

**SPECIALIZED INVESTMENT COMPOUNDS
COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW REPORT
FOR THE PERIOD ENDED SEPTEMBER 30,
2023**

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

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REPORT ON REVIEWING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the president and members of the board of directors
Specialized Investment Compounds Company
(Public Shareholding Company)

Introduction

We have reviewed the accompanying Interim Consolidated Statement of Financial Position for Specialized Investment Compounds Company (P.L.C) as of September 30, 2023, and the related statements of Interim Consolidated Comprehensive income, shareholders' equity and cash flows Interim Consolidated for the period then ended, The management is responsible for preparing and presenting company's Interim consolidated financial statements in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) which is an integral part of International Financial Reporting Standards. Our responsibility is limited to issue a conclusion on these interim consolidated financial statements 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". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free of material misstatement. Our review is primarily limited to inquiries of the company's accounting and financial departments personnel as well as applying analytical procedures to financial data .The range of our review is narrower than the broad range of audit procedures applied according to International Auditing Standards, Accordingly, Getting assurances and confirmations about other important aspects checked through an audit procedure was not achievable, Hence, We don't express an opinion regarding in this regard.

Conclusion

Based on our review, nothing has come to our attention that causes us to be believed that the accompanying interim consolidated financial statements do not give a true and fair view in accordance with International Accounting Standard No. 34.

Modern Accountants

Walid M Taha

License No.(703)

Modern Accountants

Amman-Jordan
October 31, 2023

 A member of
Nexia
International
الحاسبون العصريون

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF SEPTEMBER 30, 2023, AND DECEMBER 31, 2022
(EXPRESSED IN JORDANIAN DINAR)

	Note	2023	2022
ASSETS			
Non-current assets			
Property and equipment		228,459	221,613
Investments in lands		4,477,209	4,477,209
Rented buildings - net		5,714,656	6,098,122
Construction in process		453,521	453,121
Financial assets designated at fair value through statements of other comprehensive income		339,224	244,378
Total non-current assets		11,213,069	11,494,443
Current assets			
Prepaid expenses and other receivables		349,695	268,847
Accounts receivable and checks under collection		3,875,855	3,079,379
Financial assets designated at fair value through a statement of comprehensive income		1,708,752	1,981,334
Cash and cash equivalent		129,496	175,184
Total current assets		6,063,798	5,504,744
TOTAL ASSETS		17,276,867	16,999,187
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	1	8,100,000	8,100,000
Treasury shares		(422,542)	(422,542)
Statutory reserve		1,079,797	1,079,797
Fair value reserve		60,483	(34,363)
Retained earnings		4,595,874	4,625,836
Total shareholders' equity		13,413,612	13,348,728
Non-current liabilities			
Long-term deferred revenues		1,094,910	1,102,848
Long-term deferred checks		172,388	129,917
Total non-current liabilities		1,267,298	1,232,765
Current liabilities			
Accrued expenses and other payables		1,015,479	1,146,686
Accounts payable and deferred checks		566,290	199,417
Short-term deferred revenues		1,014,188	1,071,591
Total current liabilities		2,595,957	2,417,694
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		17,276,867	16,999,187

The accompanying notes are an integral part of these interim consolidated financial statements

