28 million shares, par value of each share is 1 JD.
- The amounts accumulated in the statutory reserve account represent the amounts transferred from profit before tax during the year and prior years at a rate of 10% of profit before tax in accordance with the Companies Law and is not distributable to shareholders.

18. Retained Earnings

This item consists of the following:

	September 30, (reviewed)	
	2022	2021
	JD	JD
Balance at the beginning of the year	2,726,966	3,522,266
Prior years' adjustments	(388,149)	(320,420)
Profit for the year	-	2,080,560
(Losses) resulted from a sale of a subsidiary company *	-	(1,508,528)
Transferred to statutory reserve	-	(66,912)
Profits distributed to shareholders	(1,120,000)	(980,000)
Balance at the end of the period / year	<u>1,218,817</u>	<u>2,726,966</u>

- * According to the decisions of the General Assembly in its extraordinary meeting held on December 5, 2021, the sale of all shares in the subsidiary "Baden Company for trading and investing L.L.C" was unanimously approved, the sale resulted in a realized loss of JD 1,508,528.

19. Owners Equity Share for Takaful Operations Management

- The contractual relationship between owners' equity and policyholders represents an agent relationship to manage the insurance business through a specialized staff which were appointed for this mission.
- Wakala fees for the third quarter of the year 2022 were determined at 17% for Motors department (2021: 17%) and 19% for Medical department deducting the administrative fees (2021: 19%) and 25% for marine department (2021: 25%) and 7% for aviation department (2021: 7%) and 20% for fire department and other damages (2021: 20%) and 25% for the liability and other departments (2021: 25%) and 15.5% for Takaful insurance department - life (2021: 15,5%) and decreasing it to a rate of 10% for policies issued from the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for 100% reinsured polices, 10% of the premium were deducted while it should not exceed 90% from the reinsurances commission. As for investing policyholders' surplus, the contractual relation between the shareholders and policyholders is based on the Islamic principles (Modaraba) against a percentage of 35% from the investments gain in 2022.
- The determined compensation for the investment management is based on the Islamic principles (Modaraba & Wakala) based on budgets prepared by the Company and on a fair basis to the policyholders. The Company has a strict separation between the assets and liabilities of the policyholders and shareholders and hence the investment returns of the assets of the policyholders are determined accurately.

20. Investment Income – Takaful Insurance

This item consists of the following:

	For the year ended September 30, 2022 (reviewed)		For the year ended September 30, 2021 (reviewed)	
	Policyholders	Owners' Equity	Policyholders	Owners' Equity
	JD	JD	JD	JD
Income from deposits	71,792	354,626	45,758	318,980
Shareholders share in return to managing the investments portfolio	(25,127)	25,127	(16,015)	16,015
Total	<u>46,665</u>	<u>379,753</u>	<u>29,743</u>	<u>334,995</u>

- The compensation for managing the investments is determined based on the Islamic principle (Modaraba), which is based on the budgets prepared by the Company and on a fair basis to policyholders.
- The Company strictly separates the assets and liabilities of the policyholders and those of equity owners. Therefore, the investment returns of the assets of the policyholders are determined accurately.
- As for the investing policyholders' surplus, the contractual relation between the equity owners and policyholders is based on the Islamic principle (Modaraba) against a percentage from the investment's income.
- The Al-Sharia Supervisory Committee determined the owners' equity Modaraba share in return to management for the years 2022 and 2021, the percentage from the investment's income was 35%.

21. Gains from Financial Assets and Investments

This item consists of the following:

	For the year ended September 30, 2022 (reviewed)			For the year ended September 30, 2021 (reviewed)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	
Rental income – net	6,776	-	6,776	5,775	105,899	111,674
Dividends received from financial assets at fair value through other comprehensive income	-	76,178	76,178	-	59,182	59,182
Change in fair value of financial assets through profit or loss	-	48,925	48,925	-	-	-
Returns on Sukuk and Wakala investments	41,871	127,996	169,867	41,824	240,285	282,109
Gain on sale of financial assets through profit or loss	-	55,126	55,126	-	-	-
Other revenues	-	18,391	18,391	-	7,553	7,553
Total gains from financial assets and investments	48,647	326,616	375,263	47,599	412,919	460,518
Shareholders' share of return from investment property portfolio management	(17,026)	17,026	-	(16,660)	16,660	-
	<u>31,621</u>	<u>343,642</u>	<u>375,263</u>	<u>30,939</u>	<u>429,579</u>	<u>460,518</u>

