MATRIX CONSULTING INTERNATIONAL

Financial & Managment Consultants

VESTMENTS & INTEGRATED INDUSTRIES COMPANY
UBLIC SHAREHOLDING COMPANY – HOLDING COMPANY)
AND ITs SUBSIDIARIES
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY – HOLDING COMPANY)
AND ITs SUBSIDIARIES
AMMAN – JORDAN

FOR THE YEAR ENDED DECEMBER 31, 2020

Contents

Independent Auditor's Report

To the Shareholders of Investments & Integrated Industries Company
(Public Shareholding Company – Holding Company)
Amman – Jordan

Opinion

We have audited the consolidated financial statements of Investments & Integrated Industries Company (Public Shareholding Company – Holding Company) and its subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of income, other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company according to the ethical requirements relevant to our audit of the consolidated financial statements in accordance with the International Ethics Standards Board for Accountants Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters are described below:

1) **Measurement of Fair Value of Financial Assets**	***How the matter was addressed in our audit***
The book value of the Financial assets at fair value through other comprehensive income amounted to JOD 16,472,842 as of December 31, 2021, which represents %74.6 of the Company's total assets. The revaluation of these assets at fair value could have a material effect on the value of the Company's assets and the components of other comprehensive income. The financial assets represent one of the main operating activities of the Company, and the selection of valuation technique used in measuring the fair value of these assets is highly dependent on management estimates.	Our audit procedures included the assessment of the Company's procedures used in measuring the fair value of financial assets at fair value through other comprehensive income and examining the trading prices of these assets in the related equity securities markets. The techniques used by the Company's management in measuring the fair value of these financial assets include: 1. Year-end closing prices for equity securities traded in the regular market. 2. Year-end closing prices for equity securities traded in the Over the Counter (OTC) Market. The Company's management believes that the OTC prices for these securities represent the most suitable base for measuring the fair values of these securities. Details and accounting policy of financial assets at fair value through other comprehensive income are disclosed in the accompanying consolidated financial statements under Notes (12) and (4) respectively.

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2) Disposal of an Investment in an Associate Company	How the matter was addressed in our audit
The book value of the investment in an associate company (Packing and Packaging Materials Industrial Company) as of the date of disposal amounted to JOD 591,235 (44.11%) share in the capital of the Associate Company). The Company's share in the Associate company was sold to a third party in the amount of JOD 369,221, therefore, a loss from the sale of investment of approximately JOD 222,000 was recognized in the Statement of Income.	Our audit procedures included the following: 3. Review the relevant general assembly resolution. 4. Documentary testing of the collection transaction. Details of investment in associate companies are disclosed in note 11 to the financial statements.

Other Information

Management is responsible for the other information, which consists of other information stated in the annual report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determine is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the consolidated financial reporting preparation process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue our audit report that includes our opinion on the consolidated financial statements.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the audit process in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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- We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records. The accompanying consolidated financial statements are, in all material aspects, in agreement with the Company's accounting records, and we recommend that the Company's General Assembly approves these consolidated financial statements.

This audit report on the consolidated financial statements is a translated version of the original audit report on the consolidated financial statements issued in Arabic, and in case of a discrepancy, the Arabic original will prevail.

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MATRIX CONSULTING INTERNATIONAL
Audit & Financial Advisory Services

Amman - Jordan
March 7, 2022

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INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY – HOLDING COMPANY)
AND ITs SUBSIDIARIES
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Jordanian Dinar		As of 31 December,	
	Note	**2021**	**2020**
Assets			
Current Assets			
Cash on hand and at banks	5	24,048	221,239
Trade receivables and checks under collection-net	6	1,971,409	1,887,645
Inventory	7	1,478,755	2,534,995
Other debit balances	8	286,981	386,526
Total current assets		3,761,193	5,030,405
Property and equipment - net	9	1,542,832	1,562,265
Investment property	10	300,511	300,511
Investment in associate companies	11	-	620,610
Financial assets at fair value through other comprehensive income	12	16,472,842	10,446,399
Total Assets		22,077,378	17,960,190
Liabilities and Shareholders' Equity			
Current Liabilities			
Due to banks	13	1,996	-
Short term portion of loans	14	1,711,297	3,541,372
Accounts payable		221,710	383,495
Other credit balances	15	482,111	393,422
Total Current Liabilities		2,417,114	4,318,289
Long term loans	14	6,965,219	8,383,219
Due to related parties – long term	21	3,392,377	2,259,008
Total Liabilities		12,774,710	14,960,516
Shareholders' equity			
Capital	16	14,500,000	14,500,000
Statutory reserve	17	139,332	111,641
Fair value reserve	12	(2,032,974)	(8,059,417)
Accumulated losses		(3,636,305)	(3,880,557)
Shareholders' Equity		8,970,053	2,671,667
Non-controlling interest		332,615	328,007
Net Shareholders' Equity		9,302,668	2,999,674
Total Liabilities and Shareholders' Equity		22,077,378	17,960,190

The accompanying notes from (1) to (29) are an integral part of these consolidated financial statements.

INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
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CONSOLIDATED STATEMENT OF INCOME

Jordanian Dinar	Note	For the year ended December 31, 2021	2020
Sales-net		3,498,169	3,817,134
Less: Cost of sales	18	(2,873,524)	(2,993,404)
Gross Profit		624,645	823,730
Less: General, administrative, and marketing expenses	19	(599,053)	(657,081)
Add: Other income	20	964,171	273,686
Less: Interest expenses – net		(460,001)	(600,273)
Less: Share in loss of associate companies	11	(29,375)	(53,715)
Less: loss from disposal associate companies		(222,014)	-
Less: bad debts		(1,465)	-
Profit (Loss) before Income Tax and National Contributions		276,908	(213,653)
Income tax and national contributions		(357)	(166)
Profit (Loss) for the year		276,551	(213,819)
Allocated as follows:			
Company's shareholders		271,943	(234,991)
Non-controlling interest		4,608	21,172
		276,551	(213,819)
Basic and diluted profit (loss) per share	23	1.9%	(1.6%)

The accompanying notes from (1) to (29) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Jordanian Dinar	**For the year ended December 31,**	
	2021	**2020**
Profit (loss) for the year	276,551	(213,819)
Add Other Comprehensive Income Items:		
Change in fair value of financial assets at fair value through other comprehensive income	6,026,443	228,461
Share from other comprehensive income of associate companies	-	265
Total Profit and Other Comprehensive Income	6,302,994	14,907
Allocated as follows:		
Company's shareholders	6,298,386	(6,265)
Non-controlling interest	4,608	21,172
	6,302,994	14,907

The accompanying notes from (1) to (29) are an integral part of these consolidated financial statements.

INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In **Jordanian** *Dinar*	Capital	Statutory reserve	Fair value reserve	Accumulated losses	Total	Non- controlling interest	Total
For the year ended 31 December 2021							
Beginning balance	14,500,000	111,641	(8,059,417)	(3,880,557)	2,671,667	328,007	2,999,674
Profit and other comprehensive income	-	-	6,026,443	271,943	6,298,386	4,608	6,302,994
Statutory reserve	-	27,691	-	(27,691)	-	-	-
Ending Balance	14,500,000	139,332	(2,032,974)	(3,636,305)	8,970,053	332,615	9,302,668
For the year ended 31 December 2020							
Beginning balance	14,500,000	111,641	(8,288,143)	(3,645,566)	2,677,932	306,835	2,984,767
Loss and other comprehensive income	-	-	228,726	(234,991)	(6,265)	21,172	14,907
Ending Balance	14,500,000	111,641	(8,059,417)	(3,880,557)	2,671,667	328,007	2,999,674

The accompanying notes from (1) to (29) are an integral part of these consolidated financial statements.

INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
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CONSOLIDATED STATEMENT OF CASHFLOWS

	For the Year Ended December 31,	
Jordanian Dinar	**2021**	**2020**
Cash flows from Operating Activities:		
Profit (Loss) for the year before Income tax	276,908	(213,653)
Adjustments:		
Depreciation	36,428	46,216
Share in associate companies' income	29,375	53,715
Loss from disposal of an associate company	222,014	-
Interest expenses-net	460,001	600,273
Changes in working capital items:		
Inventory	1,056,240	318,161
Trade receivables and checks under collection	(83,764)	716,008
Other debit balances and due from a related party	(30,271)	16,571
Accounts payable	(161,785)	(349,217)
Other credit balances	108,110	(146,199)
Net Cash Flows from Operating Activities before Income Tax	1,913,256	1,041,875
Income tax paid	(2,485)	(9,379)
Net Cash Flows from Operating Activities	1,910,771	1,032,496
Cash flows from Investing Activities:		
Purchase of property and equipment	(16,995)	(17,563)
Proceeds from disposal investment in an associate company	369,221	-
Due from related parties	132,301	(205,423)
Net Cash Flows from (used in) Investing Activities	484,527	(222,986)
Cash Flows from Financing Activities:		
Due to related parties	1,113,591	876,325
Loans and due to banks	(3,246,079)	(883,466)
Interest paid	(460,001)	(600,273)
Net Cash Flows Used in Financing Activities	(2,592,489)	(607,414)
The net change in cash and cash equivalents	(197,191)	202,096
Cash and cash equivalents at the beginning of the year	221,239	19,143
Cash and Cash Equivalents at the end of the year	24,048	221,239

The accompanying notes from (1) to (29) are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) General

a. Establishment and objectives:

Investments & Integrated Industries Company (public shareholding company) "The Company" was established and registered in the ministry of industry and trade of Jordan under no. (281) on April 20, 1995.

The main objectives of the Company include managing its subsidiaries, participating in managing other entities in which the Company has ownership, investing in equity and debt securities, and granting finance for its subsidiaries.

b. Employees:

The Company's number of employees as of December 31, 2021, was 65 employees (68 employees as of December 31, 2020).

c. Approval of consolidated financial statements:

The consolidated financial statements have been approved by the Board of Directors in their meeting held on March 7, 2022. These financial statements require the approval of the Company's General Assembly.

2) Basis of Preparation of the Consolidated Financial Statements

Statement of compliance

The consolidated financial statements have been prepared in accordance with international financial reporting standards.

