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

CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR
THE PERIOD ENDED
MARCH 31, 2023

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION WITH
REVIEW REPORT FOR THE INDEPENDENT AUDITOR
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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Review Report for the Independent Auditor

AM/ 012534

To the Chairman and Members of the Board of Directors
First Insurance Company
(A Public Shareholding Limited Company)
Amman – 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 March 31, 2023 and the related condensed consolidated interim statements of policyholders revenue and expenses, profit or loss and comprehensive income, changes in owners' equity, changes in policyholders' equity and cash flows for the three-months period ended then, 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 accounting policies adopted by the Company's management. 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 Consolidated Interim Financial Information Performed by the Independent Auditor of the Company". A review of the consolidated interim financial information consists of making inquiries, primarily from the personnel's responsible for financial and accounting matters, applying analytical and other review procedures. The 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 all material respects in accordance with accounting policies adopted by the Company's management, and described in note (2).

Emphasis of Matter - Basis of Accounting and Restriction on Use
We draw attention to note (2) to the interim financial information, which describes the basis of accounting. The interim financial information is prepared to assist the Company in meeting the requirements of the Central Bank of Jordan and Security Depository Center. As a result, the interim financial information may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Deloitte & Touche

Amman – The Hashemite Kingdom of Jordan
April 27,2023

Deloitte & Touche (M.E) - Jordan

Deloitte & Touche (M.E.)
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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

ASSETS	Note	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
		JD	JD
Investments:			
Deposits at banks - net	4	16,895,164	15,724,155
Financial assets at fair value through other comprehensive income	24	3,048,731	2,760,877
Financial assets at amortized cost - net	5	6,648,594	5,193,110
Real-estate investments - net		6,661,470	6,674,713
Total Investments		33,253,959	30,352,855
Cash on hand and at banks	6	1,586,439	3,820,279
Checks under collection - net		3,587,700	3,346,202
Receivables - net	7	15,291,516	11,088,339
Reinsurance receivables - net	8	1,326,682	1,332,423
Deferred tax assets	9/c	1,292,061	1,256,317
Property and equipment - net		9,816,243	9,897,162
Intangible assets - net		748,116	777,458
Other assets		1,163,901	2,059,311
TOTAL ASSETS		68,066,617	63,930,346
LIABILITIES AND POLICY HOLDERS' EQUIITY AND OWNERS' EQUITY			
LIABILITIES:			
Unearned contributions reserve - net		12,249,006	12,650,657
Premiums deficiency reserve		294,000	294,000
Outstanding claims reserve - net		5,700,243	5,196,168
Unallocated loss adjustment reserve		281,538	281,538
Mathematical reserve - net		173,468	148,717
Total Insurance Contracts Liabilities		18,698,255	18,571,080
Payables	10	2,601,041	2,704,159
Reinsurance payables	11	9,545,124	5,954,390
Accrued expenses		53,604	113,316
Various provisions		45,000	45,000
Income tax provision	9/a	571,994	669,981
Deferred tax liabilities	9/c	18,393	23,470
Other liabilities		1,448,185	1,095,924
TOTAL LIABILITIES		32,981,596	29,177,320
POLICYHOLDERS' EQUITY:			
Al-Qard Al-Hasan granted by owners' equity to cover policyholders' deficit	12	-	-
Accumulated surplus (deficit) for policyholders' fund	13	-	-
Reserve to cover deficit (contingency provision)	14	-	23,151
Total Policyholders' Equity		-	23,151
OWNERS' EQUITY:			
Authorized and paid-up capital	15	28,000,000	28,000,000
Statutory reserve	16	3,810,741	3,810,741
Financial assets valuation reserve - net after tax		(120,596)	(66,719)
Retained earnings		3,048,127	2,985,853
Profit for the period		346,749	-
Total Owners' Equity - Company's Shareholders		35,085,021	34,729,875
Total Policyholders' and Owners' Equity		35,085,021	34,753,026
TOTAL LIABILITIES AND POLICYHOLDERS' AND OWNERS' EQUITY		68,066,617	63,930,346

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

	Note	For the Three Months Ended March 31, 2023 (Reviewed)	2022 (Reviewed)
		JD	JD
Takaful Insurance Revenue:			
Gross written contributions		16,471,763	16,027,209
Less: Re-insurers' share		(9,868,797)	(8,603,087)
Net Written Contributions from Takaful Insurance Operations for Policyholders		6,602,966	7,424,122
Net change in unearned contributions reserve		401,651	(2,089,435)
Net change in mathematical reserve		(24,751)	(745)
Net Earned Contributions Revenue from Takaful Insurance operations for Policyholders		6,979,866	5,333,942
Commissions' revenue		1,341,058	1,275,016
Takaful policies issuance revenue		868,577	679,540
Policyholders' share of investment income		46,659	39,995
Less: Owners' equity share for managing the investment portfolio		(16,331)	(13,998)
Total Revenue from Takaful Insurance operations for Policyholders'		9,219,829	7,314,495
Claims, Losses and Expenses from Takaful Insurance Operations:			
Paid claims		9,546,598	9,800,746
Less: Recoveries		(917,405)	(778,135)
Re-insurers' share		(2,587,794)	(4,078,031)
Net Paid Claims from Takaful Insurance Operations		6,041,399	4,944,580
Net change in outstanding claims reserve		504,075	(11,264)
Owners' equity share for managing the operations of takaful insurance	17	2,736,380	2,655,600
Excess of loss contributions		77,997	62,915
Takaful policies acquisition costs		331,261	259,159
Other underwriting expenses		461,324	463,317
Net Claims Costs		10,152,436	8,374,307
Less: Policyholders' share of Takaful Insurance operations:			
Expected credit losses	7	50,000	50,000
Depreciation and amortization		14,416	18,867
Other expenses		44,392	37,962
Total Policyholders' share of Takaful Insurance		108,808	106,829
Policyholders' (deficit) before tax		(1,041,415)	(1,166,641)
Add: Income tax surplus for the period	9/b	272,975	305,259
Policyholders' (Deficit) from Takaful Insurance operations		(768,440)	(861,382)

Chairman of the Board of Directors | Chief Executive Officer

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	For the Three Months Ended March 31, 2023 (Reviewed)	2022 (Reviewed)
		JD	JD
Owners' equity revenue from Al-Takaful Insurance operations:			
Owners' equity share for managing the takaful insurance operations	17	2,736,380	2,655,600
Owners' equity share of investments income		140,084	115,993
Owners' equity share of profits from financial assets and investments income		91,076	63,884
Owners' equity share for managing the investments portfolio		16,331	13,998
Other revenue		20,861	44,385
Total Owners' Equity Revenues from General and Takaful Insurance Operations		3,004,732	2,893,860
Claims, losses and expenses from general insurance operations:			
Paid claims		-	-
Less: Recoveries		-	-
Reinsurers' share		-	-
Net paid claims		-	-
Net change in outstanding claims reserve		-	-
Net Claims from General Insurance operations		-	-
Unallocated employees' expenses		1,034,138	922,812
Unallocated general and administrative expenses		409,710	378,908
Expense for Al Qard Al Hasan granted to policyholders'	12	745,289	847,222
Depreciation and amortization		113,041	114,959
Total Claims, Losses and Expenses from General Insurance Operations		2,302,178	2,263,901
Profit for the period before tax		702,554	629,959
Less: Income tax expense for the period	9/b	(355,805)	(361,734)
Profit for the period		346,749	268,225
Earning per share for the period (Basic and Diluted)	18	0,012	0,010