22. Earnings per Share

Earnings per share is calculated by dividing the net earnings for the period over the weighted average common stock and it is calculated as follows:

	For the Nine Months Ended September 30,	
	2022	2021
	JD	JD
Profit for the period	1,386,297	1,059,684
Number of shares – Weighted average	28,000,000	28,000,000
Earnings per share for the period - (basic & diluted)	0.050	0.038

23. Cash and Cash Equivalents

Cash and cash equivalents in the concluded interim statement of cash flow consist of the amount shown in the condensed consolidated interim statement of financial position, which are detailed as follows:

	September 30,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Cash on hand and at banks	1,573,283	578,627
Add: Bank deposits maturing within three months	9,606,707	6,788,383
Cash and cash equivalents at the end of the period	<u>11,179,990</u>	<u>7,367,010</u>

24. Related Party Balances and Transactions

- The Company engaged in transactions with major owners' equity and key management within the Company's normal business, All of the deferred insurance accounts receivables and financing due to the related parties are performing, and no provisions were recorded.
- The Company's management depends on the pricing policy and conditions for these transactions.
- Below is a summary of related parties' transactions during the period / year:

	Related Party				Total
	Major Shareholders and Directors	Upper Management	Sister Company	September 30, 2022	December 31, 2021
	JD	JD		JD	JD
<u>Condensed Consolidated Interim Statement of Financial Position Items</u>					
Accounts receivable	1,435	41,245	(16,497)	26,183	37,869
Deposits at banks outside of Jordan	-	-	2,660,426	2,660,426	3,039,008
<u>Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income Items</u>					
Investments revenue	-	-	75,785	75,785	116,511
Takaful Insurance contribution	520	488	-	1,008	952

Below is a summary of the executive management benefits (salaries, bonuses, and other benefits):

	September 30,	
	2022	2021
	(Reviewed)	(Reviewed)
Salaries and bonuses	JD	JD
	727,697	691,628
	<u>727,697</u>	<u>691,628</u>

25. Lawsuits against the Company

There are lawsuits held against the Company for various types of claims, the determined lawsuits at courts is about JD 1,715,725 as of September 30, 2022 (JD 1,265,770 as of December 31, 2021), In the management and the legal advisors' opinion, the Company will not have claims that exceed the outstanding claims provision amount.

26. Fair Value Hierarchy

a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

Fair value is the price that would be received to sell an asset or as a payment to transfer a liability in an organized transaction between market participants at the measurement date, regardless of whether if price can be directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants take those characteristics into account when pricing the asset or liability at the measurement date.

Some of the financial assets and financial liabilities of the Company are estimated at fair value at the end of each financial period, The following table provides information about the manner in which financial assets and financial liabilities are determined (Evaluation methods and input used):

Financial assets / liabilities	Fair Value		Fair Value Level	Evaluation Method and Used Entries	Significant Intangible Entries	Relation between Significant Intangible Entries and Fair Value
	September 30, 2022	December 31, 2021				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss	371,140	-	First Level	Prices stated in financial markets	N/A	N/A
Financial assets at fair value through comprehensive income						
Shares with quoted prices	1,836,977	1,431,188	First Level	Prices stated in financial markets	N/A	N/A
Shares with un-quoted prices	53,930	50,210	Third Level	Based on the latest available financial information	N/A	N/A
Total	<u>2,262,047</u>	<u>1,481,398</u>				

There were no transfers between the first and third levels during the nine months ended September 30, 2022 and the ended year December 31, 2021.

b. Fair Value of Financial Assets and Financial Liabilities Continuously Undetermined at Fair Value

with the exception of what is stated in the schedule below, we believe that the carrying amount of the financial assets and financial liabilities stated in the Company's condensed consolidated interim financial information approximates their fair value. Moreover, the Company's management believes that the book value of the items below approximates their fair value due to either their short-term maturity or the re-pricing of interest rates during the period.

	September 30, 2022		December 31, 2021		Fair Value Level
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets of undetermined fair value					
Deposits at banks	15,407,424	15,655,978	14,357,318	14,848,002	Third Level
Financial assets at amortized cost	4,526,673	4,609,817	4,044,134	4,117,825	Third Level
Total Financial assets of undetermined fair value	<u>19,934,097</u>	<u>20,265,795</u>	<u>18,401,452</u>	<u>18,965,827</u>	

For the items shown above, the fair value of assets and liabilities for the third level were determined according to agreed upon pricing models that reflect credit risks related to the parties that are being dealt with.