

The Islamic Insurance Company

**Public Shareholding Company
Amman- Jordan**

Condensed Interim Financial Statements (Unaudited)

30 September 2024

**The Islamic Insurance Company
Public Shareholding Company**

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Report on Review of the Condensed Interim Financial Statements

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

Introduction

We have reviewed the accompanying condensed interim financial statements of **The Islamic Insurance Company (PSC)** comprising the condensed interim statement of financial position as at 30 September 2024, condensed interim statement of profit or loss (policyholders), condensed interim statement of profit or loss (shareholders), condensed interim statement of other comprehensive income, condensed interim statement of changes in shareholders' equity, condensed interim statement of changes in policyholders' equity and condensed interim statement of cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

31 October 2024
Amman – Jordan

A handwritten signature in blue ink, appearing to read "Ibrahim Hammoudeh".

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

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

	Note	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Investments			
Bank deposits	3	27,940,471	25,030,041
Financial assets at fair value through profit or loss	4	4,000,000	4,000,000
Financial assets at fair value through other comprehensive income	5	8,698,412	8,885,671
Investment properties	6	382,050	388,055
Total Investments		41,020,933	38,303,767
Cash on hand and at banks	7	2,050,865	2,883,968
Insurance contract assets - net	8	-	-
Reinsurance contract assets - net	9	8,317,417	4,931,812
Property and equipment - net	11	2,308,466	2,123,016
Intangible assets - net	12	7,735	9,577
Other assets	13	378,173	77,468
Total Assets		54,083,589	48,329,608
Liabilities, Policyholders' Equity and Shareholders' Equity			
Liabilities			
Insurance contract liabilities	8	29,332,149	22,682,627
Reinsurance contract liabilities	9	103,035	23,891
Accounts payable	14	9,038	26,745
Income tax provision	10	438,886	730,680
Other provisions	15	1,192,728	1,061,846
Other liabilities	16	283,493	319,543
Total Liabilities		31,359,329	24,845,332
Policyholders' Equity			
Deficiency cover reserve (Emergency Provision)	17	-	490,102
Cumulative change in fair value	23	(193,255)	(146,440)
Non-demanded surplus	18	4,022	17,793
Accumulated (deficit) surplus	19	(348,648)	-
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	20	348,648	-
Total Policyholders' Equity		(189,233)	361,455
Shareholders' Equity			
Paid-in capital	21	16,500,000	15,000,000
Statutory reserve	22	3,954,946	3,954,946
Voluntary reserve	22	5,916	1,505,916
Cumulative change in fair value	23	(579,764)	(439,320)
Profit for the period after tax	24	1,431,116	-
Retained earnings	24	1,601,279	3,101,279
Total Shareholders' Equity		22,913,493	23,122,821
Total Policyholders' and Shareholders' Equity		22,724,260	23,484,276
Total Liabilities, Policyholders' Equity and Shareholders' Equity		54,083,589	48,329,608

"The attached notes from (1) to (50) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of profit or loss (Policyholders)
for the nine months ended at 30 September 2024

(In Jordanian Dinar)

	Note	For the three months ended		For the nine months ended	
		30 September 2024 (Unaudited)	30 September 2023 (Unaudited) (Restated)	30 September 2024 (Unaudited)	30 September 2023 (Unaudited) (Restated)
Revenues					
Insurance contracts revenues	25	9,695,109	9,083,015	27,840,697	25,658,047
Insurance contracts expenses	26	(7,636,276)	(6,416,736)	(24,619,019)	(21,202,077)
Insurance contracts service results		2,058,833	2,666,279	3,221,678	4,455,970
Reinsurance contracts held expenses	27	(3,509,934)	(3,212,691)	(10,000,166)	(9,297,779)
Reinsurance contracts held revenues	28	2,105,511	1,849,699	7,426,470	6,385,607
Reinsurance contracts service results		(1,404,423)	(1,362,992)	(2,573,696)	(2,912,172)
Net insurance service results		654,410	1,303,287	647,982	1,543,798
Finance expenses from insurance contracts	29	(231,336)	(12,530)	(518,044)	(424,974)
Finance revenues from reinsurance contracts	30	85,912	6,380	218,674	197,872
Net insurance service financing results		(145,424)	(6,150)	(299,370)	(227,102)
Other revenues (takaful)		18,750	8,786	18,750	66,786
Policyholders' share of investment returns	31	(55,807)	26,560	556,250	420,370
Policyholders' share of the profits from financial assets and investments	32	-	-	97,005	94,932
Shareholders' share against managing the investment portfolio	33	13,951	(6,641)	(163,314)	(128,826)
Total revenues		485,880	1,325,842	857,303	1,769,958
Shareholders' share against takaful operation management (unallocated)	33	(124,696)	104,390	(1,659,136)	(1,723,467)
Provision for expected credit losses		-	-	(36,917)	-
Total expenses		(124,696)	104,390	(1,696,053)	(1,723,467)
Policyholders' (deficit) surplus before income tax		361,184	1,430,232	(838,750)	46,491
Income tax expense	10	-	(26,858)	-	(26,858)
Policyholders' (deficit) surplus after income tax		361,184	1,403,374	(838,750)	19,633

"The attached notes from (1) to (50) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of profit or loss (Shareholders)
for the nine months ended at 30 September 2024

(In Jordanian Dinar)

	Note	For the three months ended		For the nine months ended	
		30 September 2024 (Unaudited)	30 September 2023 (Unaudited) (Restated)	30 September 2024 (Unaudited)	30 September 2023 (Unaudited) (Restated)
Revenues					
Shareholders' share against takaful operation management	33	1,169,588	859,649	4,924,336	4,807,063
Shareholders' share against managing the investment portfolio	33	(13,951)	6,641	163,314	128,826
Shareholders' share of investment returns	31	(154,215)	191,992	733,036	688,568
Shareholders' share of the profits from financial assets and investments	32	8,250	9,022	316,629	310,319
Total revenues		1,009,672	1,067,304	6,137,315	5,934,776
Employees expenses	34	826,719	808,115	2,598,208	2,509,238
Provision against Al Qard Al Hasan granted to policyholders	20	(361,184)	(736,276)	348,648	-
Administrative and general expenses	36	198,534	142,987	709,595	647,219
Other provisions	37	16,542	38,222	460,930	390,147
Depreciation & amortization		49,803	52,775	137,088	120,209
Provision for expected credit losses (deposits)		-	-	8,184	-
Total expenses		730,414	305,823	4,262,653	3,666,813
Profit for the period before income tax		279,258	761,481	1,874,662	2,267,963
Income tax for the period	10	14,085	(128,636)	(443,546)	(577,946)
Profit for the period		293,343	632,845	1,431,116	1,690,017
Basic and diluted earnings per share for the period	38	0.018	0.038	0.087	0.102

