



القدس للتأمين
JERUSALEM INSURANCE

الخميس، 21 آب، 2025
رقم الإشارة: م/494/2025

السادة / هيئة الأوراق المالية المحترمين ،
السادة / بورصة عمان المحترمين ،

الموضوع: البيانات المالية المرحلية للفترة المنتهية في 2025/06/30

تحية طيبة وبعد،

مرفق طياً نسخة من البيانات المالية المرحلية لشركة القدس للتأمين المساهمة المحدودة كما بتاريخ 2025/06/30 والمعدة وفقاً لمعيار الإبلاغ المالي رقم (17) باللغة الإنجليزية .

وتفضلوا بقبول فائق الاحترام والتقدير

الرئيس التنفيذي

عماد مرار



Jerusalem Insurance Company
Public Limited Shareholding Company
Interim Condensed Financial Statements
(Unaudited)
30 June 2025

Jerusalem Insurance Company
Public Limited Shareholding Company

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Independent Auditor's Review Report

To, The Shareholders of
Jerusalem Insurance Company PLC
(Public Limited Shareholding Company)
Amman – Jordan

Introduction

We have reviewed the accompanying interim condensed Consolidated statement of financial position of **Jerusalem Insurance Company ("the Company")** as of 30 June 2025 and the related interim condensed Consolidated statements of profit or loss, other comprehensive income for the three and six-months period ended 30 June 2025, changes in shareholders' equity, and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interims condense Consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements for the period ended 30 June 2025 are not prepared in all material respects, in accordance with IAS (34) "Interim Financial Reporting" as endorsed in the Hashemite Kingdom of Jordan.

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

Date: 28 July 2025
Amman - Jordan



Jerusalem Insurance Company
Public Limited Shareholding Company
Interim Condensed Statement of Financial Position as of 30 June 2025 (Unaudited)
(In Jordanian Dinar)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Assets			
Bank deposits	3	16,569,297	17,401,325
Financial assets at fair value through profit or loss	4	1,707,946	1,455,090
Financial assets at fair value through other comprehensive income	5	54,999	54,207
Financial assets measured at amortized cost	6	6,853,680	6,852,550
Investment properties	7	1,184,877	1,191,880
Total Investments		26,370,799	26,955,052
Cash on hand and at banks	8	764,088	592,787
Insurance contracts assets-net	9	-	-
Reinsurance contracts assets-net	10	4,194,668	4,571,800
Deferred tax assets	11	1,953,845	1,806,827
Property and equipment - net	12	7,521,230	7,559,985
Intangible assets - net	13	118,327	132,809
Other assets	14	1,399,890	1,284,768
Total Assets		42,322,847	42,904,028
Liabilities and Equity			
Liabilities			
Insurance contracts liabilities	9	24,016,695	24,388,627
Reinsurance contracts liabilities	10	629,135	895,846
Income tax provision	11	219,377	347,867
Other provisions	15	360,841	370,175
Other liabilities	16	1,602,373	1,497,326
Total Liabilities		26,828,421	27,499,841
Equity			
Authorized Share Capital		16,000,000	8,000,000
Paid – in capital	17	10,067,603	8,000,000
Statutory reserve	18	2,089,651	2,089,651
Voluntary reserve	18	-	1,668,538
Fair Value Reserve	19	(14,643)	(15,435)
Retained earnings	20	3,351,815	3,661,433
Total Equity		15,494,426	15,404,187
Total Liabilities and Equity		42,322,847	42,904,028

“The accompanying notes from (1) to (41) form an integral part of these condensed interim financial statements and should be read in conjunction with the attached review report.”

Jerusalem Insurance Company
Public Limited Shareholding Company
Interim Statement of Profit and Loss for the Six-Month Period ended at 30 June 2025 (Unaudited)
(In Jordanian Dinar)

		for the Three-Month Period Ended		for the Six-Month Period Ended	
		30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
	Note				
<u>Revenues</u>					
Insurance contracts revenues	22	9,107,738	8,013,779	17,540,221	15,979,015
Insurance contracts expenses	23	(8,656,916)	11,247,194	(15,569,569)	(18,038,914)
Insurance contracts service results		450,822	(3,233,415)	1,970,652	(2,059,899)
Reinsurance contracts expenses	24	(2,179,830)	1,861,315	(3,933,768)	(3,585,881)
Reinsurance contracts revenues	25	1,592,479	5,374,948	2,359,563	6,448,395
Reinsurance contracts service results		(587,351)	(3,513,633)	(1,574,205)	2,862,514
Net insurance and reinsurance service results		(136,529)	280,218	396,447	802,615
Finance (expenses) income - insurance contracts	26	(299,452)	(63,509)	(516,763)	(153,646)
Finance income (expenses) - reinsurance contracts	27	26,675	7,991	95,624	31,733
Net insurance and reinsurance contract financing results		(272,777)	(55,518)	(421,139)	(121,913)
Net of operations and financing of insurance and reinsurance contracts results		(409,306)	224,700	(24,692)	680,702
Interest income	28	330,947	384,137	671,823	810,372
Net Gains from Financial Assets and Investments	29	121,472	(31,432)	354,883	10,026
Other Revenues	30	4,586	(24,207)	37,844	5,869
Total Revenues		457,005	328,498	1,064,550	826,267
Undistributed general and administrative expenses	33	(176,482)	(127,973)	(329,945)	(241,455)
Undistributed depreciation and amortization	33	(15,767)	(6,521)	(31,394)	(12,992)
Provision for expected credit losses –account receivables	14	25,487	(5,947)	24,977	2,444
Provision for expected credit losses –Bank Deposits	3	1,719	(4,874)	(4,447)	4,977
Provision for expected credit losses - financial assets measured at amortized cost	6	56	57	6	2
Other Expenses	33	-	-	-	-
Total Expenses		(164,987)	(123,616)	(340,803)	(247,024)
Profit for the period from continuing operations before income tax		(117,288)	429,582	699,055	1,259,945
Income Tax for the Period	11	65,162	(122,799)	(106,228)	(336,475)
Profit for the Period After Tax		(52,126)	306,783	592,827	923,470
Attributable to shareholders of the Company					
Basic and diluted earnings per share for the period	34	(0.022)	0.038	0.059	0.115

“The accompanying notes from (1) to (41) form an integral part of these condensed interim financial statements and should be read in conjunction with the attached review report.”

Jerusalem Insurance Company
Public Limited Shareholding Company
Interim Statement of Profit and Loss-Life for the Six-Month Period ended at 30 June 2025 (Unaudited)
(In Jordanian Dinar)

		<u>for the Three-Month Period Ended</u>		<u>for the Six-Month Period Ended</u>	
	<u>Note</u>	<u>30 June 2025</u> <u>(Unaudited)</u>	<u>30 June 2024</u> <u>(Unaudited)</u>	<u>30 June 2025</u> <u>(Unaudited)</u>	<u>30 June 2024</u> <u>(Unaudited)</u>
<u>Revenues</u>					
Insurance contracts revenues	22	1,527,356	1,006,099	2,698,925	2,042,344
Insurance contracts expenses	23	(2,025,974)	(466,449)	(3,180,990)	(1,849,433)
Insurance contracts service results		(498,618)	539,650	(482,065)	192,911
Reinsurance contracts expenses	24	(1,251,082)	(829,951)	(2,159,332)	(1,595,837)
Reinsurance contracts revenues	25	1,488,477	307,066	2,330,126	1,365,041
Reinsurance contracts service results		237,365	(522,885)	170,794	(230,796)
Net insurance and reinsurance service results		(261,253)	16,765	(311,271)	(37,885)
Finance (expenses) income - insurance contracts	26	(9,427)	(14,204)	(38,130)	386
Finance income (expenses) - reinsurance contracts	27	3,538	16,293	14,549	29,701
Net insurance and reinsurance contract financing results		(5,890)	2,089	(23,580)	30,087
Net of operations and financing of insurance and reinsurance contracts results		(267,143)	18,854	(334,851)	(7,798)
Interest income	28	11,271	11,140	23,695	22,347
Total Revenues		11,271	11,140	23,695	22,347
Undistributed general and administrative expenses	33	(17,567)	(8,466)	(32,660)	(17,050)
Undistributed depreciation and amortization	33	(1,571)	(428)	(3,108)	(918)
Provision for expected credit losses –Bank Deposits	3	(1,966)	(2,159)	(1,348)	(1,171)
Total expenses		(21,104)	(11,514)	(37,116)	(19,139)
Profit/(loss) for the period from continuing operations before income tax		(276,976)	18,941	(348,272)	(4,590)
Income tax for the period	11	69,100	(20,454)	61,861	2,797
Loss for the period from continuing operations after income tax		(207,875)	(1,514)	(286,411)	(1,793)
Loss from investing activities after tax					
Attributable to shareholders of the Company		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share for the period	34	(0.019)	(0.000)	(0.028)	(0.000)

“The accompanying notes from (1) to (41) form an integral part of these condensed interim financial statements and should be read in conjunction with the attached review report.”

Jerusalem Insurance Company
Public Limited Shareholding Company
Interim Statement of comprehensive income for the Six-Month Period ended at 30 June 2025 (Unaudited)
(In Jordanian Dinar)

		<u>for the Three-Month Period Ended</u>		<u>for the Six-Month Period Ended</u>	
		<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Profit for the period		52,126	306,783	592,827	923,470
Other comprehensive					
income items:					
Change in Fair Value Reserve					
from Other Comprehensive					
Income	19	330	(859)	792	(1,519)
Total comprehensive income					
for the period		<u>52,456</u>	<u>305,924</u>	<u>593,619</u>	<u>921,951</u>

“The accompanying notes from (1) to (41) form an integral part of these condensed interim financial statements and should be read in conjunction with the attached review report.”

Jerusalem Insurance Company
Public Limited Shareholding Company
Interim statement of changes in equity for the six months ended at 30 June 2025 (Unaudited).
(In Jordanian Dinar)

	Reserves					
	Paid - In Capital	Statutory	Voluntary	Fair Value Reserve	Retained Earnings*	Total Equity
Balance at 1 January 2025 (Audited)	8,000,000	2,089,651	1,668,538	(15,435)	3,661,433	15,404,187
Comprehensive income for the period	-	-	-	-	592,827	592,827
Changes in fair value of financial assets in fair value through other comprehensive income	-	-	-	792	-	792
Cash dividends	-	-	-	-	(503,380)	(503,380)
Capital increase (bonus shares distribution)	2,067,603	-	(1,668,538)	-	(399,065)	-
Balance at 30 June 2025 (Unaudited)	10,067,603	2,089,651	-	(14,643)	3,351,815	15,494,426
Balance at 1 January 2024 (Audited)	8,000,000	2,089,651	1,668,538	(12,728)	2,968,884	14,714,345
Comprehensive income for the period	-	-	-	-	923,470	923,470
Changes in fair value of financial assets in fair value through other comprehensive income	-	-	-	(1,519)	-	(1,519)
Balance at 30 June 2024 (Unaudited)	8,000,000	2,089,651	1,668,538	(14,247)	3,892,354	15,636,296

* Retained earnings as at period-end do not include revaluation gains from financial assets at fair value through profit or loss.

“The accompanying notes from (1) to (41) form an integral part of these condensed interim financial statements and should be read in conjunction with the attached review report.”

Jerusalem Insurance Company
Public Limited Shareholding Company
Interim statement of cash flows for the six months ended at 30 June 2025 (Unaudited)
(In Jordanian Dinar)

	Note	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Cash Flows (Used) from Operating Activities			
Profit for the period before tax		699,055	1,259,945
Adjustments:			
Depreciation and amortization		163,971	65,230
Interest income		(671,823)	(810,372)
Cash Dividends		(96,613)	(77,212)
Change in fair value of financial assets through profit or loss		(252,856)	78,528
Provision for expected credit losses –account receivables		(24,977)	(2,444)
Provision for expected credit losses - bank deposits		4,447	(4,977)
Provision for expected credit losses - financial assets measured at amortized cost		(6)	(2)
Provision for employees rewards		16,552	-
Provision of earnings share - life		50,000	50,000
Deposits Provision for Central Bank fees		94,367	36,221
Cash flows from operating activities before changes in working capital items		(17,883)	594,917
Insurance contracts assets		-	(19,038)
Reinsurance contracts assets held		377,132	(4,753,359)
Other assets		(125,464)	(1,062,138)
Insurance contracts liabilities		(371,932)	3,081,005
Reinsurance contracts liabilities held		(266,711)	(1,758,676)
Other liabilities		105,047	(128,453)
Paid other provision		(170,254)	(134,969)
Net cash flows (used in) operating activities before paid income tax		(470,065)	(4,180,711)
Income tax paid	11	(381,735)	(607,814)
Net cash flows (used in) operating activities		(851,800)	(4,788,525)
Cash flows (used in)/from investing activities			
Bank deposits in advance		(7,071,868)	1,368,730
(Purchase) of financial assets measured at amortized cost		(1,124)	(1,024)
(Purchase) of property and equipment and intangible assets		(103,731)	(816,216)
Interest income received		707,142	810,372
Dividends received		96,613	77,212
Net cash flows (used in)/from investing activities		(6,372,968)	1,439,074
Cash Flows from Financing Activities			
Cash Dividends		(503,380)	-
Net Cash Flows (used in)/from Financing Activities		(503,380)	-
Net increase in cash and cash equivalents		(7,728,148)	(3,349,451)
Cash and cash equivalents, beginning of period		8,492,236	7,591,256
Cash and cash equivalents, end of period	35	764,088	4,241,805

“The accompanying notes from (1) to (41) form an integral part of these condensed interim financial statements and should be read in conjunction with the attached review report.”

