

الرقم: INS /1749/07/2025

التاريخ: 2025/07/30

السادة هيئة الاوراق المالية المحترمين

تحية طيبة ،،،

الموضوع: البيانات المالية للفترة المنتهية في 30 حزيران لعام 2025

بالإشارة الى الموضوع أعلاه، نرفق لكم البيانات المالية باللغة الانجليزية للفترة المنتهية في 30 حزيران لعام 2025.

وتفضلوا بقبول فائق الاحترام،،


أحمد عادي

نائب الرئيس التنفيذي – الشؤون المالية والخدمات المؤسسية

Confidential

First Insurance Company
(Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan
Interim Condensed Consolidated
Financial Statements (Unaudited)
and the Independent Auditor's Review Report
For the six months period ended June 30, 2025

First Insurance Company
(Public Shareholding Limited Company)
Amman- The Hashemite kingdom of Jordan
Interim Condensed Consolidated Financial Statements (Unaudited)
And Independent Auditor's Review Report
For the six months period ended June 30, 2025

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Independent Auditor's Review Report

To, The Shareholders
First Insurance Company
(Public Shareholding Limited Company)
Amman - the Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying interim consolidated financial statements of **First Insurance Company-Public Shareholding Limited ("the Company")** as of June 30, 2025, which comprise the consolidated interim statement of financial position as at June 30, 2025, and the consolidated interim statements of income for policyholders and for shareholders, the consolidated interim statement of other comprehensive income for the three and six months period ended June 30, 2025, the consolidated interim statements of changes in shareholders' equity and policyholders' equity, and the consolidated interim statement of cash flows for the six-month period then ended, and summary of significant accounting policies and accompanying notes.

Management is responsible for the preparation and presentation of this interim condensed Consolidated financial statement in accordance with financial accounting standard 41 "Interim Financial Reporting" issued by Accounting and Auditing Organization for Islamic Financial Institutions "AAOIFI" as modified by the Central Bank of Jordan "CBJ" our responsibility is to express a conclusion on this interim condensed consolidated financial statement based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagement (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of people responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted and 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.

Other matter

- The consolidated financial statements for the year ended December 31, 2024, which show the consolidated financial figures for comparison purposes, were audited by another auditor who issued an unqualified report on the Company on 26 February 2025.
- The consolidated financial statements for the period ended March 31, 2025, which show the consolidated financial figures for comparison purposes, were audited by another auditor who issued an unqualified report on the Company on 28 April 2025.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim condensed Consolidated financial statement are not properly prepared in all materials respects in accordance with financial accounting standard 41 "Interim Financial Reporting" issued by AAOIFI as modified by the Central Bank of Jordan.

The partner is in charge of the audit resulting in this auditor's report was Hasan Amin Othman; license number 674.

Date :July 29, 2025.

Amman - Jordan



First Insurance Company
(Public Shareholding Limited Company)
Interim Condensed Consolidated Statement of Financial Position
As of June 30, 2025 (Unaudited)
(Jordanian Dinar)

| | Notes | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--|-------|------------------------------|--------------------------------|
| <u>Assets:</u> | | | |
| Deposits at banks- net | 6 | 12,717,052 | 10,681,095 |
| Financial assets at fair value through other comprehensive income | 7 | 7,516,835 | 7,047,482 |
| Financial assets at amortized cost | 8 | 16,355,492 | 13,500,843 |
| Investment properties | 9 | 5,212,404 | 5,238,577 |
| Total Investments | | 41,801,783 | 36,467,997 |
| Cash on hand and at banks | 10 | 510,567 | 4,061,624 |
| Re-takaful contracts assets - net | 12 | 13,689,405 | 12,834,877 |
| Property and equipment - net | | 9,276,861 | 9,399,653 |
| Intangible assets | | 596,394 | 656,232 |
| Right of use assets | | 452,775 | 465,237 |
| Deferred tax assets | 13 | 2,459,719 | 2,150,124 |
| Al Qard Al Hasan granted by shareholders to cover policyholders' deficit | | 284,300 | - |
| Other assets | | 1,285,959 | 2,430,489 |
| Total assets | | 70,357,763 | 68,466,233 |
| <u>Liabilities and Shareholders' Equity:</u> | | | |
| <u>Liabilities:</u> | | | |
| Takaful contracts liabilities - net | 11 | 29,943,563 | 28,313,834 |
| Total takaful contracts liabilities | | 29,943,563 | 28,313,834 |
| Account payables | | 130,488 | 121,469 |
| Accrued expenses | | 175,752 | 139,243 |
| Other reserves | | 545,921 | 220,921 |
| Income tax provision | 13 | - | 581,242 |
| Liabilities against lease contracts | | 493,195 | 494,725 |
| Al Qard Al Hasan granted by shareholders to cover policyholders' deficit | | 284,300 | - |
| Deferred tax liabilities | 13 | 26,118 | 12,434 |
| Other liabilities | | 2,294,346 | 1,611,214 |
| Total liabilities | | 33,893,683 | 31,495,082 |
| <u>Policyholders Equity</u> | | | |
| Deficit Coverage Reserve | | 44,537 | 44,537 |
| Accumulated policyholder surplus (deficit) | | (328,837) | - |
| Total Policyholders Equity | | (284,300) | 44,537 |
| <u>Shareholders' Equity:</u> | | | |
| Authorized and paid-up share capital | | 28,000,000 | 28,000,000 |
| Statutory reserve | | 4,528,992 | 4,528,992 |
| Al Qard Al Hasan granted by shareholders to cover policyholders' deficit | | 284,300 | - |
| Fair value reserve | | 652,908 | 49,596 |
| Retained earnings | 14 | 3,282,180 | 4,348,026 |
| Total Shareholders' Equity | | 36,748,380 | 36,926,614 |
| Total Policyholders and Shareholders Equities | | 36,464,080 | 36,971,151 |
| Total Liabilities and Shareholders' Equity | | 70,357,763 | 68,466,233 |

The accompanying notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements

First Insurance Company
(Public Shareholding Limited Company)
Interim Condensed Consolidated Statement of Profit or Loss Policyholders
For the three and six months period ended June 30, 2025 (Unaudited)
(Jordanian Dinars)

| | Note | For the three-month period from April 1 to June 30 | | For the six-month period from January 1 to June 30 | |
|--|------|---|--------------------|---|--------------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Revenues: | | | | | |
| Takaful contract revenues | 16 | 20,878,723 | 17,307,945 | 40,721,245 | 33,491,006 |
| Takaful contract expenses | 16 | (14,963,585) | (10,354,903) | (27,844,427) | (21,093,532) |
| Takaful contract operations results | | 5,915,138 | 6,953,042 | 12,876,818 | 12,397,474 |
| Re-takaful contracts revenues | 16 | 7,117,494 | 4,447,101 | 11,634,219 | 8,663,410 |
| Re-takaful contracts expenses | 16 | (11,052,595) | (9,023,386) | (20,132,746) | (16,458,578) |
| Re-takaful contracts service results | | (3,935,101) | (4,576,285) | (8,498,527) | (7,795,168) |
| Net takaful service results | | 1,980,037 | 2,376,757 | 4,378,291 | 4,602,306 |
| Finance expenses - takaful contracts | | (164,754) | (247,539) | (349,395) | (453,857) |
| Finance revenues - re-takaful contracts | | 24,851 | 20,445 | 48,513 | 44,707 |
| Net financing results of takaful an re-takaful operations | | (139,903) | (227,094) | (300,882) | (409,150) |
| Policyholders' share of investment income | | 31,131 | 39,891 | 69,727 | 78,917 |
| Total revenue | | 31,131 | 39,891 | 69,727 | 78,917 |
| General and administrative expenses | | (17,642) | (29,957) | (89,559) | (79,627) |
| Depreciation and amortization | | (12,403) | (12,458) | (24,670) | (24,680) |
| Less: Shareholder's share for manging investment portfolios | | (1,547,055) | (1,930,220) | (4,494,656) | (4,703,586) |
| Total expenses | | (1,577,100) | (1,972,635) | (4,608,885) | (4,807,893) |
| Policyholders' surplus / (deficit) before income tax | | 294,165 | 216,919 | (461,749) | (535,820) |
| Income tax | 13 | (71,878) | (39,244) | 132,912 | 160,364 |
| Policyholders' surplus / (deficit) after income tax | | 222,287 | 177,675 | (328,837) | (375,456) |

The accompanying notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements

First Insurance Company
(Public Shareholding Limited Company)
Interim Condensed Consolidated Statement of Profit or Loss Shareholder's
For the three- and six-months period ended June 30, 2025 (Unaudited)
(Jordanian Dinars)

| | <u>Note</u> | For the three-month period from April 1 to June 30 | | For the six-month period from January 1 to June 30 | |
|---|-------------|---|--------------------|---|--------------------|
| | | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Revenues: | | | | | |
| Shareholders' share for managing takaful operations | | 1,547,055 | 1,930,220 | 4,494,656 | 4,703,586 |
| Shareholders' equity shares of Murabaha income | | 141,102 | 222,028 | 286,640 | 358,830 |
| Shareholders' equity shares of investments | | 313,289 | 187,892 | 535,694 | 333,642 |
| Shareholders' equity shares from managing the investments portfolio | | 16,762 | 21,840 | 37,545 | 42,854 |
| Other income | | 197,494 | 175,278 | 222,979 | 195,009 |
| Total revenue | | <u>2,215,702</u> | <u>2,537,258</u> | <u>5,577,514</u> | <u>5,633,921</u> |
| Employees expenses | | (1,743,589) | (1,789,330) | (3,029,353) | (2,224,731) |
| Provision against Qard Hasan granted to Takaful policyholders | | 222,287 | 177,675 | (284,300) | (342,147) |
| General and administrative expenses | | (423,656) | 195,262 | (881,219) | (915,052) |
| Deprecations and amortization | | (121,258) | (119,193) | (243,233) | (237,555) |
| Total expenses | | <u>(2,066,216)</u> | <u>(1,535,586)</u> | <u>(4,438,105)</u> | <u>(3,719,485)</u> |
| Profit for the period before income tax | | 149,486 | 1,001,672 | 1,139,409 | 1,914,436 |
| Income tax | 13 | 696,663 | (92,553) | 351,835 | (446,258) |
| Profit for the period after tax | | <u>846,149</u> | <u>909,119</u> | <u>1,491,244</u> | <u>1,468,178</u> |
| Earnings per share from profit / (loss) for the period – (Basic and diluted) | 15 | <u>0.030</u> | <u>0.032</u> | <u>0.053</u> | <u>0.052</u> |