"The attached notes from (1) to (50) are an integral part of these condensed interim financial statements and read with review report"

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

(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Profit for the period	293,343	632,845	1,431,116	1,690,017
Other comprehensive income items:				
Shareholders' share from change in fair value	(36,259)	84,802	(140,444)	(220,748)
Total comprehensive income for the period	257,084	717,647	1,290,672	1,469,269

"The attached notes from (1) to (50) are an integral part of these condensed interim financial statements and read with review report"

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

	<u>Paid-in Capital</u>	<u>Statutory Reserve</u>	<u>Voluntary Reserve</u>	<u>Cumulative Change in Fair Value</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balance at 1 January 2024	15,000,000	3,954,946	1,505,916	(439,320)	3,101,279	23,122,821
Net profit for the period	-	-	-	-	1,431,116	1,431,116
Shareholders' share from net change in fair value	-	-	-	(140,444)	-	(140,444)
Transfer from voluntary reserve to increase capital	1,500,000	-	(1,500,000)	-	-	-
Paid dividends	-	-	-	-	(1,500,000)	(1,500,000)
Balance at 30 September 2024 (Unaudited)	<u>16,500,000</u>	<u>3,954,946</u>	<u>5,916</u>	<u>(579,764)</u>	<u>3,032,395</u>	<u>22,913,493</u>
Balance at 1 January 2023	15,000,000	3,694,510	1,245,480	(42,962)	3,079,718	22,976,746
Net profit for the period	-	-	-	-	1,690,017	1,690,017
Shareholders' share from net change in fair value	-	-	-	(220,748)	-	(220,748)
Paid dividends	-	-	-	-	(1,200,000)	(1,200,000)
Balance at 30 September 2023 (Unaudited)	<u>15,000,000</u>	<u>3,694,510</u>	<u>1,245,480</u>	<u>(263,710)</u>	<u>3,569,735</u>	<u>23,246,015</u>

"The attached notes from (1) to (50) are an integral part of these condensed interim financial statements and read with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan

Condensed interim statement of changes in policyholders' equity for the nine months ended at 30 September 2024

(In Jordanian Dinar)

	Deficiency cover reserve* (Emergency Allowance)	Cumulative change in Fair Value	Non demanded surplus	Accumulated surplus (deficit)	Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	Total policyholders' equity
Balance at 1 January 2024	490,102	(146,440)	17,793	-	-	361,455
Policyholders' deficit for the period	-	-	-	(838,750)	-	(838,750)
Transferred from deficiency cover reserve to cover the deficit	(490,102)	-	-	490,102	-	-
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	-	-	-	-	348,648	348,648
Policyholder' share from net change in fair value	-	(46,815)	-	-	-	(46,815)
Change in non-demanded surplus	-	-	(13,771)	-	-	(13,771)
Balance at 30 September 2024 (Unaudited)	-	(193,255)	4,022	(348,648)	348,648	(189,233)
Balance at 1 January 2023	580,515	(14,321)	56,180	66,950	-	689,324
Policyholders' surplus for the period	-	-	-	19,633	-	19,633
Transferred from deficiency cover reserve to cover the deficit	(580,515)	-	-	580,515	-	-
Policyholder' share from net change in fair value	-	(73,583)	-	-	-	(73,583)
Change in non-demanded surplus	-	-	(17,788)	-	-	(17,788)
Balance at 30 September 2023 (Unaudited)	-	(87,904)	38,392	667,098	-	617,586

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

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The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan

Condensed interim statement of cash flows for the nine months ended at 30 September 2024
(In Jordanian Dinar)

	Note	30 September 2024 (Unaudited)	30 September 2023 (Unaudited) (Restated)
Cash Flows from Operating Activities			
Profit for the period before income tax		1,035,912	2,314,454
Adjustments			
Depreciation & amortization		137,088	120,209
Provision against Al Qard Al Hasan granted to policyholders		348,648	-
Provision for expected credit losses		45,408	-
Unallocated loss adjustment expenses(ULAE)		130,882	140,147
Cash flows from operating activities before changes in working capital items		1,697,938	2,574,810
Reinsurance contract assets –net		(3,385,605)	1,932,120
Other assets		(300,705)	(569,576)
Insurance contract liabilities		6,649,522	3,269,745
Reinsurance contract liabilities		79,144	344,694
Accounts payable		(17,707)	2,166
Other liabilities		(36,050)	(50,748)
Non-demanded surplus		(13,771)	(17,788)
Net cash flows from operating activities before paid income tax		4,672,766	7,485,423
Income tax paid		(735,340)	(453,602)
Net cash flows from operating activities		3,937,426	7,031,821
Cash Flows from Investing Activities			
Bank deposits		(3,692,957)	(1,614,346)
Sale of financial assets at amortized cost		-	747,000
Purchase financial assets through other comprehensive income		-	(8,150)
Purchase of property and equipment		(311,192)	(55,919)
Purchase of intangible assets		(3,500)	(148,717)
Net cash flows used in investing activities		(4,007,649)	(1,080,132)
Cash Flows from Financing Activities			
Paid dividends		(1,500,000)	(1,200,000)
Net cash flows used in financing activities		(1,500,000)	(1,200,000)
Net (Decrease) increase in cash and cash equivalents		(1,570,223)	4,751,689
Cash and cash equivalents, beginning of year		5,289,898	937,853
Cash and cash equivalents, end of period	39	3,719,675	5,689,542

“The attached notes from (1) to (50) are an integral part of these condensed interim financial statements and read with review report”

The Islamic Insurance Company
Public Shareholding Company
Notes to the condensed interim financial statements (Unaudited)
30 September 2024
(In Jordanian Dinar)

1. General

The **Islamic Insurance Company** (the "Company") was established on 1996 and registered as a public shareholding company under No. (306). the authorized and paid in capital is JD 16,500,000 divided into 16,500,000 shares at JD 1 per share.