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

	For the interim period		From the beginning of the year to	
	July 1, 2023 till September 30, 2023	July 1, 2022 till September 30, 2022	September 30, 2023	September 30, 2022
Revenues	472,518	488,347	1,700,457	1,684,110
Cost of revenue	(331,526)	(288,416)	(978,597)	(748,548)
Gross profit	140,992	199,931	721,860	935,562
Selling and marketing expenses	(3,309)	(1,622)	(6,701)	(4,985)
General and administrative expenses	(114,190)	(114,421)	(350,478)	(351,283)
Other revenue and expenses – net	(2,293)	-	(4,767)	7,491
Gains from selling land	1,827	-	36,523	-
Realized gain from Financial assets designated at fair value through statement of comprehensive income	(1,954)	268	18,770	6,023
Unrealized loss of financial assets designated at fair value through statement of comprehensive income	(361,094)	(60,601)	(364,400)	(136,746)
Financial charges	(9,023)	(10,889)	(31,763)	(31,155)
profit for the period before tax	(349,044)	12,666	19,044	424,907
Income tax and national contribution	(3,706)	(9,918)	(49,006)	(67,991)
(Loss) / profit for the period	(352,750)	2,748	(29,962)	356,916
Other comprehensive income:				
Total other comprehensive (loss) / income transferred to retained earnings	(352,750)	2,748	(29,962)	356,916
Changes on fair value reserve	67,533	(164,401)	94,846	(337,810)
TOTAL COMPREHENSIVE INCOME	(285,217)	(161,653)	64,884	19,106
(Loss) / Profit Share profit :				
(Loss) / Profit per share – JD / Share	(0,04)	0,0003	(0,004)	0,04
Outstanding shares weighted average – share	8,100,000	8,100,000	8,100,000	8,100,000

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SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Treasury shares	Statutory reserve	Fair value reserve	Retained earnings	Total
Balance at January 1, 2023	8,100,000	(422,542)	1,079,797	(34,363)	4,625,836	13,348,728
Comprehensive income for the period	-	-	-	94,846	(29,962)	64,884
Balance at September 30, 2023	8,100,000	(422,542)	1,079,797	60,483	4,595,874	13,413,612
Balance at January 1, 2022	8,100,000	(422,542)	1,014,245	222,575	4,108,183	13,022,461
Comprehensive income for the period	-	-	-	(337,810)	356,916	19,106
Balance at September 30, 2022	8,100,000	(422,542)	1,014,245	(115,235)	4,465,099	13,041,567

The accompanying notes are an integral part of these interim consolidated financial statements

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

	for the nine months ended September 30, 2023	for the nine months ended September 30, 2022
OPERATING ACTIVITIES		
profit of the period before tax	19,044	424,907
Adjustments for profit of the period before tax:		
Depreciation	396,692	389,271
Financial charges	31,763	31,155
Gains from selling land	(36,523)	-
Realized gain from Financial assets designated at fair value through statement of comprehensive income	(18,770)	(6,023)
Unrealized loss of financial assets designated at fair value through statement of comprehensive income	364,400	136,746
Changes in operating assets and liabilities:		
Financial assets designated at fair value through statement of comprehensive income	-	(2,733)
Financial assets designated at fair value through statement of other comprehensive income	(91,818)	(86,349)
Accounts receivable, and checks under collection	(796,476)	(586,121)
Prepaid expenses and other receivables	(80,848)	731
Accounts payable and deferred checks	409,344	(115,264)
Accrued expenses and other payables	(180,213)	(209,860)
Deferred revenues	(65,341)	397,243
Net cash (used in) / available from operating activities	(48,746)	373,703
INVESTING ACTIVITIES		
Property and equipments, rented buildings and land investments	35,221	(394,781)
Construction in process	(400)	-
Real estate for sale	-	3,350
Net cash available from / (used in) investing activities	34,821	(391,431)
FINANCING ACTIVITIES		
Paid financial charges	(31,763)	(31,155)
Net cash used in financing activities	(31,763)	(31,155)
Net change in cash and cash equivalents	(45,688)	(48,883)
Cash and cash equivalents, January 1	175,184	182,156
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	129,496	133,273

The accompanying notes are an integral part of these interim consolidated financial statements

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Specialized Investment Compound Company is a Jordanian public shareholding Company registered on August 7, 1994 under No. (252). the authorized and paid capital is 8,100,000 JD divided to 8,100,000 shares of 1 JD each.

The Company main activities are utilizing, developing and investing lands for establishing, selling and investing industrial buildings and specialized craft warehouses.

The Company and its subsidiary are located in Amman.