Jerusalem Insurance Company
Public Limited Shareholding Company
Notes to the condensed interim financial statements for the six months ended at 30 June 2025 (Unaudited)
(In Jordanian Dinar)

1. General

Jerusalem Insurance Company was established during 1975 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (93) with paid up capital of JOD (16,000,000)/share and the paid-in capital amounts to eight million (10,067,603) Jordanian Dinars/ shares, and the company's place of registration is the Hashemite Kingdom of Jordan.

The Company is engaged in insurance activity including motor, fire, accidents, marine, Aviation, transportation, Health insurance, life insurance, and liability insurance business.

The accompanying financial statements have been approved for issue by the Company's Board of Directors on its meeting number (09/2025) held at 28 July 2025.

2. Summary of Significant Accounting Policies

2 /1 Basis of Preparation of Financial Statements

The accompanying condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting.

The financial statements have been prepared on a historical cost basis except for the financial assets through statements of profit or loss and other comprehensive income the details of which are disclosed in its accounting policies.

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

The most important accounting policies followed in the preparation of the financial statements, which have been disclosed, were applied consistently in accordance with the principle of consistency for all the years presented.

The preparation of the financial statements in accordance with International Financial Reporting Standards 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.

The condensed interim financial statements do not include all the information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). They should be read in conjunction with the annual report as of 31 December 2024. Moreover, interim results of operations do not necessarily indicate the expected annual results.

2/2 Applying the New and Amended International Financial Reporting Standards

The International Accounting Standards Board issued the International Financial Reporting Standard No. (17) "Insurance Contracts" in 2017 as an alternative to International Financial Reporting Standard No. (4) Which carries the same name. This standard was applied retrospectively for financial periods beginning on or after 1 January 2023, with an early application permitted, provided that the facility has applied IFRS No. (9) And IFRS No. (15) Before or with IFRS No (17).

The objective of the standard is to ensure that the entity provides appropriate information about these contracts, and this information provides users of the financial statements with the necessary basis for evaluating the impact of insurance contracts on the Company's financial position and cash flows.

2. Summary of Significant Accounting Policies (continued)

2/3 Changes in Accounting Policies

2/3/1 New Standards, Interpretations, and Amendments Effective

The accounting policies applied in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended December 31, 2024, except for the following amendments, which are applied for the first time in 2025. However, not all of them are expected to have an impact on the Company:

- **Amendments effective for periods beginning on or after 1 January 2025:**
Amendments to IFRS 21 – Lack of Exchangeability
- **Amendments effective for periods beginning on or after 1 January 2026:**
Amendments to IFRS 9 Financial Instruments and IFRS 7 Disclosures
- **Amendments effective for periods beginning on or after 1 January 2027:**
 - **IFRS 18 – Presentation and Disclosure in Financial Statements**
 - **IFRS 19 – Subsidiaries without Public Accountability: Disclosures**

2/4 Use of Estimates and assumptions

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

That the estimates are reasonable and are as follows:

2/4/1 Expected credit losses

A provision for expected credit losses is formed based on principles and assumptions approved by the company's management to estimate the required provision in accordance with the requirements of the International Financial Reporting Standards, as imposed by International Financial Reporting Standard No. (9), to recognize impairment by measuring expected credit losses over the lifetime of receivables and contractual assets based on credit risk and homogeneous aging.

The expected loss rates are based on the company's historical credit losses incurred over the past three years up to the end of the current period. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers.

The company allocates a provision for receivables arising from insurance transactions with local insurance companies and external reinsurance companies. Additionally, the company allocates a provision for expected credit losses for the full receivables of insurance companies (under liquidation) or those with a solvency margin of less than 100%.

2/4/2 Impairment in the value of financial assets

The company reviews the values recorded in the registers for financial assets at the date of the financial statements to assess whether there are any indicators of impairment, either individually or as a group. If such indicators are identified, the fair value is estimated to determine the impairment loss.

2/4/3 Income tax

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

The Income and National Contribution tax provision for the year ended at 30 June 2025 was calculated in accordance with the Income Tax Law.

2. Summary of Significant Accounting Policies (continued)

2/4 Use of Estimates and assumptions (continued)

2/4/3 Income tax(continued)

1. Accrued income tax

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

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

2. Deferred taxes

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the value of assets or liabilities in the financial statements and the value on which taxable profit is based. Taxes are calculated using the method in the financial statements, and deferred taxes are calculated according to the tax rates expected to be applied when the tax liability is settled or the deferred tax assets are realized.

The balance of deferred tax assets is reviewed at the financial statement date and is reduced if it is expected that the deferred tax assets cannot be benefited from, partially or fully, or if the tax liability is settled or no longer needed.

2/4/4 Property & equipment & intangible assets

Management periodically reassesses the useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization, based on the general condition of these assets and estimated future useful lives. Any impairment loss (if any) is recognized in the statement of profit or loss.

2/4/5 the present value of future cash flows

The flows are defined as all amounts expected to be collected and expected to be paid within the limits of the insurance contract/ reinsurance contract held after adjusting them to reflect the timing and uncertainty of those amounts, based on actuarial assumptions and the Company's experience in managing a group of insurance contracts /reinsurance contracts held.

Future cash flows are recognized at present value, taking into consideration when developing assumptions related to estimating cash flows for groups of insurance contracts, as follows:

1. Inherent risks.
2. Aggregation level.
3. The possibility of natural disasters.
4. Possibility of liquidating the contract before the expiration of the insurance coverage, and other practices expected from the holder of the insurance contract.
5. Factors that will affect the estimates, and sources of information for these factors.

2. Summary of Significant Accounting Policies (continued)

2/4 Use of Estimates and assumptions (continued)

2/4/5 the present value of future cash flows (continued)

A combination of bottom-top and top-bottom approaches are applied in determining discount rates for different products. The bottom-top approach is used to derive the discount rate for cash flows that do not change based on the returns of the underlying items in participating contracts (except for investment contracts without a development policy loan which are not within the scope of IFRS 17). Under this approach, the discount rate is determined as the risk-free return adjusted for the differences in liquidity characteristics between the financial assets used to derive the risk-free return and the cash flows of the related liabilities (known as the illiquidity premium). The risk-free return is derived using swap rates available in the market that are denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with AAA credit ratings are used. Management uses judgment to evaluate the liquidity characteristics of the liabilities cash flows. Direct participation contracts and investment contracts with a development policy loan are less liquid financial assets used to derive the risk-free return. For these contracts, the illiquidity premium is estimated on the basis of the market observable liquidity premium of the financial asset adjusted to reflect the illiquidity characteristics of the cash flows of the liability.

Direct participation contracts and investment contracts with development policyholders are considered less liquid than financial assets used to derive the risk-free rate. For these contracts, the illiquidity premium is estimated based on the market-observed liquidity premium of financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.

The top-down approach is used to derive discount rates for cash flows that do not change based on the returns of the underlying items in all other contracts within the scope of IFRS 17. Under this approach, the discount rate is determined as the return implicit in the fair value of a reference portfolio, adjusted for the differences between the reference portfolio of assets and the cash flows of the related liabilities. The reference portfolio consists of a mix of sovereign and corporate bonds available in the markets. Assets are selected to match the cash flows of the liabilities. The return of the reference portfolio is adjusted to eliminate expected and unexpected credit risk. These adjustments are estimated using information from historical observed levels of credit default swaps and credit defaults related to the bonds included in the reference portfolio. For the unobservable period, the yield curve between the final rate and the last observable point is approximated using the Smith-Wilson method.

The Company will not calculate a present value of future cash flows on insurance and reinsurance premiums that have a duration of less than 12 months.

The Company calculates the present value of future cash flows on claims incurred, recoveries and liabilities from reinsurance contracts held based on the Company's assessment if payment or collection is expected after more than 12 months.

To calculate the discount rate, a top-down approach will be used as follows:

Risk free yield curve:

The risk-free yield curve will be derived based on the reference portfolio.

For this purpose, in the absence of any reference portfolio, the prices of highly rated bonds (above AA+) issued from the Hashemite Kingdom of Jordan will be used.

Market risk premium for credit risk:

The market risk premium for credit risk will be removed from yield curves to account for "non- payment", in insurance contracts.

Discount rate = risk-free rate- market risk premium for credit risk

Illiquidity premium:

The illiquidity premium is used to calculate the following: -

- Uncertainty in cash flows for subsequent periods.
- Uncertainty in the management of assets and liabilities in subsequent periods.

2. Summary of Significant Accounting Policies (continued)**2/4 Use of Estimates and assumptions (continued)****2/4/6 Risk adjustments for non-financial**

An amount set aside by the company to account for the uncertainty of the amount and timing of cash flows arising from non-financial risks, based on actuarial assumptions and the company's experience in managing a portfolio of insurance/reinsurance contracts held.

Non-financial risk adjustment is the compensation required for a Company to bear uncertainty about the amount and timing of cash flows that arise from non-financial risks when fulfilling an insurance contract. It reflects the Company's degree of risk reduction.

The Company makes an adjustment estimate for non-financial risk separately from all other estimates. The risk adjustment is calculated at the issuer level and then distributed to each group of contracts according to their risk levels. The cost of capital method is used to derive the overall risk adjustment for non-financial risks. In the cost of capital method, the risk adjustment is determined by applying the cost rate to the present value of expected capital attributable to non-financial risks.

The cost rate for non-financial risk adjustments has been determined according to the following ratios:

Motor – TPL	6.2%
Motor –Pool	6.2%
Motor - Comprehensive	9.6%
Marine	9.4%
Aviation	9.4%
Fire	9.4%
Engineering	9.4%
General Accidents	9.4%
Medical	5.7%
Travel	9.4%
Life	7.7%

Capital is set at a confidence rate of 75% and is expected to be in accordance with the business. A diversification feature is included to reflect the diversification of contracts sold across geographic regions as this reflects the compensation required by the entity. The adjustments for non-financial risks shall be re-evaluated annually by the actuary.

2. Summary of Significant Accounting Policies (continued)**2/4 Use of Estimates and assumptions (continued)****2/4/7 Non insurance components**

Definition of the insurance contract It is a contract whereby one party (the issuer) accepts a substantial insurance risk from another party (the contract holder), by agreeing to compensate the contract holder in case of the occurrence of a specific and uncertain future event (the insured event) such that this event, if it occurs, adversely affects the contract holder.

All contracts issued by the Company meet the definition of an insurance contract. Below is an illustration of the insurance contracts issued by the Company that meet the definition:

Primary insurance type	Sub- insurance type	
Engineering	- Boilers Explosions - Contractors Plant and Machinery - Electronic Equipment - Machinery Breakdown	- Contractor's All Risk - Deterioration Of Stock - Erection All Risk - Loss of Profit /Machinery Breakdown
General Accident & Liability	- Cash - Theft - Workmen's Compensation - Public Liability	- Fidelity Guarantee - Personal Accident - Plate Glass - Personal Guard
Motor	- Borders - Comprehensive - TPL - Comprehensive Buses	- Orange Card - Comprehensive /Complementary - Buses Pool - New Special
Life	- Credit Life - Individual - Regular Premium101% (Individual)	- Group - Regular Premium*5 (Individual)
Fire	- Darna - Fire	- House Holder - All Risk
Marine	- Marine Open Cover - Ship hulls	- Marine Cargo Direct
Medical	- Individual	- Group
Travel	- Travel	

The definition of insurance risk is represented by the possibility of the occurrence of the insured event (risk) and the uncertainty regarding the amount of the claim related to that event, due to the nature of the insurance contract, as the risks are volatile and unpredictable. For insurance contracts related to an insurance category, where probability theory can be applied in pricing and reserving, the main risk facing the Company is that the claims incurred and payments related to them may exceed the book value of the insurance liabilities. This may occur if the likelihood and severity of the claims exceed expectations, because insurance events are not fixed and vary from period to period, and the estimates may differ from the related statistics. Studies have shown that the more similar the insurance contracts are, the closer the expectations are to the actual loss rate. The existence of diversification in the insurance risks covered leads to a decrease in the probability of total loss in insurance coverage.

2. Summary of Significant Accounting Policies (continued)

2/4 Use of Estimates and assumptions (continued)

2/4/7 Non insurance components

Separation of non-insurance components

1- Investment component

The Company is required to separate the investment component distinct from the primary insurance contract when the investment component is distinct and only if the following two conditions are met:

- The investment component and the insurance component are not correlated to a large extent.
- The contract is sold on equivalent terms, or may be sold, separately in the same market or in the same legal jurisdiction, either by the entities issuing the insurance contracts or by other parties.

The investment component and the insurance component are directly related and only if: -

- The entity was unable to measure one component without looking at the other. Thus, if the value of one component differs from the value of the other component, the entity shall apply IFRS 17 to calculate the investment element and co-insurance component, or.
- The policyholder cannot benefit from one of the components unless the other is also present. Thus, if the expiry or maturity of one contract component causes the expiry or maturity of the other, the entity shall apply IFRS 17 to account for the investment component and the pooled insurance component.

The Company has products that contain an investment component (single installment *5 and single installment 101%).

2- Goods and services components

The Company shall separate any commitments to transfer distinct goods or services to the policyholder other than insurance contract services. And it must account for these commitments by applying International Financial Reporting Standard 15. Accordingly, it is:

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

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

- The cash flows and risks associated with the good or service are closely related to the cash flows and risks associated with the insurance components of the contract, and the entity provides an important service in linking the good or service with the components of the insurance.

Materiality:

The materiality in the Company is 2% of the total written premiums.

2/4/8 Lawsuits against the Company

A provision is recorded for lawsuits filed against the Company based on a legal study prepared by the Company's lawyer, according to which potential future risks are identified, and those studies are reviewed periodically.

2. Summary of Significant Accounting Policies (continued)

2/4 Use of Estimates and assumptions (continued)

2/4/9 Fair value level

The level of the fair value hierarchy that categorizes the fair value measures is fully disclosed, and the fair value measurements are separated according to the levels specified in the International Financial Reporting Standards. The difference between Level 2 and Level 3 of fair value measurements represents the assessment of whether the information or inputs are observable and the significance of the unobservable information, which requires judgment and careful analysis of the inputs used to measure fair value, including taking into account all factors relating to the asset or liability.