Basis of financial statements consolidation

The consolidated financial statements comprise the financial statements of Investments & Integrated Industries Company (the "Parent Company") and its subsidiaries which are subject to its control. Subsidiaries are entities controlled by the parent company .The parent company controls subsidiaries when it is exposed, or has rights, to variable returns from its involvement with these subsidiaries and has the ability to affect those returns through its power over these subsidiaries.

Balances, transactions, and unrealized profits and expenses resulting from transactions within the group are eliminated when preparing these consolidated financial statements.

Consolidated financial statements are prepared for the subsidiaries in the same financial year of the parent company and using the same accounting policies adopted by the parent company.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Functional and presentation currency

The consolidated financial statements are presented in Jordanian Dinar, which is the Company's functional currency.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets and liabilities which are measured at fair value.

Use of estimates

The preparation of consolidated financial statements in conformity with international financial reporting standards requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- Management estimates the provision for income tax in accordance with the prevailing laws and regulations and International Financial Reporting Standards.
- A provision for expected credit loss is taken on the basis and periodic estimates approved by management.
- A provision for the decrease in net realizable value of inventory is taken if the selling price of the inventory falls below cost or any other factors that cause the recoverable amount to be lower than its carrying amount.
- Management periodically reassesses the economic useful lives of tangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the company may incur in the future.

Management believes that its estimates and judgment are reasonable and adequate.

3) Changes in Accounting Policies

The accounting policies adopted in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020, except for the adoption of the following new standards effective as of 1 January 2021:

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent Concessions the same way it would account for the change under IFRS 16 if the change were not a lease Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

The adoption of the above standard had no material effect on the Company’s financial statements.

Interest Rate Benchmark Reform- Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- to permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- to provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The adoption of the above standard had no material effect on the Company’s financial statements.

4) Significant Accounting Policies

Current and non-current classification of assets and liabilities

The Company presents current and non-current assets, and current and non-current liabilities, as separate classifications in its consolidated statement of financial position as follows:

The Company classifies an asset as current when:

- it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term deposits with a maturity of three months or less.

Financial assets

At initial recognition, financial assets are classified as subsequently measured at either amortized cost, fair value through other comprehensive income, or fair value through profit or loss. At initial recognition, a financial asset shall be measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of financial assets depends on their classifications as follows:

Financial *assets at amortized cost*

After initial recognition, these assets are measured at amortized cost using the effective interest method and will be subject to impairment. Gain or loss on the financial assets that are measured at amortized cost shall be recognized in profit or loss when the financial asset is derecognized or impaired. Financial assets measured at amortized cost include cash and cash equivalent and trade receivables.

Financial assets at fair value through other comprehensive income

These assets represent investments in equity instruments with the intention to keep them as long-term investments. When purchasing these assets they are recognized at fair value including acquisition expenses then to be re-evaluated later at fair value, where changes in the fair value appear in the consolidated statement of other comprehensive income and owners' equity including the change in fair value resulting from the differences in the conversion of non-monetary assets items in foreign currencies, in case of selling such assets or part thereof, profits or losses to be recorded in the consolidated statement of other comprehensive income and owners' equity where the valuation reserve balance of the sold assets should be directly transferred to the retained earnings and not through the consolidated statement of income. These assets are not subject to impairment loss testing.

***Financial* Assets at fair value through profit or loss**

These assets are presented in the consolidated statement of financial position at fair value. Changes in the fair value of these assets are recognized as profit or loss in the consolidated statement of income.

Derecognition of financial assets

The Company derecognizes financial assets when: (a) the contractual rights to the cash flows from the financial asset expire, or (b) it transfers the financial asset, and the transfer qualifies for derecognition.

Impairment of financial assets

The Company records the allowance for expected credit loss for all loans and other debt financial assets not held at FVTPL. When financial assets are first recognized, the Company recognizes an allowance based on 12 months' expected credit losses (ECLs). If a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs.

For trade receivables, the Company recognizes expected credit losses for trade receivables based on the simplified approach under IFRS 9. Based on the simplified approach, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable based on its historical experience of default rates adjusted for future variables related to the debtors and economic environment.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in-first-out principle and comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property and Equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. An item of property and equipment is derecognized upon disposal. Any gains or losses arising from derecognizing of the asset are included in the consolidated statement of income when the asset is derecognized. Items of property and equipment are depreciated on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, except land. The estimated useful lives of property and equipment are as follows:

Items of property and equipment	Depreciation rate
Machinery and equipment	%8
Vehicles	%15
Leasehold improvements	4% - 15%
Furniture and office equipment	12% - 33%

The Company reviews the useful lives and depreciation method for the property and equipment on a periodic basis to ensure that they are in line with the estimated economic benefits from these assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeded the estimated recoverable amount, the assets are written down to their recoverable amount and recognized as a loss in the consolidated statement of income.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists or when the International Financial Reporting Standards require annual testing of impairment, then the asset's recoverable amount is estimated. A recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. All impairment losses are recognized in the consolidated statement of income.

Investment in subsidiaries

Subsidiaries are those entities in which the Company has control over their financial and operating policies. An investee is considered a subsidiary if the parent company holds over 50% of its voting rights.

Interests in subsidiaries companies are accounted for using the equity method in both separate and consolidated financial statements.

Investment in associate companies

Associate companies are those entities in which the Company has significant influence over their financial and operating policies.