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

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

2.1 Basis of Preparation

The condensed interim financial statements were prepared in accordance with Financial Accounting standards and in conformity with templates set by Central Bank of Jordan – Insurance Supervision Department.

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

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

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

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

2.2 Changes in accounting policies

The following amendments to standards have been published that are mandatory for accounting periods beginning on or after 1 January 2024.

New IFRS and amendments	Effective Date
These amendments clarify that liabilities are classified as either 'current' or 'non-current' based on the rights available at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date (such as receiving a waiver or a breach of financial covenants). The amendments also explain what is meant by settlement of a liability (amendments to International Accounting Standard No (1)).	1 January 2024
These amendments require the seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not recognize any gain or loss related to the retained right of use. (Amendments to International Accounting Standard No (16)).	1 January 2024
These amendments require disclosures to clarify the transparency of supplier finance arrangements and also there impact on the Company's liabilities, cash flows and the Company's exposure to liquidity risks. (Amendments to International Accounting Standard No (7)).	1 January 2024

The adoption of these amendments has no material impact on the financial statements of the Company for the current and past year.

2.3 Use of Estimates

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

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

A) Expected credit losses

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

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

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

B) Impairment in the value of financial assets.

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

C) Income tax

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

1) Accrued income tax

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

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

2) Deferred taxes

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

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

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

D) Property & equipment

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

E) The present value of future cash flows

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

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

E.1) Discount rates

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

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

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

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

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

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

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

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

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

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

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

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

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

F) Adjustments for non-financial risk

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

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

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

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

G) Non-insurance components

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

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

Separation of non-insurance components

1- The investment component:

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

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

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

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

2-Components of services and goods

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

A) Business Segments

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

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

B) Definition of insurance contract

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

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

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

C) Reinsurance contracts held

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

Reinsurance contracts held are recognized:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

H) Modification of insurance contracts

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

I) Derecognition of insurance contracts

The company derecognizes insurance contracts in the following cases:

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

J) Onerous Insurance contracts (PAA)

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

K) Liability for the remaining coverage

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

L) Liability for incurred claims.

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

M) Contractual service margin.

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

N) A summary of measurement approaches.

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

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

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

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

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

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

O) Aggregation level.

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

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

For each portfolio of contracts, the company determines the appropriate level for which it has reasonable and supportable information to assess whether these contracts are onerous (loss-making) upon initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of accuracy determines the groups of contracts. The company uses an estimation approach to determine the level of

accuracy for which it possesses reasonable and supportable information sufficient to conclude that all contracts within a homogenous group will be adequately allocated to the same group without performing individual assessments of contracts.

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

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

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

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

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

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

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

P) Profitability level

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

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

Q) Financial assets

Financial assets at amortized cost

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

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

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

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

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

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

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

Reclassification

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

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

Financial Assets at Fair Value through Other Comprehensive Income

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

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

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

These assets are not subject to impairment testing.

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

Q) Investment properties

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

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

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

R) Property and equipment

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

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

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

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

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

S) Intangible assets

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

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

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

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

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

T) Cash and cash equivalents

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

U) Offsetting

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

V) Recognition of financial assets

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

W) Fair value

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

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

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

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

X) Financial liabilities

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

- Payables and reinsurance contracts liability.

Payables and reinsurance contracts liability are initially recognized at fair value, subsequently measured at amortized cost using the effective interest rate method.

- Credit facilities

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

Y) Insurance Contract Liabilities

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

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

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

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

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

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

- Provision for end of service indemnity

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

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

Z) Foreign currency

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

AA) Revenue recognition

A. Dividend and Deposits revenue

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

Deposits revenues are recorded when it booked by bank.

B. Rent revenues

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

BB) Insurance acquisition cost

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

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

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

DD) Deficiency cover reserve (Emergency provision)

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

In case of liquidation, the Deficiency coverage reserve (Emergency provision) is distributed to charity after the settlement of Al Qard Al Hasan if present.

EE) Basis for determining the insurance surplus

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

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

FF) Basis for Distributing the insurance surplus

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

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

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

In case of liquidation, the insurance surplus for the period is allocated to policyholders while non-demand surplus of prior periods (if any) will be distributed to charity after the settlement of Al Qard Al Hasan.

GG) Methods of covering policyholders' fund deficit

In case of deficit or accumulated deficit in the policyholders' current account, the deficit is covered by the Emergency Allowance In case of the shortage in the Emergency Allowance the shareholders will grant the policyholders Al Qard Al Hasan to cover all the shortage, and then company create full allowance against this Qrad.

HH) Non-compliant Sharia' transactions

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

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

II) Policyholders and shareholders' financial investments

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

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

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

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

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

25% Company share from surplus Investment revenue as mudhareb

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

16% Company share from Gross written contributions as Wakala Fees against mange Takaful operation to cover administrative expenditures.

25% Company share from surplus Investment revenue as mudhareb.

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

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

3. Bank Deposits

	30 September 2024 (Unaudited)								31 December 2023 (Audited)	
	Deposits mature within (1) month		Deposits mature after (1) month to (3) months		Deposits mature after (3) months to (12) months		Total		Total	
	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders
Inside Jordan	1,164,529	505,381	-	-	10,358,001	16,027,122	11,522,530	16,532,503	10,957,334	13,432,168
Outside Jordan	-	-	-	-	-	-	-	-	-	710,000
Total	1,164,529	505,381	-	-	10,358,001	16,027,122	11,522,530	16,532,503	10,957,334	14,142,168
Provision for expected credit losses *	(880)	(220)	-	-	(52,403)	(61,059)	(53,283)	(61,279)	(16,366)	(53,095)
Net	1,163,649	505,161	-	-	10,305,598	15,966,063	11,469,247	16,471,224	10,940,968	14,089,073

- There is no fixed profit rate on deposit balances with banks, as profits are linked to the investment outcomes of banks based on the principles and rules of Sharia-compliant trading. The profit rate ranged from 3% to 5.5% for bank deposits for the nine-month ended 30/9/2024.
- Deposits pledged to the favor of the Governor of the Central Bank of Jordan amounted to JOD (800,000) as at 30 September 2024 at Jordan Islamic Bank.