2 /5 The most important accounting policies used

2/5/1 Sectors Information

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns different from those related to other sectors, which are measured according to the reports 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.

2/5/2 Goodwill

Goodwill is recorded at cost, representing the excess of the cost of acquiring or purchasing a subsidiary or jointly-owned companies over the company's share of the fair value of the assets, liabilities, and contingent liabilities of that company at the acquisition date. Goodwill arising from investments in subsidiaries is recorded separately as intangible assets.

Goodwill arising from investments in associates is included as part of the investment in the associate, and the goodwill is subsequently reduced by any impairment in the value of the investment.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

A goodwill impairment test is performed at the date of each financial statement, and the carrying amount of goodwill is reduced if there is evidence that its value has declined. This occurs if the estimated recoverable amount of the cash-generating unit(s) to which the goodwill belongs is lower than the carrying amount of the cash-generating unit(s). The impairment loss is recognized in the statement of profit or loss.

Impairment losses on goodwill are not reversed in subsequent periods. In the event of the sale of a subsidiary or a jointly-owned company, the goodwill value is taken into account when determining the amount of profit or loss from the sale.

2/5/3 Definition of an insurance contract

A contract which the insurance Company accepts substantial insurance risks from the insured, by agreeing to compensate the contract holder in the event of the occurrence of a specific and uncertain future event (the insured event) that adversely affects the contract holder, and at the following deadlines, whichever is earlier:

- The beginning of the coverage period for the contracts.
- From the date of maturity of the first premium for the insured in the group of insurance contracts.
- From the date of the group becoming an expected loss group, with respect to any of the groups of contracts that are expected to be lost.

As for the insurance contracts that contain the direct participation feature and that have economic characteristics similar to the insurance contract (the coverage period is long, the premiums are recurring and the amount or timing of the return is at the discretion of the issuer) and are linked to the same assets or participation in the performance of the insurance contracts, and these contracts that contain this feature at the beginning of the contract include the following:

- The contractual terms specify that the insurance contract holders participate in a share of the insurance contract portfolio.
- The Company expects to pay the contract holder a significant share of the fair value proceeds from the pool of insurance contracts.
- The Company expects that a significant proportion of any change in the amounts to be paid to a contract holder will vary with the change in the fair value of the pool of insurance contracts.

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

2/5/3 Definition of an insurance contract (continued)

As for contracts that are not classified as an insurance contract, they are, for example, the following: -

- Investment contracts that have a legal form of an insurance contract, but do not transfer significant insurance risks to the insurance Company and carry financial risks, for example, implicit derivatives, changes in the fair value of a financial instrument, changes in interest rates, changes in currency exchange rates, or credit rating, they are classified as investment contracts in accordance with International Financial Reporting Standard No. (9).
- Investment contracts that contain the feature of voluntary participation, which are investment contracts that have a legal form of an insurance contract, but do not transfer significant insurance risks to the issuer and do not meet the definition of an insurance contract, but are classified in accordance with International Financial Reporting Standard No. (17).
- Self-insurance (i.e. keeping the risks that could have been covered by the insurance contract within the Company, i.e. there is no other party to the contract), for example, the Company issuing an insurance contract in the name of the Company or a subsidiary or associate Company, which is classified according to the International Financial Reporting Standard No. (15).

2/5/4 Reinsurance contracts held

It is an insurance contract issued by the reinsurer to compensate the insurance Company for claims arising from the insurance contracts issued by it.

Reinsurance contracts held are recognized:

- In the event that the held reinsurance contracts are proportional to the group of insurance contracts, then the held reinsurance contracts are recognized at the beginning of the coverage period for the group of these contracts or at the initial recognition of any of the base contracts, whichever is earlier.
- From the beginning of the coverage period of the group of held reinsurance contracts.

2/5/5 Liability for remaining coverage

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

2/5/6 Liability for incurred claims

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

2/5/7 Contractual service margin

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

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

2/5/8 Initial recognition of insurance contracts / General Measurement Model/ Variable cost

At initial recognition, the Company measures the group of insurance contracts according to the following:

- ❖ Cash flows to fulfill contracts, which include:
 - Estimates of future cash flows.
 - Adjustments for the time value of money and the financial risks associated with future cash flows by not including these financial risks in the estimates of future cash flows.
 - Risk adjustments for non-financial.
- ❖ Contractual service margin

2/5/9 Subsequent measurement of insurance contracts / General Model/ Variable cost

The Company records the book value of any group of insurance contracts at the end of each period, which is the sum of the following:

- The liability for remaining coverage, which includes the net value of cash inflows and outflows (after applying the discount rate) in addition to risk adjustments for non-financial and the contractual service margin.
- The liability for incurred claims, which is calculated according to the best estimate of future cash flows to settle claims plus risk adjustments for non-financial, taking into account the application of the discount rate to claims expected to be settled after more than one year.

2/5/10 Initial recognition of insurance contracts / premium allocation approach

The group of insurance contracts is measured at initial recognition as follows:

- Insurance premiums received upon initial recognition.
- Deducting any costs paid to acquire the insurance contracts on that date.
- Added or deducted from it any amount arising from the cash flows of the costs of acquiring insurance contracts

2/5/11 Subsequent measurement / premium allocation approach

At the end of each subsequent period, the Company records the book amount of the obligation, taking into account the following adjustments to the balance of the obligation:

- Add insurance premiums received for the period.
 - Deduct the cash flows for the acquisition of insurance contracts.
 - Adding any amounts related to the depletion of cash flows for the acquisition of insurance contracts that are proven as an expense.
 - Adding any emergency modification to the financing component.
 - Deduct the amount recognized as insurance income for the coverage provided in that period.
 - Deduct any paid or transferred investment component of the liability relating to claims incurred.
- Liabilities against incurred claims which are calculated according to the best estimate of future cash flows to settle claims plus risk adjustments for non-financial, taking into account the application of the discount rate to claims.

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

2/5/12 Modification of insurance contracts

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

2/5/13 Derecognition of insurance contracts

The Company derecognizes insurance contracts in the following cases:

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

2/5/14 Insurance contracts that are expected to result in a loss (onerous contracts)

The Company recognizes insurance contracts as onerous contracts if, at the initial recognition date, the contract is expected to incur a loss. The loss component is measured if the expected cash flows to fulfill the contract's obligations or the group of contracts exceed the expected cash inflows from that contract or group of contracts.

The Company is required to disclose the loss component unless the contractual service margin is zero.

2/5/15 Summary of measurement approaches

- 1) The Company classify insurance contracts according to the following:

The Portfolio (Level 1)	Contract Classification	Measurement Approach
Motor - Comprehensive	Insurance contracts	Premium Allocation Approach
Motor – TPL	Insurance contracts	Premium Allocation Approach
Motor –Pool	Insurance contracts	Premium Allocation Approach
Marine	Insurance contracts	Premium Allocation Approach
Aviation	Insurance contracts	Premium Allocation Approach
Fire	Insurance contracts	Premium Allocation Approach
Engineering	Insurance contracts	Premium Allocation Approach
General Accidents	Insurance contracts	Premium Allocation Approach
Personal Accidents	Insurance contracts	Premium Allocation Approach
Liability	Insurance contracts	Premium Allocation Approach
Medical - Group	Insurance contracts	Premium Allocation Approach
Medical - Individual	Insurance contracts	Premium Allocation Approach
Travel	Insurance contracts	Premium Allocation Approach
Life - Group	Insurance contracts	Premium Allocation Approach
Life - Borrowers	Insurance contracts	Premium Allocation Approach
Life - Individual	Insurance contracts	Premium Allocation Approach
Life - Saving	Insurance contracts	General Measurement Model

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

2/5/15 Summary of measurement approaches (continued)

2) The Company classify reinsurance contracts held according to the following:

Portfolio Name	Measurement Model
Aviation -Facultative	Premium Allocation Approach
Catastrophe -Excess of Loss	Premium Allocation Approach
Comprehensive- Facultative	Premium Allocation Approach
Engineering - Facultative	Premium Allocation Approach
Engineering - Surplus and Quota Share	Premium Allocation Approach
Fire -Facultative	Premium Allocation Approach
Fire - Surplus and Quota Share	Premium Allocation Approach
Fire - Excess of Loss	Premium Allocation Approach
General Accidents - Facultative	Premium Allocation Approach
General Accidents - Surplus and Quota Share	Premium Allocation Approach
Liability - Facultative	Premium Allocation Approach
Marine - Facultative	Premium Allocation Approach
Marine - Surplus and Quota Share	Premium Allocation Approach
Marine - Excess of Loss	Premium Allocation Approach
Medical - Quota Share	Premium Allocation Approach
Motor - Excess of Loss	Premium Allocation Approach
Pool - Facultative	Premium Allocation Approach
TPL - Facultative	Premium Allocation Approach
Travel - Quota Share	Premium Allocation Approach
Credit Life - Facultative	Premium Allocation Approach
Group Life - Facultative	Premium Allocation Approach
Group Life - Surplus and Quota Share	Premium Allocation Approach
Individual Life - Quota Share	Premium Allocation Approach
Individual Life -Surplus and Quota Share	Premium Allocation Approach
Individual Life Saving -Surplus and Quota Share	General Measurement Model

2/5/16 Aggregation level

The portfolios of insurance contracts are divided into groups according to the year of underwriting and aggregate portfolios of insurance contracts with similar risks that are managed together.

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

2/5/17 Profitability level

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

- Contracts that have no likelihood of becoming onerous at initial recognition.
- Contracts that are onerous.
- Other contracts (if found).

2/5/18 Financial assets

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

- Financial assets at amortized cost
- Financial assets at fair value through statement of profit or loss
- Financial assets at fair value through statement of other comprehensive income

❖ Financial assets at amortized cost

The company classifies financial assets at amortized cost based on the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, provided that both of the following conditions are met:

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

The financial assets measured at amortized cost are recorded at their purchase cost, including acquisition expenses. Any premium/discount (if any) is amortized using the effective interest method as an entry to interest or for its account. Any provisions resulting from impairment in the value of these investments, leading to the inability to recover part or all of the investment, are deducted. Any impairment is recorded in the profit and loss statement.

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

The standard allows, in rare cases, the measurement of these assets at fair value through the profit and loss statement if it significantly eliminates or reduces inconsistency in measurement (sometimes referred to as accounting mismatch) arising from measuring assets or liabilities or recognizing profits or losses resulting from them on different bases.

Impairment losses for financial assets measured at amortized cost are recognized, with interest revenue, foreign exchange gains and losses, and impairment being included in the profit and loss statement. Gains or losses arising from derecognition of financial assets are also presented in the profit and loss statement.

❖ Financial assets at fair value through profit or loss

The remaining financial assets that do not meet the criteria for financial assets at amortized cost are measured as financial assets at fair value.

- Financial assets at fair value through profit or loss represent investments in equity instruments and debt instruments held for trading purposes, with the objective of generating profits from short-term market price fluctuations or trading margins.
- Financial assets at fair value through profit or loss are recorded at fair value upon purchase (acquisition expenses are recorded in the profit and loss statement at the time of purchase) and are revalued at fair value on the financial statement date. Subsequent changes in fair value are recognized in the profit and loss statement for the period in which the change occurs, including changes in fair value resulting from foreign currency translation differences of non-cash items. Dividends or returns are recorded in the profit and loss statement when earned (approved by the general assembly of shareholders).

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

2/5/18 Financial assets (continued)

Reclassification

Financial assets may be reclassified from amortized cost to financial assets at fair value through profit or loss and vice versa, only when the entity changes the business model under which the assets were classified, as mentioned above, taking into account the following:

- Any previously recognized profits, losses, or interest cannot be reversed.
- When financial assets are reclassified to be measured at fair value, their fair value is determined at the reclassification date, and any gains or losses resulting from differences between the previously recorded value and the fair value shall be recorded 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 at the date of reclassification.

❖ Financial Assets at fair value through other comprehensive income

- It is allowed, upon initial recognition, for investments in equity instruments that are not held for trading, to adopt an irrevocable option to present all changes in the fair value of these investments on an individual basis (each share separately) in other comprehensive income. Under no circumstances can these changes, recognized in other comprehensive income, be reclassified to profit or loss at a later date. However, dividend income from these investments is recognized in net investment income, unless such distributions clearly represent a partial recovery of the entire investment.
- In the event of the sale of these assets or part of them, the gains or losses resulting from the sale are transferred from the accumulated fair value change balance in other comprehensive income to the retained earnings, and not through the profit or loss statement.

2/5/19 Investment property

Investment property is measured at cost less any accumulated depreciation (except for lands), these investments are depreciated over their useful life at a rate of 2%, and any decrease in their value is recorded in statement of profit or loss. Any revenue, operational expenses or impairment related to the investment properties is recorded in the statement of profit or loss.

Real estate investments are measured in accordance with applicable regulations, and their fair value is disclosed in the notes to the real estate investments.

2/5/20 Investment in Associate companies

Associate companies are those in which the company exerts significant influence over decisions related to financial and operational policies (but does not control them), and in which it holds between (20%-50%) of the voting rights. Investments in associate companies are presented using the equity method.

Revenues and expenses resulting from transactions between the company and its associate companies are excluded, based on the company's share in these companies.

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

2/5/21 Property and equipment

Property and equipment are presented at net value after deducting accumulated depreciation and any accumulated impairment losses. Property and equipment (except for land) are depreciated when they are ready for use using the straight-line method over their expected useful life, with the following annual rates. Depreciation expense is recorded in the statement of profit or loss.

Buildings	2%
Furniture and equipment	10-30%
Vehicles	15%

Depreciation of property and equipment is calculated when these assets are available for use for the purposes intended for use. The depreciation expense for the period must be shown in the statement of profit or loss.