Interests in associate companies are accounted for using the equity method. Unrealized gains and losses resulting from transactions between the parent company and the associate companies are eliminated to the extent of the parent company's share in the associate company.

The financial statements of the associate companies are prepared for the same fiscal year of the parent company and using the same accounting policies adopted by the parent company

Financial liabilities

At initial recognition, financial liabilities are classified as subsequently measured at either amortized cost using the effective interest method, fair value through profit or loss, or as derivatives. At initial recognition, financial liabilities are measured at their fair value. Financial liabilities measured at amortized cost are measured at their fair value less transaction costs that are directly attributable to the financial liabilities. Subsequent measurement of financial assets depends on their classifications as follows:

Financial *liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss, include financial liabilities held for trading, and financial liabilities designated at initial recognition as financial liabilities at fair value through profit or loss, which are subsequently measured at fair value.

Loans and due to banks

Loans and due to banks are recognized initially at fair value including their related direct costs, then recorded later at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled, or expires.

Accounts payable and accruals

Accounts payable and accruals are obligations to pay for goods or services that have been acquired. These obligations are recorded whether billed by the supplier or not.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable in the normal course of business activities. Revenue is recognized in the consolidated statement of income when the control over the goods is transferred to the customer, or when the goods are delivered to the customer providing that there are no obligation liabilities that affect acceptance of the goods by the customer.

Income tax

The income tax provision is calculated in accordance with the prevailing Income Tax Law and in accordance with International Accounting Standard No. 12, which requires that the Company recognizes deferred tax in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The Company measures the fair value of assets and liabilities based on the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants are acting according to their economic benefit.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair values of assets and liabilities are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the consolidated statement of financial position only when the obliging legal rights are available or when settled on a net basis or the realization of assets or settlement of liabilities is done at the same time.

Foreign Currency Transactions

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.

Foreign currency differences arising from the translation of foreign currencies to the Jordanian Dinar are recognized in the consolidated statement of income.

5) Cash on hand and at banks

This item represents the cash balance on hand and at banks as of December 31, 2021.

6) Trade receivables and checks under collection

	As of December, 31	
Jordanian Dinar	**2021**	**2020**
Trade receivables	2,716,567	2,665,256
Checks under collection	250,376	198,254
Total	2,966,943	2,863,510
Less: Provision for expected credit loss (1)	(995,534)	(975,865)
Net receivables and checks under collections	1,971,409	1,887,645

(1) The movement on the provision for expected credit loss during the year was as follows:

	As of December, 31	
Jordanian Dinar	**2021**	**2020**
Balance at the beginning of the year	975,865	973,786
Add: Change in provision	19,669	2,079
Balance at the end of the year	995,534	975,865

7) Inventory

	As of December 31,	
Jordanian Dinar	**2021**	**2020**
Finished goods	1,016,290	1,634,401
Raw materials	328,633	783,558
Work in progress	41,104	24,042
Spare parts	333,329	333,595
Total	1,719,356	2,775,596
Less: provision for inventory	(240,601)	(240,601)
Net	1,478,755	2,534,995

8) Other debit balances and related parties

Jordanian Dinar	As of December 31, 2021	2020
Due from related parties (note 21)	113,241	246,497
Goods in transit	21,846	21,896
Income tax	58,683	56,198
Refundable deposits	21,742	21,742
Due from employees	7,218	4,934
Prepaid expenses	14,604	22,957
Advance payments to suppliers	46,855	8,699
Miscellaneous	2,792	3,603
Total	286,981	386,526

9) Property and equipment

Jordanian Dinar	Land	Machines & equipment	Vehicles	Leasehold improvements	Furniture	Projects under construction	Total
Cost							
Beginning balance	1,312,500	2,132,788	138,652	174,146	159,184	17,563	3,934,833
Additions	-	-	-	-	-	16,995	16,995
Transfer from projects under construction	-	5,199	-	-	29,359	(34,558)	-
Ending Balance	1,312,500	2,137,987	138,652	174,146	188,543	-	3,951,828
Accumulated Depreciation							
Beginning balance	-	1,964,843	121,671	126,871	159,183	-	2,372,568
Depreciation for the year	-	17,733	9,851	3,829	5,015	-	36,428
Ending Balance	-	1,982,576	131,522	130,700	164,198	-	2,408,996
Net Book value 31/12/2021	1,312,500	155,411	7,130	43,446	24,345	-	1,542,832
Net Book value 31/12/2020	1,312,500	167,945	16,981	47,275	1	17,563	1,562,265

10) Investment property

The details of this item as of December 31, 2021, are as follows:

Jordanian Dinar	Land	Machines & equipment	Total
Cost			
Beginning balance	34,726	1,852,758	1,887,484
Ending Balance	34,726	1,852,758	1,887,484
Accumulated Depreciation			
Beginning balance	-	1,055,675	1,055,675
Ending Balance	-	1,055,675	1,055,675
Provision for revaluation (1)	265,784	(797,082)	(531,298)
Net Book value 2021	300,510	1	300,511
Net Book value 2020	300,510	1	300,511

(1) This item represents the accumulated earnings (losses) resulting from the revaluation of the land and buildings of Fa Kaf Consulting company (subsidiary) due to ceasing its manufacturing activities.