Chairman of the Board of Directors

Chief Executive Officer

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FIRST INSURANCE COMPANY

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AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the Three Months Ended March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Profit for the period	346,749	268,225
Comprehensive Income Statement Items:		
Add: Other comprehensive income items after tax not to be transferred to profit or loss in the subsequent periods		
Owners' equity share from the change in fair value of financial assets at fair value through other comprehensive income	(53,877)	8,531
Profit from selling of assets at fair value through other comprehensive income	62,274	-
Total Comprehensive Income for the Period	355,146	276,756

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FIRST INSURANCE COMPANY

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AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

	Paid-up Capital	Statutory Reserve	Financial Assets Valuation Reserve - Net	Retained Earnings *	Income for the period	Total Owners' Equity
For the three months ended March 31, 2023	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period (Audited)	28,000,000	3,810,741	(66,719)	2,985,853	-	34,729,875
Total comprehensive income for the period	-	-	(53,877)	62,274	346,749	355,146
Balance - End of the Period (Reviewed)	28,000,000	3,810,741	(120,596)	3,048,127	346,749	35,085,021
For the three months ended March 31, 2022						
Balance at the beginning of the period (Audited)	28,000,000	3,561,202	(239,071)	2,726,966	-	34,049,097
Prior years adjustments	-	-	-	(100,222)	-	(100,222)
Total comprehensive income for the period	-	-	8,531	-	268,225	276,756
Balance - End of the Period (Reviewed)	28,000,000	3,561,202	(230,540)	2,626,744	268,225	34,225,631

* An amount from retained earnings equivalent to the negative financial assets valuation reserve balance is restricted in accordance with the related regulations as of March 31, 2023.

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FIRST INSURANCE COMPANY

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AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY

	Reserve to cover deficit (Contingency provision)	Accumulated Deficit		Al-Qard Al-Hasan granted by Owners' equity to Cover the Policyholders' Deficit	Net Policyholders' Equity
		Realized	Unrealized		
	JD	JD	JD	JD	JD
For the three months ended March 31, 2023					
Balance at the beginning of the period (audited)	23,151	-	-	-	23,151
Policyholders' (deficit) from Takaful Insurance operations	-	(768,440)	-	-	(768,440)
Transfers to policyholders' deficit	-	745,289	-	(745,289)	-
Transfers from reserve to cover deficit (contingency provision)	(23,151)	23,151	-	-	-
Al Qard Al Hasan granted by owners' equity	-	-	-	745,289	745,289
Balance at the end of the period (reviewed)	-	-	-	-	-
For the three months ended March 31, 2022					
Balance at the beginning of the period (audited)	14,160	-	-	-	14,160
Policyholders' (deficit) from Takaful Insurance operations	-	(861,382)	-	-	(861,382)
Transfers to policyholders' deficit	-	847,222	-	(847,222)	-
Transfers from reserve to cover deficit (contingency provision)	(14,160)	14,160	-	-	-
Al Qard Al Hasan granted by owners' equity	-	-	-	847,222	847,222
Balance at the end of the period (reviewed)	-	-	-	-	-

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FIRST INSURANCE COMPANY
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AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Note	For the Three Months Ended March 31, 2023 (Reviewed)	2022 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
(Loss) for the period before tax		(338,861)	(536,682)
Adjustments:			
Depreciation and amortization		127,457	133,826
Expected credit losses	7	50,000	50,000
Net change in unearned contributions reserve		(401,651)	2,089,435
Net change in outstanding claims reserve		504,075	(11,264)
Net change in mathematical reserve		24,751	745
Net change in financial assets at fair value through profit or loss		-	(33,514)
Loss from sale of property and equipment		1,736	-
(Profits) from sale of financial assets at fair value through other comprehensive income		(508)	-
Dividends received from financial assets at fair value through other comprehensive income		(41,492)	-
(Returns) from deposits		(169,696)	-
Returns from sukuk		(76,463)	(36,965)
Expense for Al-Qard Al-Hasan granted to policyholders'	12	745,289	847,222
Net Cash Flows from Operating Activities before Changes in Working Capital		424,637	2,502,803
(Increase) decrease in checks under collection		(241,498)	348,619
(Increase) in receivables		(4,253,177)	(4,495,633)
Decrease in re-insurance receivables		5,741	1,572,572
Decrease (increase) in other assets		895,410	(502,085)
(Decrease) increase in accounts payable		(103,118)	718,102
(Decrease) in re-insurance payables		(59,712)	(357,330)
Increase (decrease) in accrued expenses		3,590,734	(4,173)
(Decrease) increase in other liabilities		(266,223)	6,427
Increase in various provisions		-	8,950
Net Cash Flow (used in) Operating Activities before income tax paid		(7,206)	(201,748)
Income tax paid	9/a	(213,388)	(15,725)
Net Cash Flows (used in) Operating Activities		(220,594)	(217,473)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (increase) in deposits at banks		2,715,117	(1,176,157)
(Purchase) of financial assets at fair value through profit or loss		-	(150,311)
(Purchase) of financial assets at fair value through other comprehensive income		(349,982)	-
Proceeds from sale of financial assets at fair value through other comprehensive income		62,782	-
Dividends received from financial assets at fair value through other comprehensive income		41,492	-
Change in property and equipment and projects under construction and intangible assets		-	3,655
Proceeds from sale of property and equipment		2,657	-
(Purchase) of property and equipment		(16,165)	-
(Purchase) of intangible assets		(4,000)	-
(Purchase) of sukuk		(1,455,790)	(482,404)
Proceeds from sukuk returns		76,463	36,965
Sukuk amortization		306	1,022
Net Cash Flows from (used in) Investing Activities		1,072,880	(1,767,230)
Net Increase (Decrease) in Cash and Cash Equivalent		852,286	(1,984,703)
Cash and cash equivalent at the beginning of the period		5,243,618	2,657,561
Cash and Cash Equivalent at the End of the Period	19	6,095,904	672,858

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.

1. Establishment and Activities

First Insurance Company was established on 28 December 2006 in Amman - The Hashemite kingdom of Jordan 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 Public Shareholding Limited Company's capital, 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.

2. Basis of Preparation

- The condensed consolidated interim financial information for the Group have been prepared for the three months ended March 31, 2023 in accordance with International Accounting Standard number (34) related to "Interim Financial Reporting", except for the following:

  The Group has continued to implement the provisions of Decision No. (4) of 2012 "Decision regarding the necessary forms for the preparation of reports and financial statements" issued by the Jordan Insurance Federation pursuant to the provisions of Law No. (33) for the year 1999 and Instructions No. (2) of 2003 of the year regulating insurance business, and accordingly the Group did not apply IFRS (17) as of March 31, 2023.