Property and equipment under construction for the Company's use are stated at cost after deducting any impairment losses.

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is recorded in the statement of profit or loss.

The useful life of property and equipment is reviewed at the end of each year. If the expected useful life differs from the previously estimated life, the change in estimate is recorded for future years as a change in estimates.

Gains or losses resulting from the disposal or removal of any property and equipment, representing the difference between the proceeds from the sale and the book value of the asset, are recognized in the statement of profit or loss.

Property and equipment are derecognized when disposed of or when they no longer provide expected future economic benefits from either use or disposal.

2/5/22 Intangible assets

- Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.
- Other intangible assets are classified based on the estimated useful life, either for a definite or indefinite period. Intangible assets with a definite useful life are amortized over that period, and the amortization is recorded in the statement of profit or loss. As for intangible assets with an indefinite useful life, their impairment is reviewed at the date of the financial statements, and any impairment is recorded in the statement of profit or loss.
- Internally generated intangible assets are not capitalized and are recorded in the statement of profit or loss in the same current year.
- Any indicators of impairment of intangible assets are reviewed at the date of the financial statements.
- Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.
- The following are the accounting policies for each item of intangible assets held by the company.
- Intangible assets include computer systems and software, and the company's management estimates the useful life of each item, so that these assets are amortized using the straight-line method at a rate of 24%.

2/5/23 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, deposits with maturities less than three months, less restricted funds.

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

2/5/24 Offsetting

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

2/5/25 Recognition date of financial assets

The recognition of the purchase and sale of financial assets is made on the trade date (the date on which the company commits to buy or sell the financial assets).

2/5/26 Fair value

The closing prices (purchase of assets / sale of liabilities) on the financial statement date in active markets represent the fair value of financial instruments with market prices.

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

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

These valuation methods aim to determine a fair value that reflects market expectations, taking into account market factors and any anticipated risks or benefits when estimating the value of financial instruments. If it is not feasible to reliably measure their fair value, they are presented at cost, after any impairment in value has been recognized.

2/5/27 Financial liabilities

The company classifies financial liabilities based on the purpose for which the liability arises. The company initially recognizes bank borrowings at fair value; net of transaction costs related to obtaining the facilities. These interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method. Financing costs include initial transaction costs, premiums paid on settlement, and interest accruing over the life of the liability.

2/5/28 Insurance contracts liabilities

Insurance contract liabilities are recognized when the company has obligations at the date of the financial statements arising from past events related to insurance contracts, and the settlement of these obligations is probable and their value can be measured reliably. The amounts recognized as insurance contract liabilities represent the best estimate of the amounts required to settle the obligation as of the financial statement date, taking into account the risks and uncertainties associated with insurance contract liabilities. When the value of the liabilities is determined based on estimated cash flows to settle the current obligation, the carrying amount represents the present value of those cash flows. If it is expected that some or all of the economic benefits required to settle the liability will be recovered from other parties, the receivable is recognized as an asset if the receipt of compensation is virtually certain and its value can be measured reliably.

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

2/5/29 Provision for end of service indemnity

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

Annual compensation costs incurred for employees leaving the service are recorded as a provision for end-of-service benefits when paid, and a provision for the company's liabilities related to end-of-service benefits for employees is recognized in the statement of profit or loss

2/5/30 Foreign currency

- Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions.
- The balances of financial assets and financial liabilities are converted 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 stated at fair value are translated at the date when their fair value was determined.
- Foreign exchange gains or losses are reflected in the statement of profit or loss.
- Translation differences for non-monetary foreign currency assets and liabilities 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 the functional currency to the reporting currency using the average exchange rates for the date of the financial statements as published by the Central Bank of Jordan. Revenue and expense items are translated at the average exchange rate for the year. Any resulting foreign exchange differences (if any) are shown in a separate item within equity. In the case of the sale of any of these subsidiaries or branches, the amount of foreign currency translation differences related to them is recognized in the income statement under income/expenses.

2/5/31 Treasury stocks

The treasury stocks are shown at cost, and these stocks do not have any right to the profits distributed to the shareholders, and do not have the right to participate or vote in the meetings of the Company's general assembly. The profit or loss resulting from the sale of treasury stocks is not recognized in the statement of profit or loss, but the profit is shown in equity within the item of share premium (discount), while the loss is recorded on the retained earnings after depleting balance of the treasury shares premium.

2/5/32 Issuance or purchase insurance company shares

Any costs arising from the issuance or purchase of the insurance company's shares are recorded in the retained earnings account (net of any tax effect). If the purchase/issuance is not completed, the related expenses are charged to the statement of profit or loss.

2/5/33 Revenue recognition

Dividend and interests' revenue

Dividend revenues are recognized when the Company has the right to receive the payment, once declared by the general assembly of shareholders.

Interest revenues are recognized on an accrual basis, based on the applicable periods, principal amount, and the interest rate earned

2. Summary of Significant Accounting Policies (continued)

2 /5 The most important accounting policies used (continued)

Rent revenues

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

2/5/34 Insurance acquisition cost

It represents the acquisition costs incurred by the company in return for selling, underwriting, or starting new insurance contracts, where the company recognizes the full acquisition costs directly upon recognition of the insurance contract in the statement of profit or loss. While the company recognizes the acquisition costs by amortizing the costs incurred over the coverage period of the insurance contract in the statement of financial position.

Acquisition costs are estimated when preparing the budget forecasts based on the company's historical data, and these costs are recognized when incurred, with these costs amortized during the coverage period of the insurance contract.

2/5/35 Insurance contract expenses

The company allocates direct general administrative expenses and direct employee expenses to the insurance portfolios related to insurance contracts across groups of insurance contracts and includes them in calculating contract profitability through an allocation mechanism that considers the principles of activity-based cost estimation, separating the expenses into acquisition expenses, compensation expenses, and other undistributed expenses. Meanwhile, indirect general administrative expenses and indirect employee expenses not related to insurance contracts are allocated based on the cost center.

3. Bank Deposits

This item consists of the following:

	30 June 2025 (Unaudited)				31 December 2024 (Audited)	
Bank	Deposits mature within (1) month	Deposits and certificates mature within (1) to (3) months	Deposits and certificates mature within (3) months to (1) year	Deposits and certificates mature after (1) year	Total	Total
Inside Jordan						
Arab Bank	-	-	4,342,757	-	4,342,757	6,228,266
Jordan Ahli Bank	-	-	2,800,000	-	2,800,000	1,750,691
Jordan Kuwait Bank	-	-	805,378	-	805,378	805,309
Capital Bank	-	-	5,234,774	-	5,234,774	4,345,957
Bank of Jordan	-	-	-	-	-	602,500
Cairo Amman Bank	-	-	908,985	-	908,985	862,200
Total deposits in banks within Jordan	-	-	14,091,894	-	14,091,894	14,594,923
Outside Jordan						
BARCLAYS BANK	-	-	2,493,648	-	2,493,648	2,818,200
Total deposits in banks outside Jordan	-	-	2,493,648	-	2,493,648	2,818,200
Provision for expected credit losses*	-	-	(16,245)	-	(16,245)	(11,798)
Total	-	-	16,569,297	-	16,569,297	17,401,325

- The interest rates on deposit balances with banks in Jordanian Dinar range from (4.50%) to (%5,80), and on deposit balances in foreign currencies from (4.12%) to (4.64%) during the year 2025.
- Deposits pledged to the favor of the Central Bank of Jordan Governor in addition to his duty JOD (800,000) as at 30 June 2025 against JOD (800,000) as at 31 December 2024 pledged to the favor of the Central Bank of Jordan Governor in addition to his duty at the following bank:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Jordan Kuwait Bank	800,000	800,000
Total	800,000	800,000

- Restricted cash balances against bank guarantees amounted to JOD (70) as at 30 June 2025 against JOD (10,070) as at 31 December 2024.

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at beginning of the year	11,798	19,793
Additions	4,447	-
Deductions	-	(7,995)
Balance at end of the period/year	16,245	11,798

4. Financial Assets Measured at Fair Value Through Statement of Profit or Loss

The details of this item are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<u>Inside Jordan:</u>		
Shares listed in financial markets	1,277,012	1,047,352
Shares unlisted in financial markets	67,488	80,573
Total	1,344,500	1,127,925
<u>Outside Jordan:</u>		
Shares listed in financial markets	163,698	138,865
Shares unlisted in financial markets	199,748	188,300
Total	363,446	327,165
Grand total	1,707,946	1,455,090

* The financial assets measured at fair value through statement of profit or loss include un-listed financial assets amounting to JOD (267,236) as at 30 June 2025 and are presented in fair value estimated by management.

The details of the financial assets at fair value through statement of profit or loss (un-listed) are as follow:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<u>Inside Jordan:</u>		
Saraya Aqaba for Real Estate Development Company*	67,485	80,570
Arab Engineering Industries Company	1	1
Modern Company for Food Industries and Vegetable Oil	1	1
United Integrated Company for Multiple Industries and Investment	1	1
<u>Outside Jordan:</u>		
Arab Reinsurance Company / Lebanon	199,748	188,300
Total	267,236	268,873

* The latest share valuation was based on the company's 2023 financial statements, as the 2024 financial statements had not been issued as of the date of preparing these statements.

5. Financial Assets Measured at Fair value Through Statement of Other Comprehensive Income

The details of this item are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<u>Outside Jordan:</u>		
Units in investment funds	-	-
UNITS THE JUPITER GLOBAL FUND SICAV DYNAMIC BOND	55,135	54,343
Grand total	55,135	54,343
Less:		
Provision for expected credit losses - financial assets at fair value through other comprehensive income*	(136)	(136)
Net financial assets at fair value through other comprehensive income	54,999	54,207

Jerusalem Insurance Company PLC

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(Jordanian Dinars)

5. Financial Assets Measured at Fair value Through Statement of Other Comprehensive Income (continued)

- * The movement on the provision for expected credit losses-financial assets at fair value through other comprehensive income is as follow:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at beginning of the year	136	136
Balance at end of the period/year	136	136

6. Financial Assets Measured at Amortized Cost

The details of this item are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<u>Inside Jordan:</u>		
Treasury Bonds – Government of Jordan – JOD (1)	200,000	200,000
Treasury Bonds – Government of Jordan – JOD (2)	300,000	300,000
Bonds – Jordan Ahli Bank – JOD	1,200,000	1,200,000
Bonds – Capital Bank - USD	355,000	355,000
Bonds –Al Etihad Bank - USD	340,800	340,800
Permanent loan bond of the Alahli Bank - USD	639,000	639,000
Total	3,034,800	3,034,800
	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<u>Outside Jordan:</u>		
Treasury Bonds – Government of Jordan – USD (1)	355,000	355,000
Treasury Bonds – Government of Jordan – USD (2)	1,484,874	1,483,750
Bonds – Capital Bank - USD	923,000	923,000
Bonds – Arab Bank - USD	1,065,000	1,065,000
Total	3,827,874	3,826,750
Grand total	6,862,674	6,861,550
Provision for expected credit losses*	(8,994)	(9,000)
Net Financial Assets at Amortized Cost	6,853,680	6,852,550

6 . Financial Assets Measured at Amortized Cost (continued)

* The movement on the provision for expected credit losses - financial assets at amortized cost is as follow:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at beginning of the year	9,000	7,723
Additions	-	1,277
Deductions	(6)	-
Balance at end of the period/year	8,994	9,000

- The Jordanian government treasury bonds (1) are denominated in Jordanian Dinar and mature at 8/9/2026 and bear an interest rate of 6.099% per annul. The interest is paid in two equal installments per annul on 8 March and 8 September until the maturity date of the bonds.
- The Jordanian government treasury bonds (2) are denominated in Jordanian Dinar and mature at 26/9/2026 and bear an interest rate of 6.198% per annul. The Interest is paid in two equal installments per annul on 26 March and 26 September until the maturity date of the bonds.
- The Jordan Ahli Bank bonds – listed are denominated in Jordanian Dinar and mature at 13/11/2029 and bear a variable interest rate (7.5% per annul on the issue date and is recalculated every 6 months). The interest is paid in two installments per annul on 13 May and 12 November until the maturity date of the bonds.
- The Capital Bank bonds are mature at 15/3/2026 and bear an interest rate of 7% per annul, the interest is paid in two equal installments per year on 15 March and 15 September until the maturity date of the bonds.
- The Jordanian government treasury bonds (1) are denominated in US Dollar and mature at 31/1/2027 and bear an interest rate of 5.75% per annul. The interest is paid in two equal installments per year on 31 January and 31 July until the maturity date of the bonds.
- The Jordanian government treasury bonds (2) are denominated in US Dollar and mature at 29/1/2026 and bear an interest rate of 6.125% per annul. The interest is paid in two equal installments per year on 29 January and 29 July until the maturity date of the bonds.
- The Capital Bank bonds are mature at 24/2/2027, and bear an interest rate of 7% per annul. The interest is paid in two equal installments per year on 24 August and 24 February until the maturity date of the bonds (Perpetual bonds).
- The Arab Bank bonds are mature at 10/4/2029, and bear an interest rate of 8% per annul. The interest is paid in two equal installments per year on 10 April and 10 October until the maturity date of the bonds.
- Al Etihad Bank bonds are mature at 3/10/2028, and bear an interest rate of 8.50% per annul. The interest is paid in four installments per year on 3 January, 3 April, 3 July and 3 October until the maturity date of the bonds.
- The Alahli Bank loan bonds are permanent and non-redeemable except at the issuer's option after at least five years from the issuance date, subject to approval by the Central Bank, with an interest rate of 8.5%. Interest is due quarterly on 6 February, 6 May, 6 August, and 6 October.

7. Investment Properties

The details of this item are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Lands	1,132,933	1,132,933
Buildings	700,292	700,292
Accumulated depreciation	(648,348)	(641,345)
Net	1,184,877	1,191,880

- The fair value of the investment properties was estimated by real estate experts at JOD (4,792,638) as of June 30, 2025, compared to JOD (4,792,638) as of 31 December 2024.