The accompanying notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements

First Insurance Company
(Public Shareholding Limited Company)
Interim Condensed Consolidated Statement of Profit or Loss – Life Insurance
For the three- and six-months period ended June 30, 2025 (Unaudited)
(Jordanian Dinars)

| | Note | For the three-month period from April 1 to June 30 | | For the six-month period from January 1 to June 30 | |
|---|-------------|---|-------------|---|-------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Revenues: | | | | | |
| Takaful contract revenues | 16 | 1,660,894 | 1,621,744 | 3,530,857 | 3,010,554 |
| Takaful contract expenses | 16 | (3,067,583) | (1,521,378) | (3,733,131) | (2,594,523) |
| Results of takaful contract operations | | (1,406,689) | 100,366 | (202,274) | 416,031 |
| Re-takaful contract revenues | | 2,077,399 | 1,210,178 | 2,539,306 | 1,931,380 |
| Re-takaful contract expenses | | (1,076,929) | (1,257,323) | (2,416,678) | (2,080,934) |
| Results of re-takaful contract | | 1,000,470 | (47,145) | 122,628 | (149,554) |
| Net results of takaful and re-takaful | | (406,219) | 53,221 | (79,646) | 266,477 |
| Financing expenses – takaful contracts | | - | - | - | - |
| Financing revenues – re- takaful contracts | | - | - | - | - |
| Net financing results of takaful | | - | - | - | - |
| Policyholders’ share of investment income | | 3,537 | 5,104 | 6,601 | 8,258 |
| Shareholders’ share from managing takaful operations | | (254,535) | (277,191) | (543,067) | (509,400) |
| Total revenues | | (250,998) | (272,087) | (536,466) | (501,142) |
| Surplus/(Deficit) of policyholders before income tax | | (657,217) | (218,866) | (616,112) | (234,665) |
| Income tax | | - | - | - | - |
| Surplus/(Deficit) of policyholders after income tax | | (657,217) | (218,866) | (616,112) | (234,665) |

The accompanying notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements

First Insurance Company
(Public Shareholding Limited Company)
Interim Condensed Consolidated Statement of Other Comprehensive Income
For the three- and six-months period ended June 30, 2025 (Unaudited)
(Jordanian Dinars)

| | For the three-month period from April 1 to June 30 | | For the six-month period from January 1 to June 30 | |
|---|---|-------------|---|-------------|
| | 2025 | 2024 | 2025 | 2024 |
| Profit for the period | 846,149 | 909,119 | 1,491,244 | 1,468,178 |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Change in fair value reserve | 175,750 | (49,176) | 603,312 | 329,007 |
| Gain (loss) on sale of financial assets at fair value through other comprehensive income | - | - | (1,505) | (313,469) |
| Total comprehensive income / (loss) for the period | 1,021,893 | 859,943 | 2,093,051 | 1,483,716 |

The accompanying notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements

First Insurance Company
(Public Shareholding Limited Company)
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months period ended June 30, 2025 (Unaudited)
(Jordanian Dinars)

| | Authorized and paid-up share capital | Statutory reserve | Fair value reserve | Retained Earnings | Al Qard Al Hasan | Total |
|--|--|----------------------|-----------------------|----------------------|---------------------|--------------------|
| <u>For the six months period ended June 30, 2025(Unaudited)</u> | | | | | | |
| Balance as of December 31,2024 (audited) | 28,000,000 | 4,528,992 | 49,596 | 4,348,026 | - | 36,926,614 |
| Net profit for the period | - | - | - | 1,491,244 | - | 1,491,244 |
| Prior Years adjustments – Note 21 | - | - | - | (2,555,585) | - | (2,555,585) |
| Total other comprehensive income for the period | - | - | 603,312 | (1,505) | 284,300 | 886,107 |
| Total comprehensive income for the period | - | - | 603,312 | (1,065,846) | 284,300 | (178,234) |
| Loss from sale of financial assets at fair value through other comprehensive income | - | - | - | - | - | - |
| Balance as of June 30, 2025 (unaudited) | 28,000,000 | 4,528,992 | 652,908 | 3,282,180 | 284,300 | 36,748,380 |
| <u>For the six months period ended June 30, 2024(Unaudited)</u> | | | | | | |
| Balance as of December 31,2023 (audited) | 28,000,000 | 4,151,837 | (551,268) | 1,935,840 | - | 33,536,409 |
| Net profit for the period | - | - | - | 1,468,178 | - | 1,468,178 |
| Total comprehensive income items for the period | - | - | 329,007 | (313,469) | - | 15,538 |
| Total comprehensive income for the period | - | - | 329,007 | 1,154,709 | - | 1,483,716 |
| Loss from sale of financial assets at fair value through other comprehensive income | - | - | - | - | - | - |
| Balance as of June 30, 2024 (unaudited) | 28,000,000 | 4,151,837 | (222,261) | 3,090,549 | | 35,020,125 |

The accompanying notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements

First Insurance Company
(Public Shareholding Limited Company)
Interim Condensed Consolidated Statement of Changes in Policyholders' Equity
For the six months period ended June 30, 2025 (Unaudited)
(Jordanian Dinars)

| | Deficit Coverage Reserve | Accumulated Losses | Total Policyholders' Equity |
|---|-------------------------------------|-------------------------------|--|
| <u>For the six months period ended June 30, 2025 (Unaudited)</u> | | | |
| Balance as of December 31,2024 (audited) | 44,537 | - | 44,537 |
| Policyholders' deficit | - | (328,837) | (328,837) |
| Balance as of June 30, 2025 (unaudited) | 44,537 | (328,837) | (284,300) |
| <u>For the six months period ended June 30, 2024 (Unaudited)</u> | | | |
| Balance as of December 31,2023 (audited) | 33,309 | - | 33,309 |
| Policyholders' deficit | - | (375,456) | (375,456) |
| Balance as of June 30, 2024 (unaudited) | 33,309 | (375,456) | (342,147) |

The accompanying notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements

First Insurance Company
(Public Shareholding Limited Company)
Interim Condensed Consolidated Statement of Cash Flows
For the six months period ended June 30, 2025 (Unaudited)
(Jordanian Dinars)

| | For the period ended June 30, 2025 (Unaudited) | For the period ended June 30, 2024 (Unaudited) |
|---|---|---|
| Cash Flow from Operating Activities | | |
| Gain (loss) for the period before income tax | 677,660 | 1,378,616 |
| Adjustments: | | |
| Depreciation and amortization | 267,903 | 262,236 |
| Murabaha income on deposits | (286,640) | (358,830) |
| Return on investments | (535,694) | (333,644) |
| Expected credit loss | 100,000 | 100,000 |
| Net takaful finance expense | 300,882 | 409,150 |
| Gain on sale of property and equipment | - | 23,250 |
| | <u>524,111</u> | <u>1,480,778</u> |
| <u>Change in working capital items:</u> | | |
| Other assets | 1,144,530 | (830,622) |
| Other liabilities | 683,132 | 570,298 |
| Provision Other | 325,000 | - |
| Accrued expenses | 36,509 | 59,345 |
| Account payables | 9,019 | 5,807 |
| Prior years adjustment | (2,555,585) | - |
| Re-takaful contracts assets | (854,528) | 1,105,026 |
| Takaful contract liabilities | 1,629,729 | (2,525,838) |
| Cash flows provided by/(used in) operating activities before income tax paid | 941,917 | (135,206) |
| Income tax paid | (690,927) | (657,476) |
| Net cash flow provided by / (used in) operating activities | <u>250,990</u> | <u>(792,682)</u> |
| Cash Flow from Investing Activities | | |
| Bank deposits held (original maturity more than 3 month) | (2,360,136) | (2,511,962) |
| Bank deposits matured (original maturity more than 3 month) | 4,089,327 | 4,048,997 |
| Cash received from Murabaha income | 286,640 | 358,830 |
| Returns received from investments | 535,694 | 333,644 |
| Sale/(purchases) of intangible assets | (16,500) | (15,900) |
| Proceeds from sale of financial assets at fair value through other comprehensive income | 1,505 | 37,448 |
| Selling of financial assets at fair value through other comprehensive income | 133,959 | (313,469) |
| Purchases of financial assets at amortized cost | (2,854,649) | (425,613) |
| Issuance Premium | - | (9,027) |
| Purchases of property and equipment | (30,138) | (127,766) |
| Net cash flow (used in) / provided by investing activities | <u>(214,298)</u> | <u>1,375,182</u> |
| Cash Flow from Financing Activities | | |
| Payment of Lease Liability | (8,333) | (8,333) |
| Net cash flow used in financing activities | <u>(8,333)</u> | <u>(8,333)</u> |
| Net change in cash and cash equivalents | 28,359 | 574,167 |
| Cash and cash equivalents at the beginning of the period | 5,752,611 | 4,166,503 |
| Cash and cash equivalents at the end of the period | <u>5,780,970</u> | <u>4,740,670</u> |

The accompanying notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements

First Insurance Company

(Public Shareholding Limited Company)

Notes to Interim Condensed Consolidated Financial Statements

For the six months period ended June 30, 2025 (Unaudited)

(Jordanian Dinars)

1- Legal Status and Activities

First Insurance Company (the Company) was established under Companies Law No, (13) for the year 1964 as a Jordanian Public Shareholding Limited Company under No. (424) established on December 28, 2006. The issued, authorized, and paid-up capital of the Group is JOD 28M / share; JOD 1 per share. The Group's Head office located in Amman -The Hashemite Kingdom of Jordan and its address is in Dabouq.

The objectives of the Company are to engage in providing takaful on fire, natural hazards, accidents, medical and marine vehicles, cargo during transportation, and other damage of properties, liability of land-based vehicles, general liability, assistance takaful, ships takaful, ships liability, aircraft takaful, aircraft liability and life takaful in accordance with Islamic Sharia.

The Company's parent is Solidarity Group Holding- Bahrain and the ultimate parent is Al Salam Bank B.S.C – Bahrain.

2- Basis of Preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2025, have been prepared in accordance with Financial Accounting Standard (FAS) 41: Interim Financial Reporting, issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the instructions of the Central Bank of Jordan

The interim condensed consolidated financial statements for the six months ended June 30, 2025 have been prepared according to the historical cost principle, with the exception of financial assets at fair value through statement of other comprehensive income, details of which appear in their accounting policies .

These interim financial statements are presented in Jordanian dinars, which is the functional currency and the presentation currency of the company.