- The condensed consolidated interim financial information are stated in Jordanian Dinar which represents the functional currency for the Company and its subsidiary

- The condensed consolidated interim financial information doesn't 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, 2022. Moreover, the results of operations for the three months period ended March 31, 2023 do not necessarily provide an indication of the results of operations for the year ending December 31, 2023. No appropriation occurred on the profit of the period ended March 31, 2023 which is performed at the end of the financial year.

- The accounting policies adopted for the current year are consistent with those adopted in the year ended December 31, 2022, and are as follows:

Basis of Consolidation of the Financial Statements

The condensed consolidated interim financial information includes the financial information of the Company and its subsidiary Company that are subject to its control. In this regard, control is established when the Company has the ability to conduct the main activities of the subsidiary Company, it is subject to the variable returns arising from its investment in the subsidiary Company, or it has the right to these returns, and it has the ability to influence the returns through its control of the subsidiary Company. Intercompany transactions, balances, revenue and expenses are eliminated between the Company and its subsidiary.

The Company established Mulkiyat for Investment and Trade Company in the register of limited liability companies under No. (22534) on August 10, 2010 with a capital of JD 50,000.

The financial statements of the subsidiary company are prepared for the same finacial year of the parent Company using the same accounting policies of the parent Company. If the accounting policies adopted by the subsidiary company differ from those of the parent Company, the necessary adjustments to the financial statements of the subsidiary company are made to comply with the accounting policies of the parent Company.

Control is established when the Company has the ability to influence the operational and the financial policies of the subsidiary companies for the benefit of its operations. Intercompany transactions and balances, and the intercompany revenues and expenses are entirely eliminated between the parent Company and its subsidiaries.

The results of the subsidiary companies are incorporated into the condensed consolidated interim statement of profit or loss from the effective date of acquisition, which is the date on which the parent Company assumes actual control over the subsidiary. Moreover, the operating results of the disposed subsidiaries are incorporated into the condensed consolidated interim statement of profit or loss up to the effective date of disposal, which is the date on which the parent Company loses control over the subsidiary companies.

Control is achieved when the Company:

- Has the ability to control the investee;
- Is subject to variable returns, or have the right to variable returns arising from its association with the investee;and
- Has the ability to use its power to influence the returns of the investee.

The Company re-evaluates whether it controls the investee companies or not, if the facts and circumstances indicate that there are changes to one or more of the control criteria referred to above.

If the Group's voting rights are less than the majority's voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Group the ability to direct the activities of the related subsidiary unilaterally. Moreover, the Group's takes into account all the facts and circumstances in assessing whether the Group has enough voting rights in the investee to enable it to control or not. These facts and circumstances include the following:

- The size of voting rights owned by the Group in relation to the size and distribution of other voting rights;
- Potential voting rights held by the Group and any other voting rights held by others or third parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the Group has or does not have an existing responsibility for directing the relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings

When the Company loses control over any of its subsidiaries, the Group:

- Derecognizes the assets of the subsidiary (including goodwill) and liabilities;
- Derecognizes the carrying amount of any uncontrolled interest;
- Derecognizes the cumulative transfer differences recognized in equity;
- Derecognizes the fair value of the consideration received;
- Derecognizes the fair value of any investment held;
- Derecognizes any surplus or deficit in the income statement; and
- Reclassifies the Group's equity previously recognized in conslolidated other comprehensive income to the conslolidated statement of profit or loss or retained earnings, as appropriate.

Segmental Information

Business segment is a Group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, to the effect that it is measured according to the reports used by the Chief Executive Officer and the main decision maker at the Group.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Debt Instruments at Amortized Cost or at Fair Value through Comprehensive income

The Group evaluates the classification and measurement of the financial asset based on the contractual cash flow characteristics and the Group’s business model for asset management.

For an asset classified at amortized cost or at fair value through comprehensive income, its contractual terms should result in cash flows that are only principal and interest payments on the principal outstanding.

For the purpose of testing the principal and interest payments on the principal outstanding, the asset is the fair value of the financial asset at initial recognition. This principal amount may change over the life of the financial asset (for example, if there is a principal repayment). Interest consists of the allowance for the time value of money, the credit risk associated with the original amount outstanding over a given period of time, and other basic lending options and risks, as well as the profit margin. An assessment of the principal and interest payments is made for the principal amount outstanding in the currency in which the financial asset is evaluated.

Contractual cash flows represent the principal and interest payments on the principal outstanding and are consistent with the underlying funding arrangement. Contractual terms involving exposure to risks or fluctuations in contractual cash flows unrelated to the underlying financing arrangement, such as exposure to changes in equity prices or commodity prices, do not result in contractual cash flows that are only from principal and interest payments. A financial asset granted or acquired may also be the primary financing arrangement regardless of whether it is a loan in its legal form.

Evaluating the Business Model

Evaluation of business models for the management of financial assets is essential for the classification of financial assets. Moreover, the Group defines business models at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. In this regard, the Group's business model does not depend on the management’s intentions concerning an individual instrument, and therefore the business model is evaluated at a group level and not on an instrument-by-instrument basis.

The Group adopts more than one business model to manage its financial instruments that reflect how the Group manages its financial assets to generate cash flows. In addition, the Group's business models determine whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

The Group takes into account all relevant information available when conducting an evaluation of the business model. However, this assessment is not done on the basis of scenarios that the Group does not expect to occur reasonably, such as the so-called "worst case" or "stress state" scenarios. The Group also takes into account all available relevant evidence such as:

- The portfolio stated policies and objectives and the application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, matching the period of financial assets with the period of financial liabilities that finance those assets, or achieving cash flows through the sale of assets.

- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel; and

- Risks affecting the performance of the business model (and the financial assets of that model), in particular the manner in which such risks are managed; and

- How to compensate business managers (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows received).

Upon initial recognition of the financial asset, the Group determines whether the newly recognized financial assets are part of an existing business model or whether they reflect the beginning of a new business model. The Group evaluates its business models in each reporting period to determine whether business models have changed since the prior period.

When a debt instrument measured at fair value through comprehensive income is derecognized, the cumulative gain / loss previously recognized in comprehensive income is reclassified as owners' equity to the statement of income. On the other hand, for equity investments measured at fair value through comprehensive income, the cumulative gain / loss previously recognized in comprehensive income is not subsequently reclassified to the statement of profit or loss but transferred directly to owners' equity.

Debt instruments that are subsequently measured are carried at amortized cost or at fair value through comprehensive income for impairment testing.

Reclassification
If the business model in which the Group retains financial assets changes, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Group's financial assets. Changes in contractual cash flows are considered in the accounting policy for the adjustment and disposal of the financial assets described below.

Impairment
The Group recognizes the expected credit losses provisions on the following financial instruments that are not measured at fair value through the profit or loss:

- Balances and deposits at banks
- Receivables and reinsurers receivables
- Financial assets at amortized cost (Debt instruments)
- Checks under collection

No impairment loss is recognized in owners' equity instruments.

The Group calculates the impact of impairment in the financial statements using the simplified approach.