8. Cash on Hand and at Banks

The details of this item are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Cash on hand	2,200	2,100
Current bank accounts	761,888	590,687
Total	764,088	592,787

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Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited)

(Jordanian Dinars)

9. Insurance Contract Assets / Liabilities

9 / A Assets / Liabilities of Insurance Contracts – Premium Allocation Approach

30 June 2025 (Unaudited)	Liabilities for remaining coverage		Liabilities for incurred claims		Total JOD
	Excluding loss component	loss component	Present value of cash flows	Risk adjustment for non-financial	
	JOD	JOD	JOD	JOD	
Insurance contracts liabilities at beginning of the year	(8,401,503)	(1,472,435)	(13,010,858)	(983,626)	(23,868,422)
Insurance contracts assets at beginning of the year	-	-	-	-	-
Net (liabilities) assets of insurance contracts at the beginning of the year	(8,401,503)	(1,472,435)	(13,010,858)	(983,626)	(23,868,422)
Insurance contracts revenues	17,520,721	-	-	-	17,520,721
Insurance contracts expenses					
Incurred claims during the period	-	-	(13,835,115)	(360,981)	(14,196,096)
Changes related to previous service -adjustments to LFIC	-	-	916,104	406,649	1,322,753
Employees expenses	(477,575)	-	(534,819)	-	(1,012,394)
Cost amortization and Acquisition expenses	(445,120)	-	-	-	(445,120)
Administrative expenses	(397,504)	-	(570,662)	-	(968,166)
Other Expenses	(62,402)	-	(327,184)	-	(389,586)
Losses on onerous contracts and reversal of those losses	-	123,562	-	-	123,562
Insurance business results	16,138,120	123,562	(14,351,676)	45,668	1,955,674
Finance expenses from insurance contracts	-	(161,374)	(335,428)	-	(496,802)
Net change – Other comprehensive income-	16,138,120	(37,812)	(14,687,104)	45,668	1,458,872
Cash received from underwritten contracts	(15,876,003)	-	-	-	(15,876,003)
Paid from incurred claims	-	-	12,067,310	-	12,067,310
Paid from acquisition costs	420,204	-	-	-	420,204
Paid from expenses	937,481	-	1,432,665	-	2,370,146
Total cash flows	(14,518,318)	-	13,499,975	-	(1,018,343)
Details as follows:					
Insurance contracts liabilities at the end of the period	(6,781,701)	(1,510,247)	(14,197,987)	(937,958)	(23,427,893)
Insurance contracts assets at the end of the period	-	-	-	-	-
Net (liabilities) assets of insurance contracts at the end of the period	(6,781,701)	(1,510,247)	(14,197,987)	(937,958)	(23,427,893)

31 December 2024(Audited)	Liabilities for remaining coverage		Liabilities for incurred claims		Total JOD
	Excluding loss component	loss component	Present value of cash flows	Risk adjustments for non-financial	
	JOD	JOD	JOD	JOD	
Insurance contracts liabilities at beginning of the year	(7,003,274)	(956,581)	(11,482,498)	(932,625)	(20,374,978)
Insurance contracts assets at beginning of the year	2,718	-	-	-	2,718
Net (liabilities) assets of insurance contracts at the beginning of the year	(7,000,556)	(956,581)	(11,482,498)	(932,625)	(20,372,260)
Insurance contracts revenues	32,197,117	-	-	-	32,197,117
Insurance contracts expenses					
Incurred claims during the year	-	-	(26,174,858)	(707,245)	(26,882,103)
Changes related to previous service - adjustments to LFIC	-	-	1,419,685	656,244	2,075,929
Employees expenses	(918,423)	-	(1,062,565)	-	(1,980,988)
Cost amortization and Acquisition expenses	(854,262)	-	-	-	(854,262)
Administrative expenses	(548,188)	-	(819,118)	-	(1,367,306)
Other Expenses	(83,430)	-	(570,626)	-	(654,056)
Losses on onerous contracts and reversal of those losses	-	(515,854)	-	-	(515,854)
Insurance business results	29,792,814	(515,854)	(27,207,482)	(51,001)	2,018,477
Finance expenses from insurance contracts	-	-	(268,651)	-	(268,651)
Net change – Other comprehensive income-	29,792,814	(515,854)	(27,476,133)	(51,001)	1,749,826
Cash received from underwritten contracts	(33,561,594)	-	-	-	(33,561,594)
Paid from incurred claims	-	-	23,495,464	-	23,495,464
Paid from acquisition costs	817,792	-	-	-	817,792
Paid from expenses	1,550,041	-	2,452,309	-	4,002,350
Total cash flows	(31,193,761)	-	25,947,773	-	(5,245,988)
Details as follows:					
Insurance contracts liabilities at the end of the period	(8,401,503)	(1,472,435)	(13,010,858)	(983,626)	(23,868,422)
Insurance contracts assets at the end of the period	-	-	-	-	-
Net (liabilities) assets of insurance contracts at the end of the period	(8,401,503)	(1,472,435)	(13,010,858)	(983,626)	(23,868,422)

Jerusalem Insurance Company PLC
Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited)

(Jordanian Dinars)

9 / A / 1 Accounts Receivable – Insurance Operation

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Insurance contract holders' receivables	8,278,326	6,881,943
Employees' receivables	9,374	5,094
Other receivables	244,436	221,822
Gross accounts receivable related to insurance operations	8,532,136	7,108,859
Less: Provision for expected credit losses	(1,716,821)	(1,689,430)
Net accounts receivable related to insurance operations	6,815,315	5,419,429

Analysis of accounts receivables according to its time period:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Undue	2,241,950	1,920,912
Due within 0-30 days	2,062,107	1,739,707
Due within 31-90 days	1,322,480	986,206
Due within 91-180 days	994,058	608,175
Due within 181-365 days	447,507	492,334
Due for more than one year	1,464,034	1,361,525
Total	8,532,136	7,108,859

9 / A / 2 Cheques under Collection

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Gross cheque under collection related to insurance operations	850,722	580,608
Less: Provision for expected credit losses	-	-
Net cheque under collection related to insurance operations	850,722	580,608

Analysis of cheque under collection according to its time period:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Due within (6) months	708,819	532,935
Due within (6-12) months	141,903	8,110
Due within more than (12) months	-	39,563
Total	850,722	580,608

9 / A / 3 Accounts Payable

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Gross accounts payable related to insurance operations	2,270,240	1,085,794
Gross accounts payable related to insurance operations	2,270,240	1,085,794

Jerusalem Insurance Company PLC
Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited)

(Jordanian Dinars)

9 / B Insurance Contract Assets / Liabilities – General Measurement Model

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	loss component	Present value of cash flows	Risk adjustments for non-financial	
30 June 2025 (Unaudited)					
Insurance contracts liabilities at beginning of the year	(520,205)	-	-	-	(520,205)
Insurance contracts assets at beginning of the year	-	-	-	-	-
Net (liabilities) assets of insurance contracts at the beginning of the year	(520,205)	-	-	-	(520,205)
Insurance contracts revenues	19,500	-	-	-	19,500
Insurance contracts expenses					
Incurred claims during the period	-	-	-	-	-
Changes related to previous service - adjustments to LfIC	-	-	-	-	-
Employees expenses	-	-	(1,288)	-	(1,288)
Cost amortization and Acquisition expenses	(1,907)	-	-	-	(1,907)
Administrative Expenses	-	-	(1,160)	-	(1,160)
Other Expenses	(10)	-	(157)	-	(167)
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance business results	17,583	-	(2,605)	-	14,978
Finance expenses from insurance contracts	(19,961)	-	-	-	(19,961)
Investment component	2,120	-	(2,120)	-	-
Net change - comprehensive income-Other	(258)	-	(4,725)	-	(4,983)
Cash received from underwritten contracts	(70,907)	-	-	-	(70,907)
Paid from incurred claims	-	-	2,120	-	2,120
Paid from acquisition costs	2,568	-	-	-	2,568
Other expenses	-	-	2,605	-	2,605
Total cash flows	(68,339)	-	4,725	-	(63,614)
Details as follows:					
Insurance contracts liabilities at the end of the period	(588,802)	-	-	-	(588,802)
Insurance contracts assets at the end of the period	-	-	-	-	-
Net (liabilities) assets of insurance contracts at the end of the period	(588,802)	-	-	-	(588,802)

	Liabilities for remaining coverage		Liabilities for remaining coverage		Total
	Excluding loss component	loss component	Present value of cash flows	Risk adjustments for non-financial	
31 December 2024(Audited)					
Insurance contracts liabilities at beginning of the year	(443,501)	-	-	-	(443,501)
Insurance contracts assets at beginning of the year	-	-	-	-	-
Net (liabilities) assets of insurance contracts at the beginning of the year	(443,501)	-	-	-	(443,501)
Insurance contracts revenues	41,880	-	-	-	41,880
Insurance contracts expenses					
Incurred claims during the year	-	-	(12,785)	-	(12,785)
Changes related to previous service - adjustments to LfIC	-	-	-	-	-
Employees expenses	-	-	-	-	-
Cost amortization and Acquisition expenses	(7,870)	-	-	-	(7,870)
Other expenses	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance business results	34,010	-	(12,785)	-	21,225
Finance expenses from insurance contracts	30,999	-	-	-	30,999
Investment component	16,762	-	(16,762)	-	-
Net change - comprehensive income-Other	81,771	-	(29,547)	-	52,224
Cash received from underwritten contracts	(166,242)	-	-	-	(166,242)
Paid from incurred claims	-	-	16,762	-	16,762
Paid from acquisition costs	7,767	-	-	-	7,767
Other expenses	-	-	12,785	-	12,785
Total cash flows	(158,475)	-	29,547	-	(128,928)
Details as follows:					
Insurance contracts liabilities at the end of the year	(520,205)	-	-	-	(520,205)
Insurance contracts assets at the end of the year	-	-	-	-	-
Net (liabilities) assets of insurance contracts at the end of the year	(520,205)	-	-	-	(520,205)

9 / B / 1 Accounts Receivable – Insurance Operation

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Insurance Policyholders' Receivables	13,942	8,538
Due from Employees	-	-
Total receivables related to insurance operations	13,942	8,538
Less: Provision for expected credit losses	(1,905)	(1,599)
Net accounts receivable related to insurance operations	12,037	6,939

Analysis of accounts receivable according to its time period:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Due within 0-30 days	9,935	4,955
Due within 31-90 days	1,460	1,547
Due within 91-180 days	650	570
Due within 181-365 days	430	250
Due for more than one year	1,467	1,216
Total	13,942	8,538

9 / B / 2 Cheques under Collection

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Gross Value of Cheques under Collection Related to Insurance Operations	-	900
Less: Expected Credit Loss Allowance	-	-
Net Value of Cheques under Collection Related to Insurance Operations	-	900

Analysis of checks under collection according to its time period:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Due within (6) months	-	900
Due within (6-12) months	-	-
Due within more than (12) months	-	-
Total	-	900

9 /B/ 3 Accounts Payable

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Gross accounts payable related to insurance operations	1,399	1,006
Gross accounts payable related to insurance operations	1,399	1,006

Jerusalem Insurance Company PLC
Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited)

(Jordanian Dinars)

9 / B / 4 Insurance Contract Assets / Liabilities – General Measurement Model

	Best estimate for liabilities	Risk adjustments for non- financial	Contractual service margin	Total
30 June 2025 (Unaudited)				
Insurance contracts liabilities at beginning of the year	(231,502)	(10,573)	(278,130)	(520,205)
Insurance contracts assets at beginning of the year	-	-	-	-
Net (liabilities) assets of insurance contracts at the beginning of the year	(231,502)	(10,573)	(278,130)	(520,205)
Changes that relate to current services	-	-	5,885	5,885
Release of Contractual Service Margin	-	-	-	9,294
Experience adjustments	9,294	-	-	(201)
Change in risk adjustment for non-financial risk	-	(201)	-	-
Changes related to future services	-	-	-	-
Impact of contracts initially recognized in the period	-	-	-	-
Effect of Changes in Contractual Service Margin Assumptions	5,407	(296)	(5,111)	-
Impact of changes in estimates that result in losses and reversals of losses on onerous contracts	-	-	-	-
Changes related to previous services				
Changes in liabilities for incurred claims	-	-	-	-
Insurance business results	14,701	(497)	774	14,978
Finance expenses from insurance contracts	(12,347)	-	(7,614)	(19,961)
Net change - comprehensive income	2,354	(497)	(6,840)	(4,983)
Cash received from underwritten contracts	(70,907)	-	-	(70,907)
Paid from incurred claims	2,120	-	-	2,120
Paid from acquisition costs	2,568	-	-	2,568
Other expenses	2,605	-	-	2,605
Total cash flows	(63,614)	-	-	(63,614)

Details as follows:

Insurance contracts liabilities at the end of the period	(292,762)	(11,070)	(284,970)	(588,802)
Insurance contracts assets at the end of the period	-	-	-	-
Net (liabilities) assets of insurance contracts at the end of the period	(292,762)	(11,070)	(284,970)	(588,802)