The most important accounting policies used in the preparation of interim condensed Consolidated financial statements for the six months ended June 30, 2025, which are disclosed in Note (5), have been applied on a consistent basis for all the years presented, unless otherwise stated.

The preparation of interim condensed consolidated financial statements for the six months ended June 30, 2025 in accordance with AAOIFI and instruction of the CBJ requires the use of significant and specific accounting estimates, and also requires management to use its own estimates in the process of applying the company's accounting policies. Items in which significant estimates were used are disclosed in Note 4.

First Insurance Company
(Public Shareholding Limited Company)
Notes to Interim Condensed Consolidated Financial Statements
For the six months period ended June 30, 2025 (Unaudited)
(Jordanian Dinars)

2- Basis of Preparation(continued)

Principles of consolidation of financial statements

The important financial information for the subsidiary company for the six months ended June 30, 2025 (Unaudited) as follows:

| <u>Company's name</u> | <u>Share Capital</u> | <u>Ownership percentage</u> | <u>Company's activity</u> | <u>Registration center</u> | <u>Date of acquisition</u> |
|------------------------------|----------------------|-----------------------------|---------------------------|----------------------------|----------------------------|
| Mulkyat Investment and Trade | 50,000 | %100 | Investment | Amman | 2010 |

3-Application of international accounting standards for preparing new and amended financial reports

The accounting policies followed in preparing the financial statements are consistent with those followed in preparing the financial statements for the year ended December 31,2024 except that the Company applied the following amendments as of January 1, 2025. However, not all of them are expected to affect the company.

- **Amendments effective for the period beginning January 1, 2025**
Amendments to IFRS (21) – Non-Convertibility.
- **Amendments effective for the period beginning January 1, 2026**
Amendments to IFRS (9) “Financial Instruments” and IFRS (7) “Disclosures”.
- **Amendments effective for the period beginning January 1, 2026**
 - IFRS 18 – Presentation and Disclosure in Financial Statements.
 - IFRS 19 – Disclosures of Subsidiaries Without Public Responsibility.

The Company is evaluating the impact of these new accounting standards and amendments, and the Company does not expect these standards and amendments – issued by the International Accounting Standards Board but not yet effective – to have a material impact on the financial statements.

4- Use of Estimates and Assumptions

Preparing financial statements and applying accounting policies requires the Company's management to make estimates and judgments that affect the amounts of financial assets and financial liabilities and the disclosure of potential liabilities. These estimates and judgments also affect revenues, expenses, and allocations, as well as changes in the fair value that appear in the profit or loss statement and in shareholders' equity. In particular, it requires the Company's management to issue important judgments to estimate the amounts and times of future cash flows. The aforementioned estimates are necessarily based on multiple assumptions and factors that have varying degrees of estimation and uncertainty, and that the actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

The nature and extent of the changes in the estimates of the amounts contained in the reports of previous financial years do not have a material impact on the current data. Our estimates in the financial statements are reasonable and detailed as follows:

4- Use of Estimates and Assumptions (continued)

Expected Credit Loss

The Company applies the simplified approach imposed by International Financial Reporting Standard No. (9) to recognize impairment by measuring expected credit losses over the life of receivables and contractual assets based on the historical cash flow ratio for collection.

Expected loss rates are based on the Company's historical credit losses experienced during the prior three-year period up to the end of the current period, and historical loss rates are then adjusted for current information. Since the Company is based on historical cash flow ratios without including economic factors, Standard No. 9 does not require including these factors.

Impairment in the value of financial assets

The Company reviews the values recorded of the financial assets at the date of the financial statements to determine whether there are indications of impairment in their value individually or in the form of a Group, and in the event of such indications, the fair value is estimated in order to determine the impairment loss.

Income Tax

The financial year was charged with its income tax expense in accordance with the regulations, laws and international financial reporting standards as follows:

1- Accrued Tax

Tax expense is calculated based on taxable profits. Taxable profits differ from profits declared in the income statement because declared profits include non-taxable revenues or expenses that are not deductible in the fiscal year but are deductible in subsequent years, or accumulated losses that are taxable, or items that are not subject to or deductible for tax purposes.

Taxes are calculated according to the tax rates established under the laws, regulations and instructions in the Hashemite Kingdom of Jordan.

2-Deferred Tax

Deferred taxes are the taxes expected to be paid or recovered as a result of temporary time differences between the value of assets or liabilities in the financial statements and the value on which the tax profit is calculated. Taxes are calculated using the compliance method in the financial statements. Deferred taxes are calculated according to the tax rates that are expected to be applied upon settlement. Tax liability or realization of deferred tax assets.

The balance of deferred tax assets is reviewed at the date of the financial statements and reduced in the event that it is expected that it will not be possible to benefit from those tax assets, partially or completely, or to settle the tax liability or select the need for it.

Property, equipment and intangible assets

The management periodically reassesses the useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization depending on the assets and the estimated useful lives expected on the general situation in the future. Impairment loss, if any, is recorded in the profit and loss statement.

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4- Use of Estimates and Assumptions (continued)**The present and future value of cash flows**

Flows are defined as all amounts expected to be collected and expected to be paid within the limits of the takaful contract / re-takaful contract held after adjusting them to reflect the timing and uncertainty of those amounts, based on actuarial assumptions and the Company's experience in takaful contracts and re-takaful contracts held.

Future cash flows are recognized at the current value of takaful contracts, using historical cash flows and the local rate of return on local bonds issued by the Central Bank of Jordan, as they are closest to the Company's reality. The income or expense from discounting cash flows is treated through the statement of profit or loss. Or for re-takaful contracts, the percentage of illiquidity risks is deducted.

The Company will not calculate a present value for future cash flows on takaful and re-takaful premiums whose duration is less than 12 months.

When developing assumptions regarding estimating flows for groups of takaful contracts, the Company must take into account the following:

- Inherent risks.
- Aggregation level.
- The possibility of natural disasters.
- The possibility of liquidating the contract before the expiration date of takaful coverage, and other practices expected from the takaful contract holder.
- Factors that will affect estimates, and sources of information for these factors.

Non-financial risk adjustments

A financial amount that the company reserves for the uncertainty in the amount and timing of cash flows arising from non-financial risks based on actuarial assumptions and the company's experience in managing the group of takaful / re-takaful contracts held (the method that will be followed in assessing non-financial risk adjustments, such as the value-at-risk method or the cost of capital methods, and the appropriate confidence level, if any, is stated). The company must disclose the details of the calculation and assumptions.

Non-Takaful Components

The Company discloses the following aspects:

- Defining the takaful risks.
- Defining the takaful contract and defining the written takaful contracts that are consistent with the definition.
- Determining the contracts issued by the Group that are consistent with the definition of the takaful contract.
- The mechanism for separating the non-takaful components (investment component, service component, etc.) from the takaful contract, and if they exist, the most specialized standard that will be applied to address those components is mentioned.
- Mechanism for determining the materiality of the risks of the takaful contract.

Lawsuits Filed Against the Company

A provision is recognized for lawsuits filed against the Company based on a legal assessment prepared by the Company's legal counsel, which determines the potential future risks. These assessments are reviewed periodically.

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Notes to Interim Condensed Consolidated Financial Statements

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4- Use of Estimates and Assumptions (continued)**Fair Value Levels**

Fair value is the value that is expected to be received when selling an asset, or paid to transfer any liability in regular transactions between market participants on the measurement date under prevailing market conditions, regardless of whether that price is directly observable or estimated using another valuation method. The fair value measurement is based on the assumption that the sale of the asset or liability will take place either:

- Through the primary market for assets or liabilities, or
- Through the most advantageous market for assets or liabilities in the absence of the primary market.

The primary or most advantageous market must be available to the branch for access.

Fair value is measured using the assumptions used by market participants when pricing assets or liabilities, assuming that market participants act in a way that achieves the best economic benefits for them.

Measuring the fair value of non-financial assets takes into account the ability of market participants to provide economic benefits by using the assets in a way that achieves the best benefit from them or by selling them to another market participant to use them in a way that achieves the best benefit from them. The Company uses valuation methods that are appropriate to the existing circumstances and conditions and has sufficient data to measure fair value, makes greater use of relevant observable data, and reduces the use of unobservable data to the greatest extent.

All assets and liabilities that are measured at fair value or disclosed in the financial statements are classified within the hierarchy of fair value levels mentioned below and on the basis of the lowest level inputs that are significant to the fair value measurement as a whole:

- Level One: Prices traded in an active market for similar assets or liabilities.
- The second level: measurement methods that consider the lower-level inputs (important for measuring fair value) that are directly or indirectly observable.
- The third level: measurement methods that consider the lowest level inputs - that are significant to measuring fair value - to be unobservable.

The fair value measurement of available-for-sale financial assets, and non-recurring measurements, such as assets held for distribution in a discontinued operation, are evaluated on a periodic basis.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

5- Significant Accounting Policies

Sectors Information

The business sectors represent a group of assets and operations that jointly provide products or services that are subject to risks and returns that differ from those related to other sectors, which are measured according to the reports that were used by the CEO and the main decision maker of the Company.

The geographical sector is related to providing products or services in a specific economic environment subject to risks and returns that differ from those related to sectors operating in other economic environments.

Definition of Takaful Contract

A contract under which the Takaful company accepts significant insurance risks from the policyholder and agrees to compensate the policyholder/beneficiary in the event of a specified uncertain future event (the subject matter of Takaful) that negatively affects the policyholder/beneficiary. The Takaful contract is recognized according to the following deadlines, whichever occurs first:

- The beginning of the contract coverage period.
- The due date of the first contract installment.
- The date on which the insurance contract is considered a contract with an expected loss.

Re-takaful Contracts Held:

These are the contracts entered into with re-takaful providers to compensate the Takaful company for claims arising from the Takaful contracts issues.

Re-takaful contracts held are recognized as follows:

- At the beginning of the coverage period of the re-takaful contract, or upon initial recognition of the Takaful contract issued by the Company, if the re-takaful contract is proportionate to a group of Takaful contracts.
- From the beginning of the coverage period of the group of re-takaful contracts held in other cases.