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

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

4 . Financial Assets at Fair Value Through Profit or Loss

	30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Inside Jordan				
Al Wakala Bi Al Istithmar (Investment portfolios) *	1,000,000	3,000,000	1,000,000	3,000,000
Total	1,000,000	3,000,000	1,000,000	3,000,000

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

5 . Financial Assets at Fair Value Through Other Comprehensive Income

	30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Inside Jordan				
Investments in quoted shares	2,123,215	6,369,645	2,212,606	6,637,820
Investments in unquoted shares*	49,349	148,046	6,772	20,316
Total	2,172,564	6,517,691	2,219,378	6,658,136
Outside Jordan				
Investments in quoted shares	-	-	-	-
Investments in unquoted shares*	-	8,157	-	8,157
Total	-	8,157	-	8,157
Grand total	2,172,564	6,525,848	2,219,378	6,666,293

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

6 . Investment properties

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Buildings	400,000	400,000
Accumulated depreciation	(17,950)	(11,945)
	382,050	388,055

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

7 . Cash on hand and at banks

	30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Cash on hand	30,981	-	73,852	-
Current banks accounts	2,731,321	2,529,111	1,384,662	4,335,954
Total	2,762,302	2,529,111	1,458,514	4,335,954
Transfer from the provision for expected credit losses-Deposits	-	-	-	(2,510,500)
Provision for expected credit losses	-	(3,240,548)	-	(400,000)
Total Provision for expected credit losses		(3,240,548)		(2,910,500)
Total	2,762,302	(711,437)	1,458,514	1,425,454

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8 . Insurance contract Assets /liabilities – Premium Allocation Approach

	Liabilities for remaining coverage				liabilities for incurred claims				Total	
	30/9/2024	31/12/2023	30/9/2024	31/12/2023	30/9/2024	31/12/2023	30/9/2024	31/12/2023	30/9/2024	31/12/2023
	Excluding loss component contracts	Excluding loss component contracts	Loss component	Loss component	Present value of future cash flows	Present value of future cash flows	non-financial Risk adjustments	non-financial Risk adjustments	Total	Total
Insurance contracts liabilities at beginning of the period	4,383,014	3,990,516	1,090,569	923,057	16,087,444	14,882,954	1,121,600	871,745	22,682,627	20,668,271
Insurance contracts (assets) at beginning of the period	-	-	-	-	-	-	-	-	-	-
Net of insurance contracts liabilities (assets) at the beginning of the period	4,383,014	3,990,516	1,090,569	923,057	16,087,444	14,882,954	1,121,600	871,745	22,682,627	20,668,271
Insurance Contract revenues	(27,840,697)	(34,467,656)	-	-	-	-	-	-	(27,840,697)	(34,467,656)
Insurance Contract expenses	905,377	793,684	213,590	167,512	23,273,264	29,038,657	226,788	249,855	24,619,019	30,249,709
Incurred claims net of recoveries	-	-	-	-	17,566,591	24,671,335	-	-	17,566,591	24,671,335
Changes that relate to past service: changes related to LFIC	-	-	-	-	2,449,807	29,139	-	-	2,449,807	29,139
Changes in onerous contract	-	-	213,590	167,512	-	-	-	-	213,590	167,512
Changes in risk adjustment –insurance contract	-	-	-	-	-	-	226,788	249,855	226,788	249,855
Amortization of insurance acquisition cost	375,541	426,857	-	-	-	-	-	-	375,541	426,857
Other technical expenses	529,836	366,827	-	-	-	-	-	-	529,836	366,827
Employee Exp. (Sh. Takaful Operation Management)	-	-	-	-	2,559,203	3,317,107	-	-	2,559,203	3,317,107
Management Exp. (Sh. Takaful Operation Management)	-	-	-	-	697,663	1,021,076	-	-	697,663	1,021,076
Insurance Contract service results	(26,935,320)	(33,673,972)	213,590	167,512	23,273,264	29,038,657	226,788	249,855	(3,221,678)	(4,217,947)
Finance (expenses) revenues from insurance contract	-	-	-	-	518,044	540,329	-	-	518,044	540,329
Net change – Other Comprehensive Income	(26,935,320)	(33,673,972)	213,590	167,512	23,791,308	29,578,986	226,788	249,855	(2,703,634)	(3,677,619)
Cash received from underwritten contracts	30,902,116	34,904,335	-	-	-	-	-	-	30,902,116	34,904,335
Paid claims	-	-	-	-	(17,380,445)	(24,036,313)	-	-	(17,380,445)	(24,036,313)
Paid acquisition cost	(381,814)	(471,038)	-	-	-	-	-	-	(381,814)	(471,038)
Paid other technical expenses	(529,836)	(366,827)	-	-	-	-	-	-	(529,836)	(366,827)
Paid Employee and management Exp (Sh. Takaful Operation Management)	-	-	-	-	(3,256,866)	(4,338,183)	-	-	(3,256,866)	(4,338,183)
Insurance contracts liabilities at the end of the period	7,438,160	4,383,014	1,304,159	1,090,569	19,241,441	16,087,444	1,348,388	1,121,600	29,332,149	22,682,627
Insurance contracts (assets) at the end of the period	-	-	-	-	-	-	-	-	-	-
Net of insurance contracts liabilities (assets) at the end of the period	7,438,160	4,383,014	1,304,159	1,090,569	19,241,441	16,087,444	1,348,388	1,121,600	29,332,149	22,682,627

8 . (A) Accounts Receivables – Insurance operations

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Policyholders receivables	5,030,395	4,099,168
Employees receivables	19,953	21,660
Total	5,050,348	4,120,828
Less: Allowance for doubtful debts *	(70,006)	(174,289)
Less: Provision for expected credit losses **	(568,874)	(480,601)
Net Accounts Receivable related to insurance operation	4,411,468	3,465,938

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

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	174,289	201,067
Unneeded provision	(104,283)	(26,778)
Balance at end of the period	70,006	174,289

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	480,601	386,948
Additions	88,273	93,653
Balance at end of the period	568,874	480,601

The aging of accounts receivables is as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Past due from 0-30 days	2,775,486	2,308,651
Past due from 31-90 days	1,090,818	794,833
Past due from 91-180 days	370,287	305,669
Past due from 181-365 days	325,974	306,529
Past due for more than one year	487,783	405,146
Total	5,050,348	4,120,828

8 . (B) Cheques under collection – Insurance Operations

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Cheques under collection	1,066,164	1,562,283
Less: Provision for expected credit losses **	(7,822)	(7,822)
Net cheques under collection related insurance operation	<u>1,058,342</u>	<u>1,554,461</u>