	Best estimate for liabilities	Risk adjustments for non- financial	Contractual service margin	Total
31 December 2024(Audited)				
Insurance contracts liabilities at beginning of the year	(201,895)	(11,626)	(229,980)	(443,501)
Insurance contracts assets at beginning of the year	-	-	-	-
Net (liabilities) assets of insurance contracts at the beginning of the year	(201,895)	(11,626)	(229,980)	(443,501)
Changes that relate to current services	-	-	25,120	25,120
Release of Contractual Service Margin	-	-	-	(4,555)
Experience adjustments	(4,555)	-	-	660
Change in risk adjustment for non-financial risk	-	660	-	-
Changes related to future services	-	-	-	-
Impact of contracts initially recognized in the year	7,567	(250)	(7,317)	-
Impact of changes in estimates that adjust the contractual service margin	55,005	643	(55,648)	-
Impact of changes in estimates that result in losses and reversals of losses on onerous contracts	-	-	-	-
Changes related to previous services				
Changes in liabilities for incurred claims	-	-	-	-
Insurance business results	58,017	1,053	(37,845)	21,225
Finance expenses from insurance contracts	41,304	-	(10,305)	30,999
Net change - comprehensive income	99,321	1,053	(48,150)	52,224
Cash received from underwritten contracts	(166,242)	-	-	(166,242)
Paid from incurred claims	16,762	-	-	16,762
Paid from acquisition costs	7,767	-	-	7,767
Other expenses	12,785	-	-	12,785
Total cash flows	(128,928)	-	-	(128,928)

Details as follows:

Insurance contracts liabilities at the end of the year	(231,502)	(10,573)	(278,130)	(520,205)
Insurance contracts assets at the end of the year	-	-	-	-
Net (liabilities) assets of insurance contracts at the end of the year	(231,502)	(10,573)	(278,130)	(520,205)

Jerusalem Insurance Company PLC

Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited) (Jordanian Dinars)

10. Reinsurance Contract Assets / Liabilities

10 /A Reinsurance Contract Assets / Liabilities – Premium Allocation Approach

30June 2025 (Unaudited)	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of cash flows	Risk adjustments for non-financial	
	Dinar	Dinar	Dinar	Dinar	Dinar
Reinsurance contracts liabilities at beginning of the year	(1,867,422)	-	898,220	73,356	(895,846)
Reinsurance contracts assets at beginning of the period	211,057	-	4,005,900	349,923	4,566,880
Net (liabilities) assets of reinsurance contracts at the beginning of the period	(1,656,365)	-	4,904,120	423,279	3,671,034
Reinsurance contracts expenses	(3,919,857)	-	-	-	(3,919,857)
Reinsurance contracts revenues	-	-	3,039,344	22,815	3,062,159
Changes related to past service – Adjustments to AfIC	-	-	(730,320)	(53,685)	(784,005)
Provision for the Risk of Reinsurers' Default	-	-	1,056	-	1,056
Accounting Method Differences	-	-	-	-	-
Losses Arising from Onerous Contracts and Reversal of Such Losses	-	80,353	-	-	80,353
Investment Components	-	-	-	-	-
Reinsurance operations results	(3,919,857)	80,353	2,310,080	(30,870)	(1,560,294)
Finance expenses from reinsurance contracts	-	-	96,397	-	96,397
Net change - comprehensive income	(3,919,857)	80,353	2,406,477	(30,870)	(1,463,897)
Cash received from underwritten contracts and paid to the reinsurer	2,589,976	-	-	-	2,589,976
Recovered incurred claims from the reinsurer	-	-	1,221,816	-	1,221,816
Profit commission recovered from the reinsurer	-	-	-	-	-
Other recovered amounts	-	-	-	-	-
Total cash flows	2,589,976	-	(1,221,816)	-	1,368,160

Details as follows:

Reinsurance contracts liabilities at the end of the period	(3,084,321)	80,353	2,280,256	104,341	(619,371)
Reinsurance contracts assets at the end of the period	98,075	-	3,808,525	288,068	4,194,668
Net (liabilities) assets of reinsurance contracts at the end of the period	(2,986,246)	80,353	6,088,781	392,409	3,575,297

31 December 2024(Audited)	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of cash flows	Risk adjustments for non-financial	
	Dinar	Dinar	Dinar	Dinar	Dinar
Reinsurance contracts liabilities at beginning of the year	(4,638,599)	-	1,085,775	101,225	(3,451,599)
Reinsurance contracts assets at beginning of the period	46,267	-	1,138,563	108,380	1,293,210
Net (liabilities) assets of reinsurance contracts at the beginning of the period	(4,592,332)	-	2,224,338	209,605	2,158,389
Reinsurance contracts expenses	(7,119,887)	-	-	-	(7,119,887)
Reinsurance contracts revenues	-	-	6,161,667	351,731	6,513,398
Changes related to past service – Adjustments to AfIC	-	-	(74,246)	(138,057)	(212,303)
Provision for the Risk of Reinsurers' Default	-	-	(2,611)	-	(2,611)
Accounting Method Differences	-	-	-	-	-
Losses Arising from Onerous Contracts and Reversal of Such Losses	-	-	-	-	-
Investment Components	-	-	-	-	-
Reinsurance operations results	(7,119,887)	-	6,084,810	213,674	(821,403)
Finance expenses from reinsurance contracts	-	-	95,055	-	95,055
Net change - comprehensive income	(7,119,887)	-	6,179,865	213,674	(726,348)
Cash received from underwritten contracts and paid to the reinsurer	10,055,854	-	-	-	10,055,854
Recovered incurred claims from the reinsurer	-	-	(3,500,083)	-	(3,500,083)
Profit commission recovered from the reinsurer	-	-	-	-	-
Other recovered amounts	-	-	-	-	-
Total cash flows	10,055,854	-	(3,500,083)	-	6,555,771

Details as follows:

Reinsurance contracts liabilities at the end of the period	(1,867,422)	-	898,220	73,356	(895,846)
Reinsurance contracts assets at the end of the period	211,057	-	4,005,900	349,923	4,566,880
Net (liabilities) assets of reinsurance contracts at the end of the period	(1,656,365)	-	4,904,120	423,279	3,671,034

10 / A / 1 Accounts Receivables –Reinsurance Contracts Held

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Reinsurance contracts assets held (Local)	26,224	7,952
Reinsurance contracts assets held (Foreign)	2,819,378	945,893
Total accounts receivables (reinsurance contracts held)	2,845,602	953,845
Less: Provision for expected credit losses	(6,958)	(2,660)
Net accounts receivables (reinsurance contracts held)	2,838,644	951,185

Analysis of accounts receivable (reinsurance contracts held) according to its time period:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Due within 0-30 days	931,664	429,882
Due within 31-90 days	438,505	81,667
Due within 91-180 days	712,426	186,053
Due within 181-365 days	594,250	143,508
Due for more than one year	168,757	112,735
Total	2,845,602	953,845

10 / A / 2 Accounts Payable -Reinsurance Contracts Held

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Reinsurance contracts assets held (Local)	88,480	84,960
Reinsurance contracts assets held (Foreign)	5,256,731	4,134,274
Total accounts payable (reinsurance contracts held)	5,345,211	4,219,234

Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited)
(Jordanian Dinars)

	Assets for remaining coverage	Assets for incurred claims			
	Excluding loss component	Loss component	Present value of cash flows	Risk adjustments for non-financial	Total
30 June 2025 (Unaudited)					
Reinsurance contracts liabilities at beginning of the year	-	-	-	-	-
Reinsurance contracts assets at beginning of the period	4,920	-	-	-	4,920
Net (liabilities) assets of reinsurance contracts at the beginning of the period	4,920	-	-	-	4,920
Reinsurance contracts expenses	(13,911)	-	-	-	(13,911)
<u>Reinsurance contracts revenues</u>					
Incurred claims recoveries	-	-	-	-	-
Changes related to previous service -adjustments to LfIC	-	-	-	-	-
Reinsurance business results	(13,911)	-	-	-	(13,911)
Finance expenses from reinsurance contracts	(773)	-	-	-	(773)
Net change - comprehensive income	(14,684)	-	-	-	(14,684)
Cash received from underwritten contracts paid to the reinsurer	-	-	-	-	-
Recovered incurred claims from the reinsurer	-	-	-	-	-
Profit commission recovered from the reinsurer	-	-	-	-	-
Other recovered amounts	-	-	-	-	-
Net cash flows	-	-	-	-	-
<u>Details as follows:</u>					
Reinsurance contracts liabilities at the end of the period	(9,764)	-	-	-	(9,764)
Reinsurance contracts assets at the end of the period	-	-	-	-	-
Net (liabilities) assets of reinsurance contracts at the end of the period	(9,764)	-	-	-	(9,764)

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10 / B / 1 Accounts Receivables – Reinsurance Contracts Held

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Reinsurance contracts assets held (Local)	-	-
Reinsurance contracts assets held (Foreign)	-	-
Total accounts receivables (reinsurance contracts held)	-	-
Less: Provision for expected credit losses	-	-
Net accounts receivables (reinsurance contracts held)	-	-

Analysis of accounts receivables (reinsurance contracts held) according to its time period:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Due within 0-30 days	-	-
Due within 31-90 days	-	-
Due within 91-180 days	-	-
Due within 181-365 days	-	-
Due for more than one year	-	-
Total	-	-

10 / B / 2 Accounts Payable - Reinsurance Contracts Held

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Reinsurance contracts assets held – (Local)	-	-
Reinsurance contracts assets held – (Foreign)	4,618	-
Total accounts payable – (reinsurance contracts held)	4,618	-

Jerusalem Insurance Company PLC

Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited) (Jordanian Dinars)

10 / B / 3 Reinsurance Contracts Held - General Measurement Model

30 June 2025 (Unaudited)

	Best estimate for liabilities	Risk adjustments for non- financial	Contractual service margin	Total
Reinsurance contracts liabilities at beginning of the year	-	-	-	-
Reinsurance contracts assets at beginning of the year	(39,557)	4,011	40,466	4,920
Net (liabilities) assets of reinsurance contracts at the beginning of the year	(39,557)	4,011	40,466	4,920
Release of Contractual Service Margin	-	-	(419)	(419)
Experience adjustments	(13,344)	-	-	(13,344)
Change in risk adjustment for non-financial risk	-	(148)	-	(148)
Total Changes that relate to current services	(13,344)	(148)	(419)	(13,911)
Impact of contracts initially recognized in the period	-	-	-	-
Impact of changes in estimates that adjust the contractual service margin	(3,935)	235	3,700	-
Impact of recognizing the loss recovery component of contracts that are expected to be loss	-	-	-	-
Impact of recognition reversal of loss recovery component of contracts that are expected to be loss	-	-	-	-
Impact of changes in estimates that do not adjust the contractual service margin	-	-	-	-
Total Changes related to future services	(3,935)	235	3,700	-
Changes in recoverable amounts resulting from changes in liabilities for claims incurred	-	-	-	-
The Impact of Changes in the Risk of Non-Performance (Default) by Reinsurers	-	-	-	-
Total Changes related to previous services	-	-	-	-
Finance expenses from reinsurance contracts	-	-	-	-
Net change - comprehensive income	(1,802)	-	1,029	(773)
Cash received from underwritten contracts paid for reinsurers	(19,081)	87	4,310	(14,684)
Recovered incurred claims from the reinsurer	-	-	-	-
Profit commission recovered from the reinsurer	-	-	-	-
Other recovered amounts	-	-	-	-
Net cash flows	-	-	-	-

Details as follows:

Reinsurance contracts liabilities at the end of the period	(58,638)	4,098	44,776	(9,764)
Reinsurance contracts assets at the end of the period	-	-	-	-
Net (liabilities) assets of reinsurance contracts at the end of the period	(58,638)	4,098	44,776	(9,764)

31 December 2024 (Audited)

	Best estimate for liabilities	Risk adjustments for non- financial	Contractual service margin	Total
Reinsurance contracts liabilities at beginning of the year	(62,527)	911	9,938	(51,678)
Reinsurance contracts assets at beginning of the year	-	-	-	-
Net (liabilities) assets of reinsurance contracts at the beginning of the year	(62,527)	911	9,938	(51,678)
Release of Contractual Service Margin	(20,200)	-	(1,799)	(20,200)
Experience adjustments	-	(283)	-	(283)
Change in risk adjustment for non-financial risk	(20,200)	(283)	(1,799)	(22,282)
Total Changes that relate to current services	(46)	2	44	-
Impact of contracts initially recognized in the year	(35,135)	3,381	31,754	-
Impact of changes in estimates that adjust the contractual service margin	-	-	-	-
Impact of recognizing the loss recovery component of contracts that are expected to be loss	-	-	-	-
Impact of recognition reversal of loss recovery component of contracts that are expected to be loss	-	-	-	-
Impact of changes in estimates that do not adjust the contractual service margin	-	-	-	-
Total Changes related to future services	(35,181)	3,383	31,798	-
Changes in recoverable amounts resulting from changes in liabilities for claims incurred	-	-	-	-
The Impact of Changes in the Risk of Non-Performance (Default) by Reinsurers	-	-	-	-
Total Changes related to previous services	-	-	-	-
Finance expenses from reinsurance contracts	1,289	-	529	1,818
Net change - comprehensive income	(54,092)	3,100	30,528	(20,464)
Cash received from underwritten contracts paid for reinsurers	77,062	-	-	77,062
Recovered incurred claims from the reinsurer	-	-	-	-
Profit commission recovered from the reinsurer	-	-	-	-
Other recovered amounts	-	-	-	-
Net cash flows	77,062	-	-	77,062
Reinsurance contracts liabilities at the end of the year	-	-	-	-
Reinsurance contracts assets at the end of the year	(39,557)	4,011	40,466	4,920
Net (liabilities) assets of reinsurance contracts at the end of the year	(39,557)	4,011	40,466	4,920

11. Income Tax

A- Income Tax Provision

The movement on Income tax provision is as follow:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at beginning of the year	347,867	568,634
Income tax paid	(381,735)	(783,649)
Income tax of the period/year *	253,245	562,882
Prior years income tax provision **	-	-
Balance at end of the period/year	219,377	347,867

* This item includes a increase of the deferred taxes amounting to JOD (147,018) as of 30 June 2025.