Liabilities for Remaining Coverage

Represent the amount the Company is required to recognize at the initial recognition of Takaful contracts, corresponding to future financial periods resulting from in-force Takaful contracts

Liabilities for Incurred Claims

Represents the total expected costs incurred by the Company as a result of covered events under Takaful contracts that occurred before the end of the financial period. This includes both reported and unreported claims, in addition to the related expenses

Initial Recognition of Takaful Contracts / Premium Allocation Approach

A group of Takaful contracts is measured at initial recognition as follows:

- Takaful contributions received at the initial recognition date;
- Less any acquisition costs paid for the Takaful contracts at that date;
- Adjusted for any amounts arising from the cash flows related to acquisition costs of the Takaful contracts, either added or deducted

5- Significant Accounting Policies (continued)

Subsequent Measurement / Premium Allocation Approach

- 1- At the end of each subsequent period, the Company recognizes the carrying amount of the liability, taking into account the following adjustments to the liability balance:
- Addition of Takaful contributions received for the period.
 - Deduction of cash flows related to the acquisition of Takaful contracts.
 - Addition of any amounts related to the amortization of acquisition cash flows recognized as an expense.
 - Addition of any adjustments related to the financing component.
 - Deduction of the amount recognized as insurance revenue for coverage provided during the period.
 - Deduction of any investment component paid or transferred to liabilities for incurred claims.
- 2- Liabilities for incurred claims, which are calculated based on the best estimate of future cash flows required to settle the claims, adjusted for non-financial risk adjustments, and taking into account the application of a discount rate to the claims.

Amending Takaful Contracts

The company adjusts Takaful contracts by reflecting expected changes in future cash flows resulting from revisions in estimates of cash flows required to fulfill the contracts, unless the criteria for derecognition of the Takaful contracts are met.

Derecognition of takaful contracts

The Company derecognizes takaful contracts in the following cases:

- Expiration of the contract. (Expiration, fulfillment or cancellation of the obligation specified in the Takaful contract).
- In case that the takaful contracts are amended so that the contract no longer meets the requirements of the standard, then the Company cancels the contract and recognizes a new one.

Onerous Takaful Contracts

The Company recognizes a Takaful contract as an onerous contract if, at the date of initial recognition, the contract is expected to result in a loss.

The loss component is measured by comparing the expected cash outflows required to fulfill the obligations of the contract or group of contracts with the expected cash inflows from that contract or group of contracts.

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5- Significant Accounting Policies (continued)

Summary of Measurement Approaches

1. The Takaful Company classifies Takaful contracts as follows:

| Portfolio | Contracts Classification | Measurement Approach |
|------------------|--|-----------------------------|
| Motor | Comprehensive Motor Insurance Contracts | Premium Allocation Approach |
| Motor | Motor Insurance – Combined Contracts | Premium Allocation Approach |
| Motor | Motor Insurance – Border Coverage Contracts | Premium Allocation Approach |
| Motor | Motor Insurance – Buses Contracts | Premium Allocation Approach |
| Motor | Compulsory Motor Insurance Contracts | Premium Allocation Approach |
| Medical | Group Insurance Contracts | Premium Allocation Approach |
| Medical | Individual Insurance Contracts | Premium Allocation Approach |
| Marine | Marine Insurance Contracts | Premium Allocation Approach |
| | Marine Insurance – Open Cover Contracts | Premium Allocation Approach |
| | Marine Insurance – Hull Contracts | Premium Allocation Approach |
| Engineering | Engineering Insurance – Contractors’ All Risks (CAR) Contracts | Premium Allocation Approach |
| | Engineering Insurance – Machinery and Equipment Contracts | Premium Allocation Approach |
| | Engineering Insurance Contracts | Premium Allocation Approach |
| Fire | Fire Insurance Contracts | Premium Allocation Approach |
| | All-Risks Insurance Contracts | Premium Allocation Approach |
| General | General Insurance Contracts | Premium Allocation Approach |
| | Aviation Insurance Contracts | Premium Allocation Approach |
| | Personal Liability Insurance Contracts | Premium Allocation Approach |
| | Personal Accident Insurance Contracts | Premium Allocation Approach |
| | Travel Insurance Contracts | Premium Allocation Approach |
| Takaful | Group Takaful Insurance Contracts | Premium Allocation Approach |
| | Individual Takaful Insurance Contracts | Premium Allocation Approach |

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5- Significant Accounting Policies (continued)

Summary of Measurement Approaches (continued)

2. The Takaful Company classifies re-takaful contracts held as follows:

| Portfolio | Contracts Classification | Measurement Approach |
|------------------|--|-----------------------------|
| Motor | Comprehensive Motor Insurance Contracts | Premium Allocation Approach |
| Motor | Motor Insurance – Combined Contracts | Premium Allocation Approach |
| Motor | Motor Insurance – Border Coverage Contracts | Premium Allocation Approach |
| Motor | Motor Insurance – Buses Contracts | Premium Allocation Approach |
| Motor | Compulsory Motor Insurance Contracts | Premium Allocation Approach |
| Medical | Group Insurance Contracts | Premium Allocation Approach |
| Medical | Individual Insurance Contracts | Premium Allocation Approach |
| Marine | Marine Insurance Contracts | Premium Allocation Approach |
| | Marine Insurance – Open Cover Contracts | Premium Allocation Approach |
| | Marine Insurance – Hull Contracts | Premium Allocation Approach |
| Engineering | Engineering Insurance – Contractors’ All Risks (CAR) Contracts | Premium Allocation Approach |
| | Engineering Insurance – Machinery and Equipment Contracts | Premium Allocation Approach |
| | Engineering Insurance Contracts | Premium Allocation Approach |
| Fire | Fire Insurance Contracts | Premium Allocation Approach |
| | All-Risks Insurance Contracts | Premium Allocation Approach |
| General | General Insurance Contracts | Premium Allocation Approach |
| | Aviation Insurance Contracts | Premium Allocation Approach |
| | Personal Liability Insurance Contracts | Premium Allocation Approach |
| | Personal Accident Insurance Contracts | Premium Allocation Approach |
| | Travel Insurance Contracts | Premium Allocation Approach |
| Takaful | Group Takaful Insurance Contracts | Premium Allocation Approach |
| | Individual Takaful Insurance Contracts | Premium Allocation Approach |

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5- Significant Accounting Policies (continued)

Aggregation Level

Takaful contract portfolios are disaggregated into groups based on the underwriting year, whereby portfolios with similar risks that are managed together are grouped accordingly. It is prohibited to include different types of Takaful business within the same portfolio, in compliance with the minimum requirements for Takaful and Takaful contract portfolios in accordance with the applicable regulations.

Profitability level

The contract groups referred to in the previous level are classified into the classifications shown below, according to the net cash flow expected from the contract and the accounting approach used in treating the contract groups:

- Contracts for which there is no possibility of becoming lost upon initial recognition.
- Contracts expected to incur losses.

Financial assets

Financial assets are classified upon initial recognition into one of the categories as follows:

- At amortized cost.
- At fair value through the statement of profit or loss.
- At fair value through the statement of other comprehensive income.

A- Financial assets at amortized cost:

The Company classifies financial assets at amortized cost based on the Company's business approach for managing financial assets and the contractual cash flow characteristics of the financial assets and when both of the following conditions are met:

- The purpose of holding these assets in the context of the business approach is to collect contractual cash flows.
- The cash flows under the contractual terms of these assets arise on specified dates and represent only payments of the principal amount of the assets and interest accrued on the principal of those assets.

Financial assets are recorded at amortized cost using the cost method upon purchase plus acquisition expenses. The premium/discount (if any) is amortized using the effective interest method to limit or calculate interest, and any provisions resulting from a decline in the value of these investments that lead to the inability to recover this investment are deducted. Part of it, and any impairment in its value is recorded in the profit and loss statement.

The amount of impairment in financial assets at amortized cost is the difference between the recognized value and the present value of expected cash flows discounted at the base effective interest rate.

In rare cases, the standard allows these assets to be measured at fair value through the statement of profit or loss if this eliminates or significantly reduces the measurement inconsistency (sometimes called accounting mismatch) that arises from measuring the assets or liabilities or recognizing the gains and losses resulting from them on a different basis.

The value of financial assets is reduced at amortized cost by impairment losses, as interest income, gains and losses on foreign currency differences and impairment are recognized in the statement of profit or loss, and gains or losses resulting from the disposal of financial assets appear in the statement of profit or loss.

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5- Significant Accounting Policies (continued)

Financial assets (continued)

B- Financial assets at fair value through the statement of profit or loss:

- The remaining financial assets that do not meet the conditions of financial assets at amortized cost are measured as financial assets at fair value.
- Financial assets at fair value through the statement of profit or loss represent investments in equity and debt instruments for trading purposes, and the purpose of keeping them is to generate profits from short-term market price fluctuations or trading profit margin.

Financial assets at fair value are recorded through the statement of profit or loss at fair value upon purchase (acquisition expenses are recorded in the statement of profit or loss upon purchase) and are re-evaluated at the date of the financial statements at fair value, and subsequent changes in the fair value are recorded in the statement of profit or loss at the same period in which the change occurs. The year the change occurred, including the change in fair value resulting from translation differences on non-monetary asset items in foreign currencies. Dividends or returns are recorded in the statement of profit or loss when they are realized. (Approved by the General Assembly of Shareholders)

Reclassification

Reclassification between financial assets measured at amortized cost and those measured at fair value through profit or loss is permitted only when the entity changes its business model for managing those assets, as described above. In such cases, the following considerations apply:

- Previously recognized gains, losses, or interest shall not be reversed.
- When financial assets are reclassified to be measured at fair value, their fair value is determined at the reclassification date. Any resulting gain or loss arising from the difference between the previous carrying amount and the fair value is recognized in the statement of profit or loss.
- When financial assets are reclassified to be measured at amortized cost, they are recorded at their fair value as of the reclassification date.

C- Financial assets at fair value through the statement of other comprehensive income:

- Upon initial recognition of investments in equity instruments that are not held for the purpose of trading, it is permitted to adopt an irrevocable option to present all changes in the fair value of these investments on an individual basis (per-share) within the items of other comprehensive income, Under no circumstances may amounts recognized in OCI be reclassified to profit or loss at a later date, while the dividends received from these investments are recognized in net investment income, unless these dividends clearly represent a partial recovery of all investments
- If these assets or part of them are sold, the profits or losses resulting from the sale are transferred from the balance of the accumulated net change in fair value through other comprehensive income to retained profits or losses and not through the statement of profit or loss.

Investment Property

Investment properties are shown at cost after subtracting accumulated depreciation (excluding lands). These investments are depreciated over their useful life at a rate of 2%. Any impairment in their value is recorded in the statement of profit or loss. The operating revenues or expenses of these investments are also recorded in the statement of profit or loss.