11) Investment in an associate company

Company	Product	Ownership %	As of 31 December, 2021	2020
			Jordanian Dinar	
Packing Materials Industries	Flexible packaging materials	%44.11	-	620,610
Total			-	620,610

The movement on the investment in associate company balance during the year was as follows:

Jordanian Dinar	2021	2020
Beginning balance	620,610	674,060
Company's share in the associate loss	(29,375)	(53,715)
Company's share in the associate other comprehensive income	-	265
Disposal of investment the in associate company (1)	(591,235)	-
Ending Balance	-	620,610

On 1/12/2021, and in accordance with the general assembly resolution, the Company sold all of its shareholdings in the Packing and Packaging Materials Industrial Company (associate company) for JOD 369,221. As a result, the Company recognized a loss of approximately JOD 222,000 from this transaction. The legal procedures for the transfer of the shares in the name of the acquirer are still in progress until the date of the financial statements.

12) Financial assets at fair value through other comprehensive income

Jordanian Dinar	As of December 31, 2021	2020
Shares listed in the local principal market	15,793,197	9,696,671
Shares traded in the local OTC market	458,185	528,268
Unlisted companies	221,460	221,460
Total	16,472,842	10,446,399

The movement on the fair value reserve during the year was as follows:

Jordanian Dinar	As of December 31, 2021	2020
Beginning balance	(8,059,417)	(8,288,143)
Change in fair value of financial assets	6,026,443	228,726
Net	(2,032,974)	(8,059,417)

Valuation technique

a) Shares listed in the local principal market:

Fair values of shares listed in the local principal market have been determined by reference to the -end closing price. Details of these shares as of December 31, 2021, are as follows:

Company	No. Shares	Book Value before Valuation	Closing Price	Fair Value	Unrealized Loss
Delta Insurance Co.	1,251,331	1,376,464	1/10	1,376,464	-
Al Noor Co.	7,000	18,200	1/70	11,900	(6,300)
Al-Rai	53,889	12,395	0/21	11,317	(1,078)
International vegetarian oil	1,609,666	3,058,365	2/21	3,557,362	498,997
Bank El Mal	5,338,007	5,231,247	2/03	10,836,154	5,604,907
		9,696,671		15,793,197	6,096,526

b) Shares traded in local OTC market:

During 2016, and according to the Regulating Directives for Trading in Unlisted Securities at the ASE issued dated 12/4/2016, the shares of Amwaj Real Estate Company and Amwal Invest Company became OTC traded. As a result, the Company's management has used its year-end closing prices in determining the fair value of investments in these shares. Management believes that the quoted prices of these shares in the OTC market are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs. Details of these investments are as follows:

Company	No. Shares	Book Value before Valuation	Closing Price	Fair Value	Unrealized Loss
Amwaj Real Estate	3,514,727	527,209	0/13	456,914	(70,295)
Amwal Invest	10,588	1,059	0/12	1,271	212
		528,268		458,185	(70,083)

c) Unlisted Companies:

Investment in equity securities of unlisted companies is evaluated at actual cost/book value. Details of investment in equity securities of unlisted companies are as follows:

Company	No. Shares	Book Value before Valuation	Fair Value	Unrealized (Loss)
Kuwaiti Jordanian Holding Co.	174,000	43,960	43,960	-
Dead Sea Company for Tourism Investments	177,500	177,500	177,500	-
		221,460	221,460	-

The total number of shares blocked against membership in the board of directors of the following Investments is 101,500 shares:

Company	No. Shares
International vegetarian oil Co.	20,000
Delta Insurance Co.	500
Bank El Mal	25,000
Amwaj Real Estate Company	50,000
Al Noor Co.	5,000
Al-Rai	1,000
Total	101,500

13) Due to banks

This item represents the outstanding balance of the facilities granted to the Quality Printing Press Company (a subsidiary) from Arab Bank in Jordanian Dinar with a ceiling of JD 500,000 and an interest rate of 7.375%. these facilities were granted against personal guarantees from the shareholders.

14) Loans

This item represents the loans granted to the Company from local banks against personal guarantees from shareholders. Details of these loans are as follows:

	2021		2020	
Bank	**Short-term**	**Long-term**	**Short-term**	**Long-term**
Arab Bank (1)	940,046	6,965,219	1,529,615	8,383,219
Arab Bank (2)	647,885	-	1,417,615	-
Arab Bank (3)	123,366	-	594,142	-
Total	1,711,297	6,965,219	3,541,372	8,383,219

Arab Bank (1):

In 2013, The Company has signed a loan agreement with Arab Bank amounting to USD 28,000,000. The loan bears an interest rate similar to the interest rate applicable on the LIBOR – 3 months plus a margin of 2.5% with a minimum interest rate of 4% per annum. The purpose of this loan is to settle the overdrafts ceilings granted to the Company in different currencies in the amount of USD 17,200,000 in addition to the declining loan in the amount of USD 6,300,000 and the overdraft facilities.

The loan principal is repayable over 24 equal quarterly installments of USD 1,200,000 (except the last installment for USD 400,000) starting from March 30, 2014.

In 2015, an amount of USD 18,400,000 was paid into the loan by Elia Nuqul and sons Co (shareholder).