Income Tax in the Statement of Profit or Loss Represents:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Accrued income tax of the period profit	253,246	325,074
Deferred tax assets	-	-
Effect of Changes in Income Tax Legislation	-	-
Deferred Tax Assets	(1,377,939)	(736,230)
Deferred Tax Liabilities	-	-
Amortization of deferred tax assets	1,230,921	747,631
Total	106,228	336,475

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Accounting Profit	699,055	1,259,945
Nontaxable income	(1,329,893)	(221,792)
Nondeductible expenses	1,604,861	212,129
Taxable profit	974,023	1,250,282
Accrued Income tax of the period profit	253,246	325,074
Actual income tax rate	36.2%	25.8%
Income tax rate according to Law	26%	%26

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2020.
- The provision for income tax and national contribution on the company's operations results up to 30 June 2025 has been calculated in accordance with the current income tax law.
- According to the management and tax advisor of the Company the provision of Income and National Contribution tax is sufficient and there is no need for additional provisions.

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(Jordanian Dinars)

B - Deferred Tax Assets / Liabilities

This item consists of the following:

<u>Accounts included</u>	30 June 2025 (Unaudited)				31 December 2024 (Audited)	
	Beginning Balance	Released	Additions	Ending Balance	Deferred Tax	Deferred Tax
Deferred tax assets						
Provision for incurred but not reported claims	2,540,857	(2,540,857)	3,040,850	3,040,850	790,621	660,623
Premiums deficiency reserve	928,006	(928,006)	536,280	536,280	139,433	241,281
Provision for impairment in receivables	1,765,966	(3,159)	8,923	1,771,730	460,650	459,151
Provision for expected credit losses	25,572	(6)	5,703	31,269	8,130	6,649
Provision for employees rewards	100,000	(77,846)	50,000	72,154	18,760	26,000
Provision for employees' vacations	127,495	(29,226)	16,552	114,821	29,853	33,149
Provision for earning sharing – life	80,657	(1,159)	-	79,498	20,669	20,971
Changes in insurance contracts liabilities	1,154,052	(1,154,052)	1,641,457	1,641,457	426,779	300,053
Realized loss – foreign investment (12%)	491,247	-	-	491,247	58,950	58,950
Total	7,213,852	(4,734,311)	5,299,765	7,779,306	1,953,845	1,806,827

- Movements on deferred tax assets / liabilities are as follows:

	30 June 2025 (Unaudited)		31 December 2024 (Audited)	
	Assets	Liabilities	Assets	Liabilities
Beginning balance	1,806,827	-	1,757,091	-
Additions	1,377,939	-	1,152,614	-
Disposals	(1,230,921)	-	(1,102,878)	-
Ending balance of the period/year	1,953,845	-	1,806,827	-

- The Deferred tax assets is calculated 26% (24% Income Tax and 2% National Contribution Tax) starting from the year 2019, and according to the Company's management and it's tax advisor these deferred tax assets will be collectable in the future.

Jerusalem Insurance Company PLC

Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited)

(Jordanian Dinars)

12. Property and Equipment – Net

This item consists of the following:

	<u>Lands</u>	<u>Buildings</u>	<u>Furniture & Equipment</u>	<u>Transportation vehicles</u>	<u>Other Assets</u>	<u>Total</u>
Cost						
Balance as at 1/1/2025	1,964,819	4,595,872	1,451,008	140,780	8,582	8,161,061
Additions	-	11,522	74,909	-	-	86,431
Disposal	-	-	-	-	-	-
Balance as at 30/6/2025	1,964,819	4,607,394	1,525,917	140,780	8,582	8,247,492
Accumulated depreciation						
Balance as at 1/1/2025	-	41,989	479,827	79,260	-	601,076
Depreciation	-	46,016	70,321	8,849	-	125,186
Disposal	-	-	-	-	-	-
Balance as at 30/6/2025	-	88,005	550,148	88,109	-	726,262
Net book value as at 30/6/2025(Unaudited)	1,964,819	4,519,389	975,769	52,671	8,582	7,521,230
Cost						
Balance as at 1/1/2024	192,022	684,856	483,726	132,781	8,582	1,501,967
Additions	1,964,819	4,584,736	967,282	8,000	-	7,524,837
Disposal	(192,022)	(673,720)	-	(1)	-	(865,743)
Balance as at 31/12/2024	1,964,819	4,595,872	1,451,008	140,780	8,582	8,161,061
Accumulated depreciation						
Balance as at 1/1/2024	-	614,366	408,224	59,968	-	1,082,558
Depreciation	-	46,175	71,603	19,293	-	137,071
Disposal	-	(618,552)	-	(1)	-	(618,553)
Balance as at 31/12/2024	-	41,989	479,827	79,260	-	601,076
Net book value as at 31/12/2024(Audited)	1,964,819	4,553,883	971,181	61,520	8,582	7,559,985

Property & Equipment fully depreciated amounted JOD (392,654) as at 30 June 2025, JOD (392,238) as at 31 December 2024

13. Intangible Assets – Net

This item consists of the following:

	30 June 2025 (Unaudited)	31 December 2024(Audited)
	Computer software's and programs	Computer software's and programs
Balance at beginning of the year	132,809	139,974
Additions	17,300	63,131
Amortization	(31,782)	(70,296)
Balance at end of the period/year	118,327	132,809

14. Other Assets

This item consists of the following:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Accrued uncollected revenues	416,231	451,550
Prepaid expenses	105,905	90,042
Refundable deposits	17,497	17,497
Warehouses of Promotional Materials and Stationery	9,096	25,683
Fees, Taxes and other receivables (other than insurance operations) *	846,614	682,288
Others	4,547	17,708
Total	1,399,890	1,284,768

* Analysis of debts according to its time period:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Due more than 0-30 days	453,277	390,943
Due more than 31-60 days	104,457	78,993
Due more than 61-90 days	34,819	26,330
Due more than 90 days	306,000	262,938
Total	898,553	759,204
Provision for expected credit losses	(51,939)	(76,916)
Net	846,614	682,288

15. Other Provisions

This item consists of the following:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Provision for employees vacations	114,821	127,495
Provision for employees rewards	72,154	100,000
Provision of earning share -life	79,498	80,657
Provision for Central Bank of Jordan Fees	94,368	62,023
Total	360,841	370,175

The movements on the other provision are as follow:

	Balance at beginning of the year	Addition during the year	Paid during the year	Balance at end of the year
Provision for employees vacations	127,495	16,552	(29,226)	114,821
Provision for employees rewards	100,000	50,000	(77,846)	72,154
Provision of earning share -life	80,657	-	(1,159)	79,498
Provision for Central Bank of Jordan Fees	62,023	94,368	(62,023)	94,368
Total	370,175	160,920	(170,254)	360,841

16. Other Liabilities

This item consists of the following:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Shareholders' withholdings	69,782	54,396
Board of directors' rewards	-	44,165
Social security withholdings	33,475	30,144
Ministry of Finance withholdings	17,097	16,945
Income and sales tax withholdings	96,993	184,817
Revenue Received in Advance	2,083	2,083
Agents' withholdings	1,000	1,000
Social Committee Trust Accounts	2,878	-
Others – Visa	-	-
Accrued Expenses and Unpaid	65,765	127,387
Others	17,067	15,897
Employees Receivables	2,042	1,881
Other payables *	1,294,191	1,018,611
Total	1,602,373	1,497,326

* This item consists of the following:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Uncashed Checks	1,207,489	901,660
Other Suppliers payables *	86,702	116,951
Total	1,294,191	1,018,611

17. Paid-in Capital

The authorized share capital amounts to JD 16,000,000 (shares) and the paid-up share capital amounts to JD 10,067,603 (shares) as of 30 June 2025. The authorized and paid-up share capital amounted to JD 8,000,000 (shares) as at 31 December 2024.

The Extraordinary General Assembly held on 23 February 2025, approved the increase of the company's capital from JD 8,000,000 to JD 16,000,000, with the capital increase of JD 8,000,000 to be covered as follows:

1. Distribution of free shares through the transfer of JD 1,668,538 from the voluntary reserve.
2. Distribution of free shares through the transfer of JD 399,065 from retained earnings as at the end of the fiscal year 2023.
3. Offering JD 5,932,397 for private subscription to the company's shareholders.

18. Reserves

A- Statutory Reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. It is non-distributable to the shareholders, and the board of directors has decided to stop transferring any profits to this item, in accordance with the laws.

B- Voluntary Reserve

The accumulated amounts in this account represent what has been transferred from the annual profits before taxes, at a rate not exceeding 20% over the previous years. The discretionary reserve is used for purposes decided by the board of directors, and the general assembly has the right to distribute it entirely or in part as profits to the shareholders.

19. Cumulative Change in Fair Value

This amount represents the change in the fair value of financial assets at fair value through other comprehensive income, and is reported as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at beginning of the year	(15,435)	(12,728)
Gains (losses) realized and transferred to the retained earnings (losses)	792	(2,707)
Change during the year	792	(2,707)
Balance at end of the year	<u>(14,643)</u>	<u>(15,435)</u>

20. Retained Earnings

This item consists of the following:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at beginning of the year	3,661,433	2,968,884
Profit for the year	592,827	1,492,549
Paid dividends	(503,380)	(800,000)
Increase in Share Capital	(399,065)	-
Balance at end of the year	<u>3,351,815</u>	<u>3,661,433</u>

- The retained earnings as of the end of the period do not include revaluation differences for financial assets at fair value through profit or loss.
- The retained earnings as at the end of the year include JOD (1,953,845) restricted against of deferred tax assets.
- The amount of (14,643) dinars from retained earnings as of 30/6/2025, representing the balance of accumulated negative fair value changes, is prohibited from being disposed of in accordance with the instructions of the Securities Commission.

21. Dividends Distribution

The proposed dividend distribution to shareholders for the current year amounts to 5% of the share capital of JD 10,067,603, while the dividend distributed to shareholders for the previous year amounted to 10% of the share capital of JD 8 million.

Jerusalem Insurance Company PLC
Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited)

(Jordanian Dinars)

22. Insurance Contracts Revenues

30 June 2025 (Unaudited)	Motors	Marine	Aviation	Fire	General Accident	Engineering	General Liability	Medical Insurance	Life	Total
Insurance contracts revenues	8,762,759	897,676	1,768	1,155,159	134,673	40,818	197,268	2,979,109	2,624,275	16,793,505
Expected incurred claims	-	-	-	-	-	-	-	-	8,515	8,515
Expected incurred expenses	-	-	-	-	-	-	-	-	3,343	3,343
Change in Risk adjustments for non-financial	-	-	-	-	-	-	-	-	(201)	(201)
Accrued contractual service margin	-	-	-	-	-	-	-	-	5,885	5,885
Recovery of insurance acquisition cash flows	-	-	-	-	-	-	-	-	1,917	1,917
Insurance contracts issuance fees	275,042	24,985	-	25,201	3,571	1,357	6,011	173,054	53,989	563,210
Experience adjustments	-	-	-	-	-	-	-	-	42	42
Allocating a portion of the premiums related to recovering cash flows to the acquisition of insurance	-	-	-	-	-	-	-	-	-	-
Other revenues	162,360	-	-	-	-	-	-	485	1,160	164,005
Total Insurance Contract Revenues	9,200,161	922,661	1,768	1,180,360	138,244	42,175	203,279	3,152,648	2,698,925	17,540,221

30 June 2024 (Unaudited)	Motors	Marine	Aviation	Fire	General Accident	Engineering	General Liability	Medical Insurance	Life	Total
Insurance contracts revenues	7,613,014	956,279	36,526	1,251,100	154,940	64,547	271,271	2,861,109	1,983,601	15,192,387
Expected incurred claims	-	-	-	-	-	-	-	-	780	780
Expected incurred expenses	-	-	-	-	-	-	-	-	1,809	1,809
Change in Risk adjustments for non-financial	-	-	-	-	-	-	-	-	784	784
Accrued contractual service margin	-	-	-	-	-	-	-	-	3,842	3,842
Recovery of insurance acquisition cash flows	-	-	-	-	-	-	-	-	1,959	1,959
Insurance contracts issuance fees	262,388	28,052	368	27,530	4,147	2,801	6,964	171,583	41,414	545,247
Experience adjustments	-	-	-	-	-	-	-	-	795	795
Allocating a portion of the premiums related to recovering cash flows to the acquisition of insurance	-	-	-	-	-	-	-	-	-	-
Other revenues	211,812	-	-	11,645	-	-	-	595	7,360	231,412
Total Insurance Contract Revenues	8,087,214	984,331	36,894	1,290,275	159,087	67,348	278,235	3,033,287	2,042,344	15,979,015

Jerusalem Insurance Company PLC
Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited)

(Jordanian Dinars)

23. Insurance Contracts Expenses

30 June 2025 (Unaudited)	Motors	Marine	Aviation	Fire	General Accident	Engineering	General Liability	Medical Insurance	Life	Total
Incurring insurance claims	7,699,606	175,698	(11,580)	(64,835)	4,036	2,605	3,602	2,442,343	2,667,536	12,919,011
Amortization of acquisition costs	346,261	17,503	-	22,366	4,885	4,944	7,443	41,706	1,918	447,026
Allocated employees' expenses and other expenses	1,106,977	136,321	7,227	237,762	15,122	9,081	40,572	527,586	292,112	2,372,760
Losses of onerous contracts	-	-	-	-	-	-	-	-	210,777	210,777
Recovered from loss from onerous contracts	(334,339)	-	-	-	-	-	-	-	-	(334,339)
Risk adjustments for non-financial	249,719	20,075	-	6,155	539	460	851	9,749	73,434	360,982
Reversal of risk adjustments for non-financial	(248,323)	(5,346)	(5,427)	(72,399)	(947)	(194)	(691)	(8,534)	(64,787)	(406,648)
Transferred from acquisition costs / acquisition costs	-	-	-	-	-	-	-	-	-	-
Total Insurance Contract Expenses	8,819,901	344,251	(9,780)	129,049	23,635	16,896	51,777	3,012,850	3,180,990	15,569,569
30 June 2024 (Unaudited)	Motors	Marine	Aviation	Fire	General Accident	Engineering	General Liability	Medical Insurance	Life	Total
Incurring insurance claims	6,830,790	66,725	-	4,624,043	4,504	10,739	3,709	2,219,594	1,628,157	15,388,261
Amortization of acquisition costs	316,450	31,653	-	28,599	5,686	6,720	9,602	44,437	19,863	463,010
Allocated employees' expenses and other expenses	880,781	85,958	2,169	137,081	18,229	5,873	22,645	482,252	228,802	1,863,790
Losses of onerous contracts	-	-	-	-	-	-	-	-	-	-
Recovered from loss from onerous contracts	-	-	-	-	-	-	-	-	-	-
Risk adjustments for non-financial	250,649	15,407	-	435,184	1,436	-	3,645	15,974	33,742	756,037
Reversal of risk adjustments for non-financial	(277,895)	(8,854)	-	(64,662)	(3,645)	2,715	(4,246)	(14,466)	(61,131)	(432,184)
Transferred from acquisition costs / acquisition costs	-	-	-	-	-	-	-	-	-	-
Total Insurance Contract Expenses	8,000,775	190,889	2,169	5,160,245	26,210	26,047	35,355	2,747,791	1,849,433	18,038,914