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5- Significant Accounting Policies (continued)

Property and equipment

Property and equipment are stated at cost after deducting accumulated depreciation and any accumulated impairment losses. Property and equipment (except land) are depreciated when they are ready for use on a straight-line basis over their expected life using the following annual percentages. The depreciation expense is recorded in the statement of profit or loss.

| Asset | Depreciation Rate (%) |
|-----------------------------------|------------------------------|
| Buildings | 2% |
| Offices | 2% |
| Equipment, devices, and furniture | 10% |
| Vehicles | 15% |
| Decoration | 11% |

Depreciation of property and equipment is calculated when these assets are ready for use for their intended use.

(The full value of the depreciation expense for the year is shown from the item allocated for that purpose in the statement of profit or loss. When the recoverable amount of any property and equipment is less than its net book value, its value is reduced to the recoverable amount and the impairment value is recorded in the statement of profit or loss).

Property and equipment under construction for the Company's use are stated at cost and after deducting any impairment losses. The useful life of property and equipment is reviewed at the end of each year. If the useful life expectations differ from the previously prepared estimates, the change in estimate is recorded for subsequent years as a change in estimates.

Gains or losses resulting from the disposal or write-off of any property and equipment, which represent the difference between the amount received from the sale and the book value of the asset, appear in the statement of profit or loss. Property and equipment are derecognized upon disposal of or when no future benefits are expected from their use or disposal.

Intangible assets

- Intangible assets obtained through the merger are recorded at fair value on the date of acquisition. Intangible assets that are acquired through a method other than a merger are recorded at cost.
- Other intangible assets are classified based on an assessment of their useful life as either finite or indefinite. Intangible assets that have a specific lifespan are amortized during this life and are amortized in the statement of profit or loss.
- As for intangible assets whose useful life is indefinite, the impairment in their value is reviewed at the date of the financial statements, and any impairment in their value is recorded in the statement of profit or loss.
- Intangible assets generated internally in the Company are not capitalized and are recorded in the statement of profit or loss in the same current year.
- Any indications of impairment of the value of intangible assets at the date of the financial statements are reviewed. The estimate of the chronological life of those assets is also reviewed and any adjustments are made for subsequent periods.

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5- Significant Accounting Policies (continued)

Right-of-use Assets

The Company recognizes right-of-use assets on the date the asset is available for use. Right-of-use assets are recognized at cost less accumulated depreciation and impairment losses, and are adjusted upon revaluation.

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand, bank balances, and deposits with banks with maturities not exceeding three months, less bank overdrafts and restricted balances.

Offsetting

Offsetting is carried out between financial assets and financial liabilities, and the net amount is shown in the statement of financial position only when binding legal rights are available, as well as when they are settled on the basis of offsetting, or the assets are accrued, and the liabilities are settled at the same time.

Date of recognition of financial assets

Purchases and sales of financial assets are recognized on the trade date (the date the Company commits to buying or selling the financial assets).

Fair value

The closing prices (buying assets/selling liabilities) on the date of the financial statements in active markets represent the fair value of financial instruments that have market prices.

In case that the announced prices are not available, there is no active trading in some financial instruments, or there is no market activity, their fair value is estimated in several ways, including:

- Comparing it with the current market value of a financial instrument that is very similar to it.
- Analyze future cash flows and discount the expected cash flows by a rate used in a similar financial instrument.
- Options pricing approaches.

Valuation methods aim to obtain a fair value that reflects market expectations. Market factors and any expected risks or benefits are taken into account when estimating the value of financial instruments. In case that there are financial instruments whose fair value cannot be measured reliably, they are shown at cost after deducting any impairment in their value.

Financial Liabilities

The Company classifies financial liabilities based on the purpose for which the liability was incurred. The company initially recognizes bank overdrafts at fair value, net of transaction costs incurred to obtain the facilities. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method.

The cost of financing includes initial transaction costs, any premiums payable on settlement, and interest accrued over the term of the liability.

5- Significant Accounting Policies (continued)

Takaful Contract Liabilities

Takaful contract liabilities are recognized when the Company has obligations at the reporting date arising from past events related to Takaful contracts, and when it is probable that the settlement of those obligations will be required and the amount can be measured reliably.

The amounts recognized as Takaful contract liabilities represent the best estimate of the amounts required to settle the obligation as of the reporting date, taking into account the risks and uncertainties associated with Takaful contract liabilities. Where the liabilities are determined based on estimated future cash flows required to settle the present obligation, the carrying amount represents the present value of those cash flows.

When it is expected that some or all of the economic benefits required to settle the liabilities will be recovered from other parties, a receivable is recognized as an asset if recovery is virtually certain and the amount can be measured reliably.

Foreign currency

- Transactions that occur in foreign currencies during the current year are recorded at the exchange rates prevailing on the date of the transactions.
- The balances of financial assets and financial liabilities are translated at the average foreign currency rates prevailing on the date of the statement of financial position and announced by the Central Bank of Jordan.
- Non-financial assets and non-financial liabilities denominated in foreign currencies and shown fair value are translated on the date their fair value is determined.
- Gains and losses resulting from foreign currency translation are recorded in the statement of profit or loss.
- Translation differences for items of assets and liabilities denominated in non-monetary foreign currencies are recorded as part of the change in fair value.
- When consolidating financial statements, the assets and liabilities of foreign branches and subsidiaries are translated from their functional currency into the reporting currency using the exchange rates published by the Central Bank of Jordan as at the financial statement date. Income and expense items are translated using the average exchange rate for the year. Any resulting foreign currency translation differences, if any, are presented in a separate component within equity. In the event of disposal of any of these entities or branches, the related foreign currency translation differences are reclassified to income or expense in the statement of profit or loss.

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5- Significant Accounting Policies (continued)

Realize revenue

1- Dividend and revenue:

Dividend income from investments is verified when the right of shareholders to receive dividend payments is established upon approval by the General Assembly of Shareholders. Income is calculated according to the accrual basis based on the time periods due, the original amounts and the income rate earned.

2- Rental income:

Rental income from investment properties under operating lease contracts is recognized on a straight-line basis over the term of those contracts and on an accrual basis.

Acquisition Costs

Acquisition costs represent the costs incurred by the company to subscribe to a new or renewed group of insurance contracts. The company recognizes the full acquisition costs directly upon recognition of the takaful contract in the statement of profit or loss.

Takaful Contract Expenses

The Company allocates general and administrative expenses, as well as direct employee costs, to groups of Takaful contracts and includes them in the assessment of contract profitability.

Indirect general and administrative expenses and indirect employee costs not related to Takaful contracts are allocated based on cost centers.

Takaful companies are required to maintain a clear separation in the classification of expenses between Takaful policyholders' accounts and shareholders' accounts.

6- Deposits at Banks

| As of 30 June 2025 | | | | | | | | |
|--|--------------------|------------------|-------------------------|------------------|---------------------|------------------|----------------|-------------------|
| | Due within a month | | Due within three months | | Due in three months | | Total | |
| | Policyholders | Shareholders | Policyholders | Shareholders | Policyholders | Shareholders | Policyholders | Shareholders |
| Inside Jordan | 16,696 | 1,650,815 | - | - | - | 5,976,384 | 16,696 | 7,627,199 |
| Outside Jordan | - | 4,402,890 | - | - | - | 708,760 | - | 5,111,650 |
| (Less): Provision for expected credit losses | (3,647) | (16,560) | - | - | - | (18,286) | (3,647) | (34,846) |
| | 13,049 | 6,037,145 | - | - | - | 6,666,858 | 13,049 | 12,704,003 |
| As of 31 December, | | | | | | | | |
| | Due within a month | | Due within three months | | Due in three months | | Total | |
| | Policyholders | Shareholders | Policyholders | Shareholders | Policyholders | Shareholders | Policyholders | Shareholders |
| Inside Jordan | 516,621 | 60,714 | - | - | - | 7,519,841 | 516,621 | 7,580,555 |
| Outside Jordan | - | - | - | 1,913,652 | - | 708,760 | - | 2,622,412 |
| (Less): Provision for expected credit losses | (3,647) | (207) | - | (6,535) | - | (28,104) | (3,647) | (34,846) |
| | 512,974 | 60,507 | - | 1,907,117 | - | 8,200,497 | 512,974 | 10,168,121 |

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6- Deposits at Banks (continued)

This item consists of the following:

- Deposits subject to the order of the Central Bank amounted to JOD 800,000 as of June 30, 2025 (December 31, 2024: JOD 800,000).
- The rates of return on deposits with banks in Jordanian dinars range from 2.5% to 5.3 % as on June 30, 2025 (2024: from 3% to 5.3%), and the return on deposit balances outside Jordan in US dollars ranges from 2.5% to 5.65% as on June 30, 2025 (2024: from 2.25% to 6.39%).
- The Company has deposit outside Jordan from Al Salam Bank as of June 30, 2025, amounted to JOD 4,431,010 (2024: JOD 2,622,412).
- Balances with banks are evaluated as having a low credit risk of default because these banks are subject to high supervision by the Central Bank of Jordan and the central banks of each country that has accounts with the Group.
- The Group deals with banks rated (A1 - Ba3) with no significant change in the credit rating during the period. Bank deposits are classified as level one.

The following is a summary of the movement in the provision for expected credit losses for the balance of deposits with banks:

| | June 30, 2025 (Unaudited) | | | December 31, 2024 (Audited) | | |
|--|------------------------------|--------------|--------|--------------------------------|--------------|--------|
| | Policyholders | Shareholders | Total | Policyholders | Shareholders | Total |
| Balance at the beginning of the period/ year | 3,647 | 34,846 | 38,493 | 3,647 | 34,846 | 38,493 |
| Provision during the period/ year | - | - | - | - | - | - |
| Balance of the Ending of the period/ year | 3,647 | 34,846 | 38,493 | 3,647 | 34,846 | 38,493 |

7- Financial Assets at Fair Value through Other comprehensive income

| | As of June 30, 2025 (Unaudited) | | | As of December 31, 2024 (Audited) | | |
|------------------------|------------------------------------|-------------|-----------|--------------------------------------|-------------|-----------|
| | Policyholder | Shareholder | Total | Policyholder | Shareholder | Total |
| Inside Jordan | | | | | | |
| Quoted shares | - | 3,252,634 | 3,252,634 | - | 2,667,996 | 2,667,996 |
| Unquoted Shares * | - | 29,400 | 29,400 | - | 29,400 | 29,400 |
| Outside Jordan: | | | | | | |
| Quoted shares | - | 264,000 | 264,000 | - | 218,350 | 218,350 |
| Unquoted shares * | - | - | - | - | - | - |
| Sukuk** | - | 3,970,801 | 3,970,801 | - | 4,131,736 | 4,131,736 |
| | - | 7,516,835 | 7,516,835 | - | 7,047,482 | 7,047,482 |

* This item represents financial assets for which market prices are not available. The fair value was estimated by the Group's management.