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

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

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

The aging of cheques under collection is as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Past due from (0-6) months	786,343	1,094,141
Past due from (7-12) months	279,821	468,142
Past due for more than (12) months	-	-
Total	<u>1,066,164</u>	<u>1,562,283</u>

8 . (C) Accounts Payable – Insurance Operations

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Individual payable	84,831	101,043
Companies payable	48,777	85,808
Institutions payable	2,537	3,132
Garages station & suppliers Co. payable	9,565	49,359
Other payables (Medical care, takaful, other)	123,839	69,298
Agents payables (Accrued commission)	116,060	112,446
Medical and pending cheques	104,865	384,655
Total accounts payable related to insurance operation	<u>490,474</u>	<u>805,741</u>

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

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9 . Reinsurance contract Assets /liabilities – Premium Allocation Approach

	Liabilities for remaining coverage				liabilities for incurred claims				Total	
	30/9/2024	31/12/2023	30/9/2024	31/12/2023	30/9/2024	31/12/2023	30/9/2024	31/12/2023	30/9/2024	31/12/2023
	Excluding loss component contracts	Excluding loss component contracts	Loss component	Loss component	Present value of future cash flows	Present value of future cash flows	non-financial Risk adjustments	non-financial Risk adjustments	Total	Total
Reinsurance contracts liabilities at beginning of the period	117,062	-	-	-	(88,469)	-	(4,702)	-	23,891	-
Reinsurance contracts (assets) at beginning of the period	4,006,803	1,828,267	(99,854)	(85,561)	(8,290,675)	(8,147,431)	(548,086)	(448,678)	(4,931,812)	(6,853,403)
Net of reinsurance contracts liabilities (assets) at the beginning of the period	4,123,865	1,828,267	(99,854)	(85,561)	(8,379,144)	(8,147,431)	(552,788)	(448,678)	(4,907,921)	(6,853,403)
Reinsurance Contract held expenses	10,000,166	12,401,010	-	-	-	-	-	-	10,000,166	12,401,010
Reinsurance Contract held revenues	-	-	(72,196)	(14,293)	(7,276,743)	(10,161,702)	(77,531)	(104,110)	(7,426,470)	(10,280,105)
Recovered incurred claims from reinsurer	-	-	-	-	(7,276,743)	(9,884,767)	-	-	(7,276,743)	(9,884,767)
Change in loss recovery component	-	-	(72,196)	(14,293)	-	-	-	-	(72,196)	(14,293)
Changes in non-financial risk adjustment	-	-	-	-	-	-	(77,531)	(104,110)	(77,531)	(104,110)
Profit commission due from reinsurer	-	-	-	-	-	(276,935)	-	-	-	(276,935)
Insurance service results	10,000,166	12,401,010	(72,196)	(14,293)	(7,276,743)	(10,161,702)	(77,531)	(104,110)	2,573,696	2,120,905
Finance (revenues) expenses from insurance contracts held	-	-	-	-	(218,674)	(207,820)	-	-	(218,674)	(207,820)
Net change- Other Comprehensive Income	10,000,166	12,401,010	(72,196)	(14,293)	(7,495,417)	(10,369,522)	(77,531)	(104,110)	2,355,022	1,913,085
Paid reinsurers' share from premium	(10,963,335)	(10,105,412)	-	-	-	-	-	-	(10,963,335)	(10,105,412)
Received claims recovery from reinsurer	-	-	-	-	5,301,852	9,860,874	-	-	5,301,852	9,860,874
Received profit commission	-	-	-	-	-	276,935	-	-	-	276,935
Reinsurance contracts liabilities at the end of the period	103,035	117,062	-	-	-	(88,469)	-	(4,702)	103,035	23,891
Reinsurance contracts (assets) at the end of the period	3,057,661	4,006,803	(172,050)	(99,854)	(10,572,709)	(8,290,675)	(630,319)	(548,086)	(8,317,417)	(4,931,812)
Net of reinsurance contracts (assets) liabilities at the end of the period	3,160,696	4,123,865	(172,050)	(99,854)	(10,572,709)	(8,379,144)	(630,319)	(552,788)	(8,214,382)	(4,907,921)

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Reinsurance contract held assets (Local)	196,072	185,558
Reinsurance contract held assets (Foreign)	1,837,876	866,517
Total Receivables related to reinsurance operation	2,033,948	1,052,075
Allowance for doubtful debts*	(3,980)	(26,247)
Provision for expected credit losses**	(181,161)	(142,859)
Net receivables related to reinsurance operations	1,848,807	882,969

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

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	26,247	187,538
Additions	-	23
Unneeded provision	(22,267)	(161,314)
Balance at end of the period	3,980	26,247

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	142,859	48,420
Additions	38,302	94,439
Unneeded provision	-	-
Balance at end of the period	181,161	142,859

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Past due from 31-90 days	1,872,891	879,287
Past due from 91-180 days	18,828	55,270
Past due from 181-365 days	15,914	16,838
Past due for more than one year	126,315	100,680
Total	2,033,948	1,052,075

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Reinsurance contract held liabilities – (Local)	571,913	647,748
Reinsurance contract held liabilities – (Foreign)	6,322,553	5,475,586
Total accounts payable related to reinsurance operation	6,894,466	6,123,334

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

10. Income Tax

A- Income tax provision

The movement on income tax provision is as follow:

	30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at beginning of the year	123,726	606,954	(23,271)	533,038
Income tax paid	(191,967)	(543,373)	(36,980)	(733,012)
Income tax expense for the period	-	443,546	183,977	806,928
Balance at end of the period	(68,241)	507,127	123,726	606,954

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

	30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Income tax expense for the period	-	443,546	183,977	806,928
Total	-	443,546	183,977	806,928

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

	30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Accounting profit (Policyholders and shareholders)	(838,750)	1,874,662	26,614	2,549,361
Non-taxable revenues	838,750	-	(2,235,864)	(33,762)
Non-deductible expenses	-	(168,716)	2,916,853	587,970
Taxable profit	-	1,705,946	707,603	3,103,569
Income tax of the period	-	443,546	183,977	806,928
Effective income tax rate	26%	26%	26%	26%

- The Company has settled its tax liability with Income Tax Department up to the year ended 2020, and based on the tax advisor opinion the income tax provision considered sufficient as of 30/9/2024.
- There is no deferred tax assets or liabilities related to the company as it calculates income tax based on taxable profit for the year.
- The income tax returns for the years 2021, 2022 and 2023 have been filed with the Income Tax Department but the Department has not reviewed the Company's, records till the date of this report.
- The Income and National Contribution tax provision for the nine months ended 30 September 2024 was calculated in accordance with the Income Tax Law.