Definition of Default in Payments
The definition of default is very important in determining the expected credit loss. It is used to measure the value of credit loss, because default is a component of the probability of default that affect the measurement of credit losses.

Impairment of Financial Assets
The Group takes a provision for the expected credit losses on receivables, checks under collection, and reinsurers’ receivable. The expected credit losses are updated on each reporting date to reflect changes in creditworthiness since the initial recognition of the relevant financial instrument.

The Group continuously records the expected credit losses over their lives as regards receivables, checks under collection, and reinsurers’ receivable. Moreover, the expected credit losses are estimated using a provsion matrix based on the Group's previous credit loss experience and adjusted to the factors relating to debtors, general economic conditions, and assessment of the current and future conditions at the reporting date, including the time value of cash, as appropriate.

For all other financial assets, the Group recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since the initial recognition. The expected credit loss over its life span represents the expected credit losses that will arise from all probable defaults over the course of the expected lifetime of the financial instrument.

Expected Credit Losses Provison
The Group has adopted the simplified method to recognize the expected credit losses over their lifetime as permitted by IFRS (9). Accordingly, non-impaired financial instruments that do not contain a significant component of finance have been classified within the second stage with the recognition of expected credit losses over their lifetime.

A provision for the expected long-term credit loss of a financial instrument should be recognized if the credit risk on that financial instrument increases substantially since the initial recognition, and the expected credit loss is a potential weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Group assesses whether there is an objective evidence of impairment on an individual basis for each asset with an individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Adjustment and Derecognition of Financial Assets
An adjustment is made to the financial asset when the contractual terms that govern the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and and maturity of the financial asset. The adjustment affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is adjusted, the Group assesses whether such an adjustment results in derecognition. According to the Group's policy, the adjustment leads to derecognition when it causes a significant difference in terms.

If a financial asset is derecognized, the provision for the expected credit losses at the de-recognition date is re-measured to determine the net carrying amount of the asset at that date. The difference between the adjusted carrying amount and the fair value of the new financial assets with the new terms will result in a gain or loss on derecognition.

When the contractual terms of a financial asset are modified, and the adjustment does not result in derecognition, the Group determines whether the credit risk of the financial asset has increased significantly since the initial recognition by comparing:

- The probability of non-payment for the remaining period estimated on the basis of data at initial recognition and original contractual terms; with

- The probability of non-payment for the remaining period at the reporting date based on the modified terms.

When the adjustment does not result in derecognition, the Group calculates the adjustment gain / loss to compare the total carrying amount before and after the adjustment (except for the expected credit loss provision). The Group then measures the expected credit loss of the adjusted asset, as the expected cash flows arising from the adjusted financial asset are included in the expected cash deficit from the original asset.

Derecognition of Financial Assets
The Group derecognizes a financial asset upon completion of the contractual rights relating to the receipt of the cash flows from the asset, or when the entity has transferred the financial asset, together with all significant risks and rewards of ownership, to another entity. If the Group does not transfer or retain substantially the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its remaining interest in the transferred asset and the related liabilities that the Group may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the financial asset.

Upon derecognition of any financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received or receivable is recognized in the condensed consolidated interim statement of profit or loss.

Write-off
The Group derecognizes financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. When the debtor has been placed under liquidation, has entered bankruptcy proceedings, or where trade receivables age exceeds two years, whichever is earlier. The Group may continue to subject financial assets written off to collection procedures, taking into account legal advice, where appropriate. Meanwhile, any recoveries are recognized in the condensed consolidated interim statement of profit or loss.

Financial Liabilities and Equity Instruments Issued by the Group
Classification as debt or equity instruments
Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements, the definitions of financial liabilities, and the equity instruments.

Equity Instruments
An equity instrument is defined as a contract that evidences ownership of the remaining shares of an entity's assets after deducting all liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

Financial Liabilities
All financial liabilities are subsequently measured at amortized cost using the effective yield method or at fair value through profit or loss. Financial liabilities that are not (i) a potential consideration for the acquiree in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

Payables and other credit balances whish are classified as "financial liabilities" are tentatively measured at fair value after deducting the relevant deal costs, while its measured subsequently at the amortized cost using effective yield method and the related interests expenses are recognized on the basis of effective yield except for short-term liabilities if the recognized return is not significant.

The effective yield method is the method of calculating the amortized cost of a financial liability and allocating the expense over the period in question. The effective yield rate is the rate that exactly discounts the expected future cash payments within the expected life of the financial obligation or, where appropriate, a shorter period.

Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when it is discharged from its obligations, or when such obligations are canceled or expired. The difference between the carrying amount of the derecognized financial liability and the consideration payable or payable is recognized in profit or loss.

Foreign Exchange Gains and Losses

The carrying amount of financial assets recorded in a foreign currency is determined and translated at the rate prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a specific hedging relationship, the currency exchange differences are recognized in the condensed consolidated interim statement of profit and loss; and

- For debt instruments measured at fair value through comprehensive income that are not part of a specific hedging relationship, the exchange differences on the amortized cost of the debt instrument are recognized in the statement of profit or loss. Other exchange differences in comprehensive income are recognized in the revaluation reserve; and

- if financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or

- If a derivative is included in the basic financial or non-financial contract, and the derivative is not closely related to the basic contract.

Fair Value

Closing market prices (acquiring assets / selling liabilities) in active markets at the date of the condensed consolidated interim financial information represent the fair value of traded financial derivatives. In case declared market prices do not exist, some financial derivatives are not actively trading, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the market value of another financial asset with similar terms and conditions.
- Analysis of future cash flows and expected discounted cash flow based on a rate used for similar instruments.
- Adoption of option pricing models.

The valuation methods aim at providing a fair value reflecting expectation of the market, and take into consideration market factors, risks, and future benefits when estimating the derivatives value. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Property Investments
Property investments are stated at cost net of accumulated depreciation (excluding lands). In addition, impairment in their value is taken to the condensed consolidated interim statement of profit or loss. The operating revenues or expenses of these investments are included in the condensed consolidated interim statement of comprehensive income and/or in the statement of Policyholders' Revenues and Expenses. Moreover, these investments (excluding lands) are depreciated over their useful lives using the straight-line method at an annual rate of 2 - 20%.

Property investments are evaluated according to the decisions issued by the Ministry of Industry and Trade and Insurance Management. Moreover, their fair value is disclosed in the real estate investments note.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances with banks and financial institutions maturing within three months, less restricted balances.

Reinsurance Accounts
The Company carries out reinsurance operations with other insurance and reinsurance companies and is exposed in many areas to certain levels of risk. Reinsurance operations include the relative share, excess of loss agreements, facultative reinsurance and other reinsurance forms that essentially cover all types of insurance. Reinsurance contracts do not exempt the Group from its obligations to policyholders. Failure of reinsurers to meet their obligations may result in losses to the Group, and therefore, provisions are taken for the uncollectible amounts. The recoverable amount of the reinsurer is estimated in a manner commensurate with the Company's commitment to each claim.

Reinsurers' shares of insurance premiums and contributions, paid claims, technical provisions, and all the rights and obligations resulting from reinsurance according to the agreements between the Group and reinsurers are accounted for on the accrual basis.