** This represents the Group's investment outside Jordan in perpetual (Islamic) Sukuks at a face value of JOD 4,020,083 as of June 30, 2025 (JOD 3,102,796 as of December 31, 2024) with coupon rates ranging from 3.9% to 6.5% (June 30, 2024: 3.9% to 6.5%) per annum with no specific maturity date, the repayment of principal and commission is under the discretion of the issuer. The Group has earned a commission income of JOD 97,215 during the period (June 30, 2024: JOD 72,778).

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8 - Financial assets at amortized cost

| | As of June 30, 2025 (Unaudited) | | | As of December 31, 2024 (Audited) | | |
|-------------|------------------------------------|-------------------|-------------------|--------------------------------------|------------------|-------------------|
| | Policyholder | Shareholder | Total | Policyholder | Shareholder | Total |
| Sukuk | 2,978,092 | 13,413,754 | 16,391,846 | 3,980,188 | 9,557,009 | 13,537,197 |
| (Less): ECL | (790) | (35,564) | (36,354) | (790) | (35,564) | (36,354) |
| | <u>2,977,302</u> | <u>13,378,190</u> | <u>16,355,492</u> | <u>3,979,398</u> | <u>9,521,445</u> | <u>13,500,843</u> |

- This represents the Group investment outside Jordan in (Islamic) Sukuks with coupon rates ranging from 4.5% to 6.5% (June 30, 2024: 3.9% to 6.5%) per annum. These Sukuks have a maturity duration of 6 months commencing from issued date. The Group has earned commission income of JOD 371,639 during the period (June 30, 2024: JOD 223,743).
- The Group deals with financial institutions rated (A1 - Baa3) with no significant change in the credit rating during the period. Sukuk are classified as level one.

9- Investment properties

| | As of June 30, 2025 (Unaudited) | | | As of December 31, 2024 (Audited) | | |
|--------------------|------------------------------------|------------------|------------------|--------------------------------------|------------------|------------------|
| | Policyholder | Shareholder | Total | Policyholder | Shareholder | Total |
| Land | - | 3,674,900 | 3,674,900 | - | 3,674,900 | 3,674,900 |
| Building & Offices | 704,944 | 832,560 | 1,537,504 | 714,183 | 849,494 | 1,563,677 |
| | <u>704,944</u> | <u>4,507,460</u> | <u>5,212,404</u> | <u>714,183</u> | <u>4,524,394</u> | <u>5,238,577</u> |

- The fair value of the investment properties as of June 30, 2025 was estimated by three independent real estate valuers with an average amount of JOD 5,628,535 (2024: 5,628,535).
- The valuations of the investment properties as of December 31, 2024 were carried out by multiple valuers. The valuers are independent and not related to the Group. All valuers are Accredited valuers and hold appropriate qualifications and relevant experience in assessing the valuation for the relevant land and properties. The fair value has been determined primarily on the basis of market practice, which reflects recent transaction prices for similar properties.
- The Group uses the following hierarchy for determining and disclosing the fair values of its investment properties by valuation techniques:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|---------|-----------|---------|-----------|
| June 30, 2025 | - | 5,628,535 | - | 5,628,535 |
| December 31, 2024 | - | 5,628,535 | - | 5,628,535 |

- Buildings include an amount of JOD 704,944 owned by policyholders and intended for investment in rental activities.
- Depreciation on investments properties amounted to JOD 26,173 for the period ended June 30, 2025 (JOD 26,589 for the period ended June 30, 2024).

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10- Cash on Hand and at Banks

| | As of June 30, 2025 (Unaudited) | | | As of December 31, 2024 (Audited) | | |
|---------------|------------------------------------|----------------|----------------|--------------------------------------|----------------|------------------|
| | Policyholder | Shareholder | Total | Policyholder | Shareholder | Total |
| Cash on hand | 183,865 | 2,387 | 186,252 | 144,759 | 1,836 | 146,595 |
| Cash at banks | 123,470 | 200,845 | 324,315 | 3,712,850 | 202,179 | 3,915,029 |
| | <u>307,335</u> | <u>203,232</u> | <u>510,567</u> | <u>3,857,609</u> | <u>204,015</u> | <u>4,061,624</u> |

- The Group deals with banks rated (A1 - Ba3) with no significant change in the credit rating during the period. Cash at banks are classified as level one.

The cash and cash equivalent for cash flow purposes consist of the following:

| | As of June 30, 2025 (Unaudited) | As of December 31, 2024 (Audited) |
|---|---------------------------------------|---|
| Cash on hand and at bank | 510,567 | 4,061,624 |
| Bank deposits mature within three months | 6,070,403 | 2,490,987 |
| Less: Deposits to the order of Central Bank of Jordan | <u>(800,000)</u> | <u>(800,000)</u> |
| | <u>5,780,970</u> | <u>5,752,611</u> |

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11- (Liabilities)/ Assets Takaful Contract– Premium Allocation Method

| | Liabilities for Remaining Coverage | | | | Liabilities Against Incurred Claims | | | | Total | |
|---|------------------------------------|--------------|-----------------|---------|-------------------------------------|--------------|--------------------------------|-----------|-----------------|--------------|
| | Excluding the Loss Component | | Loss Component | | Present Value of Cash Flows | | Non-financial Risk Adjustments | | | |
| | June 30 2025 | 2024 | June 30 2025 | 2024 | June 30 2025 | 2024 | June 30 2025 | 2024 | June 30 2025 | 2024 |
| | | | | | | | | | | |
| Takaful Contract Liabilities - Beginning | 9,323,572 | 9,602,031 | 550,919 | 304,239 | 17,388,749 | 16,069,679 | 1,050,594 | 957,532 | 28,313,834 | 26,933,481 |
| takaful Contract Assets - Beginning | - | - | - | - | - | - | - | - | - | - |
| Net takaful Contract Liabilities (Assets) - beginning | 9,323,572 | 9,602,031 | 550,919 | 304,239 | 17,388,749 | 16,069,679 | 1,050,594 | 957,532 | 28,313,834 | 26,933,481 |
| Takaful Contract Revenues | (40,721,245) | (69,143,459) | - | - | - | - | - | - | (40,721,245) | (69,143,459) |
| Incurred Claims and other expenses during the period | 544,992 | 1,696,687 | - | - | 24,512,456 | 41,938,266 | - | - | 25,057,448 | 43,634,953 |
| Change in contracts that are deemed onerous | - | - | (178,413) | 246,580 | - | - | 202,518 | 60,122 | 24,105 | 306,702 |
| Non-financial Risk Adjustments | - | - | - | - | 2,762,873 | 639,340 | - | - | 2,762,873 | 639,340 |
| Takaful Contract Expenses: | | | | | | | | | | |
| Takaful Operations Results | 544,992 | 1,696,687 | (178,413) | 246,580 | 27,275,329 | 42,577,606 | 202,518 | 60,122 | 27,844,426 | 44,580,995 |
| Finance Expenses - From Takaful Contracts | - | - | - | - | 339,488 | 872,959 | 9,906 | 32,940 | 349,394 | 905,899 |
| Net Change - Other Comprehensive Income | (40,176,253) | (67,446,772) | (178,413) | 246,580 | 27,614,817 | 43,450,565 | 212,424 | 93,062 | (12,527,425) | (23,656,565) |
| Cash Received from Underwritten Contracts | 35,260,585 | 68,865,000 | - | - | - | - | - | - | 35,260,585 | 68,865,000 |
| Claims Paid and Other Direct Expenses | (544,992) | (1,696,687) | - | - | (20,558,439) | (42,131,495) | - | - | (21,103,431) | (43,828,182) |
| Takaful Contract Liabilities – Ending balance | 3,862,912 | 9,323,572 | 372,506 | 550,819 | 24,445,127 | 17,388,749 | 1,263,018 | 1,050,594 | 29,943,563 | 28,313,734 |
| Takaful Contract Assets - Ending balance | - | - | - | - | - | - | - | - | - | - |
| Net Takaful Contract Liabilities (Assets) - Ending | 3,862,912 | 9,323,572 | 372,506 | 550,819 | 24,445,127 | 17,388,749 | 1,263,018 | 1,050,594 | 29,943,563 | 28,313,734 |

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12- (Liabilities)/ Assets Re-takaful Contract - Premium Allocation Method

| | Remaining Coverage Against Assets (ARC) | | | | (AIC) Assets Against Incurred Claims | | | | | |
|---|---|---------------------|-----------------|----------------|--------------------------------------|---------------------|--------------------------------|----------------|--------------------|---------------------|
| | Excluding the Loss Component | | Loss Component | | Present Value of Cash Flows | | Non-financial Risk Adjustments | | Total | |
| | June 30 2025 | 2024 | June 30 2025 | 2024 | June 30 2025 | 2024 | June 30 2025 | 2024 | June 30 2025 | 2024 |
| Re-takaful Contract Liabilities - Beginning | 4,853,151 | 5,727,377 | - | 1,080 | 7,377,924 | 5,910,685 | 603,802 | 495,655 | 12,834,877 | 12,134,797 |
| Re-takaful Contract Assets - Beginning | - | - | - | - | - | - | - | - | - | - |
| Net Re-takaful Contracts (Liabilities)/ Assets - beginning | 4,853,151 | 5,727,377 | - | 1,080 | 7,377,924 | 5,910,685 | 603,802 | 495,655 | 12,834,877 | 12,134,797 |
| Re-takaful expenses | (20,132,746) | (33,348,507) | - | - | - | - | - | - | (20,132,746) | (33,348,507) |
| Claims recovered and other directly attributable expenses | - | - | (984,306) | (739,684) | 9,640,429 | 17,173,715 | 527,415 | 776,594 | 9,183,538 | 17,210,625 |
| Changes that relate to past service – adjustments to the LIC | - | - | 984,487 | 738,604 | 1,919,816 | 1,383,685 | (453,623) | (673,299) | 2,450,680 | 1,448,990 |
| Amounts recoverable from reinsurers –net | (20,132,746) | (33,348,507) | 181 | (1,080) | 11,560,245 | 18,557,400 | 73,792 | 103,295 | (8,498,528) | (14,688,892) |
| Finance Income - From Re-takaful Contracts | - | - | - | - | 46,541 | 80,588 | 1,971 | 4,852 | 48,513 | 85,440 |
| Results of re-takaful operations | (20,132,746) | (33,348,507) | 181 | (1,080) | 11,606,786 | 18,637,988 | 75,763 | 108,147 | (8,450,016) | (14,603,452) |
| Premiums ceded and acquisition cashflows paid | 18,560,416 | 32,474,281 | - | - | - | - | - | - | 18,560,415 | 32,474,281 |
| Cash from underwritten contracts paid to the Re-takaful operator | - | - | - | - | (9,255,872) | (17,170,749) | - | - | (9,255,872) | (17,170,749) |
| Total Cash Flows | 18,560,416 | 32,474,281 | | | (9,255,872) | (17,170,749) | - | - | 9,304,543 | 15,303,532 |
| Re-takaful Contract Liabilities - Ending | | | | | | | | | | |
| Re-takaful Contract Assets - Ending | 3,280,821 | 4,853,151 | 181 | - | 9,728,838 | 7,377,924 | 679,565 | 603,802 | 13,689,405 | 12,834,877 |
| Net Re-takaful Contract Liabilities (Assets) - Ending | 3,280,821 | 4,853,151 | 181 | - | 9,728,838 | 7,377,924 | 679,565 | 603,802 | 13,689,405 | 12,834,877 |