11. Property and equipment – net

	Buildings	Equipment and Furniture	Vehicles	Computer Devices	Total
Cost					
Balance as at 1/1/2024	2,431,572	736,789	183,700	424,403	3,776,464
Additions	38,737	52,013	136,901	83,541	311,192
Disposals	-	-	(87,500)	-	(87,500)
Balance as at 30/9/2024	2,470,309	788,802	233,101	507,944	4,000,156
Accumulated depreciation					
Balance as at 1/1/2024	540,623	587,526	168,510	356,789	1,653,448
Depreciation for the period	37,451	32,750	15,335	40,205	125,741
Disposals	-	-	(87,499)	-	(87,499)
Balance as at 30/9/2024	578,074	620,276	96,346	396,994	1,691,690
Net book value as at 30/9/2024	1,892,235	168,526	136,755	110,950	2,308,466
Cost					
Balance as at 1/1/2023	2,208,913	619,055	183,700	366,792	3,378,460
Additions	222,659	117,734	-	57,611	398,004
Balance as at 31/12/2023	2,431,572	736,789	183,700	424,403	3,776,464
Accumulated depreciation					
Balance as at 1/1/2023	495,054	567,608	165,285	316,381	1,544,328
Depreciation	45,569	19,918	3,225	40,408	109,120
Balance as at 31/12/2023	540,623	587,526	168,510	356,789	1,653,448
Net book value as at 31/12/2023	1,890,949	149,263	15,190	67,614	2,123,016

12. Intangible Assets

	30 September 2024 (Unaudited) Software	31 December 2023 (Audited) Software
Balance at the beginning of the year	9,577	19,818
Additions	3,500	138,717
Amortization	(5,342)	(148,958)
Balance at the end of the period	7,735	9,577

13. Other Assets

	30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Prepaid expenses	-	38,046	-	62,717
Refundable deposit	-	18,921	-	13,001
Prepaid income tax	46,214	259,777	-	-
Advance payments for updating and developing the company website	-	15,215	-	1,750
Total	46,214	331,959	-	77,468

14. Accounts Payable

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Advertising and other payables	9,038	26,745
Total	9,038	26,745

15. Other Provisions

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Employees vacation provision	231,020	231,020
Provision for end of service indemnity	325,012	325,012
Unallocated loss adjustment expense (ULAE)	636,696	505,814
Total	1,192,728	1,061,846

	Balance at beginning of the year	Addition during the period	Paid during the period	Balance at end of the period
Employees vacation provision	231,020	-	-	231,020
Provision for end of service indemnity	325,012	-	-	325,012
Unallocated loss adjustment expense (ULAE)	505,814	130,882	-	636,696
Total	1,061,846	130,882	-	1,192,728

16. Other liabilities

	30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Collectors' commissions	-	-	3,965	-
Ministry of finance deposits	93,678	18,751	49,740	158
Other dues	-	8,335	-	8,236
Health insurance fund	-	29,368	-	112,644
Shareholders dues	-	6,591	-	10,274
Board of directors' remunerations	-	2,491	-	56,450
Central bank dues	53,419	-	28,076	-
Unearned rent revenues	-	33,250	-	50,000
Social security dues	-	37,610	-	-
Total	147,097	136,396	81,781	237,762

17. Deficiency Cover Reserve (Emergency Provision)

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

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

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

18. Non-Demanded Surplus

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	17,793	56,180
Less: Distributions to charity	(13,771)	(38,387)
Balance at end of the period	4,022	17,793

19. Accumulated (Deficit) Surplus

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	-	66,950
Less: Deficit for the period for policyholders	(838,750)	(157,363)
Add: Transfer from deficiency cover reserve to cover the deficit	490,102	90,413
Balance at end of the period	(348,648)	-

20. Al Qard Al Hasan granted by shareholders to cover policyholders' deficit

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	-	-
Addition : Al Qard Al - Hassan granted to cover deficit	348,648	-
Balance at end of the period	348,648	-

Movement on the provision against Al Qard Al Hasan granted by shareholders to cover policyholders' deficit is as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	-	-
Additions	348,648	-
Balance at end of the period	348,648	-

21. Paid-in Capital

The Company's authorized, subscribed and paid-in capital at the end of the period is JOD (16,500,000) divided equally into (16,500,000) shares with a par value of JOD (1) each, JOD (15,000,000) as at 31 December 2023.

22. Reserves

Statutory Reserve

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

Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders, it's used for purposes determined by the Board of Director and General Assembly has the right to distribute it as dividend to shareholders. The voluntary reserve was utilized to increase the capital by an amount of JOD (1,500,000).

23. Cumulative Change in Fair Value

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
<u>Shareholders</u>		
Balance at beginning of the year	(439,320)	(42,962)
Net change in fair value during the period	(140,444)	(396,358)
Balance at end of the period	(579,764)	(439,320)
	30 September 2024 (Unaudited)	31 December 2023 (Audited)
<u>Policyholders</u>		
Balance at beginning of the year	(146,440)	(14,321)
Net change in fair value during the period	(46,815)	(132,119)
Balance at end of the period	(193,255)	(146,440)

The cumulative change in fair value as 30 September 2024 and 31 December 2023 amounted to JOD (773,019) and JOD (585,760) respectively.