Impairment in Assets Related to Reinsurance
In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contracts, the Company reduces the present value of the contracts and records the impairment loss in the condensed consolidated interim statement of profit or loss. The impairment is only recognized in the following two cases:

1. There is objective evidence resulting from an event that took place after recording the reinsurance assets confirming the Group's inability to recover all amounts according to the contracts terms.

2. The event has a reliably and clearly measurable effect on the amounts the Company will recover from reinsurers.

Acquisition Costs of Insurance Policies and Takaful Policies
Acquisition costs represent the costs incurred by the Company against selling, underwriting, or starting new insurance contracts. The acquisition costs are recorded in the condensed consolidated interim statement of income and/or in the statement of policyholders' revenues and expenses.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses. Moreover, property and equipment (excluding lands) are depreciated when they are ready for use based on the straight-line method over their estimated useful lives using the following annual depreciation rates. The depreciation expense is recorded in the condensed consolidated interim statement of profit or loss:

	%
Buildings	2
Offices	2
Equipment, furniture, and fixtures	10- 20
Vehicles	15
Decorations	10- 20

Depreciation is calculated for readily usable property and equipment when they are being used for their intended use.

Property and equipment, for the Group's use, are stated at cost net of accumulated impairment.

When the recoverable values of property and equipment is less than their carrying amounts, assets are written down to their recoverable values, and impairment losses are recorded in the condensed consolidated interim statement of profit or loss.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from the expectations determined previously, the change in estimate is recorded in the following years, being a change in estimates.

Gains or losses on disposal of property and equipment, representing the difference between their sale proceeds and their carrying value, are recorded in the condensed consolidated interim statement of profit or loss.

Property and equipment are derecognized when disposed of or when no future benefits are expected from their use or disposal.

Intangible Assets

Intangible assets acquired through merger are recorded at fair value upon their acquisition.

However, intangible assets acquired through other than merger are recorded at cost. Moreover, intangible assets are classified according to their estimated definite or indefinite lives. Intangible assets with definite useful lives are amortized over the life of the asset, and the impairment is recorded in the condensed consolidated interim statement of profit or loss. Meanwhile, intangible assets with indefinite lives are reviewed for impairment at the date of the condensed consolidated interim financial information, and the impairment is recorded in the condensed consolidated interim statement of profit or loss.

Internally generated intangible assets are not capitalized by the Company and its subsidiary. Instead, they are recorded in the condensed consolidated interim statement of profit or loss in the same year.

Indications of impairment in the value of intangible assets are reviewed at the date of the condensed consolidated interim financial information. Moreover, their useful lives are reassessed, and adjustments are recorded in the subsequent periods.

Intangible assets are amortized over their estimated useful lives varying from 10% to 25% annually, and an amortization expense recorded in the condensed consolidated interim statement of profit or loss.

Collateralized Financial Assets

Collateralized Financial Assets are those assets pledged to other parties with the right to use them (sell or re-mortgage). These assets are continuously evaluated according to the implemented accounting policies for each type according to their original classification.

Provisions

Provisions are recognized when the Group has obligations on the date of the consolidated statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as of the date of the condensed consolidated financial information, taking into consideration risks and the uncertainty relating to the obligation. When the provision amount is determined based on the expected cash flows for the settlement of the current obligation, its current book value represents the present value of these cash flows.

When it is expected that some or all the economic benefits required from other parties to settle the provision will be recovered, the receivable is recognized within assets if receipt of the compensations is certain, and their values can be reliably measured.

First - Technical Provisions

Technical provisions are taken and maintained according to the regulations of the Insurance Commission as follows:

1. The provision for unearned contributions for general insurance activities is calculated according to the remaining days up to the expiry date of the insurance policy after the condensed consolidated interim financial information date on the basis of a (365) day year except for marine and land transport insurance in which the provision for unearned premiums is calculated on the basis of written premiums of the valid policies on the date of the condensed consolidated interim financial information according to the laws, regulations and instructions issued for this purpose.
2. The provision for outstanding claims (reported) is computed by determining the maximum amount of the total expected costs for each claim on an individual basis.
3. Provision for outstanding claims are calculated and recorded company's experience and with the support of the actuarial expert.
4. Premiums deficiency reserve and provision for incurred but not reported (IBNR) claims are calculated based on the Group's experience and estimates and the actuary's recommendations.
5. Unearned contributions reserve for Takaful insurance activities is calculated based on the Group's experience and estimates.
6. Mathematical reserve for life insurance policies is calculated based on the actuarial equations which are reviewed periodically by an independent actuary expert.

Second – End of Service Indemnity Provision

The provision for employees' end- of-service indemnity is calculated in accordance with the Company's policy that complies with the Jordanian Labor Law.

The annual compensation paid to employees leaving the service is recognized in the provision for end-of-service indemnity when paid, and a provision for the liabilities incurred by the Group concerning the employees' end- of- service indemnity is taken in the condensed consolidated interim statement of profit or loss.

Liability Adequacy Test

All insurance claims are evaluated for sufficiency and suitability as of the condensed consolidated interim statement of financial position date through calculating the present value of future cash flows for outstanding insurance contracts.

If the evaluation indicates that the present value of the insurance claims (various purchased expenditure is less convenient and related intangible assets) is not enough compared to the expected future outflows, then the whole amount of deficit is taken to the condensed consolidated interim statement of profit or loss.

Income Tax
Income tax expenses represent accrued taxes and deferred taxes. They are determined based on taxable income. Moreover, taxable income differs from income declared in the condensed consolidated interim statement of profit or loss, as declared revenue includes non-taxable revenue, tax expenses not deductible in the current year but deductible in the subsequent years, or accumulated losses acceptable by the tax authorities, or items that are not subject or deductible for tax purposes.

Taxes are calculated according to the tax rates prescribed by the prevailing laws, regulations, and instructions in the countries where the Company operates.

Deferred Taxes
Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the condensed consolidated interim financial information and the value of the taxable amount.

Taxes are calculated according to the liability method in the condensed consolidated interim statement of financial position, and deferred taxes are calculated based on the tax rates expected to be applied at the tax liability settlement date, or the realization of the deferred tax assets.

The balances of deferred tax assets are reviewed at the condensed consolidated interim statement of financial position date and reduced in case they are (wholly or partially) not expected to be utilized, or the tax liability has been settled, or is no longer needed.

Cost of Issuing or Purchasing the Insurance Group's Shares
Costs arising from issuing or purchasing shares are recorded to retained earnings (net after taking into account the tax effect of these costs,). If issuance or purchase is incomplete, these costs are recorded in the condensed consolidated interim statement of profit or loss.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the condensed consolidated interim statement of financial position when there are binding legal rights to offset the recognized amounts, the Group intends to settle them on a net basis, or assets are realized, and liabilities settled simultaneously.

Revenue Recognition
First - Insurance Contracts for Al-Takaful Insurance
Takaful Insurance contributions arising from Takaful insurance contracts are recorded as revenue for the year (earned insurance contributions) based on the maturities of time periods and in accordance with the insurance coverage periods. Unearned insurance premiums for Takaful premiums from insurance contracts at the date of the condensed consolidated interim statement of financial position are recorded as unearned insurance contributions within liabilities.

