

Rum Financial Brokerage

"Public Shareholding Company"

Amman- The Hashemite Kingdom of Jordan

Interim Financial Statements &Independent

Auditor's Report As at March 31, 2023

Rum Financial Brokerage

"Public Shareholding Company"

Amman- The Hashemite Kingdom of Jordan

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Amman: 19/04/2023

No : 324/2023/60004

Messrs: **Rum Financial Brokerage**
"Public Shareholding Company"
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying interim financial statements for **Rum Financial Brokerage " Public shareholding Co "**, comprising the interim statement of financial position as at 31 March 2023 and the related interim statement of comprehensive income, interim statement of changes in shareholders equity and interim statement of cash flows for the three months' then ended.

Management is responsible of the preparation and presentation of this interim financial information in accordance with international financial reporting standard (IAS 34) interim financial reporting. Our responsibility is to express a conclusion on this interim condensed financial statement based on our review.

Scope of review

We conducted our review in accordance with the international standard on review engagements (2410) "review of interim financial information performed by the independent auditor of the entity." a review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with international financial reporting standard (IAS 34) interim financial reporting

The Company's financial year ends on December 31 of each year and the accompanying interim condensed financial statements are prepared for management purposes and the requirements of the Securities Commission

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Rum Financial Brokerage
" Public Shareholding Company "
Amman- The Hashemite Kingdom of Jordan
The interim financial position as at 31st March 2023

	<u>Note</u>	<u>31-Mar-2023</u> <u>JD</u>	<u>31-Dec-2022</u> <u>JD</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash on hand and at banks	2	1,090,279	842,296
Brokerage clients / Accounts receivable	3	2,958,543	2,973,196
Foreign brokerage clients - profits & losses		2,389,546	1,740,259
Securities Depository Center settlements		118,706	-
Other current assets	4	103,099	81,522
Total Current Assets		6,660,173	5,637,273
<u>Non-current Assets</u>			
Financial assets at the fair value through other comprehensive income	5	214	274
Guarantees deposits		402,000	392,000
Contributions to Settlement Guarantee Fund	6	25,984	25,000
Intangible assets	7	63,919	67,991
Property and equipment, net	8	24,481	25,962
Total Non-current Assets		516,598	511,227
Total Assets		7,176,771	6,148,500
<u>Liabilities and Shareholders' Equity</u>			
<u>Current Liabilities</u>			
Brokerage client / accounts payable / local		1,171,002	702,030
Brokerage client / accounts payable / foreign		251,695	699,910
Accounts payable / foreign client		2,039,748	1,082,750
Related parties accounts	9	251	7,397
Securities Depository Center settlements		-	17,639
Other current liabilities	10	62,138	31,906
Total Current Liabilities		3,524,834	2,541,632
<u>Shareholders' Equity</u>			
Authorized capital		4,000,000	4,000,000
Paid capital		4,000,000	4,000,000
Compulsory reserve		5,800	5,800
Fair value reserve		(2,430)	(2,370)
Retained losses		(351,433)	(396,562)
Net Shareholders' Equity		3,651,937	3,606,868
Total Liabilities and Shareholders' Equity		7,176,771	6,148,500

The accompanying notes constitute an integral part of this statement

Rum Financial Brokerage

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The Interim statement of comprehensive income for the period ended at 31 st March 2023

	<u>Note</u>	<u>31-Mar-2023</u> <u>JD</u>	<u>31-Mar-2022</u> <u>JD</u>
<u>Revenues</u>			
Brokerage commission revenues		41,502	29,604
Forex brokerage commission revenues		19,263	-
Other revenues		109,105	197,470
Total revenues		169,870	227,074
<u>Expenses</u>			
Employees benefits		(55,968)	(36,476)
Depreciation and amortization		(5,761)	(2,656)
Administrative and general expensces	11	(63,012)	(41,342)
Total expenses		(124,741)	(80,474)
Profit of the period		45,129	146,600
<u>Comprehensive income items</u>			
Change in fair value		(60)	(170)
Total Comprehensive income		45,069	146,430
		<u>JD / Fils</u>	<u>JD / Fils</u>
Earnings per share (Basic and diluted)	12	0.011	0.037

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The accompanying notes constitute an integral part of this statement
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Rum Financial Brokerage
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The Interim statement of the changes in shareholders' equity for the period ended at 31 st March 2023