On March 9, 2016, the Company signed an addendum to increase the loan balance by USD 14,400,000 to replace the facilities granted by Etihad Bank, Bank of Jordan, Housing Bank, and Kuwaiti Bank.

The total amount of the loan after the increase is repayable over 28 equal quarterly installments of USD 850,000 (except the last installment of USD 1,050,000) starting one year after signing the addendum.

According to the aforementioned addendum, the interest rate has been adjusted to LIBOR 3 – months plus a margin of 2.75% with a minimum interest rate of 3.5%.

The bank has the right to adjust the interest margin providing that a notice is issued to the Company before 30 from the date of adjustment.

Interest is calculated based on the loan's daily outstanding balance and paid every three months.

On June 16, 2020, the loan outstanding balance of USD 13,824,004 was rescheduled as follows:

- USD 1,200,00 to be paid on May 30, 2021.
- USD 800,000 to be paid over four quarterly equal installments starting from March 30, 2021.
- USD 5,400,000 to be paid over eighteen quarterly equal installments starting from March 30, 2021.
- USD 6,424,004 to be paid in full on September 30, 2026

According to the aforementioned rescheduling addendum, the interest rate has been adjusted to LIBOR 3 – months plus a margin of 3.5% with a minimum interest rate of 4.5%. Interest is calculated based on the loan's daily outstanding balance and paid every three months.

The aggregate amounts (in JD) and maturities of the loans are as follows:

Year	Amount
2023	850,800
2024	850,800
2025	850,800
2026	4,412,819
Total	6,965,219

Arab Bank (2):

In 2006, Quality Printing Press Company (subsidiary) obtained a revolving loan from Arab Bank in the amount of USD 2,000,000 to finance letters of credit. The loan bears an interest rate of 4.5% per annum. The loan is repayable after six months from the date of withdrawal.

In 2021, the currency of the above loan was changed to the Jordanian Dinar, and the interest rate increased to 7.375% per annum.

Arab Bank (3)

In 2019, Quality Printing Press Company (subsidiary) obtained a declining loan from Arab Bank in the amount of USD 2,000,000. The loan bears an interest rate similar to the interest rate applicable on the LIBOR plus a margin of 2.75% payable on a monthly basis. The loan is repayable over 12 months at an equal monthly installment of USD 166,000 for the first 11 installments and USD 174,000 for the last installment. The first installment is payable on August 30, 2019.

The above loans are granted against personal guarantees from shareholders

15) Other credit balances

	As of December 31,	
Jordanian Dinar	**2021**	**2020**
Due to related parties (note 21)	160,265	180,043
Accrued expenses	116,907	103,814
Sales tax	91,696	10,456
Prepaid from costumer	69,427	51,077
Sales commissions	20,985	18,369
Unearned revenue	1,922	2,307
Social security	5,709	79
Tax due and other	14,843	27,277
National contributions	357	-
Total	482,111	393,422

16) Capital

Upon the approval of the Board of Security and Exchange Commission (No. 204/2012) dated May 22, 2012, the authorized paid-up capital increased from JOD 500,000 (1 JOD /share) to JOD 14,500,000 (1 JOD /share) through offering the incremental shares for subscription to the Company's existing shareholders. These shares are restricted for two years from the date of subscription.

17) Statutory reserve

This item represents total amounts deducted from annual pre-tax net profit (10%) for the account of the statutory reserve according to the Companies Law of Jordan. Amounts accumulated in this account are not subject to distribution to the shareholders. The company`s general assembly has the right to decide in an extraordinary meeting, to amortize accumulated losses through this reserve.

18) Cost of sales

Jordanian Dinar	For the year ended December 31, 2021	2020
The raw material used in production	1,584,203	2,009,086
Cost of finished goods	444,378	313,177
Add Manufacturing overheads:		
Employees' salaries, wages, and benefits	113,715	168,000
Social security contributions	17,641	15,651
Labor transportation	20,377	18,104
Depreciation	23,229	36,178
Maintenance	11,808	13,417
Utilities	17,835	21,037
Temporary labor	760	4,038
Insurance	5,774	6,307
Medical insurance and treatments	15,226	17,843
Consumables	5,858	5,615
Miscellaneous	10,924	4,813
Uniforms	747	1,309
Total manufacturing overheads	243,894	312,312
Add: Work in progress – beginning balance	24,042	62,333
Less: Work in progress – ending balance	(41,104)	(24,042)
Cost of manufactured and ready goods	2,255,413	2,672,866
Add: Finished goods – beginning balance	1,634,401	1,954,939
Less: Finished goods – ending balance	(1,016,290)	(1,634,401)
Cost of Sales	2,873,524	2,993,404

19) General, administrative, and marketing expenses

Jordanian Dinar	For the year ended December 31, 2021	2020
Employees' salaries, wages, and benefits	270,549	330,923
Governmental fees and expenses	38,238	50,872
Professional expenses	46,369	58,712
Depreciation	13,199	10,038
Social security contributions	35,713	26,638
General maintenance	10,448	10,633
Miscellaneous	8,723	11,906
Communication	3,254	2,905
Travel and transportation	8,837	7,852
Cleaning and entertainment	9,718	8,982
Stationery and computer expenses	949	2,039
Security and guarding	19,080	20,817
Medical insurance and treatments	10,618	16,679
Vehicles expenses	39,837	38,259
Tenders expenses	15,891	9,018
Insurance	5,200	10,106
Sales commission	25,589	14,023
Advertisement and exhibitions	25,663	13,483
Samples and gifts	1,518	5,313
Rent – Aqaba office	3,650	3,557
Uniforms	397	1,260
Website design	5,613	3,066
Total	599,053	657,081