Claims and incurred losses settlement expenses from Takaful insurance are recognized in the condensed consolidated interim statement of policyholders' revenues and expenses based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

Claims and incurred losses settlement expenses for general insurance are recorded in the condensed consolidated interim statement of profit or loss based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

Second - Dividends Income and Returns
Dividends income from investments are recorded when the right of the shareholder to receive dividends arises upon the related decision of the General Assembly of Shareholders.

Returns income are calculated on the accrual basis according to the maturity periods, original principals, and average earned return rate.

Third - Rent Revenue
Revenue from real estate investments with operating lease contracts are recognized based on the straight-line method over the contracts' periods, while the other expenses are recognized based on the accrual basis.

Expense Recognition
All commissions and other costs relating to the acquisition of new or renewed insurance policies are amortized in the condensed consolidated interim statement of policyholders' revenues and expenses upon their occurrence. Other expenses are recognized on the accrual basis.

Insurance Compensations for General Insurance and Takaful Insurance
Insurance compensations for general insurance and Takaful Insurance represent the paid claims for the period and the change in outstanding claims reserve.

General and Takaful insurance compensations include all amounts paid during the year, whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for settlement of all claims resulting from events prior to the condensed consolidated interim statement of financial position date but still unsettled at that date. In addition, outstanding claims are calculated based on the best information available at the date of the condensed consolidated interim financial information and include the provision for unreported claims (IBNR).

Salvage and Subrogation Reimbursements
Estimates of salvage and subrogation reimbursements are considered in the measurement of the insurance liability for claims.

General and Administrative and Employee Expenses
First - General and Administrative Expenses – Takaful Insurance
General and administrative expenses relate to the owners' equity and are not allocated over underwriting accounts.

Shareholders' administration fees are allocated to underwriting accounts according to the Group's Sharia Supervisory committee at the beginning of each year.

Second - Employees' Expenses – Takaful Insurance
Employees' expenses are directly related to the owners' equity and should not be allocated to underwriting accounts.

Deficit Coverage Reserve (Contingencies Provision)
This item represents the amount deducted at 20% of policyholders' surplus and policyholders' gain from the sale of financial assets at fair value through comprehensive income for the purposes of covering the deficit in future financial periods, only if no accumulated deficit is present at the date of the transfer, and it is not distributable to policyholders', provided that the deficit coverage reserve does not exceed the total technical provisions.

In case of liquidation, the deficit coverage reserve (contingencies provision) is distributed over welfare activities after the settlement of Al-Qard Al-Hassan, if any.

Basis for determining the insurance surplus
Insurance surplus is the balance of the total contributions collected, returns on their investment, and any other revenues after deducting paid claims, technical reserves, shareholders' share for managing Takaful operations and investments, and all policyholders' fund expense.

The Company calculates the insurance surplus while considering all types of Takaful insurance as one unit.

- Allocating the insurance surplus
  The insurance surplus is limited to policyholders, and is owned jointly by them, while shareholders do not have the right to share this surplus.

  The insurance surplus was distributed to all policyholders according to the percentage of their contribution without distinguishing between those who received compensation and those who did not during the financial period.

  The Group retains the amounts to be distributed and not claimed by the policyholders in a separate account, and presents them within the rights of the policyholders, provided that they are transferred to the deficit coverage reserve (contingencies provision) after obtaining the approval of the Sharia Supervisory Committee.

  In case of liquidation, the insurance surplus for the period is allocated to policyholders' while any undistributed and unclaimed surplus of prior periods (if any) is distributed to welfare activities after the settlement of Al-Qard Al-Hassan, if any.

- Methods of covering policyholders' fund deficit
  In case of a deficit or an accumulated deficit in the policyholders' current account, the deficit is covered by the contingencies provision. In case of shortage in the contingencies provision, the shareholders shall grant Al-Qard Al-Hassan to the policyholders to cover the whole deficit. The Company maintains this provision versus these loans.

<u>Transactions non-compliant with Sharia' principles</u>
The Company is committed to comply with the principles of Islamic Sharia' in all of its transactions and to disclose revenues and profits that are inconsistent with the Islamic Sharia' Principles.

Any revenue and gains non-compliant with Sharia' are recorded in a separate account which is presented in the condensed consolidated interim financial information within other credit balances (owners' equity liabilities) and are not recorded in the condensed consolidated interim statement of revenues and expenses. This account is used for charity, based on the Sharia' Supervisory Committee's decision.

<u>Investment of financial assets of policyholders' and owners' equity.</u>

The Group complies with the principles of Takaful Insurance by maintaining completely separate entries and records for both the policyholders and equity owners.

The Group determines a deduction rate of the contributions intended for investment purposes in accordance with its annual budget and expected future cash flows for each financial period.

<u>Foreign Currency</u>
For the purpose of the condensed consolidated interim financial information, the results and financial position of each entity of the Group are expressed in the functional currency unit of the Group and the presentation currency of the condensed consolidated interim financial information.

Separate financial statements of the subsidiaries are prepared, and the separate financial statements of each entity of the Group are presented in the functional currency in which it operates. Transactions in currencies other than the Group's functional currency are recorded at the rates of exchange prevailing on the dates of those transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date. Non-monetary items carried at fair value and denominated in foreign currencies are translated at the exchange rates at the date when the fair value is determined. Non-monetary items measured at historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the condensed consolidated interim statement of profit or loss in the period in which they arise except for:

- Foreign exchange differences on transactions made in order to hedge foreign exchange risk.
- Foreign exchange differences on monetary items due to / from a foreign operation that are not planned to be settled or are unlikely to be settled in the near future (and therefore these differences form part of the net investment in the foreign operation) are initially recognized in the condensed consolidated interim statement of comprehensive income and reclassified from equity to the consolidated statement of profit or loss when selling or partially disposing of the net investment.

In order to present the condensed consolidated interim financial information, the assets and liabilities of the Group's foreign operations are translated at the exchange rates prevailing at the statement of financial position date. Income is also translated at the average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates prevailing on the transactions dates are used. The exchange differences therefrom, if any, are recognized in the condensed consolidated interim statement of comprehensive income and stated in a separate line item under equity.

When foreign operations are disposed of (i.e. disposal of the Group's entire share from foreign operations, outcome of loss of control over a subsidiary within foreign operations, partial disposal of its share in a joint arrangement or associate of a foreign nature in which the held share becomes a financial asset), all foreign exchange differences accumulated in a separate item under equity regarding that transaction attributable to the Group's owners are reclassified to the condensed consolidated interim statement of profit or loss.

Concerning the partial disposal of a subsidiary involving foreign operations that do not result in the Group's loss of control over the subsidiary, its share of accumulated exchange differences is credited to net comprehensive income at the rate at which the disposal was made. Such share is not recognized in the condensed consolidated interim statement of profit or loss. As for all other partial liquidation (such as partial liquidation of associates or joint ventures that do not result in the Group's loss of significant influence or joint control), the share of accumulated exchange differences is reclassified to the condensed consolidated interim statement of profit or loss.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its estimated borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the condensed consolidated interim statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liabilities are re-measured (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets are depreciated over the period of lease term or useful life of the underlying asset (which is shorter). If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the condensed consolidated interim statement of financial position.