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13- Income Tax

a- Income Tax Provision:

The following is the movement on income tax provision:

| | As of June 30, 2025 (Unaudited) | | | As of December 31, 2024 (Audited) | | |
|-------------------------------------|------------------------------------|------------------|------------------|--------------------------------------|----------------|----------------|
| | Policyholder | Shareholder | Total | Policyholder | Shareholder | Total |
| Balances beginning of the period | 54,728 | 526,514 | 581,242 | 228,899 | 372,436 | 601,335 |
| Income tax expense for the period | 179,336 | (351,835) | (172,499) | 876 | 833,055 | 833,931 |
| Payments during the period | (970) | (689,957) | (690,927) | (175,047) | (678,977) | (854,024) |
| Balance Ending of the period | 233,094 | (515,278) | (282,184) | 54,728 | 526,514 | 581,242 |

The income tax expense for the period as presented in condensed consolidated interim statement of profit or loss is as follow:

| | For the Six-Month Period Ended June 30, | | | |
|--|---|----------------|---------------------|------------------|
| | 2025 (Unaudited) | | 2024 (Unaudited) | |
| | Policyholder | Shareholder | Policyholder | Shareholder |
| Current tax expense for the period | (179,336) | 351,835 | 98,267 | (446,258) |
| Deferred tax expenses | 312,248 | - | 62,097 | - |
| Income tax expense for the period | 132,912 | 351,835 | 160,364 | (446,258) |

- The Company has reached to a final settlement with the Income and Sales Tax Department until the end of 2018. Moreover, the Company has submitted its tax returns for the years 2019, 2020, 2021, 2022,2023 and 2024 and it has not been reviewed by the Income and Sales Tax Department yet. According to the opinion of the management and the tax consultant, the income tax provision is sufficient as of June 30, 2025.
- The income tax provision for the period ending on June 30, 2025 and 2024 for the Company was calculated according to the income tax law at a rate of 26% for balances inside the Kingdom and a rate of 10% for balances outside the Kingdom, according to the amended income tax law (38/2018).
- Income tax provision for the subsidiary was calculated in accordance with the Income Tax Law (38/2018) at 20%.
- The subsidiary has reached to a final settlement for the subsidiary with the Income and Sales Tax Department until the end of 2018. Moreover, the subsidiary has submitted its tax returns for the years 2019, 2020, 2021, 2022 ,2023 and 2024 and it has not been reviewed by the Income and Sales Tax Department yet. According to the opinion of the management and the tax consultant, the income tax provision is sufficient as of June 30, 2025.

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13- Income Tax (continued)

b- Deferred Tax Assets:

| | As of June 30, 2025 (Unaudited) | | | | As of December 31, 2024 (Audited) | |
|---|------------------------------------|------------------|---------------------|--|--|------------------|
| Deferred Tax Assets: | Beginning Balance | Amounts added | Amounts released | Balance at the End of the period | Deferred Tax | Deferred Tax |
| Expected Credit Losses | | | | | | |
| – Receivables | 2,818,001 | 100,000 | - | 2,918,001 | 758,680 | 732,680 |
| Expected Credit Losses | | | | | | |
| – Re-takaful | 559,090 | - | - | 559,090 | 145,363 | 145,363 |
| Expected Credit Losses | | | | | | |
| – Banks deposits | 38,493 | - | - | 38,493 | 10,008 | 10,008 |
| Expected Credit Losses | | | | | | |
| – Sukuk | 36,354 | - | - | 36,354 | 9,452 | 9,452 |
| Expected Credit Losses | | | | | | |
| – Checks under collection | 22,500 | - | - | 22,500 | 5,850 | 5,850 |
| Cumulative change in fair value of financial assets through other comprehensive income | 125,296 | - | 26,515 | 98,781 | 9,878 | 12,531 |
| Takaful contract liabilities | 4,747,075 | 1,100,954 | - | 5,848,029 | 1,520,487 | 1,234,240 |
| | <u>8,346,809</u> | <u>1,200,954</u> | <u>26,515</u> | <u>9,521,248</u> | <u>2,459,718</u> | <u>2,150,124</u> |
| Deferred Tax Liabilities: | | | | | | |
| Cumulative change in fair value of financial assets through comprehensive income | 47,824 | 52,630 | - | 100,454 | 26,118 | 12,434 |
| | <u>47,824</u> | <u>52,630</u> | <u>-</u> | <u>100,454</u> | <u>26,118</u> | <u>12,434</u> |

14- Retained Earnings

| | 30 June 2025 | 31 December 2024 |
|-------------------------------------|------------------|------------------|
| Balance as of 31 December | (4,348,026) | 1,935,840 |
| Prior year adjustments * | (2,555,585) | - |
| Income for the period / year | 1,491,244 | 3,102,810 |
| Transferred to statutory reserve | - | (377,155) |
| Transferred to fair value reserve | (1,505) | (313,469) |
| Balance at the end of period / year | <u>3,282,180</u> | <u>4,348,026</u> |

***Prior year adjustments**

| | Adjustments |
|---|-------------|
| Liabilities for Remaining Coverage – Insurance Contract Liabilities | 1,539,085 |
| Liabilities for Incurred Claims – Takaful Contract Liabilities | 1,016,500 |
| Retained Earnings | (2,555,585) |

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15-Earnings Per Share

Earnings per share is calculated by dividing the profit for the period by the weighted average number of shares during the period, as follows:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|--|--|--|
| Profit the period | 1,491,244 | 1,468,178 |
| Weighted Average number of shares | 28,000,000 | 28,000,000 |
| Earnings per share of net (loss) of the year | 0.053 | 0.052 |

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16 – Takaful revenue and expenses

| | Motor Comprehensive | Motor Pools - Borders & Buses | Motor Third Party | Medical Group | Medical Individual | Marine | Fire | Engineering | G & A | Life | Total |
|---|--------------------------------|--|------------------------------|--------------------------|-------------------------------|------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| For the six-month period ended June 30, 2025 (Unaudited) | | | | | | | | | | | |
| Takaful revenue from contracts measured under PAA | 5,659,357 | 1,999,269 | 5,639,004 | 11,905,005 | 987,642 | 1,155,656 | 4,883,145 | 404,048 | 4,557,261 | 3,530,857 | 40,721,244 |
| Takaful revenue – total | 5,659,357 | 1,999,269 | 5,639,004 | 11,905,005 | 987,642 | 1,155,656 | 4,883,145 | 404,048 | 4,557,261 | 3,530,857 | 40,721,244 |
| Incurred claims and other directly attributable expenses – net | (4,778,826) | (189,679) | (6,780,323) | (9,130,012) | (598,182) | (88,507) | (610,841) | (85,307) | (113,425) | (2,682,346) | (25,057,448) |
| Changes that relate to past service - adjustments to the LIC | (891,031) | (67,395) | 279,904 | (504,697) | (64,720) | (10,926) | (958,398) | (6,488) | (75,069) | (464,055) | (2,762,875) |
| (Losses) reversal of losses on onerous contracts – net | 11,703 | - | 168,105 | - | - | - | - | - | (162) | (1,231) | 178,415 |
| Risk adjustment | (87,696) | - | (8,491) | (23,902) | (3,065) | (2,185) | (25,219) | 5,486 | (15,014) | (42,432) | (202,518) |
| Takaful service expenses | (5,745,850) | (257,074) | (6,340,805) | (9,658,611) | (665,967) | (101,618) | (1,594,458) | (86,309) | (203,670) | (3,190,064) | (27,844,426) |
| Net income from takaful contracts | 3,641,791 | 1,357,142 | (1,453,253) | 1,506,835 | 171,688 | 784,345 | 2,599,625 | 319,079 | 4,151,840 | (202,274) | 12,876,818 |
| Re-takaful contracts expenses | (454,807) | (1,034,256) | (7,375) | (7,301,320) | (597,526) | (530,809) | (3,498,387) | (221,527) | (4,070,061) | (2,416,678) | (20,132,746) |
| Re-takaful contracts revenue | 398,601 | 204,792 | 90,393 | 6,562,825 | 501,876 | 41,533 | 1,169,261 | 8,177 | 117,455 | 2,539,306 | 11,634,219 |
| Net (expenses) from re-takaful contracts held | (56,206) | (829,464) | 83,018 | (738,495) | (95,650) | (489,276) | (2,329,126) | (213,350) | (3,952,606) | 122,628 | (8,498,527) |
| Takaful service result * | 3,585,585 | 527,678 | (1,370,235) | 768,340 | 76,038 | 295,069 | 270,499 | 105,729 | 199,234 | (79,646) | 4,378,291 |

* This amount does not include the expenses related to shareholders' equity share for managing takaful operations with an amount of JOD 4,494,656.