2. NEW AND AMENDED IFRS STANDARDS

The following new and revised Standards and Interpretations are not yet effective	It is valid for annual periods beginning on or after
Classification of liabilities as current or not- current (Amendments to IAS 1)	January 1, 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023
Definition of Accounting Estimate (Amendments to IAS 8)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2)	January 1, 2023
Deferred Tax related to Assets and liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred Indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpolations and amendments, may have no material impact on the financial statement of the Company in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim consolidated financial statement is presented in Jordanian Dinar, since that is the currency in which the majority of the Company's transactions are denominated.

The interim consolidated financial statements have been prepared on historical cost basis.

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

The interim consolidated statement do not include all the information and notes needed in the annual consolidated financial statement and must be reviewed with the ended consolidated financial statement at December 31, 2022, in addition to that the result for the nine months ended in September 30, 2023 is not necessarily to be the expected results for the financial year ended December 31, 2023.

Significant accounting policies

The accounting policies used in the preparation of the interim consolidated financial information are consistent with those used in the audited consolidated financial statements for the period ended December 31, 2022.

Basis of consolidating interim financial statements

The interim consolidated financial statements incorporate the financial statements of Specialized Investment Compounds Company (Public Shareholding Company) and the subsidiaries controlled by the Company (Subsidiary Company).

Control is achieved where the Company:

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, The Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When The Company reassesses whether or not it controls an investee, it consider all the relevant facts and circumstances which includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders meetings.

The consolidation process begins when the company's achieve control on the investee enterprise (subsidiary), while that process stops when the company's loses control of the investee (subsidiary), In particular Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of a subsidiary Company.

The profit or loss and each component of other comprehensive income elements distributed on the company's owners and owners of non-controlling interests, total comprehensive income for the subsidiary distributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balances.

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When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent company.

All intra-group transactions, balances, income, and expenses are eliminated in full-on consolidation.

The interim Consolidated Financial Statements as of September 30, 2023, consist the financial statements of the following subsidiary:

Company	Place of registration	Paid capital	Percentage of ownership and voting	Paid capital ratio	Main activity
Pluto residential projects	Hashemite Kingdom of Jordan	850,000 JD	100%	100%	Building and selling residential projects without interests and purchase, sell and invest in real estate and lands

Equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the cumulative changes in fair value of securities reserve: The cumulative changes or loss will not be reclassified investments. But reclassified to retained earnings. The Company has designated all instruments that are not held for trading as at FVTOCI.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company right to receive the dividends is established, unless the dividends clearly represent a recovery of a part of the cost of the investments. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Company assesses the classification and measurement of the cash flow characteristics of the contractual asset and the Company's business model for managing the asset.

For an asset to classified and measured at amortized cost or at FVTOCI, is contractual terms should give rise to cash flows that are solely represent payments of principal and interest on the principal outstanding (SPPI).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

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When a debt instrument measured a FVTOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortized cost or FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- (i) assets with contractual cash flows that are not SPPI ; or and
- (ii) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- (iii) assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains / losses arising on re-measurement recognized in profit or loss.

Fair value option: A financial instrument with a reliably measureable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing .The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (“accounting mismatch”).

Reclassifications

If the business model under which the Company holds financial assets changes. The financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying he Company's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment

IFRS 9 replaces the “incurred loss” model in IAS 39 with an expected credit loss model (ECLs). The Company recognizes loss allowance for expected credit losses on the following financial instruments that are not measured at FVTPL

- Cash and bank balances
- Trade and other receivables;
- Due from related party.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12 Month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as stage1); or
- Full lifetime ECL, i.e. Lifetime ECL that results from all possible default events over the life of the financial instruments, (referred to as stage2 and stage3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial Instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company has elected to measure loss allowances of cash and bank balances. Trade and other receivables, and due from a related party at an amount equal to life time ECLs.

ECLs are probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flow to the Company under the contract and the cash flows that the Company expects to receive arising from weighting of multiple future economic scenarios. Discounted at the asset's EIR.