The Group applies IAS (36) to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the consolidates statement of profit or loss.

<u>The Group as lessor</u>
The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS (15) to allocate the consideration under the contract to each component.

- The revised international financial reporting standards, which became effective for financial periods beginning on or after the first of January 2023, 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 Presentation of Financial Statements – 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.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply 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 an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities.
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

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 that date.

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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended December 31, 2022.

4. Deposits at Banks - Net

This item consists of the following:

	March 31, 2023 (Reviewed)									December 31, 2022 (Audited)		
	Deposits maturing within one month		Deposits maturing after a month till three months		Deposits maturing after three months till 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	1,425,400	54,329	2,492,388	1,342,591	-	9,317,387	3,917,788	10,714,307	14,632,095	2,357,830	10,724,392	13,082,222
Outside Jordan	-	-	-	-	-	2,281,562	-	2,281,562	2,281,562	-	2,660,426	2,660,426
(Less): Expected credit losses provision	(1,327)	(62)	(2,320)	(1,534)	-	(13,250)	(3,647)	(14,846)	(18,493)	(3,647)	(14,846)	(18,493)
	1,424,073	54,267	2,490,068	1,341,057	-	11,585,699	3,914,141	12,981,023	16,895,164	2,354,183	13,369,972	15,724,155

- Return rates on the deposits at banks in Jordanian Dinar ranges from 2 % to 4.4%, while the return on the deposits balances outside Jordan in US Dollar ranges from 3.1% to 4% as of March 31, 2023.

- As at March 31, 2023, there was a deposit amounting to JD 800,000 which was pledged to the order of the governor Central Bank of Jordan.

- Balances at banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of Jordan and central banks of each respective country the Company has accounts in. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. Considering the historical default experience and the current credit ratings of the banks, the management of the Company have assessed that there is an impairment, and hence have recorded a loss allowances on these balances.

5. Financial assets at amortized cost - Net

This item consists of the following:

	March 31, 2023 (Reviewed)			December 31, 2022 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Sukuk	994,167	5,660,781	6,654,948	993,574	4,205,890	5,199,464
(Less): Expected credit losses provision	(790)	(5,564)	(6,354)	(790)	(5,564)	(6,354)
	993,377	5,655,217	6,648,594	992,784	4,200,326	5,193,110

- The Sukuk above have fixed return ranges between 3.88 % to 6.26 % annually.

6. Cash on Hand and at Banks

This item consists of the following:

	March 31, 2023 (Reviewed)			December 31, 2022 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Cash on hand	260,164	3,083	263,247	336,583	3,149	339,732
Current accounts at banks	779,415	543,777	1,323,192	3,324,792	155,755	3,480,547
	1,039,579	546,860	1,586,439	3,661,375	158,904	3,820,279

7. Receivables - Net

This item consists of the following:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Policyholders' receivable	17,161,949	12,969,776
Brokers' receivable	16,563	16,985
Employees' receivable	128,429	68,545
Owners' Equity receivable	414	6,123
Others	52,162	44,911
Total	17,359,517	13,106,340
(Less): Expected credit losses provision*	(2,068,001)	(2,018,001)
	15,291,516	11,088,339

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

	For the Three Months Ended March 31, 2023 (Reviewed)	For the Year Ended December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period / year	2,018,001	1,751,001
Additions during the period / year	50,000	200,000
Transfers to expected credit losses provision – Deposits at Banks	-	67,000
Balance at the end of the period /year	2,068,001	2,018,001

- The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

8. Reinsurance Receivables - Net

This item consists of the following:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Local insurance companies	1,336,575	1,153,328
Foreign reinsurance companies	549,197	738,185
Total reinsurance receivables	1,885,772	1,891,513
(Less): Expected credit losses provision	(559,090)	(559,090)
	1,326,682	1,332,423

- The Company always measures the loss allowance for reinsurance receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on reinsurance receivables are estimated using a provision matrix by reference to past default experience with the reinsurers and an analysis of the debtor's current financial position, adjusted for factors that are specific to the reinsurers, general economic conditions of the industry in which the reinsurers operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

9. Income Tax

a. Income tax provision

Movement on the income tax provision is as follows:

	March 31, 2023 (Reviewed)			December 31, 2022 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the period / year	312,363	357,618	669,981	152,999	(108,499)	44,500
Accrued Income tax on the period's / year's profits	(240,404)	355,805	115,401	164,964	612,375	777,339
Income tax paid	-	(213,388)	(213,388)	(5,600)	(146,258)	(151,858)
Balance at end of the period / year	71,959	500,035	571,994	312,363	357,618	669,981

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

	For the Three Months Ended in March 31			
	2023 (Reviewed)		2022 (Reviewed)	
	Policyholders'	Owners' Equity	Policyholders	Owners' Equity
	JD	JD	JD	JD
Accrued income tax on the period's profits	(240,404)	355,805	(267,245)	361,734
Impact of deferred taxes	(32,571)	-	(38,014)	-
Income tax (surplus) expense	(272,975)	355,805	(305,259)	361,734

- The Company has a final settlement with Income and Sales Tax Department until the end of year 2018.

- The Company has submitted its self-assessment statement for the years 2019, 2020 and 2021 and have not been reviewed by the Income and Sales Tax Department yet.

- In the opinion of the management and the tax consultant, the Income tax provision is sufficient as of March 31, 2023.

- The income tax provision was calculated for the parent Company in accordance with the Income Tax Law at a rate of 26% for balances inside the Kingdom while a rate of 10% for the balances outside the kingdom, and this is in according to the amended Income Tax Law (38/2018).

- The provision for income tax was calculated for the subsidiary company in accordance with Income Tax Law (38/2018) with a percentage of 20%.

c. Deferred Tax Assets/Liabilities:

Deferred Tax Assets and Liabilities are a result of temporary differences in terms of items that appear in the Company's condensed consolidated interim financial information statements and details as follows:

	For the Three Months Ended March 31, 2023					For the year Ended December 31, 2022
	Balance at the Beginning of the Period	Amounts added	Amounts released	Balance at the End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred Tax Assets:						
Expected Credit Losses – Receivables	2,018,001	50,000	-	2,068,001	537,680	524,680
Expected Credit Losses – Reinsurance Receivables	559,090	-	-	559,090	145,363	145,363
Expected Credit Losses –Banks deposits	18,493	-	-	18,493	4,808	4,808
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	329,088	360,820	(329,088)	360,820	36,082	32,909
IBNR – net	1,465,442	75,272	-	1,540,714	400,586	381,015
Contribution's Deficiency Reserve	294,000	-	-	294,000	76,440	76,440
Unallocated Loss Adjustment Expense Reserve	281,538	-	-	281,538	73,200	73,200
	5,034,506	486,092	(329,088)	5,191,510	1,292,061	1,256,317
Deferred Tax Liabilities:						
Cumulative change in fair value of financial assets through comprehensive income	128,906	70,742	(128,906)	70,742	18,393	23,470
	128,906	70,742	(128,906)	70,742	18,393	23,470

- No deferred taxes have been calculated for the subsidiary Company, as the investment income in the shares is not taxable according to the Income Tax Law (38/2018).