	<u>Capital</u>	<u>Compulsory</u>	<u>Voluntary</u>	<u>Fair value</u>	<u>Retained</u>	<u>Total</u>
	<u>JD</u>	<u>reserve</u>	<u>reserve</u>	<u>reserve</u>	<u>losses</u>	<u>JD</u>
<u>Balance at 31 December 2022</u>	4,000,000	5,800	-	(2,370)	(396,562)	3,606,868
Profit of the period	-	-	-	-	45,129	45,129
Change in the fair value reserve	-	-	-	(60)	-	(60)
<u>Balance at 31 March 2023</u>	4,000,000	5,800	-	(2,430)	(351,433)	3,651,937
<u>Balance at 31 December 2021</u>	4,000,000	3,517	-	(810)	(417,111)	3,585,596
Profit of the period	-	-	-	-	146,600	146,600
Change in the fair value reserve	-	-	-	(170)	-	(170)
<u>Balance at 31 March 2022</u>	4,000,000	3,517	-	(980)	(270,511)	3,732,026

The accompanying notes constitute an integral part of this statement

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Rum Financial Brokerage

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The Interim statement of cash flows for the period ended at 31 st March 2023

	<u>31-Mar-2023</u> <u>JD</u>	<u>31-Mar-2022</u> <u>JD</u>
<u>Cash flows from operational activities</u>		
Profit of the period	45,129	146,600
Depreciation exp	5,761	2,656
Operational profit	50,890	149,256
<u>Changes in the working capital items</u>		
Securities Depository Center Settlements	(136,345)	(100,931)
Brokerage clients / Accounts receivable / Local and foreign	(634,634)	26,711
Other currents assets	(21,577)	(109,363)
Contributions to Settlement Guarantee Fund	(984)	(879)
Guarantees insurances	(10,000)	(20,000)
Brokerage clients & Accounts payable & Related party accounts	970,609	(58,551)
Other credit liabilities	30,232	23,041
Net cash from operational activities	248,191	(90,716)
<u>Cash flows from investment activities</u>		
Property and equipment	(208)	(18,498)
Net cash flows from investment activities	(208)	(18,498)
Change in the cash	247,983	(109,214)
cash at beginning	842,296	547,892
Cash at Ending	1,090,279	438,678

The accompanying notes constitute an integral part of this statement

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Rum Financial Brokerage
"Public Shareholding Company"
Amman- The Hashemite Kingdom of Jordan
Accounting Policies

Basic of Preparing the Interim Financial Statements:

- The accompanying interim financial statements were prepared in accordance with the International Accounting Standard 34 (Interim Financial Reports).
- The interim financial statements were prepared according to the Historical Cost Principle except for the financial assets available for sale which are reflected at the fair value.
- The financial statements are presented in Jordanian Dinar; the functional currency of the Company, and the amounts are rounded to the nearest Dinar.
- The accounting policies for the current period are similar with the accounting policies of the previous period.
- The results of this interim do not necessarily represent the expected result for the whole financial year.

Significant Accounting Policies

Use of Estimates:

Preparing financial statements and applying accounting policies require the Management of the Company to make some estimates and suppositions that may affect the financial statements and the accompanying notes. Such estimates are based on assumptions of different accuracy and certainty. Therefore, actual results in the future may differ from the Management's estimates due to the variations of conditions and circumstances of these assumptions.

Below are the most important estimates applied in the preparation of the financial statements:

- Management periodically reevaluates the useful life of tangible assets for the purpose of calculating the annual depreciation based on the general condition of those assets and estimated useful life in the future. The impairment loss (if any) is taken in the income statement.
- Management periodically reviews financial assets that are presented at cost to estimate any impairment in value and are stated in the consolidated statement of income
- The Management of the Company estimates the value of the provision for bad debts taking into consideration the possibility of collecting such liabilities.

Cash on Hand and at Banks

Are represented by cash on hand and at banks and they do not involve risks of change in their value.

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Accounting Policies

Accounts Receivable

Accounts receivable is reflected at cost after deducting the provision for bad debts. debts are written off when there is subjective evidence on the possibility of not collecting liabilities. The collected amounts of written-off debts are added to the revenues.

Financial Assets at Amortized Cost

Financial instruments such as bills receivable, accounts receivable, due to banks, loans, accounts payable and accrued expenses are demonstrated at amortized cost by using the actual revenue method after deducting any impairment loss.

Financial Assets at Fair Value Through the Comprehensive Income Statement

Change differences are recorded in the fair value of the financial assets defined at fair value from the other comprehensive income. The limited value of financial assets in the other comprehensive income statement that have market prices in active financial markets are demonstrated at fair value after deducting the impairment accumulated losses in their fair value.

The limited value of financial assets in the other comprehensive income statement that do not have market prices and which their fair value could not be reliably defined, are demonstrated at cost and any impairment in their value is recorded in the other comprehensive income statement.

The profits and losses resulting from the differences of foreign currencies exchange to interest-bearing debentures are recorded at fair value through the other comprehensive income statement. While, the differences of foreign currencies exchange for equity instruments are recorded in the accumulated change at fair value within the equity rights.