Loss allowance for financial investments measured at amortized costs are deducted from gross carrying amount of assets. For debt securities a FVTOCI, the loss allowance is recognized in the OCI, instead of reducing the carrying amount of the asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis based on the previous company experience and on the available credit score including forward-looking information.

For certain categories of financial assets, assets that are assessed not to be impaired individually are. In addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to cash and bank balances, trade and other receivables and due from a related party, are presented separately in the interim consolidated statement of income and interim consolidated other comprehensive income.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of the grade of the investment.

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

Measurement of ECL

The Company employs statistical models for ECL calculations. ECLs are a probability-weighted estimate of credit losses. For measuring ECL under IFRS 9, the key input would be the term structure of the following variables.

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

These parameters will be derived from our internally developed statistical models and other historical data. They will be adjusted to reflect forward – looking information.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Credit-impaired financial assets are referred to stage 3 assets. At each reporting date, the Company assesses whether financial assets carried at amortized costs and debt securities at FVTOCI at credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact in the estimated future cash flows of the financial asset have occurred.

DE-recognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity .If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. if the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On DE recognition of a financial asset measured at amortized cost or measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On DE recognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Presentation of allowance for ECL are presented in the interim consolidated financial information

Loss allowances for ECL are presented in the interim consolidated financial information as follows:

For financial assets measured at amortized cost (loans and advances, cash and bank balances): as a deduction from the gross carrying amount of the assets.

For debt instruments measured at FVTOCI no loss allowance is recognized in the interim consolidated statement of financial position as the carrying amount is at fair value. However, the less allowance is included as part of the revaluation amount in the re-evaluation reserve and recognized in interim consolidated other comprehensive income.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

Recognition of revenues and expenses

Revenue is recognized when it is probable that economic benefits will flow to the company as a result of a reliably measurable exchange.

Rental income is calculated on the basis of the value of the consideration received or expected to be received on a straight-line basis and over the term of the lease contract.

Expenses are recognized on an accrual basis.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of interim consolidated financial statements requires management to make judgments estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim consolidated financial statements, the significant Judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the interim consolidated financial statements.

Critical judgments in applying the Company's accounting policies in respect of IFRS 9

Business model assessment:

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Company s of financial assets were managed together to achieve a particular business objective. This assessment includes judgments reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of f he assets are compensated. Monitoring is part of the Company s continues assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
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Establishing Company s of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are Company collected on the basis of shared risk characteristics (e g, instrument type, credit risk grade, collateral type, date of initial recognition, remaining term to maturity, industry, geographic location of the borrower, etc.). The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Company of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant Increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12month or lifetime ECLs but the amount of the ECLs changes because the credit risk of the portfolios differ.

Models and assumptions used

The Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty in respect of IFRS 9

The following are key estimations that the management has used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in interim consolidated financial statements.

Establishing the number and relative weightings of forward-looking scenarios for each type of product /market determining the forward-looking information relevant to each scenario: When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of Default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given to Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Accounts receivable

Accounts receivable are recorded at the original amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
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Accounts payable and Accruals

Liabilities are recognized for amounts to be paid in the future for services or goods received whether billed by the supplier or not .

Treasury shares

Treasury shares is reported as a separate item deducted from owners equity and does not have that right to the distributed dividends to the shareholders, and also does not have the right to vote in the general Assembly meetings of the Company, and is reported and presented at acquisition cost.

Real estate for sale

Real estate for sale stated at the lower of cost or net realizable value.

Expenses

Selling and marketing expenses principally comprise of costs incurred in the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect expenses that are not directly related to the costs of real estate sales and rental costs of real estate in accordance with generally accepted accounting standards. Expenses are distributed, if necessary, between general and administrative expenses, the cost of real estate sales and the cost of real estate rentals.