Jerusalem Insurance Company PLC
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(Jordanian Dinars)

24. Reinsurance Contract Expenses

30 June 2025 (Unaudited)	Motors	Marine	Aviation	Fire	General Accident	Engineering	General Liability	Medical Insurance	Life	Total
The change in reinsurance contract liabilities - against remaining coverage	87,413	389,402	-	1,010,687	95,983	26,621	145,945	18,385	2,145,422	3,919,858
Expected Incurred Claims	-	-	-	-	-	-	-	-	31,588	31,588
The change in non-financial risk adjustments	-	-	-	-	-	-	-	-	148	148
Accrued contractual service margin	-	-	-	-	-	-	-	-	419	419
Experience adjustments	-	-	-	-	-	-	-	-	(18,245)	(18,245)
Total reinsurance contract expenses	87,413	389,402	-	1,010,687	95,983	26,621	145,945	18,385	2,159,332	3,933,768

30 June 2024 (Unaudited)	Motors	Marine	Aviation	Fire	General Accident	Engineering	General Liability	Medical Insurance	Life	Total
The change in reinsurance contract liabilities - against remaining coverage	72,362	427,067	30,666	1,049,815	119,094	43,994	206,626	40,420	1,584,658	3,574,702
Expected Incurred Claims	-	-	-	-	-	-	-	-	6,413	6,413
The change in non-financial risk adjustments	-	-	-	-	-	-	-	-	241	241
Accrued contractual service margin	-	-	-	-	-	-	-	-	1,085	1,085
Experience adjustments	-	-	-	-	-	-	-	-	3,440	3,440
Total reinsurance contract expenses	72,362	427,067	30,666	1,049,815	119,094	43,994	206,626	40,420	1,595,837	3,585,881

Jerusalem Insurance Company PLC

Notes to the condensed interim financial statements for six months ended at 30 June 2025 (Unaudited)

(Jordanian Dinars)

25. Reinsurance contract revenues

30 June 2025 (Unaudited)	Motors	Marine	Aviation	Fire	General Accident	Engineering	General Liability	Medical Insurance	Life	Total
Insurance claims incurred	3,842	129,574	(9,176)	(44,485)	4,496	2,281	4,871	(5,150)	2,223,827	2,310,080
Risk adjustments - non-financial	326	15,375	-	5,566	512	409	471	156	-	22,815
The adjustment from non-financial risk modifications	142	(4,786)	(5,269)	(76,088)	(829)	(176)	-	7,375	25,946	(53,685)
Losses from Onerous Contracts and Reversal of Such Losses	-	-	-	-	-	-	-	-	80,353	80,353
Total insurance contract revenues	4,310	140,163	(14,445)	(115,007)	4,179	2,514	5,342	2,381	2,330,126	2,359,563

30 June 2024 (Unaudited)	Motors	Marine	Aviation	Fire	General Accident	Engineering	General Liability	Medical Insurance	Life	Total
Insurance claims incurred	66,957	53,717	-	4,561,853	4,724	9,003	13,860	14,655	1,386,065	6,110,834
Risk adjustments - non-financial	-	12,209	-	420,325	1,310	-	3,531	-	26,208	463,583
The adjustment from non-financial risk modifications	(20,026)	(6,617)	-	(50,473)	(3,406)	2,256	(47)	(477)	(47,232)	(126,022)
Losses Recognized on Onerous Contracts and Their Reversals	-	-	-	-	-	-	-	-	-	-
Total insurance contract revenues	46,931	59,309	-	4,931,705	2,628	11,259	17,344	14,178	1,365,041	6,448,395

26. Finance income (expenses) – Insurance contracts

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Finance (expenses) income	(516,763)	(153,646)
	(516,763)	(153,646)

- The Company used discount rates ranging between 4.21% and 5.95% as at 30 June 2025, compared to 4.22% and 6.42% as at 30 June 2024.
- The discount rate is determined at the level of the Company and not at the level of portfolios. The risk-free discount rate in US dollars issued by the European Insurance and Occupational Pensions Authority (EIOPA) was used, since the exchange rate of the Jordanian dinar is linked to the current exchange rate of the US dollar, and an additional margin was increased on discount rates of (1%), as the yield on Jordanian government bonds is higher than the yield on US government bonds.

27 . Finance Income (Expenses) from Reinsurance Contracts

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Finance income (expenses)	95,624	31,733
	95,624	31,733

- The Company used discount rates ranging between 4.21% and 5.95% as at 30 June 2025, compared to 4.22% and 6.42% as at 30 June 2024.
- The discount rate is determined at the level of the Company and not at the level of portfolios. The risk-free discount rate in US dollars issued by the European Insurance and Occupational Pensions Authority (EIOPA) was used, since the exchange rate of the Jordanian dinar is linked to the current exchange rate of the US dollar, and an additional margin was increased on discount rates of (1%), as that the yield on Jordanian government bonds is higher than the yield on US government bonds.

28. Interest Income

This item consists of the following:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Earned interest on deposits	415,970	576,341
Interest from financial assets measured at amortized cost	255,853	234,031
Loan Interest	-	-
Total	671,823	810,372

29. Net Gains of Financial Assets and Investments

This item consists of the following:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Net change in fair value of financial assets through statement of profit or loss	252,856	(78,528)
Cash dividends (financial assets through statement of profit or loss)	95,092	78,762
Cash dividends (financial assets through statement of other comprehensive income)	1,521	1,550
Foreign portfolio management fees – Julius Bar	-	(3,951)
Expenses and fees for managing the foreign investment portfolio – Capital Investment	(83)	(41)
Net rent revenues	5,497	12,234
Total	354,883	10,026

30. Other Revenues

This item consists of the following:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Reversal of vacation provision no longer needed	8,442	3,589
Other revenues	29,402	2,280
Transferred amount to profit or loss statement	37,844	5,869

31. Employee expenses

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Salaries and rewards	953,631	872,640
Company's share in social security	123,791	113,276
Employees insurance expenses - Medical	86,808	56,713
Training and development	1,580	1,377
Travel and transportation	11,878	13,117
Employees insurance - Life	13,568	14,654
Total	1,191,256	1,071,777

32. General and administrative expenses

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Rents	17,481	34,671
Stationery and printing	45,514	30,194
Advertising and promotion	111,775	56,195
Bank fees	12,563	11,993
Water, electricity, and heating	38,988	21,818
Maintenance	52,513	56,897
Postage and communications	20,963	20,576
Professional fees - external audit	12,500	9,500
Professional fees - internal audit	-	10,500
Hospitality	6,734	8,230
Subscriptions	109,655	57,004
Board of Directors' travel allowances	27,000	27,000
Board of Directors' committee members' rewards	27,000	27,000
Tender expenses	703	491
Government fees and other charges	162,945	57,740
Donations	29,416	3,950
Company assets insurance	3,741	2,245
Medical examinations	3,977	3,977
Professional fees - Consulting and development	74,736	52,697
Board of Directors' Secretary fees	-	2,100
Cleaning services	24,396	10,877
Company vehicle expenses	6,106	7,968
Scholarships	2,675	3,000
Security and protection	15,510	11,830
Security and protection agreement - Public security	26,087	26,087
Production and inspections expenses	982	2,458
Non-refundable sales tax	38,165	31,335
Central Bank fees	225,469	122,509
Orange cards	-	550
Other miscellaneous expenses	24,103	19,320
Total	1,121,697	730,712

33. Other Expenses

30 June 2025 (Unaudited)	Acquisition expenses	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total
Employee expenses	477,575	169,229	366,878	177,574	1,191,256
Administrative expenses	397,502	108,304	463,520	152,371	1,121,697
Agreement expenses	2,281	18,493	12,517	-	33,291
Board of Directors committees' rewards	-	-	-	-	-
Medical expense management expenses	-	230,888	-	-	230,888
Depreciation and amortization	60,131	-	65,443	31,394	156,968
Total	937,489	526,914	908,358	361,339	2,734,100

30 June 2024 (Unaudited)	Acquisition expenses	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total
Employee expenses	420,311	191,200	309,899	150,367	1,071,777
Administrative expenses	266,337	39,556	333,731	91,088	730,712
Agreement expenses	3,193	19,839	12,720	-	35,752
Board of Directors committees' rewards	-	-	-	-	-
Medical expense management expenses	-	215,034	-	-	215,034
Depreciation and amortization	24,947	-	27,026	12,992	64,965
Total	714,788	465,629	683,376	254,447	2,118,240

The direct expenses attributed to the contracts, including employee expenses, administrative expenses, and other expenses, including depreciation and amortization, are allocated based on the cost center of the insurance contract groups. Meanwhile, the indirect expenses attributed to the insurance contract groups are allocated based on loading rates calculated based on the company's historical experience.

34. Basic and Diluted Earnings per Share

Earnings per share were calculated by dividing the profit for the year by weighted average number of shares during the year as follows:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Profit for the period after tax	592,827	923,470
Weighted average number of shares *	10,067,603	8,000,000
Net profit per share for the year	0.059	0.115
Basic	0.059	0.115
Diluted	0.059	0.115

* The diluted earnings per share is equal to the basic earnings per share.

35. Cash and Cash Equivalents

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

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Cash on hand and at banks	764,088	741,805
Add: Deposits at banks (Note 3)	16,585,542	16,815,709
Deduct: Deposits at banks maturing from 3 months to one year	(15,785,542)	(12,515,709)
Deduct: Deposits pledged to the favor of the Central Bank of Jordan Governor in addition to his duty maturing 3 months	(800,000)	(800,000)
Net cash and cash equivalents	764,088	4,241,805

36. Onerous Contracts

Onerous contracts are limited to those classified under the compulsory motor insurance portfolio. The company is obligated to issue these contracts as part of its motor insurance license, and the production is distributed equally among all insurance companies holding this license. The company does not have pricing discretion for these contracts.

37. Risk Management

First: Descriptive Disclosures

The risk management policy is considered one of the most important policies established by the company to mitigate the risks surrounding its activities, aiming to protect the company's assets, shareholders' equity, and maintain a strong and sound financial position

Risk Management Process

The risk management process and its policy are primarily concerned with controlling risk by reducing both the frequency of its occurrence and the expected losses, all at the lowest possible cost. Therefore, the responsibility of risk management is to first identify potential risks, then analyze and classify these risks in order to calculate the probability of their occurrence and the magnitude of the expected losses in the event the risk materializes. This sets the stage for quantifying the risk. Based on the above, the most effective and successful methods were selected to address these risks and minimize their impact, with a focus on reducing the costs associated with the risk.

Second: Descriptive Disclosures

A- Insurance Risks

1 - Insurance Risks:

Risks of any insurance contract lie in the possibility of the insured event occurring and the uncertainty of the related claim amount, due to the nature of the insurance contract, where risks are volatile and unpredictable. Regarding insurance contracts related to a specific insurance category, where probability theory can be applied for pricing and reserves, the primary risks facing the company are that incurred claims and the related payments may exceed the book value of insurance liabilities. This may happen if the likelihood and severity of claims are greater than expected, as insurance events are not stable and vary from year to year, causing estimates to differ from the related statistics

Studies have shown that the more similar the insurance contracts are, the closer the expectations are to the actual loss. Additionally, diversifying the types of insurance risks covered reduces the likelihood of overall insurance loss

The company has developed its insurance underwriting plan to ensure that insurance risks are diversified and allocated across different types of insurance, thereby reducing the losses that may arise from insurance claims if a specific insurance category is focused on.

The company manages risk through an insurance underwriting plan, adequate reinsurance coverage, and efficient claims handling. The underwriting plan aims to diversify in terms of the quality of insurance coverage, expected losses, type of activity, and geographical location. The underwriting plan also relies on the existence of specific limits when accepting insurance, in line with the company's appropriate choices.

38. Lawsuits against the Company

The total value of lawsuits filed against the Company amounts to JD 4,488,691. This amount represents motor and fire accident claims, for which a full reserve has been recognized under 'Claims Under Settlement'. In the opinion of the Company's management and legal advisor, the estimated reserve for these claims is sufficient, and there is no need to recognize additional provisions.

39. Contingent Liabilities

The Company has bank guarantees of JOD (27,226) as at 30 June 2025.

40. Subsequent Events

There are no subsequent events that would materially affect the financial statements as of 30 June 2025, except for the Company's purchase, on 13 July 2025, of a stake consisting of 3,151,286 shares, representing 39.391% of the share capital of Al Arabia Insurance Company – Jordan, from the shareholder 'Arabia Group Holding Limited', after obtaining the approval of the Central Bank of Jordan.

41. Comparative Figures

Comparative figures for the period of 2025 have been restated and reclassified to conform with the figures and classification of the period of 2024