Property, Equipment, and Accumulated Depreciation

Property and equipment are demonstrated at cost after deducting the accumulated depreciation. They are depreciated when they are ready for use on the basis of the straight-line method over their expected useful life by using the following annual rates:

Furnishings, furniture, and decorations	20%
Office supplies and computers	15%

When the recoverable amount of any property or equipment is less than their book value, their value shall be diluted and the remaining book value over the useful life is depreciated after the reevaluation of the reassessed year.

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Accounting Policies

Accounts Payable and Accruals

Accounts payable and accruals are recognized after taking an advantage of the provided services for the Company, whether they were claimed by the supplier or not.

Setoff

financial assets and financial liabilities are set-off and the net amount is reflected in the financial statements upon the availability of legally binding rights, and when they are settled on the setoff basis or when assets realization and liabilities settlements take place at the same time.

Provisions

Provisions are recorded when there are legal or expected obligations of the company as a result of previous events where cash amounts are likely to be paid to fulfill such obligations. On the date of the financial position, the allocated provisions are reviewed and adjusted based on the latest information available to the Management.

Recognition of Revenues

Revenues are realized upon buying or selling shares to the clients of the company and issuing invoice for them.

Interests revenues are realized on a time base to reflect the actual revenue on assets.

The distribution of the investment profits is recognized upon being approved by the General Assemblies of the investment companies.

Other revenues are realized according to the accrual basis.

Date of Financial Assets Recognition

The purchase and sale of financial assets are recognized on the trade date (the date on which the Company commits to sell or purchase the financial asset.)

Impairment in the Financial Assets

The Company reviews the value of the financial assets stated in the records of the company at the date of the financial statements to determine if there are indications of impairment in their value. In case of such indications, the recoverable fair value of the assets is estimated to define the impairment loss. In case the recoverable value is less than the net book value stated in the records of the Company, the impairment value will be stated in the comprehensive income statement.

Income Tax

The Company is subjected to the Income Tax Law, as amended, and the instructed by the Income Tax Department in the Hashemite Kingdom of Jordan. The book takes place in accordance with the accrual basis where the provision for income tax is calculated according to the adjusted profit basis.

Rum Financial Brokerage
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Accounting Policies

1- General:

- **Rum Financial Brokerage**, (Al-Safwah Financial Investment Co. previously) was established on 05/09/2005 as a limited liability company under No.(10698) with a capital of (2,469,232) JD/Share. The company has been converted into a public shareholding company under No. (457) on 17/08/2008, with an authorized capital become (4 Million) JD / Share , and the paid capital (4) Million JD / Share.
- The accompanying financial statements were approved by the Board of Directors on 19/04/2023 .

Objectives of the Company:

- Financial brokerage.
- financial consultancy.

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Notes to the interim financial statements for March 2023

2- Cash on hand and at banks :

<u>Description</u>	<u>31-Mar-2023</u> <u>JD</u>	<u>31-Dec-2022</u> <u>JD</u>
Cash and check on hand	304	16,135
Cash at banks/ client notes	1,063,527	475,657
Cash at banks/ client notes/ foreign	24,220	345,206
Cash at banks	2,228	5,298
Total	1,090,279	842,296

3- Brokerages Client / Accounts Receivable :

<u>Description</u>	<u>31-Mar-2023</u> <u>JD</u>	<u>31-Dec-2022</u> <u>JD</u>
Brokerages client / Accounts Receivable	4,068,543	4,083,196
Less provision for impairment of accounts recivables	(1,110,000)	(1,110,000)
Total	2,958,543	2,973,196

The movement on the provision for impairment of account recievables during the period is as follows :

<u>Description</u>	<u>31-Mar-2023</u> <u>JD</u>	<u>31-Dec-2022</u> <u>JD</u>
Balance at the beginning of the year	1,110,000	708,000
Addition	-	402,000
Balance at the end of the period	1,110,000	1,110,000

4- Other Current Assets :

<u>Description</u>	<u>31-Mar-2023</u> <u>JD</u>	<u>31-Dec-2022</u> <u>JD</u>
Other receivables	6,035	5,785
Pre-paid exp.	79,994	61,866
Employees advance	13,979	12,614
Employees' accounts	1,950	238
Income tax	1,141	1,019
Total	103,099	81,522

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Notes to the interim financial statements for March 2023

5- Financial Assets at Fair Value through Other Comprehensive Income :

<u>Description</u>	<u>Number of shares 2023</u>	<u>31-Mar-2023 JD</u>	<u>Number of shares 2022</u>	<u>31-Dec-2022 JD</u>
Century investment group Co.	1,000	214	1,000	274
Total		214		274

6- Contribution to settlement guarantee fund :

This balance represents the value of cash contribution incurred upon the company in accordance with the requirements of the Securities Depository Center in favor of Settlement Guarantee Fund.