20) Other income

Jordanian Dinar	For the year ended December 31, 2021	2020
Dividends received	896,885	226,553
Sale of spare parts and defective items	11,245	10,270
Rental revenue	37,231	36,676
Other gains	18,810	187
Total	964,171	273,686

21) Related parties' transactions:

Parties are considered related parties when one party has control or significant influence over the other party. Following is a summary of related party transactions and balance

- Salaries and other benefits for key management personnel of the Company (General Manager and Financial Manager) for the year ended December 31, 2021, amounted to JOD 130,266 (JOD 100,520 for the year ended December 31, 2020).
- In 2020, the Quality Printing Press Company (subsidiary) granted finance to Al Ahfad company (sister company). Details of this facility are as follows:

Related Party	Amount	Interest Rate	Balance as of December 31, 2021	2020
Al Ahfad	200,000	7.5%	73,122	205,423

- The following transactions took place with sister companies during the current year:

Nature of dealing	JOD
Sales	41,702
Purchases	14,472
Interest	17,265

a- **Due from related parties**

	Relationship	December 31, 2021	2020
Jordanian Dinar			
Saueressig Jordan	Sister	39,663	39,663
Nuqul Engineering and Contracting	Sister	375	801
Nuqul Automotive	Sister	81	610
Al ahfad	Sister	73,122	205,423
Total		113,241	246,497

b- Due to related parties:

		December 31,	
Short-term:	**Relationship**	**2021**	**2020**
Jordanian Dinar			
Al Naseem Trading	Sister	93,401	109,751
Fine Hygienic Paper-HO	Sister	38,492	36,823
Masader Investments	Sister	729	1,418
Fine Hygienic Paper-Sahab	Sister	14,990	19,890
Fine Hygienic Paper-Aqaba	Sister	9,786	9,266
Fine Hygienic Paper-Dubai	Sister	561	561
Al Sanouber Hygienic Paper	Sister	1,900	1,170
Ideal For Printing	Sister	406	-
Packing Industries	Associate	-	1,164
Total		**160,265**	**180,043**
Long-term:			
Elia Nuqul & Sons	Shareholder	3,392,377	2,259,008
Total		**3,392,377**	**2,259,008**

The above balances are not subject to interest and there is no timetable for settlement.

22) <u>Income and sales tax</u>

We set out here below the Group's income and sales tax status as of December 31, 2021:

Investments & Integrated Industries Company:

Income tax:

- Income tax up to December 31, 2018, is finalized and settled.
- Tax returns until the year 2020 are submitted
- No definite amounts are due to Tax Department.
- Tax return for the year 2021 will be submitted within the legal deadline.

Sales tax:

- Sales tax returns up to December 31, 2016, are audited by the Tax Department.
- Sales tax returns up to December 31, 2021, are reviewed by the Company's Tax Advisor.
- No definite amounts are due to Tax Department.

Quality Printing Press Company:

Income tax - Amman:

- Income tax up to December 31, 2016, is finalized and settled.
- Income taxes for the years 2017-2020 are not audited.
- Tax return for the year 2021 will be submitted within the legal deadline.
- No definite amounts are due to Tax Department.

Income tax - Aqaba:

- Income tax for the year ended December 31, 2019, is finalized and settled.
- Income tax for the year 2020 is not audited.
- Tax return for the year 2021 will be submitted within the legal deadline.
- No definite amounts are due to Tax Department.

Sales tax - Amman:

- Sales tax returns up to December 31, 2016, are audited by the Tax Department.
- Sales tax returns up to December 31, 2021, are reviewed by the Company's Tax Advisor.
- No definite amounts are due to Tax Department.

Fa Kaf Company:

Income tax:

- Income tax up to December 31, 2018, is finalized and settled.
- Tax returns until the year 2020 are submitted.
- Tax return for the year 2021 will be submitted within the legal deadline.
- No definite amounts are due to Tax Department.

Sales tax:

- Starting from June 30, 2015, the Company's sales tax registration has been canceled, therefore, a final adjusted sales tax return has been submitted and the outstanding amount settled.

Oran Company:

Income tax:

- Income tax up to December 31, 2020, is finalized and settled.
- Tax return for the year 2021 will be submitted within the legal deadline.
- No definite amounts are due to Tax Department.