24. Retained Earnings

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at beginning of the year	3,101,279	3,079,718
Less: Paid dividends	(1,500,000)	(1,200,000)
Add: Profit for the period	1,431,116	1,742,433
Less: Transferred to reserves	-	(520,872)
Balance at end of the period	3,032,395	3,101,279

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

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25. Insurance Contracts Revenues

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other Insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023
Change in insurance contract liabilities against the remaining coverage	10,924,314	9,709,161	657,550	578,221	1,351,425	1,248,371	83,997	65,980	5,277,805	5,279,147	162,999	154,853	603,666	659,609	8,778,941	7,962,705	27,840,697	25,658,047
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Insurance Contracts Revenues	10,924,314	9,709,161	657,550	578,221	1,351,425	1,248,371	83,997	65,980	5,277,805	5,279,147	162,999	154,853	603,666	659,609	8,778,941	7,962,705	27,840,697	25,658,047

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26. Insurance Contracts Expenses

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other Insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023
Incurring claims net of recoveries	10,592,950	8,263,979	300,245	24,871	110,905	718,142	(2,986)	(122,284)	5,069,621	5,084,807	148,716	(58,076)	56,582	5,264	3,740,365	3,249,798	20,016,398	17,166,501
Amortization of insurance acquisition cost	327,779	311,052	10,148	5,965	21,418	13,148	706	266	10,969	11,229	4,283	3,631	238	225	-	-	375,541	345,516
Loss component -New	728,266	370,499	-	-	-	-	-	-	575,893	657,144	-	-	-	-	-	-	1,304,159	1,027,643
Reversal of Loss component	(612,983)	(777,277)	-	-	-	-	-	-	(477,586)	(145,780)	-	-	-	-	-	-	(1,090,569)	(923,057)
Risk adjustment -New	647,851	458,365	44,982	11,253	230,549	242,536	15,964	13,515	116,184	99,124	18,055	23,041	9,836	3,402	264,967	173,770	1,348,388	1,025,006
Reversal of risk adjustment	(472,819)	(308,389)	(5,259)	(21,899)	(244,057)	(44,597)	(19,444)	(9,158)	(126,510)	(79,977)	(21,110)	(11,818)	(3,213)	(388)	(229,188)	(395,513)	(1,121,600)	(871,739)
Employee Exp. (Shareholders' share against Takaful Operation Management-allocated)	986,488	975,326	204,633	173,485	176,351	131,713	9,941	6,176	814,770	830,679	14,242	12,066	58,793	62,182	293,985	271,035	2,559,203	2,462,662
Management Exp. (Shareholders' share against Takaful Operation Management - allocated)	363,169	355,594	20,055	30,723	20,897	21,720	2,450	4,509	204,647	202,115	3,588	5,654	9,112	7,193	73,745	68,125	697,663	695,633
Other technical expenses	205,485	99,891	31,509	10,242	33,690	13,951	2,098	769	81,368	61,839	2,496	981	10,602	8,456	162,588	77,783	529,836	273,912
Total insurance contracts expenses	12,766,186	9,749,040	606,313	234,640	349,753	1,096,613	8,729	(106,207)	6,269,356	6,721,180	170,270	(24,521)	141,950	86,334	4,306,462	3,444,998	24,619,019	21,202,077

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27. Reinsurance Contracts held Expenses

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023
Change in reinsurance contract liabilities against the remaining coverage and issuance fee	757,468	669,880	376,972	292,495	981,779	899,125	57,835	45,763	3,350,512	3,050,995	77,393	56,881	338,196	367,891	4,060,011	3,914,749	10,000,166	9,297,779
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total reinsurance contracts expenses	757,468	669,880	376,972	292,495	981,779	899,125	57,835	45,763	3,350,512	3,050,995	77,393	56,881	338,196	367,891	4,060,011	3,914,749	10,000,166	9,297,779

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28. Reinsurance Contracts held Revenues

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023	30 /9/2024	30 /9/2023
Recovered incurred claims from reinsurance	760,441	321,025	297,414	93,923	135,862	642,526	(701)	(107,624)	3,210,790	3,045,336	107,342	(114,960)	53,776	(98)	2,711,819	2,348,607	7,276,743	6,228,735
Loss recovery component - New	-	-	-	-	-	-	-	-	172,050	175,242	-	-	-	-	-	-	172,050	175,242
Reversal of loss recovery component	-	-	-	-	-	-	-	-	(99,854)	(85,561)	-	-	-	-	-	-	(99,854)	(85,561)
Risk adjustment - New	82,393	32,189	43,840	10,678	219,022	229,115	14,368	12,675	79,834	58,789	9,751	5,355	8,230	1,026	172,881	102,034	630,319	451,861
Reversal of risk adjustment	(66,946)	(39,046)	(4,702)	(20,861)	(237,734)	(59,092)	(19,121)	(12,389)	(75,906)	(76,700)	(7,940)	(8,462)	(1,041)	(203)	(139,398)	(231,925)	(552,788)	(448,678)
Other revenues	-	-	-	64,008	-	-	-	-	-	-	-	-	-	-	-	-	-	64,008
Total reinsurance contracts revenues	775,888	314,168	336,552	147,748	117,150	812,549	(5,454)	(107,338)	3,286,914	3,117,106	109,153	(118,067)	60,965	725	2,745,302	2,218,716	7,426,470	6,385,607

29. Finance Expenses From Insurance Contracts

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Finance expenses	(518,044)	(424,974)
Total	(518,044)	(424,974)

The bottom-up approach was used to derive the discount rate for cash flows. Under this approach, the discount rate is determined as the risk-adjusted risk-free in US Dollar (EIOPA) plus 1%. The company used discount rate from (4.36% - 5.25%) for the current period in 2024, compared to (4.65% - 6.23%) for the year of 2023.

30. Finance Revenues From Reinsurance Contracts

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Finance revenues	218,674	197,872
Total	218,674	197,872

The bottom-up approach was used to derive the discount rate for cash flows. Under this approach, the discount rate is determined as the risk-adjusted risk-free in US Dollar (EIOPA) PLUS 1%. The company used discount rate from (4.36% - 5.25%) for the current period in 2024, compared to (4.65% - 6.23%) for the year of 2023.

31. Investment Returns

	30 September 2024 (Unaudited)		30 September 2023 (Unaudited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Profits from deposits	530,000	654,286	384,387	580,620
Gain from financial assets at fair value through profit or loss	26,250	78,750	24,999	74,996
Profit from financial assets at amortized cost	-	-	10,984	32,952
Total	556,250	733,036	420,370	688,568

32. Net Profit from Financial Assets and Investments

	30 September 2024 (Unaudited)		30 September 2023 (Unaudited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Dividends income	97,005	291,879	94,932	285,569
Rent revenues	-	24,750	-	24,750
Total	97,005	316,629	94,932	310,319

33. Shareholders' Share against Takaful Operation Management

A. This item consists of the following:

(Unaudited) 30 September 2024					(Unaudited) 30 September 2023				
Acquisition costs	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total	Acquisition costs	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total
1,196,311	1,589,775	479,113	1,659,136	4,924,336	880,572	1,708,646	494,378	1,723,467	4,807,063
1,196,311	1,589,775	479,113	1,659,136	4,924,336	880,572	1,708,646	494,378	1,723,467	4,807,063