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Notes to the interim financial statements for March 2023

7- Intangible Assets

	<u>brokerage license</u> <u>JD</u>	<u>Software License</u> <u>JD</u>	<u>Computer Software</u> <u>JD</u>	<u>Total</u> <u>JD</u>
<u>Cost</u>				
Balance at December 31, 2022	50,000	17,891	38,844	106,735
Additions	-	-	-	-
Balance as at March 31, 2023	50,000	17,891	38,844	106,735
<u>Amortization</u>				
Balance at December 31, 2022	10,000	3,120	25,624	38,744
Additions	2,500	779	793	4,072
Balance as at March 31, 2023	12,500	3,899	26,417	42,816
Book value as at March 31, 2023	37,500	13,992	12,427	63,919
Book value as at December 31, 2022	40,000	14,771	13,220	67,991

8- Net value of Property and equipment :

	<u>Furniture & decorations</u> <u>JD</u>	<u>Office equipment and computers</u> <u>JD</u>	<u>Total</u> <u>JD</u>
<u>Cost</u>			
Balance as at December 31, 2022	71,480	99,268	170,748
Additions	-	208	208
Balance as at March 31, 2023	71,480	99,476	170,956
<u>Accumulated depreciation</u>			
Balance at December 31, 2022	66,716	78,070	144,786
Additions	322	1,367	1,689
Balance as at March 31, 2023	67,038	79,437	146,475
Book value as at March 31, 2023	4,442	20,039	24,481
Book value as at December 31, 2022	4,764	21,198	25,962

9- Related Parties Accounts :

<u>Description</u>	<u>31-Mar-2023</u> <u>JD</u>	<u>31-Dec-2022</u> <u>JD</u>
Financial brokerage / board's members	227	214
Employee Accounts	24	7183
Total	251	7,397

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Notes to the interim financial statements for March 2023

10- Other Current Liabilities :

<u>Description</u>	<u>31-Mar-2023</u>	<u>31-Dec-2022</u>
	<u>JD</u>	<u>JD</u>
Other accounts payable	26,554	8,101
Employees' accounts payable	16,484	19,763
Accrued exp.	14,398	1,745
Other deposits	4,702	2,297
Total	62,138	31,906

11- Administrative and General Expenses :

<u>Description</u>	<u>31-Mar-2023</u>	<u>31-Mar-2022</u>
	<u>JD</u>	<u>JD</u>
Rent-exp	6,625	2,375
Fees and subscriptions	34,499	22,631
Post, phone and internet	3,121	1,326
Professional fees	3,004	1,276
Health insurance	2,623	2,188
Water and electricity	1,419	723
Miscellaneous	9	261
Stationery and computer supplies	764	1,045
Advertisement expenses	1,670	1,015
Trading errors	300	-
Banks exp.	7,513	6,997
Hospitality and cleaning	555	946
Transportation	320	334
Legal exp.	590	225
Total	63,012	41,342

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Notes to the interim financial statements for March 2023

12- Earnings Per Share (Basic & Diluted) :

<u>Description</u>	<u>31-Mar-2023</u>	<u>31-Mar-2022</u>
	<u>JD</u>	<u>JD</u>
Profit for the period	45,069	146,430
	<u>Share</u>	<u>Share</u>
Weighted average of shares number	4,000,000	4,000,000
	<u>JD / Share</u>	<u>JD / Share</u>
Basic and diluted earning per share	<u>0.011</u>	<u>0.037</u>

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Notes to the interim financial statements for March 2023

13- Risk Management :

Interest Rate Risks:

Interest rate risks result from the potential effect of changes in interest rates on profits of the company or the fair value of financial instruments. Since most of the financial instruments have fixed interest rate and are represented at amortized cost, the variability of the profits of the company and equity to changes in interest rate is considered inessential.

Credit Risks:

Credit risks are risks resulting from inability or failure of the other party of the Financial Management to meet the obligations thereof to the company the matter that may result in occurrence of losses. The company works on minimizing credit risks by means of dealing with reputable banks.

Foreign Currency Rates Risks:

Foreign currency risks are represented in the risk of fluctuation of the value of the financial instruments due to the fluctuations of foreign currency rates. Since most of the transactions of the company are in Jordanian Dinar, with some in US Dollar, the sensitivity of the profits of the company and equity to changes in foreign exchange rates is considered immaterial.

Share Price Risks:

Share price risks result from change in the fair value of investment in shares, where the company works on managing such risks by means of diversification of investments in several geographic zones and economic sectors.

Liquidity Risks:

Liquidity risks are represented in the inability of the company to provide necessary funding for performing its obligations at maturity dates. With a view to avoid these risks, the company diversifies the sources of funding, manages assets and liabilities and reconciles the terms thereof.