Cash and cash equivalents

Cash and cash equivalent include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Expected credit losses

Management estimated possibility of collection from the receivables and the al Expected credit losses provision had been estimated according to the previous experience and the prevailing economic environment.

Investment in real estates

Rented Real estates are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful live of building using the straight line method and with annum rate ranged between 2% – 4%.

Investments in lands appear at cost (according to International Standard No. 40), where the best criterion is for the company to record its real estate investments either at cost or at fair value provided that there is no obstacle that prevents the ability to determine the value of real estate investments reliably, and the company's management has chosen the cost to record its investments in Lands based on the accounting principles instructions and applicable standards related to estimating the fair value and disposing of the revaluation surplus for the year 2007 issued in accordance with the provisions of Articles (8) and (12) of the Securities Law No. (76) For the year 2002 and according to the Board of Commissioners Resolution No. (727/2007) Date December 16, 2007.

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated rates of depreciation of the principal assets using the straight line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Building	4%
Furniture, fixtures and office equipment	9%-15%
Computers	25%
Vehicles	15%
Decoration	12%
Tools	20%
Cooling and heating equipment	15%
Bill boards	10%

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

Impairment test is performed for property and equipment in the interim consolidated statement of financial position when any events or changes occur in circumstances that show that this value may not be recoverable. In case of any indication of impairment, impairment losses are calculated depending on the impairment policy of declining the value of the assets.

When any subsequent disposal of property and equipment, the value of the gains or losses arising are recognized, this represents the difference between the net disposal proceeds and the value that appears out of property and equipment in the interim consolidated statement of financial position, gross profit and loss.

The provisions

The provisions had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment consider accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the financial position statement date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

**SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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The sector report

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – makers in the Company.

Geographical segment is associated in providing products in particular economic environment subject to risks and returns that are differed from those for sectors to work in economic environment.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the interim consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Income tax

The company is subject to Income Tax Law for the year and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the interim consolidated financial statements since it is immaterial.

Foreign currency translation

Foreign currency transactions are translated into Jordanian Dinar at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the interim consolidated of comprehensive income statement.

When compiling the financial statements of subsidiaries abroad with the financial statements of the parent company, the assets and liabilities of those companies, as at the date of the interim consolidated statement of financial position, are transferred to the Jordanian dinar at the rates prevailing at the end of the year, and revenues and expenses are transferred on the basis of the average price for the period, that the resulting transfer differences are Include it in the statement of changes in shareholders if it appears.

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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4. FINANCIAL INSTRUMENTS

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it takes the highest return by the best limit for debts and shareholders equity balances.

Structuring of company's capital includes debts that consist of loans and the owner's equity in the company which includes share capital, treasury shares, statutory reserve, fair value reserve, and retained earnings as it listed in the changes in interim consolidated shareholders equity statement.

The debt ratio

The board of directors is reviewing the share capital structure periodically. As a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The Company's capital structure includes debts from the borrowing. The Company does not determine the highest limit of the debt ratio and it does not expect increase in the debt ratio.

Financial risk management

Include the risks those they may be exposed to the following risks:

Foreign currency risk management

When consolidating financial statements of subsidiaries outside Jordan with the parent Company, the assets and liabilities are exchanged as of financial position date to Jordanian Dinar by exchange rates as at the year end, for revenues and expenses it exchanged based on average exchange rates for the period, exchange differences, if any, included in owners' equity.

Interest rates risk

Interest rate risk arises mainly from floating rate borrowings (floating rate) and short-term fixed-rate deposits. Interest rate risk for borrowed funds is managed effectively.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the Company's profit for one year and is calculated based on financial liabilities bearing a variable interest rate at the end of the period.

Other price risk

The Company is exposed to price risk arising from its investments in the equity of other companies. The Company maintains investments in the equity of other companies for strategic purposes and not for trading purposes and The Company does not actively trade in those investments.

Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

5. APPROVAL OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements were approved by the Directors and authorized for issuance on October 31, 2023.