10. Payables

This item consists of the following:

	March 31, 2023 (Reviewed)			December 31, 2022 (Audited)
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Agents' Payable	158,375	-	158,375	193,368
Brokers' Payable	179,300	-	179,300	138,715
Employees' Payable	-	4,964	4,964	5,820
Suppliers Payable	853,195	49,011	902,206	931,006
Others*	1,320,338	35,858	1,356,196	1,435,250
Total	2,511,208	89,833	2,601,041	2,704,159

* This item includes payables to customers, loss adjuster, lawyers, consultants and medical service providers.

11. Reinsurance Payables

This item consists of the following:

	March 31, 2023 (Reviewed)			December 31, 2022 (Audited)
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Local insurance companies	697,413	6,193	703,606	150,819
Foreign reinsurance companies	8,841,518	-	8,841,518	5,803,571
	9,538,931	6,193	9,545,124	5,954,390

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

This item consists of the following:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period / year	-	-
Al Qard Al Hasan granted by owners to cover the deficit for the period	745,289	-
Transferred from fund reserve deficit (contingency provision)	(745,289)	-
Balance at the end of the period / year	-	-

13. Policyholders Accumulated Fund Deficit

This item consists of the following:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Policyholders' (deficit) during the period / year	(768,440)	8,991
Transfers from reserve to cover fund deficit (contingency provision)	23,151	(8,991)
Transferred from Al Qard Al Hasan to cover the fund Deficit for the period/ year	745,289	-
Balance at the end of the period / year	-	-

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

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

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

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period / year	23,151	14,160
Transfers from reserve to cover the policyholders' fund deficit	(23,151)	8,991
Balance at the end of the period / year	-	23,151

15. Capital

The paid-up capital is JD 28,000,000 as of March 31, 2023 and December 31, 2022 divided into 28 million shares, par value of each share is 1 JD.

16. Statutory Reserve

The amounts collected in this account represent the transferred annualized profit before tax of 10% during the prior years in accordance with the Companies Law and is not distributable to shareholders.

17. Owner's 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 first quarter of the year 2023 were determined at 14.5% for Motors department (2022: 17%) and 20.5% for Medical department deducting the administrative fees (2022: 19%) and 25% for marine department (2022: 25%) and 7% for aviation department (2022: 7%) and 20% for fire department and other damages (2022: 20%) and 25% for the liability and other departments (2022: 25%) and 17% for Takaful insurance department - life (2022: 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 an optional 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 trading (Modaraba) against a percentage of 35% from the investments gain in 2023.

- 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.

18. Earnings per Share for the Period

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 Three Months Ended March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Net shareholders' profit for the period	346,749	268,225
	Share	Share
Weighted average number of shares	28,000,000	28,000,000
	JD / Share	JD / Share
Earnings per share for the period – (basic and diluted)	0/012	0/010

19. Cash and Cash Equivalents

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

	For the Three Months Ended March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Cash on hand and at banks	1,586,439	401,805
Add: Bank deposits maturing within three months - net	5,309,465	271,053
Less: Amount pledged to the order of the Central Bank of Jordan	(800,000)	-
Cash and cash equivalents at the end of the period	6,095,904	672,858

20. Main Segments Analysis

a. Information on the Company's Operating Segments

The Company was organized to include the general takaful sector (general insurance), in accordance with the reports used by the Executive Manager and the primary decision maker which includes (motor, marine, fire, general accidents, medical insurance). This sector is the base used by the company to disclose information related to key sectors, the above-mentioned sector also includes the Company's investments and cash above management. Transactions between business sectors are based on estimated market prices with the same terms used with other.

b. Geographical Distribution information

This note represents the geographical distribution of the Company operations. The Company mainly conducts its operations in the kingdom, representing local and regional operations

The following is the distribution of the Company's revenue and capital expenditures according to geographical sector:

	For the three Month Ended March 31, (Reviewed)					
	Inside Jordan		Outside Jordan		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total revenue	10,883,503	8,933,339	1,341,058	1,275,016	12,224,561	10,208,355
Capital expenditures	20,165	-	-	-	20,165	-

21. Related Party Balances and transactions

Related parties, as defined in the International Accounting Standard number (24) "Related Party Disclosures"; include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Below is a summary of related parties' activities and balances due to related party transactions:

	Related Party			Total	
	Major Owners' Equity and Board of Directors	Top Management	Sister Company	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD	JD	JD	JD
Condensed Consolidated Interim Statement of Financial Position Items					
Accounts receivable	414	51,448	-	51,862	29,062
Accounts payable	-	-	16,982	16,982	2,259
Deposit at banks outside Jordan	-	-	2,281,562	2,281,562	2,660,426
Cash at banks	-	-	391,376	391,376	624

				For the Three Months Ended March 31	
				2023 (Reviewed)	2022 (Reviewed)
				JD	JD
Condensed Consolidated Interim Statement of Comprehensive Income Items					
Investments revenue	-	-	24,456	24,456	30,387
Takaful Insurance contributions	317	-	-	317	1,430

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

	March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Salaries and bonuses	317,865	304,627
	317,865	304,627

22. Lawsuits against the Company

There are lawsuits held against the Company for various types of claims, the determined lawsuits at courts are amounted to JD 2,018,093 as of March 31, 2023 (JD 1,877,877 as of December 31, 2022). In the management and the legal advisors' opinion, the Company will not have claims that exceed the outstanding claims provision amount.

23. Approval of Condensed consolidation Interim Financial Information

These condensed consolidated interim financial information were approved by the Board of Directors and authorized for issue on April 27, 2023.

24. Fair Value Hierarchy

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

The fair value is the price that is received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

In assessing the fair value of an asset or a liability, the company takes into account 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):

	Fair Value					Relation between
Financial assets / liabilities	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	Fair Value Level	Evaluation Method and Used Entries	Significant Intangible Entries	Significant Intangible Entries and Fair Value
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through other comprehensive income						
Shares with quoted prices	3,028,731	2,706,947	First Level	Prices stated in financial markets	Not Applicable	Not Applicable
Shares with un-quoted prices	20,000	53,930	Third Level	Based on the latest available financial information	Not Applicable	Not Applicable
Total	3,048,731	2,760,877				

There were no transfers between first level and second level during the three months of March 31, 2023 and the year ended December 31, 2022.

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

Except for 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.

	March 31, 2023		December 31, 2022		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Layer
	JD	JD	JD	JD	
Financial assets not evaluated at fair value					
Deposits at banks	16,895,164	17,091,892	15,657,155	16,055,888	Third Level
Financial assets at amortized cost	6,648,594	6,648,900	5,074,339	5,193,110	Third Level
Total	23,543,758	23,740,792	20,731,494	21,248,998	

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