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

B. Shareholder's share against takaful operation management

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

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Shareholders' share against Takaful Operation Management - allocated (Insurance Contracts Expenses).	3,265,200	3,083,596
Shareholders' share against Takaful Operation Management - unallocated (Statement of Profit or Loss (Policyholders)).	1,659,136	1,723,467
	4,924,336	4,807,063

34. Employees Expenses

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Salaries and bonuses	2,218,419	2,143,024
Company's contribution in social security	227,721	222,826
Medical expenses	140,970	137,870
Traning	7,004	1,502
Travel and transportation	4,094	4,016
Total	2,598,208	2,509,238

35. Related Party Transactions

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

The total contributions value of the underwritten insurance policies by the Jordan Islamic Bank (a major shareholder) for the nine months ended at 30/9/2024 and 2023 amounted to JOD (5,564,369) and JOD (5,459,534) respectively, and the contributions value underwritten for the Takaful insurance fund of the Jordan Islamic Bank during the nine months ended at 30/9/2024 and 2023 amounted to JOD (7,957,831) and JOD (7,453,551) respectively.

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

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Salaries and bonuses	343,454	331,192
Transportation expenses	945	945
Total	344,399	332,137

36. General and Administrative Expenses

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Rent	9,972	11,050
Stationery and printing	21,022	21,972
Advertisements	31,035	47,473
Water, electricity and heating	45,710	38,325
Maintenance	51,101	56,839
Postage and telecommunications	9,226	8,494
Hospitality	22,672	19,175
Lawyer and legal consultancy fees	83,403	87,283
Board of director transportation	69,918	55,400
Subscriptions	53,194	57,201
Governmental and other fees	72,175	49,458
Company classification expense	7,899	8,111
Virtual conference and meetings expense	28,043	21,734
Professional fee	18,500	28,500
Actuary expert fee	41,000	12,000
Media and Marketing consultancy fees	12,000	10,750
Cleaning	48,166	34,498
Insurance	6,261	3,844
Others	45,752	41,947
ISO certification expense	591	1,773
Expense for implementing (IFRS 17)	31,955	31,392
Total	709,595	647,219

37. Other Provisions

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Provision for expected credit loss – Cash at Al Baraka Bank - Lebanon	330,048	250,000
Unallocated loss adjustment expense (ULAE)	130,882	140,147
Total	460,930	390,147

38. Earnings per Share for the period

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Net profit for the period after tax	1,431,116	1,690,017
Weighted average number of shares	16,500,000	16,500,000
Basic and diluted earnings per share for the period	0.087	0.102

39. Cash and Cash Equivalents

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

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Cash on hand and at banks	2,050,865	2,689,435
Add: Deposits at banks mature within (3) months	1,668,810	3,000,107
Net Cash and Cash Equivalents	3,719,675	5,689,542

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

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

41. Onerous Contracts

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

42. Fair Value Levels:

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

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

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

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

30/9/2024	Level One	Level Two	Level Three	Total
Financial assets at fair value through profit or loss	-	-	4,000,000	4,000,000
Financial assets at fair value through other comprehensive income	8,492,860	197,395	8,157	8,698,412
Total	8,492,860	197,395	4,008,157	12,698,412

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

43. Risks management

First: Descriptive Disclosures

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

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

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

Enterprise Risk Management (ERM) Process

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

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

C- Operational risks:

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

D- Legal Risk:

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

44. Analysis of Main Sectors

A – Background information on the Company's business segments

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

B – Geographical distribution

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

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

	Inside Jordan		Outside Jordan		Total	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Total revenues	29,543,617	27,172,236	-	-	29,543,617	27,172,236
Total assets	52,404,849	46,556,010	1,678,740	1,773,598	54,083,589	48,329,608
Capital expenditures	314,692	536,721	-	-	314,692	536,721

45. Capital Management

The subscribed and paid-up capital at the end of the period is JOD (16.5) million, distributed over (16.5) million shares with a nominal value of one Jordanian dinar per share. On March 21, 2007, the company's capital was increased from (3,600,000) JOD / shares as of December 31, 2005, by capitalizing (400) thousand JOD / shares from retained earnings and offering (4) million JOD / shares for public subscription. This was in accordance with the minimum capital requirement regulation for insurance companies issued by the Central Bank of Jordan / Insurance Supervision Department. On April 26, 2008, the company's capital was increased by capitalizing (2) million JOD / shares from the additional paid-in-capital, voluntary reserve, and retained earnings. On April 8, 2009, the company's capital was further increased by capitalizing (2) million JOD / shares from the voluntary reserve and retained earnings. Additionally, on April 4, 2017, the company's capital was raised by capitalizing (3) million JOD / shares from retained earnings. Consequently, the subscribed and paid-up capital became (15) million JOD / shares. On 23 July 2024, the company's capital was increased by capitalizing JOD (1,500,000) from the voluntary reserve, resulting in a total subscribed and paid in capital of (16,500,000) JOD/ share.

In the opinion of the Board of Directors, the above mentioned regulatory capital is considered sufficient.

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Core capital items		
Paid in Capital	16,500,000	15,000,000
Statutory reserve	3,954,946	3,954,946
Voluntary reserve	5,916	1,505,916
Retained earnings	3,032,395	3,101,279
Policyholders' equity	(189,233)	361,455
Additional capital items		
Cumulative change in fair value	(579,764)	(439,320)
Solvency margin (According to the financial statements prepared in accordance with international financial reporting standard (No.4)	272%	294%

46. Lawsuits against the Company

There are lawsuits filed against the Company mainly pertaining motor accidents, for which a full reserve has been included in the insurance contract liabilities as at 30/9/2024, in the opinion of the Company's management and its lawyer, the reserve amounting to JOD (3,762,114) considered sufficient as at 30/9/2024, (JOD (2,886,940) as at 31 December 2023).

47. Contingent Liabilities

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

48. Subsequent Events

No subsequent events have a material impact on the financial statement as at in 30/9/2024.

49. Comparative Figures

Some comparative figures for the nine months ended 30/9/2023 have been adjusted to align with the assumptions and accounting principles used in calculating the insurance and reinsurance contract asset / liabilities.

50. Transaction that don't comply with the principle of Islamic sharia

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