23) <u>Basic and diluted profit (loss) per share</u>

	As of December 31,	
Jordanian Dinar	**2021**	**2020**
Profit (loss) for the year	271,943	(234,991)
The weighted average number of shares	14,500,000	14,500,000
Basic and diluted profit (loss) per share for the year	1.9%	(1.6%)

24) Subsidiaries

a- The following is a breakdown of the Company's subsidiaries:

Subsidiary	Paid-up Capital		Ownership %		Nature of Operation
	2021	2020	2021	2020	
Fa Kaf Consulting Co.	3,000,000	3,000,000	%98,2	%98,2	Management, industrial and trading consulting, and RE rental
Quality Printing Press	3,160,000	3,160,000	%82,59	%82,59	Stationery and library accessories
Oran for Investments	10,000	10,000	%100	%100	Investment

b- The fair value reserve of the financial assets owned by Oran for Investment Company (a subsidiary) as of December 31, 2021, amounted to JOD 1,629,888 (unrealized losses from the valuation of financial assets), which exceeded its paid-up capital, and as a result, the net equity of Oran for Investment Company as of December 31, 2021, was at a deficit in the amount of JOD 1,623,076 which rais doubt about the subsidiary's ability to continue as a going concern.

25) Operating Segment

The Company's main activities are an investment, consulting, real estate leasing, and Printing. The following table presents information on the Company's operating segments for the year ended December 31, 2021:

Jordanian Dinar	Investment	Consulting	Printing	Elimination	Total
Revenues	-	-	3,498,169	-	3,498,169
Net financing expenses	(400,172)	(16)	(59,813)	-	(460,001)
Profit after tax	225,902	27,018	23,631	-	276,551
Company's share in associate losses	(29,375)	-	-	-	(29,375)
Segment total assets	22,436,905	3,339,208	5,225,670	(8,924,405)	22,077,378
Segment total liabilities	15,089,817	35,728	3,662,479	(6,013,314)	12,774,710

26) Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risks, and the Company's management of capital.

The management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Board of Directors oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables, due from related parties, and other debt balances, cash, and cash equivalent and investments in debt securities.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Account	**December 31,**	
Jordanian Dinar	**2021**	**2020**
Cash and cash equivalents	24,048	221,239
Accounts receivable and other debit balances	1,894,773	1,829,420
Checks under collection	250,376	198,254
Due from related parties	113,241	246,497
	2,282,438	2,495,410

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Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations when they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contracted maturities of financial liabilities (quantitative analysis of liquidity risk as of December 31, 2021):

Account	Book value	Contractual cash flow	Less than one year	More than one year
Jordanian Dinar				
Accounts payables and other credit balances	543,556	543,556	543,556	-
Due to related parties	3,552,642	3,552,642	160,265	3,392,377
Bank loans	8,676,516	8,676,516	1,711,297	6,965,219
Total	12,772,714	12,772,714	2,415,118	10,357,596

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Company's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The following is a quantitative analysis of market risk as of December 31, 2021 (amounts are translated to Jordanian Dinar at the exchange rates prevailing on December 31, 2021):

Account	JOD	USD	Total
Cash and cash equivalent	24,048	-	24,048
Accounts receivable and other debit balances	1,894,773	-	1,894,773
Due to related parties – net	(3,439,401)	-	(3,439,401)
Financial assets at fair value through other comprehensive income	16,472,842	-	16,472,842
Accounts payable and other credit balances	(543,556)	-	(543,556)
Bank loans	(647,885)	(8,028,631)	(8,676,516)
Total	13,760,821	(8,028,631)	5,732,190

Currency Risk

The Company's exposure to foreign currency risk results from sales, purchasing, and financing in USD (the exchange rate of USD to JOD is 0.710 as of December 31,). Currency risk has not been hedged by the Company. The following analysis demonstrates the sensitivity of the consolidated statement of income to change in JOD exchange rate against USD by 10%, with all other variables remaining constant:

Jordanian Dinar	**2021**	**2020**
Increase in JOD exchange rate against USD by 10%	(802,863)	1,192,459
Decrease in JOD exchange rate against USD by 10%	(802,863)	1,192,459

Interest rate risk

Interest rate risk represents the risk of changes in interest rates in the market. In this regard loans and other bank facilities bear fixed and variable interest rates.

Capital management

The Company's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain the future development of the business. The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

There have been no changes in the Company's approach to capital management during the year.

Items included in the capital structure consisted of paid-up capital, statutory reserve, accumulated losses, and fair value reserve in the amount of 8,970,053 JOD as of December 31, 2021 (2,671,667 as of December 31, 2020).

27) Contingent liabilities

This item consists of:

- Bank guarantees in the amount of JOD 191,281.
- Lawsuits filed by the Quality Printing Press Company against third parties (customers) in the amount of JD 1,941,843. The Company's management expects that there is no need to increase the provisions related to these balances.

28) Standards Issued but Not Yet Effective

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are set out here below. The Company intends to adopt these standards, if applicable when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach. The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: - what is meant by a right to defer settlement, - the right to defer must exist at the end of the reporting period, - that classification is unaffected by the likelihood, - that an entity will exercise its deferral right, - and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of liability not impact its classification. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Company.

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

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant, and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant, and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach." The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Company.

IFRS 9 Financial Instruments – Fees in the 10 percent test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to the IFRS standards process the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

IFRS 1 First-time adoption of international financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to the IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. An earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The amendments are not expected to have a material impact on the Company.

29) Impacts of (COVID 19)

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus mainly caused by continuous new strains development and the extent and effectiveness of containment actions taken. In the opinion of management, other than the above, no other events have occurred after the reporting date and before the issuance of these financial statements which require adjustment to, or disclosure, in these consolidated financial statements.