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16 – Takaful revenue and expenses (continued)

| | Motor Comprehensive | Motor Pools - Borders & Buses | Motor Third Party | Medical Group | Medical Individual | Marine | Fire | Engineering | G & A | Life | Total |
|---|--------------------------------|--|------------------------------|--------------------------|-------------------------------|------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| For the Six-month period ended June 30, 2024 (Unaudited) | | | | | | | | | | | |
| Takaful revenue from contracts measured under PAA | 5,107,407 | 1,370,454 | 4,697,634 | 9,021,706 | 1,211,230 | 844,641 | 4,126,113 | 481,960 | 3,619,305 | 3,010,554 | 33,491,004 |
| Takaful revenue – total | <u>5,107,407</u> | <u>1,370,454</u> | <u>4,697,634</u> | <u>9,021,706</u> | <u>1,211,230</u> | <u>844,641</u> | <u>4,126,113</u> | <u>481,960</u> | <u>3,619,305</u> | <u>3,010,554</u> | <u>33,491,004</u> |
| Incurred claims and other directly attributable expenses – net | (4,511,290) | (306,363) | (5,367,585) | (7,146,013) | (626,984) | (123,388) | (277,047) | (48,797) | (25,172) | (2,355,615) | (20,788,254) |
| Changes that relate to past service - adjustments to the LIC | (230,490) | (11,108) | 946,049 | (409,688) | 12,139 | (21,599) | (110,853) | (15,903) | (42,710) | (182,159) | (66,322) |
| (Losses) reversal of losses on onerous contracts – net | 22,085 | - | (204,617) | 5,486 | - | - | - | - | - | (18) | (177,064) |
| Risk adjustment | 27,013 | (1,417) | (4,462) | (10,652) | 5,728 | (5,154) | 4,691 | (6,757) | (14,149) | (56,732) | (61,891) |
| Takaful service expenses | <u>(4,692,682)</u> | <u>(318,888)</u> | <u>(4,630,615)</u> | <u>(7,560,867)</u> | <u>(609,117)</u> | <u>(150,141)</u> | <u>(383,209)</u> | <u>(71,457)</u> | <u>(82,031)</u> | <u>(2,594,524)</u> | <u>(21,093,531)</u> |
| Net income from takaful contracts | <u>414,725</u> | <u>1,051,566</u> | <u>67,019</u> | <u>1,460,839</u> | <u>602,113</u> | <u>694,500</u> | <u>3,742,904</u> | <u>410,503</u> | <u>3,537,274</u> | <u>416,030</u> | <u>12,397,473</u> |
| Re-takaful contracts expenses | (390,456) | (667,861) | (29,500) | (5,897,367) | (558,716) | (135,236) | (3,149,849) | (372,359) | (3,176,301) | (2,080,934) | (16,458,579) |
| Re-takaful contracts revenue | 307,912 | 178,241 | 613 | 5,423,073 | 354,345 | 57,026 | 230,922 | 50,582 | 129,318 | 1,931,380 | 8,663,412 |
| Net income/(expenses) from re- takaful contracts held | <u>(82,544)</u> | <u>(489,620)</u> | <u>(28,887)</u> | <u>(474,294)</u> | <u>(204,371)</u> | <u>(78,210)</u> | <u>(2,918,927)</u> | <u>(321,777)</u> | <u>(3,046,983)</u> | <u>(149,554)</u> | <u>(7,795,167)</u> |
| Takaful service result * | <u>332,181</u> | <u>561,946</u> | <u>38,132</u> | <u>986,545</u> | <u>397,742</u> | <u>616,290</u> | <u>823,977</u> | <u>88,726</u> | <u>490,291</u> | <u>266,476</u> | <u>4,602,306</u> |

* This amount does not include the expenses related to shareholders' equity share for managing takaful operations with an amount of JOD 4,703,586.

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17- Net Finance Revenue (Expense) From Takaful Contracts and Re-takaful Contracts Held

| | Motor Comprehensive | Motor Pools - Borders & Buses | Motor Third Party | Medical Group | Medical Individual | Marine | Engineering | Fire | G & A | Life | Total |
|---|--------------------------------|--|----------------------------------|--------------------------|-------------------------------|---------------|--------------------|-------------|------------------|-------------|------------------|
| For the six-month period ended June 30, 2025 (Unaudited) | | | | | | | | | | | |
| Finance expense from takaful contracts issued | | | | | | | | | | | |
| Accretion of interest on LIC claims best estimate takaful share | (66,166) | (2,671) | (260,763) | - | - | | - | | - | - | (329,600) |
| Accretion of interest on LIC attributable expenses best estimate | (7,239) | (80) | (12,476) | - | - | | - | | - | - | (19,795) |
| Net finance expense from takaful contracts | (73,405) | (2,751) | (273,239) | - | - | | - | | - | - | (349,395) |
| Finance expense from re-takaful contracts held | | | | | | | | | | | |
| Accretion of interest on LIC claims best estimate, re-takaful share | 30,269 | 2,662 | 15,582 | - | - | | - | | - | - | 48,513 |
| Net finance expense from re-takaful contracts held | 30,269 | 2,662 | 15,582 | | | | | | | | 48,513 |
| Net Takaful Finance expense | (43,136) | (89) | (257,657) | | | | | | | | (300,882) |
| For the six-month period ended June 30, 2024 (Unaudited) | | | | | | | | | | | |
| Accretion of interest on LIC claims best estimate takaful share | (131,505) | (4,876) | (287,302) | - | - | | - | | - | - | (423,683) |
| Accretion of interest on LIC attributable expenses best estimate | (14,781) | (1,151) | (14,242) | - | - | | - | | - | - | (30,173) |
| Net finance expense from takaful contracts | | | | | | | | | | | |
| Finance expense from re-takaful contracts held | (146,286) | (6,027) | (301,544) | - | - | | - | | - | - | (453,856) |
| Accretion of interest on LIC claims best estimate, re-takaful share | 29,986 | 4,244 | 10,477 | - | - | | - | | - | - | 44,707 |
| Net finance expense from re-takaful contracts held | 29,986 | 4,244 | 10,477 | - | - | | - | | - | - | 44,707 |
| Net Takaful Finance expense | (116,300) | (1,783) | (291,067) | - | - | | - | | - | - | (409,149) |

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18- Financial Risk Management

The Group generally has exposure to the financial risks, credit risk, liquidity risk, market risk and capital management. Generally, the Group's objectives, policies, and processes for managing risk are the same as those disclosed in its consolidated financial statements for the year ended December 31, 2024.

19- Fair Value Levels

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability.

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in these condensed consolidated interim financial statements.

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date.

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data. The Group ascertains the Level 3 fair values based on a valuation technique which is primarily derived by net assets value of the respective investee at the period end.

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

| | Fair value through other comprehensive income (FVOCI) | Fair value | | |
|--|---|------------------|----------|---------------|
| | | Level 1 | Level 2 | Level 3 |
| As of June 30, 2025 (Unaudited) | | | | |
| Shares with quoted prices | 3,252,634 | 3,252,634 | - | - |
| Shares with un-quoted prices | 29,400 | - | - | 29,400 |
| Sukuk | 4,234,801 | 4,234,801 | - | - |
| | <u>7,516,835</u> | <u>7,487,435</u> | <u>-</u> | <u>29,400</u> |

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19- Fair Value Levels (continued)

| | Fair value through other comprehensive income (FVOCI) | Fair value | | |
|--|--|------------------|----------|---------------|
| | | Level 1 | Level 2 | Level 3 |
| As of December 31, 2024 (Audited) | | | | |
| Shares with quoted prices | 2,886,346 | 2,886,346 | - | |
| Shares with un-quoted prices | 29,400 | - | - | 29,400 |
| Sukuk | 4,131,736 | 4,131,736 | - | |
| | <u>7,047,482</u> | <u>7,018,082</u> | <u>-</u> | <u>29,400</u> |

The fair value of investments in sukuk at level 2 is based on the value of similar quoted sukuks communicated by the investment manager. The fair value of investments in equity securities at level 1 is based on quoted prices available in the market. There were no transfers between levels of the fair value hierarchy during the period ended December 31, 2024 and the period ended June 30, 2025. Additionally, there were no changes in the valuation techniques. Investments measured at amortized cost include corporate sukuks.

The Group believes that the fair values of the Group's financial assets and liabilities that are not measured at fair value are not materially different from their carrying values.

20- Related Party Balances and Transaction

The Group in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in IAS-24. Transaction with related parties mainly relate to expenses incurred by the related parties on behalf of the Group and revenue through under common control companies (parties related to the Group or shareholders of the Company). Transactions with related parties are undertaken at mutually agreed prices. Significant related party balances arising from transactions are described as under:

The significant balances and transactions with related parties and the related amounts are as follows:

| | Related Party | | | Total | |
|--|--|-------------------|---------------------------------------|---|--|
| | Major Owners' Equity and Board of Directors | Top Management | Under Common Control Company | As of June 30, 2025 (Unaudited) | As of December 31, 2024 (Audited) |
| <u>Condensed consolidated Interim Statement of Financial Position Items</u> | | | | | |
| Accounts receivable | 13 | 29,226 | - | 29,239 | 20,187 |
| Accounts payable | - | - | 38,294 | 38,294 | 31,111 |
| Deposit at banks outside Jordan | - | - | 4,431,010 | 4,431,010 | 2,622,412 |
| Current account (Bank) | - | - | 73,575 | 73,575 | 73,119 |
| | | | | For the Six- Month period Ended June 30, | |
| | | | | 2025 | 2024 |
| | | | | (Unaudited) | (Unaudited) |
| <u>Condensed consolidated Interim Statement of Comprehensive Income Items</u> | | | | | |
| Investments revenue | - | - | 102,630 | 102,630 | 73,590 |
| Takaful contract | 2,117 | 2,242 | - | 4,359 | 7,218 |
| Dividends | - | - | - | - | - |

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20- Related Party Balances And Transaction (continued)

Key management personnel are persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Group
The following table shows the annual salaries, remuneration and allowances of the key management personnel for the period ended June 30, 2025 and June 30, 2024:

| | For the Six- Months Ended | |
|----------------------|----------------------------------|---------------------|
| | June 30, 2025 | June 30,2024 |
| | (Unaudited) | (Unaudited) |
| Salaries and bonuses | 650,925 | 627,776 |

21- Legal Cases

There are legal claims filed against the Group related to various matters. The total value of the claims currently under litigation amounts to approximately JOD 3,582,271 as of June 30, 2025 (approximately JOD 3,273,023 as of December 31, 2024). In the opinion of management and legal advisors, the Group is not expected to incur liabilities exceeding the amount of the existing claims provision.

22 - Subsequent Events

There are no events subsequent to the date of the financial statements or after the preparation of the financial statements.

23-Comparative Figures

Some comparative figures for the year 2024 have been reclassified to align with the classification for the period 2025.

24- Approval of financial statements

The interim condensed consolidated financial statements were approved by the Board of Directors' decision held on July 24, 2025.